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About African Barrick Gold

A quality African gold producer

ABG is Tanzania's largest gold producer and one of the five largest gold producers in Africa We have four producing mines, all located in north west Tanzania, and several exploration projects at various stages of development With a high-quality asset base, solid growth opportunities and a clear strategy, we have the objective of increasing our existing production to one million ounces per year by 2014

We aim to achieve this by
- driving operating efficiencies to optimise production from our existing asset base,
- growing through near mine expansion and development of advanced-stage projects, and
- organic greenfield growth and acquisitions in Africa

Maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities in which we operate is central to achieving our objectives

ABG is a UK public company with its headquarters in London We are listed on the Main Market of the London Stock Exchange under the symbol ABG Historically and prior to our initial public offering (IPO), our operations comprised the Tanzanian gold mining business of Barrick Gold Corporation (Barrick), our majority shareholder

ABG reports in US dollars (US$) in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report

Go online to find more information
www africanbarrickgold.com

Forward-looking statements

This report includes forward looking statements that express or imply expectations of future events or results. Forward looking statements are statements that are not historical facts These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans objectives and expectations with respect to future production, operations, costs, products and services, and statements regarding future performance Forward looking statements are generally identified by the words plans, 'expects, 'anticipates,' 'believes, 'intends, estimates' and other similar expressions

All forward looking statements involve a number of risks, uncertainties and other factors Although ABG's management believes that the expectations reflected in such forward looking statements are reasonable, investors are cautioned that forward looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of ABG, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by the forward looking information and statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of ABG include, but are not limited to, political, economic and business conditions, industry trends, competition commodity prices, changes in regulation, currency fluctuations (including the US dollar; South African rand and Tanzanian shilling exchange rates) ABG's ability to recover its reserves or develop new reserves including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to timely and successfully process its mineral reserves, risks of trespass theft and vandalism, changes in its business strategy as well as risks and hazards associated with the business of mineral exploration, development, mining and production Accordingly investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report Subject to the requirements of the Disclosure and Transparency Rules and the Listing Rules or applicable law ABG explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward looking statements in this report that may occur due to any change in ABGs expectations or reflect events or circumstances after the date of this report No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that ABG's profits or earnings per share for any future period will necessarily match or exceed the historical published profits or earnings per share of ABG or any other level

Overview

Highlights and an introduction to our business and the way we work

Performance

Operational performance, market review, key performance data and a review of our sustainable approach

Governance

An explanation of our approach to corporate governance, remuneration policies and practices and the people who champion them

Financial statements

Detailed financial information for the year ended 31 December 2010

Shareholder information

Useful information for owners of ABG shares

Find what you're looking for

Additional information within this report is referenced with this symbol

More information within this report

The Overview and Performance sections make up the Business Review in accordance with section 417 of the Companies Act 2006

Performance highlights

The optimisation of our assets begins

Some of the year's key achievements include·

- completing our initial public offering and listing on the Main Market of the London Stock Exchange in March 2010
- generating strong sales ounces for 2010, up 6% on 2009, due to sales of concentrate on hand
- making encouraging progress on our portfolio of growth projects
- identifying an initial high-grade underground resource at North Mara
- strengthening our management team at all levels throughout the year
- achieving a year end balance sheet with cash in excess of US$400 million
- putting a US$150 million credit facility in place
- making continued investments in operational efficiency initiatives

* Including Corporate administration and exploration costs

Financial highlights

- Net income of US$218 million
- Earnings per share of US53 2 cents, up 272% on 2009
- EBITDA[1] of US$419 million, up 68% on 2009
- Operational cash flow of US$345 million, an increase of 78% on 2009
- Revenue[2] of US$975 million, up 37% on 2009
- Recommended final dividend of US3 7 cents per share and a total dividend of US5 3 cents per share

Operational highlights

- Sales for the year reach 724,083 ounces, a 6% increase on 2009
- Full year production[3] of 700,934 ounces, 2% lower than 2009 production
- Cash costs of US$569 per ounce[1], an increase of 7% on 2009
- Bulyanhulu and North Mara showed consistent production and cost performance throughout the year
- Measures undertaken at Buzwagi during the year began to show positive effects during the fourth quarter
- Tulawaka focus successfully shifted from closure to mine life extension

A successful year for exploration

- Initial high-grade underground resource declared at North Mara under the Gokona and Nyabigena pits
- Higher grades at depth with additional near surface mineralisation indicated at the Nyanzaga Project

1 Cash costs per ounce sold, EBITDA and operating cash flow per share are non IFRS financial performance measures with no standard meaning under IFRS Refer to "Non-IFRS measures" on page 54 for the full definitions of each measure

2 Based on restated revenue to include sales of co-products, refer to page 48 and note 2a) on page 107 as part of the Notes to the Consolidated financial statements

3 Production and sold ounces reflect equity ounces which exclude 30% of Tulawakas production base.

4 The prior years basic earnings per share and operating cash flow per share comparatives were calculated using the 2010 number of average weighted shares as the Company was not incorporated in the prior years stated and thus had no share capital.

Group at a glance

A focus on Africa

Where we operate

Currently, all of ABG's mining operations are in Tanzania We believe that Tanzania possesses significant mining potential Critically, it has an established legal and regulatory framework for mining companies and a history of political stability and democratically elected governments
At present, we have four gold producing mines, all in north west Tanzania These are Bulyanhulu, Buzwagi, Tulawaka and North Mara

Headquarters, London, UK

Our office in London serves as ABG's corporate headquarters and is the base for ABG's Executive Directors and other members of the Senior Leadership Team, including the General Counsel and the Head of Corporate Development and Investor Relations

Regional Office, Dar es Salaam, Tanzania

Our office in Dar es Salaam serves as the primary interface with the government, in addition to being the logistical base in Tanzania which provides in-country support to our operations Other functions located in this office include community relations and a number of technical services

Regional Office, Johannesburg, South Africa

Our Johannesburg office is the regional base for administrative, finance, human resources and procurement functions and a number of technical services for our operations

Producing mines

Bulyanhulu

Key features

- Production of 259,873 Oz in 2010
- Underground mine with a life of 25+ years
- Proven and probable reserves of 11,026,000 Oz

Key priorities for 2011

- Accelerate underground production at Upper East Zone
- Continue strong commitment to training with a focus on specialised skills

More information on page 36

Buzwagi

Key features

- Production of 186,019 Oz in 2010
- Open pit mine with a 13-year mine life
- Proven and probable reserves of 2,892,000 Oz

Key priorities for 2011

- Continue the development and training of the operation's workforce
- Continue the acceleration of stage two mining

More information on page 38

North Mara

Key features

- Production of 212,947 Oz in 2010
- Open pit mine consisting of four open pits with a ten-year mine life
- Proven and probable reserves of 2,836,000 Oz

Key priorities for 2011

- Complete feasibility study for North Mara Underground
- Commission water treatment plant

More information on page 40

Tulawaka (70%)

Key features

- Production of 42,094 Oz in 2010
- Completed open pit mine with underground access ramp
- Proven and probable reserves of 67,000 Oz

Key priorities for 2011

- Open West Pit Extension to supplement production
- Evaluate additional opportunities to further extend the mine life

More information on page 42

Exploration

Approach

At ABG, our strategy is to maintain a mix of projects at different stages in the exploration and development sequence We hold one of the largest land packages in Tanzania, over highly prospective greenstones and around the major gold-mining projects in the Lake Victoria greenstone belt We are in a strong position to execute our strategy of increasing reserves and resources by focusing on exploration in and around our existing operations, as well as on early-stage exploration programmes

More information on page 44

Priorities

Our most recent exploration focus has been on realising value around our existing mines, as well as identifying new opportunities in Tanzania We believe that we are well positioned from our base in Tanzania to expand our exploration programmes into other parts of Africa.

Defining milestones along our journey

Over a ten-year period, ABG has become the largest gold producer in Tanzania, growing from no production in 2000 to 700,934 attributable ounces in 2010 To date, we have produced 5 3 million attributable ounces of gold since beginning operations in Tanzania We are one of Africa's five largest gold producers

	2001	2002	2003	2004
	Commencement of production at Bulyanhulu (3 Moz reserve)	North Mara mine completed, first gold poured	Placer Dome purchases North Mara Wholly owned subsidiary Pangea, purchases mineral rights at Tulawaka	Tulawaka open pit mine operations started
Significant events in world gold production	The Bank of England announces that the gold on offer (approximately 20 tonnes or 643 200 ounces) has been allotted in full at a price of US$280 00 per ounce	Total mined output of gold was the lowest since 1997 and the first time since 1995 that annual gold production has fallen.	In 2003 Tanzania reported a 20% increase in gold exports from US$414 million to US$504 million which accounted for more than 62% of total export revenues	Supply and demand figures from the World Gold Council show 2004 world mine production down 4 4% to 2,478 tonnes.
Average market gold price	US$271/Oz	US$309/Oz	US$363/Oz	US$409/Oz

Future growth – where will it come from?

Greg Hawkins, CEO, explains his priorities

One of my key priorities for 2011 is to ensure that we continue to build our pipeline of growth opportunities While we have a substantial platform of current production with a long mine life and attractive grade profile we are by no means complacent as to the importance of building

2005	2006	2007	2008	2009	2010
Tulawaka commercial production commences	Acquisition of Placer Dome by Barrick Buzwagi feasibility study completed	Development and construction of Buzwagi mine commences	Underground mine development at Tulawaka commences	Bulyanhulu total production reaches 2 7 Moz Buzwagi mine completed first gold poured	Initial public offering of ABG Group 18 7 Moz reserve and resource base at Bulyanhulu
South Africas gold production fell by 8 8% to 342 7 tonnes in 2004, the lowest since 1931	Global mine production cash costs rose by US$45/ounce, or 17% year-on year to US$317/ounce The increase in cash costs was roughly twice the size of those experienced in 2004 and 2005	China leads the world in gold mining output having upped its production in 2007 by 12% over 2006, producing 9 7 million ounces	The price of gold continues to fluctuate around the US$800 level. Its most recent low was US$773 90 in mid August. Its all time high of US$1 030 80 was reached in March.	World gold production rose from 2,260 tonnes in 2008 to 2 350 tonnes in 2009 an increase of 3 9%.	On 9 November 2010 gold closed at a new nominal high of US$1 431 00/Oz in NYMEX.
US$444/Oz	US$603/Oz	US$695/Oz	US$871/Oz	US$972/Oz	US$1,225/Oz

future growth This is precisely why we have more than doubled our exploration budget for 2011 to US$55 million This investment will help to advance our projects at Tulawaka, Golden Ridge, North Mara Underground and Bulyanhulu Upper East Zone, which between them have the potential to substantially boost Group production over the next 2-3 years In addition, it will fund the next group of projects, such as the Nyanzaga project, which can provide medium-term growth while also enabling earlier stage generative work on our significant land package At the same time, we continue to monitor potential acquisition targets and greenfield opportunities across Africa to further expand our existing asset base

A quality gold producer

Our first year has not been without challenges, all of which have been dealt with decisively by our management team with the full support of the Board.

