

ANGLOGOLD ASHANTI LTD

Form 20-F

March 29, 2019

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As filed with the Securities and Exchange Commission on 29 March 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 2054

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FINANCIAL YEAR ENDED 31 December 2018

Commission file number: 1-14846

AngloGold Ashanti Limited

(Exact Name of Registrant as Specified in its Charter)

Republic of South Africa

(Jurisdiction of Incorporation or Organisation)

76 Rahima Moosa Street, Newtown, Johannesburg, 2001

(P.O. Box 62117, Marshalltown, 2107)

South Africa

(Address of Principal Executive Offices)

Kandimathie Christine Ramon, Chief Financial Officer, Telephone: +27 11 6376019

E-mail: cramon@anglogoldashanti.com, 76 Rahima Moosa Street, Newtown, Johannesburg, 2001, South Africa

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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American Depositary Shares	New York Stock Exchange
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Ordinary Shares	New York Stock Exchange*
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5.375% Notes due 2020	New York Stock Exchange
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5.125% Notes due 2022	New York Stock Exchange
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6.50% Notes due 2040	New York Stock Exchange
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\* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission

Securities registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares of 25 ZAR cents each	412,769,980
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A Redeemable Preference Shares of 50 ZAR cents each 2,000,000

B Redeemable Preference Shares of 1 ZAR cent each 778,896

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

(Check one): Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board Board  
Other

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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### PRESENTATION OF INFORMATION

#### AngloGold Ashanti Limited

In this annual report on Form 20-F, unless the context otherwise requires, references to AngloGold, AngloGold Ashanti, AGA, the company, the Company and the group are references to AngloGold Ashanti Limited including, as appropriate, subsidiaries and associate companies of AngloGold Ashanti Limited.

#### IFRS financial statements

As a company incorporated in the Republic of South Africa, AngloGold Ashanti prepares annual audited consolidated financial statements and unaudited consolidated half-year financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements are distributed to shareholders and are submitted to the JSE Limited (JSE), as well as the New York, Australian and Ghana stock exchanges.

#### Currency

AngloGold Ashanti presents its consolidated financial statements in United States dollars.

In this annual report, references to rands, ZAR and R are to the lawful currency of the Republic of South Africa, references to US dollars, dollar, US\$ or \$ are to the lawful currency of the United States, references to € and Euro are to the lawful currency of the European Union, references to ARS and Argentinean peso are to the lawful currency of Argentina, references to AUD, Australian dollars and A\$ are to the lawful currency of Australia, references to BRL are to the lawful currency of Brazil, references to TZS are to the lawful currency of the United Republic of Tanzania and references to GHC, cedi or Gh¢ are to the lawful currency of Ghana.

#### Non-GAAP financial measures

In this annual report on Form 20-F, AngloGold Ashanti presents the financial items “total cash costs”, “total cash costs per ounce”, “all-in sustaining costs”, “all-in sustaining costs per ounce”, “all-in costs” and “all-in costs per ounce”, which are not IFRS measures. An investor should not consider these items in isolation or as alternatives to cost of sales, profit/(loss) applicable to equity shareholders, profit/(loss) before taxation, cash flows from operating activities or any other measure of financial performance presented in accordance with IFRS.

While the Gold Institute provided definitions for the calculation of total cash costs and during June 2013 the World Gold Council published a Guidance Note on “all-in sustaining costs” and “all-in costs” metrics, the calculation of total cash costs, total cash costs per ounce, all-in sustaining costs, all-in sustaining costs per ounce, all-in costs and all-in costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See “—Glossary of selected terms—Financial terms—Total cash costs”, “—Glossary of selected terms—Financial terms—All-in sustaining costs” and “—Glossary of selected terms—Financial terms—All-in costs”. Nevertheless, AngloGold Ashanti believes that total cash costs, all-in sustaining costs and all-in costs in total and per ounce are useful indicators to investors and management as they provide:

- an indication of profitability, efficiency and cash flows;
- the trend in costs as the mining operations mature over time on a consistent basis; and
- an internal benchmark of performance to allow for comparison against other mines, both within the AngloGold Ashanti group and at other gold mining companies.

Management prepares its internal management reporting documentation, for use and decision making by the Chief Operating Decision Maker, on an attributable basis. The key metrics are based on the attributable ounces, gold income, total cash costs, all-in costs and all-in sustaining costs from each operation and as a consequence includes our share of the total cash costs, all-in costs and all-in sustaining costs of our joint ventures that are accounted for on the equity method. In a capital intensive industry, this basis allows management to make operating and resource allocation decisions on a comparable basis between mining operations irrespective of whether they are consolidated or accounted for under the equity method. This basis of calculating the metrics, where costs should be reported on the same basis as sales (i.e. if sales are reported on an attributable basis, then costs should be reported on an attributable basis), is also consistent with the World Gold Council's Guidance Note on Non-GAAP Metrics - All-in Sustaining and All-In Costs.

Although we have shareholder rights and board representation commensurate with our ownership interests in our equity accounted joint ventures and review the underlying operating results including total cash costs, all-in costs and all-in sustaining costs with them at each reporting period, we do not have direct control over their operations or resulting revenue and expenses, nor do we have a proportionate legal interest in each financial statement line item. Our use of total cash costs, all-in costs and all-in sustaining costs on an attributable basis, is not intended to imply that we have any such control or proportionate legal interest, but rather to reflect the non-GAAP measures on a basis consistent with our internal and external segmental reporting.

A reconciliation of both cost of sales and total cash costs as included in the company's audited financial statements to total cash costs, all-in sustaining costs and all-in costs for each of the three years ended 31 December 2018, 2017 and 2016 is presented herein. See "Item 5A: Operating Results-Non-GAAP analysis".

#### Shares and shareholders

In this annual report on Form 20-F, references to ordinary shares, ordinary shareholders, equity shareholders and shareholders/members, should be read as common stock, common stockholders and stockholders, respectively, and vice versa.

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CERTAIN 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, total cash costs, all-in sustaining costs, all-in costs, cost savings and other operating results, 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, dispositions or joint venture transactions, 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 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, fluctuations in gold prices and exchange rates, the outcome of pending or future litigation proceedings and business and operational risk management and other factors as described in "Item 3D: Risk Factors" and elsewhere in this annual 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 annual 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.



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GLOSSARY OF SELECTED TERMS

Mining terms

All injury frequency rate: The total number of injuries and fatalities that occurs per million hours worked.

BIF: Banded Ironstone Formation. A chemically formed iron-rich sedimentary rock.

By-products: Any products that emanate from the core process of producing gold, including silver, uranium and sulphuric acid.

Carbon-in-leach (CIL): Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to activated carbon granules at the same time (i.e. when cyanide is introduced in the leach tank, there is already activated carbon in the tank and there is no distinction between leach and adsorption stages). The carbon granules are separated from the slurry and treated in an elution circuit to remove the gold.

Carbon-in-pulp (CIP): Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry then passes into the CIP circuit where activated carbon granules are mixed with the slurry and gold is adsorbed on to the activated carbon. The gold-loaded carbon is separated from the slurry and treated in an elution circuit to remove the gold.

CLR: Carbon leader reef.

Comminution: Comminution is the crushing and grinding of ore to make gold available for treatment. (See also "Milling").

Contained gold: The total gold content (tons multiplied by grade) of the material being described.

Depletion: The decrease in the quantity of ore in a deposit or property resulting from extraction or production.

Development: The process of accessing an orebody through shafts and/or tunneling in underground mining operations.

Diorite: An igneous rock formed by the solidification of molten material (magma).

Doré: Impure alloy of gold and silver produced at a mine to be refined to a higher purity.

Electro-winning: A process of recovering gold from solution by means of electrolytic chemical reaction into a form that can be smelted easily into gold bars.

Elution: Recovery of the gold from the activated carbon into solution before zinc precipitation or electro-winning.

Feasibility study: A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study (JORC 2012).

Flotation: Concentration of gold and gold-hosting minerals into a small mass by various techniques (e.g. collectors, frothers, agitation, air-flow) that collectively enhance the buoyancy of the target minerals, relative to unwanted gangue, for recovery into an over-flowing froth phase.

Gold Produced: Refined gold in a saleable form derived from the mining process.

Grade: The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).

Greenschist: A schistose metamorphic rock whose green colour is due to the presence of chlorite, epidote or actinolite.

Leaching: Dissolution of gold from crushed or milled material, including reclaimed slime, prior to adsorption on to activated carbon or direct zinc precipitation.

Life of mine (LOM): Number of years for which an operation is planning to mine and treat ore, and is taken from the current mine plan.

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**Metallurgical plant:** A processing plant constructed to treat ore and extract gold.

**Milling:** A process of reducing broken ore to a size at which concentrating can be undertaken. (See also “Comminution”).

**Mine call factor:** The ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing with the amount estimated in the ore based on sampling. The ratio of contained gold delivered to the metallurgical plant divided by the estimated contained gold of ore mined based on sampling.

**Mineral deposit:** A mineral deposit is a concentration (or occurrence) of material of possible economic interest in or on the earth’s crust.

**Mineral Resource:** A concentration or occurrence of solid material of economic interest in or on the earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided in order of increasing geological confidence, into Inferred, Indicated or Measured categories (JORC 2012).

**Modifying Factors:** Modifying Factors’ are considerations used to convert Mineral Resource to Ore Reserve. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

**Ore Reserve:** That part of a mineral deposit which could be economically and legally extracted or produced at the time of the Ore Reserve determination.

**Ounce (oz) (troy):** Used in imperial statistics. A kilogram is equal to 32.1507 ounces. A troy ounce is equal to 31.1035 grams.

**Pay limit:** The grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the sum of total cash costs, closure costs, Ore Reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses).

**Precipitate:** The solid product formed when a change in solution chemical conditions results in conversion of some pre-dissolved ions into solid state.

**Probable Ore Reserve:** Ore Reserve for which quantity and grade are computed from information similar to that used for Proven Ore Reserve, but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for Proven Ore Reserve, is high enough to assume continuity between points of observation.

**Productivity:** An expression of labour productivity based on the ratio of ounces of gold produced per month to the total number of employees in mining operations.

**Project capital:** Capital expenditure to either bring a new operation into production; to materially increase production capacity; or to materially extend the productive life of an asset.

**Proven Ore Reserve:** A ‘Proven Ore Reserve’ is the economically mineable part of a Measured Mineral Resource. A Proven Ore Reserve implies a high degree of confidence in the Modifying Factors.

**Recovered grade:** The recovered mineral content per unit of ore treated.

**Reef:** A gold-bearing sedimentary horizon, normally a conglomerate band that may contain economic levels of gold.

**Refining:** The final purification process of a metal or mineral.

**Rehabilitation:** The process of reclaiming land disturbed by mining to allow an appropriate post-mining use.

Rehabilitation standards are defined by country-specific laws, including but not limited to the South African Department of Mineral Resources, the US Bureau of Land Management, the US Forest Service, and the relevant Australian mining authorities, and address among other issues, ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

**Seismic event:** A sudden inelastic deformation within a given volume of rock that radiates detectable seismic energy.

**Shaft:** A vertical or subvertical excavation used for accessing an underground mine; for transporting personnel, equipment and supplies; for hoisting ore and waste; for ventilation and utilities; and/or as an auxiliary exit.

**Short ton:** Used in imperial statistics. Equal to 2,000 pounds.



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Smelting: A pyro-metallurgical operation in which gold precipitate from electro-winning or zinc precipitation is further separated from impurities.

Stoping: The process of excavating ore underground.

Stripping ratio: The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined.

Tailings: Finely ground rock of low residual value from which valuable minerals have been extracted.

Tonnage: Quantity of material measured in tonnes or tons.

Tonne: Used in metric statistics. Equal to 1,000 kilograms.

VCR: Ventersdorp Contact Reef.

Waste: Material that contains insufficient mineralisation for consideration for future treatment and, as such, is discarded.

Yield: The amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne.

Zinc precipitation: Zinc precipitation is the chemical reaction using zinc dust that converts gold in solution to a solid form for smelting into unrefined gold bars.

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Financial terms

**All-in costs:** All-in costs are all-in sustaining costs including additional non-sustaining costs which reflect the varying costs of producing gold over the life-cycle of a mine. Non-sustaining costs are those costs incurred at new operations and costs related to ‘major projects’ at existing operations where these projects will materially increase production. All-in costs per ounce is arrived at by dividing the dollar value of the sum of these cost metrics, by the ounces of gold sold.

**All-in sustaining costs:** During June 2013 the World Gold Council (WGC), an industry body, published a Guidance Note on the “all-in sustaining costs” metric, which gold mining companies can use to supplement their overall non-GAAP disclosure. “All-in sustaining costs” is an extension of the existing “total cash cost” metric and incorporates all costs related to sustaining production and in particular recognises the sustaining capital expenditure associated with developing and maintaining gold mines. In addition, this metric includes the cost associated with developing and maintaining gold mines, the cost associated with corporate office structures that support these operations, the community and rehabilitation costs attendant with responsible mining and any exploration and evaluation costs associated with sustaining current operations. All-in sustaining costs per ounce is arrived at by dividing the dollar value of the sum of these cost metrics, by the ounces of gold sold.

**Average number of employees:** The monthly average number of production and non-production employees and contractors employed during the year, where contractors are defined as individuals who have entered into a fixed-term contract of employment with a group company or subsidiary. Employee numbers of joint ventures represent the group’s attributable share.

**Capital expenditure:** Total capital expenditure on tangible assets.

**Effective tax rate:** Current and deferred taxation charge for the year as a percentage of profit before taxation.

**Non-sustaining capital expenditure:** Capital expenditure incurred at new operations and capital expenditure related to ‘major projects’ at existing operations where these projects will materially increase production..

**Rated bonds:** The \$700 million 5.375 percent bonds due 2020, \$300 million 6.5 percent bonds due 2040 and the \$750 million 5.125 percent bonds due 2022.

**Region:** Defines the operational management divisions within AngloGold Ashanti Limited, namely South Africa, Continental Africa (DRC, Ghana, Guinea, Mali and Tanzania), Australasia and the Americas (Argentina and Brazil).

**Related party:** Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if such parties are under common control.

**Significant influence:** The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decision of an entity so as to obtain economic benefit from its activities.

**Strate:** The licensed Central Securities Depository (CSD) for the electronic settlement of financial instruments in South Africa.

**Sustaining capital:** Capital expenditure incurred to sustain and maintain existing assets at their current productive capacity in order to achieve constant planned levels of productive output.

**Total cash costs:** Total cash costs include site costs for all mining, processing and administration and are inclusive of royalties and production taxes. Depreciation, depletion and amortisation, rehabilitation, corporate administration, employee severance costs, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

**Weighted average number of ordinary shares:** The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group, and increased by share options that are virtually certain to be exercised.

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Currencies

\$, US\$, USD, US dollars or dollar	United States dollars
ARS	Argentinean peso
A\$, Australian dollars or AUD	Australian dollars
BRL	Brazilian real
€ or Euro	European Euro
GHC, cedi or Gh¢	Ghanaian cedi
TZS	Tanzanian Shillings
ZAR, R or rand	South African rands

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## Abbreviations

ADR	American Depositary Receipt
ADS	American Depositary Share
AIFR	All injury frequency rate
ASX	Australian Securities Exchange
Au	Contained gold
BBBEE	Broad-Based Black Economic Empowerment
BBSY	Bank Bill Swap Bid Rate
BEE	Black Economic Empowerment
bn	Billion
CDI	Chess Depositary Interests
CHESSE	Clearing House Electronic Settlement System
Companies Act	South African Companies Act, No. 71 of 2008, as amended
DMTNP	Domestic medium-term notes programme
DRC	Democratic Republic of the Congo
ERP	Enterprise resource planning
Exchange Act	United States Securities Exchange Act of 1934, as amended
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
G or g	Grams
GhDS	Ghanaian Depositary Share
GhSE	Ghana Stock Exchange
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards as issued by the IASB
JIBAR	Johannesburg Interbank Agreed Rate
JORC	Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves
JSE	JSE Limited (Johannesburg Stock Exchange)
King III and IV	The King Report on Corporate Governance for South Africa
Kg or kg	Kilograms
Km or km	Kilometres
Km <sup>2</sup>	Square kilometres
Koz	Thousand ounces
LIBOR	London Interbank Offer Rate
M or m	Metre or million, depending on the context
Mlbs	Million pounds
Moz	Million ounces
Mt	Million tonnes or tons
Mtpa	Million tonnes/tons per annum
NYSE	New York Stock Exchange
Oz or oz	Ounces (troy)
oz/t	Ounces per ton
oz/TEC	Ounces per total employee costed
SAMREC	South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves
SEC	United States Securities and Exchange Commission
Securities Act	United States Securities Act of 1933, as amended
T or t	Tons (short) or tonnes (metric)
Tpa or tpa	Tonnes/tons per annum
TSF	Tailings storage facility

US/U.S./USA/United  
States  
XBRL

United States of America  
eXtensible Business Reporting Language

Note: Rounding of figures in this report may result in computational discrepancies.

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PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3: KEY INFORMATION

3A. SELECTED FINANCIAL DATA

The selected financial information set forth below for the years ended and as at 31 December 2018, 2017 and 2016 has been derived from, and should be read in conjunction with, the IFRS financial statements included under Item 18 of this annual report. The selected financial information for the years ended and as at 31 December 2015 and 2014 has been derived from the IFRS financial statements not included in this annual report.

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	Year ended 31 December				
	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
	(in millions, except share and per share amounts)				
Consolidated income statement					
Revenue from product sales	3,943	4,510	4,223	4,015	4,952
Cost of sales	(3,173 )	(3,736 )	(3,401 )	(3,294 )	(3,972 )
Gain (loss) on non-hedge derivatives and other commodity contracts	2	10	19	(7 )	13
Gross profit	772	784	841	714	993
Corporate administration, marketing and other expenses	(76 )	(64 )	(61 )	(78 )	(92 )
Exploration and evaluation costs	(102 )	(114 )	(133 )	(132 )	(142 )
Other operating expenses	(97 )	(88 )	(110 )	(96 )	(28 )
Special items	(170 )	(438 )	(42 )	(71 )	(260 )
Operating profit (loss)	327	80	495	337	471
Dividends income	2	—	—	—	—
Interest income	17	15	22	28	24
Other gains (losses)	(9 )	(11 )	(88 )	(17 )	(7 )
Finance costs and unwinding of obligations	(178 )	(169 )	(180 )	(245 )	(276 )
Fair value adjustments	(3 )	—	9	66	(17 )
Share of associates and joint ventures' profit (loss)	122	22	11	88	(25 )
Profit (loss) before taxation	278	(63 )	269	257	170
Taxation	(128 )	(108 )	(189 )	(211 )	(225 )
Profit (loss) after taxation from continuing operations	150	(171 )	80	46	(55 )
Discontinued operations					
Profit (loss) from discontinued operations	—	—	—	(116 )	16
Profit (loss) for the year	150	(171 )	80	(70 )	(39 )
Allocated as follows					
Equity shareholders					
- Continuing operations	133	(191 )	63	31	(74 )
- Discontinued operations	—	—	—	(116 )	16
Non-controlling interests					
- Continuing operations	17	20	17	15	19
	150	(171 )	80	(70 )	(39 )
Basic earnings (loss) per ordinary share (cents)					
Basic earnings (loss) per ordinary share (cents)	32	(46 )	15	(20 )	(14 )
Earnings (loss) per ordinary share from continuing operations	32	(46 )	15	8	(18 )
Earnings (loss) per ordinary share from discontinued operations	—	—	—	(28 )	4
Diluted earnings (loss) per ordinary share (cents)					
Diluted earnings (loss) per ordinary share (cents)	32	(46 )	15	(20 )	(14 )
Earnings (loss) per ordinary share from continuing operations	32	(46 )	15	8	(18 )
Earnings (loss) per ordinary share from discontinued operations	—	—	—	(28 )	4
Dividend per ordinary share (cents)	6	10	—	—	—

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	As at 31 December				
	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
	(in millions, except share and per share amounts)				
Consolidated balance sheet data					
<b>ASSETS</b>					
Non-current assets					
Tangible assets	3,381	3,742	4,111	4,058	4,863
Intangible assets	123	138	145	161	225
Investments in associates and joint ventures	1,528	1,507	1,448	1,465	1,427
Other investments	141	131	125	91	126
Inventories	106	100	84	90	636
Trade, other receivables and other assets	102	67	34	13	20
Deferred taxation	—	4	4	1	127
Cash restricted for use	35	37	36	37	36
Other non-current assets	—	—	—	18	25
	5,416	5,726	5,987	5,934	7,485
Current assets					
Other investments	6	7	5	1	—
Inventories	652	683	672	646	888
Trade, other receivables and other assets	209	222	255	196	278
Cash restricted for use	31	28	19	23	15
Cash and cash equivalents	329	205	215	484	468
	1,227	1,145	1,166	1,350	1,649
Non-current assets held for sale	—	348	—	—	—
	1,227	1,493	1,166	1,350	1,649
Total assets	6,643	7,219	7,153	7,284	9,134
<b>EQUITY AND LIABILITIES</b>					
Share capital and premium	7,171	7,134	7,108	7,066	7,041
Accumulated losses and other reserves	(4,519)	(4,471)	(4,393)	(4,636)	(4,196)
Shareholders' equity	2,652	2,663	2,715	2,430	2,845
Non-controlling interests	42	41	39	37	26
Total equity	2,694	2,704	2,754	2,467	2,871
Non-current liabilities					
Borrowings	1,911	2,230	2,144	2,637	3,498
Environmental rehabilitation and other provisions	827	942	877	847	1,052
Provision for pension and post-retirement benefits	100	122	118	107	147
Trade, other payables and deferred income	3	3	4	5	15
Deferred taxation	315	363	496	514	567
	3,156	3,660	3,639	4,110	5,279
Current liabilities					
Borrowings	139	38	34	100	223
Trade, other payables, deferred income and provisions	594	638	615	516	695
Taxation	60	53	111	91	66
	793	729	760	707	984
Non-current liabilities held for sale	—	126	—	—	—

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	793	855	760	707	984
Total liabilities	3,949	4,515	4,399	4,817	6,263
Total equity and liabilities	6,643	7,219	7,153	7,284	9,134
Number of ordinary shares as adjusted to reflect changes in share capital	412,769,980	410,054,615	408,223,760	405,265,315	404,010,360
Share capital (exclusive of long-term debt and redeemable preference shares)	16	16	16	16	16
Net assets	2,694	2,704	2,754	2,467	2,871

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Annual dividends

The table below sets forth the amounts of interim, final and total dividends declared in respect of the past five years in cents per ordinary share.

Year ended 31 December <sup>(1)</sup>	2018	2017	2016	2015	2014
South African cents per ordinary share	70	130	—	—	—
US cents per ordinary share <sup>(2)</sup>	6	10	—	—	—

(1) Since 2017, the dividend policy allows the Board, at its discretion, to declare an annual dividend to be based on 10 percent of the free cash flow generated by the business, before growth capital expenditure, for that financial year.

(2) Dividends for these periods were declared in South African cents. US dollar cents per share figures have been calculated based on exchange rates prevailing on each of the respective payment dates.

For further information on the company’s policy on dividend distributions, see “Item 8A: Consolidated Financial Statements and Other Financial Information—Dividends”.

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3B. CAPITALISATION AND INDEBTEDNESS

Not applicable.

3C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3D. RISK FACTORS

This section describes many of the risks that could affect AngloGold Ashanti. There may, however, be additional risks unknown to AngloGold Ashanti and other risks, currently believed to be immaterial, that could turn out to be material. Additional risks may arise or become material subsequent to the date of this document. These risks, either individually or simultaneously, could significantly affect the group's business, financial results and the price of its securities.

Risks related to AngloGold Ashanti's results of operations and financial condition as a result of factors that impact the gold mining industry generally.

Commodity market price fluctuations could adversely affect the profitability of operations.

AngloGold Ashanti's revenues are primarily derived from the sale of gold and, to a lesser extent, silver and sulphuric acid. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the company's control. For example, the market price of gold may change for a variety of reasons, including:

- speculative positions taken by investors or traders in gold;
- monetary policies announced or implemented by central banks, including the U.S. Federal Reserve;
- changes in the demand for gold as an investment ;
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions;
- changes in the supply of gold from production, divestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the U.S. dollar (the currency in which gold trades internationally) relative to other currencies;
- changes in interest rates;
- actual or anticipated sales or purchases of gold by central banks and the International Monetary Fund (IMF);
- gold hedging and de-hedging by gold producers;
- global or regional political or economic events; and
- the cost of gold production in major gold producing countries.

The market price of gold has been and continues to be significantly volatile. During 2018, the gold price traded from a low of \$1,173.56 per ounce to a high of \$1,358.09 per ounce, remaining well below a peak of \$1,900 per ounce in September 2011. Between 1 January 2019 and 19 March 2019, the gold price traded between a low of \$1,279.53 per ounce and a high of \$1,341.08 per ounce. On 19 March 2019 the afternoon price for gold on the London Bullion Market was \$1,307.70 per ounce. In addition to protracted declines such as the one experienced from 2011 through 2015, the price of gold is also often subject to sharp, short-term changes.

For example, during the three-day period from Friday, 12 April 2013, to Monday, 15 April 2013, the price of gold fell by \$228 per ounce. Additionally, the spot price of gold fell by more than four percent to \$1,086 per ounce in overnight trading on 20 July 2015 after traders sold 57 tonnes of gold in Shanghai and New York. By taking the price of gold below \$1,100 per ounce, the July 2015 sell-off triggered a high volume of stop-loss orders that had been put in place by traders to automatically sell when the gold price reached a predetermined level. This caused the gold price to drop further. Any sharp or prolonged fluctuations in the price of gold can have a material adverse impact on the company's profitability and financial condition.

Central banks' policies can affect the price of gold. If gold is treated as a safe alternative investment during economic downturns, the price of gold may fall when central banks end quantitative easing or increase interest rates. For example, the price of gold fell to annual lows when the Chairman of the U.S. Federal Reserve announced a reduction in quantitative easing in June 2013, the end of the quantitative easing programme in October 2014 and an increase in interest rates in December 2015. Similarly, gold

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prices continued on a downward trend after the Chairman's announcement of an increase in interest rates in December 2016. In addition, the gold price has generally decreased since the beginning of 2018 in light of the Chairman's announcement of ongoing interest rate increases and may continue to be unpredictable. Any future announcements or proposals by the U.S. Federal Reserve, or any of its board members or regional presidents or other similar officials in other major economies may materially and adversely affect the price of gold and, as a result, AngloGold Ashanti's financial condition and results of operations.

Whilst overall supply and demand typically do not affect the gold price in the same manner or to the same degree as other commodities due to the considerable size of historical mined stocks of gold, events that affect supply and demand may nonetheless have an impact. According to the World Gold Council, demand for gold is generally driven by four main sectors, namely jewellery, investment, central banks and technology. The market for gold bullion bar, AngloGold Ashanti's primary product, is generally limited to bullion banks, the number of which has declined in recent years. Central banks' purchases can be adversely affected by declines in foreign exchange reserves. For example, this was one of the factors that drove a 33 percent decline in net gold purchases by central banks in 2016 compared to 2015. Demand for gold is also largely impacted by trends in China and India, which account for the highest gold consumption worldwide. Demand for gold may be particularly affected by government policies in these countries. For example, according to the World Gold Council, gold demand in China fell 38 percent in 2014 compared to 2013 and demand for gold bars and coins fell by 50 percent due in part to the Chinese government's anti-corruption programme, which put limited pressure on demand for gold ornaments and so-called "gift bars". In India, government intervention to try to reduce the trade deficit, a material portion of which is linked to gold imports, led to various import taxes being introduced, which unsettled the domestic market for gold in 2016. The Indian government also introduced measures in 2016 to reduce undeclared income, including a demonetisation policy put in place in November 2016. Although gold imports temporarily increased when the Indian government announced its decision to retire the 500-rupee and 1,000-rupee bank notes, as soon-to-be obsolete notes were used to buy gold, gold imports registered a 55 percent decline by value the following month due to the lack of liquidity resulting from the demonetisation. These and similar policies in India, China or other large gold-importing countries could adversely affect demand for, and consequently prices of, gold.

Furthermore, the shift in demand from physical gold to gold-related investments and speculative instruments may exacerbate the volatility of the gold price. For example, the Finance Ministry in India announced an offering of sovereign gold bonds as an alternative to the purchase of physical gold in March 2015 and conducted several follow-on offerings in 2016. This and other policies of the Indian government contributed to a 22 percent decline in gold jewellery demand in India between 2015 and 2016. Slower consumption of physical gold in India, resulting from a move toward gold-tracking investments or otherwise, may have an adverse impact on global demand for, and prices of, bullion.

A sustained period of significant gold price volatility may adversely affect the company's ability to evaluate the feasibility of undertaking new capital projects or the continuity of existing operations, to meet its operational targets or to make other long-term strategic decisions. Lower and more volatile gold prices, together with other factors, have led AngloGold Ashanti to alter its expansion and development strategy and consider ways to align its asset portfolio to take account of such expectations and trends. As a result, the company may decide to curtail or temporarily or permanently shut down certain of its exploration and production operations, which may be difficult and costly to effect. A further sustained decrease in the price of gold could also have a material adverse effect on AngloGold Ashanti's financial condition and results of operations, as it may be unable to quickly adjust its cost structure to reflect the reduced gold price environment. Mines with marginal headroom may be subject to decreases in value that are not temporary, which may result in impairment losses. See "—Certain factors may affect AngloGold Ashanti's ability to support the carrying amount of its property, plant and equipment, intangible assets and goodwill on the balance sheet. If the carrying amount of its assets is not recoverable, AngloGold Ashanti may be required to recognise an impairment charge, which could be significant ". The market value of gold inventory may be reduced and marginal stockpile and



heap leach inventories may be written down to net realisable value or may not be processed further as it may not be economically viable at lower gold prices. In addition, AngloGold Ashanti is obliged to meet certain financial covenants under the terms of its borrowing facilities and its ability to continue to meet these covenants could be adversely affected by a further sustained decrease in the price of gold. The use of lower gold prices in Ore Reserve estimates and life of mine plans could also result in material impairments of the company's investment in mining properties or a reduction in its Ore Reserve estimates and corresponding restatements of its Ore Reserve and increased amortisation, reclamation and closure charges.

The price of silver has also experienced significant fluctuations in past years. During 2018, the price varied between a low of \$13.96 per ounce and a high of \$17.57 per ounce. On 19 March 2019, the price of silver was \$15.35 per ounce.

Factors affecting the price of silver include investor demand, physical demand for silver bars, industrial and retail off-take, and silver coin minting.

If revenue from sales of gold, silver or sulphuric acid falls below their respective cost of production for an extended period, AngloGold Ashanti may experience losses and curtail or suspend some or all of its exploration projects and existing operations or sell underperforming assets. Declining commodities prices may also force a reassessment of the feasibility of a particular project or projects, which could cause substantial delays or interrupt operations until the reassessment can be completed.

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Foreign exchange fluctuations could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

Gold is principally a U.S. dollar-priced commodity and most of the company's revenues are realised in, or linked to, U.S. dollars, whilst cost of sales are largely incurred in the local currency where the relevant operation is located. Given the company's global operations and local foreign exchange regulations, some of its funds are held in local currencies, such as the South African rand, Ghanaian cedi, Brazilian real, Argentinian peso and the Australian dollar. The weakness of the U.S. dollar against local currencies results in higher cost of sales in U.S. dollar terms. Conversely, the strengthening of the U.S. dollar lowers local cost of sales in U.S. dollar terms.

From time to time, AngloGold Ashanti may implement currency hedges intended to reduce volatility in our foreign currency exposure. Such hedging strategies may not be successful, and any of AngloGold Ashanti unhedged exchange payments will continue to be subject to market fluctuations.

Exchange rate movements may have a material impact on AngloGold Ashanti's operating results. For example, based on average exchange rates received in 2018, the company estimates that a one percent strengthening of all of the South African rand, Brazilian real, the Argentinian peso or the Australian dollar against the U.S. dollar will, other factors remaining equal, result in an increase in total cash costs of approximately \$5.3 per ounce.

The profitability of mining companies' operations and the cash flows generated by these operations are significantly affected by fluctuations in input production prices, many of which are linked to the prices of oil and steel.

Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tyres, steel and mining equipment used or consumed in mining operations form a relatively large part of the operating costs and capital expenditure of any mining company.

AngloGold Ashanti has no influence over the cost of these consumables, many of which are linked to some degree to the price of oil and steel. Whilst, from time to time, AngloGold Ashanti may implement diesel hedges intended to reduce exposure to changes in the oil price, such hedging strategies may not always be successful, and any of the company's unhedged diesel consumption will continue to be subject to market fluctuations.

The price of oil has fluctuated between \$50 and \$87 per barrel of Brent Crude in 2018. As of 19 March 2019, the price of oil was at \$67.48 per barrel of Brent Crude. AngloGold Ashanti estimates that for each U.S. dollar per barrel rise or fall in the oil price, other factors remaining equal, total cash costs of all its operations change by approximately \$1.00 per ounce. The total cash costs of certain of the company's mines, particularly Sadiola, Siguiri, Geita, Tropicana, Iduapriem and Kibali are most sensitive to changes in the price of oil. Even when fuel prices are in decline, expected savings may be partly offset by increases in governments' fixed fuel levies or the introduction by governments of new levies. For example, in Tanzania, fuel duty exemption claims are required to be submitted after consumption of the related fuel and are subject to authorisation by the Tanzanian Customs and Excise authorities. The Tanzanian Minister of Finance and Economic Affairs revoked, as from 1 July 2009, the Government Notice No. 480 of 2000 which granted mining companies an exemption from excise duty on fuel products. While AngloGold Ashanti believes that this revocation will not affect its status to claim exemption on fuel duty as the duty relief is protected by the Mining Development Agreement (MDA), there can be no assurance of protection under the MDA with respect to future changes to this or other duty exemptions. Currently, the Tanzanian tax authorities refuse all excise duty exemptions on fuel supplied to AngloGold Ashanti's Geita mine contractors, which refusal has resulted in a cost impact of approximately \$2 million per annum.

Furthermore, the price of steel has also been volatile. Steel is used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a

mine. For example, in 2016 the price of flat hot rolled coil (North American Domestic FOB) steel traded between \$379 per tonne as of 1 January 2016 and \$630 per tonne as of 29 June 2016. On 19 March 2019, the price of flat hot rolled coil (North American Domestic FOB) was \$700 per tonne.

Fluctuations in oil and steel prices have a significant impact on operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable, which could have a material adverse impact on the company's results of operations and financial condition.

Energy cost increases and power fluctuations and stoppages could adversely impact the company's results of operations and financial condition.

Increasing global demand for energy, concerns about nuclear power and the limited growth of new supply are impacting the price and supply of energy. The transition of emerging markets to higher energy consumption, actual and proposed taxation of carbon emissions as well as unrest and potential conflict in the Middle East, amongst other factors, could result in increased demand or constrained supply and sharply escalating oil and energy prices.

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AngloGold Ashanti's mining operations are substantially dependent upon electrical power generated by local utilities or by power plants situated at some of its operations. The unreliability of these local sources of power can have a material adverse effect on the company's operations, as large amounts of power are required for ventilation, exploration, development, extraction, processing and other mining activities on the company's properties.

In South Africa, electricity is supplied by Eskom, a state-owned power generation company. Although other competitors in the renewable energy market have now entered the power supply market, the power supply is still channelled through the Eskom infrastructure. Electricity is used for most of our business and safety-critical operations, including cooling, hoisting and dewatering. Loss of power can therefore impact production and employee safety, and prolonged outages could lead to flooding of workings and ore sterilisation. In 2008, Eskom and the South African government declared a national emergency and warned that they could no longer guarantee the availability of electricity due to a national supply shortage which at the time was blamed on coal supply shortages, heavy rainfall and unplanned generation-set outages as a result of maintenance backlog and asset ages.

A warning of the "very high" risk of blackouts was reissued at the start of 2011 and each year until 2015. Since February 2014, AngloGold Ashanti has reduced its electricity consumption in South Africa by more than 10 percent measured in Gigawatt hour usage as requested by Eskom. Although Eskom introduced a schedule of rolling blackouts, or "load shedding", the company has been able to negotiate such periods of load shedding with no impact on production due to curtailments using strict energy management and controls.

Since the beginning of 2017, the integrity of power supply to the company's South African operations has improved due to Eskom's accelerated maintenance schedules and improved reliability as a result of reduced national demand for electricity. However, in late November and early December 2018, Eskom was forced again to implement load shedding due to a combination of factors including plant breakdowns, urgent plant maintenance, lower-than-expected output from the Medupi and Kusile coal-fired power stations and damage to the power transmission lines linking South Africa to the Cahora Bassa hydroelectric dam in Mozambique. In mid-December 2018, President Cyril Ramaphosa appointed a task team to advise the South African government on how to resolve the power utility's operational, structural and financial challenges. Although it was able to keep operating during mid-December 2018 due to lower demand from business and industry, from early January 2019 onwards Eskom had to implement load shedding again. A high degree of load shedding has been continuous ever since. On 7 February 2019, President Cyril Ramaphosa announced during his State of the Nation Address (SONA) that Eskom will be unbundling into three separate entities, i.e. Generation, Transmission and Distribution, to improve operations and contain costs.

Eskom and the National Energy Regulator of South Africa (NERSA), which sets prices and tariffs for Eskom recognise the need to increase electricity supply capacity, and a series of tariff increases and proposals have been enacted since 2010 to assist in the funding of this expansion. According to reports in early 2019, Eskom is about \$29 billion in debt and has been seeking ways to reduce its liabilities. Furthermore, on 12 March 2018, David Mabuza, Deputy President of South Africa, stated before the South African National Assembly that Eskom's debt could peak at about \$35 billion after the completion of the Medupi and Kusile coal-fired power stations. On 14 January 2019, NERSA started a series of nationwide public hearings on what South Africans will be paying for electricity. Over the course of three weeks, NERSA held hearings on what the debt-laden national power utility will get to charge for electricity in years ahead and it announced its decision on 7 March 2019. The announcement was done in two parts covering the annual revenue allocation for the next three years as well as the amount Eskom will be allowed to recover from its customers based on actual sales and expenditure in 2017/2018 versus the amount projected when the revenue for that period was originally allocated about six years earlier. In March 2019, Eskom challenged NERSA's decision to allow Eskom to recover only ZAR190 billion for the current financial year (2019) instead of the ZAR215 billion Eskom had applied for. No date has yet been determined for the court to hear this matter. Eskom has now also lodged a challenge to NERSA's three decisions in terms of the Regulatory Clearing Account (RCA) methodology, which allowed Eskom to recover only about ZAR32.69 billion in relation to actual sales and expenses in 2014/2015,

2015/2016 and 2016/2017. This is significantly less than the ZAR66.6 billion Eskom had applied for. The ZAR32.69 billion will be recovered by an addition to electricity tariffs in the next four years, which will add to the revenue allocation NERSA announced on 7 March 2019. It is unclear when these challenges lodged will be finalised, but court processes are generally slow and the uncertainty this situation brings about the future price path could continue for a long time.

With respect to electricity tariffs, since 2013, NERSA allowed Eskom to increase such tariffs at an average yearly increase of 8 percent for 2013 and 2014, 12.69 percent for 2015, 9.4 percent for 2016, 2.2 percent for 2017 and a 5.23 percent for 2018. Eskom announced in October 2018 that it has asked NERSA for a 15 percent tariff increase per year for the following three financial years. In the past, NERSA has at times not granted the full tariff increases stating that Eskom needed to change its operating model and reduce its costs for the benefit of the South African economy. Rather than the double-digit increases requested by Eskom, power tariffs will only rise by 9.4 percent in 2019, 8.1 percent in 2020 and 5.2 percent in 2021.

There can be no assurance as to the existence or nature of any government intervention with respect to tariff increases in the future. Other difficulties at Eskom, relating to a large financial deficit, may result in additional tariff increases.

Additionally, Eskom has been mired in allegations of corruption and is the subject of a parliamentary investigation which has implicated a number of its highest ranking executives. As energy represents a large proportion of the company's operating costs in South Africa, tariff increases have had, and any future increases will have, a materially adverse impact on the total cash costs of the company's South African operations.

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In Ghana and Brazil, the company has also identified a risk of energy shortages. The company's mining operations in Ghana depend on hydroelectric power supplied by the state-controlled Volta River Authority (VRA), which is supplemented by thermal power from the Takoradi plant and a smaller unit at Tema. AngloGold Ashanti negotiates rates directly with the VRA to power the Obuasi mining operations and the VRA may not agree to a satisfactory rate during future rounds of negotiations. AngloGold Ashanti procures electricity for Iduapriem from the Electricity Company of Ghana (ECG) which is supplied by the VRA.

Ghana has a major power generation deficit that has resulted in significant load shedding across the country. For example, the company experienced extended power interruptions in Ghana in the first quarter of 2014, which limited access to higher grade areas. It also experienced frequent load shedding at Iduapriem in 2015, at times experiencing multiple outages in a single day. During periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam, the VRA's primary generation source, may be curtailed, as occurred in 1998, 2003, 2006, 2007 and 2016. During periods of limited electricity availability, the grid is subject to disturbances and voltage fluctuations which can damage equipment. Disruptions in the natural gas supply from Nigeria in March 2015, via the West Africa Gas Pipeline, have led to some reduction in thermal generation capacity and the use of more expensive light crude oil, which is putting upward pressure on power tariffs. In the past, the VRA has obtained power from neighbouring Côte d'Ivoire, which has intermittently experienced political instability and civil unrest.

In Brazil, a two-year drought in 2014 and 2015 adversely affected hydro-electrical power generation. Similar water shortages in the future could have an adverse impact on AngloGold Ashanti's operations in Brazil.

In Guinea, Tanzania and Mali, the company's mining operations are dependent on power supplied by outside contractors and supplies of fuel are delivered by road. Power supplies in these countries have been disrupted in the past, resulting in production losses due to equipment failure.

Increased energy prices could also negatively impact operating costs and cash flow of AngloGold Ashanti's operations.

Global economic conditions could adversely affect the profitability of operations.

AngloGold Ashanti's operations and performance depend significantly on worldwide economic conditions. Despite signs of economic recovery in certain geographic markets, global economic conditions remain fragile with significant uncertainty regarding recovery prospects, levels of recovery and long-term economic growth effects. Concerns remain regarding the sustainability and future of both the European Monetary Union and its common currency, the Euro, and the European Union, in their current form, particularly following the vote in favour of the United Kingdom's withdrawal from the European Union in June 2016 and the official triggering by the UK government of the "Brexit" process in March 2017 and the uncertainty of the resulting terms of the withdrawal and subsequent negotiations. Concerns also exist regarding the negative impacts of the downgrade of the sovereign credit rating of the Republic of South Africa in recent years.

Concerns remain regarding South Africa's credit rating. On 24 November 2017, S&P Global downgraded South Africa's credit rating to full sub-investment grade, while its counterpart Moody's placed the country on review for downgrade. S&P Global's announcement followed a similar announcement by Fitch, affirming South Africa's rating at sub-investment grade on 23 November 2017. Moody's decision to put South Africa on review, rather than downgrade it outright, means that South Africa can remain in key global bond indices such as the Citigroup World Bond Index (WGBI). Moody's held South Africa local and foreign issued debt on the cusp of investment and sub-investment grade. Membership in the WGBI requires that at least Moody's or S&P Global rates a country's local currency rating as investment grade. Moody's on 23 March 2018 affirmed South Africa's investment-grade credit rating at Baa3 and revised its credit outlook to stable from negative. See "—Any downgrade of credit ratings assigned to AngloGold Ashanti's debt securities could increase future interest costs and adversely affect the availability of new financing".

These conditions and other disruptions to international credit markets and financial systems caused a loss of investor confidence and resulted in widening credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Although aggressive measures taken by governments, the private sector and central banks have resulted in a modest economic recovery since 2012, any such recovery may remain limited in geographic scope. A significant risk also remains that this recovery could be slow or that the global economy could quickly fall back into an even deeper and longer lasting recession or even a depression. In 2014 and 2015, the credit ratings of some of the largest South African banks were downgraded by major credit rating agencies. Any significant weakening of the South African banking system could have a negative effect on the overall South African economy including the results of the company's South African operations.

Global economic turmoil, or the expectation that economic turmoil could worsen, could have follow-on effects on AngloGold Ashanti's business that include inflationary cost pressures, interest rate fluctuations and commodity market fluctuations. Other effects that could negatively affect AngloGold Ashanti's financial results and results of operations include, for example:

- the insolvency of key suppliers or contractors, which could result in contractual breaches and a supply chain breakdown;

- the insolvency of one or more joint venture partners, which could result in contractual breaches and disruptions at the operations of the company's joint ventures;

- changes in other income and expense, which could vary materially from expectations, depending on gains or losses realised on the sale or exchange of financial instruments and impairment charges that may be incurred with respect to investments;

- a reduction in the availability of credit, which may make it more difficult for the company to obtain financing for its operations and capital expenditures or make that financing more costly;

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exposure to the liquidity and insolvency risks of the company's lenders and customers; and impairment of operations.

In addition to the potentially adverse impact on the profitability of the company's operations, any deterioration in or increased uncertainty regarding global economic conditions may increase volatility or negatively impact the market value of AngloGold Ashanti's securities.

Inflation may have a material adverse effect on results of operations.

Many of AngloGold Ashanti's operations are located in countries that have experienced high rates of inflation during certain periods. It is possible that significantly higher future inflation in the countries in which the company operates may result in an increase in operational costs in local currencies (without a concurrent devaluation of the local currency of operations against the U.S. dollar or an increase in the U.S. dollar price of gold). This could have a material adverse effect on the company's results of operations and financial condition. Significantly higher and sustained inflation, with a consequent increase in operational costs, could result in the rationalisation (including closure) of higher cost mines or projects.

Of particular concern is the inflation rate in Argentina which increased from an average of 10 percent in 2012 to 40.5 percent in 2016. Inflation in Argentina was recorded at 17.8 percent in 2017 and inflation rose to 47.5 percent in 2018. Hyper-inflationary reporting will be reflected in the financial statements of our local subsidiaries. However, hyper-inflationary movements are not reflected in the group's consolidated financial statements as our local Argentinian subsidiary is deemed to have a US dollar functional currency. When inflation reaches highly inflationary levels in Argentina, social unrest and union activity may increase which in turn may have an adverse effect on AngloGold Ashanti's operational costs and results of operation in that country.

Mining companies face many risks related to the development of mining projects that may adversely affect the company's results of operations and profitability.

Development of AngloGold Ashanti's mining projects may be subject to unexpected problems and delays that could increase the development and operating costs of the relevant project. In addition, a decrease in budgets relating to current or medium-term exploration and development could increase the company's development and operating costs in the long-term.

There are a number of uncertainties inherent in the development and construction of a new mine or the extension of an existing mine. These uncertainties include the:

- timing and cost of construction of mining and processing facilities, which can be considerable;
- availability and cost of mining and processing equipment;
- availability and cost of skilled labour, power, water and transportation;
- availability and cost of appropriate smelting and refining arrangements;
- applicable requirements under national and municipal laws and time needed to obtain the necessary environmental and other governmental permits; and
- availability of funds to finance construction, development and environmental rehabilitation activities.

The remote location of many mining properties, permit requirements and delays in the issuance of the necessary permits, third-party legal challenges to individual mining projects and broader social or political opposition to mining may increase the cost, timing and complexity of mine development and construction. New mining operations could experience unexpected problems and delays during the development, construction, commissioning and commencement of production.



For example, AngloGold Ashanti may prove unable to successfully develop the La Colosa and Gramalote projects and the Nuevo Chaquiro deposit that is part of the Quebradona project in Colombia as well as other potential exploration sites due to difficulties that could arise in relation to, for example, social and community opposition, litigation and governmental regulatory or administrative proceedings, the classification of land covered by mining titles as an environmentally-protected area, ore body grades, definition of adequate Ore Reserve and Mineral Resource and the time taken to prove project feasibility that could result in the expiry of permits. See “ -Mining companies are subject to extensive environmental laws and regulations” and “Item 8A: Legal Proceedings -Colombia”.

Accordingly, AngloGold Ashanti’s future development activities may not result in the expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than anticipated or may be loss-making. The company’s operating results and financial condition are directly related to the success of its project developments. A failure in the company’s ability to develop and operate mining projects in accordance with, or in excess of, expectations could negatively impact its results of operations, as well as its financial condition and prospects.

Mining companies face uncertainty and risks in exploration, feasibility studies and other project evaluation activities.

AngloGold Ashanti must continually replace Ore Reserve depleted by mining and production to maintain or increase production levels in the long term. This is undertaken by exploration activities that are speculative in nature. The ability of the company to sustain or increase its present levels of gold production depends in part on the success of its projects and it may be unable to sustain or increase such levels.

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Feasibility studies and other project evaluation activities necessary to determine the current or future viability of a mining operation are often unproductive. Such activities often require substantial expenditure on exploration drilling to establish the presence, extent and grade (metal content) of mineralised material. AngloGold Ashanti undertakes feasibility studies to estimate the technical and economic viability of mining projects and to determine appropriate mining methods and metallurgical recovery processes. These activities are undertaken to estimate the Ore Reserve.

Once mineralisation is discovered, it may take several years to determine whether an adequate Ore Reserve exists, during which time the economic feasibility of the project may change due to fluctuations in factors that affect both revenue and costs, including:

- future prices of metals and other commodities;
- future foreign currency exchange rates;
- the required return on investment as based on the cost and availability of capital; and
- applicable regulatory requirements, including those relating to environmental or health and safety matters.

Feasibility studies also include activities to estimate the anticipated:

- tonnages, grades and metallurgical characteristics of the ore to be mined and processed;
- recovery rates of gold, uranium and other metals from the ore; and
- capital expenditure and cash operating costs.

These estimates depend on assumptions made based on available data. Ore Reserve estimates are not precise calculations and depend on the interpretation of limited information on the location, shape and continuity of the mineral occurrence and on available sampling results. For example, following completion of enhanced prefeasibility studies for both projects, AngloGold Ashanti announced the maiden Ore Reserve for the Gramalote project in February 2018 and the maiden Ore Reserve for the Quebradona project in February 2019. No assurance can be given that Ore Reserve estimates or other estimates are accurate or that the indicated levels of gold, uranium, copper or other mineral will be produced. Further exploration and feasibility studies can result in new data becoming available that may change previous Ore Reserve estimates and impact the technical and economic viability of production from the project. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of Ore Reserves resulting in revisions to previous Ore Reserve estimates. These revisions could impact depreciation and amortisation rates, asset carrying amounts and/or provisions for closure, restoration and environmental rehabilitation costs.

AngloGold Ashanti undertakes annual revisions to its Ore Reserve estimates based upon asset sales and acquisitions, actual exploration and production results, depletion, new information on geology, model revisions and fluctuations in production, forecasts of commodity prices, economic assumptions and operating and other costs. These factors may result in reductions in Ore Reserve estimates, which could adversely affect life-of-mine plans and consequently the total value of the company's mining asset base. Ore Reserve restatements could negatively affect the company's results of operations, as well as its financial condition and prospects.

Due to a declining rate of discovery of new gold Ore Reserve in recent years, AngloGold Ashanti faces intense competition for the acquisition of attractive mining properties. From time to time, the company evaluates the acquisition of an Ore Reserve, development properties or operating mines, either as stand-alone assets or as part of existing companies. AngloGold Ashanti's decision to acquire these properties has been based on a variety of factors, including historical operating results, estimates and assumptions regarding the extent of the Ore Reserve, cash and other operating costs, gold prices, projected economic returns and evaluations of existing or potential liabilities associated with the relevant property and its operations and how these factors may change in the future. Other than historical operating results, these factors are uncertain and could have an impact on revenue, cash and other operating costs, as well as the process used to estimate the Ore Reserve.

As a result of these uncertainties and declining grades, the company's exploration and acquisitions may not result in the expansion or replacement of current production, the maintenance of its existing Ore Reserve net of production or yield an increase in Ore Reserve. AngloGold Ashanti's results of operations and financial condition are directly related to the success of its exploration and acquisition efforts and the ability to replace or increase the existing Ore Reserve as it is depleted. If the company is not able to maintain or increase its Ore Reserve, its results of operations as well as its financial condition and prospects could be adversely affected.

Mining companies face many potential disruptions to their operations, which may adversely impact cash flows and overall profitability.

Gold mining is susceptible to events that may adversely impact a mining company's ability to produce gold and meet production and cost targets. These events include, but are not limited to:

- accidents or incidents, including due to human error, during exploration, production or transportation resulting in injury, loss of life or damage to equipment or infrastructure;
- air, land and water pollution;
- social or community disputes or interventions;
- security incidents;
- surface or underground fires or explosions;
- electrocution;
- falls from heights and accidents relating to mobile machinery, including shaft conveyances and elevators, drilling blasting and mining operations;

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labour force disputes and disruptions;  
loss of information integrity or data;  
activities of illegal or artisanal miners;  
shortages in material and equipment;  
mechanical failure or breakdowns and ageing infrastructure;  
failure of unproven or evolving technologies;  
energy and electrical power supply interruptions or rationing;  
unusual or unexpected geological formations, ground conditions, including lack of mineable face length and ore-pass blockages;  
water ingress and flooding;  
process water shortages;  
metallurgical conditions and gold recovery;  
unexpected decline of ore grade;  
unanticipated increases in gold lock-up and inventory levels at heap-leach operations;  
fall-of-ground accidents in underground operations;  
cave-ins, sinkholes, subsidence, rock falls, rock bursts or landslides;  
failure of mining pit slopes, heap-leach facilities, water or solution dams, waste stockpiles and tailings dam walls;  
changes to legal and regulatory requirements;  
safety-related stoppages;  
gold bullion or concentrate theft;  
corruption and fraud;  
allegations of human rights abuses;  
seismic activity; and  
other natural phenomena, such as floods, droughts or weather conditions, potentially exacerbated by climate change.

Any of these events could, individually or in the aggregate, have a material adverse effect on the company's results of operations and financial condition.

Older mines in the South African region have started to reach the end of their economic lives, several decades after production started. These mines face various systemic challenges, including near-depletion of Ore Reserve, increasing depth and distance from central infrastructure, declining production profiles, and cost escalation that has continued to outpace both inflation and a subdued gold price. For example, the cost performance of certain operations, notably TauTona and Kopanang, has clearly demonstrated these challenges, with all-in sustaining costs for 2017 of \$2,242/oz and \$1,593/oz, respectively. This compared with an average annual gold price over that period of \$1,258/oz. Both mines also sustained significant operating losses through 2017. TauTona ceased mining in September 2017 and has been placed in orderly closure. The sale of Kopanang was completed in February 2018 as well as the sale of Moab Khotsong.

Seismic activity is of particular concern in underground mining operations, particularly in South Africa due to the extent and extreme depth of mining, and also in Australia and Brazil due to the depth of mining and residual tectonic stresses. Despite modifications to mine layouts and support technology, as well as other technological improvements employed with a view to minimising the incidence and impact of seismic activity, seismic events have caused death and injury to employees and contractors as well as safety-related stoppages and may continue to do so in the future.

Seismic activity may also cause a loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, environmental pollution and potential legal liabilities. As a result, these events may have a material adverse effect on AngloGold Ashanti's results of operations and financial condition. For example, in South Africa three rock burst accidents occurred at Mponeng mine during the last quarter of 2017, resulting in four

employee fatalities in addition to production losses due to stoppages. The total production loss associated with the three incidents was approximately 14,000m<sup>2</sup> (approximately 800 kg of gold with an approximate value of \$36 million). In the second quarter of 2018, Mponeng experienced another rock burst related accident causing one fatality in the 126 Return Air Way (RAW) development end. As the subsequent stoppage caused by this fatal accident was limited to the 126 RAW development only, the impact on production in 2018 was negligible. Nevertheless, the 126 level is crucial to open up future face length at Mponeng and such stoppages related to seismic activity might have a material impact on future face length creation which may result in financial losses.

In the past, floods have also disrupted the operations of some of the company's mines. For example, unprecedented heavy rains in February and March 2011 in Australia flooded the Sunrise Dam Gold mine and forced a temporary shutdown of operations. The flood impacted underground production for approximately four months and open pit production for approximately six months. Despite the shutdown, full costs were incurred as the mining contractors worked on remedial activities to repair damage and rehabilitate flooded areas. The considerable remedial work required adversely impacted cash costs per ounce and the impact of the flood event and the pit wall failure together significantly reduced planned production at the plant.

Any seismic, flood or other similar events that occur in the future could have a material adverse effect on the company's results of operations and financial condition.

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Mining companies' operations are vulnerable to infrastructure constraints.

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable rail, ports, roads, bridges, power sources, power transmission facilities and water supply are critical to the company's business operations and affect capital and operating costs. These infrastructures and services are often provided by third parties whose operational activities are outside the control of the company.

Interferences in the maintenance or provision of infrastructure, including unusual weather phenomena, sabotage and social unrest could impede the company's ability to deliver its products on time and adversely affect AngloGold Ashanti's business, results of operations and financial condition.

Establishing infrastructure for the company's development projects requires significant resources, identification of adequate sources of raw materials and supplies, and necessary cooperation from national and regional governments, none of which can be assured.

AngloGold Ashanti has operations or potential development projects in countries where government-provided infrastructure may be inadequate and regulatory regimes for access to infrastructure may be uncertain, which could adversely impact the efficient operation and expansion of its business. AngloGold Ashanti may not secure and maintain access to adequate infrastructure in the future, or it may not do so on reasonable terms.

Mining companies face strong competition and industry consolidation.

The mining industry is competitive in all of its phases. AngloGold Ashanti competes with other mining companies and individuals for specialised equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets. These competitors may have greater financial resources, operational experience and technical capabilities than AngloGold Ashanti. Competition may increase AngloGold Ashanti's cost of acquiring suitable claims, properties and assets, which could have a material adverse effect on its financial condition.

Further, industry consolidation may lead to increased competition and may harm AngloGold Ashanti's operating results. A number of transactions have recently been announced or completed in the gold mining industry. In this regard, some of AngloGold Ashanti's competitors have made acquisitions or entered into business combinations, joint ventures, partnerships or other strategic relationships. For example, Barrick Gold Corporation completed its merger with Randgold Resources Limited in January 2019. In the same month, Newmont Mining Corporation and Goldcorp Inc. announced that both companies had agreed to a strategic business combination, subject to customary closing conditions. Further, in March 2019, Barrick Gold Corporation and Newmont Mining Corporation signed an agreement to create a joint venture combining their respective mining operations, assets, reserves and talent in Nevada, subject to customary closing conditions. Similar consolidations in the form of acquisitions, business combinations, joint ventures, partnerships or other strategic relationships may continue in the future. The companies or alliances resulting from these transactions or any further consolidation involving AngloGold Ashanti's competitors may benefit from greater economies of scale, significantly larger asset bases and broader differentiation of mining assets in respect of geographies and commodities than AngloGold Ashanti. In addition, following such transactions certain of AngloGold Ashanti's competitors may decide to sell specific mining assets increasing the availability of such assets in the market. An excess of mining assets available for sale could have a material adverse impact on any of the company's contemplated asset sales and could result in sales processes taking longer to complete or not completing at all or not realizing the full value of the assets being disposed of. Such developments could have a material adverse effect on the company's business, operating results and financial condition.

Mining companies are subject to extensive health and safety laws and regulations.

AngloGold Ashanti's mining operations are subject to extensive health and safety laws and regulations in every jurisdiction in which it operates. These laws and regulations are, along with international and industry standards, designed to protect and improve the safety and health of employees and require the company to undertake and fund extensive compliance measures.

From time to time, new or updated health and safety laws, regulations and standards are introduced and may be more stringent than those to which AngloGold Ashanti is currently subject. Should compliance with these laws, regulations and standards require a material increase in expenditures or material changes or interruptions to operations or production, including as a result of any incident or failure to comply with applicable regulations, the company's results of operations and financial condition could be adversely affected. Furthermore, AngloGold Ashanti continues to implement its enhanced safety programme, which could result in increased costs for the company.

In some of the jurisdictions in which AngloGold Ashanti operates, the government enforces compulsory shutdowns of operations to enable investigations into the cause of accidents. Certain of the company's operations have been temporarily suspended for safety reasons in the past. In South Africa, so-called "Section 54 safety stoppages" have become a significant issue as an enforcement mechanism used by the Department of Mineral Resources Mining Inspectorate whose inspectors routinely issue such notices. For example, in 2018, 31 notices were issued that had a material adverse impact on production at the company's mines. Section 54 safety stoppages resulted in the estimated direct loss of 47,100, 78,887, 73,208, 11,324 and 4,680 ounces of gold production from the South African region operations during 2014, 2015, 2016, 2017 and 2018, respectively.

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AngloGold Ashanti's reputation could be damaged by any significant governmental investigation or enforcement action for non-compliance with health and safety laws, regulations or standards. Any of these factors could have a material adverse effect on the company's results of operations and financial condition.

Mining companies are increasingly required to operate in a sustainable manner and to provide benefits to affected communities. Failure to comply with these requirements can result in legal suits, additional operational costs to address violations or liabilities, investor divestment and loss of "social licence to operate", and could adversely impact AngloGold Ashanti's financial condition.

As a result of public concern about the perceived ill effects of economic globalisation, businesses in general and large multinational mining corporations in particular face increasing public scrutiny of their activities.

These businesses are under pressure to demonstrate that whilst they seek a satisfactory return on investment for shareholders, human rights are respected and other social partners, including employees, host communities and more broadly, the countries in which they operate, also benefit from their commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have, or have, a high impact on their social and physical environment. The enhanced usage and scale of social media and other web-based tools to publish, share and discuss user-generated content further increases the potential scope and force of public scrutiny. The potential consequences of these pressures and the adverse publicity in cases where companies are believed not to be creating sufficient social and economic benefit may result in additional operating costs to address actual or perceived shortcomings, reputational damage, active community opposition, allegations of human rights abuses, legal suits and investor withdrawal.

Existing and proposed mining operations are often located at or near existing towns and villages, natural waterways and other infrastructure or natural resources. As the impacts of dust generation, waste storage, water pollution or water shortages may be immediate and directly adverse to those communities, poor environmental management practices, or, in particular, adverse changes in the supply or quality of water can result in community protest, regulatory sanctions or ultimately in the withdrawal of community and government support for company operations. For example, following the outcome of the referendum held on 26 March 2017 in the Colombian municipality of Cajamarca, which hosts the company's La Colosa exploration site, AngloGold Ashanti's management has taken the decision to pause much of the current fieldwork around the project pending a study of the community's opposition to the project on AngloGold Ashanti's planned future investment. In the meantime, AngloGold Ashanti will continue its engagement with all stakeholders to build consensus around the creation of a modern, environmentally responsible gold-mining industry in Colombia. In addition, in the Colombian town of Piedras in the Tolima province, AngloGold Ashanti is contesting a referendum attempting to ban all mining activities in the area. See "Item 8A: Legal Proceedings-Colombia". Similar votes or referenda may be conducted in the future in these or other locations in Colombia where we have mining licenses. These votes and referenda or future votes or referenda could have an adverse impact on AngloGold Ashanti's reputation, its ability to develop its mining concessions in Colombia, and its results of operations and financial condition.

Mining operations must be designed to minimise their impact on such communities and the environment, including by changing mining plans, by modifying operations or by relocating the affected people to an agreed location. Responsive measures may also include restoration of the livelihoods of those impacted. In addition, AngloGold Ashanti is obliged to comply with the terms and conditions of all the mining rights it holds. In this regard the Social and Labour plan provisions of its mining rights in South Africa must make provision for local economic development (LED) programmes. The LED programmes must take into account the key economic activities of the area in which AngloGold Ashanti operates its mines, the impact its mines will have on the local and labour-sending communities, various infrastructure and poverty eradication projects its mines may be supporting in connection with integrated development plans in the areas its mines operate and also must provide for measures that assist in addressing housing



and living conditions of its employees.

In addition, as AngloGold Ashanti has a long history of mining operations in certain regions, issues may arise regarding historical, as well as potential future, environmental or health impacts in those areas. For example, certain parties, including non-governmental organisations (NGOs), community groups and institutional investors, have raised concerns and, in the case of some individuals in Obuasi, threatened or commenced litigation, relating to air pollution or surface and groundwater quality, amongst other issues, in the area surrounding the company's Obuasi and Iduapriem mines in Ghana, including potential impacts to local rivers and wells used for water from heavy metals, arsenic and cyanide as well as sediment and mine rock waste.

Disputes with surrounding communities may also affect mining operations, particularly where they result in restrictions of access to supplies and to mining operations. The miners' access to land may be subject to the rights or asserted rights of various community stakeholders, including indigenous people. Access to land and land use is of critical importance to the company for exploration and mining, as well as for ancillary infrastructure. In some cases, AngloGold Ashanti has had difficulty gaining access to new land because of perceived poor community compensation practices. For example, compensation remains a significant area of concern in Siguiri in Guinea. In 2011, a violent community protest interrupted operations for three days, which contributed to the operation's decline in production as compared to 2010, and protests demanding employment by the communities and youth occurred again in 2016. Delays in projects attributable to a lack of community support can translate directly into a decrease in the value of a project or into an inability to bring the project to production.

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The cost of measures and other issues relating to the sustainable development of mining operations could place significant demands on personnel resources, could increase capital and operating costs and could have an adverse impact on AngloGold Ashanti's reputation, results of operations and financial condition.

Mining companies are subject to extensive environmental laws and regulations.

AngloGold Ashanti's operations are subject to extensive environmental laws and regulations in the various jurisdictions in which it operates. These regulations, as well as international standards for the industry, establish limits and conditions on the company's ability to conduct its operations and govern, amongst other things, extraction, use and conservation of water resources; air emissions (including dust control); water treatment and discharge; regulatory and community reporting; clean-up of contamination; land use and conservation of protected areas; community health; and the generation, transportation, storage and disposal of solid and hazardous wastes, such as reagents, radioactive materials and mine tailings.

The cost of compliance with environmental laws and regulations is expected to continue to be significant to AngloGold Ashanti. AngloGold Ashanti could incur fines, penalties and other sanctions, clean-up costs and third-party claims for personal injury or property damage, suffer reputational damage, or be required to install costly pollution control equipment or to modify or suspend operations, as a result of actual or alleged violations of environmental laws and regulations or the terms of AngloGold Ashanti's permits.

Closure of a mine could trigger or accelerate obligations, including to conduct environmental rehabilitation activities and/or to address historical impacts on environmental quality in the area surrounding the mine. Costs incurred by the company in excess of AngloGold Ashanti's existing provisions for such matters, or on a more accelerated or compressed timeline than currently anticipated, could have a material adverse impact on AngloGold Ashanti's results of operations and financial condition.

Failure to comply with applicable environmental laws and regulations may also result in the suspension or revocation of operating permits. AngloGold Ashanti's ability to obtain and maintain permits and to successfully operate in particular communities may be adversely impacted by real or perceived effects on the environment or human health and safety associated with AngloGold Ashanti's or other mining companies' activities.

For example, in Colombia, various plaintiffs, including governmental authorities and various associations that represent local communities, brought legal proceedings against AngloGold Ashanti Colombia S.A. (AGAC) alleging that AGAC violated applicable environmental laws in connection with the La Colosa project. In one such proceeding, AGAC filed an action against the Colombian Department of the Environment, Housing and Territorial Development (DoE) after the DoE issued a fine of \$70,000 against the company. Following a series of appeals, in January 2017 the appellate court reinstated the fine against the company. Although the amount of the fine is not significant, the finding that the company breached environmental laws could be used as the basis for legal action by the Colombian government that could prohibit AGAC from doing business with the Colombian government for a period of five years. As a result, AGAC's three core concession contracts relating to the La Colosa project could be cancelled. AGAC could be required to abandon the La Colosa project and all other existing mining concession contracts and pending proposals for new mining concession contracts of AGAC. However, this would not affect those of other companies of the AngloGold Ashanti group operating in Colombia. AGAC is currently evaluating its options with respect to this matter. Separately, in October 2016, Tolima's Administrative Court ordered that a technical study be prepared by April 2017 to determine whether the La Colosa project presents a "threat" to the environment during its exploration phase. In December 2017, Ibagué's Third Administrative Court ordered a similar technical study. AGAC is in the process of appealing these orders, but if such threat is determined to exist, certain activities at La Colosa may be suspended. See "Item 8A: Legal Proceedings-Colombia".

In addition, unknown environmental hazards may exist on the company's properties which may have been caused by previous owners or operators. An incident at AngloGold Ashanti's operations could lead to the imposition of legal obligations, including the remediation of environmental contamination and claims for property damage and personal injury from adjacent communities. Incidents at AngloGold Ashanti's operations, or other mining companies' operations, could result in the tightening of regulatory requirements and restrictions that are applicable to AngloGold Ashanti's mining operations. For example, brief gold processing stoppages after environmental incidents, such as pipeline failures or deficiencies in water management systems, have occurred previously at AngloGold Ashanti's Obuasi mine in Ghana.

Environmental laws and regulations are continually changing and are generally becoming more stringent. Changes to AngloGold Ashanti's environmental compliance obligations or operating requirements could adversely affect the company's rate of production and revenue. Variations in laws and regulations, assumptions made to estimate liabilities, standards or operating procedures, more stringent emission or pollution thresholds or controls, or the occurrence of unanticipated conditions, may require operations to be suspended or permanently closed, and could increase AngloGold Ashanti's expenses and provisions. These expenses and provisions could adversely affect the company's results of operations and financial condition.

For example, the use of hazardous materials in metallurgical processing remains under constant scrutiny. As there are few, if any, effective substitutes in extracting gold from the ore, any ban or material restrictions on the use of materials in mining operations in the jurisdictions where AngloGold Ashanti conducts its operations could adversely affect the company's results of operations and financial condition. In addition, leaks or discharges of hazardous materials could result in liabilities for clean-up or personal injury that may not be covered by insurance.

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AngloGold Ashanti's operations are heavily dependent upon access to substantial volumes of water for use in the mining and extractive processes and typically are subject to water-use permits that govern usage and require, amongst other things, that mining operations maintain certain water quality upon discharge. Water quality and usage are areas of concern globally, such as with respect to the company's mining operations in Ghana and South Africa and its exploration projects in Colombia, where there is significant potential environmental and social impact and a high level of stakeholder scrutiny. Any failure by the company to secure access to suitable water supplies, or achieve and maintain compliance with applicable requirements of the permits or licenses, could result in curtailment or halting of production at the affected operations. Incidents of water pollution or shortage can, in certain cases, lead to community protest and ultimately to the withdrawal of community and government support for AngloGold Ashanti's operations. A failure by the company to comply with water contamination rehabilitation directives may result in further, more stringent, directives being issued against the company, which may, in some cases, result in a temporary or partial shutdown of some of the company's operations.

Mining and mineral processing operations generate waste rock and tailings. The impact of dust generation, breach, leak, or other failure of a waste rock or tailings storage facility (TSF), including any associated dam, can be significant. An incident at AngloGold Ashanti's operations could result, among other things, in enforcement, obligations to remediate environmental contamination, negative press coverage, and claims for property or natural resources damages and personal injury by adjacent communities. Incidents at other mining companies' operations could result in governmental action to tighten regulatory requirements and restrict certain mining activities, in particular with respect to TSFs, also in respect of other mine operators. See "Item 4B: Business Overview—Environmental, Health and Safety Matters".

For example, a TSF at the Córrego do Feijão iron ore mine owned by Vale at Brumadinho in the state of Minas Gerais in Brazil burst on 25 January 2019. Following the dam failure, tailings reached the mine's administrative area and part of the local community, reportedly resulting in death or injury to hundreds of people. As a result of this incident, environmental licensing processes in Brazil for mining companies are expected to be extremely difficult in the future, especially those involving TSFs. It is expected that there will be significant changes in federal and state legislation and regulation, as well as much more intense scrutiny and control of, as well as cost increases associated with inspecting, maintaining and constructing, TSFs. Certain types of TSFs may be prohibited, and may result in operational restrictions until alternate facilities can be constructed or existing facilities can be reinforced. In addition, it is believed that pressure from local communities will increase significantly and there will be an elevated risk to the social license to operate. For example, due to recently issued regulations by the Brazilian National Mining Agency, the Serra Grande mine in the state of Goiás is planning to reinforce the dam walls of its TSF in advance of expected future decommissioning. Planning is still at an early stage, however, and the applicable requirements are subject to change later in 2019; accordingly the related costs for reinforcing the dam walls of the facility and, ultimately, for decommissioning the dam, cannot yet be predicted. Furthermore, the suspension of environmental licensing permit processes for TSFs in the state of Minas Gerais will potentially delay all the approval processes with respect to our operating permits, and may compromise our production plans after August 2019, in respect of our Minas Gerais operations. Further and more substantial amendments to the regulatory requirements in Brazil governing such TSFs and related dams are anticipated in 2019. See "Item 4B: Business Overview-The Regulatory Environment Enabling AngloGold Ashanti to Mine".

Mining companies are required by law to close their operations at the end of the mine life and rehabilitate the impacted areas. Estimates of the total ultimate closure, reclamation and rehabilitation costs for gold mining operations are significant and based principally on life-of-mine profiles, changing inflation and discount rate assumptions, changing infrastructure and facilities design and current legal and regulatory requirements that may change materially. Environmental liabilities are accrued when they become known, are probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations. For example, in South Africa, regulations require mining companies to make financial

provisions for rehabilitation for at least 10 years. However, the compliance deadline for new regulations under the National Environmental Management Act, No. 107 of 1998 (as amended) (NEMA) has been postponed by the South African Department of Environmental Affairs (DEA) to February 2020. These new regulations acknowledge challenges identified by the industry in collaboration with the Minerals Council South Africa (the former Chamber of Mines of South Africa). Further and more substantial amendments to these regulations are anticipated in 2019. See “Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine”.

The costs required to comply with these obligations and any similar ones enacted in other jurisdictions may have an adverse impact on the company’s financial condition.

AngloGold Ashanti’s provisions for decommissioning and for restoration (excluding joint ventures) totalled \$851 million in 2014, \$683 million in 2015 (following the sale of CC&V), \$705 million in 2016, \$695 million in 2017 and \$622 million in 2018. Costs associated with rehabilitating land disturbed by mining processes and addressing environmental, health and community issues are estimated and financial provision made based upon current available information based on our commitments in terms of environmental legislation or agreements with government. Estimates notably relate to discount rates, which may vary due to changes in global economic assumptions, and mine plans, which may change in line with variations in cash flows, designs of tailings storage facilities and methodologies used to compute liabilities (including as a result of a request from environmental regulatory authorities). Estimates may, however, be insufficient and further costs may be identified at any stage that may exceed the provisions that AngloGold Ashanti has made. Any underestimated or unidentified rehabilitation costs would reduce earnings and could materially and adversely affect the company’s asset values, earnings and cash flows. Further, sudden changes in a life of mine plan or the accelerated closure of a mine may give rise to the recognition of additional liabilities that are not anticipated.

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Compliance with emerging climate change regulations could result in significant costs and climate change may present physical risks to a mining company's operations.

Greenhouse gases (GHGs) are emitted directly by AngloGold Ashanti's operations, as well as by external utilities from which AngloGold Ashanti purchases electricity. A number of international and national measures to address or limit GHG emissions are in various phases of discussion or implementation in the countries in which the company operates. As a result of commitments made at the UN Climate Change Conference in Durban, South Africa in December 2011, certain members of the international community negotiated a treaty at the Conference of the Parties of the UN Framework Convention on Climate Change in Paris in December 2015 (Paris Agreement). The Paris Agreement, which requires developed countries to set targets for emissions reductions, came into force on 4 November 2016. Additional measures addressing GHG emissions may be implemented at national or international levels in various countries. For example, in South Africa, on 19 February 2019, South Africa's National Assembly adopted the draft Carbon Tax Bill (2017 Carbon Tax Bill). The imposition of a tax on carbon dioxide equivalent of GHG emissions will take effect on 1 June 2019.

The tax will be phased in over time. The first phase, which ends in 2022, is designed to be revenue-neutral in terms of its aggregated impact, given the complementary tax energy incentives and reduction or credit for the current electricity levy. In addition, South Africa ratified the Paris Agreement in November 2016 and endorsed its nationally-determined contribution, which requires that GHG emissions in South Africa peak in 2020 to 2025, plateau from 2025 to 2035 and decline from 2036 onwards. In addition, on 8 June 2018, Dr. Edna Molewa, the late Minister of Environmental Affairs, published the draft National Climate Change Bill (2018 Climate Change Bill) for a period of public comment that closed on 8 August 2018. The purpose of the 2018 Climate Change Bill is to build an effective climate change response and ensure the long-term, just transition to a climate resilient and lower carbon economy and society. This will be done within the context of sustainable development for South Africa and will provide for all matters related to climate change. BUSA and the Industry Task Team on Climate Change (ITTCC), of which AngloGold Ashanti is a member, submitted comments on behalf of its members highlighting concerns regarding the lack of regulatory clarity and certainty and regulatory misalignment with International Processes and Agreements. On 27 August 2018, the South African Department of Environmental Affairs (DEA) facilitated a multi-stakeholder engagement with the business community regarding the comments received on the 2018 Climate Change Bill and acknowledged the need for further consultations. Further discussion is anticipated over the course of 2019. See also "Item 4B: Business Overview—Environmental, Health and Safety Matters".

These, or future, measures could require AngloGold Ashanti to reduce its direct GHG emissions or energy use or to incur significant costs for GHG emissions permits or taxes, including for those costs or taxes passed on by electricity utilities which supply the company's operations. AngloGold Ashanti could also incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with applicable requirements. The most likely source of these obligations is through state-level implementation of new emissions or financial obligations pursuant to evolving climate change regulatory regimes.

Other countries, including Australia and Brazil, have passed or are considering GHG trading or tax schemes and/or other regulation of GHG emissions, although the precise impact on AngloGold Ashanti's operations cannot yet be determined. See also "Item 4B: Business Overview—Environmental, Health and Safety Matters".

In addition, AngloGold Ashanti's operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates or patterns, rising sea levels, reduced water availability, higher temperatures and extreme weather events. Such events or conditions, including flooding or inadequate water supplies, could disrupt mining and transport operations, mineral processing and rehabilitation efforts, create resource or energy shortages or damage the company's property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on the company's workforce and on the communities around its mines, such as an increased risk

of food insecurity, water scarcity and prevalence of disease, all of which could have a material adverse effect on the company's results of operations and financial condition.

Compliance with "conflict minerals" and "responsible gold" legislation and standards could result in significant costs.

Stringent standards relating to "conflict minerals" and "responsible" gold including, but not limited to the U.S. Dodd-Frank Act, the EU Regulation 2017/821 on supply chain due diligence obligations for EU importers of gold originating from conflict-affected and high-risk areas, the OECD Due Diligence Guidelines for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the World Gold Council Conflict-Free Gold Standard and the London Bullion Market Association Responsible Gold Guidance have been introduced.

Any such legislation and standards may result in significant costs to ensure and demonstrate compliance (particularly where standards change rapidly or lack certainty due to court challenges), and may complicate the sale of gold emanating from certain areas. The complexities of the gold supply chain, especially as they relate to "scrap" or recycled gold, and the fragmented and often unregulated supply of artisanal and small-scale mined gold are such that there may be significant uncertainties at each stage in the chain as to the provenance of the gold. As a result of the uncertainties in the process, the costs of due diligence and audit, or the reputational risks of defining their product or a constituent part as containing a "conflict mineral" may be too burdensome for the company's customers. Accordingly, manufacturers may decide to switch supply sources or to substitute gold with other minerals not covered by the initiatives. This could have a material negative impact on the gold industry, including on AngloGold Ashanti's results of operations and financial condition.

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Mining operations and projects are vulnerable to supply chain disruption such that operations and development projects could be adversely affected by shortages of, as well as the lead times to deliver, strategic spares, critical consumables, mining equipment or metallurgical plant.

AngloGold Ashanti's operations and development projects could be adversely affected by both shortages and long lead times to deliver strategic spares, critical consumables, mining equipment and metallurgical plant, as well as transportation delays. Import restrictions, such as those imposed by the Argentinian government from 2011 to 2015, can also delay the delivery of parts and equipment. In the past, the company and other gold mining companies experienced shortages in critical consumables, particularly as production capacity in the global mining industry expanded in response to increased demand for commodities. AngloGold Ashanti has also experienced increased delivery times for these items. Shortages have resulted in unanticipated price increases and production delays and shortfalls, resulting in a rise in both operating costs and in the capital expenditure necessary to maintain and develop mining operations.

Individually, AngloGold Ashanti and other mining companies have limited influence over manufacturers and suppliers of these items. In certain cases there are a limited number of suppliers for certain strategic spares, critical consumables, mining equipment or metallurgical plant who command superior bargaining power relative to the company. The company could at times face limited supply or increased lead time in the delivery of such items. For example, during 2012, supply of caustic soda was delayed in the Continental Africa Region. In addition, the unreliability of oxygen and lime supply similarly affected production at the Vaal River and West Wits surface operations in South Africa throughout 2011 and poor availability of drill rigs, heavy machinery and fleet equipment hampered underground drilling and overall operational performance at the Serra Grande mine in Brazil, also in 2011.

The company's procurement policy is to source mining and processing equipment and consumables from suppliers that meet its corporate values and ethical standards but risks remain around the management of ethical supply chains. In certain locations, where a limited number of suppliers meet these standards, additional strain is placed on the supply chain, thereby increasing the cost of supply and delivery times.

Furthermore, supply chains and rates can be impacted by natural disasters, such as earthquakes, extreme weather patterns and climate change, as well as other phenomena that include unrest, strikes, theft and fires. For example, a three-week transport strike in 2012 delayed the supply of consumables in South Africa. Although potential supply chain disruption in Mali, as a result of the coup d'état and the proliferation of armed combat in 2012 and 2013, were avoided by well-managed consumable stock holding, ongoing instability and armed conflict in the country, even following the peace accord struck in 2015, could present material supply chain difficulties. Moreover, although potential gold doré export disruptions at Geita in Tanzania, which were the result of an attempted gold heist, and in Mali, following the closure of Bamako International Airport, were minimised with the introduction of alternative transportation arrangements, such alternatives may not be available upon the occurrence of similar or more severe situations in the future. In February 2013, a fire destroyed the heavy mining equipment stock of spares and components at the Geita gold mine. If AngloGold Ashanti experiences shortages, or increased lead times in the delivery of strategic spares, critical consumables, mining equipment or processing plant, the company might have to suspend some of its operations and its results of operations and financial condition could be adversely impacted.

The Siguirí mine in Guinea was impacted as a result of the Ebola virus outbreak of 2014 in Western Africa, where certain crisis management measures were implemented. See “—AngloGold Ashanti's Ore Reserve, deposits and mining operations are located in countries that face instability and security risks that may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries”. AngloGold Ashanti cannot guarantee that its crisis management measures will be adequate, that the supply chain and operations will not be adversely affected by a future Ebola or other epidemic outbreak and that there will be no knock-on effects such as severe food shortages and social impact. Epidemic-related export restrictions could similarly adversely impact the



company's financial condition and results of operations.

Concerns about the integrity or reliability of the London Bullion Market Association (LBMA) Gold Price Benchmark could adversely affect investor interest in gold and confidence in the gold market.

Historically, the gold market relied on prices and trades made relative to a benchmark known as the London Gold Fix (Fix), set by a group of five fixing banks that matched buyers and sell orders. Following a series of allegations regarding the possible manipulation of the Fix by fixing banks, U.S., German and UK regulators undertook a review of the fixing process. While the U.S. Commodity Futures Trading Commission and the German BaFin dismissed allegations of manipulation in 2013 and 2015, respectively, in 2014 Deutsche Bank withdrew from the fixing panels and the UK Financial Conduct Authority (FCA) fined one of the fixing banks. The FCA identified systems and control failures and conflicts of interest in relation to gold fixing over the nine years to 2013 and one instance of gold price manipulation in 2012. Separately, several lawsuits have been filed against fixing banks alleging that they have colluded to manipulate the gold benchmark price, including class actions instituted in the United States in 2014 and Canada in 2015. Some of these class actions were settled in the United States in 2016.

In 2015, the Fix was replaced by the London Bullion Market Association (LBMA) Gold Price Benchmark, which is run and managed by the Intercontinental Exchange (ICE). The ICE is independent of the gold market as it does not conduct any trading of gold.

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Whilst AngloGold Ashanti had no role in the operation of the Fix during the period under review and has no responsibility for the conduct of the market makers in the gold market, the gold market could still be affected if the integrity of the LBMA Gold Price Benchmark is undermined as a result of ongoing lawsuits, resulting in reduced demand for the company's gold, greater volatility in gold prices and less liquidity in the gold market. Since 2015, when AngloGold Ashanti joined the new oversight committee for the LBMA Gold Price Benchmark which is regulated by the FCA, the volumes being traded through the benchmarks have steadily increased, as have the number of direct participants. Due to some issues around the LBMA Silver Price Benchmark, ICE, under the auspices of the LBMA Gold Price Benchmark, was asked to assume the duties of managing the Silver Benchmark. As such, the LBMA Gold Price Oversight Committee has now become the LBMA Precious Metals Oversight Committee. If further allegations are made against the LBMA Gold Price Benchmark in the future, AngloGold Ashanti could be implicated more directly, which may have an adverse effect on its reputation.

Diversity in interpretation and application of accounting literature in the mining industry may impact reported financial results.

The mining industry has limited industry-specific accounting literature. As a result, there is diverse interpretation and application of accounting literature on mining-specific issues. AngloGold Ashanti, for example, capitalises drilling and costs related to defining and delineating a residual mineral deposit that has not been classified as a "Proven and Probable Ore Reserve" at a development project or production stage mine. Some companies may, however, expense such costs.

As and when this diverse interpretation and application is addressed, the company's reported results could be adversely impacted should the adopted interpretation differ from the position it currently follows.

For example, International Financial Reporting Standard (IFRS) 16 Leases was issued in January 2016 and, in comparison to its predecessor International Accounting Standard (IAS) 17 makes significant changes to the accounting treatment for leasing transactions for lessees. IFRS 16 is applicable for all financial years commencing on or after 1 January 2019, with options for full or modified retrospective application.

The approach of IAS 17 was to distinguish between two types of leases. Leases which transfer substantially all the risks and rewards of ownership of an asset were classified as finance leases. All other leases were classified as operating leases. The lease classification set out in IAS 17 was subjective and allowed the preparers of lessee's financial statements to conclude in certain instances that leases should be classified as operating rather than as finance leases.

Under IFRS 16, however, a lessee is required to recognise right of use assets and lease liabilities, including those of operating leases. The requirements of IFRS 16 may have significant impacts on key accounting ratios of the company. The greater recognition of leased assets and lease liabilities on the statement of financial position will reduce return on capital employed and increase gearing. Initial measures of profit are likely to be reduced, as in the early years of a lease the combination of depreciation of the right of use asset and the finance charge associated with the lease liability will exceed the lease rentals (which have historically been charged on a straight-line basis). This change could have an adverse impact on AngloGold Ashanti's borrowing capacity or credit ratings in the future.

Failure to comply with laws, regulations, standards and contractual obligations, breaches in governance processes or fraud, bribery and corruption may lead to regulatory penalties, loss of licences or permits, negative effects on AngloGold Ashanti's reported financial results, and adversely affect its reputation.

AngloGold Ashanti's operations must comply with the U.S. Foreign Corrupt Practices Act and similar anti-corruption and anti-bribery laws of the jurisdictions in which AngloGold Ashanti operates. There has been a substantial increase

in the global enforcement of these laws and an increased focus on the actions of mining companies. Although AngloGold Ashanti has a compliance programme in place designed to reduce the likelihood of violations of such laws, any violation could result in significant criminal or civil sanctions. Conversely, in certain circumstances, strict compliance with anti-bribery laws may conflict with certain local customs and practices. Since the company operates globally in multiple jurisdictions, including those with less developed political and regulatory environments, and within numerous and complex frameworks, its governance and compliance processes may not prevent potential breaches of law, accounting principles or other governance or customary practices.

AngloGold Ashanti's Code of Business Principles and Ethics and Policy on Anti-Bribery and Anti-Corruption, amongst other policies, standards and guidance, and training thereon may not prevent instances of unethical or unlawful behaviour, including bribery or corruption. They also may not guarantee compliance with legal and regulatory requirements and may fail to enable management to detect breaches thereof.

Sanctions for failure by the company or others acting on its behalf to comply with these laws, regulations, standards and contractual obligations could include fines, penalties, resignation or removal of officers, imprisonment of officers, litigation, and loss of operating licences or permits, suspensions of operations and negative effects on AngloGold Ashanti's reported financial results and may damage its reputation. Such sanctions could have a material adverse impact on the company's financial condition and results of operations.

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Breaches in cybersecurity and violations of data protection laws may adversely impact AngloGold Ashanti's business.

AngloGold Ashanti maintains global information technology (IT) and communication networks and applications to support its business activities. AngloGold Ashanti outsources several information technology functions and applications to third party vendors and these engagements may have an impact on the overall cybersecurity position of the company. The primary company systems managed by third party vendors include, but are not limited to, cloud infrastructure, data centre management, server / personal computing support, enterprise resource programs, email and digital documents and the Cyber Security Operations Centre. AngloGold Ashanti has implemented an Information Security Management System (ISMS) to safeguard the company's IT environment. The ISMS is a framework for the policies, standards and procedures adopted to comply with ISO/IEC 27001:2005, and manages identified cybersecurity related risks.

The company must continuously monitor the solutions implemented to support its global information technology and communication networks and applications to maintain a suitable and well-managed environment. While the security of the company's technical platforms and information systems will be regularly reviewed as part of the compliance initiatives and will be measured against the appropriate security implementation standards and documented security controls, there can be no assurance that these efforts will always be successful.

The sophistication and magnitude of cybersecurity incidents are increasing and include malicious software, attempts to gain unauthorised access to data and other electronic security and protected information breaches that could lead to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, other manipulation or improper use of AngloGold Ashanti's systems and networks or financial losses from remedial actions. For example, in 2017, the business experienced a cybersecurity attack, that compromised a senior manager's email account over a period of approximately four months. While AngloGold Ashanti did not incur monetary loss or experience reputational damage due to this breach, the case has been reported to the Australian police who investigated the matter and a full forensic report was issued by the Australian Federal Police Forensics department.

In August 2018, the Cyber Security Operation Center (CSOC), which is outsourced to a specialist cyber intelligence center, came online. All alerts relating to cybersecurity events will be issued by the CSOC for the AngloGold Ashanti cyber team to investigate. The company did not suffer any material cyber security breach, as of yet.

Information technology security processes may not prevent future malicious actions, denial-of-service attacks, or fraud, which could result in the corruption of operating systems, theft of commercially sensitive data, misappropriation of funds and business and operational disruption. AngloGold Ashanti's insurance program includes limited coverage for cyber-related crimes and incidents as part of the global insurance program, and material system breaches and failures could result in significant interruptions that could adversely affect AngloGold Ashanti's operating results and reputation.

The interpretation and application of consumer and data protection laws in South Africa, the United States and elsewhere are evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with AngloGold Ashanti's data practices. Complying with these various laws is essential and could cause the company to incur substantial costs or require it to change its business practices in a manner adverse to its business.

For example, on 25 May 2018, the General Data Protection Regulation (GDPR) came into force. The GDPR is a European Union (EU) wide framework for the protection of personal data of EU based individuals. The GDPR enhances existing legal requirements through several new rules, including stronger rights for data subjects and mandatory data breach notification requirements, and increases penalties for non-compliance. Failure to comply with the GDPR may lead to a fine of up to four percent of a company's worldwide turnover or up to € 20 million. Also,

GDPR has a scope that extends beyond the borders of the EU and does not only affect EU operations.

Risks related to AngloGold Ashanti's results of operations and financial condition as a result of factors specific to the company and its operations

AngloGold Ashanti's Ore Reserve, deposits and mining operations are located in countries that face instability and security risks that may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries.

Some of AngloGold Ashanti's mineral deposits and mining and exploration operations are located in countries that are experiencing political and economic instability and other uncertainty.

Certain of the countries in which AngloGold Ashanti has mineral deposits or mining or exploration operations, including the DRC, Mali, Guinea, Ghana, Tanzania, South Africa, Colombia and Brazil, have in the past experienced, and in certain cases continue to experience, a difficult security environment. In particular, various illegal groups active in regions in which the company is present may pose a credible threat of organised crime, military repression, terrorism, civil unrest and disturbances, sabotage, extortion and kidnapping, which could have an adverse effect on its operations in these and other regions.

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For example, Mali continues to experience a difficult security environment since the military coup in March 2012. The situation in Mali remains of heightened concern as a result of the instability in northern Mali, which increasingly is spreading further south and has become more concentrated in Central Mali over the last couple of years. In addition, the presidential and parliamentary elections during 2018 heightened political tensions and instability in the country.

The eastern part of the DRC also continues to experience tension consistent with the cycles of unrest experienced since the late 2000s. Fighting has caused instability in the area and could expand or intensify, particularly in response to certain political actions. The 2018 general election in the DRC, delayed due to administrative issues, occurred on 30 December 2018. On 10 January 2019, Félix Tshisekedi, leader of the Union for Democracy and Social Progress (UDPS) opposition party, was declared winner of the election and sworn in as president on 24 January 2019. Even though the 2018 elections were disputed and chaotic, these elections have been relatively peaceful compared to the 2006 and 2011 elections which were marred by violence.

In 2012, AngloGold Ashanti Colombia's (AGAC) assets and employees were the targets of direct hostile attacks around the La Colosa project's area of influence. Although a peace agreement with the Revolutionary Armed Forces of Colombia-People's Army (FARC) was brokered in 2016, the risk of rogue factions joining criminal gangs remains a threat and other similar attacks could adversely affect the company's activities in Colombia in the future. In 2018, neighbouring mining companies have experienced violent attacks on their staff, which indicates a heightened security risk.

Attacks on mining companies (for example, attacks targeting gold rooms where smelted gold bars are stored before being transported to other facilities) have been occurring in Brazil and South Africa over the last couple of years and the risk of future attacks remains a threat and could adversely affect the company's activities in Brazil and South Africa.

From 2009 to 2015, the company recorded an almost four-fold increase in the instances of injury to security personnel, including members of AngloGold Ashanti's internal security, private security companies and public security forces in certain jurisdictions. The injury rate increase was caused by a rise in the number and severity of security incidents resulting from increased illegal and artisanal mining due to a steady migration of people into the applicable areas and an increase in the level of organisation and funding of criminal activity around some of the company's Continental African operations. Although this trend stabilised from 2016 onwards, intrusions onto the company's tenement and operational areas, including illegal mining-related activities in particular, continue to be a challenge. The most significant security challenges remain in Tanzania, Guinea, Mali and Ghana, in areas where there is endemic poverty and high levels of unemployment. See "—Illegal and artisanal mining occurs on AngloGold Ashanti's properties, which can disrupt the company's business and expose the company to liability". If the security environment surrounding the company's operations that are most exposed to these challenges deteriorates, employee, third-party and community member injuries and fatalities could also increase. Any such increase could disrupt the company's operations in certain mines and adversely affect its reputation, results of operations and financial condition.

In some instances, risk assessments categorise threats as serious enough to require resorting to public security forces, such as national police or military units on a near-permanent basis. For example, in 2018, the withdrawal of the Gendarmes, Malian paramilitary units, from the closed Yatela mine in Mali, resulted in a mass invasion of illegal miners into the dormant pit, resulting in numerous fatalities amongst such illegal miners due to landslides. In the event that continued invasions in any of the company's countries of operations compromise the company's security or business principles, AngloGold Ashanti may withdraw from any such countries on a temporary or permanent basis. This could have a material adverse impact on AngloGold Ashanti's results of operations and financial condition.

Furthermore, the company continues to experience strained relationships with certain of its host communities. AngloGold Ashanti operates in several regions where poverty, unemployment and the lack of access to alternative

livelihoods mean that the creation and distribution of economic benefit from mining operations is a significant area of focus for community and government. AngloGold Ashanti has also been publicly accused of inadequate resettlement practices at its Siguiiri operation in Guinea by local and international non-governmental organisations (NGO), which poses reputational risk. The company has been working with members of the local community, the International Finance Corporation (IFC) and Nedbank (a South African bank) to try to resolve these issues through a collaborative approach using the dispute-resolution process of the IFC's Office of the Compliance Advisor Ombudsman.

Additionally, AngloGold Ashanti has been involved in several disputes with the Merafong City Local Municipality (Municipality) in South Africa over immovable property valuations as well as water services surcharges. These matters have drawn public attention and have been discussed with South Africa's Minister of Mineral Resources. The property valuation objections were dismissed and AngloGold Ashanti appealed the decision. The appeal went before a Valuation Appeal Board (VAB) during the course of 2014. The decision of the VAB was given on 20 November 2014 and found in favour of the company. Accordingly, AngloGold Ashanti became entitled to a refund of all overpayments since 1 July 2012, which amounts to approximately ZAR 49 million, from the Municipality. The Municipality is taking the decision of the VAB on review and the company lodged a counterclaim for the repayment of the sum of approximately ZAR 49 million plus interest, which is still pending. Following the publication by the Municipality of a new general valuation roll reflecting the immovable properties as well as the buildings and infrastructure required for mining purposes on 7 March 2019, the company is in the process of preparing objections against this new general valuation roll. The water services surcharges matter relates to a dispute started in 2004 regarding the surcharges charged by the Municipality for potable water provided to the company's West Wits operations, for both industrial and domestic water. In 2005, the relevant minister at the time decided that the

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Municipality could only levy a surcharge on water used for domestic purposes, and no surcharge could be levied on water for industrial use. The dispute is currently pending before the High Court to determine the lawfulness of the minister's decision.

In addition, infectious diseases are also a threat to the stability of some of the countries in which the company operates, where limited local health infrastructure weakens governments' ability to manage and contain outbreaks effectively. For example, during August 2014, cases of the Ebola virus were reported in Siguiiri, which is located near AngloGold Ashanti's Siguiiri mine in Guinea. The company implemented certain restrictions on travel to and from the Siguiiri mine as a precaution. As the Ebola virus caused significant disruptions in the company's exploration activities, particularly relating to field mapping and geophysics, AngloGold Ashanti also suspended its brownfields work programme and greenfields field work in the middle of 2014. Although the situation has normalised in Guinea, the DRC experienced an outbreak of the Ebola virus in 2018, which is being monitored continuously. The company may consider further safety measures which may negatively impact its operations or its exploration projects in neighbouring areas in countries that may be affected by infectious diseases.

AngloGold Ashanti's mineral deposits, Ore Reserve, and mining operations are located in countries where political, tax and economic laws and policies may change rapidly and unpredictably and such changes and policies may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries.

Past experience demonstrates that political, tax and economic laws and policies in countries in which AngloGold Ashanti operates can change rapidly. Examples include the 2012 coup d'état and subsequent fighting in Mali, the foreign currency regulations that were imposed from 2011 to 2015 in Argentina and the ban on gold ore exports announced by the Tanzanian government in March 2017. As mining assets are fixed, the adverse impacts of such changes may be unavoidable and immediate.

Any existing and new mining, exploration operations and projects that the company carries out are subject to various national and local laws, policies and regulations governing the ownership, prospecting, development and mining of Ore Reserve, taxation and royalties, exchange controls, import and export duties and restrictions, investment approvals, employee and social community relations and other matters.

In many of the countries in which AngloGold Ashanti operates, there is an ongoing focus by governments seeking greater economic benefit and increased financial and social benefits from extractive industries and mining in particular. This entails the review of mining codes and stability agreements, which were in many cases designed under particular economic conditions, and the formulation or amendment of laws, policies and regulations relating to issues such as mineral rights and asset ownership, royalties, taxation and taxation disputes, "windfall" or "super" taxation, non-recovery of taxation refunds, import and export duties, currency transfers, restrictions on foreign currency holdings and repatriation of earnings. The laws, policies and regulations are increasingly uncertain, changing and generally require progressively higher payments to governments, notably in the form of increased royalties and taxes, mandated beneficiation, export levies and increasing or retaining state or national ownership of resources. In particular, changes to the fiscal terms governing AngloGold Ashanti's operations may have a material adverse impact on the company's results of operations or financial condition, threaten the viability of existing operations, and discourage future investments in certain jurisdictions. This may therefore have an adverse impact on the company's ability to access new assets and potentially reduce future growth opportunities.

For example, in July 2017, the government of Tanzania enacted new legislation which purports to make a number of changes to the operating environment for Tanzania's extractive industries, including its mining sector. These changes include, among other things: the right for the government of Tanzania to renegotiate existing mining development agreements at its discretion; the provision to the government of Tanzania of a non-dilutable, free-carried interest of no less than 16 percent in all mining projects; the right for the government of Tanzania to acquire up to 50 percent of any



mining asset commensurate with the value of tax benefits provided to the owner of that asset by the government of Tanzania; removal of the refund of input VAT incurred; an increase in the rate of revenue royalties from four percent to six percent; requirements for local beneficiation and procurement; and constraints on the operation of off-shore bank accounts. AngloGold Ashanti is seeking a constructive dialogue with the government of Tanzania regarding this legislation and its impact on existing mining agreements. As a precautionary step to safeguard its interests, AngloGold Ashanti's subsidiaries have commenced international arbitration proceedings against the government of Tanzania in connection with the enactment of this legislation, as first announced in July 2017. The arbitration proceedings are currently suspended until July 2019. See "Item 4B: Business Overview–The Regulatory Environment Enabling AngloGold Ashanti to Mine" and "Item 8A: Legal Proceedings-Tanzania". There can be no assurance that the company will be successful in safeguarding its interests in the arbitration action and these changes and any future amendments to the mining legislation could have further adverse effects on the company's financial condition and results of operations.

For example, in September 2011, a new mining code was enacted in Guinea. The new Guinean mining code significantly increased the share of state ownership in the mining industry, extending a 15 percent share of future mining projects to the Guinean government, without financial compensation. The Guinean government also had the option to purchase up to an additional 20 percent of each project. However, the new Guinean mining code was suspended in October 2012 due to unfavourable reception and was subsequently amended in April 2013. The new legislation provided that existing mining conventions would be amended through addenda which would contain various provisions, including provisions relating to taxation, state equity participation in mining companies and other matters. AngloGold Ashanti's new mining convention came into effect in January 2017 and includes, among other terms, a five percent royalty on gold and a 15 percent free-carried, non-contributory interest in the Siguiri mine for the Republic of Guinea. See "Item 4B: Business Overview-The Regulatory Environment Enabling AngloGold Ashanti to Mine". Any future

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amendments to the Guinean mining code or attempts to renegotiate the company's existing mining convention could have further adverse effects on the company's financial condition and results of operations.

In addition, in 2012, the government of Ghana amended its fiscal mining regime, increasing its corporate taxation to 35 percent and royalty rates to five percent. In addition, AngloGold Ashanti (Ghana) Limited (AGAG) negotiated a new Development Agreement (DA) and Tax Concession Agreement (TCA) in relation to the Obuasi mine with the government of Ghana. The DA and TCA, which govern the redevelopment of the Obuasi mine, were ratified by Ghana's Parliament in June 2018. As a result of the ratification of these agreements, the 2004 Ghana Stability Agreement ceased to apply to the Obuasi mine, but will continue to apply to the Iduapriem mine until it expires in April 2019. Preliminary steps have been undertaken by AGAG in order to negotiate a new stability agreement for the Iduapriem mine. See "Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine". Any future amendments to the Ghanaian mining regime, negotiation of new stability agreements, or attempts or failures to renegotiate existing stability agreements on the same favourable conditions or at all may have a material adverse effect on the company's results of operations or financial condition.

Furthermore, in July 2012, Australia's Minerals Resource Rent Tax (MRRT) came into effect after the legislation was passed in March 2012. The MRRT, which was repealed in 2014, applied only to the bulk commodities of coal and iron ore, and replaced the previously proposed Resource Super Profits Tax (RSPT), which covered all minerals. The Australian federal government did not include gold and uranium in the final MRRT. However, should Australia consider reintroducing the RSPT, or if similar "super profit" taxes were to be introduced and implemented in any other country in which AngloGold Ashanti operates, the company's results of operations and financial condition could be materially adversely affected.

Further, in August 2018, the South African Minister of Mineral Resources announced that the MPRDA Amendment Bill of 2013 would be withdrawn. The proposed amendments contained in that bill, amongst other things, empowered the South African Minister of Mineral Resources to set developmental pricing conditions for certain minerals for beneficiation purposes, impose export permits on designated minerals and give the South African government an open-ended free-carried interest and state participation. See "Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine". It is unclear whether the South African government will seek to introduce any of those amendments in a new bill, and such changes could have a material adverse effect on the company's financial condition and results of operations.

Furthermore, in 2013 and 2017, the Brazilian government proposed changes to Brazil's mining legislation that were discussed in the National Congress. The proposals could make the rules governing access to mining titles more discretionary and could shorten the duration of exploitation rights. As of the end of 2018, most of the changes in Brazil's mining legislation initially suggested were not approved, however, such legislation may be reintroduced in the same or similar form in the future. Following the November 2015 tailings dam collapse in the State of Minas Gerais on the mining properties of companies not affiliated with AngloGold Ashanti, the Brazilian government has also considered including tougher requirements related to tailings dams (e.g., mandatory insurance in case of environmental catastrophe). In addition, as a result of another tailings dams failure in the same state in January 2019, the Minas Gerais government suspended all environmental licensing proceedings connected with the regularisation of tailings dams in the state, regardless of the construction method, until the approval of new rules regulating the environmental licensing of such activities, and ordered the demobilisation of all tailings dams that have used the upstream heightening method, and required impacted companies to present several plans. As a result of the incident, the federal government is also undertaking action to review relevant mining legislation. See "Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine". Any amendments to existing legislation may have a material adverse effect on the company's financial condition and results of operations.

In addition, some of AngloGold Ashanti's mineral deposits and mining and exploration operations are located in countries that are experiencing social and political instability as well as economic uncertainty. In these countries, there is a risk that political influence may delay or hinder strategic imperatives for cost rationalisation especially in the areas of procurement and labour reductions. In addition, allegations of corruption in Brazil, the DRC, South Africa and Guinea against top political and industry leaders have increased political instability and distrust. Efforts at political and economic reforms in Brazil and such other countries may lead to increased instability. Furthermore, in South Africa, a general election is expected to be held on 8 May 2019 which may be accompanied by social, political and economic uncertainty and instability, and in the DRC, the outcome of the 2018 general election may lead to increased instability. The high levels of unemployment, poverty and inequality remain in each of these countries, further increasing the risk of social instability that will continue to negatively impact their economies, business and the mining industry.

Mining is a long-term activity and assets may be located in jurisdictions with elevated risk. Political instability and the resulting unstable business environment in such countries in which companies operate may discourage future investment in those jurisdictions, and may have an adverse impact on the company's ability to access new assets, potentially reducing growth opportunities.

AngloGold Ashanti is subject to an uncertain tax environment. Increased taxes are expected in most countries of operation. Changes in tax laws could result in higher tax expense and payments and could materially impact AngloGold Ashanti's tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities. In addition, the uncertain tax environment in some regions could limit AngloGold Ashanti's ability to enforce its rights. As a global company, AngloGold Ashanti conducts its business in countries subject to complex tax rules, which may be interpreted in different ways. Further interpretations or developments of tax regimes may affect the company's tax liability, return on investments and business operations. AngloGold Ashanti is regularly examined by tax authorities in its various jurisdictions of operation.

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For example, in July 2017, AngloGold Ashanti's subsidiaries in Tanzania received a demand for payment of inspection fees on all of their gold shipments and a demand for payment of alleged unpaid service levies. Without payment of the inspection fee, AngloGold Ashanti is not allowed to make any exports. In September 2017, the company received a letter from the Tanzania Revenue Authority (TRA) prohibiting it from claiming input tax credit with effect from July 2017 and AngloGold Ashanti estimates the impact of this change to input tax could result in an increase in annual costs of \$50 million. AngloGold Ashanti has agreed to pay the inspection fees on a 'without prejudice' basis, has filed an objection with the TRA and is seeking to resolve all of these issues in the ongoing arbitration proceedings in Tanzania described above. There can be no assurance that these proceedings will be successful and the outcomes may have a material adverse impact on the company's results of operations and financial condition.

In Guinea, Mali, DRC and Tanzania, AngloGold Ashanti is due refunds of input tax and fuel duties which have remained outstanding for periods longer than those provided for in the respective statutes. For example, AngloGold Ashanti calculates that overdue recoverable value added tax, fuel duties and appeal deposits of \$145 million are owed to AngloGold Ashanti and held by the Tanzanian government and it is not certain when, if ever, AngloGold Ashanti will be refunded this amount. Similarly, it is not certain when or whether AngloGold Ashanti will be refunded all amounts due from any other government.

The countries in which the company operates may also introduce export restrictions, exchange controls, impose restrictions to source materials and services locally, or impose other similar restrictions that hinder foreign companies' operations within such countries. For example, in March 2017, the Tanzanian government announced an immediate ban on gold, silver, copper and nickel ore exports, in an attempt to ensure that mineral value-addition activities would be carried out in-country. This regulatory change does not currently impact the Geita mine or Tanzanian operations as the company does not export unrefined or refractory ore out of Tanzania.

Additionally, from 2011 to 2015, the Argentinian government introduced stricter exchange controls and related protracted approval processes which limited the company's ability to repatriate dividends from its Argentinian subsidiaries. In October 2011, the Argentinian government decreed that mining, oil and energy companies must repatriate export earnings and additionally, the purchase of U.S. dollars required authorisation from the Argentinian central bank and the purpose for which the currency would be used had to be stated. In May 2012, the Argentine Mining Secretariat issued new regulations requiring mining companies in Argentina to boost their domestic purchases of equipment and services and mining companies were required to resort exclusively to locally established suppliers for their export-related shipping and logistics operations. Furthermore, in September 2018, export duties were re-imposed by the Argentinian government. The export duty is set at 12 percent with a cap so that it does not exceed the amount of ARS 4 pesos per US dollar exported. Negotiations are ongoing to limit the negative effects on Cerro Vanguardia S.A. (CVSA) as these export duties affect the tax stability guarantee acquired by CVSA in 1996 considering at that time export duties were zero percent. Increased royalties, increased socio-politically tensions and hyper-inflation over the last few months have greatly increased the country risk which in turn has lowered the potential future earnings of the company's investment in CVSA. Political uncertainty around the upcoming presidential elections in 2019 further exacerbates the risk. The economic contraction for 2018 ended at two percent and a further recession is expected in 2019. While the current Argentinian government, elected in November 2015, started a process to ease these controls and return to an open economy and free market, not all restrictions had been lifted as of March 2019.

If, in one or more of the countries in which it operates, AngloGold Ashanti were not able to obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within timeframes that make such plans and operations economically viable, or if the applicable legal, ownership, fiscal (including all royalties and duties), exchange control, employment, environmental and social laws or

regimes change materially, or if the governing political authorities change resulting in amendments to such laws and regimes, this could have a material adverse effect on AngloGold Ashanti's operating results, financial condition, and, in extreme situations, on the viability of an operation. The risk is particularly acute in South Africa. See “—AngloGold Ashanti's mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including breaches in its obligations in respect of such mining rights” and “Item 4B: Business Overview —The Regulatory Environment Enabling AngloGold Ashanti to Mine”.

AngloGold Ashanti's mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including breaches in its obligations in respect of such mining rights.

AngloGold Ashanti's right to own and exploit Ore Reserve and deposits is governed by the laws and regulations of the jurisdictions in which the mineral properties are located. See “Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine”. Currently, a significant portion of the company's Ore Reserve and deposits are located in countries where mining rights could be suspended or cancelled should it breach its obligations in respect of the acquisition and exploitation of these rights.

In each of the countries in which AngloGold Ashanti operates, the formulation or implementation of government policies on certain issues may be unpredictable. This may include changes in laws relating to mineral rights, ownership of mining assets and the right to prospect and mine, and in extreme cases, nationalisation, expropriation or nullification of existing concessions, licenses, permits, agreements and contracts.

Any existing and new mining and exploration operations and projects are subject to various national and local laws, policies and regulations governing the ownership and the right to prospect or mine or develop proposed projects. For more details on the risks surrounding ownership of mining assets, see “—Title to AngloGold Ashanti's properties may be uncertain and subject to challenge”

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and “—AngloGold Ashanti’s mineral deposits, Ore Reserve, and mining operations are located in countries where political, tax and economic laws and policies may change rapidly and unpredictably and such changes and policies may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries”.

Project implementation delays could result in licences not being renewed and the loss of mining rights. Some of AngloGold Ashanti’s mining concessions, authorisations, licences and permits are subject to expiry, limitations on renewal and various other risks and uncertainties. For example, in June 2018, a new mining code went into effect in the DRC. The new DRC mining code made a number of changes to the operating environment for the DRC's extractive industries, including those in its mining and oil and gas sectors. This reform could have a material adverse impact on the protections enjoyed by AngloGold Ashanti’s projects in the DRC. Among other things, the new DRC mining code increases AngloGold Ashanti’s tax burden by widening the basis for and increasing the rate of the mining royalties’ rates (the royalty rate applicable to gold increased from 2.5 percent to 3.5 percent). In addition, it increases the DRC government’s free-carried interest from five percent to 10 percent, with an additional five percent being granted to the DRC government upon each renewal of the exploitation permit, and a requirement that at least 10 percent of the share capital of mining companies be held by DRC individuals. AngloGold Ashanti and other major mining companies are seeking constructive conversation with a working group of the government of the DRC to negotiate transitional agreements, mining regulations, additional royalties and changes to other taxes regarding the mining code, but there can be no assurances that the company's efforts in these discussions will be successful.

In addition, any dispute with governments or other stakeholders, including labour unions, involving an AngloGold Ashanti operation, as a result of rationalisation efforts or otherwise, could negatively affect AngloGold Ashanti’s relationship with such government or stakeholders in respect of other operations within the same country, which could result in adverse consequences, including unfavourable regulatory action, claims and labour disputes. Such adverse consequences could be exacerbated due to the holding company structure of AngloGold Ashanti’s subsidiaries in some of the countries in which it operates.

In South Africa, AngloGold Ashanti’s mining rights may be suspended or cancelled by the South African Minister of Mineral Resources, and the company may be unable to obtain new mining rights if it breaches its obligations under the Mineral and Petroleum Resources Development Act. No. 28 of 2002 (MPRDA). In particular, South Africa’s changing Black Economic Empowerment (BEE) policies may adversely affect both the terms of AngloGold Ashanti’s mining concessions, as well as its ability to conduct operations. Mining rights are linked to compliance with various obligations, including the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2018 (2018 Mining Charter) which was published on 27 September 2018 and became effective on that date, as amended by the notice published in the Government Gazette on 19 December 2018 and read with the Implementation Guidelines for the 2018 Mining Charter published on the same date. The 2018 Mining Charter and its implications are discussed in more detail in “Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine”. Compliance with the 2018 Mining Charter is measured using a designated scorecard relating to equity ownership, employment equity targets that are reflective of the demographic of South Africa, inclusive procurement supplier and enterprise development, human resource development, mine community and rural development, house and living conditions and reporting requirements. The first annual reporting for compliance with the 2018 Mining Charter shall be done on or before 31 March 2020. The deadline for compliance with the various elements of the prior mining charter, i.e. the Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2010 (2010 Mining Charter) was originally set for the end of 2014.

The 2018 Mining Charter provides that a new mining right must have a minimum of 30 percent BEE shareholding. It further provides that an existing mining right holder who has achieved a minimum of 26 percent BEE shareholding shall be recognised as compliant for the duration of the mining right.

AngloGold Ashanti believes that it complied with the ownership target of a minimum of 26 percent ownership by 2014 as prescribed by the 2010 Mining Charter. However, AngloGold Ashanti has not yet been assessed for compliance by the South African Department of Mineral Resources (DMR) against the 2018 Mining Charter targets and it may need to make further progress to achieve future targets, including, but not limited to, further participation by historically disadvantaged South Africans, also referred to in the MPRDA as historically disadvantaged persons (HDSAs) in senior and top management levels, the upgrade of housing and accommodation at the company's mines, further human resource development, mine community development, sustainable development and growth as well as procurement and enterprise development.

The company will incur expenses in giving further effect to the 2018 Mining Charter. The 2018 Mining Charter provides that the employment equity targets must be met within five years. The requirement for inclusive procurement must be met within five years from the date of publication of the 2018 Mining Charter. AngloGold Ashanti may not meet all of the various requirements by the required dates. Additionally, the South African government may decide that the 2018 Mining Charter has not gone far enough to achieve its underlying goals and therefore decide to expand the obligations of mining companies thereunder and the South African Minister of Mineral Resources may opt to disregard certain historical BEE transactions in connection with its review of new mining rights applications. Even though the 2018 Mining Charter recognises the "once empowered, always empowered" - principle, the 2018 Mining Charter makes it clear that such recognition will not be applicable on the transfer, sale or renewal of a mining right and therefore limits the application of the principle to the initial mining period. From a security of tenure perspective, AngloGold Ashanti's Mponeng Mining Right will therefore enjoy recognition of the "once empowered, always empowered" - principle until the end of the initial period for which the mining right was converted (i.e. 2036) at which point AngloGold Ashanti will likely be required to conclude a further empowerment transaction for the purposes of renewing the Mponeng Mining Right. Furthermore, the 2018 Mining Charter provides that pending mining right applications, which were lodged and accepted prior to the effective date of the 2018 Mining

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Charter, will be processed in accordance with the 2010 Mining Charter and will thus require a minimum of 26 percent BEE shareholding. However, the mining right holder must then increase the BEE shareholding to a minimum of 30 percent within a period of five years from the effective date of the mining right to be issued. On 26 March 2019, the Minerals Council South Africa (the former Chamber of Mines of South Africa) filed an application in the High Court of South Africa for the judicial review and setting aside of certain clauses of the 2018 Mining Charter. This application primarily relates to the fact that the 2018 Mining Charter does not fully recognise the continuing consequences of historical BEE transactions, particularly in respect of the transfer, sale or renewal of mining rights. The application for judicial review of the 2018 Mining Charter is currently pending.

On 9 March 2016, AngloGold Ashanti received a notice from the DMR stating that the company was not compliant with the 26 percent HDSA ownership requirement under the 2010 Mining Charter. AngloGold Ashanti timely responded to the order and as the DMR has taken no further action, its original notice has lapsed. On 25 February 2019, AngloGold Ashanti received a directive from the DMR stating that the company was not compliant with the amendment process required by the MPRDA in connection with BEE transactions entered into by the company after the conversion of the West Wits mining rights. The DMR instructed AngloGold Ashanti to submit an application to amend the clauses of two of its West Wits mining rights which record the BEE transactions entered into and implemented by the company to reflect further details of those BEE transactions and provide certain information relating to such transactions. On 7 March 2019, AngloGold Ashanti submitted an application for consent of the Minister of Mineral Resources to amend those clauses accordingly and provided the requested information. Should AngloGold Ashanti be found in breach of its obligations to comply with the MPRDA, the 2010 Mining Charter, the 2018 Mining Charter or any future amendments to the 2018 Mining Charter, it may be compelled to conclude additional BEE transactions. As indicated above, the 2018 Mining Charter provides that a new mining right must have a minimum of 30 percent BEE shareholding, which shall include economic interest plus corresponding percentage of voting rights per mining right or in the mining company which holds the mining right. The 30 percent BEE shareholding must be distributed to qualifying employees (a minimum of five percent non-transferable carried interest), host communities (a minimum of five percent non-transferable carried interest), and a BEE entrepreneur (a minimum of 20 percent effective ownership in the form of shares, five percent of which must preferably be for women). In the event that AngloGold Ashanti applies for a new mining right, it will have to comply with the 2018 Mining Charter ownership requirements and it will not be entitled to rely on its current BEE ownership structure. See also “Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine”.

In addition, and as discussed in more detail in “Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine”, the Broad-Based Black Economic Empowerment Amendment Act, No. 46 of 2013 (BBBEE Amendment Act), which amended the Broad-Based Black Economic Empowerment Act, No 53 of 2003 (BBBEE Act), became effective on 24 October 2014. There are several areas of potential conflict between the BBBEE Amendment Act and the 2018 Mining Charter, even though the 2018 Mining Charter provides that it seeks to align the applicable mining charter with the BBBEE Amendment Act. Since no such alignment is achieved, regulatory conflicts and uncertainty may continue to prevail in the future. Furthermore, historically there has been some debate as to whether the BBBEE Act and the Codes of Good Practice under the BBBEE Act (BBBEE Codes) apply to the mining industry, taking into account that the BBBEE Act requires every organ of state and public entity to give due consideration to the BBBEE Codes when issuing licenses, concession or other authorisations. The MPRDA and the BBBEE Act have an overlapping focus. However, the BBBEE Act and the BBBEE Codes do not require the DMR to apply the BBBEE Codes when determining the qualification criteria for the issuing of mining rights, nor do they require that the DMR applies the BBBEE Codes as a requirement for the retention of existing mining rights. The BBBEE Codes will nevertheless apply to mining companies if they wish to be scored for the purpose of contracting with organs of state.

In Colombia, a government agency grants exclusive concession contracts for exploration and exploitation. With the award of the mining concession or tenement contract, there are specified timelines for the completion of the various



phases of a mining project, e.g., exploration, construction, exploitation. The company must comply with these timelines unless performance is excused, for example, due to force majeure or if extensions or modifications to the timelines are received. For example, force majeure was declared at the La Colosa project, stopping all activities, following the outcome of the referendum held on 26 March 2017 in the Colombian municipality of Cajamarca, which hosts the La Colosa exploration site. The force majeure was initially granted for one year. It has been extended for an additional year and will now expire in June 2019, after which such declaration will need to be extended. While the Company plans to make a timely application for an extension, there can be no guarantee that the declaration will be extended. Loss of the force majeure status could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

If the company does not comply with the specified timelines for the completion of the various phases of a mining project, the mining authority may revoke the company's concession contracts or mining licenses. The company's core mining concession contracts provide that the mining authority has the discretion to declare the underlying concession void if AngloGold Ashanti Colombia S.A. (AGAC) breaches applicable environmental laws or regulations. If the mining authority were to exercise such discretion against it, AGAC would be required to abandon its projects and all of its other existing mining concession contracts. Pending proposals for new mining concession contracts would also be cancelled and AGAC would be banned from doing business with the Colombian government for a period of five years. See "Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine".

AngloGold Ashanti's insurance does not cover most losses caused by the risks described above; see "—The occurrence of events for which AngloGold Ashanti is not insured or for which its insurance is inadequate may adversely affect cash flows and overall profitability".

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If AngloGold Ashanti is not able to obtain or maintain necessary permits, authorisations or agreements to prospect or mine or to implement planned projects, or continue its operations, or comply with all laws, regulations or requirements, or do so within timeframes that make such plans and operations economically viable, or if the laws impacting the company's ownership of its mineral rights or the right to prospect or mine change materially, or should governments increase their ownership in the mines or nationalise them, AngloGold Ashanti's results of operations and financial condition could be adversely affected.

Title to AngloGold Ashanti's properties may be uncertain and subject to challenge.

AngloGold Ashanti has operations in several countries where ownership of land is uncertain and where disputes may arise in relation to ownership. Certain of the company's properties may be subject to the rights or the asserted rights of various community stakeholders, including indigenous people. The presence of those stakeholders may have an impact on AngloGold Ashanti's ability to develop or operate its mining interests. For example, in Australia, the Native Title Act 1993 (Cth) provides for the establishment and recognition of native title under certain circumstances. In South Africa, the Extension of Security of Tenure Act, No. 62 of 1997 and the Restitution of Land Rights Act, No. 22 of 1994 provide for various landholding rights. Such legislation is complex, difficult to predict and outside of the company's control, and could negatively affect the business results of new or existing projects. In Ghana, in February 2012, the company negotiated the relocation of the Sansu Community, which lies within its Obuasi mining concession; the cost of this relocation was approximately \$30 million. Where consultation with stakeholders is statutorily or otherwise mandated, relations may not remain amicable and disputes may lead to reduced access to properties or delays in operations.

Title to the company's properties, particularly undeveloped ones, may also be defective or subject to challenge. Title insurance generally is not available, and title review does not necessarily preclude third parties from contesting ownership. Where surveys have not been conducted, the precise area and location of the company's claims may be in doubt and concessions granted under various titles in a single area may turn out not to be perfectly contiguous, leaving title to areas between concessions open to challenge. Accordingly, AngloGold Ashanti's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, amongst other things, undetected defects.

AngloGold Ashanti may experience unforeseen difficulties, delays or costs in successfully implementing its business strategy and projects, including any cost-cutting initiatives, temporary or permanent shutdowns, divestments and other portfolio rationalisation initiatives and any such strategy or project may not result in the anticipated benefits.

The successful implementation of the company's business strategy and projects depends upon many factors, including those outside its control. For example, the successful management of costs will depend on prevailing market prices for input costs. The ability to grow the business will depend on the successful implementation of the company's existing and proposed project development initiatives and continued exploration success, as well as on the availability of attractive merger and acquisition opportunities, all of which are subject to the relevant mining and company specific risks as outlined in these risk factors.

Since 2013, AngloGold Ashanti has implemented initiatives relating to strategic alignment, portfolio review, restructuring and cost-cutting, temporary or permanent shutdowns, and divestments, including in connection with the consolidation of its business activities and assets. Any future contribution of these measures to profitability will be influenced by the actual savings achieved and by the company's ability to sustain these ongoing efforts. Strategic alignment, restructuring and cost-cutting initiatives may involve various risks, including, for example, labour unrest, operating licence withdrawal, and potential knock-on effects to other company projects and jurisdictions. The risk is elevated in South Africa, given calls for withdrawal of mining licences for "mothballed shafts" and hostile reaction to proposed mining industry retrenchments.

For example, subsequent to the restructuring of the South African operations announcement in June 2017 and based on unsolicited expressions of interest received from a number of parties, AngloGold Ashanti initiated a process to assess the sale of the Kopanang and the Moab Khotsonq mines situated in the Vaal River region of South Africa . Both transactions were successfully completed on 28 February 2018 with the announcement that all conditions related to the sale of Moab Khotsonq mine and some associated assets for \$300 million in cash and the sale of Kopanang mine for ZAR 100 million in cash have been fulfilled. The ownership of Moab Khotsonq and related assets and Kopanang have been transferred to Harmony Gold Mining Company Limited (Harmony) and Heaven-Sent SA Sunshine Investment Company Limited (Heaven-Sent), respectively.

The consideration received for both transactions was utilised by AngloGold Ashanti to further reduce debt and strengthen the company's balance sheet affording AngloGold Ashanti greater strategic flexibility to fund its growth initiatives including its development projects. All of AngloGold Ashanti's obligations and liabilities (including all employee and health and safety obligations other than any claim related to occupational lung disease relating to Moab Khotsonq for the period prior to the closing date), as well as all environmental obligations related to the sold assets arising on, before or after the closing date were transferred to Harmony and Heaven-Sent, as applicable.

This risk is also significant in Ghana, where ongoing restructuring and repositioning of the Obuasi mine has resulted in halting of the mine's existing operations and significant workforce redundancies in the past. In 2014 alone, these redundancies resulted in the company incurring \$210 million in retrenchment costs. In February 2018, AngloGold Ashanti signed regulatory and fiscal agreements with the government of Ghana that will provide the framework for the redevelopment of the Obuasi mine into a modern, productive mining operation. The government of Ghana and the company have put in place several agreements including a development agreement, tax concession agreement, security agreement and a reclamation security agreement. The Tax Concession Agreement (TCA) and the Development Agreement (DA) have both been ratified by Ghana's Parliament on 21 June 2018.

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The environment impact assessment process has been completed and the permits have been issued by Ghana's Environmental Protection Agency in June 2018. The redevelopment is expected to establish Obuasi as a mechanised underground mining operation and is a fundamental departure from how the mine was operated in the past. The redevelopment is expected to make use of automation and controls for improved operational efficiencies and consistency in performance. The project is being developed in two distinct phases, with the first gold pour anticipated at the end of 2019 and the second phase expected by the end of 2020. Unforeseen difficulties, delays or costs may adversely affect the implementation of this project and the company may be unsuccessful in meeting this production, cost and return target.

Finally, this risk may also be high in the DRC, in light of the recently enacted mining code reform. See “—AngloGold Ashanti’s mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including breaches in its obligations in respect of such mining rights”.

In addition, these measures may not be implemented as planned, may turn out to be less effective than anticipated, may only become effective later than anticipated or may not be effective at all. Any of these outcomes, individually or in combination, may adversely impact the company’s business, results of operations and financial condition.

Expectations for and trends in the price of gold, combined with increased costs for project financing and exploration in certain regions, have led AngloGold Ashanti to increase its efforts to focus capital expenditure on its highest quality assets, whilst freeing up capital by curtailing capital expenditure or suspending operations at those projects that the company at the time believes are of lower quality. As a result, certain investments may not be made if the returns they offer rank below other available opportunities within the company’s portfolio. AngloGold Ashanti may also consider finding partners or conducting asset sales relating to certain of its projects. For example, given fiscal uncertainty related to the Sadiola sulphide project in Mali, the company and IAMGOLD Corporation initiated a process in 2018 to identify third parties that may be interested in acquiring their collective interest in Sadiola. In addition, a process to divest the Cerro Vanguardia mine in Argentina (CVSA) is now also underway. With respect to dispositions, the company may not be able to obtain prices that it expects for the assets it seeks to dispose of or to divest some of its activities as planned or to obtain all of the required approvals, and the divestitures that are carried out could have a negative impact on AngloGold Ashanti’s business, results of operations, financial condition and reputation, including as a result of subsequent claims brought by acquirers in connection with divested assets.