Aaron Regent

Recommended final dividend (per share)

US 3.7cents

Dear Shareholders,

It is a privilege to present ABG's first annual report as a listed Company

I am delighted to be able to serve as Chairman of the new Company as it establishes its own identity in the public markets ABG has come to market at a time of unprecedented interest in the gold industry, against a background of continuing global economic uncertainty We have set some challenging objectives for ourselves to grow the business over the medium-to-long term, and I am convinced that we have the management team, the asset base and the financial resources to deliver on these

Our first year has not been without challenges, all of which have been dealt with decisively by our management team with the full support of the Board. Despite these, our production for 2010 was still in excess of 700,000 ounces, which enabled us to deliver robust financial results for our shareholders Our revenues were US$975 million, we had an operating cash flow of US$345 million and net income of US$218 million, with a net cash balance in excess of US$400 million at the end of the year This provides us with the significant strategic flexibility we need as we look to grow the business in the coming years It has also enabled the Directors to recommend a final dividend of US3 7 cents per Ordinary Share, in addition to the interim dividend of US1 6 cents per share that we paid in September

Throughout 2010, we have focused on continually improving productivity and efficiency at our existing operations while reviewing opportunities for new sources of value to enhance growth In this way, we have sought to underpin the Company's long-term future and to deliver on our commitment to realise value for our shareholders As we move into 2011, our business strategy will remain to optimise, expand and grow Our ability to deliver on this strategy is based on the fundamental strengths described below

High-quality asset base

In total, over US$2 billion has been invested in the current asset base of the Company, and we intend to maintain this commitment in the future This underpins the four operating mines, our range of development projects, 26 9 million ounces of reserves and resources, and substantial land holdings for exploration

Operational expertise

In Tanzania, we have grown our business from zero production to over 700,000 ounces through the acquisition, development and operation of four high-quality mines This experience provides a significant competitive advantage when assessing growth opportunities throughout Africa

Experienced leadership and management strength

We are committed to maintaining the highest standards of corporate governance Our Board consists of some of the most respected figures in the mining industry It possesses the expertise, knowledge, experience and commitment necessary to help us achieve our business objectives Collectively, the Board sets our standards, values and strategic aims and reviews all material strategic issues, financial performance, risk management and critical business issues

Furthermore, at the time of our initial public offering and through subsequent additions of talent and expertise throughout the year, we have put in place a management team with substantial industry experience – critically, one with the capacity both to maximise the value of our existing assets and to deliver the growth we have targeted

Growth potential

Our existing mines offer a number of additional opportunities to grow their existing production levels Coupled with other greenfield potential, such as the Nyanzaga Project, and our capability and appetite for acquisitions, we have a range of growth options for the business

Balance sheet

With a production platform successfully generating strong cash flows, over US$400 million of net cash and an unused US$150 million credit facility, we have significant balance sheet strength and the flexibility needed both to carry out our organic growth plans and to realistically assess acquisition opportunities

Our supportive majority shareholder

We have access to industry-leading expertise and a strong talent pool to augment our own resources through our relationship with our majority shareholder, Barrick. We believe that this provides an important source of advantage over our competitors

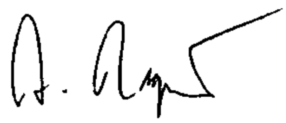
ABG ethics

Our core values are rooted in honesty, integrity, the highest ethical standards and a commitment to corporate responsibility As one of the largest foreign investors in Tanzania, we are determined to contribute not only to the national economy, but also to the socio-economic development of our host communities, leaving a positive legacy for future generations We are committed to operating in a socially responsible way over the life cycle of our mines We recognise that fostering strong and mutually beneficial relationships with our host communities is critical if we are to secure a 'social licence to operate' and realise the social and economic opportunities it presents

Outlook

As we go into 2011, I remain optimistic about the prospects for our industry and I believe that ABG is well positioned to continue to be one of the leading players within the African gold mining industry We must apply the lessons learned from the challenges we have already faced and overcome to deliver on the potential of our asset base and reward our shareholders for their loyalty throughout 2010

The coming year will not be without its challenges but I am convinced that we have the elements in place to achieve our objectives Finally, I would like to thank my fellow Board members for their hard work, dedication and valuable guidance throughout the year, and I look forward to reporting again on our progress in 12 months' time



Aaron Regent, Chairman

As we go into 2011, I remain optimistic about the prospects for our industry and I believe that ABG is well positioned to continue to be one of the leading players within it.

Chief Executive Officer's statement

A strong financial performance

The last 12 months have marked the beginning of a new chapter for our business. Today, we have a mandate to build on our substantial asset base and strengthen our position within the gold mining industry.

Greg Hawkins

Record operating cash flow

US$345 million

The last 12 months have marked the beginning of a vibrant new chapter for our business, for me personally and for many colleagues Several months of preparations culminated in March with the creation of ABG and our IPO, turning what was formerly a regional business unit of Barrick into a significant independent business Today, we have a mandate to build on our already substantial asset base and strengthen our position within the gold mining industry

Our key focus over this past year has been to ensure that our assets are positioned to generate long-term, consistent operating performance This has been evident in the achievements at Bulyanhulu and North Mara, the mine life extension at Tulawaka and our determined approach to overcoming the challenges at Buzwagi This marks the approach ABG will continue to take with the business, to ensure that it can be run consistently and sustainably, to manage business risks and to apply all of our available resources to deal with any challenges This underpins our strategy of building growth on a solid operating base and adding value for our shareholders

Throughout the year, we have maintained our absolute commitment to operating in a responsible manner in close co-operation with our host communities and to ensuring that we further embed the culture of health and safety in all our operations and activities It is deeply regrettable that we suffered four fatalities at our Bulyanhulu mine during the year We must learn from these incidents and from the thorough investigations we subsequently carried out to reduce the possibility of any recurrence All our financial and operating achievements must be judged in the context of our over-riding corporate goals of ensuring that everyone goes home safe and healthy every day and of making a positive contribution to the areas where we operate We made substantial progress in these goals in 2010, during which our mines all achieved one million work hours without lost time injuries This is highly encouraging, but we are conscious that we must continue to maintain our focus on achieving constant improvement

Operating and financial performance

With the positive performances at Bulyanhulu and North Mara, as well as the contribution from Tulawaka, we finished the year with production of 700,934 ounces of gold at a cash cost of US$569 per ounce With the positive evolution in gold prices over 2010, we are pleased to report a robust operating cash flow of US$345 million, and a year-end net cash position of US$401 million We were also successful in growing our overall resource base by 3 5% to 26 9 million ounces, of which 63% are classified as reserves However, despite these achievements the issues faced at Buzwagi meant that we did not meet all of our 2010 targets As such, resolving the issues at Buzwagi was a top priority for our management team during much of 2010, with the objective of ensuring that the mine entered 2011 in a position to deliver on expectations

This work included a number of senior management changes, including the Chief Operating Officer and the General Manager at Buzwagi, as well as significant additional investment in mining and process plant equipment, security infrastructure, personnel hiring and training following the discovery of systematic fuel thefts at the site, and a significant tightening of security measures We are confident that these initiatives have helped to put the mine back on a more stable footing

Driving efficiency and growth

We implemented a range of plans in 2010 to help drive further efficiency and growth in our business, and we will continue to invest in these in 2011 We aim to reach one million ounces of production per year by 2014, representing growth of 40% from 2010 levels We plan to achieve this while also delivering cost-base efficiencies These are fundamental pillars of our focus on creating shareholder value and we aim to deliver them by

- optimising our existing assets,
- expanding through organic growth, and
- growing through acquisitions in Africa

Optimising our existing assets

In order to ensure that our assets remain world class and continue to operate at maximum efficiency levels, we continue to undertake a range of capital investment measures and efficiency programmes Against a backdrop of cost pressures in the industry, we believe that these will help us to continue to operate at or below the midpoint of the industry cost curve

In 2010, these activities included a significant upgrade of the ventilation system at Bulyanhulu, fleet expansion at Buzwagi and Tulawaka, and de-bottlenecking at our North Mara process plant to increase throughput We also significantly streamlined our procurement and supply chain functions, as well as re-organising our office in Dar es Salaam In 2011, we have a capital expenditure budget of US$140 million for sustaining and development capital, US$24 million for expansion projects and US$73 million for waste stripping Key capital investment projects include the water treatment facility at North Mara, the addition of pebble ports and back-up generating capacity at our Buzwagi process plant, additional underground mining equipment for Tulawaka and continued security investment

Expanding through organic growth

The optimisation projects for all four of our mine sites remain on track to deliver substantial and sustainable additional production within four years and we have made encouraging progress on these projects throughout 2010

At Bulyanhulu, we are continuing to dewater and rehabilitate access to the Upper East Zone The feasibility study for this project is progressing, and we expect to finalise it during the first half of 2011

At North Mara, we have been encouraged by the drill results below the Gokona and Nyabigena pits, where we released an initial high-grade resource of 370,000 gold ounces during the fourth quarter of 2010 We are targeting expanding this to one million ounces through an intensive drill programme in 2011, and the feasibility study for this project is also on track to be completed during the first half of 2011

As announced in our preliminary results, we are extending the life of our Tulawaka mine for the full year 2011 and into the second quarter of 2012 We will continue our exploration drilling at the site with the aim of further increasing the life of mine If successful, we anticipate this will be based solely on the underground operation through the addition of a second portal. We expect to provide an update on this later in the year

Senior leadership team

Kevin Jennings (CFO)

Marco Zolezzi (COO)

Deodatus Mwanyika (Vice President Corporate Affairs)

Peter Spora (Vice President Exploration)

Kobus van Vuuren (Head of Human Resources)

Katrina White (General Counsel & Company Secretary)

Andrew Wray (Head of Corporate Development and Investor Relations)