AngloGold Ashanti may also prove unable to deliver on production targets, including in potentially critical areas, as well as on the timely, cost-effective and successful execution, including ramping-up, of key capital projects. For example, in South Africa, the company has been experiencing declining production rates in the years leading up to the restructuring of its South African portfolio in 2018 (e.g., 903,000 ounces in 2017, 967,000 ounces in 2016, compared with 1.00 million ounces of gold in 2015, 1.22 million ounces of gold in 2014, and 1.30 million ounces in 2013), principally due to continued safety and associated stoppages, mining flexibility constraints and overall falls in grades. In addition, Colombia is an untested jurisdiction, so permitting, licensing, stakeholder expectations and demands and other external factors could affect timelines and cause capital overruns. Unforeseen difficulties, delays or costs may adversely affect the successful implementation of the company’s business strategy and projects, and such strategy and projects may not result in the anticipated benefits, which could have a material adverse effect on its results of operations, financial condition and prospects.

Labour unrest, activism and disruptions (including protracted stoppages) could have a material adverse effect on AngloGold Ashanti’s results of operations and financial condition.

AngloGold Ashanti’s employees in South Africa, Ghana, Guinea, Mali, Brazil and Argentina are highly unionised and unions are active at some of the company's other operations. Trade unions working with communities and non-governmental organisations (NGOs), therefore, have a significant impact on the general labour relations

environment, including labour relations at an operational level. The extent of the unions' influence also impacts the socio-economic and socio-political operating environments, most notably in South Africa and Mali. Union involvement in wage negotiations and collective bargaining increases the risk of strike action. For example, in South Africa, inter-union rivalry and competition for dominance amongst the larger unions, i.e. the Association of Mining Construction Union (AMCU) and the National Union of Mineworkers (NUM), lends itself to conflict. This situation is further exacerbated with the muscling in of the biggest union in South Africa, i.e. the National Union of Metal Workers of South Africa (NUMSA), in the mining industry. This challenge to the dominance of other unions may cause renewed inter-union rivalry and increase the risk of labour relations instability. The company expects that unions will continue to use their collective power and ability to withhold labour in the future in order to advocate for improved conditions of employment, labour regulatory change, political and social goals. Any future labour unrest and disruptions could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

Under the prevailing unstable global economic climate in particular, unions could utilise disruptions, strikes and protest action to oppose the prevalence of restructuring and downscaling of the mining industry. In South Africa, a variety of legacy issues such as housing, migrant labour, education, poor service delivery and youth unemployment can lead to communities and unions working together to create instability in and around mining operations. As such, there is a risk to the safety of people and damage to company infrastructure and property.

For example, the South African operations have been subject to a restructuring, rightsizing and downscaling process since 2017. In January 2017, following budgetary planning considerations, around 849 employees were dismissed for operational requirements.

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In June 2017, a large scale restructuring process affected another 8,500 employees. In February 2018, the sale of the Moab Khotsonq mine and associated assets in the Vaal River licensing district and the Kopanang mine and the West Gold Plant prevented further job losses. An additional restructuring process commenced in June 2018 in light of the considerably smaller South African production base and was completed in December 2018. Forced retrenchments were mitigated, from 2,000 initially anticipated in the most recent restructuring, to 72, by offering voluntary severance packages, and selling non-core assets, such as healthcare facilities and rail networks in the Vaal River region, which may preserve jobs through a transfer of ownership. Such restructuring processes require extensive internal and external consultations with all stakeholders within a strictly regulated and highly unionised environment. Even though no industrial strike actions affecting AngloGold Ashanti's operations occurred during the restructuring of the South African portfolio, other mining companies operating in South Africa had to endure protracted and violent strikes due to restructuring and downsizing. Future disruptions, strikes and protest actions cannot be excluded and may have a material adverse effect on the company's results of operations and financial condition.

In South Africa, the company reached a three-year wage agreement, including a new shift arrangement, with all unions in September 2018. Such negotiation process involve intense consultations with various unions. There can be no guarantee that the company will be able to negotiate satisfactory wage agreements in the future. Negotiations of wage or other bargaining agreements may turn into protracted processes involving disruptions, strikes and protest actions, and may have a material adverse effect on the company's results of operations and financial condition.

In South Africa, the broader labour relations climate remains fragile. For example, a number of mining companies are experiencing protracted strike actions in the context of the 2018 gold wage negotiations. The possibility of such strike actions spreading to the company continues to be a risk. The labour relations climate is further exacerbated by a number of other issues, such as (i) pressure building amongst all unions and employees regarding legislative reforms affecting pensions and provident funds, (ii) demonstrations by citizens and students regarding public services and free education, (iii) public outcry relating to racism, and (iv) effects of confrontations between political parties in the lead-up to the general elections, all of which may have repercussions in the workplace.

In West Africa, union negotiations are increasingly impacted by a focus on broader social grievances. In Mali and Guinea, pro-labour and pro-union practices supported by government labour authorities may result in increased labour union activity and the breach of obligations contained in agreements with labour unions. In some instances the company may not be able to rely on the existing legal framework, including agreements with labour unions, which creates further risks to the business.

In addition, international trade unions may have an increasingly important impact on mining companies. For example, the company has been repeatedly approached by an international union made up of most of the unions who are active in the company's global operations (IndustriALL Global Union) to agree to a global framework agreement aiming at standardisation and equalisations of labour terms and conditions for the group. Any labour unrest and disruptions caused by such international trade unions could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

Increased labour costs could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

Labour costs represent a substantial proportion of the company's total operating costs and at many operations in South Africa and the Americas, constitute approximately 40 to 50 percent of the operations' operating costs. Absent any simultaneous increase in productivity, any change to the company's wage agreements or other factors that could increase labour costs may have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

AngloGold Ashanti's results may be further impaired if the company incurs penalties for failing to meet standards set by labour laws regarding workers' rights or incurs costs to comply with new labour laws, rules and regulations. For example, employment law in South Africa imposes monetary penalties for neglecting to report to government authorities on progress made towards achieving employment equity in the workplace. Ghanaian law also contains broad provisions requiring mining companies to recruit and train Ghanaian personnel and to use the services of Ghanaian companies. In Australia, the federal government put in place an industrial relations system that includes "good faith bargaining" obligations for employers, fewer restrictions on the content of collective agreements and an enhanced role for union officials as bargaining representatives, parties to agreements and participants in dispute resolution. Penalties and compliance costs, as well as increased costs due to laws and regulations less favourable to employers, could have a material adverse effect on the company's results of operations and financial condition.

Illegal and artisanal mining occurs on AngloGold Ashanti's properties, which can disrupt the company's business and expose the company to liability.

Illegal and artisanal miners are active on, or adjacent to at least 11 of AngloGold Ashanti's properties, which leads at times to interference with the company's operations and results in conflict that presents a security threat to property and human life. Illegal artisanal and small-scale mining is associated with a number of negative impacts, including environmental degradation, flouting of land rights, poor working practices, erosion of civil society, human rights abuse and funding of conflict. The environmental, social, safety and health impacts of artisanal mining are frequently attributed to formal mining activity, and it is often assumed that artisanally-mined gold is channelled through large-scale mining operators, even though artisanal and large-scale miners have distinct supply chains. These misconceptions impact negatively on the reputation of the industry. The company's operations and projects affected by illegal and/or artisanal small-scale mining are mainly situated in South Africa, Tanzania, Ghana, Mali, Guinea and Colombia.

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The activities of the illegal miners, which include theft and shrinkage, could cause damage to AngloGold Ashanti's properties, including pollution, underground fires, or personal injury or death, for which AngloGold Ashanti could potentially be held responsible. Illegal mining could result in the depletion of mineral deposits, potentially making the future mining of such deposits uneconomical. The presence of illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits. In addition, illegal mining could lead to an increase in the level of organisation and funding of criminal activity around some of the company's operations in Continental Africa. The most significant security challenges have occurred in Tanzania, Mali, Guinea and Ghana in areas where there is endemic poverty and high levels of unemployment. For example, at the Obuasi mine in Ghana, the incursion of hundreds of illegal miners followed the withdrawal of military protection from the Obuasi mine in the beginning of 2016. The military had been stationed at the mine since 2013 on directions from the Ghanaian government in order to maintain law and order at the site. AngloGold Ashanti (Ghana) Limited was forced to declare force majeure and, in the interests of safety, withdrew all employees performing non-essential functions from the Obuasi mine. There was no impact on the company's production and costs as the Obuasi site was not forecast to be in production during that year.

More generally, illegal mining and theft could also result in lost gold Ore Reserve, mine stoppages, and have other material adverse effects on AngloGold Ashanti's results of operations or financial condition.

AngloGold Ashanti competes with mining and other companies for key human resources with critical skills and its inability to retain key personnel could have an adverse effect on its business.

AngloGold Ashanti competes on a global basis with mining and other companies to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to operate and supervise its business. This is exacerbated by the global shortage of persons with critical mining skills, including geologists, mining engineers, metallurgists and skilled artisans. Furthermore, the often remote locations of mining operations may make the mining industry unattractive to potential employees. Changes in taxation and the regulatory environment where AngloGold Ashanti operates may also impact the company's ability to attract and retain key personnel, especially those from abroad.

The retention of staff is particularly challenging in South Africa, where, in addition to the impacts of global industry shortages of skilled labour, AngloGold Ashanti is required to achieve employment equity targets of participation by HDSAs in management and other positions. AngloGold Ashanti competes with all companies in South Africa to attract and retain a small but growing pool of HDSAs with the necessary skills and experience. AngloGold Ashanti has historically faced difficulty recruiting and retaining young graduates and qualified mid-level management in South Africa and may encounter greater difficulties in the future as the South African government attempts to impose increasingly stringent HDSA participation requirements. See “—AngloGold Ashanti's mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including breaches in its obligations in respect of such mining rights” and “Item 4B: Business Overview-The Regulatory Environment Enabling AngloGold Ashanti to Mine”. Recruitment of skilled personnel has also been challenging in Continental Africa due to university offerings that are often not well-suited to the specific needs of the mining industry, as well as other factors such as language barriers and low literacy skills.

The recruitment of skilled workers is also highly competitive in South America as a result of a shortage of skills and intense competition between mining companies.

Additionally, the company may incur significant costs to build talent, capacity and expertise across its global operations. Despite AngloGold Ashanti's investments, the company may not be able to retain and attract sufficient skilled and experienced employees in all areas of the business. Should it fail to do so or lose any of its key personnel with critical skills, business and growth prospects may be harmed and this could have an adverse impact on



AngloGold Ashanti's results of operations and financial condition.

AngloGold Ashanti's inability to retain its senior management may have an adverse effect on its business.

The company's success depends largely upon the continued service of its senior management, including its chief executive officer, chief financial officer, the executive officers at each of its business divisions and the general managers at its mines.

For example, after 18 years of service with AngloGold Ashanti, the chief executive officer, Srinivasan Venkatakrishnan, left the company in August 2018. He was replaced by Kelvin Dushnisky, former president and executive director of Barrick Gold Corporation, who took up the role of chief executive officer and executive director of the company's board on 1 September 2018. Other organisational and management changes have also taken place within the organisation as a result of, among other things, the planned retirement of certain members of senior management.

AngloGold Ashanti's inability to retain its senior management may have an adverse effect on the company's business, results of operations and financial condition. In addition, the loss of one or more members of the senior management teams, coupled with the reduced attractiveness of the gold mining sector, could lead to other members of the management team leaving, disrupt the company's operations, and have a material adverse impact on the company's business, results of operations and financial condition.

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The use of contractors at certain of the company's operations may expose AngloGold Ashanti to delays or suspensions in mining activities and increases in mining costs.

AngloGold Ashanti uses contractors at certain of its operations to mine and deliver ore to processing plants as well as for other purposes. At mines employing mining contractors, contracting costs represent a significant proportion of the total operating costs of these operations. For example, increased contractor rates at the Sadiola mine in Mali contributed to a significant rise in total cash costs in the final quarter of 2011. Increased contractor costs at Sunrise Dam in Australia and Geita in Tanzania contributed to higher cash costs in the first quarter of 2012.

AngloGold Ashanti's operations could be disrupted, resulting in additional costs and liabilities, if the mining contractors at affected mines have financial difficulties, or if a dispute arises in renegotiating a contract, or if there is a delay in replacing an existing contractor and its operating equipment to meet business needs at expected cost levels. Increases in contract mining rates, in the absence of associated productivity increases, will also have an adverse impact on the company's results of operations and financial condition. For example, in October 2012, AngloGold Ashanti terminated the underground development contract with a third-party contractor at the Obuasi mine in Ghana. The costs of the termination amounted to \$17 million. In February 2014 workers employed by a contractor at Sadiola and Yatela went on a five-day strike demanding improved redundancy payments. See "—Labour unrest, activism and disruptions (including protracted stoppages) could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition". Furthermore disagreements over costs with contractors at Siguiri in Guinea and Iduapriem in Ghana resulted in a dispute in 2015.

Contractor disputes can also arise after the termination of the contractual relationship or the sale of the applicable mine. For example, the company is currently involved in arbitration proceedings with contractors in Ghana with regard to its Obuasi mine and in the United States with regard to its former Cripple Creek & Victor mine. See "Item 8A: Legal Proceedings".

In addition, AngloGold Ashanti's reduced control over those aspects of operations which are the responsibility of contractors, their failure to comply with applicable legal, human rights and regulatory requirements, or their inability to manage their workforce or provide high quality services or a high level of productivity could adversely affect AngloGold Ashanti's reputation, results of operations and financial condition, and may result in the company's incurrence of liability to third parties due to the actions of contractors.

The level of AngloGold Ashanti's indebtedness could adversely impact its business.

As at 31 December 2018, AngloGold Ashanti had gross borrowings of \$1.989 billion (2017: \$2.190 billion), excluding all finance leases.

AngloGold Ashanti's indebtedness could have a material adverse effect on its flexibility to conduct business. For example, the company may be required to use a large portion of its cash flow to pay the principal and interest on its debt, which will reduce funds available to finance existing operations and the development of new organic growth opportunities and further acquisitions. In addition, under the terms of the company's borrowing facilities from its banks, AngloGold Ashanti is obliged to meet certain financial and other covenants. AngloGold Ashanti's ability to continue to meet these covenants and to service its debt will depend on its future financial performance, which will be affected by its operating performance as well as by financial and other factors, including in particular the gold price, certain of which are beyond its control.

Should the cash flow from operations be insufficient, AngloGold Ashanti could breach its financial and other covenants. Covenant breaches, if interpreted as events of default under one or more debt agreements, could allow lenders to accelerate payment of such debt. Any such acceleration could result in the acceleration of indebtedness

under other financial instruments. As a result, the company may be required to refinance all or part of the existing debt, use existing cash balances, issue additional equity or sell assets. However, the company may be unable to sell assets on reasonable or profitable terms as and when necessary. Additionally, AngloGold Ashanti cannot be sure that it will be able to refinance its debt on commercially reasonable terms, if at all. The company's ability to access the bank, public debt or equity capital markets on an efficient basis may be constrained by dislocation in the credit markets or capital and liquidity constraints in the banking, debt or equity markets at the time of issuance.

Any downgrade of credit ratings assigned to AngloGold Ashanti's debt securities could increase future interest costs and adversely affect the availability of new financing.

An actual, anticipated or unexpected negative development of AngloGold Ashanti's results of operations or cash flows, country risk, financial metrics, or an increase in net debt position could result in a deterioration of the company's credit ratings. AngloGold Ashanti's ratings are influenced inter alia, by the location of its domicile and its operations.

On 24 November 2017, S&P Global downgraded South Africa's credit rating to full sub-investment grade, while its counterpart Moody's placed the country on review for downgrade. S&P Global's announcement followed a similar announcement by Fitch, affirming South Africa's rating at sub-investment grade on 23 November 2017. Moody's decision to put South Africa on review, rather than downgrade it outright, means that South Africa can remain in key global bond indices such as the Citigroup World Bond Index (WGBI). Moody's held South Africa local and foreign issued debt on the cusp of investment and sub-investment grade. Membership in the WGBI requires that at least Moody's or S&P Global rates a country's local currency rating as investment grade.

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Moody's on 23 March 2018 affirmed South Africa's investment-grade credit rating at Baa3 and revised its credit outlook to stable from negative. See “–Global economic conditions could adversely affect the profitability of operations”.

Any further downgrade by any rating agency could increase the company's cost of capital, reduce its investor base and have a material adverse effect on AngloGold Ashanti's business, results of operations and financial condition.

AngloGold Ashanti expects to have significant financing requirements.

AngloGold Ashanti's existing board-approved development projects and exploration initiatives will require significant funding.

The company's capital expenditure plans and requirements are subject to a number of risks, contingencies and other factors, some of which are beyond its control, including volatile or sustained lower gold prices, and therefore the actual future capital expenditure and investments may differ significantly from the current planned amounts.

As a result, new sources of capital may be needed to help meet the funding requirements of these developments, to fund ongoing business activities and to pay dividends. AngloGold Ashanti's ability to further raise and service significant new sources of capital will be a function of macroeconomic conditions, the condition of the financial markets, future gold prices, the company's operational performance and operating cash flow and debt position, amongst other factors. The company's ability to raise further debt financing in the future and the cost of such financing will depend on, amongst other factors, its prevailing credit rating, which may be affected by the company's ability to maintain its outstanding debt and financial ratios at levels acceptable to the credit ratings agencies, its business prospects, risks relating to the countries in which it operates or other factors. As a result, in the event of depressed gold prices, unanticipated operating or financial challenges, any dislocation in financial markets or new funding limitations, AngloGold Ashanti's ability to pursue new business opportunities on reasonable terms, invest in existing and new projects, fund its ongoing business activities, exit projects and retire or service outstanding debt and pay dividends could be significantly constrained, all of which could adversely impact the company's results of operations and financial condition.

Changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest expense related to our credit facilities.

LIBOR, the London interbank offered rate, is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. Some of our 17 revolving credit facilities bear interest rates in relation to LIBOR. On 27 July 2017, the UK Financial Conduct Authority (FCA), which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future indebtedness may increase and we may need to renegotiate our revolving credit facilities to replace LIBOR with a new standard, both of which could have a material adverse effect on our liquidity, results of operations or financial condition. In addition, the issues that may lead to the discontinuation or unavailability of LIBOR may make one or more of the alternative methods impossible or impracticable to determine. Further, there can be no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates or borrowing costs to borrowers, any of which could have a material adverse effect on our liquidity, results of operations or financial condition.

Certain factors may affect AngloGold Ashanti's ability to support the carrying amount of its property, plant and equipment, intangible assets and goodwill on the balance sheet. If the carrying amount of its assets is not recoverable, AngloGold Ashanti may be required to recognise an impairment charge, which could be significant.

AngloGold Ashanti reviews and tests the carrying amount of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The company values individual mining assets at the lowest level for which cash flows are identifiable and independent of cash flows of other mining assets and liabilities.

If there are indications that impairment may have occurred, AngloGold Ashanti prepares estimates of a recoverable amount for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. Recoverable amounts are significantly affected by Ore Reserve and production estimates, together with economic factors such as spot and forward gold prices and currency exchange rates, as well as discount rates and estimates of costs to produce Ore Reserves and future capital expenditure. Estimated rehabilitation and closure costs could also materially affect the company's financial performance and could result in the need to recognise an impairment charge.

If any of these uncertainties occur, either alone or in combination, management could be required to recognise an impairment, which could have a material adverse effect on the company's results of operations and financial condition. For example, during 2017, AngloGold Ashanti reviewed the carrying value of its mining assets, goodwill and intangibles and due to a change in mine plans to restructure the South African operations, certain assets were impaired. In addition, in October 2017, following the company's announcement to sell various South African assets (including the Moab Khotsong mine), these were written down to fair value less costs to sell. The company booked a charge of \$297 million in relation to impairments and derecognition of its mining assets and goodwill. The impairment charge for the Moab Khotsong mine was \$112 million and the impairment charge for the Kopanang mine was \$35 million.

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AngloGold Ashanti is subject to the risk of litigation, the causes and costs of which are not always known.

AngloGold Ashanti is subject to litigation, arbitration and other legal proceedings arising in the normal course of business and may be involved in disputes that may result in litigation. The causes of potential future litigation cannot be known and may arise from, amongst other things, business activities, environmental and health and safety concerns, share price volatility or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty but could include costly damage awards or settlements, fines, and the loss of licenses, concessions, or rights, amongst other things.

In the event of a dispute, AngloGold Ashanti may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in South Africa. An adverse or arbitrary decision of a foreign court could have a material adverse impact on AngloGold Ashanti's financial performance, cash flow and results of operation.

AngloGold Ashanti has been subject to numerous claims, including class actions or similar group claims relating to silicosis and other occupational lung diseases (OLD), and could be subject to similar claims in the future. In South Africa, settlement of the silicosis class action litigation was reached on 3 May 2018, after three years of extensive negotiations between the OLD Working Group companies and the lawyers of the claimants. If the settlement is approved by the High Court in Johannesburg and all its other conditions are met, a trust will be established which will be responsible for making payments to eligible beneficiaries. As of 31 December 2018, AngloGold Ashanti has recorded a provision of \$63 million to cover the estimated settlement costs and related expenditure of the silicosis litigation.

Significant judgement was applied in estimating the costs that will be incurred to settle the silicosis class action claims and related expenditure and the final costs may differ from current cost estimates. Management believes the assumptions are appropriate, however changes in the assumptions may materially affect the provision and final costs of settlement. There can be no assurance that the ultimate resolution of this matter will not result in losses in excess of the recorded provision and the ultimate settlement may have a material adverse effect on AngloGold Ashanti's financial position. For further information, see "Item 8A: Legal Proceedings-South Africa ", "Item 18: Financial Statements-Note 1-Accounting Policies-Provision for silicosis " and "–The prevalence of occupational health diseases and other diseases and the potential costs and liabilities related thereto may have an adverse effect on the business and results of operations of AngloGold Ashanti".

It is possible that additional class actions and/or individual claims relating to silicosis and/or other OLD will be filed against AngloGold Ashanti in the future. AngloGold Ashanti will defend all current and any subsequent claims as filed on their merits. Should AngloGold Ashanti be unsuccessful in defending any such claims, or in otherwise favourably resolving perceived deficiencies in the national occupational disease compensation framework that were identified in the earlier decisions of the Constitutional Court of South Africa, such matters would have an adverse effect on its financial position, which could be material.

In Colombia, the company is also involved in class action lawsuits in relation to AngloGold Ashanti Colombia S.A.'s (AGAC) Santa Maria-Montecristo and La Colosa projects. One of these class action lawsuits led to a preliminary injunction suspending the mining concession contracts of the Santa Maria-Montecristo project in September 2011. Additionally, in Colombia, AGAC is involved in an action in the Administrative Superior Court of the Cundinamarca District against the Department of the Environment, Housing and Territorial Development (DoE) following its issuance of a fine against AGAC on the basis that AGAC was in breach of its mining terms of reference. The company's core mining concession contracts provide that the mining authority has the discretion to declare the underlying concession void if AGAC breaches applicable environmental laws or regulations. If the mining authority were to exercise such discretion against AGAC, AGAC would be required to abandon its projects and all of its other

existing mining concession contracts. Pending proposals for new mining concession contracts would also be cancelled and AGAC would be banned from doing business with the Colombian government for a period of five years. See “Item 8A: Legal Proceedings-Colombia”.

Should the company be unable to resolve disputes favourably or to enforce its rights, this may have a material adverse impact on the company’s financial performance, cash flow and results of operations.

Any acquisition or acquisitions that AngloGold Ashanti may complete may expose the company to new geographic, political, legal, social, operating, financial and geological risks.

AngloGold Ashanti may pursue the acquisition of producing, development and advanced stage exploration properties and companies. Any such acquisition may change the scale of the company’s business and operations and may expose it to new geographic, geological, political, social, operating, financial, legal, regulatory and contractual risks. For example, there may be a significant change in commodity prices after the company has committed to complete the transaction and established the purchase price or share exchange ratio; a material ore body may prove below expectations; AngloGold Ashanti may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realising anticipated synergies and maximising the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls; the integration may disrupt the company’s ongoing business and its relationships with employees, suppliers and contractors; and the acquisition may divert management’s attention from AngloGold Ashanti’s day-to-day business. Furthermore, the company operates and acquires businesses in different countries, with different regulatory and operating cultures, which may exacerbate the risks described above. In addition, the acquired business may have undetected liabilities which may be significant.

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In the event that the company chooses to raise debt capital to finance any acquisition, the company's leverage will be increased. Should the company choose to use equity as consideration for an acquisition, existing shareholders may suffer dilution. Alternatively, the company may choose to finance any acquisition with its existing resources, which could decrease its ability to fund future capital expenditures.

The company may not be successful in overcoming these risks or any other problems encountered in connection with acquisitions. Failure by AngloGold Ashanti to implement its acquisition strategy or to integrate acquired businesses successfully could have material adverse effects on its growth, financial performance and results of operations.

Ageing infrastructure at some of AngloGold Ashanti's operations could adversely impact its business.

Deep level gold mining shafts are usually designed with a lifespan of 25 to 30 years. Vertical shafts consist of large quantities of infrastructure steelwork for guiding conveyances and accommodating services such as high and low tension electric cables, air and water pipe columns. Rising temperatures in the deeper mining areas can also lead to increased cooling requirements in the form of upgraded and expanded ice plants. Maintaining this infrastructure requires skilled human resources, capital allocation, management and planned maintenance. Once a shaft has reached the end of its intended lifespan, increased maintenance and care is required. Incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have an adverse effect on the company's results of operations and financial condition.

Asset integrity and reliability issues relating to ageing infrastructure are of concern at many of the company's operations, but are of particular concern in South Africa. Furthermore in Tanzania, cracks were discovered in the mill feed end in September 2008 and at the discharge end in February 2010 at the Geita gold mine. The Geita gold mine is one of the group's principal assets and sources of cash flow. After initial repairs, the feed end was replaced during May and June 2011. Production throughput in 2011 was one million tonnes lower than planned, as a result of mill downtime that included feed end replacement. The Geita gold mine produced approximately 531,000 ounces in 2012, with production throughput approximately 100,000 tonnes short of budget. A decision was subsequently taken to replace the entire mill as a result of shell distortion. After new mill manufacture delays, installation was completed during March 2013. Ageing infrastructure may have an adverse effect on the company's results of operations and financial condition in the future.

AngloGold Ashanti does not have full management control over some of its significant joint venture projects and other interests. If the operators of these projects do not manage these effectively and efficiently, the company's investment in these projects could be adversely affected and its reputation could be harmed.

AngloGold Ashanti's joint ventures at Morila in Mali and at Kibali in the DRC are managed by the company's joint venture partner Barrick Gold Corporation (Barrick) following the completion of the merger between Randgold Resources Limited and Barrick in January 2019. In addition, certain of AngloGold Ashanti's exploration ventures are managed by the relevant joint venture partner.

Whilst AngloGold Ashanti provides strategic management and operational advice to its joint venture partners in respect of these projects, the company cannot ensure that these projects are operated in compliance with the standards that AngloGold Ashanti applies to its other operations. If these joint ventures are not operated effectively or efficiently, including as a result of weaknesses in the policies, procedures and controls implemented by the joint venture partners, the company's investment in the relevant project could be adversely affected. In addition, negative publicity associated with operations that are ineffective or inefficiently operated, particularly relating to any resulting accidents or environmental incidents, could harm the company's reputation and therefore its prospects and potentially its financial condition. Furthermore, any failure of joint venture partners to meet their obligations to AngloGold Ashanti or to third parties, or any disputes with respect to the parties' respective rights and obligations, could have a



material adverse impact on AngloGold Ashanti's results of operations and financial condition. In particular, the company and Barrick retain equal representation, with neither party holding a deciding vote, on the board of the two companies that have overall management control of the Morila project in Mali and the Kibali project in the DRC, respectively, and all major management decisions for each of these two projects, including approval of the budget, require board approval. If a dispute arises between the company and Barrick with respect to the Kibali or Morila project and the parties are unable to amicably resolve such dispute, it may be difficult for the parties to make strategic decisions relating to the project affected by such dispute, the day-to-day operations and the development of such project may be adversely affected and the company may have to participate in proceedings to resolve the dispute, which could adversely affect the company's results of operations and financial condition.

AngloGold Ashanti's joint venture partners may have economic or business interests or goals that are not consistent with the company's or may, as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture or other agreements. Disputes between the company and its joint venture partners may lead to legal action, including litigation between AngloGold Ashanti and its joint venture partners. Such disputes could adversely affect the operation of the joint venture, may prevent the realisation of the joint ventures' goals and could adversely affect AngloGold Ashanti's investment in the joint venture or harm the company's reputation. There is no assurance that the company's joint venture partners will continue their relationship with the company in the future or that the company will be able to achieve its financial or strategic objectives relating to the joint ventures.

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The prevalence of occupational health diseases and other diseases and the potential costs and liabilities related thereto may have an adverse effect on the business and results of operations of AngloGold Ashanti.

The primary areas of focus in respect of occupational health of employees within the company's operations are noise-induced hearing loss and occupational lung diseases (OLD), which include pulmonary diseases such as tuberculosis from various causes and silicosis in individuals exposed to silica dust. These risks require active dust management strategies in underground operations, particularly in South Africa where a significant number of silicosis cases by current and former employees alleging past exposures are still reported each year to the board for statutory compensation. AngloGold Ashanti provides occupational health services to its employees at its occupational health centres and clinics and runs preventative occupational hygiene initiatives, such as implementing various dust control measures and supplying the company's employees with respiratory protection equipment. If the costs associated with providing such occupational health services, implementing such dust control measures or supplying such equipment increase significantly beyond anticipated or budgeted amounts, this could have an adverse effect on AngloGold Ashanti's results of operations and financial condition. Actual and alleged health and safety incidents or breaches of standards may also adversely impact the company's reputation.

In South Africa, AngloGold Ashanti has been subject to numerous claims, including class action litigation with respect to alleged OLD with two certified industry-wide classes, i.e. a Silicosis Class and a Tuberculosis Class. See “-AngloGold Ashanti is subject to the risk of litigation, the causes and costs of which are not always known”. In South Africa, settlement of the consolidated class action litigation was reached on 3 May 2018, after three years of extensive negotiations between the OLD Working Group companies and the lawyers of the claimants’. On 13 December 2018, the High Court in Johannesburg issued a Court order setting out the process of how members of the settling classes and any interested parties can object to the proposed settlement. In the coming months, the High Court is scheduled to hold a hearing during which the Court will consider arguments by the parties to the settlement as well as arguments by other interested parties who are granted leave by the Court to participate, including parties filing objections to the proposed settlement. The purpose of this second hearing is to determine the fairness and reasonableness of the settlement. If the settlement is approved by the Court and all its other conditions are met, a trust (Tshiamiso Trust) will be established and will exist for a minimum of 13 years. Eligible claimants will be able to seek specified payment from the Tshiamiso Trust and the amount of monetary compensation will vary depending on the nature and seriousness of the disease. As of 31 December 2018, AngloGold Ashanti has recorded a provision of \$63 million to cover the estimated settlement costs and related expenditure of the silicosis litigation. The final settlement costs and related expenditure may be higher than the recorded provision depending on various factors, such as, among other things, potential changes in the proposed settlement terms, differences in the number and profile of eligible claimants actually compensated compared to current estimates and fluctuations in foreign exchange rates. See “Item 8A: Legal Proceedings-South Africa” and “Item 18: Financial Statements-Note 33-Contractual Commitments and Contingencies”. The terms of any final settlement may have a material adverse effect on AngloGold Ashanti's financial condition.

In response to the effects of silicosis in labour-sending communities, a number of mining companies (under the auspices of the Minerals Council South Africa (the former Chamber of Mines of South Africa)) together with the National Union of Mine Workers (NUM), which is the largest union in the mining sector in South Africa, and the national and regional departments of health, have embarked on a project to assist in delivering compensation and relief by mining companies under the Occupational Diseases in Mines and Works Act, No. 78 of 1973 (as amended) to affected communities.

AngloGold Ashanti also faces certain risks in dealing with HIV/AIDS, particularly at its South African operations, and with tropical disease outbreaks such as malaria, and other diseases which may have an adverse effect on the company's results of operations and financial condition. AIDS and associated diseases remain one of the major health care challenges faced by AngloGold Ashanti's South African operations. Workforce prevalence studies indicate that HIV prevalence rates amongst AngloGold Ashanti's South African workforce may be as high as 30 percent.

Malaria and other tropical diseases pose significant health risks at all of the company's operations in Central, West and East Africa where such diseases may assume epidemic proportions because of ineffective national control programmes. Malaria is a major cause of death in young children and pregnant women in these areas but also gives rise to fatalities and absenteeism in adult men. Other conditions such as heart disease, chronic diseases and obesity are of increasing incidence and concern.

Such diseases impair the health of workers and negatively affect productivity and profitability as a result of workers' diminished focus or skill, absenteeism, treatment costs and allocated resources. Any current or future medical programme may not be successful in preventing or reducing the infection rate amongst AngloGold Ashanti's employees or in affecting consequent illness or mortality rates. AngloGold Ashanti may incur significant costs in addressing these issues in the future, which could also adversely impact the company's results of operations and financial condition.

The costs and impacts associated with the pumping of water inflows from closed mines adjacent to the company's operations could have an adverse effect on its results of operations.

Certain of AngloGold Ashanti's mining operations are located adjacent to the mining operations of other mining companies. The closure of a mining operation may have an impact upon continued operations at the adjacent mine if appropriate preventative steps are not taken, including the ingress of underground water when pumping operations at the adjacent closed mine are suspended. Such ingress could have an adverse effect on any one of the company's mining operations as a result of property damage, disruption to operations, additional pollution liabilities and pumping costs and, consequently, could have an adverse impact on its results of

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operations and financial condition. For example, in the West Wits district, Blyvooruitzicht Gold Mining Company Limited was placed in provisional liquidation in August 2013. AngloGold Ashanti secured a court order for access rights to Blyvooruitzicht 4 and 6 shafts to keep pumping going in terms of a registered servitude. AngloGold Ashanti also incorporated Covalent Water Company, which purchased rights of access and electricity to the 4 and 6 shafts as well as the relevant infrastructure, to continue pumping underground water. This has reduced the risk of flooding at the company's West Wits operations (Mponeng mine), but flooding in the future could pose an unpredicted "force majeure" type event, which could have an adverse impact on its results of operations and financial condition. Additional infrastructure is being installed at Covalent Water Company 4 Shaft in the B2 decline to mitigate risk and allow pumping closer to source.

The potential costs associated with the remediation and prevention of groundwater contamination from the company's operations or due to flooding from closed mines adjacent to the company's operations could have a material adverse effect on AngloGold Ashanti's results of operations and financial condition.

AngloGold Ashanti has identified groundwater contamination plumes at certain of its operations that have occurred primarily as a result of seepage from surface operations and facilities, including tailings storage facilities and waste rock piles.

In addition, deep groundwater contamination is a significant issue in South Africa, where groundwater in some older mining regions has infiltrated mined-out workings. Potential contamination risk to shallow ground and surface water resources can occur when water is exposed to sulphide-bearing rock in such situations. AngloGold Ashanti has identified a flooding and future pollution risk posed by deep groundwater in the Far West Rand goldfields. AngloGold Ashanti's West Wits operations are part of the Far West Rand goldfields. As a result of the interconnected nature of underground mining operations in South Africa, any proposed solution for deep groundwater contamination needs to be a combined one supported by all the companies owning mines located in these goldfields.

The potential costs of remediation and prevention of groundwater contamination at AngloGold Ashanti's operations could be significant and may have a material adverse impact on AngloGold Ashanti's results of operations and financial condition.

The occurrence of events for which AngloGold Ashanti is not insured or for which its insurance is inadequate may adversely affect cash flows and overall profitability.

AngloGold Ashanti maintains insurance to protect against events which could have a significant adverse effect on its operations and profitability. This insurance is maintained in amounts that the company believes to be reasonable depending upon the circumstances surrounding each identified risk. However, damage and third-party claims arising from catastrophic events may exceed the limit of liability covered under these insurance policies. Furthermore, AngloGold Ashanti's insurance does not cover all potential risks associated with its business and may exclude certain parts of its business. AngloGold Ashanti may elect not to insure certain risks due to the high premiums or for various other reasons, including an assessment that the risks are remote.

In order to mitigate the cost of its insurance program, AngloGold Ashanti may in some instances retain a portion of the financial loss associated with an insurable event. These financial losses could be significant and could have an adverse effect on its financial condition.

Insurance for certain risks in particular, such as loss of title to mineral property, political risks in certain jurisdictions, environmental pollution, or other hazards resulting from exploration and production, is not generally available to mining companies on acceptable terms. The availability and cost of insurance coverage can vary considerably from year to year as a result of events beyond the company's control or as a result of previous claims. This can result in

higher premiums and periodically being unable to maintain the levels or types of insurance the company typically carries.

The failure to obtain adequate insurance could impair the company's ability to continue to operate in the normal course of its business. This could adversely impact its cash flows, results of operations and financial condition.

The implementation of an integrated Enterprise Resource Planning (ERP) system could have an adverse effect on AngloGold Ashanti's results of operations and financial condition.

AngloGold Ashanti continues to implement a single, global ERP system to support all the operations that it manages. The oneERP project for the Obuasi mine in Ghana was approved in February 2018 and went live on 13 August 2018, on time and within budget. Following the completion of the post go-live support, the oneERP project was handed over to the support function. During the design phase, the time management system was evaluated and found to be inadequate to sustain the required information and processes to support the payroll implementation. A decision was taken to incorporate the time management system upgrade as part of the payroll project. The payroll project was re-scoped and baselined with a planned implementation date of April 2019. The only remaining site that is not included in the global oneERP system is the Sadiola mine in Mali. This will conclude the current oneERP implementation programme.

The implementation and operationalisation of an ERP system on a global basis is an inherently high-risk initiative due to the potential for implementation cost and time overruns. In addition, if AngloGold Ashanti experiences difficulties with the implementation and operation of the system, the company's ability to report and manage technical and financial information could be compromised, which could have an adverse effect on the company's results of operations and financial condition.

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Any similar future problems with the implementation, operation or maintenance of the ERP system could have an adverse effect on the company's financial condition.

Sales of large quantities of AngloGold Ashanti's ordinary shares and American Depositary Shares (ADSs), and the perception that these sales may occur or other dilution of the company's equity, could adversely affect the prevailing market price of the company's securities.

The bulk of AngloGold Ashanti's shares are held by a relatively small number of investors. According to information available to the company, AngloGold Ashanti's five largest shareholders beneficially owned 34.78 percent and the top 10 largest beneficially owned 46.37 percent of AngloGold Ashanti's ordinary shares as at 31 December 2018.

Poor returns, soaring costs, higher capital expenditure, ill-conceived corporate activity, rising geopolitical and labour risk, a material decrease in the price of gold and low dividend yields from 2011 through 2015 have resulted in a change in market sentiment towards gold equities. The market price of the company's securities could fall if large quantities of ordinary shares or ADSs are sold in the public market, if there is divestment by certain types or groupings of investors, or if there is the perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of the company's ordinary shares or ADSs may decide to sell them at any time.

The market price of the company's ordinary shares or ADSs could also fall as a result of any future offerings AngloGold Ashanti makes of its ordinary shares, ADSs, or securities exchangeable or exercisable for the company's ordinary shares or ADSs, or the perception in the marketplace that these offerings might occur. AngloGold Ashanti may make such offerings, including offerings of additional ADS rights, share rights or similar securities, at any time or from time to time in the future and such offerings could adversely affect the prevailing market price of the company's securities.

Fluctuations in the exchange rate of currencies may reduce the market value of AngloGold Ashanti's securities, as well as the market value of any dividends or distributions paid by the company.

AngloGold Ashanti has historically declared all dividends in South African rands. As a result, exchange rate movements may have affected the Australian dollar, the British pound, the Ghanaian cedi and the U.S. dollar value of these dividends, as well as of any other distributions paid by the relevant depository to holders of the company's securities.

Furthermore, AngloGold Ashanti's Memorandum of Incorporation allows for dividends and distributions to be declared in any currency at the discretion of the board of directors or the company's shareholders at a general meeting. If, and to the extent that, AngloGold Ashanti opts to declare dividends and distributions in U.S. dollars, exchange rate movements will not affect the U.S. dollar value of any dividends or distributions. Nevertheless, the value of any dividend or distribution in Australian dollars, Ghanaian cedis or South African rands will continue to be affected. If, and to the extent that, dividends and distributions are declared in South African rands in the future, exchange rate movements will continue to affect the Australian dollar, Ghanaian cedi and U.S. dollar value of these dividends and distributions. This may reduce the value of the company's securities to investors. Additionally, the market value of AngloGold Ashanti's securities as expressed in Australian dollars, Ghanaian cedis, U.S. dollars and South African rands will continue to fluctuate in part as a result of foreign exchange fluctuations.

AngloGold Ashanti may not pay dividends or make similar payments to shareholders in the future.

AngloGold Ashanti pays cash dividends only if there are sufficient funds available for that purpose. Fund availability depends upon many factors, including the amount of cash available, taking into account AngloGold Ashanti's capital expenditure on existing infrastructure and exploration and other projects. Additionally, under South African law, a

company is entitled to pay a dividend or similar payment to its shareholders only if the company meets the solvency and liquidity tests set out in legislation and the company's founding documents.

Given these factors, including the capital and investment needs of AngloGold Ashanti, and the board of directors' discretion to declare a dividend (including the amount and timing thereof), cash dividends may not be paid in the future.

U.S. securities laws do not require AngloGold Ashanti to disclose as much information to investors as a U.S. issuer is required to disclose, and investors may receive less information about the company than they might otherwise receive from a comparable U.S. company.

AngloGold Ashanti is subject to the periodic reporting requirements of the SEC and the New York Stock Exchange that apply to "foreign private issuers". The periodic disclosure required of foreign private issuers under applicable rules is more limited than the periodic disclosure required of U.S. issuers. For example, on 22 February 2016, AngloGold Ashanti announced that it would no longer voluntarily publish reviewed financial statements and analyses of operating and financial results for the quarters ended 31 March and 30 September each year. As a result of this transition to half-yearly reporting, investors will receive less information about AngloGold Ashanti than they have in years preceding that change. They will also receive less timely financial reports than they otherwise might receive from a comparable U.S. company or from certain of the company's peers in the industry. This may have an adverse impact on investors' abilities to make decisions about their investment in AngloGold Ashanti.

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AngloGold Ashanti's inability to maintain an effective system of internal control over financial reporting may have an adverse effect on investors' confidence in the reliability of its financial statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the company's financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) as issued by the International Account Standards Board (IASB). Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports that it files or submits under the U.S. Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These disclosure controls and procedures include without limitation, controls and procedures designed to ensure that information required to be disclosed by the company in reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding disclosure. AngloGold Ashanti has invested in resources to facilitate the documentation and analysis of its system of disclosure controls and its internal control over financial reporting. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. If AngloGold Ashanti is unable to maintain an effective system of internal control over financial reporting, investors may lose confidence in the reliability of its financial statements and this may have an adverse impact on investors' abilities to make decisions about their investment in AngloGold Ashanti. See "Item 15: Controls and Procedures".



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ITEM 4: INFORMATION ON THE COMPANY

4A. HISTORY AND DEVELOPMENT OF THE COMPANY

GROUP INFORMATION

AngloGold Limited was formed in June 1998 with the consolidation of the gold mining interests of Anglo American plc. AngloGold Ashanti Limited, as the company exists today, was formed on 26 April 2004 following the business combination between AngloGold and Ashanti Goldfields Company Limited.

CURRENT PROFILE

AngloGold Ashanti Limited is headquartered in Johannesburg, South Africa. The company (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act, No. 71 of 2008, as amended (the Companies Act).

Its registered office is at 76 Rahima Moosa Street, Newtown, Johannesburg, South Africa, 2001. The general telephone number is +27 11 637 6000 and the internet address is <https://www.anglogoldashanti.com> .

While AngloGold Ashanti's primary listing is on the Johannesburg Stock Exchange (JSE), the company is also listed on the New York Stock Exchange (NYSE), the Ghana Stock Exchange (GhSE) and the Australian Securities Exchange (ASX). Our agent for service of process in the United States is AngloGold Ashanti North America Inc., 4601 DTC Boulevard, Suite 550, Denver, CO 80237. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>).

HISTORY AND SIGNIFICANT DEVELOPMENTS

Below are highlights of key corporate activities from 1998:

1998

Formation of AngloGold Limited through the consolidation of East Rand Gold and Uranium Company Limited; Eastvaal Gold Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining Company Limited; H.J. Joel Gold Mining Company Limited and Western Deep Levels Limited into a single, focused, independent gold mining company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

1998-2004

Expansion of AngloGold Limited's operations outside of South Africa.

2004

Conclusion of the business combination with Ashanti Goldfields Company Limited, at which time the company changed its name to AngloGold Ashanti Limited.

2007

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Sale by Anglo American plc of 69,100,000 ordinary shares of AngloGold Ashanti, thereby reducing Anglo American's shareholding in AngloGold Ashanti from 41.7 percent to 16.6 percent.

2009

Sale by Anglo American plc of its remaining shareholding in AngloGold Ashanti to Paulson & Co. Inc.

2010

Elimination of AngloGold Ashanti's hedge book, thereby gaining full exposure to spot gold prices.

2012

Acquisition of the remaining 50 percent interest in Serra Grande in Brazil for \$215 million.

Acquisition of 100 percent of First Uranium (Proprietary) Limited for \$335 million.

2013

Commission of two new gold projects - Tropicana and Kibali - in the second half of 2013.

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2015

• Sale of the Cripple Creek & Victor gold mine in the USA for \$819 million.

2017

• South Africa region restructured - TauTona mine placed on orderly closure. Negotiations of the sales of Moab Khotsoang and Kopanang mines during 2017 with the transactions concluding on 28 February 2018.

CAPITAL EXPENDITURE

For information concerning the company's principal capital expenditures and divestitures currently in progress, including the distribution of these investments geographically and the method of financing, refer "Item 4B: Business Overview-AngloGold Ashanti Global Operations: 2018", "Item 5A: Operating Results-Capital expenditure" and "Item 5B: Liquidity and Capital Resources".

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### 4B. BUSINESS OVERVIEW

AngloGold Ashanti, an independent and international gold mining company with a globally diverse, high-quality portfolio of operations and projects, is headquartered in Johannesburg, South Africa. Measured by production, AngloGold Ashanti is the third largest gold mining company in the world.

Our business activities span the full spectrum of the mining value chain and take into account the impact of our activities on the varied and many communities and environments in which we operate.

### PRODUCTS

AngloGold Ashanti's main product is gold. Once mined, the gold ore is processed into doré (unrefined gold bars) on site and then dispatched to precious metals refineries for refining to a purity of at least 99.5%, in accordance with the standards of 'good delivery' as determined by the London Bullion Market Association (LBMA). This refined gold is then sold directly to bullion banks.

By-products of our gold mining operations, often a function of local geological characteristics, include silver in Argentina and sulphuric acid in Brazil. Following the sale of the Vaal River operations, effective 28 February 2018, which included the uranium producing unit, AngloGold Ashanti no longer produces uranium.

### OPERATIONS

Our portfolio of 14 operations and three projects in ten countries, comprises long-life, relatively low-cost operating assets with differing ore body types, located in key gold-producing regions around the world.

Our operations and projects are grouped regionally as follows:

- South Africa (West Wits and Surface Operations);
- Continental Africa (Democratic Republic of the Congo, Ghana, Guinea, Mali and Tanzania);
- Americas (Argentina and Brazil, and projects in Colombia); and
- Australasia (Australia).

Over the past five years, AngloGold Ashanti has transformed itself by increasing efficiencies and competitiveness, focusing on safety and sustainability performance, improving margins, containing operating and overhead costs and generating positive cash flows, in line with our strategic objectives.

Our organisational and management structure aligns with global best practice in corporate governance. By using our human capital efficiently, group support functions cover planning and technical, strategy, sustainability, finance, human resources, legal and stakeholder relations. The planning and technical functions focus on identifying and managing opportunities, maintaining long-term optionality, and ensuring the optimal use of our intellectual capital through a range of activities that includes brownfields and greenfields exploration as well as innovative research focused on mining excellence.

### EXPLORATION

Our exploration programme is aimed at providing an organic growth pipeline to enable us to generate significant value over time.

Greenfields and brownfields exploration takes place in both established and new gold-producing regions through managed and non-managed joint ventures, strategic alliances and wholly-owned ground holdings. AngloGold

Ashanti's discoveries include La Colosa, Gramalote and Quebradona (Nuevo Chaquiro) in Colombia.

#### GOLD MARKET AND JEWELLERY DEMAND

The final quarter of 2018 was not good for equity markets. Investors have had to contend with rising US central bank interest rates, a sharp slowdown in Eurozone business confidence, weaker Chinese growth and rising geopolitical concerns (including Brexit, Italian politics and the ongoing trade conflict between the US and China). On the upside, over the quarter as a whole, government bonds lived up to their traditional role as the defensive element in a well-balanced portfolio.

Turning to the gold market, annual jewellery demand barely changed compared to 2017 and remained at 2,200 tonnes in 2018, after a three percent year-on-year drop in the fourth quarter of 2018 demand to 636.2 tonnes reversed the third quarter gains. China was the main engine of growth in 2018, despite witnessing a slowdown in the final quarter of 2018 as the trade war with the US and slowing economic growth rate weighed on demand. Economic hardship, relatively weak currencies and the after-effects of tax-changes affected Turkey and Middle Eastern markets to varying degrees.

Inflows into global gold-backed ETFs and similar products totalled 69 tonnes in 2018. This was 67 percent lower than the 206.4 tonnes of inflows in 2017. Even though sizable annual flows into European-listed funds of 96.8 tonnes drove growth in the sector, North American funds experienced heavy outflows for part of the year but reversed this trend in the final quarter of 2018. Global inflows of 112.4 tonnes during the fourth quarter of 2018 reversed the 104 tonnes of outflows from the previous quarter. Growth in the fourth

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quarter of 2018 was split almost equally between US-listed and European-listed funds, with inflows of 57.1 tonnes and 59.1 tonnes, respectively. For the first time since 2012, the value of total gold-backed ETF holdings finished 2018 above \$100 billion, at \$100.6 billion, according to the World Gold Council.

The official coin market saw annual demand surge 26 percent compared to 2017 to 236 tonnes, the second highest level on record - the previous high was 270.9 tonnes in 2013. Coin demand flourished in some countries where retail investor concerns around stock market volatility, currency weakness and geopolitical uncertainty were common themes. Bar sales were steady at 781.6 tonnes and have been remarkably stable over the past five years with annual demand anchored between a low of 780 tonnes in 2014 and a high of 797 tonnes in 2016.

Central bank net purchases reached 651.5 tonnes in 2018, 74 percent higher year-on-year. This is the highest level of annual net purchases since the suspension of dollar convertibility into gold in 1971 (Bretton Woods), and the second highest annual total on record. Central Banks now hold nearly 34,000 tonnes of gold. Heightened geopolitical and economic uncertainty throughout the year increasingly drove central banks to diversify their reserves and re-focus their attention on the principal objective of investing in safe and liquid assets.

Gold mine production totalled 854.1 tonnes in the fourth quarter of 2018, two percent lower quarter-on-quarter and one percent lower year-on-year. Over the year, gold mine production rose fractionally, up one percent to 3,346.9 tonnes. Although slowing in recent years, this is now the tenth year of annual growth and the highest level of annual mine output on record (previous record in 2017).

Net producer de-hedging was seen for a third consecutive quarter in the fourth quarter of 2018, with the global hedge book declining by a further 10 tonnes. On an annual basis, net producer de-hedging totalled 29.4 tonnes, following on from 27.9 tonnes of net de-hedging in 2017. At the end of 2018 the global hedge book stood at an estimated 195 tonnes, 13 percent lower year-on-year, continuing the general downward trend.

The price of gold closed the fourth quarter of 2018 at \$1,283 per ounce which was also the high for the quarter. It reached a low of \$1,187 per ounce and averaged around \$1,228 per ounce in the final quarter of 2018. The average price of gold sold for the year was recorded at \$1,268 per ounce.

## COMPETITION

As gold mining is a mature and regulated industry, and very significant volumes of gold and gold derivatives trade in the world markets independent of gold mine supply, AngloGold Ashanti does not consider that competition for sales plays any role in its operations as a gold producer. For more information on a geographical analysis of gold income by destination, refer to “Item 18: Financial Statements-Note 2-Segmental Information”.

However, gold producers do compete against each other for acquisition of mining assets, exploration opportunities and human resources. See “Item 3D: Risk Factors”.

## SEASONALITY

Subject to other factors and unforeseen circumstances, quarter one production is generally lower than production during the rest of the year as a result of the ramp-up of operations after annual holiday production declines.

## RAW MATERIALS

AngloGold Ashanti uses chemicals, including cyanide and lime, in the production of gold. These chemicals are available from a large number of suppliers and do not represent a material portion of the company’s costs.

## STRATEGY

AngloGold Ashanti's core strategic focus is to generate sustainable cash flow improvements and returns by focusing on five key areas, namely: people, safety and sustainability; ensuring financial flexibility; actively managing all expenditures; improving the quality of our portfolio; and maintaining long-term optionality.

### Strategic focus areas

AngloGold Ashanti's five strategic focus areas are set out below:

- **Focus on people, safety and sustainability.** People are the foundation of our business. Our business must operate according to our values if it is to remain sustainable in the long term.
- **Promote financial flexibility.** We must ensure our balance sheet always remains able to meet our core funding needs.
- **Optimise overhead costs and capital expenditure.** All spending decisions must be thoroughly scrutinised to ensure they are optimally structured and necessary to fulfil our core business objective.
- **Improve portfolio quality.** We have a portfolio of assets that must be actively managed to improve the overall mix of our production base as we strive for a competitive valuation as a business.

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Maintain long-term optionality. While we are focused on ensuring the most efficient day-to-day operation of our business we must keep an eye on creating a competitive pipeline of long-term opportunities.

### INTELLECTUAL PROPERTY

AngloGold Ashanti, as a group, is not dependent on intellectual property for the conduct of its business as a whole.

### THE REGULATORY ENVIRONMENT ENABLING ANGLOGOLD ASHANTI TO MINE

AngloGold Ashanti's rights to own and exploit Ore Reserve and deposits are governed by the laws and regulations of the jurisdictions in which these mineral properties lie.

AngloGold Ashanti is subject to a wide range of laws and regulations governing all aspects of its operations, including such areas as environmental protection, reclamation, exploration, development, production, taxes, immigration, labour standards and employment issues, occupational health, mine safety, toxic substances and wastes, securities and foreign corrupt practices. AngloGold Ashanti has made, and expects to make in the future, significant expenditures to comply with these laws and regulations. Non-compliance can result in violations and legal claims, as well as substantial fines, penalties, reputational damage and delays in day-to-day operations. Pending or proposed changes to existing laws and regulations, as well as any proposed or contemplated new laws or regulations could also have significant impacts on AngloGold Ashanti's business and results of operations, the extent of which cannot always be predicted.

There are in some cases certain restrictions on AngloGold Ashanti's ability to independently move assets out of certain countries in which it has operations, or transfer assets within the group, without the prior consent of the local government or minority shareholders involved. See "Item 10D: Exchange Controls" for details.

For more information on the risks and uncertainties associated with AngloGold Ashanti's mining rights, see "Item 3D: Risk Factors", in particular the risk factors entitled "AngloGold Ashanti's mining rights in the countries in which it operates could be altered, suspended or cancelled for a variety of reasons, including breaches in its obligations in respect of such mining rights", "Failure to comply with laws, regulations, standards and contractual obligations, breaches in governance processes or fraud, bribery and corruption may lead to regulatory penalties, loss of licences or permits, negative effects on AngloGold Ashanti's reported financial results, and adversely affect its reputation", "Title to AngloGold Ashanti's properties may be uncertain and subject to challenge", "AngloGold Ashanti's mineral deposits, Ore Reserve, and mining operations are located in countries where political, tax and economic laws and policies may change rapidly and unpredictably and such changes and policies may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries" and "AngloGold Ashanti's Ore Reserve, deposits and mining operations are located in countries that face instability and security risks that may adversely affect both the terms of its mining concessions, as well as its ability to conduct operations in certain countries".

### SOUTH AFRICA

#### The MPRDA

The Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA) came into effect on 1 May 2004. The objectives of the MPRDA are, amongst other things, to allow for state sovereignty over all mineral and petroleum resources in the country, to promote economic growth and the development of these resources and to expand opportunities for the historically disadvantaged. Another objective of the MPRDA is to ensure security of tenure for the respective operations concerning prospecting, exploration, mining and production. By virtue of the provisions of



the MPRDA, the state ensures that holders of mining and prospecting rights contribute to the socioeconomic development of the areas in which they operate.

The Mineral and Petroleum Resources Development Amendment Act, No. 49 of 2008 (MPRDAA) was passed by Parliament in 2008 and became effective on 7 June 2013. Its purpose is to amend the MPRDA in order to, amongst other things:

make the Minister of Mineral Resources (Minister) the responsible authority for implementing the requirements of the National Environmental Management Act, No. 107 of 1998 (NEMA) and specific environmental legislation as they relate to prospecting, mining, exploration, production and related activities incidental thereto on the prospecting, mining, exploration or production area;

align the MPRDA with the NEMA in order to provide for one environmental management system;

remove ambiguities in certain definitions;

add functions to the Regional Mining Development and Environmental Committee;

amend transitional arrangements so as to further afford statutory protection to certain existing old order rights; and

provide for matters connected therewith.

When the MPRDAA came into effect on 7 June 2013, only selected provisions became effective immediately. The MPRDAA contains the following provisions, amongst others:

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**Environmental authorisations:** Provides for a prohibition on any prospecting and mining, or conducting technical co-operation operations, reconnaissance operations or any incidental work without an environmental authorisation (since 7 December 2014), permit and at least 21 days' written notice to the landowner or lawful occupier.

**Historic residues:** Provides that the definitions of "residue stockpile" and "residue deposit" now include an old order right. This provision is intended to make old order dumps subject to the MPRDA so that old order dumps which are part of a mining area covered by a new order mining right could only be treated by the holder of the new order rights. Old order dumps not covered by a new order mining right would be considered a residue deposit to which the Minister would have discretion to grant rights.

**Applications:** Provides that applicants for prospecting and mining rights must (since 7 December 2014) lodge an application for an environmental authorisation simultaneously with the application for rights. The Department of Mineral Resources (DMR) should no longer accept more than one application in respect of the same area and mineral.

**Environmental regulation:** Provides that the Minister is the responsible authority for implementing environmental provisions under NEMA as it relates to prospecting, mining, exploration, production or activities incidental thereto on a prospecting, mining, exploration or production area. An environmental authorisation issued by the Minister shall be a condition prior to the issuing of a permit or the granting of a right in terms of the MPRDA.

**Closure certificates:** Provides that previous holders of old order rights or previous owners of works that have ceased to exist remain responsible for any environmental liability until the Minister issues a closure certificate.

On 27 December 2012, the Minister published the Draft Mineral and Petroleum Resources Development Bill, 2012 (2012 Bill) which sought to amend the MPRDA again and invited the mining industry and interested and affected parties to comment on it. In 2013, following a consultative process with the DMR, the State Law Advisors and the general public, the Portfolio Committee on Mineral Resources introduced an amended version of the 2012 Bill (2013 Bill) to the South African Parliament.

The 2013 Bill seeks to amend the MPRDA and MPRDAA, to, amongst other things:

- remove ambiguities;
- provide for regulation of associated minerals, partitioning of rights, and enhanced provisions on mineral beneficiation;
- promote national energy security;
- streamline administrative processes; and
- enhance sanctions.

The 2013 Bill, as currently drafted, contains, amongst others, the following provisions:

**Applications:** The 2013 Bill proposes revising the application system by replacing the "first come, first served" system with a tender and allocation system. This would dramatically affect the way applications are made.

**Beneficiation:** The 2013 Bill extends the concept of beneficiation (which has been defined in the 2013 Bill as "transformation, value addition or downstream beneficiation of a mineral or mineral product (or a combination of minerals) to a higher value product, over baselines to be determined by the Minister, which can either be consumed locally or exported") and would allow the Minister to prescribe the quantities, qualities and timelines at which certain designated commodities must be supplied to local beneficiators at a mine gate price or an agreed price. The reference to the mine gate price appears to suggest companies can recover costs, capital expenditure and make a profit. It is not clear whether the "agreed price" will have general application or whether it will be determined on a case-by-case basis. Another proposed amendment provides that written consent would have to be obtained before exporting of "designated minerals" if the producer or associated company has not offered minerals to local beneficiators. The Minister would have discretion to decide which minerals are to be designated.

**Residue stockpiles:** The MPRDAA's inclusion of residue deposits and residue stockpiles in the definition of land, creating a "statutory accession" of movable dumps back to the land, is discussed above. The 2013 Bill would extend this definition to include historic mines and dumps created before the implementation of the MPRDA. The 2013 Bill also

seeks to make these historic dumps subject to a mining right issued under the MPRDA. There is a transition period of two years to enable owners of these dumps to either apply for mining rights or incorporate them in existing mining rights.

Partitioning of rights and transfers of interests in companies: Section 11 of the MPRDA currently requires that transfer of a controlling interest in an unlisted company be consented to by the Minister. The 2013 Bill proposes amending the MPRDA so that transfer of a controlling interest in listed companies and transfer of any interest in unlisted companies must be consented to by the Minister. The 2013 Bill further proposes amending the MPRDA to allow for an application for ministerial consent to be made to transfer a part of a right.

Mine closure: The 2013 Bill provides for two major changes to mine closure under the MPRDA. Firstly, the MPRDA would be amended so that a mining company could still incur environmental liability even after obtaining a closure certificate relative to a mine. Secondly, any portion of the financial provision paid in terms of section 41 of the MPRDA may be retained by the Minister for latent and residual environmental impacts which may become known in the future for such time period as the Minister may determine, having regard to the circumstances relating to the relevant operation, which portion and time period must be determined in the prescribed manner.

Penalties: The 2013 Bill also provides for revised penalties for violations of the MPRDA by making provision for both an administrative fine not exceeding 10 per cent of the person or holder's annual turnover and exports during the preceding year, and imprisonment not exceeding four years.

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Legislative force of the Charter and Codes: The 2013 Bill proposes amending the definition of “this Act” in the MPRDA so that the MPRDA will include the 2010 Mining Charter (defined below), the Code of Good Practice for the South African Mineral Industry and the Housing and Living Conditions Standard. This would give these documents the force of law.

The 2013 Bill was passed by the National Assembly on 12 March 2014 and passed by the National Council of Provinces (NCOP) on 27 March 2014. The 2013 Bill was then sent to the President of the Republic of South Africa (President) for assent. On 16 January 2015, President Jacob Zuma, who was then in office, referred the 2013 Bill back to the National Assembly to accommodate his reservations around the constitutionality of the 2013 Bill. The 2013 Bill was considered by the Portfolio Committee on Mineral Resources who tabled non-substantial revisions to the 2013 Bill, which revisions were passed by the National Assembly and referred to the NCOP on 1 November 2016. On 22 August 2018, the Minister announced at a Portfolio Committee on Mineral Resources meeting that the 2013 Bill would be withdrawn and that the Minister would seek to introduce a new bill that would provide for the upstream petroleum industry to be governed under a separate piece of legislation from the MPRDA. It is currently unclear whether or not the Minister will seek to propose any of the amendments proposed in the 2013 Bill in a new bill.

### The Mining Charter

The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry, 2004 (Original Mining Charter) was published in August 2004. The Original Mining Charter was developed in terms of section 100(2)(a) of the MPRDA. The Original Mining Charter committed all stakeholders in the mining industry to transfer ownership of 26 percent of their assets to historically disadvantaged South Africans, also referred to in the MPRDA as historically disadvantaged persons (HDSAs) within 10 years. The Original Mining Charter also set targets for, amongst other things, the advancement of HDSAs into management positions, the employment of women, procurement of goods and services from HDSA-owned companies, training, community development and the upgrading of mine housing. Mining companies are required to devise plans to achieve these targets, must identify current levels of beneficiation and must indicate opportunities for growth.

The objectives of the Original Mining Charter were to:

- promote equitable access to the nation’s Mineral Resources by all the people of South Africa;
- substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mining and minerals industry and to benefit from the exploitation of the nation’s Mineral Resources;
- use the industry’s existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and the major labour-sending areas; and
- promote beneficiation of South Africa’s mineral commodities.