* Details of the executives are on page 72

More recently, we were pleased to announce an initial mineral resource at our Golden Ridge project The initial resource consists of an indicated mineral resource of 527,000 gold ounces with an average grade of 2 94 grams of gold per tonne and an inferred mineral resource of 152,000 gold ounces with an average grade of 2 52 grams of gold per tonne We intend to conduct additional exploration work throughout 2011 at Golden Ridge in furtherance of these encouraging results and aim to complete the feasibility study for the project by mid 2011

We also made encouraging progress at the greenfield Nyanzaga project in 2010 following completion of our acquisition of Tusker Gold, notably with the discovery of mineralisation closer to surface as well as increasing grades at depth We are stepping up the drill programme in 2011, with the aim of initiating a scoping study later in the year Elsewhere, the main focus of our generative exploration work was in the North Mara area along the Gokona Corridor, with some exciting initial results that we will follow up on in 2011

In recognition of the critical importance of organic growth to our long-term ambitions, we are increasing our total exploration budget in 2011 to US$55 million, including US$26 million of capitalised expenditure This represents a 103% increase on 2010

In addition to our organic growth plans, acquisitions to expand our footprint more broadly in Africa remain an important part of our strategy We have undeniable strengths in this area, with substantial capital flexibility gained through our cash holdings and credit facility, a management structure that will enable us to acquire and develop businesses in other parts of Africa, and the operational expertise to add value to the assets we acquire We analysed a number of targets during 2010 and we continue to actively seek out opportunities

Strengthening our management team

We have continued to strengthen our management team over the course of the year, employing and promoting individuals with a track record of leadership and the skill set and experience to help take our business forward

In September, we announced the appointment of Marco Zolezzi as our Chief Operating Officer Marco has significant expertise in running mines and bringing complex, large-scale projects through to full ramp up He has been of significant value as we continue to focus on delivering consistent performance at our operating mines and driving forward our organic growth projects

We also appointed Boyd Timler as General Manager at Buzwagi. Boyd has 28 years of mining experience and has been instrumental in defining and implementing the action plan used to address issues at the mine in 2010 Towards the end of the year, we also appointed Basie Maree as General Manager of Tulawaka Basie brings substantial experience of the industry, including a number of years with Anglo American, and will lead Tulawaka forward into a new stage of its development.

With these and other appointments, I am confident that we now have a management team in place with the necessary experience, energy and enthusiasm to further develop the business and deliver on ABG's potential

Outlook

As I have already mentioned, 2010 was a year of significant achievement while we also faced a number of challenges that impacted production and cash cost targets However, with the measures we have taken, with the investments made and with the additional expertise we have added to our team, we ended 2010 strongly and enter 2011 with an impressive platform on which to build.

We are aiming to develop the business further through the following key objectives for 2011

- achieving attributable Group production between 700,000 and 760,000 ounces,
- maintaining cash cost of between US$590 and US$650 per ounce sold, and direct cash operating costs of between US$545 and US$605 per ounce sold,
- increasing Group throughput and recoveries,
- completing feasibility studies at our brownfield projects,
- achieving growth in our overall resource base,
- improving further on our safety record, and
- continuing our focus on opportunities for strategic acquisitions to expand our footprint throughout Africa

Finally, I would like to thank all of my colleagues for their commitment, enthusiasm and hard work throughout what has been an extraordinary year in the development of our business I would also like to thank our Board for their unwavering support, their wise counsel and their commitment throughout the year

Greg Hawkins, Chief Executive Officer

Market review

The context for our operations

In 2010, the global economic recovery continued at a slow and uneven pace. While growth in emerging economies, led by China, was generally strong, growth in the largest developed economies including the United States, the Eurozone and Japan, was muted and held back by fiscal deficits, sovereign debt concerns and high unemployment. Global monetary conditions remain historically loose and the recovery process is expected to continue at a sluggish rate, with downside risks predicated mainly on concerns of sovereign defaults and subsequent tightening of credit conditions.

During the year, the gold price showed an upward trend. The US dollar generally declined against other global currencies, primarily as a result of low US dollar interest rates, continued allocation by investors into riskier assets and concerns about the level of US government borrowings and deficits. Gold has historically been inversely correlated to the US dollar, and that trend continued in 2010, with gold prices trading up to all-time highs in a number of major currencies.

Gold

The market price of gold is the most significant factor in determining the earnings and cash flow-generating capacity of ABG's operations. The price of gold is subject to volatile price movements over short periods of time and is affected by numerous industry and macro-economic factors that are beyond our control. Gold price volatility remained high in 2010, with the price ranging from US$1,045 to US$1,431 per ounce during the year. The average market price for the year of US$1,225 per ounce was an all-time high. The market price of gold has been influenced by low US dollar interest rates, sovereign debt concerns, investment demand and the monetary policies put in place by the world's most prominent central banks. As a result of the global easing of monetary policy, as well as large fiscal deficits incurred in the US and other major developed economies, we believe that there is a possibility that both inflation and US dollar depreciation could emerge in the coming years. Gold is viewed as a hedge against inflation and has historically been inversely correlated to the US dollar. Therefore, higher inflation and/or depreciation in the US dollar should be positive for the price of gold. As a result, we believe the long-term upward trend in gold prices will continue.

Throughout 2010, we continued to see increased interest in holding gold as an investment. This was evidenced by the increased volumes held by exchange traded funds (ETFs) and global exchanges, as well as the worldwide demand for physical gold, in forms such as bars and coins, as investors seek a safe haven against the uncertain global economic outlook.

We believe that the outlook for global gold mine production will be one of declining supply in the years to come. While modest increases in production have occurred in recent years, primarily as a result of the increase in gold prices, we expect a decline over the long term. The primary drivers for the global decline are: a trend of lower-grade production by many producers, increasing time requirements and impediments in bringing projects – especially large-scale projects – to the production stage, a lack of global exploration success in recent years, and a scarcity of new, promising regions for gold exploration and production. A decrease in global industry production raises the potential for a higher sustainable long-term gold price.

Gold sales from the official sector under the Central Bank Gold Agreement (CBGA) also have a significant impact on gold prices. Sales for the year ended September 2010 were less than 2% of the full-year quota of 400 tonnes, excluding sales from the International Monetary Fund (IMF). We are now in the second year of the current CBGA which runs to September 2014 and allows for the sale of up to 400 tonnes per year. In 2010, the IMF completed their previously announced sale of 403 tonnes of gold, with no future sales anticipated at this time. Net official sector sales have been declining in recent years and, in fact, central banks were net buyers of gold in 2010.

The reserve gold holdings of emerging market countries such as the BRIC countries (Brazil, Russia, India, and China) are significantly lower than the reserve holdings of more developed countries. The central banks of these developing economies hold a significant portion of their reserves in US dollars. As they identify a need to diversify their portfolio and reduce their exposure to the US dollar, we believe that gold will be one of the main benefactors. In conjunction with the below-quota selling of gold under the CBGA, which is expected to continue in the current year of the agreement, the net purchases of gold by global central banks provide a strong indication that gold is viewed as a reserve asset and a de-facto currency.

Copper

Copper prices generally rose throughout 2010, particularly in the second half, as London Metals Exchange (LME) copper prices traded in a wide range of US$2 74 to US$4 42 per pound They averaged US$3 42 per pound and closed the year at an all-time high of US$4 42 per pound. Copper's rise to all-time highs occurred mainly as a result of factors including strong demand from emerging markets, especially China, decreasing exchange stockpiles and increasing investor interest in base metals with strong forward-looking supply/demand outlooks Copper prices should continue to be positively influenced by factors like demand from Asia, global economic growth, the limited availability of scrap metal and production levels of mines and smelters in the future

Utilising option collar strategies, we have put in place floor protection on approximately 60% and 45% of our expected copper production for 2011 and 2012 respectively, at an average floor price of US$3 25 per pound and an average ceiling price of US$4 77 per pound.

Currency exchange rates

A portion of the Company's costs are incurred in currencies other than US dollars The exposure relating to other currencies is approximately 25% of the Company's total operating expenditure of which the main contributing currencies are the Tanzanian Shilling and the South African Rand The Company has not entered into any long-term currency hedging but it may consider hedging currencies at times when the opportunity exists to protect itself against significant currency movements

Throughout the year, the Rand strengthened versus the US dollar It traded between R6 63 and R7 96, and averaged R7 32 per US dollar Its strength was primarily driven by US dollar weakness, as well as strong precious metals prices and investors purchasing riskier assets

In 2010, the Tanzanian Shilling weakened versus the US dollar It traded between Tsh1,333 and Tsh1,525, and averaged Tsh1,442 per US dollar Its weakness was due to increased government borrowing used to finance the large growth in government debt and a current account deficit

Fuel

During 2010, oil prices traded between US$63 and US$92 per barrel They averaged US$80 per barrel and closed the year at US$91 per barrel as the global economy returned to growth

We consume on average approximately 60 million litres of diesel fuel annually across all our mines Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices Volatility in crude prices has a direct and indirect impact on our production costs Based on current consumption figures at our operations, we estimate that an increase of US$10 per barrel of crude oil would result in an approximate increase of US$5-US$6 in cash costs per ounce of gold sold Although the Company has no diesel-price hedging positions it may consider hedging its diesel-price exposure to protect against adverse cost impacts that come with significant increases in diesel prices We will look at opportunities to hedge the exposure in the future

US dollar interest rates

Beginning in 2008, in response to the contraction of global credit markets and in an effort to spur economic activity and avoid potential deflation, the US Federal Reserve reduced its benchmark rate to between 0% and 0 25% The benchmark was kept at this level throughout 2010 We expect that short-term rates will remain at low levels through 2011 and into 2012, with the US Federal Reserve continuing to use monetary policy initiatives in an effort to keep long-term interest rates low We expect such initiatives to be followed by incremental increases to short-term rates once economic conditions and credit markets normalise

At present, our interest-rate exposure mainly relates to interest receipts on our cash balances (US$401 million at the end of the year)

Our strategy

Delivering our full potential

The main focus of ABG's strategy is to increase our production levels to one million ounces of gold per year by 2014

We aim to achieve this through continually optimising and re-sequencing our asset base, expanding our existing resources, accessing ore in satellite deposits and pursuing organic development opportunities and acqusitions, with the goal of increasing metal exposure per share

We aim to achieve our production targets while maintaining strict cost discipline and optimising capital efficiency to create shareholder value on an absolute as well as a per share basis

At ABG, we strive to empower and incentivise our employees to realise and deliver the full potential of our assets in order to enhance shareholder value Above all else, we are committed to being a responsible member of the communities where we operate and determined to contribute not only to the national economy but also to the socio-economic development and wellbeing of our host communities

Increasing production to achieve one million ounces by 2014

Strategic priorities

Optimise

the existing asset base

We aim to increase production across our existing assets through operational improvements such as