The Original Mining Charter envisaged measuring progress on transformation of ownership by:

- taking into account, amongst other things, attributable units of production controlled by HDSAs;
- allowing flexibility by credits or offsets, so that, for example, where HDSA participation exceeds any set target in a particular operation, the excess may be offset against shortfalls in another operation;
- taking into account previous empowerment deals in determining credits and offsets; and
- considering special incentives to encourage the retention by HDSAs of newly acquired equity for a reasonable period.

Under the Original Mining Charter, the mining industry as a whole agreed to assist HDSA companies in securing finance to fund participation in an amount of ZAR 100 billion over the first five years. Beyond the ZAR 100 billion

commitment, HDSA participation was to be increased on a willing seller, willing buyer basis, at fair market value, where the mining companies are not at risk.

Following a review of the progress made regarding transformation in the mining industry against the Original Mining Charter objectives, the DMR amended the Original Mining Charter and the Amendment of the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2010 (2010 Mining Charter) was published on 20 September 2010. The requirement under the Original Mining Charter for mining entities to achieve a 26 percent HDSA ownership of mining assets by the year 2014 was retained. Amendments to the Original Mining Charter in the 2010 Mining Charter required mining companies to:

- facilitate local beneficiation of mineral commodities;
- procure a minimum of 40 percent of capital goods, 70 percent of services and 50 percent of consumer goods from HDSA suppliers (i.e., suppliers in which a minimum of 25 percent + one vote of share capital is owned by HDSAs) by 2014, these targets being, however, exclusive of non-discretionary procurement expenditure;
- ensure that multinational suppliers of capital goods put a minimum of 0.5 percent of their annual income generated from South African mining companies into a social development fund beginning in 2010, to contribute to the socioeconomic development of South African communities;
- achieve a minimum of 40 percent HDSA demographic representation by 2014 at executive management (board) level, senior management (EXCO) as well as in those positions requiring core and critical skills, middle management level and junior management level;
- invest up to five percent of annual payroll in essential skills development activities; and

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implement measures to improve the standards of housing and living conditions for mineworkers by converting or upgrading mineworkers' hostels into family units, attaining an occupancy rate of one person per room and facilitating home ownership options for all mineworkers in consultation with organised labour, all of which must be achieved by 30 April 2014.

In addition, mining companies were required to monitor and evaluate their compliance with the 2010 Mining Charter, and to submit annual compliance reports to the DMR.

As a general matter, the South African government takes a "Scorecard" approach to the different facets of promoting the objectives of the applicable mining charter. It uses the Scorecard when considering applications for the conversion of existing old order rights into new order rights. The Scorecard sets out the requirements of the mining charter in tabular form which allows the DMR to "tick off" areas where a mining company is in compliance. It covers the following areas:

- human resource development;
- employment equity;
- migrant labour;
- mine community and rural development;
- housing and living conditions;
- ownership and joint ventures;
- beneficiation; and
- reporting.

The Scorecard attached to the 2010 Mining Charter made provision for a phased-in approach for compliance with the above targets over the five-year period ended on 30 April 2014. For measurement purposes, the Scorecard allocated various weightings to the different elements of the 2010 Mining Charter.

Failure to comply with the provisions of the 2010 Mining Charter amounted to a breach of the MPRDA, which may have resulted in the cancellation or suspension of AngloGold Ashanti's existing mining rights and may have prevented AngloGold Ashanti's South African operations from obtaining any new mining rights. However, AngloGold Ashanti has not yet received its "Scorecard" from the South African government assessing its compliance with the requirements of the 2010 Mining Charter.

In March 2015, the Minister announced that the DMR and the Minerals Council South Africa (Minerals Council) (the former Chamber of Mines of South Africa) had jointly agreed to submit certain matters relating to the interpretation of the 2010 Mining Charter, including the qualification of certain historical BBEE transactions (defined below) for meeting the HDSA ownership thresholds, to the courts in South Africa for determination and clarification. Papers were filed by the Minerals Council and the DMR, but the matter was not heard in court and was subsequently postponed.

Separately, the law firm Malan Scholes launched an application challenging the constitutionality of the Original Mining Charter and the 2010 Mining Charter, and requesting that these charters be set aside. This application was dismissed.

On 9 March 2016, AngloGold Ashanti received a notice from the DMR stating that the company was not compliant with the 26 percent HDSA ownership requirement under the 2010 Mining Charter. The notice directed the company to remedy the non-compliance within 60 days. Failure to comply with the order could constitute an offence under the MPRDA and, as such, could negatively impact AGA's "Scorecard" assessment. On 14 March 2016, AngloGold Ashanti timely responded to the non-compliance notice. The DMR provided no further response and, consequentially, the notice has lapsed.

On 15 June 2017, the Minister gazetted the Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2017 (2017 Mining Charter), which came into effect on the same day. The 2017 Mining Charter sought to align the 2010 Mining Charter with the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, in order to ensure meaningful participation of black people and provide for policy and regulatory certainty to ease the investment in and the development of the mining industry. The Minerals Council launched an urgent application to interdict the implementation of the 2017 Mining Charter and set it aside (DMR/Minerals Council application). The DMR also filed papers in court and the urgent application was due to be heard in court on 14 September 2017. However, the Minister and the Minerals Council reached an agreement on 13 September 2017 wherein the Minister undertook to suspend the 2017 Mining Charter pending the outcome of the DMR/Minerals Council application.

The DMR/Minerals Council application was heard on 9 and 10 November 2017 and judgment was handed down in the matter on 4 April 2018. The High Court of South Africa held that:

Once the Minister or his delegate is satisfied in terms of section 23(1)(h) of the MPRDA that the grant of a mining right applied for in terms of section 22 of the MPRDA will further the objects referred to in section 2(d) and (f) of the MPRDA in accordance with “the Charter referred to in section 100 and has granted the mining right applied for, the holder thereof is not thereafter legally obliged to restore the percentage ownership (howsoever measured, inter alia wholly or partially by attributable units of South African production) controlled by HDSAs to the 26 percent target referred in the Original Mining Charter and the 2010

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Mining Charter, where such percentage falls below 26 percent, unless such obligation is specified as an obligation in the terms and conditions stated in the right, as referred to in section 23(6) of the MPRDA.

Failure by a holder of the mining right to meet the 26 percent ownership target (either in terms of the Original Mining Charter or the 2010 Mining Charter) does not amount to a material breach of the mining right for the purposes of section 47 of the MPRDA (i.e., it will not be a ground for suspension or cancellation of the mining right) nor does it constitute an offence in terms of section 98 of the MPRDA. This, however, does not apply where the terms and conditions of the right itself have stipulated that the 26 percent HDSA ownership must be retained.

If the 26 percent HDSA ownership participation has, for any reason, been diluted to a lesser percentage, there is no obligation to top this up once the holder of the mining right has initially achieved the 26 percent HDSA ownership participation requirement. This does not apply where the terms and conditions of the right itself have stipulated that the 26 percent HDSA ownership must be retained.

The 2010 Mining Charter does not retrospectively deprive holders of mining rights of the benefits of credit offsets, the continuing consequences of empowerment transactions concluded after the MPRDA came into effect, and the right to off-set credits achieved in one operation against any shortfalls encountered in another operation.

While the High Court did not make any pronouncements on the validity of the 2010 Mining Charter, this should not be taken as a confirmation that the 2010 Mining Charter was validly issued in terms of section 100(2) of the MPRDA or that “it is the charter contemplated in section 100” of the MPRDA.

On 19 April 2018, the DMR filed a notice of intention to appeal the High Court judgment, but the matter has not been progressed by the DMR since the filing of the notice. As a result of the recent adoption of the 2018 Mining Charter (defined below), the 2017 Mining Charter has been repealed by the DMR. Since the High Court judgment recognizes the “once empowered, always empowered”-principle (albeit to a limited degree), the Minerals Council has the option to seek to oppose an appeal against the High Court judgment should the DMR progress the appeal.

On 27 September 2018, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2018 (2018 Mining Charter) was published and became effective on that date. The 2018 Mining Charter stipulates that it should be read together with the Implementation Guidelines, which were gazetted on 19 December 2018. On 19 December 2018, a few amendments to the 2018 Mining Charter were published in the Government Gazette.

Some of the salient provisions of the 2018 Mining Charter include:

The 2018 Mining Charter applies to existing mining rights, pending mining right applications and new mining rights as provided for therein.

A new mining right must have a minimum of 30 percent Black Economic Empowerment (BEE) shareholding, which shall include economic interest plus corresponding percentage of voting rights per mining right or in the mining company which holds the mining right. The 30 percent BEE shareholding must be distributed in the following manner:

a minimum of five percent non-transferable carried interest to qualifying employees;  
a minimum of five percent non-transferable carried interest or “equity equivalent benefit” to host communities; and  
a minimum of 20 percent effective ownership in the form of shares to a BEE entrepreneur, five percent of which must preferably be for women.

Existing mining right holders who have achieved a minimum of 26 percent BEE shareholding shall be recognized as compliant for the duration of the mining right (including mining right holders whose BEE partner has since exited).

However, the recognition of the “once empowered, always empowered”-principle shall not be applicable on the transfer, sale or renewal of the mining right. Existing right holders must implement the 2018 Mining Charter from 1 March 2019. Prior to this date, right holders must maintain compliance with the 2010 Mining Charter.

A pending mining right application, which was lodged and accepted prior to the effective date of the 2018 Mining Charter, shall be processed in accordance with the 2010 Mining Charter and shall thus require a minimum of 26



percent BEE shareholding. However, the mining right holder must then within a period of five years from the effective date of such mining right, increase the BEE shareholding to a minimum of 30 percent.

The 2018 Mining Charter reduced the offset available for beneficiation from 11 percent to five percent, but on the basis that existing mining right holders, who qualified for the previous offset, would be allowed to retain it for the duration of the right. Right holders must submit a Beneficiation Equity Equivalent Plan (as outlined in the Implementation Guidelines) to the DMR for approval. Further, mining right holders must submit an annual progress report to the DMR, which report must be in line with the approved Beneficiation Equity Equivalent Plan.

Mining companies must have a minimum representation of HDSAs at various levels of the company: a minimum of 50 percent on the board (of which 20 percent women), 50 percent at the executive management level (of which 20 percent women), 60 percent at the senior management level (of which 25 percent women), 60 percent at the middle management level (of which 25 percent women) and 70 percent at the junior management level (of which 30 percent women). Furthermore, a minimum of 60 percent of HDSAs must be represented in the mining right holder's core and critical skills and a minimum of 1.5 percent of all employees must be employees with disabilities. A period of five years is provided for mining companies to align with the employment equity targets and a five-year plan indicating progressive implementation of the provisions of the employment equity targets must be submitted to the DMR within six months of the publication of the 2018 Mining Charter.

New procurement targets have also been introduced. With respect to mining goods, 70 percent of total mining goods procurement spend must be on South African manufactured goods. South African manufactured goods are defined as goods with a minimum

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of 60 percent local content during the assembly or manufacturing of the product in South Africa (the calculation of local content excludes profit mark-up, intangible value such as brand value and overheads). With respect to mining services, a minimum of 80 percent of the total spend on services must be sourced from South African companies. The transitional arrangement period for compliance with the procurement targets is five years from the publication of the 2018 Mining Charter.

The 2018 Mining Charter also provides for the specific application of certain of its elements to holders of licenses under the Diamonds Act, No. 56 of 1986 and the Precious Metals Act, No. 37 of 2005 with variations and exemptions depending on the size of the license holder. For instance, enterprises with a turnover less than ZAR one million are exempt from the 2018 Mining Charter in its entirety. Enterprises with a turnover of more than ZAR 50 million must comply with the 2018 Mining Charter in its entirety.

On 25 February 2019, AngloGold Ashanti received a directive from the DMR stating that the company was not compliant with the amendment process required by the MPRDA in connection with BEE transactions entered into by the company after the conversion of the West Wits mining rights. The DMR instructed AngloGold Ashanti to submit an application to amend the clauses of two of its West Wits mining rights which record the BEE transactions entered into and implemented by the company to reflect further details of those BEE transactions and provide certain information relating to such transactions. On 7 March 2019, AngloGold Ashanti submitted an application for consent of the Minister to amend those clauses accordingly and provided the requested information.

On 26 March 2019, the Minerals Council South Africa (the former Chamber of Mines of South Africa) filed an application in the High Court of South Africa for the judicial review and setting aside of certain clauses of the 2018 Mining Charter. This application primarily relates to the fact that the 2018 Mining Charter does not fully recognise the continuing consequences of historical BEE transactions, particularly in respect of the transfer, sale or renewal of mining rights. The application for judicial review of the 2018 Mining Charter is currently pending.

### The Code of Good Practice for the Minerals Industry

Section 100(1)(b) of the MPRDA obliged the Minister to develop a code of good practice for the minerals industry. On 29 April 2009, the Minister published the Code of Good Practice for the South African Minerals Industry (Code) pursuant to section 100(1)(b) of the MPRDA. The Code is a guiding document and its purpose is to set out administrative principles to enhance implementation of the applicable mining charter and the MPRDA. The Code is to be read in combination with the mining charter and other legislation relating to measurement of socio-economic transformation in the South African mining industry. The Code does not replace the mining charter nor any key legislation and laws relating to the minerals and the petroleum industry but serves as a statement of policy and principles that assists in the implementation of both the MPRDA and the mining charter.

### Environmental laws relating to mining and prospecting

The MPRDAA repealed the sections in the MPRDA that dealt with environmental regulation of mining and prospecting operations. This was the first step in migrating the environmental regulation provisions from the MPRDA into the National Environmental Management Act, No. 107 of 1998 (NEMA). NEMA was amended by the National Environmental Management Amendment Act, No. 62 of 2008 and subsequently by the National Environmental Management Laws Amendment Act, No. 25 of 2014, and now includes provisions to deal with environmental regulation of mining and prospecting which provisions are administered by the Minister of Mineral Resources (Minister). In addition, the Regulations Pertaining to the Financial Provision for Prospecting, Exploration, Mining or Production Operations were published in the Government Gazette on 20 November 2015 under GNR 1147 Notice 39425 (2015 Financial Provision Regulations), and now fall under NEMA.

The 2015 Financial Provision Regulations are similar to the previous provisions under the MPRDA, some of the significant changes are set forth below:

broadening the definition of “financial provision” to require making financial provision for the adverse impacts that might arise from operations rather than only those listed in the environmental management plan (EMP), as was previously the case;

- requiring the holder to annually assess environmental liability and adjust the financial provision to the satisfaction of the Minister of Mineral Resources;
- requiring the holder to submit an audit report to the Minister on the adequacy of the financial provision from an independent auditor. If the Minister is not satisfied with the assessment, he is entitled to appoint his own auditor;
- requiring that a holder maintain and retain financial provision notwithstanding the issuance of a closure certificate. Furthermore, the Minister may retain such portion of the financial provision as may be required to rehabilitate the closed mining or prospecting operation in respect of latent, residual or any other environmental impacts, including the pumping of polluted or extraneous water, for a prescribed period. This is not only in respect of holders of rights, but also now in respect of holders of old order rights and holders of works;

before the entry into force of the 2015 Financial Provision Regulations, holders could make financial provision for annual rehabilitation, final rehabilitation and post-closure residual impacts and water pumping by adding up the total amount for these three types of rehabilitation and making financial provision in one go using one or a mix of four methods: depositing cash in to the DMR bank account, keeping the amount in a rehabilitation trust in accordance with the Income Tax Act, No. 58 of 1962 (ITA), obtaining a financial guarantee or a bank guarantee in respect of the amount, or using a method determined by the Director-General (this was not common in practice). Under the 2015 Financial Provision Regulations, if the holder wishes to use a

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rehabilitation trust in accordance with the ITA, the amount in the trust can only relate to financial provision for post-closure residual impacts and water pumping. Holders can no longer make financial provision for annual and final closure through a trust fund;

- a holder's financial provision must be equal to the sum of actual costs of implementing all three broad classes of rehabilitation for at least 10 years; and
- the financial provision liability associated with annual rehabilitation, final closure or latent or residual environmental impacts may not be deferred against assets at mine closure or mine infrastructure salvage value.

Failure to realign to the 2015 Financial Provision Regulations constitutes non-compliance with section 24P of NEMA, which would entitle the DMR to issue a directive and failure to comply with the directive is an offence under section 49A(g) of NEMA. A person convicted of an offence under section 49A(g) of NEMA is liable to a fine not exceeding ZAR10 million or to imprisonment for a period not exceeding 10 years, or to both.

The mining industry has raised concerns with the 2015 Financial Provision Regulations, including:

- confusion regarding the applicability of the 2015 Financial Provision Regulations to applicants and to previous holders;
- duplicate funding or double provisioning;
- unclear methods and periods for determining financial provision;
- legal barriers to use of trust funds;
- burdensome public consultation and disclosure requirements;
- transitional provisions and time frames;
- requirements for an additional three plans;
- over-auditing, time and cost implications; and
- inclusion of care and maintenance.

On 26 October 2016, proposed amendments to the 2015 Financial Provision Regulations were published for comment. The mining industry has been engaging with the Department of Environmental Affairs (DEA) regarding a new version of the Financial Provision Regulations and the proposed amendments. A revised version of the 2015 Financial Provision Regulations was expected to be published during the course of 2017, with a revised compliance deadline of February 2019. On 21 September 2018, the Acting Minister of Environmental Affairs published amendments to the 2015 Financial Provision Regulations. These amendments include the repeal of the 2015 Financial Provision Regulations and the extension of the deadline for compliance with the new Financial Provision Regulations to 19 February 2020. A further and more substantial amendment to the new Financial Provision Regulations is anticipated in 2019. A group comprising of the mining industry, financial advisors, community members as well as the DMR, Treasury and the DEA were in discussions regarding further amendments in late 2018.

Pursuant to section 24N(8) of NEMA, directors of a company are jointly and severally liable for any negative impact on the environment, whether advertently or inadvertently, caused by the company they represent, including damage, degradation and pollution.

See also "Item 4B: Business Overview-Mine Site Rehabilitation and Closure" and "Item 4B: Business Overview-Environmental, Health and Safety Matters".

### AngloGold Ashanti's rights and permits

Under South African law, a mining right will be granted to a successful applicant for a period not exceeding 30 years. Mining rights may be renewed for additional periods not exceeding 30 years at a time. A mining right can be cancelled if the mineral to which such mining right relates is not mined at an "optimal" rate.

AngloGold Ashanti holds three mining rights in South Africa in West Wits which have been successfully converted, executed and registered as new order mining rights at the Mineral and Petroleum Titles Registration Office (MPTRO).

A prospecting right will be granted to a successful applicant for a period not exceeding five years, and may only be renewed once for three years. The MPRDA also provides for a retention period of up to three years after prospecting, with one renewal up to two years, subject to certain conditions. AngloGold Ashanti currently does not hold any prospecting rights in South Africa.

In addition, AngloGold Ashanti holds a refining licence and an import and export permit from the South African Diamond and Precious Metals Regulator.

#### The BBBEE Amendment Act

The President of the Republic of South Africa assented to the Broad-Based Black Economic Empowerment Amendment Act, No. 46 of 2013 (BBBEE Amendment Act) on 23 January 2014. The BBBEE Amendment Act came into effect on 24 October 2014 with the object of amending the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (BBBEE Act) to provide a framework

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of principles, strategies and guidelines aimed at promoting the broad-based socio-economic empowerment of HDSAs across the South African economy and society in the form of ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. The BBBEE Amendment Act includes a number of changes to the framework under the BBBEE Act, including:

- amending and clarifying the definition of the intended beneficiaries of such framework;
- amending the definition of “Broad-Based Black Economic Empowerment” (BBBEE) to introduce the concept of viable BBBEE and providing standards for that preferential procurement;
- expanding the scope of the BBBEE Codes of Good Practice (BBBEE Codes), and the related transformation charters, on BBBEE matters that the Minister of Trade and Industry can issue under the BBBEE Act for specific sectors of the South African economy and making it compulsory for public authorities, governmental agencies and other public entities to apply such codes (Sector Codes);
- introducing into the BBBEE Act itself the definition of fronting BBBEE practices (i.e., a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of the BBBEE Act or the implementation of any of its provisions), which to date has been developed outside of the BBBEE Act and has now been expanded to capture the more sophisticated and unsuspecting fronting transactions, making fronting a criminal offense that is punishable with imprisonment and fines under certain circumstances, reasserting in the BBBEE Act the common law remedies for misrepresentation and more generally enhancing the enforcement mechanism against fronting;
- establishing a BBBEE Commission responsible for overseeing, supervising and promoting compliance with the BBBEE Act, as well as receiving and investigating BBBEE-related complaints; and
- providing that the Department of Trade and Industry (DTI) may impose special requirements for specific industries.

Before the BBBEE Amendment Act came into effect, the BBBEE Act provided that in the event of a conflict between the BBBEE Act and any other law in force immediately prior to the commencement of the BBBEE Act, the BBBEE Act would prevail if the conflict specifically relates to a matter addressed in the BBBEE Act. The BBBEE Amendment Act inserted a new provision in the BBBEE Act whereby the BBBEE Act trumps the provisions of any other law in South Africa with which it conflicts, provided such conflicting law was in force immediately prior to the effective date of the BBBEE Amendment Act. The provision became effective as from 24 October 2016.

On 27 October 2015, the Minister for Trade and Industry published Government Notice 1047 of Government Gazette 39350, which declared an exemption in favour of the DMR from applying the requirements contained in section 10(1) of the BBBEE Act for a period of 12 months. The exemption can be read as confirmation that the DTI sees the BBBEE Codes as “applicable” to the mining industry after the exemption is lifted on 27 October 2016.

Additionally, the revised BBBEE Codes of Good Practice (Revised BBBEE Codes) became effective on 1 May 2015. Both the BBBEE Amendment Act and the Revised BBBEE Codes expressly stipulate that where an economic sector in South Africa has a Sector Code in place for BEE purposes, companies in that sector must comply with the Sector Code. For purposes of the BBBEE Act, the applicable mining charter is not a Sector Code. It is not, at this stage, clear what the interplay between the applicable mining charter, the BBBEE Act and Revised BBBEE Codes is. Historically, there has been some debate as to whether the BBBEE Act and the BBBEE Codes apply to the mining industry, taking into account that the BBBEE Act requires every organ of state and public entity to give due consideration to the BBBEE Codes when issuing licenses, concession or other authorisations.

The MPRDA and the BBBEE Act have an overlapping focus. However, the BBBEE Act and the Revised BBBEE Codes do not require the DMR to apply the Revised BBBEE Codes when determining the qualification criteria for the issuing of mining rights, nor do they require that the DMR apply the Revised BBBEE Codes as a requirement for the retention of existing mining rights. The Revised BBBEE Codes will nevertheless apply to mining companies if they wish to be scored for the purpose of contracting with organs of state.

The South African government may designate the 2018 Mining Charter as a Sector Code in the future, in which case it would be under the auspices of the BBBEE Act. However, the South African government chose not to do so with respect to the 2010 Mining Charter in its Government Gazette notice of 17 February 2016. Until such determination is made, if at all, the 2018 Mining Charter remains a stand-alone document under the auspices of the MPRDA.

#### The Royalty Act

The Mineral and Petroleum Resources Royalty Act, No. 28 of 2008 (Royalty Act) was promulgated on 24 November 2008 and came into operation on 1 March 2010. The Royalty Act imposes a royalty on refined and unrefined Mineral Resources payable to the state.

The royalty in respect of refined Mineral Resources (which include gold and silver) is calculated by dividing earnings before interest and taxes (EBIT) as calculated under the Royalty Act, by the product of 12.5 times gross sales (as defined in the Royalty Act) calculated as a percentage, plus an additional 0.5 percent. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of five percent of gross sales has been introduced for refined minerals.

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The royalty in respect of unrefined Mineral Resources (which include uranium) is calculated by dividing EBIT by the product of nine times gross sales calculated as a percentage, plus an additional 0.5 percent. A maximum royalty of seven percent of gross sales was introduced for unrefined Mineral Resources. Where unrefined Mineral Resources (such as uranium) constitute less than 10 percent in value of the total composite Mineral Resources, the royalty rate in respect of refined Mineral Resources may be used for all gross sales and a separate calculation of EBIT for each class of Mineral Resources is not required. For AngloGold Ashanti, this means that currently the company will pay a royalty based on refined Mineral Resources (as the unrefined Mineral Resources (such as uranium) for AngloGold Ashanti for 2018 constituted less than 10 percent in value of the total composite Mineral Resources). The rate of royalty tax payable for 2018 was 0.50 percent of gross sales of the company's South African operations.

The President of South Africa appointed the Davis Tax Committee (DTCom) to review the current mining tax regime. In a reported titled the "Second and Final Report on Hard -Rock Mining" released in November 2017, the DTCom recommended an update and refinement of the schedules in the Royalty Act. For purposes of flexibility, the DTCom suggested these schedules should rather form part of regulations made by the Minister of Finance in the Government Gazette rather than forming part of the royalty legislation itself. The DTCom called upon the South African Revenue Service (SARS) to issue comprehensive interpretation notes on the Royalty Act to dispel any uncertainty prevalent in the industry.

Some of the other preliminary recommendations of the DTCom have included the upfront capital expenditure write-off regime being discontinued and replaced with an accelerated capital expenditure depreciation regime, which is in parity with the write-off periods provided for in respect of the manufacturing (40/20/20/20) basis. Another recommendation has been to bring the taxation of newly established gold mines into line with the tax regime applicable to non-gold mining taxpayers (in so far as possible). The DTCom has recommended that the so-called "gold formula" be retained for existing gold mines. Given the retention of the gold formula for existing gold mines, it will be necessary to retain ring fences in mines where the gold formula subsists. With regard to the additional capital allowances available to gold mines, the DTCom has recommended that such allowances should be phased out so as to bring the gold mining corporate income tax regime into parity with the tax system applicable to taxpayers as a whole.

### Land Expropriation

On 27 February 2018, the South African National Assembly resolved to assign the Constitutional Review Committee (CRC) to review section 25 of the Constitution of the Republic of South Africa (Constitution) and other clauses, where necessary, to make it possible for the state to expropriate land in the public interest without compensation. The CRC had been given until 30 August 2018 to report back to the National Assembly. This resolution follows the African National Congress' (ANC) resolution at its elective conference in December 2017 to pursue expropriation of land without compensation in a manner that does not destabilise the agricultural sector, endanger food security or undermine economic growth and job creation. On 15 November 2018, the CRC issued its report recommending that section 25 of the Constitution must be amended to make explicit that which (in its view) is implicit in the Constitution, with regards to expropriation of land without compensation, as a legitimate option for land reform, so as to address the historic wrongs caused by the arbitrary dispossession of land, and in so doing ensure equitable access to land and further empower the majority of South Africans to be productive participants in ownership, food security and agricultural reform programs. Furthermore, the CRC recommended in its report that the South African Parliament must urgently establish a mechanism to effect the necessary amendment to the relevant part of section 25 of the Constitution and that it must table, process and pass a bill to amend the Constitution (Constitutional Amendment Bill) before the end of the current legislature in order to allow for expropriation without compensation. The CRC report was adopted by both Houses of Parliament in early December 2018. On 6 December 2018, the National Assembly resolved to establish an ad hoc committee to initiate and produce such Constitutional Amendment Bill before the end of the current Parliament to amend section 25 of the Constitution so that expropriation of land without compensation is made explicit, as a legitimate option for land reform. The ad hoc committee needs to report back to the National



Assembly by 31 March 2019. Until such Constitutional Amendment Bill is published, it is unclear how the proposed expropriation of land without compensation might affect AngloGold Ashanti's operations. Separately, on 21 December 2018, a draft Expropriation Bill was gazetted inviting comments from the public. The draft Expropriation Bill outlines circumstances under which land may be expropriated without compensation.

Section 5(3) of the MPRDA entrenches a statutory right of access for the mining right holder to the mining area for the purposes of conducting mining operations and does not require the mining right holder to own the land on which it conducts operations. Once a mining right is granted, the landowner has no right to refuse the conducting of mining operations on the property in question and is not entitled to compensation from the mining right holder for the use of the land for mining operations conducted in terms of the MPRDA. However, once a mining right is granted, a landowner can refuse a lawful mining right holder access to the land over which it has the right to conduct its mining operations. In this scenario, section 54 of the MPRDA creates an avenue for the payment of compensation to the landowner by the mining right holder for the use of the land for mining operations conducted in terms of the MPRDA. Section 55 of the MPRDA further provides the Minister of Mineral Resources with powers to expropriate the land in question for purposes of mining.

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CONTINENTAL AFRICA

Democratic Republic of the Congo

The mining industry in the Democratic Republic of the Congo (DRC) is primarily regulated by law No. 007/2002 dated 11 July 2002 (2002 DRC Code) as amended by law No. 18/001 dated 29 January 2018 (Reformed DRC Mining Code) and decree No. 038/2003 dated 26 March 2003 as amended by decree No. 18/024 dated 8 June 2018 (Reformed Mining Regulations). As regards the application of the Reformed DRC Mining Code and Reformed Mining Regulations, the Kibali joint venture has reserved and continues reserving its rights, including, without limitation, its stability rights under, among other legal sources, the 2002 DRC Code. Discussions with the DRC government on these issues and the possible application of incentives that may be available under the Reformed DRC Mining Code and Reformed Mining Regulations are ongoing.

In accordance with prior mining legislation, companies holding mining titles issued prior to the entry into force of the Reformed DRC Mining Code and Reformed Mining Regulations have claims to a 10-year stability provision. Notwithstanding the adoption of the new regulatory regime, most companies are reserving their rights with respect to such stability provision.

The Reformed DRC Mining Code vests the DRC Minister of Mines with the authority to grant, refuse, suspend and terminate mineral rights, although such authority is to be exercised upon conditions set out in the Reformed DRC Mining Code. Mineral rights may be granted in the form of exploration permits for an initial period of five years or in the form of mining permits which are granted for an initial period of 25 years. An exploration permit may, at any time before expiry, be transformed partially into a mining permit or a small-scale mining permit. Mining permits are granted upon successful completion of exploration and satisfaction of certain requirements, including approval of a feasibility study, an environmental impact study and an environmental management plan.

The holder of a mining permit is required to commence development and mine construction within three years of the award of such permit. Failure to do so may lead to forfeiture of the mining permit. A permit holder must comply with specific rules relating to, amongst other things, protection of the environment, cultural heritage, health and safety, construction and infrastructure planning. Mining and exploration activities are required to be undertaken so as to affect as little as possible the interests of lawful occupants of land and surface rights holders, including their customary rights. The exercise of mineral rights by title holders which effectively deprives or interferes with the rights of occupants and surface rights holders requires payment of fair compensation by the mineral title holder.

To protect and enforce rights acquired under an exploration or mining permit, the Reformed DRC Mining Code provides, depending on the nature of a dispute or threat, administrative, judicial and national or international arbitral recourses.

The Reformed DRC Mining Code sets out an exclusive and exhaustive tax and customs regime applicable to mining activities. Mining title holders are subject, amongst other things, to a corporate income tax of 30 percent, a windfall tax of 50 percent and are required to pay mining royalties to the DRC government. The royalty rate applicable to gold has been set at 3.5 percent. Mining title holders are also required to contribute a minimum of 0.3 percent of total turnover to community development. The standard rate of VAT is 16 percent and is applicable to all mining companies.

Mining companies are required to grant a free-carried and non-contributory participation to the DRC government. The DRC government's free participation was previously set at five percent, but was increased to 10 percent in respect to mining titles issued after the entry into force of the Reformed DRC Mining Code. All mining companies are required to grant an additional five percent free-carried participation to the DRC government upon each renewal of their

exploitation permit. Under the Reformed DRC Mining Code, a 10 percent local contributory participation is also mandatory for mining titles issued after its entry into force.

Regarding exchange control rules, the Reformed DRC Mining Code requires that mining title holders repatriate onshore 60 percent of sale revenues during the investment amortization period and 100 percent once the investment amortization is completed.

The Reformed DRC Mining Code also provides for a level of fiscal stability. A stability clause stipulates that existing tax, customs and exchange control provisions applicable to mining activities are guaranteed to remain unchanged for a period of five years from the enactment of the Reformed DRC Mining Code.

Article 220 of the Reformed DRC Mining Code provides that the Prime Minister of the DRC may grant a number of incentive measures to provinces suffering from infrastructures deficits to encourage economic development from mining resources. Discussions are currently ongoing with the DRC government with respect to incentives that could be available under this article 220 of the Reformed Mining Code.

On 18 July 2012, the Convention between the government of the Republic of South Africa and the government of the DRC for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (Convention) came into effect. The Convention is applicable to:

- withholding taxes on amounts paid or credited on or after 1 January 2013; and
- other income taxes, levied in respect of taxable periods beginning on or after 1 January 2013.

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The Convention reduces the withholding tax on dividends paid by companies resident in the DRC to companies resident in South Africa from 20 percent to five percent and on interest paid by companies resident in the DRC to companies resident in South Africa from 20 percent to 10 percent. A South African company must own at least 25 percent of a relevant DRC entity's outstanding shares in order to take advantage of the reduced rates.

AngloGold Ashanti holds a stake in the Kibali gold project located in the north-eastern part of the DRC. The project is operated by Randgold Resources and is owned by Randgold Resources (45 percent), AngloGold Ashanti (45 percent) and Société Minière de Kilo-Moto SA (SOKIMO) (10 percent), which latter share represents the interest of the DRC government in the Kibali gold project.

Kibali comprises 10 permits, seven expiring in 2029 and three in 2030 and covering an area of 1,836 square kilometres in the Moto goldfields of the north-eastern part of the DRC.

## Ghana

The Constitution of Ghana as well as the Minerals and Mining Act, 2006 (Act 703) (GMM Act) provide that all minerals in Ghana in their natural state are the property of the State and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of reconnaissance, prospecting, recovery and associated land usage being granted under licence or lease.

The grant of a mining lease by the Ghanaian Minister of Lands and Natural Resources (MLNR) upon the advice of the Minerals Commission is subject to parliamentary ratification unless the mining lease falls into a class of transactions exempted by the Parliament of Ghana.

## Control of mining companies

The MLNR has the power to object to a person becoming or remaining a controller of a company which has been granted a mining lease if the MLNR believes, on reasonable grounds, that the public interest would be prejudiced by the person concerned becoming or remaining such a controller.

## Right of pre-emption

Section 7 of the GMM Act provides that the MLNR "has the right of pre-emption of all minerals raised, won or obtained in Ghana and from any area covered by territorial waters, the exclusive economic zone or the continental shelf and products derived from the refining or treatment of these minerals." Section 7 further states that the Ghanaian government "may, by an Executive Instrument, appoint a statutory body to act as its agent for the exercise of the right of pre-emption." The right of pre-emption gives the Ghanaian government the power, to compulsorily purchase the minerals or gold produced by mining companies in Ghana. By way of providing a safeguard to mining companies, article 20 of Ghana's Constitution provides protection from deprivation of property by the government of Ghana and requires it to make prompt payment of fair and adequate compensation, where it is absolutely necessary to compulsorily acquire any private property.

Section 7 of the GMM Act has never been implemented by the government of Ghana. However, the Ghanaian government indicated in 2018 that it may consider this provision as part of its options to add value to mineral resources mined in Ghana. The government of Ghana and mining companies are in discussions regarding the best approach to achieve the Ghanaian government's policy objectives in the most mutually beneficial way.

## Stability agreements

The GMM Act provides for stability agreements as a mechanism to guarantee certain terms and conditions (mainly fiscal) to which a mining company's operations will be subject for a period of 15 years. Stability agreements are subject to ratification by Parliament.

#### Ghana Stability Agreement

On 18 February 2004, AngloGold Limited and the government of Ghana agreed on the terms of a stability agreement (Ghana Stability Agreement) to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination between AngloGold Limited and Ashanti Goldfields Company Limited. The Ghana Stability Agreement necessitated the amendment of the Obuasi mining lease which had been ratified by Parliament.

Under the Ghana Stability Agreement, the government of Ghana agreed:

- to extend the term of the mining lease relating to the Obuasi Mine until 2054 on terms existing prior to the business combination;

- to maintain, for a period of 15 years, the royalties payable by AngloGold Ashanti with respect to its mining operations in Ghana at a rate of three percent per annum of the total revenue from minerals obtained by AngloGold Ashanti from such mining operations;

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to ensure the income tax rate would be 30 percent for a period of 15 years. The agreement was amended in December 2006 to make the tax rate equal to the prevailing corporate rate for listed companies if the rate was less than 30 percent; and to permit AngloGold Ashanti and any or all of its subsidiaries in Ghana to retain up to 80 percent of export proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency.

The Ghana Stability Agreement also stipulates that a sale of AngloGold Ashanti's or any of its subsidiaries' assets located in Ghana remains subject to the approval of the government of Ghana. Furthermore, the Ghanaian government retains its special rights (Golden Share) under the provisions of the GMM Act pertaining to the control of a mining company, in respect of its assets and operations in Ghana.

The government of Ghana agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders, or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance until April 2019, which is 15 years after the completion of the business combination.

AngloGold Ashanti (Ghana) Limited (AGAG) has negotiated new regulatory and fiscal agreements in relation to the Obuasi Mine with the Ghanaian government. These agreements, which govern the redevelopment of the Obuasi Mine, were ratified by Ghana's Parliament on 21 June 2018. As a result of the ratification of these agreements, the Ghana Stability Agreement ceased to apply to the Obuasi Mine, but will continue to apply to the Iduapriem Mine until it expires in April 2019. Preliminary contact has been made with the Ghanaian Minerals Commission with respect to a new stability agreement for the Iduapriem Mine and the Minerals Commission has provided guidelines to be followed for the application to be made.

### Obuasi Development Agreement

The Development Agreement (DA) with respect to the Obuasi Mine confers various rights and imposes several obligations on AGAG, including:

- Stabilization of the regulatory framework for a period of 10 years with a potential of it being extended for five years;
- Confirmation of accounting currency to be US dollars;
- Right to hold up to 80 percent of proceeds received from exporting minerals in foreign currencies outside of Ghana in accordance with existing arrangements;
- Obligation to set up a community trust fund for Obuasi and to fund it at \$2 per ounce of gold produced;
- Obligation to give preference to materials and goods made in Ghana, and services provided by Ghanaians, entities incorporated or formed in Ghana, and entities owned and controlled by Ghanaians;
- Obligation to give preference to Ghanaian skills where they are available;
- Obligation to employ high standards of safety; and
- Right to peaceful enjoyment and protection against expropriation.

### Obuasi Tax Concession Agreement

The fiscal terms which ordinarily form part of a single stabilisation document were separated from the Development Agreement in relation to the Obuasi Mine. Hence a separate Tax Concession Agreement (TCA) was signed with the Ghanaian government. The relevant salient terms include, among other things:

- Corporate income tax to be 32.5 percent or such lower rates as may be fixed by law (as opposed to the current legal rate of 35 percent);

Capital allowances carried forward by AGAG which relate to the period before the effective date of the TCA which have not already been utilized for the purposes of calculating taxable income shall continue to be carried forward until 31 December 2020;

Existing and new tax losses as well as a special concession to carry forward capital allowances to be converted into tax losses as at the end of 2020, will apply to AGAG;

Exemptions of certain items from import duty;

Exemption of the following transactions from capital gains tax:

an issue of shares by a publicly listed company which holds a direct or indirect interest in AGAG in connection with a raising of finance, an acquisition or a reorganization or an issue of shares by a company in connection with a new listing;

transfers of shares in any publicly listed company which holds a direct or indirect interest in AGAG other than a transfer of shares which results in a third party holding more than 35 percent of the shares in the listed company; or a reorganization of a company which holds a direct or indirect interest in AGAG where following the reorganization the shareholders are substantially similar to those shareholders of the ultimate parent entity immediately prior to the transaction;

Non-application of section 62(1) of the Income Tax Act, 2015 (Act 896) (which provides that where the underlying ownership of an entity changes by more than 50 percent at any time within a period of three years, the assets and liabilities of that entity immediately before the change are deemed to be realized) under the following circumstances:

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- a joint venture in relation to Obuasi;
- an issue of shares by a publicly listed company which holds a direct or indirect interest in AGAG in connection with a raising of finance, an acquisition or a reorganization or an issue of shares by a company in connection with a new listing;
- transfers of shares in any publicly listed company which holds a direct or indirect interest in AGAG other than a transfer of shares which results in a third party holding more than 50 percent of the shares in the listed company; or a reorganization of a company which holds a direct or indirect interest in AGAG where following the reorganization the shareholders are substantially similar to those shareholders of the ultimate parent entity immediately prior to the transaction;
- A sliding scale royalty ranging from three percent at a gold price up to \$1,300 per ounce to five percent at \$2,000 per ounce and above (instead of the current flat rate of five percent).
- Exemption from the payment of VAT on items imported under the Ghanaian Import Duty List up to 31 December 2023; and
- Entitlement to a refund of VAT credit notwithstanding that AGAG will not meet the usual conditions for qualification for refunds.

As described above, the DA and TCA, which govern the redevelopment of the Obuasi Mine, were ratified by Ghana's Parliament on 21 June 2018. As a result of the ratification of these agreements, the Ghana Stability Agreement ceased to apply to the Obuasi Mine.

Tax laws

In 2012, the tax laws of Ghana were amended. Changes to the tax laws included:

An increase in the income tax rate applicable to mining businesses from 25 percent to 35 percent. AngloGold Ashanti is currently protected until April 2019 from any increase of its income tax rate to greater than the rate provided for under the Ghana Stability Agreement for the Iduapriem Mine, and the Obuasi Mine is protected under the DA and TCA.

Introduction of a new capital allowance regime for class 3 assets (which include mineral and petroleum exploration and production rights, buildings, structures and works of a permanent nature used in mineral and petroleum exploration and production and plant and machinery used in mining and petroleum operations) that provides for a 20 percent straight line rate for a period of five years. Pursuant to the Ghana Stability Agreement, this change will not affect AngloGold Ashanti until April 2019 for the Iduapriem Mine, and the Obuasi Mine is protected under the DA and TCA.

Elimination of the five percent allowance on prior year additions. Prior to the 2012 amendment, the tax laws granted an additional five percent of the value of assets acquired and qualified to be classified as class 3 assets for the purpose of granting capital allowances. Capital allowance is now 20 percent each year on the total value of the assets. Pursuant to the Ghana Stability Agreement, this change will not affect Iduapriem Mine until April 2019. The TCA provides that unutilized capital allowances carried forward by AGAG which relate to the period before 21 June 2018 (date of ratification of the TCA) shall continue to be carried forward until 31 December 2020 as unutilized capital allowances carried forward. From 1 January 2021, any such unutilized capital allowances shall be 20 percent each year on the total value of assets.

A ring-fencing rule to prevent mining businesses from deducting or setting off costs from one mining area with another's income. Pursuant to the Ghana Stability Agreement, this change will not affect Iduapriem Mine until April 2019. This ring-fencing rule applies to the Obuasi Mine under the TCA.

In 2018, the following changes have been made to the tax regime of Ghana.

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The Taxation (Use of Fiscal Electronic Device) Act, 2018 (Act 966) (FED Act) was introduced to enhance the efficiency of tax collection by removing the human interaction element and adopting the use of electronic devices in the collection of taxes. The FED Act makes it mandatory for specified taxable persons to use fiscal electronic devices for sales on their premises and to promote non-cash sales transactions. The FED Act has not yet been implemented. The Minerals Income Investment Fund Bill has been passed by Parliament to establish a Fund to receive mineral royalty and related income as well as establish a special purpose vehicle to vest the Ghanaian government's carried interest in mining companies. It will also provide for the disbursement and management of the royalties received from mineral rights holders by Ghana's government. This would not impose any additional burden on mining companies such as AngloGold Ashanti, but would only change the legal personality holding the Ghanaian government's carried interest.

The Luxury Vehicle Levy Act, 2018 (Act 969) has been enacted to impose a levy on vehicles based on engine capacities. This levy is payable on first registration and subsequently annually on renewal of road worthy certificates. The levy exempts ambulances, tractors, commercial vehicles for goods transport or those with capacity to transport more than 10 persons. For vehicles with capacity between 2,950cc-3,549cc, the levy is GHS 1,000 cedis, vehicles with engine capacity between 3,550cc- 4,049cc will be levied at GHS 1,500 cedis, and for engine capacities above 4,050cc, the levy is GHS 2,000 cedis per annum. This would marginally increase the associated cost of running light vehicles owned by AngloGold Ashanti.

#### Golden Share

Under the Ghana Stability Agreement, the government of Ghana has confirmed and agreed that the government's rights with respect to the Golden Share apply only in respect of AngloGold Ashanti's assets and operations in Ghana. The rights do not extend to any other assets or operations of AngloGold Ashanti outside Ghana.

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Ghana's government has also agreed to waive any right it may have under section 60(I) of the Minerals and Mining Law, 1986, as amended, to acquire a special share in AngloGold Ashanti or any of its direct or indirect subsidiaries or joint ventures.

The Golden Share may only be held by or transferred to a Minister of the Ghanaian government or any person acting on behalf of the government and authorised in writing by such Minister.

The following matters require, and will not be effective without, the written consent of the holder of the Golden Share:

- (i) any amendment to or removal of the relevant provisions of the AGAG Regulations setting out the rights and restrictions attaching to the Golden Share;
- (ii) the voluntary winding-up or voluntary liquidation of AGAG;
- (iii) the redemption of or purchase by AngloGold Ashanti of the Golden Share;
- (iv) the disposal of any mining lease held by AGAG or any subsidiary of AGAG; and any disposal by AGAG (other than any disposal in the ordinary course of business of AngloGold Ashanti) which, alone or when aggregated with any disposal or disposals forming part of, or connected with, the same or a connected transaction, constitutes a disposal of the whole or a material part of the assets of the AngloGold Ashanti group taken as a whole. For this purpose, a part of the AngloGold Ashanti group's assets will be considered
- (v) material if either (a) its book value (calculated by reference to the then latest audited consolidated accounts), or the total consideration to be received on its disposal, is not less than 25 percent of the book value of the net assets of the AngloGold Ashanti group or (b) the average profits attributable to it represent at least 25 percent of the average profits of the AngloGold Ashanti group for the last three years for which audited accounts are available (before deducting all charges, except taxation and extraordinary items).

Upon a return of assets in a winding-up or liquidation of AGAG, the holder of the Golden Share is entitled to the sum of GHS 0.10 cedis in priority to any payment to other members, but the Golden Share confers no further right to participate in the profits or assets of AngloGold Ashanti. The Golden Share carries no right to any dividend or any right to participate in any offer of securities to existing shareholders or in any capitalisation issue.

The holder of the Golden Share may require AGAG to redeem the Golden Share at any time in consideration of the payment to such holder of GHS 0.10 cedis.

## VAT

The Value Added Tax Act, 2013 (Act 870) (2013 VAT Act) extended the coverage of VAT to additional activities, including among other things the supply of financial services that are rendered for a fee, commission or a similar charge. The taxes on those additional activities do not have an adverse effect on the company since they do not directly impact its operations.

The Value Added Tax (Amendment) Act, 2017 (Act 948) (First 2017 VAT Act) amended the 2013 VAT Act. The First 2017 VAT Act, among other things, classifies the supply of financial services and gives legal backing to a three percent VAT Flat Rate Scheme (FRS).

The FRS applies to all wholesalers and retailers including suppliers who import to resell on wholesale or retail. Prior to the introduction of the FRS, suppliers were allowed to charge 17.5 percent against the output tax charged on the value of their supplies. However, suppliers are currently prohibited from charging 17.5 percent under the new scheme. Hence the 17.5 percent is rather inculcated into the price of goods/ products supplied, passing on the costs to the consumer. Thus, goods purchased by AngloGold Ashanti from its suppliers fall within this bracket and have turned out to be more expensive than previously.

The Value Added Tax (Amendment) (No. 2) Act, 2017 (Act 954) (Second 2017 VAT Act) was enacted to amend the 2013 VAT Act to provide for withholding from the payment of VAT to registered VAT traders and to allow the Ghana Revenue Authority to appoint certain categories of VAT registered entities as withholding tax agents. Mining companies like AngloGold Ashanti fall within the category of such withholding tax agents and implementation of the Second 2017 VAT Act started from May 2018.

In 2018, the Value Added Tax (Amendment) Act, 2018 (Act 970) revised the VAT rate on taxable supplies to 12.5 percent. The National Health Insurance (Amendment) Act, 2018 (Act 971) decoupled the National Health Insurance Levy of 2.5 percent from the VAT and converted it into a straight levy which is not subject to the input and output method of accounting for VAT. Same was done for the Ghana Education Trust Fund portion of the VAT under the Ghana Education Trust Fund (Amendment) Act, 2018 (Act 972). The implication is an increase in the total VAT amount payable by the consumer.

However, by virtue of the DA and TCA, AngloGold Ashanti will not be affected by these revised rates with respect to the Obuasi Mine. The effect of these revised rates on AngloGold Ashanti in respect of the Iduapriem Mine from April 2019 will depend on the agreed stabilisation terms with the government of Ghana, following the expiration of the current Ghana Stability Agreement. In the absence of a new stability agreement, the prevailing rate will apply with respect to the Iduapriem Mine.

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### Income taxes

In November 2015, Parliament passed the Income Tax Act, 2015 (Act 896) (ITA) which repealed the Internal Revenue Act, 2000 (Act 592), as amended. The ITA became effective from 1 January 2016 for the 2016 year of assessment. The ITA ring-fences and taxes income derived from mining operations at the rate of 35 percent. For the purpose of ascertaining the income of a person for taxation, each separate mineral operation is treated as independent business and taxed accordingly. Pursuant to section 2.06 of the Ghana Stability Agreement, the ring -fencing provision will not apply to AngloGold Ashanti in respect of the Iduapriem Mine until April 2019 and until then the company's tax exposure will not exceed 30 percent. The TCA for the Obuasi Mine provides for a stabilised rate of 32.5 percent. Hence, AngloGold Ashanti will not be affected by the ring-fencing provision of 35 percent with respect to the Obuasi Mine.

The ITA provides for the carrying forward of losses for up to five years and those losses can only be used in the order in which they were generated or incurred. The ITA further prohibits the deferment of capital allowances calculated or granted for a particular year.

The ITA states that expenditure incurred in reconnaissance or prospecting operations shall be placed in a single pool, and the balance in that pool is to be carried forward year to year until commencement of production. When production commences, the amount in the pool must be capitalised and the Commissioner-General of the Ghana Revenue Authority (Commissioner-General) shall grant a capital allowance in respect thereof. The ITA also provides guidance on how costs incurred during the reconnaissance and exploration phase of a mine ought to be treated.

The ITA imposes a withholding tax on dividends paid by a person conducting mineral operations in Ghana at eight per cent regardless of the amount of shareholding of the recipient. However, a recipient holding or controlling directly or indirectly at least 25 percent of the voting power of the company paying the dividend may be allowed some tax exemptions.

The ITA also introduces some variation in the rates of withholding taxes. For example, payments for the supply of services (Payments with a Source in Ghana to Persons Other Than Individuals) has been increased from five percent to 15 percent; the withholding tax on resident Directors' remuneration has been increased from 10 percent to 20 percent; and withholding taxes on natural resource payments and royalties have been increased from 10 percent to 15 percent. This may have an indirect impact on AngloGold Ashanti's operations as this rate will have a material impact on the margins of suppliers and possibly their working capital. Suppliers may therefore seek to pass this on to AngloGold Ashanti by increasing their fees and charges.

The ITA also abolishes the flat 15 percent rate of tax on capital gains. Capital gains are now to be included in business or investment income and taxed at the applicable income tax rate.

Various amendments were made to the ITA as follows:

- The Income Tax (Amendment) Act, 2015 (Act 902) provides new rates of tax on the chargeable income of resident individuals for a year of assessment, introduces a 15 percent withholding tax rate applicable to service fees with a source in Ghana to resident individuals for services other than those expressly provided for under Act 902 and increases the monetary threshold for an individual to whom a presumptive tax applies. Presumptive tax payable on turnover is now three percent of the business where the turnover is more than GHS 20,000 cedis but does not exceed GHS 200,000 cedis (instead of the initial presumptive tax of three percent payable where the turnover was more than GHS 20,000 cedis but did not exceed GHS 120,000 cedis).
- The Income Tax (Amendment) Act, 2016 (Act 907) exempts from tax, interest and dividends paid to an investor in an approved unit trust scheme or mutual fund, and also reduces withholding tax on service fees payable by a resident

person, other than an individual, to another resident person from 15 percent to 7.5 percent.

The Income Tax Regulations, 2016 (L.I. 2244) pursuant to the provisions of the ITA was also introduced to reduce the income tax imposed on the wages of casual and temporary workers from the previous rate of 7.5 percent-15 percent to a fixed rate of five percent.

The Income Tax (Amendment) Act, 2018 (Act 973) amends the personal income tax rates for resident and non-resident individuals. The rate of tax imposed on the chargeable income of a non-resident temporary worker has been increased to 25 percent on their gross taxable income.

A resident worker's chargeable income is taxed annually as follows: the first GHS 3,132 cedis is exempt from tax, the next GHS 840 cedis is subject to five percent tax, the next GHS 1,200 cedis is subject to 10 percent tax, the next GHS 33,720 cedis is subject to 17.5 percent tax, any amount exceeding GHS 81,108 cedis is subject to 25 percent tax and any amount exceeding GHS120,000 cedis is subject to a 35 percent tax. Subsequently, the Income Tax (Amendment) (No.2) Act, 2018 (Act 979) amended Act 973 by reducing the upper tax rate from 35 percent to 30 percent for annual incomes above GHS 240,000 cedis. These changes affect AGAG employees.

Another amendment made to the ITA, set forth in the Income Tax (Amendment) Act, 2017 (Act 941), provides for the exemption from tax of the gains from the realisation of securities listed on the Ghana Stock Exchange.

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### Retention of foreign earnings

AngloGold Ashanti's operations in Ghana are permitted to retain 80 percent of their foreign exchange earnings in an offshore foreign exchange account. In addition, the company has permission from the Bank of Ghana to retain and use US dollars, outside of Ghana, to fulfill payment obligations to the company's hedge counterparties which cannot be met from the cash resources of its treasury company. On 4 February 2014, the Bank of Ghana issued new directives as part of measures to streamline the collection and repatriation of export proceeds to Ghana. These directives included an instruction to all banks and authorised dealers to, within five working days of receipt of export proceeds, convert the proceeds into Ghana cedis based on the average Interbank Foreign Exchange Rate prevailing on the day of conversion with a spread not exceeding 200 percentage in points (pips). Exporters with retention accounts were to continue to operate these accounts in accordance with their retention agreements. Retention proceeds which were sold to the banks were to be converted into Ghana cedis based on the average Interbank Foreign Exchange Rate prevailing on the day of conversion with a spread not exceeding 200 pips. It further advised that offshore foreign exchange transactions by resident companies, including exporters, were strictly prohibited and exporters were to ensure that all export proceeds are repatriated in full. Failure to comply with the provisions attracts penalties including pecuniary sanctions, jail terms, suspension and revocation of the operating licence, as applicable.

Following engagement with relevant stakeholders, the Bank of Ghana issued another notice clarifying that the transfer of foreign exchange to meet external payment obligations remains permissible for transactions such as:

- redemptions and coupon payments on Bonds held by non-residents;
- investment income, technology and management transfer entitlements, expatriate emoluments, and other incentive packages and overseas commitments under provisions in various legislation and legislative instruments such as the GMM Act, and the Technology Transfer Regulations, 1992 ( L.I.1547 ); and
- other outward payments for imports of goods and services.

The notice also stated that all balances in Foreign Currency Accounts (FCAs) and Foreign Exchange Accounts (FEAs) will continue to be held in foreign currency, and will not be converted into Ghana cedis. External transfers of up to \$10,000 per annum without documentation from FEA and FCA are still permitted. Balances held in FEAs and FCAs continue to remain available for all legitimate external transactions.

The Bank of Ghana on 9 August 2014 further revised the rules on foreign exchange operations, effectively reversing the initial directives controlling transactions in foreign exchange. The details are as follows:

- The limit of \$1,000 on over-the-counter foreign exchange cash withdrawal is removed.
- Exporters shall continue to repatriate in full export proceeds in accordance with the terms agreed between the trading parties. Such proceeds shall be credited to their FEAs and converted on a need basis.
- FEAs and FCAs will continue to be opened and operated as they were before the notices issued on 4 February 2014.
- Except for transfers from FEA to FCA which are still prohibited, all other transfers between accounts are permitted.
- For the avoidance of doubt:
  - FCAs shall be fed only with unrequited transfers such as transfers from abroad for investment or embassy transfers.
  - FEAs shall be fed with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services.
- The threshold for transfers abroad without initial documentation remains at \$50,000. Where documentation in respect of a transfer remains outstanding, any subsequent import transaction by an importer, irrespective of value, shall only be made on prior provision of documentation required for the current import transaction.
- Importers who use non-cash instruments (plastic cards) may continue to load up to \$50,000 to meet their legitimate needs abroad subject to the necessary documentation requirements.
-

Foreign currency denominated loans may be granted by resident banks to their customers subject to their own internal procedures and processes and in compliance with the risk management guidelines of the Bank of Ghana.

Cheques and cheque books may be issued by banks to holders of FEAs and FCAs.

The Bank of Ghana reiterated that the Ghana cedi remains the sole legal tender in Ghana. Therefore, pricing, advertising, invoicing, receiving, and making payments for goods and services should be done in Ghana cedis, unless otherwise authorized by the Bank of Ghana.

Existing measures that were not amended by this notice continue to remain in force.

AngloGold Ashanti maintains and operates its FCA, FEA and Retention Accounts in compliance with the directives.

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### Localisation policy

Mining companies must submit a detailed programme for the recruitment and training of Ghanaians with a view to achieving “localisation”, which is the replacement of expatriate personnel in a company’s Ghanaian operations by Ghanaian personnel. In addition, mining companies must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies. Recently passed Minerals and Mining (General) Regulations, 2012 (L.I. 2173) give further details on the localisation policy.

Except as otherwise provided in a specific mining lease, all immovable assets of the holder of the mining lease vest in the Ghanaian State upon termination, as does all moveable property that is fully depreciated for tax purposes. Moveable property that is not fully depreciated is to be offered to the Ghanaian State at the depreciated cost. The holder must exercise his rights subject to such limitations relating to surface rights as the Ghanaian Minister of Mines may prescribe.

### Local content

Ghana’s Minerals Commission issued the Third Edition of the Local Procurement List pursuant to the Minerals and Mining (General) Regulations, 2012 (L.I. 2173). In 2018, some revisions were made to this Local Procurement List and such changes became effective on 1 January 2019. The Third Edition of the Local Procurement List specifies the goods and services with Ghanaian content which shall be procured in Ghana by mining companies. Contract mining services, financial services and insurance services are now restricted to entities strictly incorporated in Ghana. Legal services are restricted exclusively to Ghanaian legal practitioners. Security services, catering services, haulage services and fuel are to be provided by companies whose shareholders and directors are exclusively Ghanaian. A list of goods to be exclusively procured locally has also been provided.

Regulation 2 of the Minerals and Mining (Support Services) Regulations, 2012 (L.I. 2174) (Support Services Regulations) groups mine support service providers into two classes: classes A and B. Ghanaians and non-Ghanaians are allowed to provide Class A support services, which include, among other things, contract mining services, mining and ancillary construction services or works, assay laboratory services, mining consultancy services and supply of mining equipment and spare parts. However, Class B support services are reserved for Ghanaian citizens and companies wholly owned by such citizens and whose directors are exclusively Ghanaian citizens and cover, for instance, services such as haulage services and transportation of personnel. In addition, in accordance with Regulation 2(1)(i) and 2(2)(c), the Minerals Commission can classify as a Class A or Class B support service any other service that is specifically and exclusively related to mining if it considers such service necessary for the effective and sustainable development of the mining industry. As a result, on 30 May 2017, the Minerals Commission added the following services to the classification of mine support services: Class A-Healthcare Services and Air Haulage Services, and Class B-Catering/Camp Management Services and Security Services.

### Ground rent

In 2012, the Ghanaian Parliament passed the Fees and Charges (Amendment) Instrument, 2012 (L.I. 2191), which fixed mineral concession rent at GHS 9,016 cedis per square kilometre per annum as opposed to the previous rate of GHS 0.50 cedis per acre per annum. However, on 19 March 2014, the Office of the Administrator of Stool Lands informed the Ministry of Finance in writing that it had agreed with the Ghana Chamber of Mines to revise the fees to GHS 15.0 cedis per acre per annum. The Ghana Chamber of Mines has since 2 September 2014 instructed all mining companies to pay that agreed sum. Subsequently, the Fees and Charges (Amendment) Instrument, 2015 (L.I. 2208) was passed by Parliament on 23 December 2015, which, among other things, fixed the payment of ground rent by mining companies at GHS 15.0 cedis per acre per annum. Recently, the Minerals and Mining (Ground Rent) Regulations, 2018 (L.I. 2357) were enacted to confer power on the Lands and Natural Resources Minister to make



regulations on ground rent for mineral rights holders. Before this change, ground rent was determined by the Finance Minister under the relevant Fees and Charges legislation. However, these changes do not modify the rate of ground rent to be paid by mining companies, including AngloGold Ashanti.

The company has since paid the agreed ground rent for its Binsere leases, but paid \$36 per square kilometre per annum for the Obuasi lease as specifically provided for in the lease. The company also indicated to the Office of the Administrator of Stool Lands that by virtue of the Ghana Stability Agreement, the company is protected from the increase in the ground rent for the duration of such agreement, and that the company's payment of same cannot be deemed as a waiver of its rights under the Ghana Stability Agreement.

#### National Fiscal Stabilisation Levy

The National Fiscal Stabilisation Levy (NFSL) is a levy of five percent introduced in 2013 which is payable on net profits before tax. The National Fiscal Stabilisation Levy (Amendment) Act, 2014 (Act 882) has extended the application of the NFSL up to and including the 2017 year of assessment. The National Fiscal Stabilisation Levy (Amendment) Act, 2017 (Act 958) extended the application of the NFSL to the 2019 year of assessment. Mining companies were excluded from the scope of application of both amendment acts and are thus not subject to the NFSL.

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### Special Import Levy

The Special Import Levy (SIL) is a levy of two percent introduced in 2013 which is payable on imported goods at the port of entry. The Special Import Levy (Amendment) Act, 2017 (Act 944) was passed to remove the SIL payable on specific imported goods, such as some petroleum products, fertilizer and certain types of machinery and equipment. The Special Import Levy (Amendment) (No. 2) Act, 2017 (Act 953) extended the application of the SIL on imported goods to the 2019 year of assessment.

### Customs and Excise (Petroleum Taxes and Petroleum Related Levies)

The Customs and Excise (Petroleum Taxes and Petroleum Related Levies) (Amendment) Act, 2014 (Act 886) reversed the excise tax on petroleum products (petroleum, gas oil, residual fuel oil, unified gasoline, kerosene, liquefied petroleum gas and local marine gas) from ad valorem to specific tax.

The Customs and Excise (Petroleum Taxes and Petroleum Related Levies) Act, 2005 (Act 685) revised duties, taxes and levies on specified petroleum products. The Customs and Excise (Petroleum Taxes and Petroleum Related Levies) Repeal Act, 2017 (Act 943) was passed to repeal Act 685.

### Customs Common External Tariff

Following the passage of the Customs (Amendment) Act, 2015 (Act 905) by the Ghana Revenue Authority, the ECOWAS Regional Common External Tariff (CET) came into effect on 1 February 2016. This means that the Member States of the Economic Community of West African States (ECOWAS) will apply the same customs tariffs to third countries. The CET is one of the instruments to harmonize regulation in the ECOWAS Member States and strengthen its Common Market.

### Directive from Commissioner of Customs

A Directive was issued from the Ghanaian Minister of Finance requiring persons who qualify for exemptions from import duties and taxes to make prior payment at the ports and subsequently apply for a refund.

### Tax Stamp Policy

Ghana's tax stamp policy was launched pursuant to the Excise Tax Stamp Act, 2013 (Act 873). Act 873 requires the manufacturer or importer of goods for which Excise Tax Stamp is required to bear the cost of the stamp (although the cost of the stamp may be subsidized as the Minister for Finance may determine). The policy makes provision for the Ghanaian government to bear the entire cost of the stamp for the first half of the year 2018 and bear half the cost for the second half of the year. The Ghanaian government will review its position on the cost burden after 2018.

### Energy Sector Levies

The Energy Sector Levies Act, 2015 (Act 899), which received assent on 24 December 2015, consolidates existing energy sector levies and imposes a new levy, the Price Stabilisation and Recovery Levy. The Price Stabilisation and Recovery Levy, which is to be collected by the National Petroleum Authority and paid into the Price Stabilisation and Recoveries Account, applies to petrol at a rate of 12 Ghanaian pesewas per litre, to diesel at a rate of 10 Ghanaian pesewas per litre, and to liquefied petroleum gas at a rate of 10 Ghanaian pesewas per kilogram.

The Energy Sector Levies (Amendment) Act, 2017 (Act 946) amends Act 899 by a downward review of the National Electrification Scheme Levy from five percent to two percent and the Public Lighting Levy from five percent to

three percent per price of kilowatts of electricity charged on all categories of consumers.

#### Royalties

The Minerals and Mining (Amendment) Act, 2015 (Act 900) was passed by Ghana's Parliament and assented to by the Ghanaian President on 16 December 2015. It replaced the royalty provisions introduced by the Minerals and Mining (Amendment) Act, 2010 (Act 794) pursuant to which the rate of royalties was fixed by an Act of Parliament. Under the new regime, the relevant Minister prescribes the rate payable and the manner of payment by passing a Legislative Instrument or other subsidiary legislation. The existing royalty rate of five percent however remains the same until such time as the rate is altered in the manner prescribed. Act 900 also makes provision for the confiscation of the equipment of illegal miners.

#### Notification of the Minerals Commission - Expatriate Visitors to Mine Sites

Ghana's Minerals Commission issued a directive to all mining companies and mine support service providers to notify the Minerals Commission of all expatriate visitors to mine sites pursuant to the Minerals and Mining (General) Regulations, 2012 (L.I. 2173) and the Minerals and Mining (Support Services) Regulations, 2012 (L.I. 2174).

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### Minerals Development Fund

Ghana's Parliament passed the Minerals Development Fund Act, 2016 (Act 912) in order to establish a Minerals Development Fund (MDF) to address the development challenges affecting mining communities by setting aside 20 percent of mineral royalties received by the Ghanaian government for development projects. The MDF is to provide financial resources for the direct benefit of communities within mining areas. Act 912 also introduces the Mining Community Development Scheme to directly sponsor socio-economic development in communities in which mining operations take place or which are affected by mining activities. The Board for the MDF has yet to be constituted.

### Local Governance - District Assemblies

The Local Governance Amendment Act, 2017 (Act 940) was introduced to restore the President's discretionary power to revoke the appointment of government appointees to District Assemblies. Act 940 will also speed up the appointment processes to enable District Assemblies to perform effectively and forestall further delay of appointments to District Assemblies.

### Environmental Laws and Regulations

In general, environmental laws and regulations in Ghana derive from the Constitution which imposes a duty on both the State and others to take appropriate measures to protect and safeguard the natural environment. Mining companies are required, under the GMM Act, Environmental Assessment Regulations, 1999 (L.I. 1652) and Water Use Regulations, 2001 (L.I. 1692), to obtain all necessary approvals from the Environmental Protection Agency (Ghana EPA), a regulatory body established under the Environmental Protection Agency Act, 1994 (Act 490), and, in appropriate cases, the Water Resources Commission and/or the Ghanaian Minerals Commission before undertaking mining operations. The Minerals and Mining (Health, Safety and Technical) Regulations, 2012 (L.I. 2182) also impose further obligations to obtain the necessary permits from the Inspectorate Division of the Ghana Minerals Commission for the operation of mines. The GMM Act also requires that mining operations in Ghana comply with all laws for the protection of the environment. Compliance with the relevant laws are enforced by a regime of sanctions including imposition of fines and in some cases a term of imprisonment.

As part of the Ghanaian environmental laws and regulations, mining operations are required to undergo an environmental impact assessment process that culminates in the issuance of an environmental permit prior to commencing operations. Environmental Management Plans are to be submitted to the Ghana EPA within 18 months after issuance of the environmental permit and then every three years thereafter. The plan must include details of the likely impacts of mining operations on the environment and local communities, as well as a comprehensive plan and timetable for actions to mitigate and remediate any adverse effects of the mining operations. Approval of the management plan results in the issuance of an environmental certificate.

In June 2014, the Ghana EPA and the Minerals Commission circulated draft Mining and Environmental Guidelines to all mining companies for comment. The guidelines concern environmental management, reclamation, closure requirements and the proposed Mining Community Development Scheme. The Mining Community Development Scheme has since been established pursuant to the Minerals Development Fund Act, 2016 (Act 912), discussed above.

### Rules regarding the export of gold and diamonds

The Bank of Ghana introduced new measures to regulate and monitor the export of gold and diamonds from Ghana. From 15 September 2015, all exports of gold and diamonds must be carried out through the Precious Minerals Marketing Company Ltd (PMMC), except where the exporter is the holder of a licence that permits it to export directly, and the Ghana Revenue Authority (Customs Division) only permits gold to be exported by a licensed gold

exporter who has a completed Form FEX A4 bearing Bank of Ghana's embossment. The export measures do not apply to AngloGold Ashanti because the company holds a licence granted by the Minister for Lands and Natural Resources to sell and export its production.

The Bank of Ghana issued a notice (Notice No. BG/GOV/SEC/2016/02) which, among other things, now allows mining companies to sell the portion of foreign exchange receipts from export that was earmarked for surrender to the Bank of Ghana directly to the commercial banks.

In November 2016, the Ministry of Lands and Natural Resources issued a ministerial directive appointing the PMMC as designated laboratory for assaying in Ghana. The Ghana Chamber of Mines and the Ghanaian government agreed on the modalities for implementing the national assaying policy following discussions addressing the mining industry's concerns. The national assaying program was therefore introduced in February 2018 after it was piloted among some mining companies. A final document for the implementation of the program will be provided once the Ghana Chamber of Mines and the PMMC address a number of outstanding issues regarding assaying methodologies.

#### Office of the Special Prosecutor

The Office of the Special Prosecutor Act, 2017 (Act 959) was passed to establish the Office of the Special Prosecutor as a specialised agency to investigate specific cases of alleged or suspected corruption or corruption-related offences involving public officers and

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politically exposed persons in the performance of their functions as well as persons in the private sector involved in the commission of alleged or suspected corruption and corruption-related offences and to prosecute these offences on the authority of the Attorney General of Ghana.

### Special Petroleum Tax

The Special Petroleum Tax Act, 2014 (Act 879) proposed a special petroleum tax of 17.5 percent as part of a rationalisation of the VAT regime and change in the petroleum pricing structure. The tax rate was reduced from 17.5 percent to 15 percent in 2017 pursuant to the Special Petroleum Tax (Amendment) Act, 2017 (Act 942). Parliament has passed the Special Petroleum Tax (Amendment) Bill, 2018 to reduce the special petroleum tax from 15 to 13 percent.

### Budget Statements

Paragraph 855 of the 2018 Budget Statement indicated the government of Ghana's intention to adopt a policy for leveraging Ghana's gold deposits to attract additional funding for accelerated growth and development and to minimize exposure to the volatile price of gold. The Ghanaian government intends to accomplish this through factoring (an up-front payment instrument). There has been no further development other than the passage of the Minerals Income Investment Fund Bill into law.

### The Multilateral Mining Integrated Project

The Multilateral Mining Integrated Project (MMIP) is a five-year project undertaken by the government of Ghana to address illegal and unsustainable mining practices in Ghana. The MMIP "combines a Legislation, Enforcement, Civil, Integrated and Technological Approach (LECITA) as a sustainable and structured yet regimented conjoint concept" of dealing with illegal mining. The MMIP involves (i) the review of and enforcement of the legal and regulatory regime of the small scale mining sector, (ii) reclaiming and rehabilitating degraded lands, (iii) dredging silted estuaries and waterways, (iv) implementing social interventions to facilitate livelihood creation in mining communities, (v) adapting technology to increase mining efficiency, processing, environmental and monitoring activities, and (vi) building capacity of artisanal and small-scale miners and regulatory institutions.

### Mining properties

The company is required to pay ground rent to the government of Ghana and such other fees as are prescribed by legislation, including royalties on timber felled within the lease area.

#### Obuasi

The current mining lease for the Obuasi area was granted by the government of Ghana on 5 March 1994. It grants mining concessions to land with an area of approximately 338 square kilometres in the Amansie East and Adansi West districts of the Ashanti region for a term of 30 years from the date of the agreement. In addition, a mining lease over an adjacent 140 square kilometres was also granted, resulting in the total area under the mining lease increasing to 474 square kilometres.

The government of Ghana agreed to extend the term of the mining lease relating to the Obuasi Mine until 2054. The mining lease was formally ratified by Parliament on 23 October 2008.

On 3 March 2016, the Minerals Commission approved AGAG's application to surrender approximately 273.54 square kilometres of the area to the government of Ghana, reducing the lease areas to 201.46 square kilometres. The remaining parcel of land that will be subject to the mining lease is situated within various villages and townships in

the region, but excludes the municipality of Obuasi.

#### Iduapriem

Iduapriem has title to a 31 square kilometre mining lease granted on 19 April 1989 for a period of 30 years. In January 2009, Iduapriem obtained a new mining lease, the Ajopa Concession, for a period of 10 years. The concession covers an area of 48.34 square kilometres. In December 2011, the Minister of Lands and Natural Resources gave his consent for Teberebie's title to a 25.83 square kilometre mining lease, granted in June 1992 for a period of 30 years, to be assigned to Iduapriem. While ownership of the lease has passed to Iduapriem, the registration of the transfer of the lease is still in process.

#### Guinea

In Guinea, all mineral substances are the property of the Guinean State. Mining activities are regulated by law L/2011/006/CNT dated 9 September 2011, as amended by law L/2013/053/CNT dated 8 April 2013 and promulgated by decree D/2013/075/PRG/SGG dated 17 April 2013 (together, the Guinean Mining Code).

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The Guinean Mining Code is accompanied and implemented by various implementation decrees. To date, various decrees have been adopted, including decree D/2014/015/PRG/SGG adopting a model of mining convention, dated 17 January 2014, order A/2016/1584/MMG/SGG related to the administration's capacities for the management of integrated mining projects (PARCA-GPI) and its steering committee, dated 6 June 2016, decree D/2016/163/PRG/SGG on the national agency for the development of mining infrastructures (ANAIM), dated 13 June 2016, and decree D/2016/215/PRG/SGG on the appointment of executives to the Ministry of Mines and Geology, dated 8 July 2016 and joint order A/2018/5212/MEF/MMG/MB/MATD/SGG related to the use, management and monitoring of the resources allocated to local authorities pursuant to article 165 of the Guinean Mining Code, dated 13 July 2018. In 2017, the modalities regarding the use of the mining companies' financial contribution to the development of the local communities and the rules applying to the Local Development Fund (Fodel) created under the Guinean Mining Code have been enacted through the adoption of decree D/2017/285/PRG/SGG setting the conditions for the constitution and management of the Fodel, dated 31 October 2017 and the joint order A/2017/6326/MMG/MATD/SGG setting out the conditions for the use, management and control of the Fodel, dated 22 November 2017. Also, a joint order AC/2017/3228/MATD/MMG/SGG updating the act on the establishment, attribution and functioning of the coordination committees in mining communities (CCLMS), dated 21 July 2017 has been issued by the Ministry of Territorial Administration and Decentralisation and the Ministry of Mines and Geology. The main purpose of the CCLMs, in which all concerned mining companies are represented, being to prevent and settle disputes that may arise in mining communities.

The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying permit, small-scale mining licence, exploration licence, mining licence or mining concession.

The group's Guinean subsidiary, Société AngloGold Ashanti de Guinée SA (SAG), has title to the Siguiri mine in the form of a mining concession, granted by virtue of Presidential decree D/97/171/PRG/SGG dated 4 August 1997, for a period of 25 years (Mining Concession). The Mining Concession was originally covered by a mining convention entered into with the Republic of Guinea on 11 November 1993 (Convention de Base) and amended in 2005. The Convention de Base provided for an initial duration of 25 years and would have expired in 2018.

The Guinean Mining Code, which came into force after the conclusion of the Mining Convention, confirms the validity of mining titles previously issued. The Guinean Mining Code also provides that for holders of validly signed and ratified mining conventions, the application of the Guinean Mining Code will take place by way of amendments to the relevant mining convention (in the case of SAG, the Convention de Base), which amendments are to be negotiated between the mining convention holder and the Guinean State.

On 28 June 2016, SAG and the government of Guinea concluded a revised and consolidated convention de base (Revised Convention de Base) which encompasses a renewal of the term of the original Convention de Base and other amendments necessary to support an expansion project proposed to extend the life of the Siguiri mine (Expansion).

In compliance with the provisions of the Guinean Mining Code, the Revised Convention de Base was ratified by the Guinean National Assembly (law L/2016/067/AN dated 30 December 2016, promulgated by decree D/2017/015/PRG/SGG dated 24 January 2017), submitted to the Guinean Supreme Court which rendered a favourable opinion (judgment N°AC 005 dated 16 January 2017), and ratified by the President of the Republic (decree D/2017/021/PRG/SGG dated 24 January 2017).

As a consequence, as and from 24 January 2017, the Revised Convention de Base has cancelled and replaced the original Convention de Base, and governs the operations at the Siguiri mine and under the Mining Concession.

Key elements of the Revised Convention de Base include the following:



a duration of 25 years, expiring 23 January 2042, subject to further renewal if mining operations continue at that time; and with the term of the Mining Concession being aligned with the term of the Revised Convention de Base such that the Mining Concession will be renewed as long as the Revised Convention de Base remains in force; SAG's operations remain governed by the 1995 Mining Code, the predecessor to the current Guinea Mining Code, and are only subject to the provisions of the Guinean Mining Code to the extent they are expressly set out in the Revised Convention de Base;

- the stability of the customs and tax regime is guaranteed for the entire initial term of the Revised Convention de Base, and subject to certain conditions being met, any renewal period(s);
- the Republic of Guinea holds a 15 percent free-carried/non-contributory interest;

the Republic of Guinea is entitled to a royalty on gold of five percent based on a spot gold price as per LBMA fixing (PM) up until the date of steady state commercial production of the first phase of the Expansion, after which the royalty rate applicable to gold will vary depending on threshold prices as per LBMA fixing (PM), namely: three percent if the gold price is \$1,300 or less, five percent, if above \$1,300 and up to \$2,000 and seven percent if above \$2,000;

- SAG will enjoy a five year income tax holiday as and from the beginning of steady state commercial production of the first phase of the Expansion, after which the income tax rate is set at 30 percent;
- a local development tax of 0.4 percent is payable on the sale price for gold and silver received by SAG up until 31 December 2027, after which it will be increased to 0.6 percent;

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salaries of expatriate employees are subject to a 10 percent income tax;  
goods imported into Guinea for purposes related to the construction and commissioning of the first phase of the Expansion are exempt from all customs taxes and duties; and  
SAG is committed to adopting and progressively implementing a plan for the effective rehabilitation of the mining areas disturbed or affected by its operations.

The Mining Concession covers an area divided into four blocks and totalling 1,495 square kilometres. SAG has the exclusive right to explore and mine in any part of the concession area for the duration of the period of the Revised Convention de Base. The Revised Convention de Base also grants SAG with the option to secure certain land rights over additional areas currently covered by exploration permits, but to which SAG may need access for purposes of establishing roads or storage of tailings.

The Revised Convention de Base is subject to early termination if the parties formally and expressly agree to it, if the last of the mining title held by SAG expires or is relinquished without any renewal application having been filed, if all project activities are voluntarily suspended for a continuous period of 12 months or are permanently abandoned by SAG, or if SAG goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

## Mali

Mineral rights in Mali are governed by law No. 2012-015 dated 27 February 2012 containing the mining code (New Malian Mining Code), replacing ordinance No. 99-32/P-RM of 19 August 1999 enacting the previous mining code, as amended by ordinance No. 013/2000/P-RM of 10 February 2000 and ratified by law No. 00-011 of 30 May 2000 (1999 Malian Mining Code) and decree No. 99-255/P-RM of 15 September 1999 implementing the 1999 Malian Mining Code.

Due to stabilisation clauses in the agreement defining the mining rights and obligations of AngloGold Ashanti entities in Mali (further described below), the mining operations carried out by the AngloGold Ashanti entities in Mali are subject to the provisions of the previous mining codes of 1970 and 1991, but are also, for residual matters, expressly subject to the provisions of the New Malian Mining Code. In this regard, the transitory rules of the New Malian Mining Code specify that provisions with respect to certain matters such as administrative surveillance, mine police, rehabilitation and mine closure apply to mining titles issued prior to its entry into in force).

## Applicable mining regime

Prospecting activities are carried out under prospecting authorisations (autorisation de prospection). The authorisations give an individual or corporate entity the exclusive right to carry out prospecting activities over a given area for a period of three years renewable without a reduction in the area covered by the authorisation. Exploration activities may be carried out under exploration permits (permis de recherche). The latter are granted to corporate entities only by order of the Malian Minister of Mines. Exploration permits are granted for a period of three years, renewable twice for additional three-year periods. Each renewal requires the permit holder to relinquish 50 percent of the area covered by such permit. The entity applying for such a permit must provide proof of technical and financial capabilities.

An exploitation permit (permis d'exploitation) is required to mine a deposit located within the area of a prospecting authorisation or an exploration permit. The exploitation permit grants an exclusive right to prospect, explore and exploit the named substances for a maximum period of 30 years renewable three times for an additional 10 years. The exploitation permit is granted only to the holder of an exploration permit or of a prospecting authorisation and covers only the area governed by the exploration permit or the prospecting authorisation. An application must be submitted to the Minister of Mines and to the National Director of Mines.

As soon as the exploitation permit is granted, the permit holder must incorporate a company under the law of Mali. The permit holder will assign the permit for free to this company. The Malian State will have a 10 percent free-carried interest in the company. This interest will be converted into priority shares and the Malian State's participation will not be diluted in case of an increase in capital.

Applications for exploitation permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed environmental study in respect of the impact of the project on the environment, a feasibility study and a bank deposit. The permit is granted by decree of the Head of Government. Refusal to grant a permit may only be based on two grounds: insufficient evidence to support the exploitation of the deposit or the failure of the environmental study.

Applications for prospecting authorisations and exploration permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed works and costs programme, a map defining the area which is being requested and providing geographical coordinates, the exact details relating to the identity of the applicant and evidence of the authority of the signatory of the application. Such titles are granted by ministerial order. Any refusal to grant such titles shall be notified by letter from the Minister of Mines to the applicant.

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All mining titles mentioned above require an establishment convention (convention d'établissement) to be signed by the Malian State and the titleholder defining their rights and obligations. A standard form of such establishment convention has been approved by decree of the Head of Government.

AngloGold Ashanti has interests in Morila, Sadiola and Yatela, all of which are governed by establishment conventions covering exploration, mining, treatment and marketing in a comprehensive document. These documents include general provisions regarding exploration (work programme, fiscal and customs framework) and exploitation (formation of a local limited liability mining company, State interest, fiscal and customs framework governing construction and exploitation phases, exchange controls, marketing of the product, accounting regime, training programmes for local labour, protection of the environment, reclamation, safety, hygiene and dispute settlement).

AngloGold Ashanti has complied with all applicable requirements and the relevant permits have been issued (subject to the developments regarding the permit for Yatela, as described below). Morila, Sadiola and Yatela have 30-year permits which expire in 2029, 2024 and 2030, respectively. Morila's Exploitation Permit covers approximately 200 square kilometres and was issued on 4 August 1999. Sadiola's prospecting and exploitation agreement covers approximately 303 square kilometres and was originally entered into on 5 April 1990.

Yatela has begun the implementation of a closure plan in order to relinquish the property. In parallel, on 14 February 2019, a share purchase agreement was entered into with the government of Mali, whereby Sadiola Exploration Limited, a subsidiary jointly held by AngloGold Ashanti Limited and IAMGold Corporation, agreed to sell to the government of Mali its 80 percent participation in Société d'Exploitation des Mines d'Or de Yatela. The transaction remains subject to the fulfilment of a number of conditions precedent. In the course of these discussions, an administrative error occurred, leading to the cancellation of Yatela's permit through decree No. 2017/0613/PM-RM dated 28 July 2017, notified to Yatela on 5 October 2017. This error has since then been corrected through the issuance of decree No. 2017-00951/PM-RM dated 28 November 2017 and decree No. 2018-0368/PR-RM dated 12 April 2018, the purpose of which was to reinstate Yatela in all of its rights under its exploitation permit.

## Tanzania

### Mineral rights

Mineral rights in the United Republic of Tanzania are principally governed by (i) the Mining Act, 2010 (No. 14) (Tanzania Mining Act) as amended by the Written Laws (Miscellaneous Amendments) Act, 2017 (No. 7), and (ii) the Mining Regulations, 2010 (Tanzania Mining Regulations), as amended in 2018, which include: Mining (Mineral Rights) Regulations, 2018; Mining (Environmental Protection For Small Scale Mining) Regulations, 2010; Mining (Mineral Beneficiation) Regulations, 2018; Mining (Minerals and Mineral Concentrates Trading) Regulations, 2018; Mining (Safety, Occupational Health and Environmental Protection) Regulations, 2010; Mining (Radioactive Minerals) Regulations, 2018; Mining (Local Content) Regulations, 2018; the Mining (Geological Survey) Regulations, 2018; and the Mining (Audit and Inspection of Records) Regulations, 2018.

The Tanzania Mining Act and the Tanzania Mining Regulations came into force in 2010. In July 2017, the Tanzania Mining Act was amended by the Written Laws (Miscellaneous Amendments) Act, 2017 (No. 7) and subsequent amendments to the Tanzania Mining Regulations followed in January 2018. Ownership of and control over minerals on, in or under the land vest in the President of the United Republic of Tanzania as trustee for the people of Tanzania. No person is allowed to prospect for minerals or carry on mining operations except pursuant to the authority of a mineral right licence granted, or deemed to have been granted, under the Tanzania Mining Act or its predecessor acts.

To enable a company to prospect or mine, the Tanzanian Ministry of Minerals (MEM) initially grants an exclusive prospecting licence. Upon presentation of various documents, including a feasibility study, together with certain other environmental, social and financial assurances, the MEM may then grant a form of licence for mining. Licensing decisions take into account the abilities of the company (including its mining, financial and technical capabilities), projected rehabilitation programmes, environmental compliance and the payment of royalties.

The following licences can be applied for under the Tanzania Mining Act:

Licences for Exploration:

- prospecting licence; and
- gemstone prospecting licence.

Licences for Mining:

- special mining licence (if the proposed capital investment is equal to at least \$100 million);
- mining licence (if the proposed capital investment is equal to between \$100,000 and \$100 million); and
- primary mining licence (reserved for Tanzanian citizens).

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Licences for Ancillary Activities:

processing licence;  
smelting licence; and  
refining licence.

For purposes of AngloGold Ashanti's Geita Gold Mine, only prospecting and special mining licences are relevant.

A prospecting licence grants the holder the exclusive right to prospect in the area covered by the licence for all minerals within the class of minerals applied for. The classes that can be applied for include (amongst other things):

metallic minerals;  
energy minerals;  
gemstones other than kimberlitic diamonds; and  
kimberlitic diamonds.

An application for a prospecting licence is made to the Tanzania Mining Commission and the licence is valid for a period of four years. After the initial term, the licence is renewable for a further period, but there is no option to renew after the first renewal. Upon each renewal, 50 percent of the area covered by the licence must be relinquished. A company applying for a prospecting licence must, amongst other things, state the financial and technical resources available to it.

Holders of prospecting licences over a tenement will not automatically have first right to any mining licence granted over that tenement. However, in practice, they will be best positioned to meet the requirements to be granted a form of licence for mining.

Mining is mainly carried out through either a mining licence or a special mining licence, both of which confer on their holder the exclusive right to conduct mining operations in or on the area covered by the licence. A special mining licence is granted for the shorter of either the estimated life of the ore body indicated in the feasibility study report or such period as the applicant may request. It is renewable for a further period not exceeding the estimated life of the remaining ore body.

Except in the case of a special mining licence, a mineral right may be freely transferred by its holder (in whole or in part) to another person or entity without requiring consent from the MEM. However, the Tanzania Mining Commission must be notified of any transfer of a prospecting licence and will refuse to register the transfer, unless the transferee proves that it meets the financial and technical capability criteria required to apply for such licences. The grant and assignment of a special mining licence generally requires the approval of the Cabinet after the Tanzania Mining Commission has forwarded the application to the relevant Minister for further approval. There are limited exceptions to the requirement for the licensing authority's consent (such as transfers to an affiliate company of the licence holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations).

Special mining licences have certain fiscal and other advantages over mining licences, as the holder of a special mining licence may enter into a mining development agreement with the government of Tanzania to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts and a special mining licence holder may, in certain circumstances, unilaterally amend the programme of the mining operations agreed with the MEM.

AngloGold Ashanti concluded a mining development agreement with the MEM on 24 June 1999 (Mining Development Agreement) and was issued a special mining licence covering approximately 196 square kilometres for a period of 25 years, which expires on 26 August 2024.

On 9 October 2014, an addendum to the Mining Development Agreement was entered into ratifying the following changes:

- An increase in the royalty rate from three percent to four percent with effect from 1 May 2012;
- With effect from the financial year 2015, the capital allowance applicable to the unredeemed qualifying capital expenditure (15 percent per annum) referred to in section 18(a) of the Income Tax Act, 1973 (No. 33) shall no longer apply; and
- With effect from 1 July 2014, Geita Gold Mining Limited is liable to pay the Geita District Council service levy at a rate of 0.3 percent on turnover (no longer capped at \$200,000 per annum).

#### Fiscal regime

The Finance Act, 2015 (No. 16) which was assented to on 28 June 2015 and came into force on 1 July 2015 contains a provision for a 30 percent capital gains tax on the sale of shares by an off-shore parent company. This provision was introduced by the Finance Act, 2012 (No. 8) and in this legislation, additional changes were also made to the procedure for payment of capital gains tax by the seller of shares. Tax at the rate of 30 percent is payable by way of an initial instalment of 20 percent on the transfer, based on the notional gain that the seller would make after a further instalment of the remaining 10 percent is due.

The Value Added Tax Act, 2014 (No. 5) (the VAT Act), which came into force on 1 July 2015, restricts VAT relief on purchases made by mining companies. The VAT Act is specific in that it provides that no purchase by companies is exempt or zero rated, unless specified by the law. Previously mining companies were entitled to 100 percent VAT relief.

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### Local government levies

As mentioned above, following the signature of the addendum to the Mining Development Agreement Geita Gold Mine is required to pay local government a service levy of 0.3 percent of its gross annual turnover in line with the Local Government Finances Act, 1982 (No. 9).

### Minimum shareholding and public offering

The Mining (Minimum Shareholding and Public Offering) Regulations, 2016 came into force by Government Notice No. 286 published on 7 October 2016 and revised by amendment on 24 February 2017.

The regulations set out the requirement for companies that are carrying out large scale mining operations to sell shares to Tanzanian nationals, by way of a public offering and listing on the Dar es Salaam Stock Exchange.

The regulations also require all existing holders of a special mining licence to list a minimum of 30 percent of their shares on either the Main Investment Market or the Enterprise Growth Market Segment of the Dar es Salaam Stock Exchange within six months of the regulations coming into force, which was on 24 February 2017. However, we believe the public offering and listing requirements conflict with the Mining Development Agreement and have, as a precautionary step to safeguard the company's interests, commenced international arbitration proceedings against the government of Tanzania in connection with the enactment of this legislation.

### Labour and immigration law requirements

On 15 September 2015, the Non-Citizens (Employment Regulation) Act, 2015 (No. 1) (Non-Citizens Act) came into force. The Non-Citizens Act vests powers concerning work permits with the Labour Commissioner. Henceforth, non-citizens wishing to be employed in the country are required to apply and be granted a work permit before applying for a residence permit. Moreover, the Commissioner General of Immigration is required to take into consideration conditions of the work permit issued by the Labour Commissioner when granting a residence permit.

Previously, the issuance of a residence permit was inclusive of a work permit as the resident permit covered working and living in Tanzania.

Further, the Non-Citizens Act introduced the Short-Term Permit (STP). The STP is granted to non-citizens who wish to work in the country for a period of not more than six months. Foreigners intending to work in Tanzania for more than 3 months are required to apply for an STP. The application for STP is made to the Ministry of Labour and Employment. To reside in Tanzania, holders of STP would also require a valid residence permit.

### Transparency and accountability requirements

In 2015, the Tanzania Extractive Industries (Transparency and Accountability) Act, 2015 (No. 23) (TEI Act) came into force.

The TEI Act establishes the Tanzania Extractive Industries (Transparency and Accountability) Committee (Committee), an independent government entity which is an oversight body for promoting and enhancing transparency and accountability in the extractive industry.

The Committee has powers under the TEI Act to impose obligations on specified extractive industries and statutory recipients to receive information on reconciliation on payments made and revenues received by the government of Tanzania. In addition, an extractive industry is required under the TEI Act to submit to the Committee annual reports



containing information on local content and corporate social responsibility.

#### Amendment of the Tanzania Mining Act and the Tanzania Mining Regulations

The Tanzania Mining Act was amended in July 2017 followed by an amendment of the Tanzania Mining Regulations in 2018, together with an Executive Order introducing, among other things, the following:

##### Establishment of the Tanzania Mining Commission.

Dissolution of the Tanzania Minerals Audit Agency (TMAA): all of TMAA's functions, assets, liabilities and powers are now transferred to the Tanzania Mining Commission. Further, the Geological Survey Agency was disestablished and a new Geological Survey of Tanzania (GST) has been introduced in its place.

Dissolution of the Tanzania Mining Advisory Board (TMAB): the functions and powers of the TMAB have been taken over by the Tanzania Mining Commission including the functions of the Commissioner for Minerals and the function of the TMAA. Further, the Tanzania Mining Commission has also been made responsible for matters related to auditing and monitoring of mineral

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production in Tanzania. The Tanzania Mining Commission has powers to audit quality and quantity of mineral produced and exported by mining entities, financial records of mining entities for the purposes of tax assessments, and environmental management expenditures of the mining entities for the purpose of assessment of compliance to the mine closure plan. Mineral rights holders were required to submit all geological information in their possession to the GST.

A local content requirement for procurement of goods and services: the Tanzania Mining Act requires that mining companies must give: (i) first preference to goods and services provided or manufactured locally in Tanzania where they meet mining industry specifications (established by the Standards Authority / internationally acceptable standards), (ii) first consideration for employment to qualified Tanzanians, and (iii) adequate provision for on-the-job training of Tanzanians. Specific minimum local content thresholds are specified in Schedule 1 to the Tanzania Mining Regulations. These will be determined by the Tanzania Mining Commission alongside the work programme. The relevant Minister may prescribe additional minimum local content thresholds. Mining companies must also submit a local content plan annually and a long-term local content plan to the Tanzania Mining Commission for approval. They shall also within 45 days of the beginning of each year submit to the Tanzania Mining Commission an annual Local Content Performance Report covering all its projects and activities for the year under review.

Mining Licence: to qualify for holding a Mining Licence in Tanzania, five percent of a licensee's equity must be held by Tanzanians, with 80 percent of its managerial positions held by Tanzanians and 100 percent of other positions held by Tanzanians, in addition to the shareholding of the government of Tanzania pursuant to section 10 of the Tanzania Mining Act (i.e., free-carried interest). This amount is determined, and may be varied, by the relevant Minister.

Establishment of the Local Content Committee (LC Committee): the LC Committee will oversee the implementation of the Tanzania Mining Regulations and is comprised of a member of the Tanzania Mining Commission, the Director of Labour and Employment, a member of the Tanzania Private Sector Foundation, the CEO of the Geological Survey of Tanzania, the head of legal services at the Ministry for Minerals and the Executive Secretary of the Tanzania Mining Commission. The LC Committee sets minimum standards for local content plans and reports to the Tanzania Mining Commission.

Cancellation of retention licences: the right over such cancelled retention licences revert to the government of Tanzania.

Integrity Pledge: the requirement to provide an Integrity Pledge as a formal and concrete expression of the commitment by a mineral holder to abide by ethical business practices and support the national stand against corruption.

However, we believe that the public offering and listing requirements (as described above) and certain aspects of the amendments to the Tanzania Mining Act and the Tanzania Mining Regulations conflict with the Mining Development Agreement. AngloGold Ashanti's subsidiaries are seeking a constructive dialogue with the government of Tanzania to gain assurances that the Geita Gold Mine will not be affected by these legal and fiscal changes, given the Mining Development Agreement which guarantees fiscal stability as well as agreement between all parties before material legal and regulatory changes are made. As a precautionary step to safeguard its interests, AngloGold Ashanti's subsidiaries have commenced international arbitration proceedings against the government of Tanzania in connection with the enactment of this legislation, as first announced in July 2017. The arbitration proceedings are currently suspended until July 2019.

The arbitration action against the government of Tanzania seeks declaratory relief in accordance with the terms of the Mining Development Agreement to preserve the company's and its shareholders' rights and interests in the Geita Gold Mine, including confirmation from the government of Tanzania that the company is exempt from the public offering and listing requirements. The arbitration proceedings also seek to confirm that AngloGold Ashanti does not, as a result of its existing mining agreements, fall within the scope of the new mining legislation, under which the government of Tanzania has the right to renegotiate existing mining agreements at its discretion, the right to receive a non-dilutable, free-carried interest of no less than 16 percent in all mining projects, the right to acquire up to 50 percent of any mining asset commensurate with the value of tax benefits provided to the owner of the asset and which includes an

increase in the rate of revenue royalties from four to six percent. AngloGold Ashanti can provide no assurance that the new mining legislation, including the public offering and listing requirements, will not apply to its operations in Tanzania and the outcome of the arbitration action may have a material adverse impact on the company's results of operations and financial condition.

#### Environmental Impact Assessment fees

The Environmental Management (Fee and Charges) (Amendment) Regulations, 2016, which came into effect on 2 May 2016, introduced new fees in relation to the review of the Environmental Impact Assessment on projects by the National Environmental Management Council (NEMC). According to these regulations, the fees involved are "0.1 percent of the total project costs". However, these regulations have not defined the phrase "project cost" nor have they provided a detailed breakdown on the determination of the project cost.

#### Natural Resources Laws

The government of Tanzania enacted two laws on natural resources that came into force in July 2017. The two laws are the Natural Wealth and Resources Contracts (Review and Re-negotiation of Unconscionable Terms) Act, 2017 (No. 6) and the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 (No. 5) (together, the Natural Resources Laws).

The Natural Resources Laws require that all arrangements or agreements that relate to "natural wealth and resources" are subject to review by the National Assembly of Tanzania. If the National Assembly is of the view that the agreement contains any unconscionable terms, it can direct the Tanzanian government to renegotiate such terms. If parties fail to agree to renegotiate the

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agreement or no agreement is reached within the statutory prescribed time period, then the unconscionable terms shall be treated as having been expunged from the agreement. The Natural Resources Laws also require new natural resources agreements to be reviewed by the National Assembly who can direct the government of Tanzania to renegotiate any unconscionable terms.

In addition, under the Natural Resources Laws disputes over natural wealth and resources will not be subject to any proceedings in any foreign court or tribunal. Accordingly, companies are now required to adopt Tanzanian law and local dispute resolution in all mining agreements (excluding international dispute resolution mechanisms). Every undertaking must demonstrate “guaranteed returns into the economy” from all earnings accrued or derived from such extraction, exploitation or acquisition and use. In addition, to ensure that the government and the people of Tanzania obtain an equitable stake in the exploitation of mining resources, all project earnings must be retained in Tanzanian banks. Only distributed profits can be repatriated out of Tanzania.

The Tanzania Mining Act, however, provides that existing development agreements will remain in force until such time as they are reviewed by the National Assembly pursuant to the provisions of the Natural Resources Laws.

## AUSTRALASIA

### Australia

In Australia, with a few exceptions, all onshore minerals are owned by the Crown. The respective Minister for each state and territory is responsible for administering the relevant mining legislation enacted by the states and territories.

Native Title legislation applies to certain mining tenements within Australia. Australia recognises and protects a form of Native Title that reflects the entitlement of Aboriginal people to their traditional lands in accordance with their traditional custom and laws. Should Native Title claims or determinations exist, certain Native Title processes and procedures will apply under the Native Title Act 1993 (Cth) (Native Title Act) before the tenure is granted. Tenure may be granted subject to conditions relating to Native Title rights. In the mining context, Native Title matters are managed as part of the tenement grant process. If disputes arise in relation to the grant of a particular tenement, they can be referred to the National Native Title Tribunal, established under the Native Title Act, for resolution. Native Title legislation also provides a framework for compensation to be paid for acts that affect Native Title rights and interests. Ordinarily, the relevant Commonwealth or State government is liable to pay compensation for acts attributable to it. However, under the Mining Act 1978 (WA) liability for compensation associated with Native Title can be passed back to the holder of a mining tenement at the time of a determination of Native Title compensation.

State and territory Aboriginal and non-Aboriginal heritage laws operate in parallel to the Native Title legislation. They exist predominantly for the purposes of managing the impact of developments on sites, objects and areas of heritage significance. Where an area of heritage significance is placed on the national or world heritage registers, federal approval processes may also apply. To date, there has not been any significant impact on any of AngloGold Ashanti’s tenure due to Native Title or heritage legislation.

AngloGold Ashanti’s operating properties are located in the state of Western Australia where tenure is issued under, and mining operations are governed by, the Mining Act 1978 (WA). The most common forms of tenure in Western Australia are exploration and prospecting licences, mining leases, miscellaneous licences and general purpose leases. In most Australian states, if the holder of an exploration licence establishes indications of an economic mineral deposit in the area covered by the exploration licence and complies with the conditions of the grant, the holder of the exploration licence has a priority right against all others to be granted a mining lease which gives the holder exclusive mining rights with respect to minerals on the property. In Western Australia, a general purpose lease may also be

granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating machinery and plants in connection with mining operations, depositing or treating minerals or tailings and using the land for any other specified purpose directly connected with mining operations.

Mining tenements will be granted with endorsements and conditions relating to protection of the environment. Exploration and mining operations may also require separate approval from the state, territory or federal environment minister, which may require completion of an environmental impact assessment pursuant to applicable protection legislation prior to commencement. Further, an operating licence under the relevant environmental protection legislation in the state or territory may also be required for certain mine processing or mining-related operations. Depending on the jurisdiction, a further separate approval may be required for the removal of native vegetation within the tenement.

It is possible for an individual or entity to own an area of land for infrastructure purposes and for another individual or entity to be granted the right to explore for or mine any minerals located on or under the surface of the same area. The maximum initial term of a mining lease in Western Australia is 21 years and the holder has the right to renew the lease for an additional 21 years. Subsequent renewals are granted at the discretion of the respective state or territory's minister responsible for mining rights. In Western Australia, mining leases can only be assigned with the prior written consent of the minister.

Government royalties are payable by the holder of mining tenure in respect of minerals obtained from the relevant area of land at the rates specified in the relevant legislation in each state or territory. The royalty on gold production in Western Australia is payable quarterly at a fixed rate of 2.5 percent of the royalty value of gold metal produced. The royalty value is calculated by multiplying

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the amount of gold produced during a given month by the average gold spot price for that month. In addition, the holder of a mining tenement is required to pay annual rent in respect of the tenement. In Western Australia there is a minimum annual expenditure requirement for prospecting and exploration licences and mining leases. Exemptions from the expenditure requirement can be obtained if certain conditions are satisfied.

AngloGold Ashanti has been granted 21-year term mining leases with rights of renewal to all of its mining areas in Australia, including its proportionate share of joint venture operations and accordingly it has, together with its joint venture partners where applicable, the exclusive right to mine in those areas. Both the group and its joint venture partners are fully authorised to conduct operations in accordance with relevant laws and regulations. The mining leases and rights of renewal cover the current life-of-mine at AngloGold Ashanti's operations in Australia. At Sunrise Dam the deposit is now situated upon one mining lease covering approximately 7,808 hectares and another mining lease of 1,768 hectares contains related infrastructure. Both leases are currently in good standing, with expiry dates in 2038. At Tropicana, the deposit is situated upon a single mining lease covering approximately 27,228 hectares, which is currently in good standing, with an expiry date in 2036.

## AMERICAS

### Argentina

#### Land ownership and mining rights

The Argentinian Mining Code governs mining activity in the country. Special regimes exist for hydrocarbons and nuclear minerals. In the case of most minerals, the Argentinian Mining Code establishes that the owner of the land is not the owner of the mineral rights; these are held by the national or provincial governments (depending on the location of the minerals). The national or provincial government, as applicable, is required by the Argentinian Mining Code to grant whomever discovers a new mine title to the mining concession.

The Argentinian Mining Code regulates exploration permits and mining concessions. Exploration permits grant their holders exclusivity rights to any mineral discoveries, including those made by a third party within the exploration area covered by the permit. Exploration permits are limited in time and as to the extent of the exploration area, are subject to the payment of a single-time fee, and also require a minimum exploration work programme and schedule to keep the permit in force.

The Argentinian Mining Code also regulates mining concessions, or exploitation rights. Priority for receiving a mining concession is given to the registered discoverer of the mine, which holds the exploration permit. Once the application for a mine has been submitted, the applicant may commence works and must submit a legal survey of the units requested for the new mine. The application and the legal survey may be opposed by third parties following specific proceedings set forth in the Argentinian Mining Code. Approval and registration of the legal survey by the provincial mining authority constitutes formal title to the mining concession.

Any mining company wishing to commence or modify any mining-related activity, as defined by the Argentinian Mining Code, including prospecting, exploration, exploitation, development, preparation, extraction, and storage of mineral substances, as well as property abandonment or mine closure activity, is required to prepare and submit to the competent provincial environmental authority an Environmental Impact Assessment (EIA) prior to commencing the work. Each EIA is required to describe the nature of the proposed work, its potential risk to the environment, and the measures that will be taken to mitigate that risk. If accepted by the competent authority, the EIA is used as the basis to create a Declaration of Environmental Impact (DEI) to which the mining company is required to adhere during the mining-related activity at issue. The DEI is required to be updated at least on a biannual basis. Sanctions and penalties

for non-compliance with the DEI are outlined in the Environmental Protection section of the Argentinian Mining Code, and may include warnings, fines, suspension of quality certifications, restoration of the environment, temporary or permanent closure of activities, and withdrawal of authorisation to conduct mining-related activities.

Holders of mining concessions must comply with three main conditions: payment of an annual fee, investment of a minimum amount of capital, and the carrying out of a reasonable level of exploitation. Failure to do so could lead to forfeiture of the mining concession, which would then revert back to the province. In the case of Cerro Vanguardia, AngloGold Ashanti's operation in Argentina, the mining concession holder is AngloGold Ashanti's partner, FomentoMinero de Santa Cruz S.A. (Fomicruz). On 27 December 1996, Fomicruz entered into a usufruct agreement whereby Cerro Vanguardia S.A. was granted an irrevocable right to exploit the Cerro Vanguardia deposit (encompassing an area of approximately 543 square kilometres) for a 40-year period, which expires on 26 December 2036. Cerro Vanguardia S.A. is an Argentinian company controlled by AngloGold Ashanti, with Fomicruz as minority shareholder.

In addition to the Argentinian Mining Code, between 1993 and 1995, Argentina implemented several federal laws to offer foreign companies attractive incentives for exploration and mining in Argentina, the Mining Investment Law (Law No. 24, 196), as amended, and related legal provisions (Mining Investment Law), being the most important one. Such incentives include, amongst others, import duty exemptions, accelerated depreciation of fixed assets, a three percent cap on provincial royalties set at pit-head value on the mineral extracted, value added tax refunds for exploration-related expenses incurred by companies registered under the Mining Investment Law, and, subject to the filing of a feasibility study for the relevant mining project, a 30-year stability as to the

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tax burden on the project and the customs and foreign exchange regimes and duties. Cerro Vanguardia S.A. obtained its tax, customs and foreign exchange stability certificate in 1996.

### Past and potential regulatory changes

On 30 September 2010, the National Law on Minimum Requirements for the Protection of Glaciers (Law No. 26, 639) (Glacier Law) was enacted in Argentina, banning new mining exploration and exploitation activities on glaciers and “peri-glacial” areas. The Glacier Law also subjects on-going mining activities in those areas to an environmental audit. If such audit results in material impacts on glaciers and “peri-glacial” areas, the relevant authority is empowered to take action, including suspension or relocation of the activity. The Glacier Law establishes a broad definition of “peri-glacial” areas that, together with glacial areas, must yet be surveyed by an existing National government agency specifically appointed to this end. The constitutionality of the Glacier Law has been challenged by some mining companies along with the Province of San Juan (which hosts large mining projects). Injunctions granted by lower courts which had suspended the application of the Glacier Law in that Province were lifted by the National Supreme Court of Justice of Argentina. Although the injunctions have been lifted, the language that the Court used in the decision implies that until an inventory of glaciers is completed as mandated by the Glacier Law, the case is moot. The inventory of glaciers was completed and published on 11 June 2018 and the Court recently advised that it intends to issue a decision on the constitutionality of the Glacier Law during the first half of 2019. Further, according to this inventory of glaciers the area where the Cerro Vanguardia project is located does not include any glacier or peri-glacial areas. Therefore, the case has no practical implications for the operations of Cerro Vanguardia at this time.

On 27 December 2011, the Argentinian National Congress passed a law on the Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land (Law No. 26, 737) (Rural Land Law) which implemented a set of rules restricting the ownership of rural land by foreigners (including foreign individuals or any kind of legal entity controlled by foreign individuals or legal entities). The main restrictions are as follows: (i) foreigners cannot own in the aggregate more than 15 percent of the entire rural land of Argentina, the same cap being applicable to each province and municipality; (ii) foreigners will not be allowed to purchase more than 1,000 hectares in the so-called “zona núcleo”, which comprises the main agricultural areas of central Argentina or an “equivalent” surface depending on the location of the land and its productive potential; and (iii) foreigners will not be allowed to buy land that contains, or is adjacent to, relevant and permanent water bodies (such as rivers and lakes). Although exploration permits and mining concessions are not the subject matter of the restrictions placed by the Rural Land Law, certain rights granted to foreign mining companies under the Argentinian Mining Code may be restricted by this new law. For example, the right that holders of mining concessions currently have to force the surface owner to sell the land to the holder of the mining concession might be restricted if the concession holder is a foreign individual or a legal entity controlled by foreigners.

In 2017, 10 provinces in whose territories the main mining projects of Argentina are located, signed a document with the National government entitled the Federal Mining Agreement (FMA). The purpose of the FMA is, amongst other things, to increase provincial revenues from the mining industry by creating legal entities owned by provincial governments that would work in association with private mining companies. This scheme is not new in Argentina and it has been used by some provincial governments, amongst them the Santa Cruz Province (through Fomicruz), in which the Cerro Vanguardia project is located. The FMA also contemplates other forms of revenues such as the formation of special trusts to be funded by mining companies in order to finance education, health and other programmes. Increase in royalty rates is not specifically contemplated in the FMA. The provinces that signed the FMA had previously formed a special association of provinces, supported by the National government. As the FMA has not yet been converted into law by the National Congress, its provisions are neither binding nor enforceable.

In Argentina, the current regulatory regime of royalty payments is expected to change and several different options and payment thresholds have been discussed. In December 2012, the Santa Cruz Province changed the mining royalty



from one percent to three percent calculated at pit-head value of the mineral extracted thus bringing it to the cap of the Mining Investment Law.

On 4 September 2018, export duties were imposed by Decree No. 793/2018 (Export Duties Decree) published by the Argentinian government. The export duty is set at 12 percent with a cap so that it does not exceed the amount of ARS 4 pesos per US dollar exported. The Export Duties Decree, if it is not compensated with other tax reductions, affects the tax stability guarantee acquired by Cerro Vanguardia S.A. (CVSA) in 1996 considering at that time export duties were zero percent.

On 26 February 2019, the Argentinian tax and mining authorities published a resolution establishing a mechanism to reimburse or compensate federal taxes paid in excess of the total tax burden as granted by the applicable tax stability guarantee. The resolution provides for an administrative procedure to be followed to prove that the actual tax burden is higher than the one a company should have based on its tax stability guarantee. CVSA will initiate this procedure in order to claim reimbursement of or compensation for export taxes paid during 2018.

Brazil

Land ownership and mining rights

General legal aspects

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The Brazilian Constitution of 1934 states that, for purposes of exploration and exploitation, deposits and other Mineral Resources constitute property separate from the soil and belong to the Federal Union. Exploration and exploitation of such Mineral Resources may take place only with the Federal Union's concession and in such a way as to protect the national interest. Federal law sets out penal and administrative sanctions for conduct and activities deemed harmful to the environment.

In Brazil, the National Mining Agency (ANM) is the state body within the Brazilian Mines and Energy Ministry (MME) that is responsible for: (i) the registration of mining titles, (ii) the grant of authorisations and concessions, (iii) the supervision of mining activities and mining titleholders, and (iv) the issuance of supplementary rules in relation to mining activity.

Under the current Brazilian Mining Code, there are two kinds of mines: (i) claimstake mines (Minas Manifestadas), for which rights were acquired before 1934 and exist independently of any mining licence or authorisation from the Federal government and for which the Mineral Resources constitute property of the landowner, and (ii) granted mines, which are those that rely on grants from the Federal government for mineral exploration or exploitation (pursuant to the Brazilian Constitution of 1988). AngloGold Ashanti's operations in Brazil consist of both claimstake mines and granted mines.

At AGA Mineração, Cuiabá has a single concession covering a total area of 3,662 hectares, Lamego is covered by three geographically contiguous concessions totally 1,622 hectares and Córrego do Sítio is hosted by five geographically contiguous concessions covering a total area of 6,017 hectares. All of these are in good standing. At Serra Grande, the company has interests in or agreements over 61,500 hectares in Crixas Greentone belt, representing approximately 87 percent of the relevant tenements that correspond to all current exploration and mining activities. These have been held since 1987. Brazilian mining concessions remain valid up to the depletion of the Ore Reserve and Mineral Resource.

Mining activities in granted mines must be performed in two defined stages: (i) exploration, which entails defining and evaluating the deposit and determining the feasibility of exploitation, and (ii) exploitation, which involves coordinating operations aimed at the industrial exploitation of the mineral deposit, from the extraction of useful minerals to their processing. Exploration authorisations issued by ANM are valid for one to three years. Extensions can be obtained if necessary, as long as it is justified. In contrast, exploitation rights, once granted, are valid for the lifetime of the deposit, provided the mining titleholder complies with all legal requirements. Pursuant to these requirements, for example, titleholders must (i) start work on mineral exploitation within six months from the date of publication of the Exploitation Concession, (ii) continue their mining activities until the mineral deposit has been exhausted, in accordance with the Economic Exploitation Plan (Plano de Aproveitamento Econômico) approved by ANM, and (iii) refrain from suspending mining activities without prior notice to ANM.

During the exploration period, the mining titleholder has to pay an Annual Rate per Hectare (TAH - Taxa Annual por Hectare), subject to a maximum value set by law. In the exploitation period, regardless of the legal regime governing the project (whether claimstake or granted mines), the mining titleholder has to pay the Financial Compensation for Exploiting Mineral Resources (CFEM - Compensação Financeira pela Exploração Mineral). The CFEM which is 1.5 percent for gold is currently calculated based on revenues.

At the end of 2011 and the beginning of 2012, the states of Minas Gerais, Goiás, Pará, Amapá and Mato Grosso do Sul each created a new tax (duty) on research, extraction and exploration activities as well as on the use of Mineral Resources carried out in those states. This tax could range from BRL3.00 to BRL6.50 per ton of ore mined. In the states of Minas Gerais and Goiás, however, gold ore was exempted from the collection of this new duty.

Potential regulatory changes

Changes to Brazil's mining legislation were submitted in 2013 and 2017 to the National Congress for discussion and consideration. Its goals would be to (i) strengthen the role of the Federal government in regulating the mining industry, including tailings storage facilities (TSF), (ii) attract more and better investments to the mineral sector, (iii) encourage maximal use of Ore Reserves, and (iv) encourage members of the industry to add value to mineral products.

The Federal government's proposals have institutional, legal and financial facets. Institutionally, the proposals would create a National Council of Mineral Policy to advise the Presidency of Brazil and the MME on, and develop guidelines and directives for, the mining sector.

Legally, the proposals would change the rules applied to mining titles access. While exploration authorisations would be effective for a longer period of four years, they would be renewable only once, as long as the company is able to justify the renewal to the authorities, who would make a discretionary decision as to whether to approve the request. Companies would also have to demonstrate that they are investing in exploration activities on a yearly basis. On the hypothesis that the access to the area is prevented by either landowners or the ability to obtain an environmental license through no fault of the company, the authority would extend the deadline as many times as necessary.

Exploitation rights would be limited to 35- or 40-year grants renewable at the discretion of authorities. The granting of rights would become a more discretionary process and would result in a Formal Adhesion Contract for Exploitation rather than in an open-ended concession.

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Following the November 2015 tailings dam collapse in the state of Minas Gerais, there was discussion of including tougher requirements related to tailings dams (e.g., mandatory insurance in case of environmental catastrophe).

As of the end of 2018, most of the changes in the legislation initially suggested were not approved. However, in January 2019, after the Vale TSF failure in the state of Minas Gerais, the Minas Gerais State Secretary for Environment and Sustainable Development (SEMAD) issued Resolution No. 2,762 suspending all environmental licensing proceedings connected with tailings dams in the state of Minas Gerais, regardless of the construction method, until new rules regulating the environmental licensing of such activities were enacted. SEMAD also issued Resolution No. 2,765 that required the demobilization of all tailings dams that use the upstream heightening method, and ordered impacted companies to present: (i) within 180 days, an executive project and work plan along with the related work timeline regarding the demobilization of the undertaking; and (ii) within 360 days, a proposal for a new technique for operation of the TSF along with the work timeline of its implementation to be executed within two years.

On 28 January 2019, the Brazilian Presidency, through the Brazilian Ministerial Council for Disasters Response and Monitoring, issued Resolution CMRS No. 02/2019 creating the Subcommittee of Legislation Review, that is empowered to update and review the Brazilian Dams Security Act (Federal Law No. 12,334/10). The House of Representatives, the lower house of the National Congress, also created an External Commission empowered to monitor the developments regarding the Vale TSF failure, aiming to collect information on the risks of the upstream heightening method in order to review the sector's legal framework.

On 18 February 2019, the ANM issued Resolution No. 4 adopting precautionary regulatory measures to ensure the stability of tailings dams, in particular those built or heightened by the upstream method or a method declared as "unknown". Resolution No. 4 provides for, amongst other things, the definitive prohibition of the upstream method for the construction or heightening of tailings dams throughout the national territory of Brazil, and the decommissioning or demobilization of dams constructed or heightened upstream or by an unknown method until 15 August 2021. As a result, the Serra Grande mine in the state of Goiás is planning to reinforce the dam walls of its upstream TSF in advance of expected future decommissioning. In addition, the company has begun the process of evaluating alternate structures for this upstream TSF, as well as any potential future increased regulatory and cost obligations.

## Colombia

### Land ownership and mining rights

The Colombian Constitution declares that the sub-soil and the non-renewable natural resources located within the Colombian territory are the property of the Colombian State. The underlying principle of Colombian mining legislation for the granting of mining concession contracts is first come, first served. Mining activities are regulated by the Colombian Mining Code, Act 685, 2001.

The filing of an exploration and exploitation proposal triggers a right of preference to obtain rights over the targeted area, provided it is available. Such area cannot exceed 10,000 hectares. Upon receipt of a proposal, the relevant government agency determines whether another proposal or contract already governs the area. If there are no pre-existing claims, the government agency grants the applicant a "free area".

### The concession contract

The government agency grants exclusive concession contracts for exploration and exploitation. Such concessions allow concessionaires to conduct the studies, works and facilities necessary to establish the existence of minerals and

to organise their exploitation. Upon being awarded a mining concession, a company must take out an insurance policy to cover the costs associated with potential environmental damage as well as breaches of its mining obligations. It may then proceed with exploration activities. Once the exploration phase is complete, the concessionaire files a new plan regarding proposed works and facilities. With the award of the mining concession or tenement contract, there are specified timelines for the completion of the various phases of a mining project, e.g. exploration, construction, exploitation. The company must comply with these timelines unless performance is suspended, for example, due to force majeure or extensions/modifications to the timelines. Force majeure was declared at the La Colosa project, stopping all activities, following the outcome of the referendum held on 26 March 2017 in the Colombian municipality of Cajamarca, which hosts the La Colosa exploration site. The force majeure was initially granted for one year. It has been extended for an additional year and will now expire in June 2019, after which such declaration will need to be extended.

If the company does not comply with the specified timelines for the completion of the various phases of a mining project, the mining authority may revoke the company's concession contracts or mining licenses. AngloGold Ashanti Colombia S.A. (AGAC) applied for consolidation of its concession contracts related to La Colosa, some of which were not in compliance with their specified timelines. The application for consolidation was approved in March 2017, which remedied the non-compliance of each consolidated concession and reset the specified timelines. La Colosa has a single concession which covers a total area of 9,210 hectares and expires on 28 February 2037.

In order to obtain an authorization from the National Environmental Licensing Authority of Colombia to carry out the La Colosa project, the company must prepare an Environmental Impact Study for approval by this authority.

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Environmental licenses are granted for the entire life of the project and cover all phases: construction, assembly, operation, maintenance, dismantling, final restoration, abandonment and / or termination.

The initial term of concessions is 30 years. To receive an extension, a concessionaire must file a request two years before the termination of the initial term, and must substantiate the application with economic, environmental and technical information. Because the extension is not automatic, the concessionaire must renegotiate the conditions of the contract. Any company holding a concession that wishes to obtain a renewal of the contract must be up to date in all its legal and contractual obligations and must present a new plan of works and facilities to be implemented after the contract is renewed. The term of a concession and all the contractual obligations that arise from it are deemed to take effect as of the date of registration of the contract at the National Mining Register.

AngloGold Ashanti's core mining concession contracts provide that the mining authority has the discretion to declare the underlying concession void if AGAC breaches applicable environmental laws or regulations. If the mining authority were to exercise such discretion against it, AGAC would be required to abandon its projects and all of its other existing mining concession contracts. Pending proposals for new mining concession contracts would also be cancelled and AGAC would be banned from doing business with the Colombian government for a period of five years. As a result, AGAC would be unable to conduct any mining exploration or development activities during such period. However, this would not affect other AngloGold Ashanti subsidiaries operating in Colombia, which hold singularly or in concert with joint venture partners the majority of the company's concession contracts in Colombia.

There are some areas where mining activity is prohibited. These areas are:

- National parks;
- Regional parks;
- Protected forest reserves;
- Paramos (included in Act 1382, introduced in 2010); and
- Wetlands, pursuant to the Ramsar Convention.

Some forest reserves are not "protected", but are set aside for active forestry purposes. Such forest reserves must be "extracted" after initial prospection, meaning that the concessionaire must obtain a specific permit to partially and temporarily change the use of the soil before pursuing exploration activities. In addition, Resolution 187/2016 (Paramos Regulation), passed by the Colombian government in late 2016, identifies areas that the Ministry of the Environment has determined to be "paramos" areas, or paramos transition areas. In these areas there are limitations on industrial or commercial work being performed, including mining. The Paramos Regulation also specifies a process to determine what work, if any, can be performed in a paramos-designated area. Certain areas designated as "paramos" are within the mining footprint currently envisioned for La Colosa. The company is evaluating the impact of the Paramos Regulation, if any, to the current plan for La Colosa. Further, the company is working with the Colombian government to determine if the designations contained in the Paramos Regulation are technically accurately and legally defensible, and what the process will be to determine what work, if any, can be performed in certain paramos areas.

### Cannon fees and royalties

Cannon fees are due from the moment the concession contract is registered with the Mining Register. Such fees change based on the number hectares held by the concessionaire, as follows:

- 0-2,000 hectares, one legal daily minimum wage (approximately \$9.00) per hectare per year;
- 2,001-5,000 hectares, two legal daily minimum wages (approximately \$18.00) per hectare per year; and
- 5,001-10,000 hectares, three legal daily minimum wages (approximately \$27.00) per hectare per year.

Once exploration is complete and the mining infrastructure is in place, the concessionaire must begin paying royalties. Royalties paid to the Colombian government consist of a percentage of the primary product and sub-products being exploited. For gold, gross monthly income is multiplied by 0.8, to which a four percent royalty is applied.

#### PINES programme

In 2013 the Colombian government instituted the PINES programme that will aid in promoting certain projects that are deemed to have a national interest. This designation provides for greater oversight from the Colombian government. The La Colosa, Gramalote and Quebradona (Nuevo Chaquiro) projects are designated as PINES projects. All of our three advanced exploration projects are considered of national strategic interest.

#### United States of America

Mineral and surface rights in the United States are owned by private parties, state governments, or the Federal government. The majority of land utilised for precious metals exploration, development and mining in the western United States is owned by the Federal government, and often the state government will have an ownership interest in minerals, regardless of whether the state

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is the surface owner. The right to mine on such federal land in western states is governed by the U.S. General Mining Law of 1872, as amended (General Mining Law). The General Mining Law allows mining claims on certain federal lands upon the discovery of a valuable mineral deposit and proper compliance with claim location and maintenance requirements.

### Nevada

In Nevada, AngloGold Ashanti (U.S.A.) Exploration, Inc. is advancing its projects (either 100 percent AGA-controlled claims or joint ventures) located on federal lands that cover an area of approximately 26,800 acres. On these lands, AngloGold Ashanti (U.S.A.) Exploration, Inc. is currently engaged in early-stage exploration activities that include, but are not limited to, geological and spectral mapping, surface geochemical sampling, and RC and/or diamond drilling.

Mineral exploration activities in Nevada are also generally subject to applicable federal, state, and local permitting requirements, but the specific regulatory authorizations required for the company's activities are based on the nature and location of the exploratory work. AngloGold Ashanti (U.S.A.) Exploration, Inc.'s Nevada operations are currently conducted under what is generally referred to under Federal law as a notice-level operation subject to 43 Code of Federal Regulations Section 3809.21. The federal Bureau of Land Management (BLM) issued a Notice of Decision approving these exploration operations on 1 November 2017. The BLM determined that the operations would not cause unnecessary or undue degradation as defined under 43 Code of Federal Regulations Section 3809.5. An amendment to the project was approved by a BLM Notice of Decision dated 31 January 2018. The Notice of Decision requires reclamation of the drill pads and roads, including the reseeding of disturbed lands. The Notice of Decision also set the financial guarantee amount for reclamation. The Notice of Decision includes a two-year term from the date of 1 November 2017.

Nevada's Bureau of Mining Regulation and Reclamation (BMRR) also regulates mining within the state. Exploration projects of five acres or less on state lands, the scope of a notice-level operation under Federal law, are exempt from BMRR regulation. AngloGold Ashanti's current exploration program falls within this exemption.

### Minnesota

In Minnesota, AngloGold Ashanti Minnesota, Inc. is undertaking early-stage reconnaissance exploration activities to determine the potential for gold mineralization in the northern counties of Minnesota. Minnesota uses a leasing system for state-owned minerals. Under this system, qualified applicants can obtain a nonferrous metallic mineral lease for a 50-year term that grants the company the right to explore, mine, and develop minerals, subject to applicable environmental review and permitting requirements. AngloGold Ashanti Minnesota, Inc. holds a total of 238 state mineral leases administered by the Minnesota Department of Natural Resources. These state mineral leases encompass an area of approximately 95,000 acres. The company's exploration activities on these lands include regional geophysical surveying, surface geological mapping, rock chip and glacial till sampling, and roto-sonic drilling.

Mineral exploration activities in Minnesota are generally subject to applicable federal, state, and local permitting requirements, but the specific regulatory authorizations required for a company's activities are based on the nature of the exploratory work. Before conducting mineral exploration activities on state lands, a company must hold a state mineral lease and obtain approval from the Minnesota Department of Natural Resources of an exploration plan of operations. AngloGold Ashanti Minnesota, Inc. currently holds state mineral leases for the state lands on which it is conducting its operations and has obtained agency approval for its current exploration program. In addition, AngloGold Ashanti Minnesota, Inc. must maintain its registration as an exploratory borer and provide the requisite advance notice of any drilling activities to the Minnesota Department of Health. For its currently approved exploration program, AngloGold Ashanti Minnesota, Inc. has no present obligation to complete environmental review, obtain



environmental permits, or submit any financial assurance or bonds. The company must comply with the terms of its leases and the conditions of its approved exploration plan of operations, including reclamation of its drill sites. Any potential future exploration programs may, depending on their scope, be subject to additional environmental review and permitting requirements, but these requirements are generally less extensive than those required for mineral development. In the event the company decides to proceed with mineral development within the state of Minnesota, it will need to complete an Environmental Impact Statement and obtain a variety of federal, state, and local permits, including a Minnesota permit to mine and environmental permits relating to water quality, air quality, wetlands, and other permits typically associated with mining projects.