- moving to electricity supplied by the Tanzanian national grid and away from in-house power generation,
- increasing training and development of our workforce with the introduction of additional training facilities such as the Bulyanhulu Underground training centre,
- stabilising operations at Buzwagi to achieve consistency in costs and production

PG More information on pages 18 – 21

Expand

through near mine projects

We pursue organic growth opportunities to expand our existing resources such as

- developing underground operations at the Gokona and Nyabigena pits following high-grade success at North Mara,
- extending the mine life at Tulawaka through the underground extension in the East Zone,
- accelerating production at the Bulyanhulu Upper East Zone

PG More information on pages 22 – 25

Grow

through greenfield opportunities and acquisitions in Africa

We are committed to growing our operations in Tanzania and transforming our business into a truly pan-African player within our industry through·

- more than 50,000 metres of resource definition and exploration drilling across Nyanzaga in 2011,
- prospecting for future growth along the Gokona Corridor and at the Golden Ridge and Nyanzaga projects,
- leveraging opportunities which exist within the African gold mining industry

PG More information on pages 26 – 29

A move away from in-house

The North Mara grid-connection project

In late October 2006, the North Mara gold mine entered into a memorandum of understanding with the Tanzania National Power Utility, TANESCO, to examine the feasibility of connecting to the TANESCO electricity grid Until then the mine had been supplied by diesel generators The project scope involved the installation of 88 kilometres of 132kV overhead power line from the Musoma substation to the town of Nyamongo, the construction of a new substation at Nyamongo and modifications to the Musoma and Bunda substations This also included any voltage support compensation required, and was called the 'Grid Connection Project'

ABG and TANESCO completed a National Grid network study to finalise the requirements for the voltage support compensation To support the network, a number of static variable compensators were relocated and capacitor banks upgraded in what was known as the 'Grid Stability Project'

The final costs were in the order of US$40 million for the two projects

The project ran from January 2008 to September 2009 Following commission, further modifications were made to address power-quality and grid-stability issues These allow essential equipment to run on diesel generators until the grid power stabilises, with around 4Mw of the 12Mw on this 'spinning' power

In 2010, the mine benefited significantly from the project's outcome, thanks to its reduced reliance on more expensive diesel-generated power

US$40m

Capital investment

power generation

The main plant at North Mara illuminated at night, powered with electricity from the National Grid

Creating capacity to meet

The Bulyanhulu Underground Training Centre

As the Bulyanhulu mine makes progress towards growing production using the conventional cut-and-fill mining method, there is an increased need to train large numbers of miners. ABG carried out an onsite gap assessment to highlight our training needs and to ensure we have the capacity to meet the demand. To meet this challenge, the mining team has recruited a number of highly skilled trainers from one of South Africa's leading mine training schools and has converted the mined-out 4700 level into an underground mining school.

The space contains a number of areas to hold formal classroom lectures as well as practical areas where employees can learn basic skills such as pipe-fitting, inspecting vehicles and rigging. They can then progress to more demanding training on subjects such as jack legs and winches.

All training can be carried out in a genuine underground environment without the added pressure of being in a production area. This makes the training highly effective and gives people who are new to mining the opportunity to start their career by learning in a safe and controlled environment.

The next phase is to start a low-priority 'production' heading, where students can experience actual working conditions without the added pressure of a fully-fledged production environment. We are also currently carrying out a gap assessment on all underground employees, who will be undergoing training at the centre to ensure we have the skills required to make the mine a success. In the longer term, we envisage that the centre will also provide training for employees from other ABG underground operations.

2,210

New and existing employees trained during 2010

our demand

Training underway at the Bulyanhulu Underground training centre

Expand

Realising the potential of our

North Mara Underground

ABG is currently investigating the potential for starting an underground mine at North Mara to access a resource that is currently outside the final planned limits of the open pits This would also allow for simultaneous underground and open pit mining for a period of time which would both add to our production profile and increase the life of the mine

Initial investigations into possible resource expansion at Gokona have shown positive results In December 2010, we announced an initial mineral resource at the project, indicating the potential to develop a substantial underground operation at the Gokona and Nyabigena deposits with an attractive grade profile

We are continuing deep drilling in order to identify further high-grade gold mineralisation with the objective of locating an underground resource of up to one million ounces We are also undertaking studies into suitable mining methods, potential operating and capital costs, infrastructure and risk analysis assessments to assess the overall feasibility for this resource expansion We expect to complete this phase of the study in mid-2011

The initial resource announcement and on-going project reviews confirm the encouraging progress ABG has made on assessing the upside potential of North Mara It is a testament to our strategy of realising the additional potential of our existing portfolio of high-quality assets

You can find further information on North Mara Underground on page 45

1 Moz

Total targeted underground resource

existing assets

Drill rigs working on expanding the North Mara Underground resource

Expand

Extending our mine life

Tulawaka extension

Tulawaka commenced open pit operations in 2005 with a declared reserve of 546,000 ounces It had produced 808,000 ounces up until the end of December 2010

In 2009, open pit mining ceased and underground mining commenced, exploiting the deeper extent of the ore body while supplementing production with surface stockpiles Operations were due to cease in 2011 However underground resource delineation drilling has resulted in an initial mine life extension into the second quarter of 2012 We will further explore opportunities during 2011 to build on this initial mine life extension

In addition to underground extensions, drilling programmes have indicated the potential to recommence open pit mining from the West pit extension, something which had not been economically viable in the past Because this would be an extension of historic open pit mining, no additional permitting would be required. ABG is currently examining the overall viability of this opportunity

We provide further information on the Tulawaka extension on page 46

2012

Initial mine life extension

From open pit to underground – the portal at Tulawaka leading to further underground mining opportunities

Prospecting for future growth

The Gokona Corridor

A group of 57 prospecting licences surround the North Mara operation, encompassing approximately 691 square kilometres of highly prospective Archaean geology ABG controls the majority of this prospective greenstone belt, with most licences owned 100% by members of the Group Currently, the top priority target in the region is the 15 kilometre long Gokona Corridor that straddles the Gokona and Nyabigena gold deposits and which is interpreted to extend some five to six kilometres to the north west and nine to ten kilometres to the south east of the open pits Other targets in the North Mara project include the Komarera trend four kilometres south east of the Nyabirama open pit and, more regionally, the Dett and Surubu prospects some 45 kilometres west of the North Mara operation

ABG believes that the North Mara District, particularly the Gokona Corridor, is one of the most highly prospective exploration areas in its current portfolio and that the region could eventually add significantly to the existing North Mara resource base The Company has plans to expand the 2010 reverse circulation scout drilling programme on the Gokona Corridor and infill reverse circulation and diamond core drilling by July 2011

To date, reverse circulation scout drilling has identified favourable rock types, alteration and some gold anomalism in limited drilling This is very encouraging for what has initially been a broad-spaced reconnaissance programme Drilling in 2011 will continue to target extensions to the existing Gokona-Nyabigena mineralised system, with the objective of locating new high-grade gold deposits within trucking distance of the North Mara plant These programmes will run in conjunction with the programme being undertaken by North Mara mine to add and convert resources in the Gokona and Nyabigena underground areas

12,000

Metres of drilling planned for 2011

A highly prospective area, the objective is to discover further open pit and underground potential

Growing our resource base

Nyanzaga

The acquisition of Tusker Gold in the first half of 2010 resulted in ABG gaining 100% control of the Nyanzaga project, which hosts the Tusker and Kilimani gold deposits as well as several other exploration targets The Nyanzaga project covers some 353 square kilometres of prospective Archaean greenstone geology and lies approximately 35 kilometres north east of ABG's Bulyanhulu gold mine Previous resource estimates by Tusker Gold and Sub Sahara Resources NL reported inferred resources of approximately four million ounces for Tusker and Kilimani projects (although ABG has so far only recognised a resource of 963,000 ounces) The Tusker and Kilimani gold deposits and the surrounding exploration targets together represent an opportunity to add significantly to the Company's resource base, with the potential to contribute substantially to annual production in the medium to long term

The Company is presently continuing step-out and infill resource drilling on the Tusker and Kilimani deposits along with scout exploration drill programmes across various geophysical and geochemical targets within the project In late 2010, our drilling on the Tusker resource area identified additional near-surface mineralisation on the northern end of the resource and new zones of broad, higher-grade mineralisation on the southern end of the resource These intercepts indicate the potential to identify broad, higher-grade zones within the very large Tusker gold deposit, and the current drill programmes are specifically aimed at extending these newly-identified zones

The Company plans to drill more than 50,000 metres of resource definition and exploration drilling across the Nyanzaga property in 2011 These drill programmes are focused on identifying additional gold deposits and satellite ore sources that could enhance the economics of any operation established on the Nyanzaga project We also aim to initiate a scoping study later in 2011 as we gain a greater understanding of the mineralisation in this area

52,000

Metres of drilling planned for 2011

View from Tusker Hill south west across the Nyanzaga Property

The way we work

Committed to excellence

At the time of our IPO we made commitments to excellence, and to establish strong and effective leadership We believe this approach makes sound business sense as well as being crucial for risk and opportunity management.

Board effectiveness and strength

ABG requires strong and effective leadership to achieve its business objectives For this reason, all our Directors have considerable experience in the mining industry, sharing a collective spectrum of expertise that spans finance and accounting, regional operational experience, geology and engineering

Our Board is responsible for the overall management of ABG and its business It sets our standards, values and strategic aims, and ensures that we have the resources in place to meet our objectives Supported by the Senior Leadership Team, the Board monitors and reviews material strategic issues, financial performance, risk management and critical business issues

You can find details of each of our Directors on pages 70 71, and we provide details of our governance structure in the Corporate governance report contained in this report

Risk management

Effective risk management is imperative both to drive the success of ABG's strategy and vision and to protect our values For this reason, we have adopted a comprehensive risk management framework to address risk tolerance and control, based on international standards, applicable governance requirements and the ethics that underpin our Code of Conduct All members of the ABG Group, our material operations, support functions, processes and procedures must comply with and adhere to our risk management controls and procedures

We give further details of our approach to risk management in the Risk management section of this report on page 64

Organisational structure

The Board acts as overall guardian of ABG's business and its strategy Specific review and oversight functions are delegated to committees of the Board in line with applicable governance standards and requirements Day-to-day management of the business lies with the Senior Leadership Team, who work with the general managers of each mine to progress operations

The Board

Audit committee

EHS&S committee

Nomination committee

Compensation committee

Senior Leadership Team

General Managers

Strategic shareholder support

Before our IPO in March 2010, ABG was a wholly owned subsidiary of Barrick. Barrick continues to hold approximately 74% of ABG's shares, making it our majority shareholder. As a result of this close relationship, we continue to benefit from having access to the Barrick Group for a number of support and technical services. We also receive strong shareholder support for our initiatives, while retaining autonomy and independence as a public company in the operation of our business.

Further details of our relationship with Barrick are on page 76.

Responsible mining

As one of Tanzania's largest investors, we strive to be a responsible member of the communities in which we operate, and are determined to contribute not only to the national economy but also to the socio-economic development of our host communities. As such, we are committed to creating a positive and sustainable legacy in Tanzania by operating in a socially responsible way over the life cycle of our mines and by ensuring that our employees and local communities can share in the benefits of our mining activities. We have been engaged in a number of initiatives that reflect this vision with the local communities around our mines. These can be broadly broken down into the following categories: community development, stakeholder engagement, and local procurement and employment.

Our values

ABG's conduct is guided by the highest standards of honesty and integrity, founded on our Code of Conduct that embodies our commitment to conducting our business in accordance with all applicable laws, rules, regulations and the highest ethical standards. We have also adopted a number of core values, which underline our vision and commitment to stakeholders.

Our values

Behave like an owner

We accept accountability for our actions and results. We are entrepreneurial and look for opportunities to grow our business. We act with integrity – operating within the letter and spirit of the law and ABG's Code of Conduct.

Be a team player

We work safely at all times. We respect our colleagues and those we interact with outside our organisation. We listen to others for understanding and we ask for help. We build trust and we celebrate our successes. We help others improve their effectiveness. We promote confidence and trust in one another's capabilities.

Continually improve

We are always committed to improvement. We build on good ideas, we learn from our mistakes and we challenge the status quo. We think outside the box and have a desire to succeed and add value to our work.

Act with a sense of urgency

We are decisive, take the initiative and make tough decisions when necessary. We set priorities and act on them.

Deliver results

We have a clear vision of where we are going and of our plan to get there. We focus our resources to achieve our objectives. We pay attention to detail and keep our commitments. We deliver results.

Key performance indicators

Measuring our performance

We assess the performance of our business against a number of KPIs on a continuous basis The use of KPIs in this way allows us to monitor and measure progress made in realising and implementing our strategy[1]

Financial KPIs

Data

Definition (full definition for Non-IFRS measures are provided on page 54)	**EBITDA (earnings before interest, taxes, depreciation and amortisation)** is the net profit or loss for the period excluding: • income tax expense; • finance expense, • finance income, and • depreciation and amortisation (including goodwill impairment charges)	**Earnings per share** (EPS) is calculated as the net profit attributable to equity shareholders divided by the weighted average of the number of Ordinary Shares in issue	**Operating cash flow per share** is the cash generated from or utilised in operating activities divided by the weighted average of the number of Ordinary Shares in issue	**Cash cost per ounce sold** is calculated by dividing the aggregate of cash costs by attributed gold ounces sold	**Cash cost per tonne milled** is calculated by dividing the aggregate of these cash costs by attributed ore tonnes milled
Performance in 2010	**EBITDA** totalled US$419 million in 2010, an increase of 68% on 2009, as a result of improved gold prices, increased gold ounces sold and record co product revenue[4]	**Earnings per share** amounted to US53 2 cents for 2010, an increase of 272% on 2009 The increase was driven by net profit for the year	**Operating cash flow per share** was US84 2 cents, a 78% increase on 2009 as a result of improved revenue	**Cash cost per ounce sold** was US$569 per ounce for 2010, a 7% increase on 2009 The increase was primarily due to increased costs incurred at Buzwagi when compared to lower than expected production levels at the mine.	**Cash cost per tonne milled** was US$55 per tonne for 2010 slightly lower than 2009, primarily as a result of the overall incremental increase in tonnes milled from open pit operations
Relevance	**EBITDA** is a valuable indicator of ABGs ability to generate operating cash flow that can fund its working capital needs, service debt obligations and fund capital expenditures	**Earnings per share** serves as an indicator of ABGs profitability and is a primary indicator in determining share price and value	**Operating cash flow per share** helps to measure ABGs ability to generate cash from its business	**Cash cost per ounce sold** is a key indicator used by ABG to monitor and manage those factors that impact production costs on a monthly basis.	**Cash cost per tonne milled** is a key indicator used by ABG management to track cash costs against productivity

1 Historically and prior to our initial public offering, the operations of the ABG Group comprised the Tanzanian gold mining business of Barrick.

2 Cash costs per ounce sold, EBITDA operating cash flow per share and cash costs per tonne milled are non IFRS financial performance measures with no standard meaning under IFRS Refer to "Non IFRS measures" on page 54 for the full definitions of each measure

Creating a track record

Kevin Jennings, CFO, gives a perspective on how it will be created

	Operational KPIs		Non-financial KPI	
Total shareholder return (%) **6.4%**				**Data**
Total shareholder return is the return on investment a shareholder receives over a specified time frame and takes into consideration the share price appreciation/depreciation and dividends received.	**Attributable production** is the aggregate of the Groups equity interest in gold ounces produced from its mines	**Total reserves and resources per share** are calculated as the total of proven and probable reserves, plus measured indicated and inferred resources expressed in contained ounces divided by the total numbers of shares in issue using a ratio of 1 1000	**Lost time injury frequency rate** (LTIFR) is measured as the number of lost time claims per million hours worked.	**Definition** (full definition for Non-IFRS measures are provided on page 54)
Total shareholder return was 6 4% for the year This measure was driven by the change in ABG share price since the IPO As this is the first year of ABG's existence as a listed company no prior year comparator is shown.	**Attributable production** for the year was 700 934 ounces 2% lower than 2009 primarily due to production challenges at Buzwagi	**Total reserves and resources per share** equalled 65 5 Oz/1,000 shares	**Lost time injury frequency rate** indicates that significant milestones were achieved in 2010 with each of our mines hitting one million working hours without lost time injuries	**Performance in 2010**
Total shareholder return is a key indicator that is used to compare the performance of ABG's shares over time against industry peers.	**Attributable production** demonstrates progress towards achieving our target of increasing production to one million ounces per year by 2014	**Total reserves and resources per share** is a measure of our ability to discover and develop new ore bodies and to replace and extend the life of our operating mines.	**Lost time injury frequency rate** helps us to measure the effectiveness of our health and safety initiatives and controls across our operations.	**Relevance**

3 The prior years basic earnings per share and operating cash flow per share comparatives were calculated using the 2010 number of average weighted shares as the Company was not incorporated in the prior years stated, and thus had no share capital.

4 Based on restated revenue to include sales of co-products refer to page 48 and Note 2a) on page 107 as part of the Notes to the Consolidated financial statements

5 Production reflects equity ounces which exclude 30% of Tulawaka's production base

We set a range of KPIs that seek to ensure close alignment of our strategic and operational goals with the interests of our shareholders and other stakeholders We also include certain indicators that are used and understood throughout our industry, to ensure we can track our operational and financial progress against industry peers Overall our KPIs track our ability to increase production through operational improvements, grow margins by managing our costs, invest wisely with the aim of growing gold resources on a per share basis, and operate within key safety targets and standards Our primary goal in using these KPIs and monitoring the underlying factors which affect them is to develop a reliable track record of profitable growth and financial performance.

Chief Operating Officer's review

Driving process and performance

Operationally, 2010 has seen unprecedented levels of activity for ABG For the first time, all four of our mines were operational for the full year, although we faced a number of challenges in our operating environment that impacted on our overall Group production levels

Marco Zolezzi

	2010	2009	% Variance
Operating results			
Tonnes mined (thousands of tonnes)	**40,016**	36,781	9%
Ore tonnes processed (thousands of tonnes)	**7,706**	6,546	18%
Recovery rate (percent)	**86 1%**	87 0%	(1%)
Average grade (grams per tonne)	**3 3**	3 9	(15%)
Attributable gold production[1] (ounces)	**700,934**	716,306	-2%
Attributable gold sold[1] (ounces)	**724,083**	683,687	6%
Copper production (thousands of pounds)	**7,958**	6,788	17%
Cash cost per tonne milled[2] (US$/t)	**55**	57	4%
Per ounce data (US$/Oz)			
– Average spot gold price[3]	**1,225**	972	26%
– Average realised gold price[2]	**1,240**	974	27%
– Cash cost per ounce sold[2]	**569**	533	7%
– Amortisation and costs per ounce sold[2]	**147**	128	15%
– Total production costs per ounce sold	**716**	661	8%

1 Production and sold ounces reflect equity ounces which exclude 30% of Tulawaka's production base

2 Cash cost per tonne milled, average realised gold price per ounce sold, cash cost per ounce sold amortisation and other costs per ounce and total production cost per ounce are non IFRS financial performance measures with no standard meaning under IFRS Refer to Non IFRS measures on page 54 for definitions

3 Reflects the London PM fix price.

The statistical information above includes non-IFRS measures. An explanation of Non IFRS measures is included on page 54 An explanation of mine statistical information is included on page 168

Key initiatives and priorities for 2011

- Deliver maximum sustainable production and cost discipline
- Maintain focus on best leadership, management and technical practices
- Continue the enhancement of site security infrastructure and processes
- Build on improvements to health and safety systems and processes
- Continue the development of training for workforce and local communities
- Translate strategy into capital allocation, optimise capital allocation and realise key business opportunities

Operationally, 2010 has seen unprecedented levels of activity for ABG For the first time, all four of our mines were operational for the full year, although we faced certain challenges in our operating environment that impacted on our overall Group production levels Nonetheless, our Group production for the year was 700,934 ounces

With respect to our cash costs for the year, we saw a 7% increase over 2009 to US$569 per ounce sold The increase was primarily due to lower-than-expected production levels at Buzwagi, increased costs incurred at the mine and industry cost pressures generally Cash costs of US$55 per tonne milled for the year were slightly lower than the 2009 figure of US$57 per tonne, primarily as a result of the overall incremental increase in tonnes milled from open pit operations.