#### Potential regulatory changes

Over the years, the U.S. Congress has considered a number of proposed amendments to the General Mining Law and other Federal statutes. Among the significant features contained in previously proposed legislation were a production royalty obligation, new and more stringent environmental standards and conditions, additional reclamation requirements, extensive new procedural steps which would likely result in extended permitting timelines and granting counties the ability to petition the U.S. Secretary of the Interior to make certain areas unavailable for the location of unpatented mining claims. The U.S. Environmental Protection Agency has also proposed potential revisions to financial assurance requirements relating to mineral development activities.

The company is unaware of any potential Federal legislative or regulatory changes that may adversely affect the company's current exploration program in Nevada.

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In Minnesota, the state legislature and various state agencies have also considered potential changes in statutes and regulations governing mineral exploration and development activities. These potential changes include revisions to relating to species, cultural resources, and water quality protection.

AGA is currently unaware of any new legislation or rule-making that has been proposed or enacted that would adversely affect its current exploration programs. If any of the above-referenced provisions were adopted in the future, the company's operations in Nevada and Minnesota could be adversely affected.

## MINE SITE REHABILITATION AND CLOSURE

Closure, an integral part of operations

All mining operations eventually cease. An integral aspect of operating AngloGold Ashanti's mines is ongoing planning for and, where feasible, implementation of concurrent rehabilitation, together with an estimate of associated liability costs and the placement of adequate financial provisions and assurances to cover these costs.

AngloGold Ashanti revised its group closure planning management standard in 2013 and all of its operations are required to comply with the standard, as well as applicable law and regulations, as their closure plans are reviewed and updated.

Closure planning is an activity that starts at the exploration and mine design stage and continues throughout the life of mine:

- New projects include a closure plan which takes into account future closure and associated rehabilitation and other costs.

- The closure plan is reviewed annually and updated every three years (annually in the final three years of a mine's life) or whenever significant changes are made, taking into account operational conditions, planning and regulatory requirements, international protocols, technological developments and advances in practice.

For many of the older mines, closure planning and the evaluation of environmental liabilities is a complex process. This is particularly so in Brazil, Ghana and South Africa, where many of the mining and other operations have taken place for more than fifty years. A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operational. This practice serves to decrease the ultimate liability and reduces the final rehabilitation and closure work that must be undertaken, but has the potential to sterilise Ore Reserve, which the company might wish to exploit should conditions, such as the gold price, change.

The company's closure standard stipulates that closure planning must be undertaken in consultation with the community. In the course of these consultations, different issues are raised which require site-specific solutions. Livelihood preservation and infrastructure are often key requirements. Communities also require information on the company's rehabilitation of the landscape and on any lasting environmental impacts. Long-term remediation obligations, including decommissioning and restoration liabilities relating to past operations, are based on environmental management plans and compliance with current environmental and regulatory requirements.

Provisions for decommissioning and rehabilitation costs are made when there is a present obligation, it is probable that expenditure on decommissioning and rehabilitation work will be required and the cost can be estimated within a reasonable range of possible outcomes. These costs are based on currently available facts, technology expected to be available at the time of the clean-up, laws and regulations presently or virtually certain to be enacted and previous experience in the rehabilitation of mine sites.

Decommissioning costs and restoration costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. Estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Provisions for decommissioning and for restoration (excluding joint ventures) decreased from \$724 million in 2017 to \$622 million in 2018. This change mainly relates to the sale of the Vaal river operations in South Africa, the new rehabilitation regulations at Obuasi, changes in discount rates based on global economic assumptions and changes in mine plans, resulting in a change in cash flows and changes in design of tailings storage facilities and in methodology following requests from the environmental regulatory authorities.

#### ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

In addition to post-mining land rehabilitation and closure requirements, AngloGold Ashanti is subject to extensive environmental, health and safety (EHS) laws and regulations in the various jurisdictions in which the company operates. These requirements govern, among other things, extraction, use, conservation and discharge of water; air emissions (including dust control); regulatory and community reporting; clean-up of contamination; land use and conservation of protected areas; worker health and safety and community health; and the generation, transportation, storage and disposal of solid and hazardous wastes, such as reagents, radioactive materials, and mine tailings. In addition, environmental laws and regulations, including the requirements contained in environmental permits, are generally becoming more restrictive. Significant EHS requirements, risks and trends affecting our mining and processing operations are described below.

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### Regulatory Compliance

Capital and operating costs to comply with EHS laws and regulations have been, and are expected to continue to be, significant to AngloGold Ashanti. In addition, AngloGold Ashanti could incur fines, penalties and other sanctions, environmental clean-up costs, and third-party claims for personal injury or property or natural resources damages; suffer reputational damage; and be required to install costly pollution control equipment or to modify or suspend operations, as a result of actual or alleged violations of, or liabilities under, EHS laws and regulations. Failure to comply with applicable EHS laws and regulations may also result in the suspension or revocation of permits and, in some jurisdictions, our right to mine a given concession. AngloGold Ashanti's ability to obtain and maintain permits and other approvals and to successfully operate in particular communities may be adversely impacted by real or perceived effects on the environment or human health and safety associated with AngloGold Ashanti's or other mining companies' activities. In addition, unknown environmental hazards may exist at the company's properties which may have been caused by previous owners or operators.

### Water Management

AngloGold Ashanti's mining and processing operations are heavily dependent upon access to substantial volumes of water required for such operations. Typically, water-use permits or water rights in each country impose limits on the quantity of water that can be extracted from certain sources and require, among other things, that wastewater from mining operations meet certain water quality criteria upon discharge. Water supply, quality and usage are areas of concern globally, but are particularly significant for operations in Brazil, Ghana and South Africa, and for exploration projects in Colombia, where there is significant potential environmental and social impact and a high level of stakeholder scrutiny. Any failure to secure access to suitable water supplies, or achieve and maintain compliance with the requirements of the permits or licenses, could result in curtailment or suspension of production at the affected operation. Incidents of water pollution or shortage can, in extreme cases, lead to community protest and ultimately result in the withdrawal of community and government support for the company's operations.

Where feasible, the company operates a "closed loop" system which recycles the water used in its operations without discharging it to the environment. In some areas, however, such as Ghana and Brazil, high levels of rainfall and surface water runoff mean that a closed loop system is not feasible and that discharges, after water treatment if necessary, must take place.

### Waste Management

Mining and mineral processing operations generate waste rock and tailings.

During open-pit mining, large volumes of soil and/or rock (overburden) are generated to expose the ore body. Similarly, waste rock is generated during drilling and developing access to underground ore bodies. Overburden and waste rock typically contain sub-economic levels of gold and are deposited as large waste rock dumps. Mine tailings are the process waste generated once grinding and extraction of gold from the ore is completed in the milling process and are deposited as slurry in large storage facilities specifically designed for this purpose.

The impact of dust generation, breach, leak, or other failure of a waste rock or tailings storage facility (TSF), including any associated dam, can be significant, and the company therefore monitors such facilities closely in accordance with the company's internal standards, independent review, national regulatory requirements and commitments made to local communities. The occasional well-publicised failure of a third-party tailings facility and the potential impact of such failure also mean that these facilities are generally tightly regulated. An incident at the company's operations could result, among other things, in enforcement, obligations to remediate environmental contamination, negative press coverage, and claims for property or natural resources damages and personal injury by

adjacent communities. Incidents at other mining companies' operations could result in governmental action to tighten regulatory requirements and restrict certain mining activities, in particular with respect to TSFs, also in respect of other mine operators. For example, a TSF at the Córrego do Feijão iron ore mine owned by Vale at Brumadinho in the state of Minas Gerais in Brazil burst on 25 January 2019. Following the dam failure, tailings reached the mine's administrative area and part of the local community, reportedly resulting in death or injury to hundreds of people. As a result of this incident, environmental licensing processes in Brazil for mining companies are expected to be extremely difficult in the future, especially those involving TSFs. It is expected that there will be significant changes in federal and state legislation and regulation, as well as much more intense scrutiny and control of, as well as cost increases associated with inspecting, maintaining and constructing, TSFs. Certain types of TSFs may be prohibited, and may result in operational restrictions until alternate facilities can be constructed or existing facilities can be reinforced. In addition, it is believed that pressure from local communities will increase significantly and there will be an elevated risk to the social license to operate. For example, due to recently issued regulations by the Brazilian National Mining Agency, the Serra Grande mine in the state of Goiás is planning to reinforce the dam walls of its TSF in advance of expected future decommissioning. Planning is still at an early stage, however, and the applicable requirements are subject to change later in 2019; accordingly the related costs for reinforcing the dam walls of the facility and, ultimately, for decommissioning the dam, cannot yet be predicted. Furthermore, the suspension of environmental licensing permit processes for TSFs in the state of Minas Gerais will potentially delay all the approval processes with respect to our operating permits, and may compromise our production plans after August 2019, in respect of our Minas Gerais operations. Further and more substantial amendments to the regulatory requirements in Brazil governing such TSFs and related dams are anticipated in 2019. See "Item 4B: Business Overview-The Regulatory Environment Enabling AngloGold Ashanti to Mine".

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### Groundwater Impacts and Environmental Remediation

AngloGold Ashanti has identified groundwater contamination plumes at certain of its operations. Numerous scientific, technical and legal studies have been undertaken to assist in determining the magnitude of the impact and to find sustainable remediation solutions. Based on those studies as well as discussion with regulators, the company has taken steps, including monitored natural attenuation and phyto-technologies, to address soil and groundwater contamination. Subject to the completion of trials and the technology being a proven remediation technique, no reliable estimate can be made at this time for the obligation. Should these obligations be significant, this could have a material adverse impact upon AngloGold Ashanti's results and its financial condition.

As AngloGold Ashanti or its predecessors have a long history of mining operations in certain regions, issues may arise regarding historical environmental impacts on those areas, for which AGA, as the current owner/operator, may be legally responsible.

In addition, AngloGold Ashanti identified a flooding and future pollution risk to deep groundwater in the Far West Rand goldfields in South Africa. AngloGold Ashanti's operations are part of the Far West Rand goldfields. The premature closure of neighbouring mines owned by other mining companies in the area led to increased pumping obligations on AngloGold Ashanti to address water infiltration into AGA's mines, including additional legal requirements associated with construction, litigation and permits, which increased costs for the group.

In the West Wits district, after Blyvooruitzicht Gold Mining Company was placed in provisional liquidation in August 2013, AngloGold Ashanti secured a court order for unfettered access rights to Blyvooruitzicht 4 and 6 shafts to continue the pumping of underground water. AngloGold Ashanti then purchased from Blyvooruitzicht the rights of access to the 4 and 6 shafts as well as the relevant infrastructure to continue pumping underground water and transferred the assets and rights to its newly incorporated subsidiary Covalent Water Company. In November 2014 the Department of Water and Sanitation issued a directive directing AngloGold Ashanti through Covalent to dewater 4 and 6 shafts and discharge the water. AGA continues to comply with the directive.

### Climate Change and Greenhouse Gas Regulation

Greenhouse gases (GHGs) are emitted directly by AngloGold Ashanti's operations, as well as by external utilities from which AngloGold Ashanti purchases electricity. A number of international and national measures to address or limit GHG emissions are in various phases of discussion or implementation in the countries in which the company operates.

As a result of commitments made at the UN Climate Change Conference in Durban, South Africa in December 2011, certain members of the international community negotiated a treaty at the Conference of the Parties of the UN Framework Convention on Climate Change in Paris in December 2015 (Paris Agreement). The Paris Agreement, which requires developed countries to set targets for emissions reductions, came into force on 4 November 2016.

Additional measures addressing GHG emissions may be implemented at national or international levels in various countries. For example, in South Africa, on 19 February 2019, South Africa's National Assembly adopted the draft Carbon Tax Bill (2017 Carbon Tax Bill). The imposition of a tax on carbon dioxide equivalent of GHG emissions will take effect on 1 June 2019. The tax will be implemented in a phased manner, taking into account South Africa's Nationally Determined Contributions (NDCs) commitment to reduce greenhouse gas emissions. The first phase will come into effect from 1 June 2019 to 31 December 2022 and the second phase from 2023 to 2030. This ensures alignment with the country's NDC commitments under the Paris Agreement.

In addition, South Africa ratified the Paris Agreement in November 2016 and endorsed its nationally-determined contribution, which requires that GHG emissions in South Africa peak in 2020 to 2025, plateau from 2025 to 2035

and decline from 2036 onwards. In addition, on 8 June 2018, Dr. Edna Molewa, the late Minister of Environmental Affairs, published the draft National Climate Change Bill (2018 Climate Change Bill) for a period of public comment that closed on 8 August 2018. The purpose of the 2018 Climate Change Bill is to build an effective climate change response and ensure the long-term, just transition to a climate resilient and lower carbon economy and society. This will be done within the context of sustainable development for South Africa and will provide for all matters related to climate change. BUSA and the Industry Task Team on Climate Change (ITTCC), of which AngloGold Ashanti is a member, submitted comments on behalf of its members, highlighting concerns regarding the lack of regulatory clarity and certainty and regulatory misalignment with International Processes and Agreements. On 27 August 2018, the South African Department of Environmental Affairs (DEA) facilitated a multi-stakeholder engagement with the business community regarding the comments received on the 2018 Climate Change Bill and acknowledged the need for further consultations. Further discussion is anticipated over the course of 2019.

These, or future, measures could require AngloGold Ashanti to reduce its direct GHG emissions or energy use or to incur significant costs for GHG emissions permits or taxes, including for those costs or taxes passed on by electricity utilities which supply the company's operations. AngloGold Ashanti could also incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with applicable requirements. The most likely source of these obligations is through state-level implementation of new emissions or financial obligations pursuant to evolving climate change regulatory regimes.

During June 2016, the South African National Treasury published for public comment proposed regulations on carbon offsets which can be used to reduce the potential carbon tax liability. The regulations allow an "offset" in respect of any "certified emission reduction" derived from an "approved project" (including an existing project) carried on after 1 January 2017 in South Africa that is not subject

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to the carbon tax. The rate is expected to be ZAR120/ton of carbon dioxide, increasing by cpi plus two percent up to 2022 and in line with inflation thereafter. A system of rebates is expected to have the effect that the actual rate will be between ZAR6/ton and ZAR48/ton. The direct impact of such a tax on the Group is not estimated to be material.

In 2010, Brazil launched the National Climate Change Policy, which established a voluntary reduction target of 1.2 billion tonnes of CO<sub>2</sub> below the projected emissions in 2020. The policy required the development of sector-specific plans in order to meet the target. Amongst other plans, it is intended to reduce deforestation in the Cerrado biome, where AngloGold Ashanti operates, by 40 percent compared to the average deforestation in 1999-2008 and expand renewable energy production and energy efficiency programmes. The policy also provided for a Brazilian GHG trading scheme, which is yet to be designed. While Brazil is not yet requiring mandatory GHG emissions reporting at the national level, some state environmental agencies have requested companies to voluntarily submit GHG emissions management plans, however Goiás and Minas Gerais State (in which AngloGold Ashanti operates) do not currently require GHG emissions management plans for mining projects.

In Australia, the government introduced the carbon emissions Safeguard Mechanism on 1 July 2016, aimed at limiting future growth in Greenhouse Gas (GHG) emissions in the mining industry and to meet national limits. After setting baseline emission thresholds, the Safeguard Mechanism requires companies to submit carbon credits or pay penalties for excess emissions above baselines. Sunrise Dam and Tropicana successfully applied for baseline emission levels in accordance with the regulatory scheme's default mechanism and continue to report their annual emissions (FY) through the existing National Greenhouse and Energy Reporting (NGER) scheme. During the 2016/17 FY and 2017/18 FY both operations reported emissions below their respective baselines. Any further operational changes at mine site level, which result in an increase in overall GHG emissions (e.g. additional ball mill in the processing circuit, change in mining methodology, mining of satellite pits), are likely to place the respective operations in an excess GHG position in relation to its baseline. Whilst the baseline emissions set for Sunrise Dam and Tropicana aim to mitigate the need for additional penalties or taxes to be levied, AngloGold Ashanti could in the future incur significant costs associated with capital equipment, GHG monitoring and reporting and other obligations to comply with changing legal requirements.

In addition, AngloGold Ashanti's operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates or patterns, rising sea levels, reduced water availability, higher temperatures and extreme weather events. Such events or conditions, including flooding or inadequate water supplies, could disrupt mining and transport operations, mineral processing and rehabilitation efforts, create resource or energy shortages or damage the company's property or equipment and increase health and safety risks on site. Such events or conditions could have other adverse effects on the company's workforce and on the communities around its mines, such as an increased risk of food insecurity, water scarcity and prevalence of disease, all of which could have a material adverse effect on the company's results of operations and financial condition.

## Occupational and Community Safety and Health and Tropical Diseases

Safety is a significant sustainable development challenge facing AngloGold Ashanti. AngloGold Ashanti's operations are subject to a variety of laws and regulations designed to protect and improve the safety and health of employees. In some of the jurisdictions in which AngloGold Ashanti operates, the government enforces compulsory shutdowns of operations to enable investigations into the cause of accidents at those operations. Certain of the company's operations have been temporarily suspended for safety reasons in the past. In South Africa, so-called "Section 54 safety stoppages" have become a significant issue as an enforcement mechanism used by the Department of Mineral Resources Mining Inspectorate whose inspectors routinely issue such notices. For example, in 2018, 31 notices were issued that had a material adverse impact on production at the company's mines. Section 54 safety stoppages resulted in the estimated direct loss of 47,100, 78,887, 73,208, 11,324 and 4,680 ounces of gold production from the South African region operations during 2014, 2015, 2016, 2017 and 2018, respectively.



AngloGold Ashanti is also enhancing safety programmes, and a revised Group Safety strategy have been introduced. Three-year work plans were developed for each strategic focus area, comprising objectives, activities, performance metrics, targets and accountabilities. The updated strategy was approved by the company executive and implementation workshops were held with South Africa and International Operations leadership teams. In South Africa in particular the work culminated in a revised “Safe Production Strategy” which forms the basis in improving our capability to respond to risk, our focus remained on embedding and integrating safety into the business.

In addition, AngloGold Ashanti is subject to health and safety regulations relating to occupational disease. The primary areas of focus in respect of occupational health of employees within the company’s operations are noise-induced hearing loss (NIHL) and occupational lung diseases (OLD). OLD includes occupational tuberculosis and silicosis in individuals exposed to silica dust. Silicosis has been particularly prevalent in South Africa and has also arisen at the company’s Continental Africa and Brazilian operations, albeit to a far lesser extent. AngloGold Ashanti provides occupational health services to its employees at its occupational health centres and clinics, and continues to improve preventative occupational hygiene initiatives, such as implementing various control measures to prevent hazardous exposures, and providing employees with Personal Protective Equipment. It is believed that the costs associated with activities to prevent disease would be substantially lower than those associated with managing the consequences of occupational disease. Actual and alleged health and safety incidents or breaches of standards may also adversely impact the company’s reputation.

The South African government, by way of a cabinet resolution in 1999, proposed a possible combination and alignment of benefits of the Occupational Diseases in Mines and Works Act (ODMWA) that provides for compensation to miners who have OLD, and the Compensation for Occupational Injuries and Diseases Act (COIDA), that provides for compensation in respect of job related injuries

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and compensation of non-miners who have OLD. Work on amending ODMWA is underway, although it remains unclear as to what progress will be made in the short- to medium term. COIDA provides for compensation payments to workers suffering permanent disabilities which are classified as pension liabilities if the permanent disability is above a certain threshold, or a lump sum compensation payment if the permanent disability is below a certain threshold. ODMWA provides for a lump sum compensation payment to workers suffering from OLD as well as the payment of medical expenses over the claimant's lifetime. If the proposed amendments to ODMWA were to occur, this could further increase the amount of statutory compensation that miners employed by AngloGold Ashanti could claim, which consequently could have an adverse effect on AngloGold Ashanti's financial condition.

Please refer to "Item 8A: Consolidated Financial Statements and Other Financial Information-Legal Proceedings-South Africa-Silicosis litigation".

In addition to OLD, AIDS and associated diseases remain major health care challenges faced by AngloGold Ashanti's South African operations. AngloGold Ashanti continues to implement programmes to help those infected with HIV and prevent new infections from spreading. Since 2001, the company has offered a voluntary counselling and HIV testing programme for employees in South Africa and, since 2003, has offered anti-retroviral therapy to HIV positive employees who meet the current medical criteria and who desire this treatment. Over the past 10 years, the incidence of new infections has declined.

Malaria and other tropical diseases also pose health risks at all of the company's operations in Central, West and East Africa where such diseases may assume epidemic proportions because of ineffective national control programmes. Malaria is a major cause of death in young children and pregnant women but also gives rise to deaths and absenteeism in adult men. All affected company operations have malaria control programmes in place.

Other conditions such as heart disease, chronic diseases and obesity are of increasing incidence and concern. Such diseases impair the health of workers and negatively affect productivity and profitability as a result of workers' diminished focus or skill, absenteeism, treatment costs and allocated resources.

AngloGold Ashanti cannot guarantee that any current or future medical programme will be successful in preventing or reducing the injury and illness rates amongst its employees or in affecting consequent morbidity or mortality rates. AngloGold Ashanti may incur significant costs in addressing this issue in the future, which could also adversely impact the company's results of operations and financial condition.

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## ANGLOGOLD ASHANTI GLOBAL OPERATIONS: 2018

## Operations and projects

AMERICAS	CONTINENTAL AFRICA	SOUTH AFRICA
1 Argentina Cerro Vanguardia (92.5%)	4 Guinea Siguri (85%)	9 South Africa Vaal River
2 Brazil Serra Grande AGA Mineração	5 Mali Morila (40%) <sup>(1)</sup> Sadiola (41%)	Kopanang <sup>(4)</sup> Moab Khotsong <sup>(4)</sup> West Wits
3 Colombia Gramalote (51%) La Colosa Quebradona (94.9%)	6 Ghana Iduapriem Obuasi <sup>(3)</sup> 7 DRC Kibali (45%) <sup>(1)</sup>	Mponeng Surface Operations <sup>(2)</sup>
AUSTRALASIA	8 Tanzania	
10 Australia Sunrise Dam Tropicana (70%)	Geita	

Percentages indicate the ownership interest in AngloGold Ashanti, whether held directly or indirectly. All operations are 100%-owned unless otherwise indicated.

- (1) Both Morila and Kibali are managed and operated by Barrick Gold (Holdings) Limited following its merger with Randgold Resources Limited.
- (2) Surface Operations includes First Uranium SA, which owns Mine Waste Solutions (MWS). MWS is managed and operated as a separate cash-generating unit.
- (3) Obuasi redevelopment began in early 2019.
- (4) The Vaal river operations were sold effective 28 February 2018.

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### OPERATING PERFORMANCE

#### Group description

AngloGold Ashanti, an independent, international gold mining company with a globally diverse, high-quality portfolio of operations and projects, is headquartered in Johannesburg, South Africa. Measured by production, AngloGold Ashanti is the third largest gold mining company in the world.

Our portfolio of 14 operations in nine countries, includes long-life and relatively low cost operating assets with differing ore body types located in key gold-producing regions around the world. These operating assets were supported by three greenfields projects in a tenth country (Colombia) and a focused global exploration programme.

Our operations and projects are grouped into the following regions: Continental Africa, Americas, Australasia and South Africa.

In 2018, we continued to restructure our operations in the South Africa region. We successfully concluded the sales of Moab Khotsong and Kopanang on 28 February 2018. Following ratification by the Ghanaian parliament of fiscal and regulatory agreements reached with the Ghanaian government in 2018, we began the redevelopment of Obuasi in January 2019. We continued the closure operations of Yatela during 2018 and we announced the sale of Yatela on 14 February 2019.

AngloGold Ashanti's operations and joint ventures employed, on average, 44,249 people (including contractors) in 2018 (2017: 51,480).

#### Performance

In 2018, AngloGold Ashanti produced attributable 3.4 million ounces (Moz) of gold (2017: 3.8Moz) as well as 34,000 pounds of uranium oxide, 6.2Moz of silver and 184 tonnes of sulphuric acid as by-products.

Production of 3.4 Moz of gold was achieved at a cost of sales of \$3.2 billion and an all-in sustaining cost of \$ 1,000/oz for subsidiaries and \$820/oz for equity accounted joint venture operations compared to a production of 3.8Moz in 2017 at a cost of sales of \$3.6 billion and all-in sustaining cost of \$1,050/oz for subsidiaries and \$1,087/oz for equity accounted joint venture operations, respectively.

#### Gold

The AngloGold Ashanti Ore Reserve reduced from 49.6Moz in December 2017 to 44.1Moz in December 2018. This gross annual decrease of 5.5Moz includes depletion of 3.6Moz. The loss after depletions of 1.8Moz, results from the disposal of assets in the South African region of 6.1Moz, additions due to exploration and modelling changes of 4.3Moz, whilst other factors resulted in a 0.1Moz addition and changes in economic assumptions resulted in a 0.2Moz reduction.

#### Copper

The first AngloGold Ashanti Ore Reserve for copper of 1.26Mt (2,769Mlbs) is based on exploration success and the completion of the prefeasibility study (PFS) at Quebradona. The Ore Reserve has been estimated at a copper price of \$2.65/lb.

Capital expenditure, including equity accounted joint ventures, in 2018 amounted to \$721 million (2017: \$953 million).

#### Safety

Regrettably, there were three fatalities across the group's operations in 2018. The all injury frequency rate was 4.81 per million hours worked compared to 7.49 in 2017.

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## CONTINENTAL AFRICA

AngloGold Ashanti has seven mines in the region, six of which are currently in operation. Obuasi in Ghana was not operational in 2018, having been on care and maintenance since 2016. The mine's redevelopment began in June 2018 with the first face blast taking place on 11 February 2019. Closure was underway at Yatela during 2018 and the sale of Yatela was announced subsequent to year end, on 14 February 2019.

	Attributable gold production (000oz)	Average number of employees
Subsidiary operations		
2. Ghana		
Iduapriem	254	1,733
Obuasi	—	1,321
3. Guinea		
Siguiri 85%	242	3,869
5. Tanzania		
Geita	564	4,567
Joint venture operations		
1. Democratic Republic of the Congo		
Kibali 45%	363	2,497
4. Mali		
Morila 40%	30	411
Sadiola 41%	59	435

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## Continental Africa - Key Statistics

	Unit	2018	2017	2016
Subsidiary operations				
Tonnes treated/milled	Mt	19.5	20.3	20.8
Pay limit	oz/t	0.040	0.038	0.034
	g/t	1.372	1.130	1.151
Recovered grade	oz/t	0.049	0.054	0.046
	g/t	1.69	1.84	1.59
Gold production (attributable)	000oz	1,060	1,094	955
Cost of sales	\$m	1,127	1,071	927
Total cash costs <sup>(1)</sup>	\$/oz	813	686	682
All-in sustaining costs <sup>(1)(2)</sup>	\$/oz	941	909	886
Capital expenditure	\$m	246	290	191
Safety				
Number of fatalities		0	0	0
AIFR	Per million hours worked	0.51	0.28	0.31
People				
Average no of employees: Total		11,490	10,268	9,599
Permanent employees		4,625	4,523	4,441
Contractors		6,865	5,745	5,158

	Unit	2018	2017	2016
Joint venture operations				
Tonnes treated/milled	Mt	7.8	7.7	6.8
Pay limit	oz/t	0.041	0.045	0.038
	g/t	1.403	1.528	1.294
Recovered grade	oz/t	0.053	0.047	0.052
	g/t	1.81	1.10	1.79
Gold production (attributable)	000oz	452	360	356
Cost of sales	\$m	480	441	407
Total cash costs <sup>(1)</sup>	\$/oz	680	819	812
All-in sustaining costs <sup>(1)(2)</sup>	\$/oz	820	1,087	955
Capital expenditure	\$m	67	119	100
Safety				
Number of fatalities <sup>(3)</sup>		0	0	0
AIFR <sup>(3)</sup>	Per million hours worked	0.29	1.25	1.56
People				
Average no of employees: Total		3,343	3,325	3,092
Permanent employees		1,072	944	890
Contractors		2,271	2,381	2,202

(1) Total cash costs and all-in sustaining costs are non-GAAP measures. For further information on these non-GAAP measures, see "Item 5A: Operating Results-Non-GAAP analysis".

(2) Excludes stockpile impairments.

(3) Excludes Morila and Kibali which are not managed by AngloGold Ashanti.





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### Production and costs

The region delivered a solid performance with four percent improvement in production boosted by higher tonnes treated particularly from underground mining at Kibali and Geita and improved underground grade from Geita. Geita built on its solid performance the previous year, delivering 564,000oz of gold, an increase of five percent compared to 2017. The increase was due to a range of operational improvements that included advance grade control and underground mining efficiencies, which assisted in accessing higher-grade ore particularly in the fourth quarter of 2018. This was driven by a five percent year-on-year increase in recovered grade as a result of the higher-grade underground ore mined at Nyankanga and Star & Comet.

At Siguiri, production was negatively impacted by a 16 percent decrease in recovered grade, owing to the treatment of lower-grade oxide material and an 11 percent decrease in tonnes due to delays in the commissioning of the CIL combination plant. The leach circuit was converted during the year to a hybrid CIL circuit as part of the combination plant project. As a result, production decreased year-on-year, exacerbated by depleted high-grade oxide deposits. The marginal delay in the commissioning of the ball mill in the plant resulted in the limited treatment of available higher-grade harder ore with the plant feed being supplemented by lower-grade oxide ore. The required new power plant was successfully commissioned.

Iduapriem's production increased 11 percent year-on-year to 254,000oz, the mine's highest production since its acquisition in 2004. The production increase was driven by the six percent increase in tonnage treated and a five percent improvement in recovered grades, a results of improved grinding and plant efficiency. These improvements resulted from the mining of deeper, higher-grade areas in the Teberobie pit. Total tonnes mined increased eight percent year-on-year to 38Mt, the highest tonnage ever mined at Iduapriem. This helped in meeting the grade improvement targets and the continuation of the extensive waste-stripping programme at Blocks 7 and 8, which will provide the foundation for sustainable production over the future life-of-mine.

At Kibali, production increased 35 percent year-on-year to 363,000oz, another significant improvement. The higher production was on the back of higher throughput, a result of improved plant availability that led to above design capacity throughput, and a five percent increase in plant recovery, building further on the improving recovery factor/rate since commissioning. Production was aided by an increase in tonnes mined and an eight percent increase in tonnage treated, a result of improved plant performance, as well as 26 percent increase in recovered grade as higher-grade underground mining displaced lower-grade open-pit ore. This was on the back of the successful commissioning of the underground materials handling system at the end of 2017.

At Sadiola, production declined due to a nine percent drop in the recovered grade owing to the limited availability of oxide ore with the in-situ oxide ore depleted as mining had ceased by the end of March 2018. The mine had begun transitioning to its stockpile treatment plan at the beginning of the year, partly compensated for by a three percent increase in tonnes treated as a result of newly-installed variable speed drives in the mill. Production for the rest of the year was from a blend of the remaining full grade and marginal ore stockpiles. Plant operations were efficient and consistently exceeded planned throughput, with a 3% increase in tonnes treated compared to the previous year. This helped to partly offset the lower feed grade and provided flexibility to maintain a steady production and revenue profile for the year.

At Morila, production continued to increase due to the 19 percent improvement in recovered grade as mining resumed during the year with the treatment of higher-grade ore, offset by a decrease in throughput due to the treatment of harder ore, blended with tailings mineralised waste ore. Plant throughput was 11 percent down year-on-year, impacted by unplanned downtime and the replacement of the ball mill. The mine is expected to continue treatment of mineralised waste ore, augmented by higher-grade ore from targeted mining areas, for the next two years, after which the mine will transition to full closure.

All-in sustaining costs (AISC) for the subsidiary operations in the region increased from \$909/oz in 2017 to \$941/oz in 2018. Costs increased as a result of lower production at Siguiri as high grade oxide ore was depleted and the conversion to harder ore treatment commenced with the combination plant project, partly offset by higher production at Iduapriem resulting from mining and treatment of higher grade ore and higher tonnes treated due to increased plant efficiency. The joint venture operations' AISC decreased from \$1,087/oz in 2017 to \$820/oz in 2018, a year-on-year improvement despite inflationary pressures. Costs were assisted by the 35% increase in production at Kibali as development shifted the focus to higher grade underground production with reduced spend on capital development cost and lower sustaining capital expenditure, and cost efficiencies at Sadiola as mining operations ceased.

#### Capital expenditure

Capital expenditure for the region increased in line with planned inward company investments in growth projects, particularly at Siguiri and Obuasi during 2018. Ore Reserve development projects continued at Geita for the Star & Comet and Nyankanga underground operations, together with waste stripping projects at Iduapriem. These projects provide access to the ore bodies identified for future gold extraction. The balance of the capital spend was used for capitalised exploration and stay-in-business projects to improve the asset reliability across our mines to ensure safe, risk-free mining and production.

At Kibali, the Azambi hydropower plant was commissioned during the third quarter in 2018 and fully integrated into the energy grid in September, providing affordable power to the mine. The cyanide tailings storage facility First Lift Project, involving the wall lift on the tailing storage facility, was completed in the last quarter of the year with project handover completed on 31 October 2018. Other notable projects at Kibali included the transition to owner mining which was successfully completed on 1 July 2018.

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### Safety

There were no fatalities during the year, maintaining a 39-month fatality-free period since October 2015.

### Ore Reserve

The total attributable Continental Africa Region Ore Reserve was 16.3 million ounces (2017: 16.9 million ounces). This amounts to 37 percent of the group's Ore Reserve.

### Growth and improvement

Construction of the Siguiri combination plant is complete, with the first material fed to the plant on 1 March 2019. The CIL circuit was commissioned in July and first gold from it was poured in August 2018. The 30MW power plant was commissioned in October 2018. It is now fully operational providing reliable, low-cost power to the Siguiri mine. The crushing and milling circuits for the treatment of the hard sulphide ore are currently being commissioned and full ramp-up is expected in the first half of 2019. The focus for the year will be to stabilise plant throughput and operating stability as the new plant is commissioned.

Exploration drilling continued at Saraya and Foulata to support a prefeasibility study for the Block 2 permit area. This study is due to be completed during 2019 and is aimed at improving the mine's ounce profile and potentially extending the life of the mine. The current option on the Siguiri Block 2 considers the trucking of oxide material to the existing process plant to displace marginal ore. The evaluation of this has been completed. The requisite permitting and feasibility study are scheduled for the latter part of 2019.

Development of Geita's Star & Comet and Nyankanga underground sections continued development was completed to access new areas for stope mining and further exploration. Open pit mining at Nyankanga and Geita Hill continued with Geita Hill reaching the end of its economic life and Nyankanga scheduled to be completed in the first half of 2019. Surface exploration continued at Selous, and a satellite pit 2.4km from Star & Comet expected to supplement the underground operation in the near term.

Other notable projects at Geita were the completion of the 40MW power plant and the purchase of underground mining plant and equipment. The power plant was commissioned in August 2018 and is currently in full operation, providing reliable, low-cost power to the mining operations. The purchase of the underground mining plant and equipment is in line with the strategy to transition to owner mining at Star & Comet, planned for the first half of 2019, with the full changeover for the rest of the mine's sections expected to follow in coming years.

At Obuasi, following receipt of all the requisite approvals from the government of Ghana, including parliamentary ratification, and environmental approvals in June 2018, the redevelopment of the mine's high-grade ore body has started in earnest. Establishment of the project and operating teams have progressed well and all key roles have been filled. Detailed design has continued, focusing on the processing plant and underground infrastructure. Critical long-lead items have also been ordered. The underground mining fleet was delivered and commissioned. The underground mining contractor has commenced mobilisation. Operational readiness activities, including the design of the mine operating systems, has progressed to plan. Demolition of redundant processing plant structures has begun. Refurbishment planning was completed and works are set to begin early in the second half of 2019. The housing refurbishment programme has also begun and expansion of the mining contractor's camp is well advanced.

At Iduapriem, waste stripping at Teberebie Cut 1 continued during the year and is expected to be completed in the first half in 2019 when full grade mining should begin. Brownfields drilling continued at the Ajopa pit and open pit mining will continue into 2019 to supplement ore from the larger Teberebie pit. Iduapriem's plant expansion concept study has

been completed on the plant de-bottlenecking. The next focus area will then be to find a solution for an additional tailings storage facility.

At Kibali, an aggressive exploration programme continued with a notable success being the declaration of the maiden Mineral Resource of 0.96Moz for Kalimva and Ikamva that supports a prefeasibility study for future mining.

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## THE AMERICAS

AngloGold Ashanti has three mining operations – both open pit and deep level mining – in the Americas region. In addition, one brownfield project and an active greenfields exploration programme are underway in Colombia.

	Attributable gold production (000oz)	Average number of employees
Operations		
1. Argentina		
Cerro Vanguardia 92.5%	282	1,774
2. Brazil		
AGA Mineração	364	4,736
Serra Grande	130	1,462
3. Colombia – exploration programme		

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## Americas - Key Statistics

	Unit	2018	2017	2016
Operation				
Tonnes treated/milled	Mt	6.8	7.5	7.0
Pay limit	oz/t	0.121	0.104	0.100
	g/t	4.142	3.576	3.421
Recovered grade	oz/t	0.103	0.102	0.106
	g/t	3.55	3.49	3.64
Gold production (Attributable)	000oz	776	840	820
Silver (attributable)	Moz	5.9	5.8	4.7
Cost of sales	\$m	838	987	863
Total cash costs <sup>(1)</sup>	\$/oz	624	638	578
All-in sustaining costs <sup>(1)(2)</sup>	\$/oz	855	943	875
Capital expenditure <sup>(3)</sup>	\$m	176	234	225
Safety				
Number of fatalities		1	0	1
AIFR	Per million hours worked	3.97	3.29	3.96
People				
Average no of employees: Total		7,973	8,511	8,126
Permanent employees		5,755	5,888	5,653
Contractors		2,218	2,623	2,473

(1) Total cash costs and all-in sustaining costs are non-GAAP measures. For further information on these non-GAAP measures, see “Item 5A: Operating Results-Non-GAAP analysis”.

(2) Excludes stockpile impairments.

(3) 100 percent, (not attributable) and includes Colombia.

## Production and costs

The Americas region produced 776,000oz at a total cash cost of \$624/oz for the year ended 31 December 2018, compared to 840,000oz at a total cash cost of \$638/oz for the previous year. The region’s production decreased due to the lower contribution from Brazil, where production was negatively impacted by delays in development and infrastructure constraints at the Cuiabá complex. This was exacerbated by lower grades in the sulphide operation and excessive rainfall at the Córrego do Sítio complex, while Serra Grande experienced delays in receiving environmental deforestation and waste dump permits.

Full-year production at AGA Mineração in 2018 was impacted by the Cuiabá complex delays in development and infrastructure constraints. The Cuiabá complex was impacted by geotechnical factors at the access ramp to the high-grade ore body. During the last quarter of the year, operating performance improved as measures were taken to improve mine quality by improving stope availability, drilling and mine recoveries while ensuring compliance to plan.

At Córrego do Sítio, lower grades at the sulphide operation and excessive rainfall contributed to lower production. Production was also impacted by lower volumes placed on the heap leach, model changes and production stoppages due to strikes.

At Serra Grande, the production was lower in 2018 as compared to 2017 as less ore was mined following receipt of environmental deforestation and waste dump permits later than expected. All permits had been received by year end.

In Argentina, at Cerro Vanguardia, full-year output was maintained at the same level as 2017, producing 282,000oz at a total cash cost of \$476/oz compared to 283,000oz at a total cash cost of \$522/oz in 2017. Production was maintained, despite the lower underground grade, mainly because of the higher volumes mined and treated.

The all-in sustaining cost (AISC) was \$855/oz in 2018, compared to \$943/oz in 2017. Reduced costs were mainly due to lower sustaining capital expenditure, driven by a greater focus on capital management, and benefits derived from Operational Excellence initiatives, which are aimed at encouraging innovation in controlling and managing costs and improving operational efficiencies and productivity.

In Brazil, the all-in sustaining cost declined year-on-year despite lower production volumes and inflationary pressures, which adversely impacted total cash costs. The six percent improvement was boosted by good results from the Operational Excellence initiatives and a favourable exchange rate. In Argentina, total cash costs fell mainly as a result of the weaker exchange rate following the devaluation of the Argentine peso against the US dollar as well as improved efficiencies.

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These positive effects were partially weakened by lower tonnes mined and rapidly rising inflation which ended the year at 47 percent, mostly related to salary increments. A lower average silver price for the year and lower volumes sold also affected costs negatively.

In Brazil, Labour Reform, an engagement process with stakeholders, created an opportunity to implement a fourth working shift at all mines in Brazil. Combined with initiatives to optimise the work hand-over at shift change, productivity gains were generated on blasting cycles and development of main ramps and galleries.

In September 2018, the government of Argentina introduced the payment of export duties on exported goods. In terms of an existing tax stability agreement, Cerro Vanguardia is entitled to a refund of these export duties, should the payments result in a higher total tax burden in compared to the tax imposed by the tax stability agreement.

### Capital expenditure

In Brazil, capital discipline was maintained with stay-in-business capital expenditure proactively managed lower year-on-year. This was supported by the more favourable exchange rate of the Brazilian real versus the US dollar. The Brazilian operations maintained their focus on Mineral Resource and Ore reserve conversions with the main investment at all operations going into Ore Reserve development, to improve confidence levels and mine flexibility, in order to increase stope access. Capital expenditure in Argentina was lower in 2018 than in 2017, mainly due to reduced Ore Reserve Development from underground optimisation and the tailings dam investment made during 2017, which was not necessary in 2018. The lower level of capital expenditure was also partly attributable to the weakness in the Argentine peso against the US dollar in 2018.

### Safety

Regrettably, there was a fatal accident at Cuiabá in Brazil in 2018 following an electricity-related incident in January 2018.

### Ore Reserve

At the end of 2018, the total attributable Ore Reserve for the Americas region, was 7.1 million ounces (2017: 5.2 million ounces). This is approximately 16 percent of the group's total Ore Reserve.

### Growth and improvement

Going forward, Brazil plans to increase gold production. Productivity is expected to improve with maximisation of the assets as a result of the Operational Excellence initiatives underway, particularly in the areas of exploration, Ore Reserve development, mining and metallurgy. Significant cost reductions contributed to returning the Mineral Resource and Ore Reserve to plan. During the development phase at Serra Grande, while building confidence levels, conversion drilling works delivered results that were 55 percent better than planned (at 12,722m against 8,217m). In 2019, the Cuiabá complex is expected to improve production by accessing and mining the high-grade Serrotinho ore body. At Córrego do Sítio (CdS), higher development rates and production from underground mining, along with a new pushback at the open pit, are expected to lead to increased production. Drilling campaigns aimed at confirming ore sources are currently underway. Drill results will help support an improving production case in the medium term and extend the operating lives of the new open pit (CdS III) and of new underground mines at Mina II and the São Bento Deep ore bodies in the long term.

Serra Grande has brought the Ingá ore body into production while work continues exploring the potential of the Mangaba and Corpo IV ore bodies. The Palmeiras South negotiation was concluded, creating access to the new ore



bodies.

The Cuiabá complex is expected to normalise access to high-grade areas, creating positive conditions so as to adhere to production and development plans to provide flexibility and improve confidence levels. Córrego do Sítio will focus on bringing the new open-pit pushback into production.

At Serra Grande, the Santos Reis community resettlement activities have begun, which we plan to conclude during 2019, to be able to work on the expansion of the open pit to increase production. Additionally, exploration work is expected to begin in high-potential Palmeiras South area once the negotiations have been concluded with landowners. Engagement with all stakeholders is underway.

AGA Mineração is expected to deliver improved grades in 2019, which should result in higher production, and reserve conversion is a clear near-term focus. Production from the Serra Grande crown pillar is expected to lead to higher grades towards the end of the year but at lower throughput. The Palmeiras South licence is targeted for mid-2019.

Cerro Vanguardia has been in operation for 20 years. Going forward, grades are expected to be below current levels, decreasing from about 7g/t to about 5g/t. Further cost-saving initiatives and operational improvements are being analysed in order to maintain cost reductions to mitigate the lower production impact in 2019. An investment for a fleet replacement is planned for 2019, which will be made up of five trucks and one loader, to replace the current old 773-truck fleet. Once these are in commission, use of the new vehicles is expected to bring additional savings given lower maintenance and better operational efficiencies.

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AUSTRALASIA

	Attributable gold production (000oz)	Average number of employees
Operations		
Australia		
1. Sunrise Dam	289	576
2. Tropicana 70%	336	475

AngloGold Ashanti's Australasian assets comprise the wholly owned Sunrise Dam and the 70 percent-owned Tropicana Gold mine located in the north-eastern goldfields of the state of Western Australia.

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## Australasia - Key Statistics

	Unit	2018	2017	2016
Operation				
Tonnes treated/milled	Mt	9.5	9.4	8.9
Pay limit	oz/t	0.07	0.06	0.06
	g/t	2.10	1.84	1.86
Recovered grade	oz/t	0.065	0.061	0.058
	g/t	2.01	1.89	1.82
Gold production (attributable)	000oz	625	559	520
Cost of sales	\$m	622	551	542
Total cash costs <sup>(1)</sup>	\$/oz	762	743	793
All-in sustaining costs <sup>(1)(2)</sup>	\$/oz	1,038	1,062	1,067
Capital expenditure	\$m	156	153	109
Safety				
Number of fatalities		0	0	0
AIFR	Per million hours worked	9.14	8.53	9.49
People				
Average no of employees: Total		1,051	974	925
Permanent employees		238	226	211
Contractors		813	748	714

<sup>(1)</sup> Total cash costs and all-in sustaining costs are non-GAAP measures. For further information on these non-GAAP measures, see “Item 5A: Operating Results-Non-GAAP analysis”.

<sup>(2)</sup> Excludes stockpile impairments.

## Production and costs

The region delivered a strong performance in 2018 producing 625,000oz, a 12 percent year-on-year increase in production, due to higher mill feed grades and higher mill throughput at Tropicana.

At Sunrise Dam, the focus continued to be on lifting the mined grade while maintaining an underground ore production rate of approximately 3Mtpa. Underground ore is the primary source of mill feed which is blended with low grade stockpiled ore to fill the 3.8Mtpa capacity processing plant. Higher mined grades in the first and fourth quarters contributed to a 21 percent increase in year-on-year production, offsetting delays in metallurgical recovery improvements that were anticipated from the Recovery Enhancement Project (REP). A structured optimisation programme in the processing plant was delivering positive results by year end and, along with a higher proportion of Vogue ore in the feed blend, is expected to increase recovery rates to REP feasibility study levels in 2019.

Production at Tropicana in 2018 increased by five percent due to higher mill feed grades and higher mill throughput. The second 6MW ball mill was commissioned ahead of schedule in November 2018 with full ramp-up achieved within a week. The additional ball mill is expected to lift annual throughput to 8.2Mtpa and, through a reduction in grind size, to improve baseline metallurgical gold recovery by up to three percent to approximately 92 percent. The Long Island mining sequence was further optimised during 2018, with mining rates stabilising at approximately 95Mtpa. Grade streaming continued in 2018 with preferential processing of higher grade ore while low-to-medium grade ore was stockpiled. Mining during 2018 focused on the Havana South, Havana 3 and Tropicana 2 pits. It is anticipated that mining of the Tropicana pit will be completed in the first half in 2019, while mining will begin in the Boston Shaker open pit cutback 4 the second half of the year.

All-in sustaining costs at \$1,038/oz for the region were slightly lower than the previous year, largely due to higher production and a weaker Australian dollar, which offset higher mining costs.

#### Capital expenditure

Several once-off capital projects were completed in 2018 with capital expenditure at Sunrise Dam, including construction of the REP, a multiyear extension of the tailings storage facility (TFS) and installation and commissioning of two 2MW primary ventilation fans, which were all completed by year end. Once-off capital expenditure at Tropicana included the construction and commissioning of the 6MW ball mill.

#### Safety

There were no fatalities during the year.

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### Ore Reserve

At the end of 2018, the total attributable Ore Reserve for the Australasia region was 3.8 million ounces (2017: 4.0 million ounces). This is approximately nine percent of the group's total Ore Reserve.

### Growth and improvement

Late in 2018, the Tropicana joint venture partners committed to conducting a feasibility study into the development of an underground mine beneath the Boston Shaker pit after a prefeasibility study confirmed that underground mining was technically and financially viable. Approval is expected in the first half of 2019 with development of a portal likely to start in mid-2019. Infill drilling was carried out during 2018 to convert Inferred Resources to Indicated Resources, enabling a maiden underground Ore Reserve to be declared. Boston Shaker mineralisation remains open along strike and at depth.

In 2019, the focus at Sunrise Dam will remain on targeting higher grade sections of the underground stopes, while maintaining the underground production rate at approximately 240,000 – 250,000 tonnes a month. The Vogue orebody will become the primary ore source in 2019, expected to account for approximately two thirds of underground ore production. The site is evaluating paste fill options to support production from wider sections of the large Vogue ore body.

The completion of capital projects, including the ventilation upgrades, during 2018 will contribute to improving the effective use of mining equipment and the reliability of the mine. The underground mine management system (UMMS) is expected to be commissioned during 2019, enabling real-time analysis of the mobile fleet to identify projects that improve efficiency by optimising the effective time and performance quality metrics of the mining equipment. The UMMS will also enable remote surface control of services such as ventilation, power and dewatering. The Sunrise Dam mineralised system remains open in all directions and at depth. During 2019, targets 1km to the south of the mine will be tested with deep diamond drilling in a programme partially funded by the Western Australian Government's Exploration Incentive Scheme.

During 2018, AngloGold Ashanti earned a 51 percent interest in the Butcher Well/Lake Carey exploration joint venture tenements, where there is potential for the discovery of an additional Ore Reserve for processing at Sunrise Dam, possibly displacing low-grade stockpiles currently being blended with underground ore.

AngloGold Ashanti Australia has the right to earn up to 70 percent interest from Saracen Mineral Holdings Ltd by spending up to A\$25m on exploration in the tenements, which are located approximately 22km from Sunrise Dam. These tenements are part of the Butcher Well/Lake Carey exploration joint venture.

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## SOUTH AFRICA

The South Africa region has undergone extensive restructuring to ensure its long-term sustainability. Following this restructuring and the sale of assets, AngloGold Ashanti's South African operations currently are:

West Wits: Mponeng  
Surface operations

Following the completion of the sale of various assets including Moab Khotsong and Kopanang, in the restructure of the group's South Africa region, as of 1 March 2018, AngloGold Ashanti ceased to have underground operations in the Vaal River area.

	Gold production (000oz)	Average number of employees
Operations		
South Africa		
1. Vaal River		
Kopanang	12	3,526
Moab Khotsong	39	6,092
2. West Wits		
Mponeng	265	5,400
3. Surface operations <sup>(1)</sup>	171	2,290

<sup>(1)</sup> Includes MWS for purposes of this report. It is operated and managed as a separate cash-generating unit.

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## South Africa Key Statistics

	Unit	2018	2017	2016
Operation				
Tonnes treated/milled	Mt	34.9	38.9	39.6
Pay limit <sup>(1)</sup>	oz/t	0.44	0.43	0.37
	g/t	16.11	15.97	13.81
Recovered grade <sup>(1)</sup>	oz/t	0.219	0.202	0.219
	g/t	6.82	6.93	7.51
Gold production <sup>(2)</sup>	000oz	487	903	967
Cost of sales	\$m	590	1,129	1,064
Total cash costs <sup>(3)</sup>	\$/oz	1,033	1,085	896
All-in sustaining costs <sup>(3)(4)</sup>	\$/oz	1,178	1,245	1,081
Capital expenditure	\$m	73	150	182
Safety				
Number of fatalities		2	7	6
AIFR	Per million hours worked	10.25	12.68	12.02
People				
Average no of employees: Total		17,308	26,245	28,507
Permanent employees		15,557	22,738	25,205
Contractors		1,751	3,507	3,302

<sup>(1)</sup> Refers to underground operations only.

<sup>(2)</sup> Includes production ounces from the technology development programme in 2017 and 2016.

<sup>(3)</sup> Total cash costs and all-in sustaining costs are non-GAAP measures. For further information on these non-GAAP measures, see "Item 5A: Operating Results-Non-GAAP analysis".

<sup>(4)</sup> Excludes stockpile impairments.

## Performance in the South Africa Region in 2018

The region has undergone extensive restructuring to ensure its long-term sustainability. The sales of Kopanang and Moab Khotsong, in two separate transactions, were concluded on 28 February 2018. Following these sales, which included the Nuclear Fuels Corporation of South Africa (Nufcor), uranium is no longer produced. TauTona (including its Savuka section) in the West Wits area had been placed on orderly closure in September 2017. Following this restructuring and the sale of assets, AngloGold Ashanti's South African operations currently are West Wits and Surface Operations.

## Production and costs

The South Africa region's operations produced 487,000oz at a total cash cost of \$1,033/oz in 2018 compared to 903,000oz at a total cash cost of \$1,085/oz in 2017. The decrease in production reflects, firstly, the reduction in the number of mines in the region, with Kopanang and Moab Khotsong contributing for only two months of the year following their sales on 28 February 2018. Secondly, following TauTona's being placed on orderly closure in September 2017 there was no production from that mine in 2018. Production from retained operations, that is excluding those assets sold and undergoing orderly closure, was 436,000oz (up 2% year-on-year). At MWS, 2018 production was 103,000oz. Given current market conditions and the decision in the first half of 2018 to change its processing strategy, MWS will focus solely on gold recovery in future. The uranium plant has thus ceased operating. A strategic decision was also made to treat reduced higher-grade volumes from the sulphur paydam to ensure responsible reclamation and to facilitate future rehabilitation. Consequently, MWS remained cash positive despite the 5% year-on-year decline in production. Production was mainly impacted by lower recoveries as a result of carbon management challenges experienced during the third quarter of 2018, which improved toward the end of 2018.

Tonnages were also impacted by unplanned stoppages owing to inclement weather and associated power outages. Approximately 167 hours of power failures were experienced in December alone. We engaged with Eskom management, the public power utility, and a protocol was agreed to create flexibility during inclement weather.

Following the sale of the Mispah and West Gold plants, production from the hard-rock dumps was lower compared to 2017. The yield contribution from the West Wits surface sources was also down year-on-year due to the proportion of reclamation from the Savuka marginal ore dumps and tailings storage facilities (TSFs). Accordingly, mining strategies were changed during the third quarter of 2018 and feed grades are beginning to improve.

The region's all-in-sustaining cost of \$1,178/oz was five percent lower year-on-year while the total cash cost for the region was \$1,033/oz, five percent down on 2017. The reduction in costs was in line with our strategy to ensure that the South African operations could be safely returned to profitability while mitigating job losses. Cost management efforts continue in earnest, aimed at ensuring



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that both on- and off-mine cost structures are appropriately resized for the smaller production base. Efforts will continue in 2019 to realise further cost reductions within the off-mine cost structures. Focus has shifted to reducing legacy costs, and the streamlining of systems and work processes to right-size the cost base to the smaller footprint and drive further operational efficiencies through improved productivity. In addition, as part of Mponeng's safe production strategy to increase face time, a new shift arrangement was agreed with the South African unions. The new shift arrangements were successfully implemented on 12 November 2018 and are expected to help improve productivity. Costs are expected to benefit from improved mining practices and the new shift arrangement.

### Capital expenditure

Capital expenditure in the South Africa region was mainly on the Mponeng project. The total capital expenditure in 2018 was \$73 million, 51 percent lower year-on-year from 2017 (\$150 million), due to the sale of assets early in the year.

### Safety

Regrettably, two fatalities occurred in the South Africa region in 2018. One fatality occurred at Mponeng following a fall-of-ground related incident and one fatality occurred at Moab Khotsong in a tramming incident.

### Ore Reserve

As at 31 December 2018, the total Ore Reserve for the South African region was 16.8Moz (2017: 23.5Moz). This is equal to 38 percent of the Group's Ore Reserve. The sales of various assets in the Vaal River region in February 2018 resulted in a decrease in Ore Reserve of 6Moz.

### Growth and improvement

At MWS, the Aachen™ high-shear reactor technology for the refractory portion of the feedstock was commissioned in October 2018 and is expected to assist in improving recoveries. The planned Kareerand TSF expansion project is undergoing a feasibility study. The technical review is scheduled for the first half of 2019. This project is aimed at facilitating the continued operation of MWS and the associated retreatment of the Vaal River TSFs.

Phase 1 of the Mponeng project: Raiseboring of the reef pass from 123 level to 126 level was completed during 2018 and construction of the tip and control chute began in December 2018. Installation of additional support to consolidate the hanging wall and side walls of the pump chamber and substation will follow in the second half of 2019. The production ramp up on 123 and 126 levels will continue during 2019. Phase 2 of the mine life extension project has been put on hold due to capital constraints and in order to allow for the completion of a feasibility study in 2019. Construction of water management infrastructure is currently behind schedule with the piping installation still outstanding. Construction of ore-handling infrastructure has been completed. ORD at 126 level also encountered areas with higher geological complexity, which required additional secondary support, slowing advance rates.

The technology and innovation project remains on hold, due to the accelerated closure of TauTona. However, work continues to establish the site for the high-strength backfill plant at Mponeng. Delays were encountered in the development of the excavation and it is estimated that plant construction will begin in the first half of 2019.



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### EXPLORATION REVIEW

Our exploration is focused on creating value by providing long-term optionality and improving the portfolio quality.

Brownfields exploration focuses on delivering value through incremental additions to our Ore Reserve in existing mines as well as new discoveries in defined areas around existing operations. Brownfields exploration actively drives the creation of value by growing our Mineral Resource and Ore Reserve, our major assets. The brownfields exploration programme is based on innovative geological modelling and mine planning and continual optimisation of our asset portfolio.

Greenfields exploration aims to discover large, high-value Mineral Resource that will ultimately lead to the development of new gold mines.

In 2018, \$29.4 million was spent on greenfields exploration and \$94.8 million on brownfields exploration.

#### Greenfields exploration

Greenfields has over 7,000km<sup>2</sup> of highly prospective ground in three countries, namely, Australia, Colombia and the United States and ground positions in Argentina and Tanzania. The total expenditure in 2018 was \$29.4 million including more than 90km of diamond, reverse circulation and aircore drilling.

In Australia, in the Laverton district, the first stage of the Butcher Well and Lake Carey Earn-in with Saracen Mineral Holdings was completed in late August. AngloGold Ashanti now owns 51 percent of the Butcher Well and Lake Carey tenements. A scoping study on the Butcher Well and Mt Minnie projects was completed in July 2018 with positive results. Work completed as part of the agreement in 2018 included 38.6km of reverse circulation and diamond drilling, 35km of aircore drilling and 25,034 ground gravity stations. Elsewhere in Australia, reconnaissance exploration drilling and geophysical programs were undertaken on projects east of Kalgoorlie and in north-east Queensland.

In Brazil, after a review of all the exploration results at the Tromai project, AngloGold Ashanti has withdrawn from the farm-in agreement with Equinox after expenditure of \$8.7 million. Exploration is now focused on the identification of new greenstone terranes elsewhere in Brazil.

In the United States, Q1 roto-sonic drilling was completed at the Celina project area in Minnesota (100 percent owned by AngloGold Ashanti). Follow up Q4 roto-sonic drilling was undertaken. A total of 3.2km of drilling was completed with results still pending. At the Silicon project in Nevada, AngloGold Ashanti elected to maintain the 100 percent earn-in option on the property for the second year with Renaissance Gold. Two phases of reverse circulation and diamond drilling were completed during the year for 7.6km with encouraging observations. An Induced Polarization orientation survey line completed over the project highlighted an anomalous response in the vicinity of the drilling. Drilling will continue in 2019 to test structural targets within the Silicon-Thompson structural corridor.

In Colombia and Tanzania, exploration programmes are on hold pending an internal review process.

#### Brownfields exploration

Brownfields exploration was carried out in nine countries, in and around AngloGold Ashanti operations, namely South Africa, Argentina, Brazil, Colombia, Tanzania, Guinea, Ghana, Democratic Republic of the Congo and Australia. A total of 746,046m of diamond and reverse circulation drilling was completed during the year.

South Africa: Exploration continued at Mponeng's Western Ultra Deep Levels. All these holes target the Ventersdorp Contact Reef. The capital allocation for surface drilling was reduced and drill hole UD63A was stopped. Surface drilling at UD61A achieved an advance of 1,166m. 40 percent of the hole depth has been completed after drilling starting in March 2018.

Argentina: At Cerro Vanguardia, the exploration drilling programme was completed with a total of 8,617m drilled. The trenching programme completed a total of 21,788m in 309 newly excavated trenches with 355 (9,678m) channels cut. In the surface reconnaissance programme, 129 chip samples were collected over the district. A geochemical sampling programme covering poorly explored areas was undertaken and collected 142 samples of guanaco scats. Ground magnetics surveys covered 125km<sup>2</sup> and a horizontal loop electromagnetic (HLEM) survey covered 3.19km<sup>2</sup>.

Brazil: In the Iron Quadrangle a total of 163,554m were drilled. At Cuiaba, drilling of the Galinheiro and Galinheiro FW ore bodies intersected economic grades in the shear zone quartz veins as well as in the typical BIF. At Surucucu (SUR), the drilling programme showed the ore body to be uneconomic. Drilling at Fonte Grande Sul (Level 21) showed continuity of high grades down plunge. The VQZ ore body continues to show positive results, with continuity along the plunge. At Dom Domingos, the BIFs are showing an unexpected continuity along strike while the down plunge continuity needs to be tested. Work also continued on the remnant ounce project. The LIB drilling programme commenced in Q4, however experienced significant delays. The hole is likely to be stopped and redesigned.

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For the regional targets, at Descoberto underground drilling began in Q4. Even though development restricted drilling from reaching deeper targets, the model indicates that the mineralised structure is continuing along strike and remains open on the eastern and western flanks. At Olhos D'agua the geological map was finalised in the first half of the year and drill sites were identified. The IP survey, surface sampling and drill plan as well as the soil sampling has been completed at Biquinha target and a preliminary analysis indicates that there is a gold anomaly southwest of Biquinha. At the Cuiabá southwest target line cutting, soil sampling and mapping continued throughout Q4 and two very good intercepts were returned, which aligned with anomalies in an area with no outcrop.

At Lamego, Cabeça de Pedra continues to return low but economic grades, adding to Mineral Resource. Drilling was completed at CAR SW. The results show the normal limb has constant and continuous regions of high grade while on the inverted limb, the grades are lower and more dispersed with occasional high grades peaks. The drilling does however show the ore bodies are more continuous than expected. Exploration drilling at Córrego do Sítio (CdS) consisted of underground Mineral Resource conversion drilling at Laranjeiras and Carvoaria with the objective of upgrading the confidence in the 2019-2021 mining blocks. At Laranjeiras, significant intercepts were reported up to 300m away from the interpreted geological model towards the South of the mine and indicated continuation of mineralisation. The development of exploration drives in preparation for 2019 drilling progressed. Development at Cachorro Bravo was completed, at Laranjeiras it is ahead of schedule and at Carvoaria development has been delayed.

At Cachorro Bravo (sulphide ore), the surface diamond drilling campaign was completed and the programme verified the continuity of the 102 lens. The Rosalino Target (sulphide ore) diamond drilling was completed from surface. The available drilling results confirm the expected grades and thicknesses as well as the possibility of new, deep orebodies. The surface drilling campaign at CdSIII finished in July 2018 and the results confirmed the mineralisation along CdSIII's main strike and further exploration potential has been confirmed for the Jambreiro target.

A total of 87,085m were drilled at Serra Grande. Exploration drilling was completed at Limoeiro Target (Structure IV) and the drilling confirmed both an extension along strike and down dip of the mineralised zone. There was also a positive intersection in Structure IV (Orebody IV). Another significant intersection confirmed the extension of Structure V to a strike length of 7.8km across the Crixás greenstone belt. At Structure A (Cajá Target), intersections confirmed the down plunge potential of the ore body. While at the VQZ S1 orebody drilling also confirmed the down-plunge continuity of the mineralisation. At Inga mine, drilling confirmed the down plunge continuity of mineralisation. The LIB drilling test was successfully executed at Corpo IV to test the down plunge extensions. At Mine III, a borehole confirmed the down plunge continuity of the mineralisation whilst another hole indicates a potential reduction in strike. At Palmeiras South, the first exploratory drill holes were drilled down plunge of the principal excavation, however, delays have been caused by access constraints. At Mangaba, underground drilling intersected significant intercepts on the up-plunge side of the deposit, this resulted in an increase in Mineral Resource. While at Pequizão, positive results confirmed the continuity of Orebody G down plunge.

Colombia: A total of 12,151m was drilled at Gramalote. No activities were performed during Q1 due to funding issues. DD focused on the Gramalote Pit in Q2 while grade control drilling continued at Plataforma Norte and Plataforma Sur.