ABG sold 724,083 gold ounces for the year, up by 6% on 2009 (683,687 ounces), despite the decrease in our overall production The increase was driven by the sale of concentrate ounces on hand at Bulyanhulu and Buzwagi at the end of 2009

We mined 40 0 million tonnes of ore and waste for the year, compared to 36 8 million in 2009 The increase was driven primarily by the focus on waste-stripping at the Gokona open pit, in order to access high-grade ore from 2012

Tonnes of ore processed for the year totalled 7 7 million, an 18% increase on 2009 levels (6 5 million tonnes) The increase was mainly driven by increased throughput at North Mara and at Buzwagi compared to the prior period, which only reflected eight months' production at Buzwagi

The average grade for the year was 3 3 grams of gold per tonne, 15% lower than the prior year period The decrease was due to three key issues the processing of low-grade stockpiles at Buzwagi in the third and fourth quarters, the lower grade of the transitional ore processed overall at Buzwagi when compared to the oxide material mined during 2009; and the low-grade stockpiles processed throughout the year at Tulawaka

Our copper production for the year of eight million pounds represents a 17% increase on 2009, which only reflected eight months of production at Buzwagi.

Bulyanhulu delivered in line with expectations throughout the year, however, it was deeply regrettable that we suffered three fatalities as a result of a rock fall in March as well as a further fatality from a non-mining related accident later in the year As Greg has noted, it is imperative that we learn from these incidents and from the thorough investigations we subsequently carried out to ensure that there is no recurrence

North Mara delivered production ahead of budget and at a slightly lower cash cost per ounce sold, when compared to 2009 In addition, the announcement of a high-grade initial underground resource beneath the planned final Gokona and Nyabigena open pits highlights the potential for North Mara both to extend its mine life and to add significant ounces to ABG's production base going forward.

Tulawaka has continued to outperform its original feasibility study for its underground operation, with an initial extension of its life-of-mine, through to the second quarter of 2012 During the year, we also invested in the infrastructure of the operation, particularly its mobile fleet, to ensure consistency of production and continuing profitability

At Buzwagi, a number of challenges impacted production and cash costs at the mine In the first part of the year, the layer of transitional ore between the oxide cap and the primary sulphide ore proved to be both slightly deeper than expected and of a higher grind index. This caused a number of equipment failures in the process plant, which were compounded by a series of unscheduled power outages that negatively impacted production In addition, during the third quarter we uncovered an organised and systematic onsite fuel theft, which had a further impact on production at the mine Investigations indicated that criminal fuel theft syndicates had widely infiltrated our mining department In response, we suspended approximately 60 employees and a number of contractors, representing over 40% of mining department personnel Unfortunately, the reduction in mining capacity further delayed the mining of higher-grade ore and the processing of low-grade stockpiles

We implemented a series of measures to address these issues during the year These included

- strengthening the senior management team with Boyd Timler's appointment as General Manager,
- bringing forward mining fleet expansion from 2011 to accelerate stage two mining,
- optimising the drill-and-blast programme in the open pit,
- hiring and training replacement mining personnel following the fuel theft,
- recommissioning the sulphur plant and optimising the flotation plant,
- ordering additional pebble ports and back-up generating power for 2011, and
- conducting a full site security review, and implementing additional security measures

Overall, we are confident that the measures undertaken in 2010 will have a positive long-term impact at Buzwagi. In addition, our recent announcement of an initial mineral resource at our Golden Ridge project underpins our belief and confidence in the potential of this project to become a significant satellite operation to the Buzwagi mine in the future

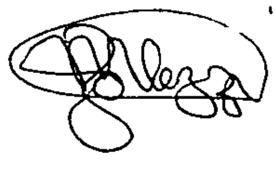
The stability of power supply posed a number of challenges to production throughout 2010 We anticipate sporadic interruptions in power supply throughout 2011 and will continue to monitor this issue and the impact that this may have on our production levels closely throughout the forthcoming year So far, we have made progress in connecting Bulyanhulu, Buzwagi and North Mara to the national grid system (Tulawaka remains exclusively diesel powered) Currently, we maintain back up diesel power generating capacity at Bulyanhulu and North Mara, in order to mitigate the risks posed by power supply interruptions at our largest operations and we expect to install 6MW of backup power at Buzwagi by mid 2011 From a State perspective, TANESCO continues to expand its transmission network and its generating capacity to meet the increasing energy demands of the growing Tanzanian economy We have been, and will continue to be, supportive of this expansion through our on-going relationship with TANESCO An overview of our relationship with TANESCO is provided on pages 18, 19 and 83

In addition, the recent shortage of rainfall in Tanzania has raised the possibility that there could be a reduction in the availability of electricity generated from hydropower which may impact our operations if, as a result, total electricity supply is insufficient to meet demand We will continue to monitor this development and the impact that it may have on our operations.

Further details on our initiatives to address power supply and the risks that power stoppages, shortages and interruption of utilities supply have on our operations have been provided on pages 18, 19, 60, 67 and 68

As discussed at the time of our IPO, the North Mara MDA and mining licence are due to expire on 7 September 2011 Applications to renew both of these agreements were submitted in the third quarter of 2010 We expect the renewal of the MDA to be on the same terms as the existing agreements and for the remainder of North Mara's life of mine

Looking forward, we believe that we are well positioned to deliver on the potential of the Company's asset base as we enter 2011 This year, our focus will remain on achieving operational excellence in order to deliver stable and profitable production levels



Marco Zolezzi, Chief Operating Officer

Operating review

Bulyanhulu – Optimising for growth

Mine profile

The Bulyanhulu gold mine is located in north west Tanzania, in the Kahama district of the Shinyanga region, approximately 55 kilometres south of Lake Victoria and approximately 150 kilometres south west of the city of Mwanza, a regional business and economic hub. The Bulyanhulu process plant has the capacity to process an average of approximately 3,300 tonnes of ore per day (approximately 1.1 million tonnes per year) operating 24 hours a day on a 365 day per year basis.

2010 performance

Key mine statistics

	Year ended 31 December		
	2010	2009	% variance
Underground ore tonnes hoisted (Kt)	958	967	(1%)
Ore milled (Kt)	954	959	(1%)
Head grade (g/t)	9.2	8.7	6%
Mill recovery (%)	92.2%	92.1%	0%
Ounces produced (Oz)	259,873	248,991	4%
Ounces sold (Oz)	262,442	255,121	3%
Cash cost per ounce sold (US$/Oz)	539	651	(17%)
Cash cost per tonne milled (US$/t)	148	173	(14%)
Capital expenditure (US$ 000)	80,539	59,583	35%

Progress and priorities

2010 progress

- Solid production for the year laying a good foundation for 2011
- Entrenchment of cost control structure in place across the operation
- Bulk Air Cooler project and electrical infrastructural upgrade completed during the year, which will significantly improve mining conditions at depth
- Surface infrastructure was improved with the completion of a new emergency response centre, messing facilities and conference area
- Strong drive on training, especially focused on specialised areas such as mechanical mining equipment operators
- Establishment of new underground training facility

2011 priorities

- Ensuring safety standards and in particular underground support regimes are strictly observed
- Focus on growth projects to improve the overall ounce profile with the continuance of the Upper East Zone study and other production opportunities
- Completion of fuel, lubricant and workshop facilities and upgrades both on surface and underground to improve equipment availabilities
- Continue our strong commitment to training with a focus on specialised skills
- Completion of the dewatering project to improve the reliability of the mine dewatering systems

The statistical information above includes non IFRS measures. An explanation of Non IFRS measures is included on page 54.
An explanation of mine statistical information is included on page 168.

Bulyanhulu mine overview

The Bulyanhulu gold mine is located in north west Tanzania, in the Kahama district of the Shinyanga region, approximately 55 kilometres south of Lake Victoria and approximately 150 kilometres south west of the city of Mwanza, a regional business and economic hub Site access is good with a private airport and local unpaved roads connecting to the main highway close to Kahama The average annual temperatures range between 15° and 35°C Average annual rainfall in the region is 953mm

The mine consists of an underground mine, a process plant, waste rock dumps, tailings containment, water management ponds and associated facilities The mine is an underground trackless operation using long-hole as its principal stoping method, and it is transitioning towards narrow-vein conventional mining as its principal mining method As at 31 December 2010, a total of 2,940 individuals were employed at Bulyanhulu, consisting of 2,437 Group employees and 503 contracted personnel

Bulyanhulu is a narrow-vein gold mine containing gold, silver and copper mineralisation in sulphides. Mineralisation of Bulyanhulu is associated with steeply-dipping reefs To date a number of distinct reefs have been identified including Reef Zero, Reef One and Reef Two Bulyanhulu's life-of-mine is currently estimated to be in excess of 25 years, based on its proven and probable gold reserves of 11,026,000 ounces.

Operating performance

Bulyanhulu delivered solid results in 2010, hitting key production targets for the year

Gold production for the year was 259,873 ounces, 4% higher than the prior year period's total of 248,991 ounces mainly due to the higher-grade ore mined in 2010

Gold ounces sold for the year were 262,442 ounces, which was 1% higher than the production figure and also 3% higher than 2009 The difference in sales was due to selling all unsold gold concentrate from the previous year, bringing the year-end finished gold inventories back to normalised levels, combined with an increase in the production base of 10,882 ounces

Cash costs for the year of US$539 per ounce sold were 17% lower than the prior year of US$651 This was primarily a result of our improved production base and increased co-product revenue, which was driven by increased copper prices Other contributing factors include improved cost-management measures, with lower consumables costs, lower maintenance cost due to investments made in new mining equipment, and a decrease in contracted services costs as a result of insourcing Alimak mining activities The cost benefits of these measures were partially offset with an increase in labour costs due to increased headcount and inflationary pressure

Cash costs per tonne milled fell to US$148 in 2010 (US$173 in 2009) as a result of mining cost reductions and increased copper revenues

Capital expenditure for the year of US$80 5 million was 35% higher than the prior year of US$59 6 million This was mainly driven by a number of investments made in the underground mine and surface infrastructure Notable investments included the new refrigeration plant, the shaft dewatering system, the underground workshop and additional mining equipment

We suffered four fatalities at the mine this year, which is deeply regrettable Details of these fatalities and the actions that we have taken in response to this are provided as part of our health and safety report on page 61

Buzwagi – Overcoming challenges

Mine profile

The Buzwagi mine is located in north west Tanzania in the Kahama district of the Shinyanga region, approximately 97 kilometres from Bulyanhulu and six kilometres south east from the town of Kahama The mill is designed with a throughput capacity of 12,000 tonnes of ore per day, and the mine is capable of moving approximately 4 4 million tonnes of ore per year

2010 performance

Key mine statistics

	Year ended 31 December		
	2010	2009	% variance
Tonnes mined (Kt)	18,848	19 843	(5%)
Ore tonnes mined (Kt)	4,285	5,034	(15%)
Ore milled (Kt)	3,553	2 671	33%
Head grade (g/t)	2 0	2 5	(20%)
Mill recovery (%)	81 0%	87 4%	(7%)
Ounces produced (Oz)	186,019	189 031	(2%)
Ounces sold (Oz)	198,221	153 682	29%
Cash cost per ounce sold (US$/Oz)	685	422	62%
Cash cost per tonne milled (US$/t)	38	24	58%
Capital expenditure (US$'000)	29,781	109,298	(73%)

Progress and priorities

2010 progress

- Strengthening the senior management team with appointment of new general manager
- Optimising the drill-and-blast programme in the open pit
- Hiring and training replacement personnel following the fuel theft
- Recommissioning the sulphur plant and optimising the flotation plant
- Enhancing site security and controls

2011 priorities

- Continue the development and training of workforce
- Continue the acceleration of stage two mining by additional expansion of the mining fleet
- Upgrade Detox circuit for improved mill recoveries and lower soluble copper levels
- Install back-up power generation to reduce the impact of power outages, realising higher mill availability
- Automate the flotation circuit to improve copper and gold concentration values
- Improve SAG mill discharge for increased mill throughput

The statistical information above includes non-IFRS measures An explanation of Non IFRS measures is included on page 54 An explanation of mine statistical information is included on page 168

Repositioning Buzwagi

The focus at Buzwagi throughout 2010 has been on implementing a detailed action plan with the following areas of focus

Process plant

A review of the process plant highlighted a number of measures and ways in which we could maximise future performance Measures included rebuilding the primary crusher concave liners and replacing the secondary crusher liners, rebuilding the low pressure water pumps, relining the SAG mill shell and redesigning the pebble ports, recommissioning the sulphur plant with a complete process review and optimising the flotation plant to increase the copper contained in the concentrate Investments in these measures should help to ensure that the plant meets its target levels of throughput and recoveries

Mine

The pit scheduling was reassessed and revised following changes to equipment availability expectations We expanded the mining fleet throughout the year in order to have appropriate capacity to deal with task specific support This helped to ensure optimal availability for open pit mining operations There has also been a full review of the drill-and-blast programme which has led

Buzwagi mine overview

The Buzwagi mine is located in north west Tanzania in the Kahama district of the Shinyanga region, approximately 97 kilometres from Bulyanhulu and six kilometres south east of the town of Kahama The Buzwagi mine is Tanzania's second-largest mining operation and the largest single open pit mine in the country Accessibility to Buzwagi is good, with the location of the site immediately beside a paved highway and a 1,580-metre airstrip The site is also 40 kilometres from Isaka, a railway hub with links to the port of Dar es Salaam, located on the Indian Ocean The annual average temperature ranges between 16° and 29°C Average annual rainfall in the region is 953mm

The Buzwagi mine consists of an open pit mine, ore-processing facilities, a waste-rock storage facility, a tailings storage facility, water management and other ancillary facilities As at 31 December 2010, a total of 1,992 individuals were employed at Buzwagi, consisting of 802 Group employees and 1,190 contracted personnel

Buzwagi is a shear-hosted quartz-veined deposit hosted in porphyritic granite Buzwagi's life-of-mine is currently estimated to be approximately 13 years, based on its proven and probable gold reserves of 2,892,000 ounces

Operating performance

Buzwagi's gold production for the year was 186,019 ounces, compared to 189,031 ounces for the previous year, which only reflected eight months of production This production level was lower than management's expectations for the year and was primarily due to two reasons firstly, the longer-than-expected time taken to process the low-grade transitional ore, which adversely impacted throughput and plant recoveries, and, secondly, the short-term impact of measures taken to address the systematic onsite fuel theft discovered during the third quarter To address these production challenges, management focused efforts on training new mining and maintenance personnel and improving plant and equipment availability We also made a number of investments in additional mobile mining equipment to help advance mining activities and to address delays in the overall production timetable In addition to production challenges, it was also necessary to address mill downtime resulting from unplanned breakdown and power outages throughout the year, which remain an ongoing issue Production improved over the second half of November and throughout December, as the operational measures taken during the year began to take effect The grade of 2 0 g/t was 20% lower than the previous year's (2 5 g/t) This decrease was primarily due to processing a different material blend and lower-grade ore when compared to 2009

Gold ounces sold during the year amounted to 198,221, exceeding production by 7% and representing a 29% increase over the previous year (153,682) The increase in gold ounces sold versus the prior year as well as versus 2010 production was due to a combination of the gold concentrate and gold in circuit inventories that built up in the process throughout 2009 and which were subsequently sold in 2010

Cash costs for the year were US$685 per ounce sold, compared to US$422 in 2009 Key factors which negatively impacted cash costs included. (i) the lower-than-expected production levels, (ii) higher energy costs resulting from the fuel theft, and (iii) higher maintenance and contracted services costs incurred in addressing mill downtime and processing issues In addition, a number of measures were taken to enhance security and onsite management in response to the fuel theft, which resulted in increased labour-related costs

Cash costs per tonne milled increased to US$38 in 2010 (US$24 in 2009) The increase in costs was primarily due to the key factors explained above and lower monthly average milling throughput due to power outages and unplanned breakdowns

Capital expenditure for the year was US$29 8 million compared to US$109 3 million in 2009 Capital investment in 2009 included project development costs of US$101 2 million, whereas capital investment in 2010 was primarily focused on mining equipment and improving the production plant to optimise operations

to a number of operational improvements, aimed at increasing blasting effectiveness and reducing wall damage. We intend to continue the expansion of our mining fleet in 2011 so as to continue the acceleration of stage two mining in the open pit

Security

We implemented a number of measures to maximise site security We have enhanced security infrastructure with the installation of additional perimeter fencing and surveillance equipment and we implemented a number of new security checks and procedures We also increased security presence both onsite and around the site perimeter and in surrounding communities

We began to see the positive impact of actions undertaken in the fourth quarter, in terms of improved plant availability throughput and recoveries Overall, we believe that Buzwagi is now better positioned to deliver on its long-term objectives and targets as a result of the actions that we have undertaken

North Mara – Exceeding expectations

Mine profile

The North Mara gold mine is located in north west Tanzania in the Tarime district of the Mara region, approximately 100 kilometres east of Lake Victoria and 20 kilometres south of the Kenyan border Current capacity of the mill operations is approximately 8,000 tonnes per day (or approximately 2 9 million tonnes per year)

2010 performance

Key mine statistics

	Year ended 31 December		
	2010	2009	% variance
Tonnes mined[1] (Kt)	20,106	15,888	27%
Ore tonnes mined (Kt)	2,624	4 933	(47%)
Waste (Kt)	17,482	10,955	60%
Ore milled (Kt)	2,860	2 605	10%
Head grade (g/t)	2.8	3 2	(12%)
Mill recovery (%)	82 9%	79 7%	4%
Ounces produced (Oz)	212,947	212,358	0%
Ounces sold (Oz)	218,684	209 495	4%
Cash cost per ounce sold (US$/Oz)	472	508	(7%)
Cash cost per tonne milled (US$/t)	36	41	(12%)
Capital expenditure (US$ 000)	91,442	46 114	98%

Progress and priorities

2010 progress

- Implemented community re-engagement strategy including implementation of stakeholder grievance mechanisms
- Consistently met or exceeded production targets and exceeded budgeted gold production
- Commissioned the North Mara national power grid connection project
- Advanced the mine modernisation and upgrade plan as regards infrastructure, facilities, mining equipment and relevant technology
- Acid rock drainage issues addressed and approved by the Tanzanian authorities

2011 priorities

- Continue to build on engagement with local communities
- Advance the North Mara Underground feasibility study
- Advance the plant upgrade project to focus on enhanced recovery and the Detox Plant
- Commission water treatment plant
- Continue to deliver on production and cost targets

The statistical information above includes non IFRS measures An explanation of Non-IFRS measures is included on page 54
An explanation of mine statistical information is included on page 168

North Mara mine overview

The North Mara gold mine is located in north west Tanzania in the Tarime district of the Mara region, approximately 100 kilometres east of Lake Victoria and 20 kilometres south of the Kenyan border. The site is accessible by various means, including through the national road system and an airstrip located seven kilometres from the processing plant. The annual average temperature ranges between 16° and 29°C. Average annual rainfall for the region is 1,300mm.

The North Mara mine consists of four open pit deposits: Nyabirama, Gokona and Nyabigena and development potential at Komarera. There are also a process plant, waste rock dumps, a tailings containment pond and other associated facilities. As at 31 December 2010, a total of 1,753 individuals were employed at North Mara, consisting of 829 Group employees and 924 contracted personnel.

The North Mara gold deposits are situated in the Mara Musoma greenstone belt, and there are several types of gold mineralisation, including shear-zone-related quartz vein and disseminated gold. North Mara's life-of-mine is estimated to be approximately ten years based on its proven and probable gold reserves of 2,836,000 ounces.

Operating performance

North Mara performed in line with expectations and showed stable production results.

The mine's gold production for the year was 212,947 ounces, remaining flat when compared to the prior year figure of 212,358 ounces, where lower mine production was offset by strong mill performance. The decrease in ore tonnes mined was a result of our continued focus on stripping at Gokona, which was offset by increased ore tonnes mined from Nyabirama. The 2010 grade of 2.8 g/t compared negatively to the 2009 grade of 3.2 g/t. This was the result of processing a higher proportion of lower-grade stockpiled ore in the second half of 2010 to supplement lower production from the Nyabirama and Nyabigena open pits. The processing plant's throughput of 2,860 Kt was 10% higher than the previous year owing to high mill uptime and a favourable ore blend.

Gold ounces sold for the year were 218,684, 3% higher than the production of 212,947 ounces and 4% higher than the previous year's ounces sold of 209,495 ounces. The increase in sales ounces was mainly due to the sale of ounces on hand at the end of the previous year.

Cash costs for the year were US$472 per ounce sold compared to US$508 in the prior year period. The decrease was primarily driven by lower administrative expenditure, cost savings achieved in the energy, consumables and maintenance areas and the capitalisation of Gokona stripping costs.

Cash costs per tonne milled decreased to US$36 in 2010 (US$41 in 2009). The decrease was primarily due to improved mill productivity, processing and administrative costs savings.

Capital expenditure for the year totalled US$91.4 million, 98% higher than the US$46.1 million in the prior year. Key capital expenditure driving the increase included capitalised waste stripping mainly relating to the Gokona stage two push back (US$49.8 million) and capitalised exploration expenditure (US$8.1 million) to define the Gokona Deeps underground project.