The La Palma drilling programme was completed in October 2018 with some significant intercepts returned. The metallurgical test work was completed, and no material evidence was found that prevents the treatment of the ore at the designed plant. An exploration programme was completed in the area between Manizales and Cristales to identify areas with potential to be included in the formalisation process. The final report is expected by mid 2019 once all the assays are returned.

The La Colosa project continued on care and maintenance in the first quarter after all field activities ceased in April 2017.

At Quebradona, the infrastructure drilling campaign started in May 2018. Prefeasibility work was completed with the feasibility study pre-work drilling campaign being 93.5 percent complete and the test pits 65 percent complete. Geotechnical, hydro geological and metallurgical drilling continued on the mountain with only the tunnel trace drilling remaining. A master 3D fault interpretation was finished using original greenfields information (field mapping and geophysics), photo interpretation (consultant) and mine interpretation (internal). An external audit of the Mineral Resource and Ore Reserve was successfully concluded in December 2018.

Tanzania: A total of 68,435m of drilling was completed in 2018. The mineral rights pertaining to the Roberts area were obtained and surface exploration commenced within the area. Mineral Resource development drilling for the Nyankanga underground projects continued to provide positive results. Drilling at Nyankanga Block 3 Lower, has confirmed the potential down-dip extension of the designed mining stopes that remain open-ended to the east and south-east towards Block 2. The drilling results also confirmed the mineralisation within the defined Block 3 Lower mining stope and beyond, suggesting that Block 3 Lower is connected to Block 3 Upper. Mineral Resource conversion drilling at Nyankanga Block3 Upper, designed to test both down-dip and up-dip continuity, returned positive results. The results suggest up-dip continuity, with a connection to Block 4. Drilling at Block 5 returned significant results which improved Mineral Resource confidence as well as confirming the presence of Block 5 lower. The results confirm the existence of the mineralisation and has identified a high-grade shoot within a low-grade zone located west of the Block 5 lower.

The Star & Comet Cut 2's Mineral Resource model update confirmed the pay ore shoot plunges towards the north. Significant economic intersections were reported which confirmed the down plunge extension of Star & Comet Cut 2 mineralisation below 1000mRL. However, the ore shoot plunge is interrupted by an intrusive body further north. Drilling beyond the intrusive returned significant intersections and warrants the extension of the newly developed decline design. At Star & Comet Cut 3 the drilling

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confirmed the downplunge continuity of gold mineralisation which remains open down-plunge and requires further exploration target drilling. An expensed drilling programme was conducted at the Star & Comet northwest extension as part of the preparation for the upcoming downhole electromagnetic survey (DHEM survey). A drilling programme was carried out at Geita Hill Block 1 and 2 and assays from Block 2 drilling have confirmed the expected Mineral Resource and have shown up-dip potential of mineralisation which needs follow-up. Assays from block 1 drilling are still pending. Two exploratory holes were completed at Nyankanga Block 5 from surface and none of the expected mineralisation was intersected due to the absence of the geological feature that was anticipated.

Expensed Mineral Resource delineation and reconnaissance drilling programmes were conducted at the Selous and Mabe satellite targets. Most of the holes from Selous returned economic intersections and the current exploration target model suggests economic viability of the project and closer spaced drilling is underway. A detailed target consolidation project for Roberts and Kalondwa Hill was completed, which involved detailed field mapping, a review of existing datasets and geological modelling. A review of the Ridge 8 geology was conducted in order to update the geological understanding before Mineral Resource conversion drilling begins.

Guinea: At Siguiri, a total of 86,937m was drilled during the year. Prefeasibility drilling at Foulata and Saraya was completed. Reconnaissance drilling to the east and north-west of Foulata and to the west of Saraya are underway and no significant intersections have been received to date.

The infill programme at Silakoro West is nearing completion, with one drill hole returning a significant intersection in the breccio-conglomerate unit which confirms the northeast-southwest trend. A change in the design of the waste dump area is suggested upon completion of the Silakoro drilling. The corridor drilling results proved that the area is not prospective and that the ground should be released. The Tubani infill drill plan was completed with multiple significant intercepts reported. While at Sokunu, the fresh rock drilling programme showed an extension of the main mineralisation at depth. The Bidini West infill drilling was completed, and material was upgraded to Inferred Mineral Resource.

At Seguelen, sterilisation drilling returned multiple significant intercepts and therefore backfilling of the pit was not recommended. A sterilisation drill programme was also started after it became apparent that a change in design of the Silakoro waste dump could potentially cover a known mineralisation trend. The Eureka North infill drill programme is almost completed and significant intersections received are thinner than interpreted in the Mineral Resource model. This indicates extension of shallow mineralisation in oxide to the southeast. The Sanu Tinti programme is close to completion and multiple significant intersections were received. The main mineralisation does not extend to the north but extension to the south of Sanu Tinti were proven. For Kozan PB3 the infill programme is completed, and significant intersections were reported. In the reconnaissance drilling the TSF and Sintroko West programmes no significant intersections were reported and the targets will be discarded. The Doko reconnaissance programme has just started. While at Kossise in the fresh rock reconnaissance programme some results confirmed the extensions of the mineralisation below Kossise pit in the fresh rock close to the main faults. At Sintroko PB2, significant intersections were received in the interpreted extensions in fresh rock and were restricted to an interval between two major faults.

Ghana: No exploration was conducted at Obuasi. At Iduapriem 12,964m were drilled. Exploration focused on Mineral Resource conversion drilling at Block 7&8, Ajopa and Block 5 Ext with reconnaissance drilling at Mile 5W and traverse drilling at the TSF target. Geochemical results from lease wide samples collected from the Teberebie and Ajopa leases were received with encouraging results. These will be reviewed and followed up with trenches in 2019. The first interpretation for the Iduapriem sedimentary basin based on regional mapping & drilling was completed. There were 3 outcrops observed following a new interpreted trend which corresponds to the southernmost structure.

Democratic Republic of the Congo: A total of 24,954m was drilled at Kibali. At KCD follow up drilling to test results from a 2017 borehole that intersected the 9000 and 12000 lodes was done. The 5101, 9101 and 9103 high-grade zones within the 9004 lode were confirmed. The KCD 12 000 lode was not intersected. The Mengu Hill models were updated and the results show an 11 percent decrease in tonnes and a four percent increase in grade. Further drilling is required. On the northwest KZ trend in the Marakeke- Mengu Village gap, five trenches were excavated and the updated model indicated that there are three mineralised lenses. In the Aerodrome North – Pamao gap, new data interpretation suggests two mineralised lenses. The main lens has the potential to positively impact the Aerodrome North pit design and therefore requires further follow up. Meanwhile at Ngyoba (Sessenge – Kibali river gap), the model was confirmed and the mineralisation down plunge is still open. Bottle roll tests across the main orebody were done because of a gold-arsenic association. The results indicated poor recoveries. These results combined with the preliminary gold deportment indicate a refractory ore type which is not economical for an underground project at the current grade. The southwest projection of the Sessenge- KCD complex folding corridor supports a structurally complex model for this area with no significant intercepts reported.

At Kalimva Ikamva, a general review aiming to highlight potential opportunity around the Kalimva-Ikamva area identified three main targets to be tested in 2019 viz. Ikamva East, Kalimva-Ikamva interpreted fold hinge zone and Ikamva Northwest. At Kombokolo main, analysis of the model was done, and an eastern, more prospective domain identified. One diamond hole was designed, and the hole confirmed the geological model. At Oere, results from a RC programme of twenty holes (1,805m) designed on eight fences supported the model of down dip planar mineralisation along the shear corridor. At Aindi Southwest, the analysis of all results of the auguring (25 x 400m) highlighted a 2.4km strike length of anomalism, supporting the southwest extension of Aindi Watsa main mineralisation. At Zakitoko-Birindi, assay results support the geological model and suggest a steep planar and sigmoidal shaped mineralised zone and confirm the down dip continuity although narrower when compared to the results obtained from trenches. At



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Birindi, results from the last two trenches support the pinching and swelling nature of the mineralisation as observed at Zakitoko and confirm the potential over the 900m strike length of Birindi.

Mali: No drilling was completed in 2018.

Australia: A total of 109,461m of drilling was done at Sunrise Dam. Significant intercepts were reported throughout the year with some encouraging results. Drilling of the Carey Shear Zone intersected mineralisation in an area previously thought to be barren. While at Vogue, drilling demonstrated the continuation of the wide, high grade zones. Drilling also indicated up dip extensions to the Midway Shear Steep ore domains as well as a likely southerly extension of the current ore domains. There has been an increase in confidence in the Elle steep ore zone immediately above MWS Steep, as wide and high-grade infill results have been returned. The MLE4 endowment panel is interpreted to contain some possible southerly extensions to Cosmo East. Results indicate that the most eastern ore domain of Vogue is holding together well with the most significant grades between the Carey Main and Carey 2 shear. A lack of significant intercepts in the bulk of the MLE4 panel suggests the area is unlikely to contain a significant ore body. A wide, high-grade intercept in MLE5 was returned but the intercept is isolated and not close to any current infrastructure. Some high grade and relatively wide intercepts were returned from the northern Astro area. Work is progressing towards building a 3D architectural model of the deposit to help with targeting.

Surface exploration drilling completed six reverse circulation holes (720m) to test a magnetic high cross-cut by northwest-southeast interpreted faults extending between the historic Jubilee pit and the Spartan prospect. Drilling also helped to meet tenement (E39/1729) expenditure requirements.

At Tropicana, a total of 73,494m of drilling was completed. Drilling was focused on the concept, prefeasibility and feasibility study stages of the Boston Shaker underground studies. In the concept study, many significant intercepts were returned showing that mineralisation remains open along strike and down-dip. The feasibility study priority 1 holes have been completed for a Mineral Resource update and four priority 2 holes will be completed in 2019. The first phase of aircore drilling in the Southern Traverses region has highlighted some interesting geology and results for follow up in 2019. Highly anomalous and significant AC intercepts were returned from Angel Eyes West and a north-north-west trending zone of anomalism is present over 1km strike and is open ended. These intercepts are to be followed up with lake based aircore and diamond drilling programmes in 2019. One mineralised reverse circulation drill intercept was reported from drilling at Wild Thing. While reverse circulation/diamond drilling at the Hidden Dragon Prospect was conducted off the back of 2016/2017 structural reconstruction work. Confirmation was received that the EIS submission to DMIRS for part funding of a drill programme at the Iceberg Prospect was successful. Drilling will be carried out in 2019.

A trial study on ultrafine soil sampling is planned for early 2019. Preliminary results from a previous two-year study are encouraging and this technique may be applicable to covered terrains, providing a method to quickly and cheaply screen target areas with minimal surface disturbance. A study is also underway on the multi-element geochemical data over the TJV project and the aim is to aid target generation and identify prospective corridors for exploration.

A study is ongoing to characterise the Proterozoic dykes that occur in the Tropicana mine so that these rock types can be distinguished in the grade control drill holes. This will help with ongoing geological modelling of the deposit and grade control models. The granting of the Madras mining lease application as well as other miscellaneous lease applications has been delayed due to a native title claim.

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4C. ORGANISATIONAL STRUCTURE

GROUP STRUCTURE

AngloGold Ashanti's operations are divided into the following regions:

- South Africa – West Wits and surface operations;
- Continental Africa – operations in Ghana, Guinea and Tanzania and joint venture operations in the DRC and Mali;
- Australasia – operations in Australia; and
- Americas – operations in Argentina and Brazil, and exploration projects in Colombia.

The above four regions also correspond to AngloGold Ashanti's four business segments.

Day-to-day management of the group is entrusted to AngloGold Ashanti's executive management team, chaired by the Chief Executive Officer. See "Item 6: Directors, Senior Management and Employees".

Support is provided to the executive management team in managing AngloGold Ashanti's corporate activities at both the central and local levels.

SUBSIDIARIES

AngloGold Ashanti Limited has investments in principal subsidiaries and joint venture interests, see "Item 19: Exhibits – Exhibit 19.8 Principal subsidiaries and operating entities at 31 December 2018" for details.

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### 4D. PROPERTY, PLANTS AND EQUIPMENT

For more information about AngloGold Ashanti's mines, including as to the company's mining rights and licences refer "Item 4B: Business Overview—The Regulatory Environment Enabling AngloGold Ashanti to Mine".

AngloGold Ashanti's operating mines are all accessible by road.

#### SOUTH AFRICA

##### Description

The South Africa operations comprise one deep level underground mine - the Mponeng mine - and three surface processing operations, collectively referred to as Surface Operations. The Surface Operations are located in both the Vaal River and West Wits Operations and include the Vaal River Surface, Mine Waste Solutions (MWS) and the West Wits Surface processing operations. They rework and retreat the low grade stockpiles and Tailings Storage Facilities (TSFs) which result from the mining and processing of the primary and secondary reef horizons. The Kopanang and Moab Khotsong Vaal River operations were sold effective 28 February 2018.

Operations in South Africa are powered by electricity from Eskom Holdings Limited which supplies 95 percent of the electricity used in South Africa.

##### Geology

The Witwatersrand Basin comprises a six-kilometre thick sequence of inter-bedded argillaceous and arenaceous sediments that extend laterally for some 300 kilometres north-east/south-west and 100 kilometres north-west/south-east on the Kaapvaal Craton. The upper portion of the basin, which contains the orebodies, crops out at its northern extent near Johannesburg. Further west, south and east the basin is overlain by up to four kilometres of Archaean, Proterozoic and Mesozoic volcanic and sedimentary rocks. The Witwatersrand Basin is late Archaean in age and is considered to be in the order of 2.7 to 2.8 billion years old.

Gold occurs in laterally extensive quartz pebble conglomerate horizons or reefs, generally less than two metres thick, which are widely considered to represent laterally extensive braided fluvial deposits. Separate fan systems were developed at different entry points and these are preserved as distinct goldfields. The most fundamental control to the gold distribution in the Basin remains the sedimentary features, such as facies variations and channel directions. Gold generally occurs in native form often associated with pyrite and carbon, with quartz being the main gangue mineral.

#### West Wits operations

##### Description

The West Wits operation, Mponeng, is situated southwest of Johannesburg, on the border between Gauteng and North West Province.

AngloGold Ashanti holds a number of mining rights in the West Wits area which have been successfully converted, executed and registered as new order mining rights at the Mineral and Petroleum Resources Titles Office (MPRTO).

##### Geology

The VCR is the main reef horizon mined at Mponeng Mine. The VCR forms the base of the Ventersdorp Supergroup, which caps the Witwatersrand Supergroup through an angular unconformity. The overlying Ventersdorp Lavas halted the deposition of the VCR, preserving it in its current state. The VCR consists of a quartz pebble conglomerate, which can be up to 3m thick in places. The footwall stratigraphy, following periods of uplift and erosion, controlled the

development and preservation of the VCR, which is characterised by a series of channel terraces preserved at different relative elevations, and the highest gold values are preserved in these channel deposits. The different channel terraces are divided by zones of thinner slope reef, which are of lower value and become more prevalent on the higher terraces and on the harder footwall units. The CLR is the other gold bearing reef horizon exploited at the West Wits operations. The CLR and VCR at Mponeng Mine are separated by approximately 900m of shales and quartzites. The CLR has historically been mined extensively at Savuka and TauTona mines and the remaining portions thereof have now been transferred to Mponeng Mine.

#### West Wits - Mponeng

##### Description

Mponeng is a deep level gold mine operating between 3,160m and 3,740m below mine datum (BMD\*) and is currently the deepest mine in the world with development at 3,841m BMD. Future mining is planned to deepen the shaft bottom to 4,227m BMD. All production is currently from VCR with future expansion on both VCR and the CLR horizons. The Mponeng lease area is constrained to the east by Sibanye's Driefontein mine and to the west by Harmony's Kusasalethu mine. Mponeng comprises a twin-shaft system housing two surface shafts and two sub-shafts. Ore is treated and smelted at the mine's gold plant. The plant has a monthly capacity of 160,000 tonnes.

\* BMD is 1,828.8m Above Mean Sea Level (AMSL)

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### Surface Operations

Surface Operations comprise Vaal River Surface, MWS and West Wits Surface. The operations produce gold by processing surface material such as low grade stockpiles and the re-treatment of Tailings Storage Facilities (TSF).

#### Low grade stockpiles

The low grade stockpiles consist of waste rock mined from underground workings, hoisted, transported and deposited via conveyor

belts. The gold contained within these dumps was sourced from three areas namely:

• Minor reef intersected while accessing the primary reef;

• Gold-bearing reef that was contained within small fault blocks that were exposed by off-reef development; and

• Cross-tramming of gold-bearing reef material to the waste tips.

#### Tailings Storage Facilities (TSF)

The TSFs consist of tailings material which originated from the processing of the underground ore from the various operations in the Vaal River area (Vaal Reef Surface), the various operations in West Wits area (West Wits Surface) and Buffelsfontein, Hartebeestfontein and Stilfontein gold mines (MWS). These gold mines are deep level gold mines, which predominantly extract the tabular, conglomeratic Vaal Reef (VR), CLR and VCR. The VR has been predominantly mined for gold in the past although the reef also contains uranium oxide. The same is true but, to a lesser extent, with the CLR and VCR. The material contained in the TSFs is fine in nature. The footprints of the MWS TSFs and Vaal River Surface operations TSFs cover an area of approximately 1,100ha.

#### Description

The Vaal River Surface operations are located to the north of the Vaal River, close to the town of Orkney in the North West province. These operations extract gold from the low grade stockpile material emanating as a by-product of the reef mining activities within the mines in the Vaal River area. The MWS operations are located approximately 15km from the town of Klerksdorp near Stilfontein within 20km of the Vaal River Surface operations. MWS is a gold and uranium tailings recovery operation located in the western portion of the Witwatersrand Basin, some 160 kilometres from Johannesburg, approximately eight kilometres from the town of Klerksdorp near Stilfontein in the North West Province. It has been operational since 1964 and was previously owned by First Uranium Corp. The MWS feed sources (TSFs) are scattered over an area that stretches approximately 13.5km north-south and 14km east-west. The West Wits Surface operations are located near the town of Carletonville, across the border between the North West and Gauteng provinces.

Low grade stockpiles in the Vaal River area are processed through the Kopanang Gold Plant which is a dedicated surface sources metallurgical plant with a capacity of 345,000 tonnes per month, while all AGA owned tailings material in the Vaal River and MWS areas is processed through the three Metallurgical streams at the MWS metallurgical operations with a monthly capacity of 2.26 million tonnes. At West Wits, material from both low grade stockpiles and TSF is processed through the Savuka gold plant with a monthly capacity of 285,000 tonnes.

## CONTINENTAL AFRICA

### Ghana – Iduapriem

#### Description

Iduapriem, wholly owned by AngloGold Ashanti since September 2007, comprises the Iduapriem and Teberebie properties on a 105km<sup>2</sup> concession. The mine, which began operations in 1992, is situated in the western region of Ghana, some 85 kilometres north of the coastal city of Takoradi and eight kilometres southwest of Tarkwa.

Iduapriem is an open-pit mine and its processing facilities include two circuits comprising a gravity circuit and a Carbon-in-leach (CIL) plant. The CIL plant has a capacity of 5.1m tonnes per annum. Power is supplied to the mine by the Volta River Authority, GridCo and ECG.

#### Geology

The Iduapriem and Teberebie properties are located along the southern end of the Tarkwa basin. The mineralisation is contained in the Bantet Series of quartz pebble conglomerates, breccia conglomerates and metasediments within the Tarkwaian System of Proterozoic age. The outcropping Bantet Series of rocks in the mine area form prominent, arcuate ridges extending southwards from Tarkwa, westwards through Iduapriem and northwards towards Teberebie. The gold is hosted within the conglomerates.

#### Ghana - Obuasi

##### Description

Obuasi, wholly owned by AngloGold Ashanti since 2004, is located in the Ashanti Region of Ghana, some 320 kilometres north-west of the capital Accra and approximately 60 kilometres south of Kumasi. Mining operations are primarily underground, to a depth of 1.5 kilometres. Obuasi originally opened in 1897 and was in a care and maintenance phase during 2018. Obuasi plans to restart its sulphide treatment plant and ramp-up to 60,000 tonnes per month late in 2019. Power is supplied to the mine by the Volta River Authority and GridCo.

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### Geology

The gold deposits at Obuasi are part of a prominent gold belt of Proterozoic (Birimian) volcano-sedimentary and igneous formations which extend for a distance of approximately 300 kilometres in a north-east/south-west trend in south western Ghana. Obuasi mineralisation is shear-zone related and there are three main structural trends hosting gold mineralisation: the Obuasi trend, the Gyabunsu trend and the Binsere trend.

Two main ore types are mined:

quartz veins which consist mainly of quartz with free gold in association with lesser amounts of various metal sulphides such as iron, zinc, lead and copper. The gold particles are generally coarse-grained and occasionally visible to the naked eye. This ore type is generally non-refractory; and

- sulphide ore which is characterised by the inclusion of gold in the crystal structure of a sulphide material. The gold in these ores is fine-grained and often locked in arsenopyrite. Higher gold grades tend to be associated with finer grained arsenopyrite crystals. Other prominent minerals include quartz, chlorite and sericite. Sulphide ore is generally refractory.

## GUINEA

### Description

Siguiiri, a multiple open-pit gold mine which opened in 1997, is AngloGold Ashanti's sole operation in the Republic of Guinea. It is located in the district of Siguiiri. The mine is located approximately 520 kilometres north-northeast of Conakry, 25 kilometres northwest of the town of Siguiiri and 190 kilometres southeast of the Malian capital Bamako, near the Mali boarder. Conventional mining activities are performed by contractors in multiple open pits using conventional techniques. On surface, Siguiiri's gold processing plant treats about 981,000 tonnes per month. Power to the mine is self-generated.

AngloGold Ashanti holds an 85 percent interest in Siguiiri and the balance of 15 percent is held by the government of Guinea.

### Geology

This concession is dominated by Proterozoic Birimian rocks which consist of turbidite facies sedimentary sequences.

The two main types of gold deposits which occur in the Siguiiri basin and are mined are:

• laterite mineralisation (CAP) which occurs as surficial aprons of colluvium or as palaeo channels of alluvial lateritic gravel adjacent to, and immediately above in-situ deposits; and

- in-situ quartz-vein related mineralisation hosted in meta-sediments with the better mineralisation associated with vein stockworks that occurs preferentially in the coarser, brittle siltstones and sandstones.

The mineralised rocks have been deeply weathered to below 100 metres in places to form saprolite mineralisation (oxide). With the percentage of available oxide ore decreasing, a feasibility study to consider the exploitation of the fresh rock material was completed in December 2015. We began a combination plant conversion project in 2017. This conversion will allow the mine to treat six million tonnes of sulphate ore and six million tonnes of oxide ore.

Construction was completed in March 2019 and commissioning of different sections of the plant is underway.

## MALI

AngloGold Ashanti has interests in two operations in Mali, namely, Sadiola and Morila. It manages one of these two operations, Sadiola. It previously had interests in Yatela, but closed the operations in 2018 and announced the sale of Yatela in February 2019.

Mali - Summary of metallurgical operations  
Morila Sadiola

Capacity (tonnes/annum) 5.5Mt 4.9Mt

Mali – Morila

Description

AngloGold Ashanti has an effective 40 percent stake in Morila, as does Barrick Gold (Holdings) Limited (which manages the mine), following its merger with Randgold Resources Limited. The state of Mali owns the remaining 20 percent.

The Morila mine has operated since 2001 and is situated 280 kilometres southeast of Bamako, the capital of Mali. When mining concluded in 2009 with the depletion of the orebody, operations at Morila transitioned to stockpile and tailings retreatment. The plant incorporates a conventional CIL process with an upfront gravity section to extract the free gold. Power is supplied by a subcontractor.



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### Geology

The Morila deposit is hosted in a flat lying fold structure which rises sharply to surface in the south and west. The deposit occurs within a sequence Birimian metal-arkoses of amphibolite metamorphic grade. Mineralisation is characterised by silica-feldspar alteration and sulphide mineralisation consists of arsenopyrite, pyrrhotite, pyrite and chalcopyrite.

### Mali - Sadiola

#### Description

The Sadiola mine is situated in western Mali, 77 kilometres to the south of the regional capital of Kayes and about 440 kilometres north-west of the capital city of Bamako. The mine is a joint venture between AngloGold Ashanti (41 percent) and IAMGOLD (41 percent) and the government of Mali (18 percent). The Sadiola gold deposit has been mined by the Société d'Exploitation des Mines d'Or de Sadiola S.A. (SEMOS) since 1996. Mining reduced considerably to adapt to the 2014 gold price decrease but continued predominantly in various satellite pits. On-site surface infrastructure includes a CIP gold plant where the ore is eluted and smelted. Power to the Sadiola mine is self-generated.

From 1996 until 2010, oxide and transitional ore from the Sadiola Hill pit was the primary ore source for the mine while being increasingly supplemented from the outlying satellite pits during the latter years. From 2011 when the Sadiola Main pit was mined out, the satellite pits became the dominant source of oxide and transitional ore. A project is currently under consideration to mine the underlying sulphide ore and upgrade the processing plant to treat the hard sulphide ore. The Company is evaluating the possibility of supplying power to the project through the grid and is negotiating fiscal provisions with the government of Mali.

### Geology

The Sadiola deposit occurs within an inlier of greenschist facies metamorphosed Birimian rocks known as the Kenieba Window. The specific rocks which host the mineralisation are marbles and greywackes which have been intensely weathered to a maximum depth of 200 metres. As a result of an east-west regional compression event, deformation occurs along a north-south striking marble-greywacke contact, increasing the porosity of this zone. North-east striking structures which intersect the north-south contact have introduced mineralisation, mainly with the marble where the porosity was greatest. The Sadiola Hill deposit generally consists of two zones, an upper oxidised cap and an underlying sulphide zone.

## TANZANIA

### Tanzania - Geita

#### Description

The Geita gold mine is located in the Lake Victoria goldfields of the Mwanza region of Tanzania, about 120 kilometres west of Mwanza and four kilometres away from the town of Geita. It has been in operation since 1996.

The Geita gold mine is a multiple open pit and underground operation and is currently serviced by a 5.3 million tonnes per annum CIL processing plant. Power to the mine is self-generated. In 2016, underground mining commenced at Star and Comet to provide ore to the processing plant. This was joined in 2017 by the Nyankanga underground operations.

### Geology

Geita is a multi- open pit operation with the dominant ore sources being from the Nyankanga and Geita Hill pits. Historically, other pits such as Star and Comet, Matandani and Kukuluma have also contributed to the ore feed. The terrain is Archaean in age and generally characterised by Greenschist metamorphism, although amphibolitic metamorphism occurs in places. Ore zones are usually associated with Banded Iron Formation (BIF) or other iron rich rocks and typically when they are in contact with intrusive rocks such as diorites. These contacts have been deformed and act as fluid pathways for the mineralising fluids. Gold mineralisation is associated with alteration that includes sulphides such as pyrite and arsenopyrite, whilst other minerals such as hematite, magnetite, quartz, calcite, dolomite, biotite and chlorite also occur.

## DEMOCRATIC REPUBLIC OF THE CONGO

### Kibali

#### Description

The Kibali Gold Mine is a Joint venture between AngloGold Ashanti (45 percent), Randgold Resources Limited, now Barrick Gold (Holdings) Limited, the operator, (45 percent) and Société Minière de Kilo-Moto SA UNISARL (SOKIMO), a state-owned gold company owning the balance.

Kibali is located in the north-eastern part of the DRC near the international borders with Uganda and Sudan. The mine is located adjacent to the village of Doko, which is located in the west of the project area. Kibali is approximately 210 kilometres by road from Arua, on the Ugandan border and immediately north of the district capital of Watsa. The operations area falls within the administrative district of Haut Uélé in Orientale Province. Power to the mine is self-generated. Gold production began in the fourth quarter of 2013

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from open pit operations and underground mining commenced in 2014. It has a processing operation capable of producing an average of 600koz of gold per annum by treating 7.2Mtpa throughput. The processing plant has a capability of processing both oxide and sulphide material.

The underground mine has both a ramp and shaft system, with the shaft reaching a depth of 751.2m and hoisting its first ore in 2017.

Geology

The Kibali Gold Mine is located within the Moto Greenstone Belt, which consists of Archean Kibalian volcano sedimentary rocks and ironstone-chert horizons that have been metamorphosed to greenschist facies.

The combined Karagba, Chauffeur and Durba (KCD) deposit is host to the majority of the currently defined Mineral Resource and Ore Reserve, as well as the current open pit and underground mining operations. KCD is hosted within a mineralised corridor that also hosts the Sessenge, Gorumbwa and Pakaka deposits and a number of exploration prospects.

The known deposits of the Kibali project are hosted along a reactivated thrust plane that creates plunging lodes of mineralisation as exemplified by the KCD deposit. The majority of gold mineralisation identified to date is disseminated style, hosted within a sequence of coarse volcanoclastic and sedimentary rocks. The mineralisation is generally stratigraphically bound and associated with carbonate-silica-albite alteration with minor sulphide.

AUSTRALASIA

AUSTRALIA

Description

Australia comprises two operational units, namely Tropicana and Sunrise Dam. They are both located in Western Australia.

Australia - Summary of metallurgical operations

	Sunrise Dam	Tropicana
Nameplate capacity (tonnes/annum)	4.1Mt	4.9Mt

Australia - Sunrise Dam

Description

Sunrise Dam, which is wholly-owned, is located 220 kilometres northeast of Kalgoorlie and 55 kilometres south of Laverton in Western Australia. Underground mining, which is conducted by a contract mining company, is the primary source of ore, with supplementary mill feed provided by stockpiles. Ore is treated via conventional gravity float, fine grind and carbon-in-leach (CIL) processing plant, which is owner-managed.

Open pit production began in 1997 and has now been completed at a final depth of 500m below surface. Underground mining commenced in 2003 with a number of different mining methods being applied, depending on the style of mineralisation and grade of the geological domain. By 2014, the mine was wholly an underground mining operation supplemented with stockpile processing. The underground mining infrastructure has been undergoing continuous upgrades with an extra power feed to the underground mine completed in 2017 and a major ventilation fan upgrade

completed in 2018.

Power at Sunrise Dam is self-generated and the mine uses natural gas supplied via an APA Operations (Pty) Limited pipeline.

#### Geology

Gold ore at Sunrise Dam is structurally and lithologically controlled within gently dipping high strain shear zones and steeply dipping brittle-ductile low strain shear zones. Host rocks include andesitic volcanic rocks, volcanogenic sediments and magnetic shales.

#### Australia - Tropicana

##### Description

Tropicana, a joint venture between AngloGold Ashanti (70 percent and manager) and Independence Group NL (30 percent), is located 200 kilometres east of Sunrise Dam and 330 kilometres east-northeast of Kalgoorlie. First gold was poured ahead of schedule and on budget in September 2013, following development approval in November 2010. The open pit operation features a large scale, modern processing plant which uses conventional carbon-in-leach technology and includes high-pressure grinding rolls for energy-efficient comminution. Mining is carried out by a contract mining company and the plant, is owner-managed.

The mine is a fly-in fly-out operation, with a mine site village and aviation services operated from Perth and Kalgoorlie. A 220 kilometres private road and the public road network provide access for the delivery of supplies to the operation.

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The Tropicana joint venture includes approximately 3,487km<sup>2</sup> of tenure in the prospective Tropicana belt, with active exploration programmes seeking both satellite extensions to the Tropicana Gold Mine and discoveries with standalone potential. Long Island study work has been completed and currently Phase 1 has been approved for execution which will see the down dip extension of the pits mined using a strip mining principle. In 2018, the Tropicana joint venture partners committed to conducting a feasibility study into the development of an underground mine beneath the Boston Shaker pit after a prefeasibility study confirmed that underground mining was technically and financially viable. The feasibility study is due to be concluded in early 2019.

### Plant

The installation of a second ball mill in the Tropicana processing plant grinding circuit was completed and commissioned in late 2018. The 6MW ball mill will enable the annual throughput rate to increase in 2019.

Power is supplied to the mine by on site gas and diesel power stations, natural gas is supplied via an APA Operations (Pty) Limited pipeline.

### Geology

Gold mineralisation at Tropicana occurs in high metamorphic grade gneissic rocks, which dip gently to the south east. Mineralisation is structurally controlled and occurs within a preferred host unit within the gneissic package. Post mineralisation faulting has separated the once continuous ore zone, with the open pits developed on each of the fault bounded blocks.

## THE AMERICAS

### ARGENTINA

#### Argentina - Cerro Vanguardia

##### Description

AngloGold Ashanti has a 92.5 percent interest in Cerro Vanguardia with Fomicruz owning the remaining 7.5 percent. Located to the northwest of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia is a gold-silver mine with multiple open pits and underground mines, located at different parts of the property but mined simultaneously. Shallow underground mining began in 2010 to access high-grade material and accounts for about 30 percent of the mine's production. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, which is mined as a by-product. Ore is processed at either the metallurgical plant which has a capacity of 3,000 dry tonnes per day and includes a cyanide recovery facility. Production capacity of the heap-leach facility, which was commissioned in 2012 and processes lower-grade material, is around 1.5Mtpa at gold and silver grades of around 0.65g/t and 17g/t respectively. Four natural gas power generators fed by a 40km long pipeline provide electricity to the operation. The mine has been operated by AngloGold Ashanti since 1998.

##### Geology

The oldest rocks in this part of Patagonia are metamorphics of the Precambrian-Cambrian age. These are overlain by Permian and Triassic continental clastic rocks which have been faulted into a series of horsts and grabens and are associated with both limited basaltic sills and dykes and with calc-alkaline granite and granodiorite intrusions. Thick andesite flows of Lower Jurassic age occur above these sedimentary units. A large volume of rhyolitic ignimbrites was emplaced during the Middle and Upper Jurassic age over an area of approximately 100,000 square kilometres. These volcanic rocks include the Chon Aike formation ignimbrite units that host the gold bearing veins at Cerro Vanguardia. Post-mineral units include Cretaceous and Tertiary rocks of both marine and continental origin, the Quaternary La Avenida formation, the Patagonia gravel and the overlying La Angelita basalt flows. These flows do

not cover the area of the Cerro Vanguardia veins.

Gold and silver mineralisation at Cerro Vanguardia occurs within a vertical range of about 150 metres to 200 metres in a series of narrow, banded quartz veins that occupy structures within the Chon Aike ignimbrites. These veins form a typical structural pattern related to major north-south (Concepcion) and east-west (Vanguardia) shears. Two sets of veins have formed in response to this shearing. One set of veins strikes about N40W and generally dips 65 to 90 degrees to the east; while the other set strikes about N75W and the veins dip 60 degrees to 80 degrees to the south.

The veins are typical of epithermal, low-temperature, adularia-sericite character and consist primarily of quartz in several forms: as massive quartz, banded chalcedonic quartz, and quartz-cemented breccias. Dark bands in the quartz are due to finely disseminated pyrite, now oxidised to limonite. The veins show sharp contacts with the surrounding ignimbrite which hosts narrow stockwork zones that are weakly mineralised and appear to have been cut by a sequence of north-east-trending faults that have southerly movement with no appreciable lateral displacement.

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## BRAZIL

## Brazil - AngloGold Ashanti Córrego do Sítio Mineração (AGA Mineração)

## Description

AGA Mineração consists of several mining operations, namely Cuiabá, Lamego and Córrego do Sítio.

The Cuiabá complex includes the Cuiabá and Lamego mines and the Cuiabá and Queiroz plants. The Cuiabá and Lamego mines are located near Sabará, southeast and east respectively of the city of Belo Horizonte, the capital of Minas Gerais State, in the southeast of Brazil. The Cuiabá mine is a mix of cut-and-fill and long hole stoping accessed by ramp and shaft. Lamego is a nearby mine developed to mine an underground sulphide ore. The first stage of the processing of the ore from Cuiabá and Lamego mines is in the gold plant at the Cuiabá complex, where concentrate is produced. The material is then transported 15 kilometres by aerial ropeway to the Queiroz plant where roasting, leaching, precipitation and refining occur. Total capacity of the complete circuit is 2.1 million tonnes per year and recoveries of 94 percent are achieved. Power for the mine is both self-generated and supplied by Cemig a state owned company. The Cuiabá mine became operational in 1988 and the Lamego mine in 2009. Some of the older mines which are now closed have been operating since 1834.

Córrego do Sítio (CdS) is located in the Municipality of Santa Bárbara, 60 kilometres east of the city of Belo Horizonte, the capital of Minas Gerais state. The CdS gold complex has been in operation since 1989 and consists of two operations: an oxide open pit mine and two sulphide underground mines known as CdS I and CdSII. There are two metallurgical plants in CdS: the heap-leach plant for the oxide ore and the sulphide plant. The sulphide process consists of crushing, grinding and gravity concentration, flotation, thickening, acidulation, pressure oxidation (POX autoclave), counter current decantation, CIL extraction, elution, neutralisation, electro-winning and tailings disposal. The plant and POX circuit have a capacity of 800ktpa. The heap-leaching process consists of crushing, agglomeration, stacking, leaching, adsorption, elution and electro winning with a total capacity of 650ktpa. Power is supplied to CdS by Cemig a state owned company.

## Brazil - Summary of metallurgical operations

	Córrego do Sítio Oxide	Córrego do Sítio Sulphide	Cuiabá	Serra Grande
Capacity (000 tonnes/month)	54	67	175	125

## Geology

The area in which AGA Mineração is located is known as the Iron Quadrangle and is host to historic and current gold mining operations, as well as a number of open-pit limestone and iron ore operations. The geology of the Iron Quadrangle is composed of Proterozoic and Archaean volcano sedimentary sequences and Pre Cambrian granitic complexes. The host to the gold mineralisation is the volcano-sedimentary Nova Lima Group (NLG) that occurs at the base of the Rio das Velhas SuperGroup (RDVS). The upper sequence of the RDVS is the meta-sedimentary Maquiné Group. Cuiabá mine, located at Sabara Municipality, has gold mineralisation associated with sulphides and quartz veins in Banded Ironstone Formation (BIF) and volcanic sequences. At this mine, structural control and fluids flow ascension are the most important factors for gold mineralisation with a common association between large-scale shear zones and their associated structures. Where BIF is mineralised the ore appears strongly stratiform due to the selective sulphidation of the iron rich layers. Steeply plunging shear zones tend to control the ore shoots, which commonly plunge parallel to intersections between the shears and other structures.

The controlling mineralisation structures are the apparent intersection of thrust faults with tight isoclinal folds in a ductile environment. The host rocks at Brasil Mineração are BIF, Lapa Seca and mafic volcanics (principally basaltic).

Mineralisation is due to the interaction of low salinity carbon dioxide rich fluids with the high-iron BIF, basalts and carbonaceous graphitic schists. Sulphide mineralisation consists of pyrrhotite and pyrite with subordinate pyrite and chalcopyrite; the latter tends to occur as a late-stage fracture fill and is not associated with gold mineralisation. Wallrock alteration is typically carbonate, potassic and silicic.

CdS is located in the eastern part of the lower to middle greenschist facies Archean Rio das Velhas greenstone belt. The CdS I, II and III gold deposits and associated targets are located in a gold trend that extends for about 14km in a north-easterly direction, from Grota Funda (CdS I areas) in the south to Jambeiro (CdS III areas) in the north. CDSII Area is the north portion of the Corrego do Sítio gold trend. The main gold targets and deposits are distributed over three trends, namely the CdS trend, the Donana Trend and the Cristina Trend. At CdSI, the main orebodies are Rosalino, Cachorro Bravo, Laranjeiras and Carvoaria, which are currently under-production and are the most relevant mineralisations at Mine I. At CdSII, the main orebodies are São Bento, Pinta Bem (both BIF hosted) and Sangue de Boi (metapelitic hosted). At CdSIII, Anomalia I and II represent the orebodies with highest level of information and potential so far (For formal declaration purposes, CDSIII deposits are incorporated as CDSII). CdS mineralisation occurs in a greenstone belt geological environment, where the gold content is associated to quartz and sulphides (mainly very fine arsenopyrite acicular crystals) in a structurally controlled corridor of approximately 16 - 20km in strike length and about 500m vertical extent, developed under compressional tectonic settings.



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### Brazil - Serra Grande

#### Description

Serra Grande is located in central Brazil, in the state of Goiás, about five kilometers from the city of Crixás. Mineração Serra Grande (MSG or Serra Grande) is 100% owned by AngloGold Ashanti and is located in the north-western area of the Goiás State, central Brazil. It operates three underground and two open pit mines. Two mining methods are being used underground: sub-level stoping (bottom-up and top-down), and room and pillar. One dedicated metallurgical plant treats ore from these different sources. The annual capacity of the processing circuit, which has grinding, gravity circuit, CIL (carbon in leach), elution, electro-winning and smelting facilities, is 1.5 million tonnes. The power for the mine is supplied and purchased in the open market. The mine became operational in 1989 and has been operated by AngloGold Ashanti since 1999.

#### Geology

The gold ore deposits are located in the Rio Vermelho and Ribeirão das Antas Formations of the Archaean Pilar de Goiás Group which account together for a large proportion of the Crixás Greenstone Belt in central Brazil.

The stratigraphy of the belt is dominated by basics and ultrabasics in the lower sequences with volcano sedimentary units forming the upper successions.

The gold deposits are hosted in a sequence of schists, meta volcanics and dolomites occurring in a typical greenstone belt structural setting. Gold mineralisation is associated with massive sulphides and vein quartz material associated with carbonaceous and sericitic schists and dolomites. The oreshoots plunge to the north-west with dipping between six and 35 degrees. The stratigraphy is overturned and thrust towards the east, being recognized different shear thrust structures that are stacked and controls the mineralisation, behaving as frontal and lateral ramps and horses.

The greenstone belt lithologies are surrounded by Archaean tonalitic gneiss and granodiorites of TTG suite. The metamorphic sediments are primarily composed of quartz, chlorite, sericite, carbonaceous material and garnetiferous schists. The carbonates have been metamorphosed to ferroan dolomite marble with development of siderite and ankerite veining in the surrounding wallrock, usually associated with quartz veins. The basalts are relatively unaltered but do show pronounced stretching with elongation of pillow structures being evident.

The Crixás greenstone belt comprises a series of Archaean to Palaeoproterozoic metavulcanics, metasediments and basement granitoids stacked within a series of north to north-east transported thrust sheet. Thrusting (D1) was accompanied by significant F1 folding/ foliation development and progressive alteration in a brittle-ductile regime. D1 thrusting was developed with irregular thrust ramp geometry, in part controlled by concealed early basin faults. The main Crixás orebodies are adjacent to a major north northwest structural corridor, and up the main fault ramp/corner, to become dispersed to the east and north in zones of foreland thrust flats. Fluid alteration also diminished to the west away from the main fault corner. A series of concealed east-west to northwest southeast basement block faults may have provided secondary fluid migration, and development of early anti formals warps in the thrust sheets; these structures probably define the quasi regular spacing of significant mineralisation within the belt. The D1 thrust stack was gently folded by non cylindrical folds. Gold mineralising fluids probably migrated during this event, with similar south south west to north north east migration, and focusing on bedding slip during folding. Gold mineralisation became minor and dispersed to the north and east along the formal thrust flat zone. Concentrations of gold along the case of quartz vein may be due to the damming of fluids migrating upward along layering.

### COLOMBIA

#### Colombia - Gramalote

#### Description

The Gramalote Project is a joint venture between AngloGold Ashanti (51 percent and manager) and B2Gold (49 percent). The property is located near the town of Providencia and San Jose del Nus within the municipality of San Roque, northwest of the Department of Antioquia, Colombia. It is approximately 230 km northwest of the Colombian capital of Bogota and 124 km northeast of Medellin which is the regional capital of Antioquia Department. The region encompassing Gramalote has a long history of artisanal gold mining. Gramalote itself has had small scale artisanal mining for several decades prior to exploration work and mineral discovery by AngloGold Ashanti. Development of the Gramalote project commenced with a scoping study in 2009. A number of studies followed, leading to submission of a prefeasibility study (PFS) in late 2013, which did not meet investment hurdles. From 2014 to 2017 intensive work was undertaken by all technical disciplines to identify ways to improve the project economics. The main changes were an improved orebody model, grade streaming to increase the feed grade in the early years and early treatment of the oxide ore that overlies the main sulphide resource. An enhanced PFS (EPFS) report was completed in September 2017 with the recommendation to progress to the FS. A successful PFS was completed in 2017, which supported the reporting of a maiden Ore Reserve. Power is expected to be supplied to the Gramalote project from the National Power Grid.

#### Geology

The Gramalote deposit is located in the northern portion of the Central Cordillera of Colombia. The terrain is mainly composed of a metamorphic basement complex and the Antioquia Batholith. The terrane of the Cajamarca-Valdivia basement consists of

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metamorphic rocks, volcanic rocks, oceanic ophiolites and intrusive rocks. The Antioquia Batholith of Upper Cretaceous age covers an area of 7221 km<sup>2</sup> and constitutes, the core of the Central Cordillera. About 92 percent of this intrusive corresponds to (normal phase) tonalite and granodiorite and eight percent to two subordinate types of rocks - granodiorite to quartz-monzonite and gabbro. From a structural point of view, the Antioquia Batholith has a history of uprising complex and lasting. Major lineaments affect the batholith, especially in its eastern sector where traces of trend WNW varying to NW, recorded rotation and shear sinistral movement. Westward dextral transpression dominates along the Romeral Fault System.

Gramalote is an intrusive-hosted structurally controlled stockwork gold and silver deposit. Mineralisation is controlled by north-east/south-west trending shear zones and north-northwest to south-southeast trending shear extensional zones affecting the tonalites and granodiorites of the Antioquia Batholith. Gold mineralisation is associated with three overprinting texture destructive alteration assemblages including potassic, quartz-sericite and sericite carbonate. Within these alteration zones, anomalous gold mineralisation is associated with three specific types of stockwork quartz veining. These include quartz veinlets with fine-grained pyrite, quartz-carbonate veinlets and quartz veinlets with granular pyrite.

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## ORE RESERVE

The combined Proven and Probable Ore Reserve of the group amounted to 44.1 million ounces (Moz) as at 31 December 2018. The first AngloGold Ashanti Ore Reserve for copper of 2,769 million pounds (Mlbs) is based on exploration success and the completion of the prefeasibility study at Quebradona.

Ore Reserve estimates are reported in accordance with the requirements of the SEC's Industry Guide 7. Accordingly, as of the date of reporting, all Ore Reserve is planned to be mined out under the life-of-mine plans within the period of AngloGold Ashanti's existing rights to mine, or within the renewal periods of AngloGold Ashanti's rights to mine. In addition, as of the date of reporting, all Ore Reserve is covered by required mining permits or there is a high probability that these approvals will be secured.

AngloGold Ashanti has standard procedures for the estimation of Ore Reserve. These standard procedures are performed by experienced technical personnel at the mining operations and reviewed by regional and corporate Competent Persons.

In the case of its underground mines, the procedure is as follows: Firstly, gold content and tonnage are estimated for in-situ mineralised material at a mining operation. This mineralised material is not necessarily economically viable over the full extent of the operation. Exclusions on the grounds of safety (for example, stability pillars and shaft pillars) are then also defined. Grade-tonnage curves specific for each of the deposits, in conjunction with parameters such as the cost structure, yield, mine call factor and gold price estimates are used to determine an optimal mining mix. This process facilitates the determination of the average grade to be mined by each operation. This grade is then applied to the grade-tonnage curves, which in turn facilitates the determination of the cut-off grade and Ore Reserve tonnage for the operation. A full mine design is carried out on the blocks of mineralised material, excluding any large mining areas that do not meet the cut-off grade criterion. This mining plan is reviewed to ensure that it satisfies the economic criteria and practical limitations of access and timing. If the review process is positive then the mineralised material (with dilution and discounts) included in the mining plan is declared and published as the Ore Reserve for that operation.

In the case of open-pit mines the procedure is as follows: revenue and costs are calculated for each mining block within a three-dimensional model of the ore body using estimated values for gold price, operating costs and metallurgical recoveries. An optimization process is then applied to determine the combination of blocks within the model that make a positive contribution under these estimations. Block selection is within a shell whose limits are defined by the planned slope angles of the pit. Within this process, a cut-off grade is applied which determines the ore blocks to be treated and included in the Ore Reserve. These blocks are scheduled with consideration being given to practical mining constraints and limitations. Scheduled ore blocks that are classified as Proven or Probable constitute the Ore Reserve.

The gold price used for determining the 2018 and 2017 Ore Reserve are outlined in the following table:

	2018 (3 year average)	2018 (Ore Reserve)	2017 (3 year average)	Units
Ore Reserve Gold Price	1,258	1,100	1,222	\$ per ounce

The following copper price was used as a basis for estimation of the December 2018 Ore Reserve:

	2018 (3 year average)	2018 (Ore Reserve)	2017 (3 year average)	Units

Ore Reserve Copper Price 2.66      2.65      2.50      \$ per pound

The Ore Reserve determined from the planning process was then tested for economic viability at the three-year historical average gold price shown in the above table for determining the SEC compliant Ore Reserve. The test indicates that all of the SAMREC/JORC Ore Reserve is economically viable and meets the requirements of the SEC. Therefore the SEC and SAMREC/JORC Ore Reserve are identical.

In South Africa, AngloGold Ashanti is legally required to publicly report Ore Reserve and Mineral Resource according to the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2016 edition). The SEC's Industry Guide 7 does not recognise Mineral Resource. Accordingly, AngloGold Ashanti does not report estimates of Mineral Resource in this annual report on Form 20-F.

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## Gold:

The AngloGold Ashanti Ore Reserve reduced from 49.6Moz in December 2017 to 44.1Moz in December 2018. This gross annual decrease of 5.5Moz includes depletion of 3.6Moz. The loss after depletions of 1.8Moz, results from the disposal of assets in the South African region of 6.1Moz, additions due to exploration and modelling changes of 4.3Moz, whilst other factors resulted in a 0.1Moz addition and changes in economic assumptions resulted in a 0.2Moz reduction. The Ore Reserve has been estimated using a gold price of \$1,100/oz (2017: \$1,100/oz). The principal changes in AngloGold Ashanti's Ore Reserve as at 31 December 2018, compared with those published as at 31 December 2017, are as follows:

ORE RESERVE		Moz
Ore Reserve as at 31 December 2017		49.6
Disposals	Moab Khotsong	-4.8
	Kopanang	-0.3
	Vaal River Surface	-0.9
	Sub Total	43.6
Depletions		-3.6
	Sub Total	40
Additions		
Quebradona	Initial Ore Reserve publication post successful conclusion of the prefeasibility study	2.2
Geita	Additions are primarily due to exploration success on underground targets at Star and Comet and Nyankanga	0.5
CVSA	Reduced cost and exploration success led to the additions	0.4
Sunrise Dam	The increase is due to exploration success	0.3
Other	Additions less than 0.3Moz.	1.0
	Sub Total	44.4
Reductions		
Other	Reductions less than 0.3Moz.	-0.3
Ore Reserve as at 31 December 2018		44.1

## Copper:

The first AngloGold Ashanti Ore Reserve for copper of 1.26Mt (2,769 million pounds (Mlbs)) is based on exploration success and the completion of the prefeasibility study at Quebradona. The Ore Reserve has been estimated at a copper price of \$2.65/lb.

ORE RESERVE - COPPER	Mt	Mlb
Ore Reserve as at 31 December 2017	0.000	
Additions		
Quebradona	Exploration success and completion of the prefeasibility study	1.262,769
Ore Reserve as at 31 December 2018	1.262,769	

AngloGold Ashanti strives to actively create value by growing its major asset - the Ore Reserve. This drive is based on a well-defined brownfields and greenfields exploration programme, innovation in both geological modelling and mine planning and optimization of its asset portfolio.

The Ore Reserve estimates in this document include the Ore Reserve below the current infrastructure of underground mines. These include mines in South Africa, Ghana, Australia, Brazil and Colombia.

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### Sale of assets

AngloGold Ashanti sold various assets in the Vaal River region of its South African operations. The sales processes were finalised on 28 February 2018. On conclusion of the sales and after depletions for that period of 2018 the final Mineral Resource and Ore Reserve at the time of the sale are shown below:

Kopanang:	Mineral Resource	3.00Moz
	Ore Reserve	0.35Moz
Moab Khotsong:	Mineral Resource	16.20Moz
	Ore Reserve	4.83Moz
Surface Operations:	Mineral Resource	0.87Moz
	Ore Reserve	0.87Moz

### By-products

Several by-products will be recovered as a result of processing of the gold Ore Reserve and Copper Ore Reserve. These include 0.37Mt of sulphur from Brazil, 32.68Moz of silver from Argentina and 23.58Moz of silver from Colombia.

### External reviews of Mineral Resource and Ore Reserve Statement

During the course of 2018, the following operations were subject to an external review in line with the policy that each operation/ project will be reviewed by an independent third party on average once every three years:

- ♣Mineral Resource and Ore Reserve at Iduapriem
- ♣Mineral Resource and Ore Reserve at Sunrise Dam
- ♣Mineral Resource and Ore Reserve at Cerro Vanguardia
- ♣Mineral Resource and Ore Reserve at Serra Grande
- ♣Mineral Resource and Ore Reserve at Quebradona

The external reviews were conducted by Pivot Mining Consultants Pty (Ltd), AMC Consultants Pty Ltd, Golder Associates Pty Ltd, Ausenco Engineering Canada Inc. and Optiro Pty Ltd respectively. The company has been informed that the external reviews identified no material shortcomings in the process of evaluation of the grade models and estimation of the Ore Reserve.

### Competent Persons

The information in this report relating to the Ore Reserve is based on information compiled by or under the supervision of the Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons are employed by AngloGold Ashanti, unless stated otherwise, and have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. The Competent Persons consent to the inclusion of Ore Reserve information in this report, in the form and context in which it appears. Details of the Competent Persons per operation are given in the Mineral Resource and Ore Reserve Report 2018, which is available on the corporate website. The legal tenure of each operation and project has been verified to the satisfaction of the accountable Competent Person and all Ore Reserve has been confirmed to be covered by the required mining permits or there is a high probability that these permits will be issued.



Over more than a decade, the company has developed and implemented a rigorous system of internal and external reviews aimed at providing assurance in respect of Ore Reserve estimates were completed by suitably qualified Competent Persons from within AngloGold Ashanti. A documented chain of responsibility exists from the Competent Persons at the operations to the company's Mineral Resource and Ore Reserve Steering Committee. Accordingly, the Chairman of the Mineral Resource and Ore Reserve Steering Committee, VA Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MGSSA, FAusIMM, assumes responsibility for the Mineral Resource and Ore Reserve processes for AngloGold Ashanti and is satisfied that the Competent Persons have fulfilled their responsibilities.

A detailed breakdown of Mineral Resource and Ore Reserve and backup detail is provided on the AngloGold Ashanti website ([www.anglogoldashanti.com](http://www.anglogoldashanti.com)) and [www.aga-reports.com](http://www.aga-reports.com).

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Gold Ore Reserve: Imperial	At 31 December 2018									
	Proven Ore Reserve <sup>(1) (2)</sup>			Probable Ore Reserve <sup>(1) (2)</sup>			Metallurgical	Cut-off		
	Tons <sup>(5)</sup>	Grade	Gold Content	Tons <sup>(5)</sup>	Grade	Gold Content	Recovery Factor	Grade	<sup>(9)</sup>	
	(million)	(oz/ton)	(Moz)	(million)	(oz/ton)	(Moz)	percent	(oz/ton)		
South Africa										
Vaal River <sup>(11)</sup>										
Kopangang	—	—	—	—	—	—				
Moab Khotsong	—	—	—	—	—	—				
West Wits										
Mponeng <sup>(2)</sup>	1.59	0.225	0.36	38.61	0.292	11.29	97.1-97.9 <sup>(4)</sup>	0.171-0.252 <sup>(4)</sup>		
Surface										
Surface sources <sup>(8)</sup>	117.10	0.006	0.73	583.12	0.008	4.42	45.0-88.0 <sup>(4)</sup>	0.007-0.008 <sup>(4)</sup>		
Continental Africa										
Democratic Republic of the Congo										
Kibali (45 percent) <sup>(3) (10)</sup>	10.07	0.121	1.22	21.04	0.120	2.53	84.5-88.9 <sup>(4)</sup>	0.045-0.070 <sup>(4)</sup>		
Ghana										
Iduapriem	3.02	0.026	0.08	40.11	0.039	1.56	93.0-95.9 <sup>(4)</sup>	0.016-0.026 <sup>(4)</sup>		
Obuasi <sup>(2)</sup>	—	—	—	22.35	0.262	5.86	87.0	0.120-0.152 <sup>(4)</sup>		
Guinea										
Siguiiri (85 percent) <sup>(3)</sup>	23.74	0.019	0.46	65.48	0.024	1.60	88.0-93.0 <sup>(4)</sup>	0.016-0.020 <sup>(4)</sup>		
Mali										
Morila (40 percent) <sup>(3) (10)</sup>	2.71	0.018	0.05	0.18	0.038	0.01	57.0-91.0 <sup>(4)</sup>	0.014-0.023 <sup>(4)</sup>		
Sadiola (41 percent) <sup>(3)</sup>	0.05	0.048	—	28.78	0.057	1.63	75.0-94.0 <sup>(4)</sup>	0.015-0.023 <sup>(4)</sup>		
Tanzania										
Geita	—	—	—	10.44	0.128	1.33	77.8-92.7 <sup>(4)</sup>	0.042-0.100 <sup>(4)</sup>		
Australasia										
Australia										
Sunrise Dam <sup>(2)</sup>	13.89	0.041	0.57	6.05	0.105	0.64	86.0-87.0 <sup>(4)</sup>	0.020-0.079 <sup>(4)</sup>		
Tropicana (70 percent) <sup>(2)(3)</sup>	15.24	0.034	0.51	35.43	0.059	2.11	89.9-90.0 <sup>(4)</sup>	0.020-0.092 <sup>(4)</sup>		
Americas										
Argentina										
Cerro Vanguardia (92.5 percent) <sup>(3)(6)</sup>	8.51	0.068	0.57	8.98	0.055	0.50	66.3-96.3 <sup>(4)</sup>	0.013-0.161 <sup>(4)</sup>		
Brazil										
AGA Mineração <sup>(2) (7)</sup>	2.14	0.127	0.27	9.69	0.148	1.43	50.0-94.3 <sup>(4)</sup>	0.018-0.161 <sup>(4)</sup>		
Serra Grande <sup>(2)</sup>	1.74	0.085	0.15	2.48	0.097	0.24	92.1-98.8 <sup>(4)</sup>	0.018-0.055 <sup>(4)</sup>		
Colombia										
Gramalote (51 percent) <sup>(3)</sup>	—	—	—	70.23	0.025	1.76	83.9-95.0 <sup>(4)</sup>	0.005-0.006 <sup>(4)</sup>		
Quebradona (94.876 percent) <sup>(2)(3)(6)</sup>	—	—	—	114.69	0.019	2.22	60.0			
Total	199.80	0.025	4.97	1057.65	0.037	39.12				

## Copper

Ore Reserve: Imperial

At 31 December 2018

Metallurgical Cut-off

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	Proven Ore Reserve <sup>(1) (2)</sup>		Probable Ore Reserve <sup>(1) (2)</sup>		Recovery Factor percent	Grade <sup>(9)</sup> (\$/t)
	Tons Grade <sup>(5)</sup> (million) (Mlbs)	Copper Content (Mlbs)	Tons Grade <sup>(5)</sup> (million) (Mlbs)	Copper Content (Mlbs)		
Colombia						
Quebradona (94.876 percent) <sup>(2)(3)(6)</sup>	—	—	114.69	2,769	95.80	25-45 <sup>(12)</sup>
Total	—	—	114.69	2,769		

- (1) Ore Reserve includes marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.
- (2) Proven and/or Probable Ore Reserve includes Ore Reserve below infrastructure. See table that follows.
- (3) Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.
- (4) Recovery factor and cut-off grade vary according to ore type.
- (5) Tons refers to a short ton, which is equivalent to 2000 pounds avoirdupois.
- (6) The Ore Reserve contains 32.68 million ounces of silver for Cerro Vanguardia and 23.58 million ounces for Quebradona to be recovered as a by-product.
- (7) The Ore Reserve contains 0.38 million tons of sulphur to be recovered as a by-product.
- (8) Includes Mine Waste Solutions (MWS).
- (9) In-situ cut-off grade.
- (10) Ore Reserve is estimated by Competent Persons employed by Barrick Gold (Holdings) Limited.
- (11) No Ore Reserve is declared for 2018 - sale of Kopanang and Moab Khotsong.
- (12) Copper ore cut-off Net Smelter Return (NSR).
- Rounding may result in computational differences.

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The 2018 Proven and Probable Ore Reserve includes Ore Reserve below infrastructure in the case of the following underground mines currently in production:

## Gold

Mine	Tons (millions)	Grade (ounces/ton)	Gold Content (million ounces)
Mponeng	30.27	0.28	8.53
Obuasi	1.87	0.60	1.13
Sunrise Dam	1.42	0.11	0.16
Tropicana	2.08	0.11	0.22
AGA Mineração	7.42	0.16	1.18
Serra Grande	1.75	0.11	0.20
Quebradona	114.69	0.02	2.22
Total	159.50	0.09	13.64

## Copper

Mine	Tons (millions)	Grade (%)	Copper Content (million pounds)
Quebradona	114.69	1.21	2,769
Total	114.69	1.21	2,769

The Ore Reserve has been determined based on completed economic studies.

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Gold Ore Reserve: Imperial	At 31 December 2017								
	Proven Ore Reserve <sup>(1) (2)</sup>			Probable Ore Reserve <sup>(1) (2)</sup>			Metallurgical	Cut-off	
	Tons <sup>(5)</sup> (million)	Grade (oz/ton)	Gold Content (Moz)	Tons <sup>(5)</sup> (million)	Grade (oz/ton)	Gold Content (Moz)	Recovery Factor percent	Grade	<sup>(10)</sup> (oz/ton)
South Africa									
Vaal River <sup>(6)</sup>									
Kopanang	1.10	0.158	0.17	1.04	0.156	0.16	95.6-95.7 <sup>(4)</sup>	0.278	
Moab Khotsonq <sup>(2)</sup>	2.22	0.278	0.62	17.21	0.247	4.25	93.9-97.1 <sup>(4)</sup>	0.126-0.181 <sup>(4)</sup>	
West Wits									
Mponeng <sup>(2)</sup>	1.66	0.253	0.42	41.01	0.286	11.74	96.5-98.1 <sup>(4)</sup>	0.122-0.199 <sup>(4)</sup>	
TauTona <sup>(12)</sup>	0.00	0.00	0.00	0.00	0.000	0.00			
Surface									
Surface sources <sup>(6) (9)</sup>	139.60	0.006	0.87	671.80	0.008	5.24	42.0-88.0 <sup>(4)</sup>	0.006-0.013 <sup>(4)</sup>	
Continental Africa									
Democratic Republic of the Congo									
Kibali (45 percent) <sup>(3) (11)</sup>	9.42	0.119	1.12	23.35	0.119	2.79	84.5-88.9 <sup>(4)</sup>	0.045-0.073 <sup>(4)</sup>	
Ghana									
Iduapriem	3.25	0.023	0.07	42.23	0.042	1.78	92.0-95.6 <sup>(4)</sup>	0.016-0.026 <sup>(4)</sup>	
Obuasi <sup>(2)</sup>	—	—	—	22.35	0.262	5.86	87.0	0.120-0.152 <sup>(4)</sup>	
Guinea									
Siguiri (85 percent) <sup>(3)</sup>	26.67	0.019	0.51	69.64	0.025	1.74	88.0-93.0 <sup>(4)</sup>	0.016-0.022 <sup>(4)</sup>	
Mali									
Morila (40 percent) <sup>(3) (11)</sup>	—	—	—	4.68	0.016	0.08	57.0-91.0 <sup>(4)</sup>	0.014	
Sadiola (41 percent) <sup>(3)</sup>	0.11	0.063	0.01	31.23	0.054	1.69	75.0-94.0 <sup>(4)</sup>	0.015-0.025 <sup>(4)</sup>	
Tanzania									
Geita	—	—	—	9.42	0.133	1.25	76.0-92.0 <sup>(4)</sup>	0.41-0.088 <sup>(4)</sup>	
Australasia									
Australia									
Sunrise Dam	12.00	0.029	0.34	9.08	0.094	0.85	85.0-86.0 <sup>(4)</sup>	0.022-0.079 <sup>(4)</sup>	
Tropicana (70 percent) <sup>(3)</sup>	13.40	0.038	0.50	37.98	0.062	2.35	90.0	0.020	
Americas									
Argentina									
Cerro Vanguardia (92.5 percent) <sup>(3) (7)</sup>	5.09	0.049	0.25	6.12	0.108	0.66	64.4-95.7 <sup>(4)</sup>	0.013-0.146 <sup>(4)</sup>	
Brazil									
AGA Mineração <sup>(2) (8)</sup>	3.34	0.132	0.44	13.24	0.131	1.73	67.8-93.8 <sup>(4)</sup>	0.018-0.106 <sup>(4)</sup>	
Serra Grande <sup>(2)</sup>	1.86	0.081	0.15	1.95	0.092	0.18	86.5-95.3 <sup>(4)</sup>	0.019-0.053 <sup>(4)</sup>	
Colombia									
Gramalote (51 percent) <sup>(3)</sup>	—	—	—	70.23	0.025	1.76	83.9-95.0 <sup>(4)</sup>	0.005-0.006 <sup>(4)</sup>	
Total	219.72	0.025	5.48	1,072.57	0.041	44.11			

(1) Ore Reserve includes marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.

(2) Proven and/or Probable Ore Reserve includes Ore Reserve below infrastructure. See table that follows.

- (3) Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.
- (4) Recovery factor and cut-off grade vary according to ore type.
- (5) Tons refers to a short ton, which is equivalent to 2000 pounds avoirdupois.  
The Vaal Reef Ore Reserve includes 89.16 million pounds of Uranium oxide by-products; this cannot be accounted
- (6) for by individual mine as Kopanang, Moab Khotsong and Surface sources in Vaal River feed to a combination of plants.
- (7) The Ore Reserve contains 21.81 million ounces of silver to be recovered as a by-product.
- (8) The Ore Reserve contains 0.41 million tons of sulphur to be recovered as a by-product.
- (9) Includes Mine Waste Solutions (MWS).
- (10) In-situ cut-off grade.
- (11) Ore Reserve is estimated by Competent Persons employed by Randgold Resources Limited.
- (12) No Ore Reserve is declared for 2017 - TauTona is reported under Mponeng.

Rounding may result in computational differences.

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The 2017 Proven and Probable Ore Reserve includes Ore Reserve below infrastructure in the case of the following underground mines currently in production:

Mine	Tons (millions)	Grade (ounces/ton)	Gold Content (million ounces)
Moab Khotsong	14.47	0.24	3.48
Mponeng	31.04	0.27	8.50
Obuasi	1.87	0.60	1.13
AGA Mineração	3.89	0.16	0.62
Serra Grande	1.33	0.10	0.14
Total	52.59	0.26	13.86

The Ore Reserve has been determined based on completed economic studies.

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Gold Ore Reserve: Metric	At 31 December 2018							
	Proven Ore Reserve <sup>(1) (2)</sup>			Probable Ore Reserve <sup>(1) (2)</sup>			Metallurgical Recovery Factor	Cut-off Grade <sup>(9)</sup>
	Tonnes <sup>(5)</sup> (million)	Grade (g/t)	Gold Content (tonnes)	Tonnes <sup>(5)</sup> (million)	Grade (g/t)	Gold Content tonnes		
South Africa								
Vaal River <sup>(11)</sup>								
Kopanang	—	—	—	—	—	—		
Moab Khotsong	—	—	—	—	—	—		
West Wits								
Mponeng <sup>(2)</sup>	1.44	7.71	11.13	35.03	10.02	351.12	97.1-97.9 <sup>(4)</sup>	5.86-8.64 <sup>(4)</sup>
Surface								
Surface sources <sup>(8)</sup>	106.23	0.21	22.76	529.00	0.26	137.47	45.0-88.0 <sup>(4)</sup>	0.23-0.29 <sup>(4)</sup>
Continental Africa								
Democratic Republic of the Congo								
Kibali (45 percent) <sup>(3) (10)</sup>	9.14	4.15	37.87	19.08	4.12	78.70	84.5-88.9 <sup>(4)</sup>	1.53-2.41 <sup>(4)</sup>
Ghana								
Iduapriem	2.74	0.88	2.41	36.39	1.33	48.42	93.0-95.9 <sup>(4)</sup>	0.55-0.90 <sup>(4)</sup>
Obuasi <sup>(2)</sup>	—	—	—	20.28	9.00	182.40	87.0	4.10-5.20 <sup>(4)</sup>
Guinea								
Siguiri (85 percent) <sup>(3)</sup>	21.54	0.67	14.40	59.40	0.84	49.82	88.0-93.0 <sup>(4)</sup>	0.55-0.70 <sup>(4)</sup>
Mali								
Morila (40 percent) <sup>(3) (10)</sup>	2.46	0.63	1.54	0.17	1.31	0.22	57.0-91.0 <sup>(4)</sup>	0.49-0.79 <sup>(4)</sup>
Sadiola (41 percent) <sup>(3)</sup>	0.05	1.66	0.08	26.11	1.94	50.64	75.0-94.0 <sup>(4)</sup>	0.51-0.78 <sup>(4)</sup>
Tanzania								
Geita	—	—	—	9.47	4.38	41.49	77.8-92.7 <sup>(4)</sup>	1.45-3.43 <sup>(4)</sup>
Australasia								
Australia								
Sunrise Dam <sup>(2)</sup>	12.60	1.40	17.59	5.49	3.60	19.76	86.0-87.0 <sup>(4)</sup>	0.68-2.71 <sup>(4)</sup>
Tropicana (70 percent) <sup>(2) (3)</sup>	13.83	1.15	15.91	32.14	2.04	65.50	89.9-90.0 <sup>(4)</sup>	0.70-3.17 <sup>(4)</sup>
Americas								
Argentina								
Cerro Vanguardia (92.5 percent) <sup>(3)</sup> <sup>(6)</sup>	7.72	2.32	17.88	8.14	1.89	15.41	66.3-96.3 <sup>(4)</sup>	0.45-5.51 <sup>(4)</sup>
Brazil								
AGA Mineração <sup>(2) (7)</sup>	1.94	4.35	8.43	8.79	5.06	44.47	50.0-94.3 <sup>(4)</sup>	0.61-5.53 <sup>(4)</sup>
Serra Grande <sup>(2)</sup>	1.58	2.90	4.59	2.25	3.32	7.48	92.1-98.8 <sup>(4)</sup>	0.60-1.87 <sup>(4)</sup>
Colombia								
Gramalote (51 percent) <sup>(3)</sup>	—	—	—	63.71	0.86	54.67	83.9-95.0 <sup>(4)</sup>	0.16-0.22 <sup>(4)</sup>
Quebradona (94.876 percent) <sup>(2) (3)</sup> <sup>(6)</sup>	—	—	—	104.05	0.66	69.12	60.0	
Total	181.26	0.85	154.60	959.49	1.27	1,216.69		

Copper Ore Reserve: Metric	At 31 December 2018			
	Proven Ore Reserve <sup>(1) (2)</sup>	Probable Ore Reserve <sup>(1) (2)</sup>	Metallurgical	Cut-off



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	Grade <sup>(5)</sup> (percent)	Copper Content (tonnes million)	Tonnes <sup>(5)</sup> Grade (million)	Copper Content (tonnes million)	Recovery Factor percent	Grade <sup>(9)</sup> (\$/t)
Colombia						
Quebradona (94.876 percent) <sup>(2)(3)(6)</sup>	—	—	104.05	1.26	95.80	25-45 <sup>(12)</sup>
Total	—	—	104.05	1.26		

- (1) Ore Reserve includes marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.
- (2) Proven and/or Probable Ore Reserve includes Ore Reserve below infrastructure. See table that follows.
- (3) Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.
- (4) Recovery factor and cut-off grade vary according to ore type.
- (5) Tonnes refers to a metric tonne which is equivalent to 1000 kilograms.
- (6) The Ore Reserve contains 1,016 tonnes of silver for Cerro Vanguardia and 733 tonnes for Quebradona to be recovered as a by-product.
- (7) The Ore Reserve contains 0.37 million tonnes of sulphur to be recovered as a by-product.
- (8) Includes Mine Waste Solutions (MWS).
- (9) In-situ cut-off grade.
- (10) Ore Reserve is estimated by Competent Persons employed by Barrick Gold (Holdings) Limited.
- (11) No Ore Reserve is declared for 2018 - sale of Kopanang and Moab Khotsong.
- (12) Copper ore cut-off Net Smelter Return (NSR)

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Rounding may result in computational differences

The 2018 Proven and Probable Ore Reserve includes Ore Reserve below infrastructure in the case of the following underground mines currently in production:

## Gold

Mine	Tons (millions)	Grade (ounces/ton)	Gold Content (tonnes)
Mponeng	27.46	9.66	265.29
Obuasi	1.70	20.68	35.15
Sunrise Dam	1.29	3.85	4.95
Tropicana	1.89	3.65	6.89
AGA Mineração	6.73	5.45	36.64
Serra Grande	1.59	3.94	6.28
Quebradona	104.05	0.66	69.12
Total	144.70	2.93	424.32

## Copper

Mine	Tons (millions)	Grade (%)	Copper Content (million tonnes)
Quebradona	104.05	1.21	1.26
Total	104.05	1.21	1.26

The Ore Reserve has been determined based on completed economic studies.



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Gold Ore Reserve: Metric	At 31 December 2017							
	Proven Ore Reserve <sup>(1) (2)</sup>			Probable Ore Reserve <sup>(1) (2)</sup>			Metallurgical Recovery Factor	Cut-off Grade <sup>(10)</sup>
	Tonnes <sup>(5)</sup> (million)	Grade (g/t)	Gold Content (tonnes)	Tonnes <sup>(5)</sup> (million)	Grade (g/t)	Gold Content tonnes		
South Africa								
Vaal River <sup>(6)</sup>								
Kopang	1.00	5.420	5.40	0.94	5.37	5.04	95.6-95.7 <sup>(4)</sup>	9.52
Moab Khotsong <sup>(2)</sup>	2.02	9.550	19.26	15.62	8.47	132.31	93.9-97.1 <sup>(4)</sup>	4.31-6.21 <sup>(4)</sup>
West Wits								
Mponeng <sup>(2)</sup>	1.50	8.670	13.03	37.21	9.82	365.25	96.5-98.1 <sup>(4)</sup>	4.17-6.82 <sup>(4)</sup>
TauTona <sup>(12)</sup>	—	0.00	0.00	0.00	0.00	0.00		
Surface								
Surface sources <sup>(5) (9)</sup>	126.64	0.21	27.11	609.45	0.27	162.99	42.0-88.0 <sup>(4)</sup>	0.20-0.43 <sup>(4)</sup>
Continental Africa								
Democratic Republic of the Congo								
Kibali (45 percent) <sup>(3) (11)</sup>	8.54	4.07	34.78	21.18	4.10	86.76	84.5-88.9 <sup>(4)</sup>	1.53-2.50 <sup>(4)</sup>
Ghana								
Iduapriem	2.95	0.77	2.29	38.31	1.44	55.35	92.0-95.6 <sup>(4)</sup>	0.55-0.90 <sup>(4)</sup>
Obuasi <sup>(2)</sup>	—	0.00	0.00	20.28	9.00	182.40	87.0	4.10-5.20 <sup>(4)</sup>
Guinea								
Siguiri (85 percent) <sup>(3)</sup>	24.19	0.65	15.78	63.18	0.85	53.97	88.0-93.0 <sup>(4)</sup>	0.55-0.75 <sup>(4)</sup>
Mali								
Morila (40 percent) <sup>(3) (11)</sup>	—	0.00	0.00	4.25	0.56	2.38	57.0-91.0 <sup>(4)</sup>	0.49
Sadiola (41 percent) <sup>(3)</sup>	0.10	2.14	0.22	28.33	1.86	52.59	75.0-94.0 <sup>(4)</sup>	0.51-0.87 <sup>(4)</sup>
Tanzania								
Geita	—	0.00	0.00	8.54	4.55	38.86	76.0-92.0 <sup>(4)</sup>	1.40-3.02 <sup>(4)</sup>
Australasia								
Australia								
Sunrise Dam	10.88	0.98	10.64	8.24	3.22	26.50	85.0-86.0 <sup>(4)</sup>	0.75-2.71 <sup>(4)</sup>
Tropicana (70 percent) <sup>(3)</sup>	12.16	1.29	15.70	34.46	2.12	73.10	90.0	0.70
Americas								
Argentina								
Cerro Vanguardia (92.5 percent) <sup>(3) (7)</sup>	4.62	1.69	7.81	5.55	3.69	20.50	64.4-95.7 <sup>(4)</sup>	0.45-5.00 <sup>(4)</sup>
Brazil								
AGA Mineração <sup>(2) (8)</sup>	3.03	4.53	13.73	12.01	4.48	53.76	67.8-93.8 <sup>(4)</sup>	0.61-3.63 <sup>(4)</sup>
Serra Grande <sup>(2)</sup>	1.69	2.77	4.68	1.77	3.16	5.60	86.5-95.3 <sup>(4)</sup>	0.66-1.80 <sup>(4)</sup>
Colombia								
Gramalote (51 percent) <sup>(3)</sup>	—	0.00	0.00	63.71	0.86	54.67	83.9-95.0 <sup>(4)</sup>	0.16-0.22 <sup>(4)</sup>
Total	199.32	0.86	170.43	973.02	1.41	1,372.04		

(1) Ore Reserve includes marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.

(2) Proven and/or Probable Ore Reserve includes Ore Reserve below infrastructure. See table that follows.

(3) Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.

- (4) Recovery factor and cut-off grade vary according to ore type.  
The Vaal Reef Ore Reserve includes 40.4 thousand tonnes of Uranium oxide by-products; this cannot be accounted
- (5) for by individual mine as Great Nologwa, Kopanang, Moab Khotsong and Surface sources in Vaal River feed to a combination of plants.
- (6) Tonnes refers to a metric tonne which is equivalent to 1000 kilograms.
- (7) The Ore Reserve contains 678.44 tonnes of silver to be recovered as a by-product.
- (8) The Ore Reserve contains 0.37 million tonnes of sulphur to be recovered as a by-product.
- (9) Includes Mine Waste Solutions (MWS).
- (10) In-situ cut-off grade.
- (11) Ore Reserve is estimated by Competent Persons employed by Randgold Resources Limited.
- (12) No Ore Reserve is declared for 2017 - TauTona is reported under Mponeng.

Rounding may result in computational differences

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The 2017 Proven and Probable Ore Reserve includes Ore Reserve below infrastructure in the case of the following underground mines currently in production:

Mine	Tonnes (millions)	Grade (grams/tonne)	Gold Content (tonnes)
Moab Khotsong	13.12	8.24	108.14
Mponeng	28.16	9.38	264.25
Obuasi	1.70	20.68	35.15
AGA Mineração	3.53	5.44	19.20
Serra Grande	1.20	3.52	4.24
Total	47.71	9.03	430.97

The Ore Reserve has been determined based on completed economic studies.

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## Stockpiles: Imperial

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserve includes the following stockpile material:

Stockpiles	At 31 December 2018		
	Tons (million)	Grade (ounces/ton)	Gold content (million ounces)
South Africa			
Surface sources <sup>(2)</sup>	700.22	0.007	5.15
Continental Africa			
Ghana			
Iduapriem	16.42	0.021	0.35
Guinea			
Siguiri (85 percent) <sup>(1) (3)</sup>	57.67	0.017	0.97
Mali			
Morila (40 percent) <sup>(1)</sup>	2.71	0.018	0.05
Sadiola (41 percent) <sup>(1)</sup>	3.29	0.045	0.15
Tanzania			
Geita	3.00	0.038	0.11
Australasia			
Australia			
Sunrise Dam	10.66	0.028	0.30
Tropicana (70 percent) <sup>(1)</sup>	11.98	0.029	0.35
Americas			
Argentina			
Cerro Vanguardia (92.5 percent) <sup>(1)</sup>	10.91	0.014	0.15

<sup>(1)</sup> Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.

<sup>(2)</sup> Centralised operations treating material on surface that was previously generated by several underground operations, includes tailings material.

<sup>(3)</sup> Spent heap included in Ore Reserve.

Rounding may result in computational differences.

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## Stockpiles: Imperial

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserve includes the following stockpile material:

Stockpiles	At 31 December 2017		
	Tons (million)	Grade (ounces/ton)	Gold content (million ounces)
South Africa			
Surface sources <sup>(2)</sup>	811.40	0.008	6.11
Continental Africa			
Ghana			
Iduapriem	12.88	0.021	0.27
Guinea			
Siguiri (85 percent) <sup>(1) (3)</sup>	61.89	0.017	1.06
Mali			
Morila (40 percent) <sup>(1)</sup>	4.55	0.016	0.07
Sadiola (41 percent) <sup>(1)</sup>	5.14	0.037	0.19
Tanzania			
Geita	2.79	0.041	0.12
Australasia			
Australia			
Sunrise Dam	12.00	0.029	0.34
Tropicana (70 percent) <sup>(1)</sup>	8.19	0.027	0.22
Americas			
Argentina			
Cerro Vanguardia (92.5 percent) <sup>(1)</sup>	7.05	0.019	0.13
Brazil			
Serra Grande	0.03	0.050	0.00

<sup>(1)</sup> Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.

<sup>(2)</sup> Centralised operations treating material on surface that was previously generated by several underground operations, includes tailings material.

<sup>(3)</sup> Spent heap included in Ore Reserve.

Rounding may result in computational differences.



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## Stockpiles: Metric

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserve includes the following stockpile material:

Stockpiles	At 31 December 2018		
	Tonnes (million)	Grade (grams/tonne)	Gold content (tonnes)
South Africa			
Surface sources <sup>(2)</sup>	635.23	0.25	160.23
Continental Africa			
Ghana			
Iduapriem	14.89	0.73	10.91
Guinea			
Siguiri (85 percent) <sup>(1) (3)</sup>	52.31	0.58	30.18
Mali			
Morila (40 percent) <sup>(1)</sup>	2.46	0.63	1.54
Sadiola (41 percent) <sup>(1)</sup>	2.98	1.53	4.56
Tanzania			
Geita	2.72	1.29	3.51
Australasia			
Australia			
Sunrise Dam	9.67	0.97	9.35
Tropicana (70 percent) <sup>(1)</sup>	10.87	1.01	10.95
Americas			
Argentina			
Cerro Vanguardia (92.5 percent) <sup>(1)</sup>	9.89	0.47	4.68

<sup>(1)</sup> Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.

<sup>(2)</sup> Centralised operations treating material on surface that was previously generated by several underground operations, includes tailings material.

<sup>(3)</sup> Spent heap included in Ore Reserve.

Rounding may result in computational differences.

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## Stockpiles: Metric

Stockpiles are previously mined ore scheduled for future process plant feed. The Proven and Probable Ore Reserve includes the following stockpile material:

Stockpiles	At 31 December 2017		
	Tonnes (million)	Grade (grams/tonne)	Gold content (tonnes)
South Africa			
Surface sources <sup>(2)</sup>	736.09	0.26	190.10
Continental Africa			
Ghana			
Iduapriem	11.68	0.72	8.46
Guinea			
Siguiri (85 percent) <sup>(1) (3)</sup>	56.15	0.59	33.07
Mali			
Morila (40 percent) <sup>(1)</sup>	4.13	0.54	2.22
Sadiola (41 percent) <sup>(1)</sup>	4.66	1.27	5.93
Tanzania			
Geita	2.53	1.42	3.59
Australasia			
Australia			
Sunrise Dam	10.88	0.98	10.64
Tropicana (70 percent) <sup>(1)</sup>	7.43	0.94	6.97
Americas			
Argentina			
Cerro Vanguardia (92.5 percent) <sup>(1)</sup>	6.40	0.64	4.09
Brazil			
Serra Grande	0.02	1.70	0.04

<sup>(1)</sup> Ore Reserve attributable to AngloGold Ashanti's percentage interest shown.

<sup>(2)</sup> Centralised operations treating material on surface that was previously generated by several underground operations, includes tailings material.

<sup>(3)</sup> Spent heap included in Ore Reserve.

Rounding may result in computational differences.

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## Drill hole spacing: Imperial

In determining the Proven and Probable Ore Reserve, AngloGold Ashanti applied the following drill hole spacing:

	Drill Hole Spacing Proven Ore Reserve	Probable Ore Reserve
South Africa		
Underground sources	Ore body opened up, developed and sampled on a 7 to 10 foot spacing on raise lines and on a 16 x 16 foot grid thereafter	From a 131 x 131 foot spacing up to 3281 x 3281 foot spacing
Surface sources	164 x 164 feet to 1050 x 820 feet auger drilling, variable sampling strategies: belt samplers, cross stream residue samplers and bulk sampling campaigns	328 x 328 feet to 984 x 1230 feet auger drilling, variable sampling strategies: belt samplers, cross stream residue samplers
Continental Africa		
Democratic Republic of the Congo		
Kibali	16 x 33 feet, 49 x 66 feet	131 x 131 feet
Ghana		
Iduapriem	66 x 49 feet	164 x 246 feet
Obuasi	None	197 x 197 feet
Guinea		
Siguiri	16 x 33 feet, 16 x 39 feet, 33 x 33 feet, 43 x 23 feet	66 x 131 feet, 82 x 82 feet, 164 x 82 feet
Mali		
Morila	33 x 16 feet, 164 x 328 feet	33 x 66 feet
Sadiola	21 x 41 feet, 82 x 82 feet	82 x 82 feet, 164 x 82 feet
Tanzania		
Geita	None	33 x 33 feet, 66 x 66 feet, 82 x 49 feet, 82 x 82 feet, 131 x 66 feet, 131 x 131 feet
Australasia		
Australia		
Sunrise Dam	33 x 33 feet, 82 x 82 feet	131 x 66 feet, 131 x 131 feet
Tropicana	39 x 39 feet, 82 x 82 feet	164 x 164 feet
Americas		
Argentina		
Cerro Vanguardia	20 x 66 feet, 39 x 16 feet	131 x 131 feet
Brazil		
AGA Mineração	33 x 66 feet, 66 x 33 feet, 66 x 98 feet, 82 x 82 feet	66 x 131 feet, 82 x 131 feet, 98 x 82 feet, 131 x 197 feet, 164 x 98 feet, 164 x 164 feet, 197 x 131 feet
Serra Grande	33 x 33 feet, 33 x 66 feet	82 x 82 feet, 131 x 66 feet, 164 x 66 feet
Colombia		
Gramalote	None	164 x 164 feet
Quebradona	None	98 x 98 feet, 197 x 197 feet

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Drill hole spacing: Metric

In determining the Proven and Probable Ore Reserve, AngloGold Ashanti applied the following table of drill hole spacing:

	Drill Hole Spacing Proven Ore Reserve	Probable Ore Reserve
South Africa		
Underground sources	Ore body opened up, developed and sampled on a 2 to 3 metre spacing on raise lines and on a 5 x 5 metre grid thereafter	From a 40 x 40 metre spacing up to 1000 x 1000 metre spacing
Surface sources	50 x 50 metre to 320 x 250 metre auger drilling, variable sampling strategies: belt samplers, cross stream residue samplers and bulk sampling campaigns	100 x 100 metre to 300 x 375 metre auger drilling, variable sampling strategies: belt samplers, cross stream residue samplers
Continental Africa		
Democratic Republic of the Congo		
Kibali	5 x 10 metre, 15 x 20 metre	40 x 40 metre
Ghana		
Iduapriem	20 x 15 metre	50 x 75 metre
Obuasi	None	60 x 60 metre
Guinea		
Siguiri	5 x 10 metre, 5 x 12 metre, 10 x 10 metre, 13 x 7 metre	20 x 40 metre, 25 x 25 metre, 50 x 25 metre
Mali		
Morila	10 x 5 metre, 50 x 100 metre	10 x 20 metre
Sadiola	6.25 x 12.5 metre, 25 x 25 metre	25 x 25 metre, 50 x 25 metre
Tanzania		
Geita	None	10 x 10 metre, 20 x 20 metre, 25 x 15 metre, 25 x 25 metre, 40 x 20 metre, 40 x 40 metre
Australasia		
Australia		
Sunrise Dam	10 x 10 metre, 25 x 25 metre	40 x 20 metre, 40 x 40 metre
Tropicana	12 x 12 metre, 25 x 25 metre	50 x 50 metre
Americas		
Argentina		
Cerro Vanguardia	6 x 20 metre, 12 x 5 metre	40 x 40 metre
Brazil		
AGA Mineração	10 x 20 metre, 20 x 10 metre, 25 x 25 metre, 20 x 30 metre	20 x 40 metre, 25 x 40 metre, 30 x 25 metre, 40 x 60 metre, 50 x 30 metre, 50 x 50 metre, 60 x 40 metre
Serra Grande	10 x 10 metre, 10 x 20 metre	25 x 25 metre, 40 x 20 metre, 50 x 20 metre
Colombia		
Gramalote	None	50 x 50 metre
Quebradona	None	30 x 30 metre, 60 x 60 metre



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ITEM 4A: UNRESOLVED STAFF COMMENTS

Not applicable.

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### ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of AngloGold Ashanti Limited under IFRS for the three years ended and as at 31 December 2018, 2017 and 2016.

This item should be read in conjunction with the company's consolidated financial statements and the notes thereto which are included under Item 18 of this annual report.

#### Overview

AngloGold Ashanti is a global gold mining company headquartered in Johannesburg, South Africa. AngloGold Ashanti's main product is gold. As part of extracting gold the company also produces silver and sulphuric acid as by-products. The company no longer produces uranium oxide as by-product following the sale of its Vaal River operations, effective 28 February 2018. By-product revenue amounted to \$138 million in 2018 (2017: \$154 million; 2016: \$138 million) out of total revenue from product sales of \$3,943 million in 2018 (2017: \$4,510 million; 2016: \$4,223 million). See "Note 3 - Revenue" to the consolidated financial statements for additional information. The company sells its products on world markets.

AngloGold Ashanti conducts gold-mining operations in the following regions, which represent its business segments:

- South Africa (comprising West Wits and Surface Operations)
- Continental Africa (comprising Ghana, Guinea, Mali, the DRC and Tanzania)
- Australasia (comprising Australia)
- Americas (comprising Argentina, Brazil and projects in Colombia)

In particular, AngloGold Ashanti has 12 mines and two surface operations in the four regions comprising open-pit and underground mines and surface metallurgical plants, which are supported by extensive, yet focused exploration activities. For more information on the company's business and operations, see "Item 4B: Business Overview".

As at 31 December 2018, the company reported, on an attributable basis, Proven and Probable Ore Reserve for gold of approximately 36.9 million ounces in subsidiaries and 7.2 million ounces in equity accounted joint ventures. For the year ended 31 December 2018, AngloGold Ashanti reported an attributable gold production of approximately 2.9 million ounces from subsidiaries and 0.5 million ounces from equity accounted joint ventures. As at 31 December 2018, the company reported an attributable Ore Reserve for copper of 2,769Mlbs.

AngloGold Ashanti's costs and expenses consist primarily of total cash costs, amortisation, corporate administration, other expenses, and exploration and evaluation costs. Total cash costs include salaries and wages, stores and other consumables (which include explosives, timber and reagents amongst others), fuel, power and water, contractors' costs and royalties. The company's mining operations consist of deep-level underground mines as well as open-pit operations, both of which are labour intensive, therefore salaries and wages are a significant component of total cash costs.

#### Outlook

Gold production (including our attributable share of joint ventures) for 2019 is forecast to be between 3.250 million and 3.450 million ounces (production will be back weighted, with a stronger second half expected for Geita (Tanzania), Siguiri (Guinea) and Brazil). Capital expenditure (including our attributable share of joint ventures) is expected to be approximately between \$910 million and \$990 million in 2019, on the following assumptions:

R14.00/\$, \$/A\$0.75, BRL3.65/\$ and ARS40.00/\$; Brent crude at \$74 per barrel.

AngloGold Ashanti's results of operations, financial condition and prospects, as well as the company's ability to meet its targets, may be adversely affected by a number of factors, risks and uncertainties, some of which are beyond the company's control, including gold prices, exchange rate fluctuations, inflation, as well as political, mining and other risks. In particular, our production outlook is subject to, among other things, labour disruptions, unplanned stoppages and safety-related interventions, the stability and availability of power as well as other operational risks. Certain of these risks, uncertainties and other factors are described in "Item 3D: Risk Factors". See also the note regarding "Certain Forward-Looking Statements". Furthermore, the forecast assumes no changes to the asset portfolio/operating mines.



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5A: OPERATING RESULTS

Introduction

The final quarter of 2018 was not good for equity markets. Investors have had to contend with rising US central bank interest rates, a sharp slowdown in Eurozone business confidence, weaker Chinese growth and rising geopolitical concerns (including Brexit, Italian politics and the ongoing trade conflict between the US and China). On the upside, over the quarter as a whole, government bonds at least lived up to their traditional role as the defensive element in a well-balanced portfolio.

Turning to the gold market, annual jewellery demand barely changed compared to 2017 and remained at 2,200 tonnes in 2018, after a three percent year-on-year drop in the fourth quarter of 2018 demand to 636.2 tonnes reversed the third quarter gains. China was the main engine of growth in 2018, despite witnessing a slowdown in the final quarter of 2018 as the trade war with the US and slowing economic growth rate weighed on demand. Economic hardship, relatively weak currencies and the after-effects of tax-changes affected Turkey and Middle Eastern markets to varying degrees.

Inflows into global gold-backed ETFs and similar products totalled 69 tonnes in 2018. This was 67 percent lower than the 206.4 tonnes of inflows in 2017. Even though sizable annual flows into European-listed funds of 96.8 tonnes drove growth in the sector, North American funds experienced heavy outflows for part of the year but reversed this trend in the final quarter of 2018. Global inflows of 112.4 tonnes during the fourth quarter of 2018 reversed the 104 tonnes of outflows from the previous quarter. Growth in the fourth quarter of 2018 was split almost equally between US-listed and European-listed funds, with inflows of 57.1 tonnes and 59.1 tonnes, respectively. For the first time since 2012, the value of total gold-backed ETF holdings finished 2018 above \$100 billion.

The official coin market saw annual demand surge 26 percent compared to 2017 to 236 tonnes, the second highest level on record - the previous high was 270.9 tonnes in 2013. Coin demand flourished in a few countries, where retail investor concerns around stock market volatility, currency weakness and geopolitical uncertainty were common themes. Bar sales were steady at 781.6 tonnes and have been remarkably stable over the past five years with annual demand anchored between a low of 780 tonnes in 2014 and a high of 797 tonnes in 2016.

Central bank net purchases reached 651.5 tonnes in 2018, 74 percent higher year-on-year. This is the highest level of annual net purchases since the suspension of dollar convertibility into gold in 1971 (Bretton Woods), and the second highest annual total on record. Central Banks now hold nearly 34,000 tonnes of gold. Heightened geopolitical and economic uncertainty throughout the year increasingly drove central banks to diversify their reserves and re-focus their attention on the principal objective of investing in safe and liquid assets.

Gold mine production totalled 854.1 tonnes in the fourth quarter of 2018, two percent lower quarter-on-quarter and one percent lower year-on-year. Over the year, gold mine production rose fractionally, up one percent to 3,346.9 tonnes. Although slowing in recent years, this is now the tenth year of annual growth and the highest level of annual mine output on record (previous record in 2017).

Net producer de-hedging was seen for a third consecutive quarter in the fourth quarter of 2018, with the global hedge book declining by a further 10 tonnes. On an annual basis, net producer de-hedging totalled 29.4 tonnes, following on from 27.9 tonnes of net de-hedging in 2017. At the end of 2018 the global hedge book stood at an estimated 195 tonnes, 13 percent lower year-on-year, continuing the general downward trend.

The price of gold closed the fourth quarter of 2018 at \$1,283 per ounce which was also the high for the quarter. It reached a low of \$1,187 per ounce and averaged around \$1,228 per ounce in the final quarter of 2018. The average

price of gold sold for the year was recorded at \$1,268 per ounce.

Restatement as a result of adoption of new accounting standard - IFRS 15 Revenue from Contracts with Customers (IFRS 15)

As a result of adopting IFRS 15 on 1 January 2018, the group has changed its accounting policy and made retrospective adjustments. The impact of the adoption of IFRS 15 has resulted in the restatement of revenue from product sales (previously gold income) and cost of sales. For further details refer to “Note 1-Accounting Policies” in Item 18.

Key factors affecting results

Gold prices

AngloGold Ashanti’s operating results are directly related to the price of gold, which can fluctuate widely and is affected by numerous factors beyond its control, including investment, jewellery and industrial demand (particularly in China and India), expectations with respect to the rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally

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quoted) and of other currencies, interest rates, actual or expected gold sales and purchases by central banks and the International Monetary Fund (IMF), global or regional political or economic events, and production and cost levels in major gold-producing regions.

The current demand for and supply of gold may affect gold prices, but not necessarily in the same manner as current supply and demand affects the prices of other commodities. The supply of gold consists of a combination of new production and fabricated gold held by governments, public and private financial institutions, industrial organisations and private individuals. As the global gold production in any single year constitutes a small portion of the total potential supply of gold, short-term variations in current production do not necessarily have a significant impact on the supply of gold or on its price.

The market for gold bullion bar, the company's primary product, is generally limited to the bullion banks. The number of these banks has declined over the last few years. Additionally, due to the diversity and depth of the total gold market, the bullion banks do not possess significant pricing power.

The price of gold is often subject to sharp, short-term changes. The shift in gold demand from physical demand to investment and speculative demand may exacerbate the volatility of gold prices.

Yearly average gold prices received have changed during the three years under review as follows:

2016 - \$1,243 per ounce

2017 - \$1,251 per ounce

2018 - \$1,261 per ounce

The average of the spot gold price from 1 January 2019 to 19 March 2019 was \$1,302.57 per ounce. On 19 March 2019, the afternoon price for gold on the London Bullion Market was \$1,307.70 per ounce.

If income from gold sales falls for an extended period below the company's total cash costs at its operations, AngloGold Ashanti could determine that it is not economically feasible to continue production at some or all of its operations. Declining gold prices may also force a reassessment of the feasibility of a particular exploration or development project or projects, and could lead to the curtailment or suspension of such projects. A sustained decrease in gold prices may force the company to change its dividend payment policies, reduce expenditures and undertake measures to address its cost base. In addition, the use of lower gold prices in Ore Reserve estimates and life-of-mine plans could result in material write-downs of the company's investment in mining properties and increase amortisation, rehabilitation and closure charges.

To protect the cash flows of the South African region from rand gold price risk for 2019, a short-term rand gold hedge was entered into on a zero cost collar basis at a floor of R545,000/kg and an average cap of R725,500/kg for 300koz of our South African gold production.

### Production levels

In addition to gold prices, AngloGold Ashanti's gold income in any year is also influenced by its level of gold production. Production levels are in turn influenced by grades, tonnages mined and processed through the plant, and metallurgical recoveries. Attributable gold production (including joint ventures) decreased between 2016 - 2018 from 3.63 million ounces in 2016, 3.76 million ounces in 2017 to 3.40 million ounces in 2018. For more information on the company's business and operations, see "Item 4B: Business Overview".

### Foreign exchange fluctuations

Total cash costs in all business segments are for local procurement largely incurred in local currency where the relevant operation is located. US dollar denominated total cash costs and net income tend to be adversely impacted by local currency strength and favourably impacted by local currency weakness, assuming there are no other offsetting factors. AngloGold Ashanti's financial results can be influenced significantly by the fluctuations in the South African rand, Brazilian real, Australian dollar, and, to a lesser extent, the Argentinian peso and other local currencies. As set out below, during the year ended 31 December 2018, the Argentinian peso, Australian dollar and Brazilian real weakened and the South African rand strengthened, which collectively had a favourable impact on AngloGold Ashanti's US dollar denominated total cash costs.

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Average annual exchange rates to the US dollar	2018	2017	2016
South African rand	13.25	13.30	14.68
Brazilian real	3.66	3.19	3.48
Australian dollar	1.34	1.30	1.35
Argentinian peso	28.14	16.57	14.78

In 2018, the company derived 64 percent (56 percent including joint ventures) of its revenues from South Africa, Brazil, Australia and Argentina, and incurred 64 percent (57 percent including joint ventures) of its total cash costs in South Africa, Brazil, Australia and Argentina. A one percent strengthening of these local currencies against the US dollar will result in an increase in total cash costs incurred of about \$18 million or \$5 per ounce.

Certain exchange controls were in force in emerging markets in which the company operates during the period under review, including, for example, South Africa and Argentina. In the case of South Africa, although the exchange rate of the rand is primarily market determined, its value at any time may not be considered a true reflection of the underlying value while exchange controls exist. The South African government has indicated its intention to relax exchange controls over time. As exchange controls are relaxed, rand exchange rates will be more closely tied to market forces. It is not possible to predict whether or when this will occur or the future value of the rand. For a detailed discussion of these exchange controls, see “Item 10D: Exchange Controls”.

#### Total cash costs and effects of inflation

Total cash costs include salaries and wages, stores and other consumables (which include explosives, timber and reagents among others), fuel, power and water, contractors’ costs and royalties. The mining industry continues to experience price inflation for costs of inputs used in the production of gold, which leads to higher total cash costs reported by many gold producers.

AngloGold Ashanti is unable to control the prices at which it sells its gold. Accordingly, in the event of significant inflation in South Africa, Brazil, Argentina or Australia, without a concurrent devaluation of the local currency or an increase in the price of gold, there could be a material adverse effect upon the company’s results and financial condition.

AngloGold Ashanti employs over 44,000 people globally, most of whom are members of trade unions, particularly in South Africa, Continental Africa and the Americas. Salaries and wages account for a significant component of local total cash costs and are impacted by annual wage increases. AngloGold Ashanti reached a three-year wage agreement with all its trade unions in South Africa, effective 1 July 2018. The wage agreement includes wage increases over three years as well as a new shift arrangement, aimed at improving production with continued focus on safety.

Energy costs, comprising power, fuel and lubricants, are another material component of total cash costs. Due to the remote location of some of its mines in Continental Africa, AngloGold Ashanti uses fuel to generate power and uses fuel and lubricants at its mines to run its fleet and processing plants. The price of Brent crude oil has increased from \$43 per barrel in 2016, \$54 per barrel in 2017 to \$71 per barrel in 2018, a 65 percent increase over the three-year period. AngloGold Ashanti estimates that for each \$1 per barrel rise in the oil price, other factors remaining equal, the average total cash costs of all its operations increases by about \$3 million or \$0.8 per ounce, with the total cash costs of certain of the company’s mines, particularly Geita (Tanzania), Siguiri (Guinea), Kibali (DRC), Morila and Sadiola (Mali), which are more dependent on fuel, being more sensitive to changes in the price of oil. Energy costs, even in business segments which are supported by grid power, like South Africa, have increased considerably over the three-year period, with price increases from Eskom (South Africa’s power utility) that exceeded average inflation. These increases have adversely impacted total cash costs.

AngloGold Ashanti has no influence over the cost of most consumables, many of which are linked to some degree to the price of oil and steel and in a number of cases have exceeded inflation. Furthermore, there has also been volatility recently in the price of steel, used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a mine. Fluctuations in oil and steel prices have a significant impact on operating costs and capital expenditure.

Royalties (excluding joint ventures), which are generally calculated as a percentage of revenue, varied over the past three years from \$105 million incurred in 2016 to \$116 million incurred in 2017 and \$135 million in 2018, a 29 percent increase over the three-year period, primarily due to the variations in the gold prices received, production and royalty rate increases. Royalties are likely to continue to vary in the coming years as in a number of jurisdictions host governments increasingly seek to obtain a higher share of revenue by increasing the royalty rates for gold mines.

#### Rehabilitation costs

Total provisions for decommissioning and for restoration (excluding joint ventures) totalled \$695 million in 2017 and \$622 million in 2018. The change in estimates is attributable to changes in discount rates due to changes in global economic assumptions and changes in mine plans resulting in a change in cash flows and changes in design of tailings storage facilities and in methodology following requests from the environmental regulatory authorities. See also “Item 4B: Business Overview-Regulatory Environment

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Enabling AngloGold Ashanti to Mine”, “Item 4B: Business Overview-Mine Site Rehabilitation and Closure” and “Item 4B: Business Overview-Environmental, Health and Safety Matters”.

### Amortisation of tangible assets

Amortisation of tangible assets decreased during the 2016 - 2018 period, from \$789 million to \$625 million, largely due to the orderly closure of TauTona during September 2017 and the reclassification of the assets and liabilities of Moab Khotsonq and Kopanang, to non-current assets and liabilities held for sale during October 2017, at which stage, amortisation of these assets ceased.

### Exploration and evaluation costs

The company has expensed exploration expenditure during the years ended 31 December 2016, 2017 and 2018 in order to replenish depleting Ore Reserve and bring new ore bodies into pre-feasibility or feasibility. The expensed exploration costs incurred over the last three fiscal years amounted to \$133 million in 2016, \$114 million in 2017 and \$102 million in 2018. Exploration expenditure decreased during 2018, with a reduction in technical improvements as well as lower spend on prefeasibility studies.

### Corporate administration, marketing and other expenses

The corporate administration, marketing and other expenses incurred amounted to \$61 million in 2016, \$64 million in 2017 and \$76 million in 2018. The increase is mainly due to sign-on costs relating to the new CEO during 2018, legal fees, overseas travel costs and strengthening of the South African rand against the US dollar.

### Special items

AngloGold Ashanti reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. AngloGold Ashanti values individual mining assets at the lowest level for which cash flows are identifiable as independent of cash flows of other mining assets and liabilities.

If there are indications that impairment may have occurred, AngloGold Ashanti prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by Ore Reserve and production estimates, together with economic factors, such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce Ore Reserve and future capital expenditures. Alternatively, should any of these factors reverse, then AngloGold Ashanti may have to reverse previously recognised impairments.

When reviewing goodwill and other tangible assets for impairment, AngloGold Ashanti's assumption on gold price represents its best estimate of the future price of gold. In arriving at the estimated long-term real gold price, AngloGold Ashanti considers all available market information including current prices, historical averages, and forward pricing information and data. The long-term real gold price of \$1,239 per ounce in 2018 and \$1,240 per ounce in 2017, were based on a range of economic and market conditions, which were, at that time, expected to exist over the remaining useful life of the assets.

AngloGold Ashanti considers the long-term fundamentals that provide support to the gold price assumption. These include, amongst other things, gold as a long-term store of value, hedge against inflation, safe haven status, strong physical demand from emerging markets, central bank purchases, quantitative easing and devaluation of paper currency, falling global mine production and rising costs of producing gold, all of which represent significant and enduring trends supportive of AngloGold Ashanti's gold price assumption.

The actual spot gold price averaged \$1,268 per ounce in 2018 and \$1,257 per ounce in 2017. The gold price in 2019 has been subject to volatile short-term swings and has averaged \$1,302.57 per ounce from 1 January 2019 to 19 March 2019 and closed at \$1,307.70 per ounce on 19 March 2019.

AngloGold Ashanti will continue to monitor the underlying long-term factors driving the gold price and will review its gold price assumption, should it consider it appropriate to do so.

Furthermore, should the gold price fall and remain at such lower levels, management will consider, in addition to other mitigating factors, reviewing and amending the life of mine plans to reduce expenditures, optimise costs and increase cash flows in respect of its mining assets.

#### Taxation

Taxation decreased over the period 2016 - 2018 from an expense of \$189 million in 2016 to an expense of \$128 million in 2018. Reduction in taxation over the period 2016 - 2018 is largely due to a lower deferred taxation in South Africa as a result of carry forward losses, asset sales, impairments, change in estimated deferred tax rate and retrenchment in 2018 as well as lower current and withholding taxes related to the Tanzanian operations.



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Taxation is likely to continue to be volatile in the coming years, as host governments in a number of jurisdictions increasingly seek to obtain a higher share of revenue by increasing rates of existing taxes and introducing new taxes on gold mines.

### Production in 2018

For the year ended 31 December 2018, AngloGold Ashanti's total attributable gold production of 3.40 million ounces was 360,000 ounces, or 10 percent, lower than the 2017 production of 3.76 million ounces.

In South Africa, gold production decreased by 46 percent, or 416,000 ounces, in 2018 as compared to 2017. The decrease was mainly due to the downscaling of production activities as a result of the orderly closure of TauTona in September 2017 and the sale of Kopanang and Moab Khotsong on 28 February 2018.

Production increased by four percent, or 59,000 ounces, in 2018 as compared to 2017, in Continental Africa. The increase was mainly due to higher recovered grades and increased tonnage treated due to improved plant performance at Kibali, higher tonnage treated due to improved plant efficiency and higher recovered grade, resulting from mining deeper, higher-grade areas in the Teberebie pit at Iduapriem, higher recovered grades due to a range of operational improvements which assisted in accessing higher grade ore particularly in the fourth quarter of 2018 at Geita. The increase in production was partially offset by a decrease at Siguiri due to a decrease in recovered grade from treating lower grade oxide material and a decrease in tonnes due to delays in the commissioning of the Carbon-in Leach (CIL) combination plant.

Production increased by 12 percent, or 66,000 ounces, in 2018 as compared to 2017, in the Australasia region. Gold production increased at Sunrise Dam due to higher mill feed grades in the first and the last quarters of 2018. Improved mill feed grades and mill throughput resulted in higher production at Tropicana.

In the Americas region, production decreased by eight percent, or 64,000 ounces, in 2018 as compared to 2017. The decrease was in Brazil mainly at AGA Mineração due to development and infrastructure constraints at the Cuiaba complex and at Córrego do Sítio due to lower grades in the sulphide operation, excessive rainfall and open-pit licensing delays. Production was also impacted by lower tonnes placed on the heap leach, model changes, and production stoppages due to strikes. Production was also lower at Serra Grande due to less ore mined following geological model changes and excessive rainfall.

### Production in 2017

For the year ended 31 December 2017, AngloGold Ashanti's total attributable gold production of 3.76 million ounces was 130,000 ounces, or four percent, higher than the 2016 production of 3.63 million ounces.

In South Africa, gold production decreased by seven percent, or 64,000 ounces, in 2017 as compared to 2016. The decrease was mainly due to the downscaling of production activities as a result of the orderly closure of TauTona. Lower production at Mponeng was due to lower grades as a result of lower reef values and the planned move from higher grade areas. Lower production at Vaal River Surface Operations was due to low mill availability at the Kopanang Gold Plant and the suspension of the processing of Kopanang marginal ore dumps. The decrease in production was partially offset by higher production at Moab Khotsong due to improved production efficiencies and fewer safety stoppages. Higher production was also recorded at Mine Waste Solutions due to the increase in feed grades due to higher grades from the Sulphur pay and the East tailing storage facilities, coupled with improvements in recoveries.

Production increased by 10 percent, or 132,000 ounces, in 2017 as compared to 2016, in Continental Africa. The increase was mainly due to higher recovered grades at Iduapriem, higher grades mined at Siguiri, which included mining in the new Seguelen pit and the higher recovered grades at Geita due to the planned mining of higher grade areas as Geita continues mining in Nyankanga Cut 7 and 8.

Production increased by eight percent, or 39,000 ounces, in 2017 as compared to 2016, in the Australasia region. Gold production increased at Sunrise Dam due to increased grades, increased mill throughput and improved metallurgical recoveries. Improved mill throughput resulted in higher production at Tropicana.

In the Americas region, production increased by two percent, or 20,000 ounces in 2017 as compared to 2016. The increase was mainly due to higher production from CDS Operation with higher tonnes from the Sulphide mine and grade from both the Oxide and Sulphide mines at AGA Mineração in Brazil.

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## Comparison of financial performance in 2018, 2017 and 2016

Financial performance of AngloGold Ashanti (in \$ millions)	Year ended 31 December		
	2018	2017	2016
Revenue from product sales	3,943	4,510	4,223
Cost of sales	(3,173 )	(3,736 )	(3,401 )
Other expenses	(614 )	(859 )	(564 )
Share of associates and joint ventures' profit	122	22	11
Taxation expense	(128 )	(108 )	(189 )
Net profit attributable to non-controlling interests	17	20	17
Net profit (loss) attributable to equity shareholders	133	(191 )	63

## Comparison of total cost of sales in 2018, 2017 and 2016

The following table presents cost of sales from continuing operations for the AngloGold Ashanti group for the three-year period ended 31 December 2018:

Cost of sales for AngloGold Ashanti (in \$ millions)	Year ended 31 December		
	2018	2017	2016
Total cost of sales	3,173	3,736	3,401
Inventory change	(14 )	(15 )	38
Amortisation of tangible assets	(625 )	(817 )	(789 )
Amortisation of intangible assets	(5 )	(6 )	(20 )
Retrenchment costs	(4 )	(6 )	(14 )
Rehabilitation and other non-cash costs	(20 )	(29 )	(43 )
Total cash costs	2,505	2,863	2,573

## Comparison of financial performance in 2018 with 2017

Our gold income is materially impacted by price and volume variances. All of our costs are impacted by the consequences of average exchange rate movements.

Exchange fluctuations in and the average exchange rates for the South African rand, Brazilian real, Australian dollar and the Argentinian peso have effects on the various components that make up our costs based on the level of local procurement of each of these costs. For a discussion of the effect of foreign exchange fluctuations on our financial results, see "Item 5A: Operating Results-Key factors affecting results-Foreign exchange fluctuations".

## Revenue from product sales

Revenue from product sales decreased by \$567 million, or 13 percent, from \$4,510 million in 2017 to \$3,943 million in 2018, mainly as a result of the decrease in gold sold of 446,000 ounces. Gold income decreased by \$551 million, or 14 percent, from \$4,356 million in 2017 to \$3,805 million in 2018, due to the decrease in gold sold. The gold price received increased by \$10 per ounce, or one percent, from \$1,251 per ounce during 2017 to \$1,261 per ounce in 2018, which resulted in an increase in gold income of \$30 million. By-product revenue decreased by \$16 million, or 10 percent, to \$138 million from \$154 million in 2017, mainly due to less revenue from silver and less revenue from uranium as a result of the sale of the company's interest in Nuclear Fuels Corporation of South Africa Proprietary Limited (Nufcor).

Revenue from product sales from the South African operations in 2018 decreased by \$507 million, or 45 percent, to \$608 million from \$1,115 million in 2017. The decrease was mainly as a result of the decrease in gold sold of 402,000 ounces, primarily as a result of the sale of Kopanang and Moab Khotsong assets, which accounted for a \$415 million decrease and the orderly closure of TauTona, which accounted for a \$114 million decrease in revenue from product sales. Revenue from product sales also decreased by \$22 million at the Surface Operations. The decrease was partially offset by a \$53 million increase in revenue from Mponeng and the increase in the gold price received which resulted in an increase in gold income of \$3 million.

Revenue from product sales from the Continental Africa operations decreased by \$39 million, or two percent, to \$1,405 million in 2018 from \$1,444 million in 2017, mainly as a result of the decrease in gold sold of 24,000 ounces, which resulted in a decrease of gold income of \$49 million. The decrease in production was mainly due to lower recovered grades at Siguiri partially offset by

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increased production at Iduapriem and Geita. The decrease in revenue was partially offset by an increase in the gold price received resulting in an increase in gold income of \$10 million.

Revenue from product sales from Australasia increased by \$71 million, or 10 percent, from \$711 million in 2017 to \$782 million in 2018. The increase was due to the increase of 53,000 ounces in gold sold in 2018, which resulted in an increase in gold income of \$65 million. Gold production increased at Sunrise Dam due to increased mill feed grades and improved mill throughput resulted in higher production at Tropicana. The increase in the gold price received resulted in an increase in gold income of \$6 million.

Revenue from product sales from the Americas operations decreased by \$91 million, or seven percent, from \$1,240 million in 2017 to \$1,149 million in 2018. The decrease was due to a decrease of 72,000 ounces in gold sold in 2018, which resulted in a decrease in gold income of \$91 million. Gold production primarily decreased at AGA Mineração in Brazil mainly due to development and infrastructure constraints, coupled with lower grades. The increase in the gold price received resulted in an increase in gold income of \$8 million.

### Cost of sales

Cost of sales decreased from \$3,736 million in 2017 to \$3,173 million in 2018, which represents a \$563 million or 15 percent decrease. The decrease was primarily due to a \$372 million, or 14 percent, decrease in cash operating costs from \$2,728 million in 2017 to \$2,356 million in 2018. The decrease in cash operating costs was primarily due to the sale of Kopanang, Moab Khotsong and the closure of TauTona in South Africa resulting in a decrease in labour costs, stores and consumable costs, fuel and power costs and service related costs. The increase in royalties of \$19 million is due to the increase in revenue from the higher gold price and production achieved primarily at Geita. Total amortisation decreased by \$193 million from \$823 million in 2017 to \$630 million in 2018. There was a \$1 million inventory change from positive \$15 million to positive \$14 million. Rehabilitation and other non-cash costs decreased by \$9 million from \$29 million in 2017 to \$20 million in 2018. This decrease arose from the changes to cash flows, inflation rates and discount rates compared to 2017. Retrenchment costs decreased by \$2 million from \$6 million in 2017 to \$4 million in 2018.

In South Africa cost of sales decreased from \$1,129 million in 2017 to \$590 million in 2018, which represents a \$539 million or 48 percent decrease. The decrease was mainly due to the sale of Kopanang, Moab Khotsong and the closure of TauTona resulting in a decrease in labour costs, stores and consumable costs, fuel and power costs and service related costs. The decrease was partially offset by a \$36 million increase at Mponeng and strengthening of the local currency against the US dollar.

In Continental Africa cost of sales increased from \$1,072 million in 2017 to \$1,127 million in 2018, which represents a \$55 million or five percent increase. The increase was mainly due to an increase in contractor costs, labour costs, fuel and power costs, service related costs, royalties, rehabilitation and other non-cash costs and inventory change. The increase was partially offset by a decrease in amortisation of tangible assets.

In Australasia cost of sales increased from \$552 million in 2017 to \$622 million in 2018, which represents a \$70 million or 13 percent increase. The increase was mainly due to an increase in contractor costs, service related costs and amortisation of tangible assets. The increase was partially offset by the weakening of the local currency against the US dollar.

In the Americas cost of sales decreased from \$987 million in 2017 to \$838 million in 2018, which represents a \$149 million or 15 percent decrease. The decrease was mainly due to the weakening of the local currencies, the Argentinian peso by 70 percent and the Brazilian real by 15 percent, against the US dollar.

#### Total cash costs

Total cash costs decreased from \$2,863 million in 2017 to \$2,505 million in 2018, which represents a \$358 million, or 13 percent, decrease. The decrease was primarily due to the sale of Kopanang, Moab Khotsong and the closure of TauTona in South Africa. The weakening of local currencies against the US dollar contributed \$124 million to the decrease. The decrease was partially offset by an increase in royalties. Total cash costs include salaries and wages, stores and other consumables (which include explosives, timber and reagents amongst others), fuel, power and water costs, contractors' costs and royalties.

Royalties, which are generally calculated as a percentage of revenue, increased from \$116 million in 2017 to \$135 million in 2018, primarily due to an increase in the spot gold prices and an increase in production at Geita (Tanzania).

#### Retrenchment costs

Retrenchment costs included in cost of sales decreased from \$6 million in 2017 to \$4 million in 2018, which represents a \$2 million, or 33 percent, decrease. The decrease was mainly due to lower retrenchment costs in Brazil in the Americas.

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### Rehabilitation costs

Rehabilitation costs decreased from \$1 million in 2017 to nil in 2018. The change in estimates is attributable to changes in discount rates following changes in global economic assumptions and changes in mine plans. These changes have resulted in changes in cash flows, the design of tailings storage facilities and in methodology, following requests from the environmental regulatory authorities.

### Amortisation of tangible and intangible assets

Amortisation of tangible and intangible assets expense decreased from \$823 million in 2017 to \$630 million in 2018, which represents a \$193 million or 23 percent decrease. Amortisation of tangible assets decreased by \$192 million from \$817 million in 2017 to \$625 million in 2018 largely due the sale of Kopanang, Moab Khotsong and the closure of TauTona, depletion of open pit ore at Geita, lower production at Siguiri, lower production at Cerro Vanguardia and lower production and capital spend at Córrego do Sítio and Serra Grande. The decrease was partially offset by an increase in amortisation at Sunrise Dam and Tropicana in Australia due to higher production.

### Other expenses

Other operating expenses increased from \$88 million in 2017 to \$97 million in 2018, which represents a \$9 million, or 10 percent increase. The increase was mainly due to an increase in care and maintenance costs of \$12 million partially offset by a decrease in other provisions of \$4 million. Corporate expenses increased by \$12 million in 2018 compared to 2017. The increase is mainly due to sign-on costs relating to the new CEO during 2018, legal fees, overseas travel costs and strengthening of the South African rand against the US dollar.

### Special items

Special items decreased from \$438 million in 2017 to \$170 million in 2018, which represents a \$268 million, or 61 percent, decrease. Special items occurring during 2018 were impairment of assets at the South African Surface Operations (First Uranium) of \$93 million; retrenchment costs following the restructuring of the South Africa operations of \$31 million; loss on disposal of assets of \$20 million mainly related to asset sales in South Africa; group's legal fees and other costs related to contract terminations and settlement costs of \$17 million; indirect taxes of \$4 million and derecognition of assets of \$5 million at Obuasi in Ghana and \$6 million at the West Wits Operations in South Africa. The decrease was partially offset by royalties received of \$7 million in Australia and \$3 million in South Africa.

### Finance costs and unwinding of obligations

Finance costs decreased by \$2 million, or one percent, to \$140 million in 2018, compared to \$142 million in 2017. Unwinding of obligations of \$38 million was recorded in 2018 compared with \$27 million in 2017.

### Share of associates and joint ventures' profit

Share of associates and joint ventures' profit increased to a profit of \$122 million in 2018 compared to a profit of \$22 million in 2017, mainly as a result of an increase in equity earnings after taxation of \$86 million (mainly at Kibali) and an increase in net impairment reversals from \$15 million in 2017 to \$29 million in 2018.

### Taxation

A taxation expense of \$128 million was recorded in 2018, compared to an expense of \$108 million in 2017. Charges for current tax in 2018 amounted to \$242 million, compared to \$176 million in 2017. The increase in current tax is mainly due to higher earnings in Ghana and Argentina in 2018 compared to credits received for changes to tax legislation enacted in North America during December 2017. Charges for deferred tax in 2018 amounted to a net deferred tax benefit of \$114 million compared to a net deferred tax benefit of \$68 million in 2017. The increase in the deferred taxation benefit mainly relates to lower withholding tax in Tanzania, a taxation holiday agreement in Guinea and capital uplift allowances at First Uranium (South Africa) in 2017 which were not repeated in 2018.

#### Comparison of financial performance in 2017 with 2016

Our gold income is materially impacted by price and volume variances. All of our costs are impacted by the consequences of average exchange rate movements.

Exchange fluctuations in and the average exchange rates for the South African rand, Brazilian real, Australian dollar and the Argentinian peso have effects on the various components that make up our costs based on the level of local procurement of each of these costs. For a discussion of the effect of foreign exchange fluctuations on our financial results, see “Item 5A: Operating Results-Key factors affecting results-Foreign exchange fluctuations”.



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## Revenue from product sales

Revenue from product sales increased by \$287 million, or seven percent, from \$4,223 million in 2016 to \$4,510 million in 2017. Gold income increased by \$271 million, or seven percent, from \$4,085 million in 2016 to \$4,356 million in 2017, mainly as a result of the increase in gold sold of 179,000 ounces, which resulted in an income of \$241 million. The gold price received increased by \$8 per ounce, or one percent, from \$1,243 per ounce during 2016 to \$1,251 per ounce in 2017 which resulted in a further increase in gold income of \$30 million. By-product revenue increased by \$16 million, or 12 percent, from \$138 million in 2016 to \$154 million in 2017, mainly due to an increase in silver revenue at Cerro Vanguardia partially offset by a decrease in revenue from uranium in South Africa.

Revenue from product sales from the South African operations decreased by \$81 million, or seven percent, from \$1,196 million in 2016 to \$1,115 million in 2017. Gold income in 2017 decreased by \$72 million, or six percent, to \$1,101 million from \$1,173 million in 2016. The decrease was mainly as a result of the decrease in gold sold of 61,000 ounces, primarily as a result of the orderly closure of TauTona, which accounted for a \$80 million decrease in gold income. The decrease was partially offset by the increase in the gold price received which resulted in an increase in gold income of \$8 million. Revenue from uranium (by-product) decreased by \$8 million, or 38 percent, from \$21 million in 2016 to \$13 million in 2017.

Revenue from product sales from the Continental Africa operations increased by \$211 million, or 17 percent, from \$1,233 million in 2016 to \$1,444 million in 2017. Gold income increased by \$212 million, or 17 percent, to \$1,442 million in 2017 from \$1,230 million in 2016, mainly as a result of the increase in gold sold of 149,000 ounces, which resulted in an increase of gold income of \$203 million. The increase in production was mainly due to higher recovered grades at Iduapriem, Siguiri and Geita. The increase in the gold price received resulted in an increase in gold income of \$9 million. Revenue from by-products decreased by \$1 million, or 33 percent, from \$3 million in 2016 to \$2 million in 2017.

Revenue from product sales from Australasia increased by \$64 million, or 10 percent, from \$647 million in 2016 to \$711 million in 2017. Gold income increased by \$63 million, or 10 percent, from \$646 million in 2016 to \$709 million in 2017. The increase was due to the increase of 43,000 ounces in gold sold in 2017, which resulted in an increase in gold income of \$59 million. Gold production increased at Sunrise Dam due to increased grades and improved metallurgical recoveries and improved mill throughput resulted in higher production at Tropicana. The increase in the gold price received resulted in an increase in gold income of \$4 million.

Revenue from product sales from the Americas increased by \$94 million, or eight percent, from \$1,146 million in 2016 to \$1,240 million in 2017. Gold income increased by \$68 million, or seven percent, from \$1,036 million in 2016 to \$1,104 million in 2017. The increase was due to an increase of 47,000 ounces in gold sold in 2017, which resulted in an increase in gold income of \$61 million. Gold production primarily increased at AGA Mineração in Brazil mainly due to higher underground tonnages mined, coupled with improved grades. The increase in the gold price received resulted in an increase in gold income of \$7 million. Revenue from by-products increased by \$25 million, or 23 percent, from \$110 million in 2016 to \$135 million in 2017, mainly due to silver revenue at Cerro Vanguardia.

## Cost of sales

Cost of sales increased from \$3,401 million in 2016 to \$3,736 million in 2017, which represents a \$335 million or 10 percent increase. The increase was primarily due to \$284 million, or 12 percent, increase in cash operating costs from \$2,444 million in 2016 to \$2,728 million in 2017. The increase in cash operating costs was due to the strengthening of local currencies against the US dollar and inflationary increases in labour costs, stores and consumable costs, fuel and power costs and contractor costs. The increase in royalties of \$11 million is due to the increase in revenue from the

higher gold price, production achieved and increased royalty rates in 2017 compared to 2016. The additional royalty paid at Geita of \$11 million was accounted for as a special item. Total amortisation increased by \$14 million from \$809 million in 2016 to \$823 million in 2017. There was a \$53 million inventory change from negative \$38 million to positive \$15 million due to a decrease in gold on hand. Rehabilitation and other non-cash costs decreased by \$14 million from \$43 million in 2016 to \$29 million in 2017. This decrease arose from the changes to cash flows, inflation rates and discount rates compared to 2016. Retrenchment costs decreased by \$8 million from \$14 million in 2016 to \$6 million in 2017.

In South Africa cost of sales increased from \$1,064 million in 2016 to \$1,129 million in 2017, which represents a \$65 million or six percent increase. The increase was mainly due to the increase in labour costs, stores and consumable costs, fuel and power costs, service related costs and the strengthening of the local currency against the US dollar. The increase was partially offset by a decrease in amortisation of tangible assets and retrenchment costs.

In Continental Africa cost of sales increased from \$928 million in 2016 to \$1,072 million in 2017, which represents a \$144 million or 16 percent increase. The increase was mainly due to an increase in contractor costs, labour costs, stores and consumable costs, fuel and power costs, amortisation of tangible assets and inventory change. The increase was partially offset by a decrease in service related costs and rehabilitation and other non-cash costs.

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In Australasia cost of sales increased from \$542 million in 2016 to \$552 million in 2017, which represents a \$10 million or two percent increase. The increase was mainly due to the strengthening of the local currency against the US dollar, amortisation of tangible assets and inventory change.

In the Americas cost of sales increased from \$862 million in 2016 to \$987 million in 2017, which represents a \$125 million or 15 percent increase. The increase was mainly due an increase in labour costs, stores and consumable costs, fuel and power costs, contractor costs, total amortisation and inventory change. The increase was partially offset by a decrease in service related costs and an increase in by-product revenue from silver which was higher due to volumes sold.

Total cash costs

Total cash costs increased from \$2,573 million in 2016 to \$2,863 million in 2017, which represents a \$290 million, or 11 percent, increase. The increase was primarily due to an increase in salaries and wages costs, stores and other consumables costs, fuel and power costs, contractor costs and royalties. The strengthening of local currencies against the US dollar contributed \$119 million to the increase. The increase was partially offset by a decrease in service related costs and an increase in revenue from by-products. Total cash costs include salaries and wages, stores and other consumables (which include explosives, timber and reagents amongst others), fuel, power and water costs, contractors' costs and royalties.