Tulawaka – Focused on extension

Mine profile

The Tulawaka gold mine is located in north west Tanzania in Biharamulo district of the Kagera region and borders the Bukombe district of the Shinyanga region, south west of Lake Victoria near the north west border with Rwanda Current operating capacity of the mill operations is approximately 1,320 tonnes per day

2010 performance

Key mine statistics
(reflected as 70%)

	Year ended 31 December		
	2010	2009	% variance
Underground ore tonnes hoisted (Kt)	**103**	83	24%
Ore milled (Kt)	**340**	312	9%
Head grade (g/t)	**4 1**	7 0	(41%)
Mill recovery (%)	**93 2%**	94 1%	(1%)
Ounces produced (Oz)	**42,094**	65 926	(36%)
Ounces sold (Oz)	**44,736**	65 389	(32%)
Cash cost per ounce sold (US$/Oz)	**709**	413	72%
Cash cost per tonne milled (US$/t)	**93**	87	7%
Capital expenditure (US$'000) (100%)	**15,513**	7,884	97%

The statistical information above includes non IFRS measures An explanation of Non IFRS measures is included on page 54
An explanation of mine statistical information is included on page 168

Progress and priorities

2010 progress
- Surface and underground exploration continued to deliver exciting results
- The appointment of a new management team to re energise the mine personnel
- Initial mine-life extension to the second quarter of 2012
- Site security and controls enhanced to ensure ongoing stability for operations

2011 priorities
- Evaluate additional expansion opportunities through underground exploration to further extend the life of mine
- Develop a second access portal to enhance ventilation and ore hauling ability
- Open West Pit Extension to supplement production for six months and meet 2011 production targets
- Obtain re-certification from the International Cyanide Management Institute

Tulawaka mine overview

The Tulawaka gold mine is located in north west Tanzania in the Biharamulo district of the Kagera region It borders the Bukombe district of the Shinyanga region, south west of Lake Victoria near the north west border with Rwanda The mine is approximately 120 kilometres west of the Bulyanhulu mine and 1,000 kilometres from Dar es Salaam The site is accessible through the existing road network The main paved highway from the railway line from Isaka to Burundi passes about 20 kilometres to the south of the mine, while the old Dar es Salaam to Burundi laterite road crosses the property three kilometres south of the camp Local roads connect the property to the Geita-Biharamulo laterite road The annual average temperature ranges between 25° and 40°C The average annual rainfall is in the region of 860mm

The mine consists of a completed open pit mine with an underground access ramp located at the bottom of the pit, waste rock dumps, an ore stockpile area and crushing plant, a processing plant as well as water, waste disposal and ancillary facilities As at 31 December 2010, a total of 13 individuals were employed, comprising 426 Group employees and 287 contracted personnel

Pangea Minerals Limited owns and operates the Tulawaka mine assets However, all capital and operating costs associated with the Tulawaka mine and net cash generated by the mine are divided on a 70 30 basis between ABG subsidiary Pangea Goldfields Inc (70%), and MDN (30%), ABG's joint venture partner for the mine Further details regarding this relationship and the related Tulawaka Agreement are provided on page 83

The Tulawaka mine comprises two ore bodies, the East Zone and the West Zone The East Zone is the main gold deposit The West Zone is still being explored. Tulawaka's life-of-mine is currently estimated to take operation to the second quarter of 2012, based on its proven and probable gold reserves of 67,000 ounces

Operating performance

Tulawaka has successfully outperformed its original feasibility for the underground operation in terms of reserve additions and ounce production Throughout the year a key focus of the mine's management has been on exploration and definition drilling to extend the mine life beyond 2011 We were pleased to announce an initial extension of the life-of-mine as part of our preliminary results announcement and will continue to focus on further extensions in 2011

The mine's attributable gold production for the year was 42,094 ounces compared to the 65,926 ounces achieved in 2009 This lower gold production level resulted from mining lower-grade ore from the underground pit and processing lower-grade material from the stockpiles than in 2009

Gold ounces sold amounted to 44,736 for the year, 6% higher than production and down 32% compared to 2009, reflecting the decline in production

Cash costs for the year were US$709 per ounce sold compared to US$413 in the prior year This cost increase was mainly due to the lower production base and increased mining costs compared with 2009 The increased mining costs were driven by higher fuel, labour and maintenance costs

Cash costs per tonne milled increased to US$93 in 2010 (US$87 in 2009) primarily as a result of the higher cost of underground mining

Capital expenditure for the year totalled US$15 5 million compared to US$7 9 million for the previous year Notable investments included additional mining equipment (US$4 4 million), increased exploration development (US$2 8 million) and the support of mine life extension

Progress across the portfolio

ABG is committed to expanding its gold resources, reserves and production profile through exploration. The current platform of operating mines benefits from a significant resource base that underpins the Company's life-of-mine plans This resource base has been built on our exploration efforts where our average finding cost is around US$15 per ounce.

Peter Spora

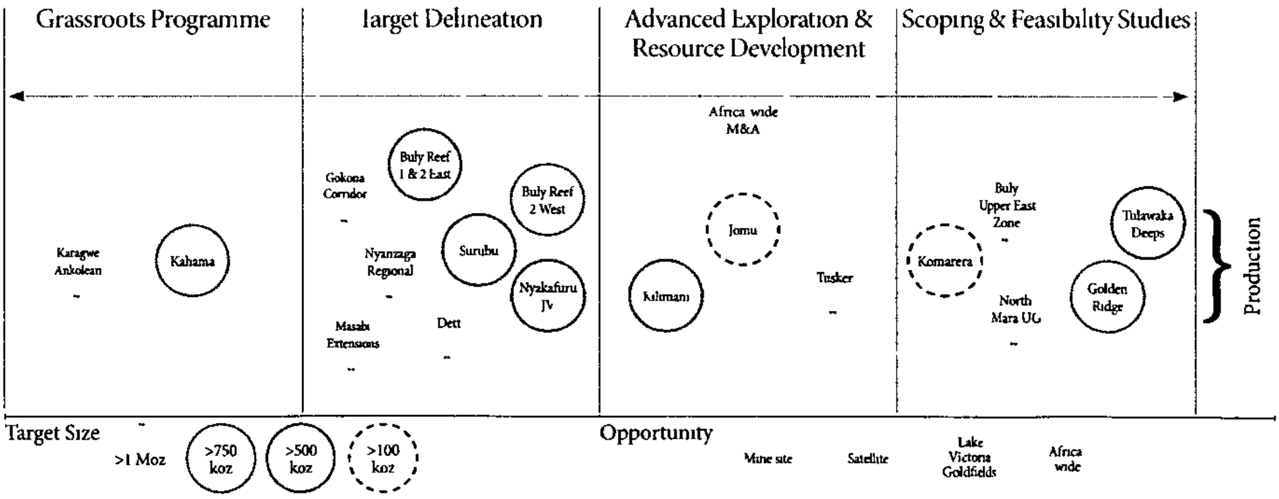
2010 highlights

- Successful drill hole intercepts at the Nyanzaga project indicate the potential to locate additional resources at the Tusker deposit
- Exploration drilling at Tulawaka continued to demonstrate the potential to extend the mine life to 2012
- Announcement of initial underground indicated resource of 370,000 gold ounces at 8 29 g/t beneath the planned final Gokona and Nyabigena open pits
- Drilling along the Gokona Corridor to test for additional gold deposits has produced encouraging initial results

2011 priorities

- Continuation of drill programmes at the Nyanzaga project (Tusker and Kilimani resource areas) in combination with testing of additional targets on the property
- Expansion of the Tulawaka Deeps Underground drill programmes to further extend the life of mine
- Progress infill and expansion resource drilling for North Mara Underground project
- Testing of regional targets within the wider North Mara region for new stand-alone deposits
- Expansion of near mine exploration drill programmes at Bulyanhulu.

Exploration and Project Development Pipeline



ABG's commitment to exploration continues to grow, and for 2011 our exploration budget is again being increased following the additional expenditure in 2010 For 2011, we are budgeting total exploration expenditure, both expensed and capitalised, of US$55 million This represents a 103% increase on 2010

The core objectives under which these funds will be deployed in our exploration and development activities are threefold

- to continue to drive our strategy of organic growth through near mine exploration and resource expansion,
- to optimise our existing assets through the identification and delineation of higher-grade satellite deposits, and
- to progress regional exploration in order to evaluate new opportunities throughout Africa, particularly through acquisitions

Throughout 2010, our Exploration and Technical Services teams have principally focused on advancing our organic growth projects in and around each of ABG's current Tanzanian operations, as well as advancing important regional exploration programmes at our North Mara and Nyanzaga projects

We are undertaking ongoing feasibility studies at four key projects Golden Ridge, North Mara Underground, Bulyanhulu Upper East Zone and the Tulawaka East Zone Underground extension All four studies have progressed in line with our expectations Of particular note were the ongoing feasibility studies at Golden Ridge and Bulyanhulu's Upper East Zone which progressed positively through the year So have our efforts on the East Zone Underground extension at Tulawaka, where we have achieved an initial extension of the life of the mine Key achievements during the year included the declaration of an initial underground resource at North Mara Although at an earlier stage, we also reported a number of successes in the continuing developments of the drill programmes we have been carrying out at the Nyanzaga project

During 2010, ABG reviewed a number of opportunities for regional expansion We are continuing to undertake exploration and evaluation work in a number of countries, assessing the potential for projects that would add value through both enhancing our growth profile and adding strategically important geographic diversification From a greenfield perspective, in May 2010 we completed the acquisition of Tusker Gold for a consideration of approximately US$63 million, net of cash acquired As a result of this acquisition, we now control 100% of the Nyanzaga project, which includes the Tusker deposit This is one of the largest undeveloped gold deposits in Tanzania

Overall, the positive progression of our exploration projects and efforts throughout the year by the Exploration and Technical Services teams clearly shows ABG's ability to recognise near mine opportunities and additional upside opportunities across regional areas This is strategically important, as it supports both our existing production platform and organic growth prospects

Organic growth projects

Brownfield projects

The North Mara Underground extension

This project is focused on developing underground resources beneath the Gokona and Nyabigena open pits The objective is to bring underground resources into production as soon as possible, with the aim of processing higher-grade underground ore and displacing some of the lower-grade open pit ore in order to increase production levels and at the same time extend life-of-mine at North Mara

As announced in December 2010, following an earlier scoping study, we have delineated and validated an initial high-grade underground indicated resource of 370,000 ounces of gold at 8 29 g/t beneath the planned final Gokona and Nyabigena open pits This indicates that there is the potential to develop a substantial underground operation at the Gokona and Nyabigena deposits with an attractive grade profile The underground feasibility study to assess the full potential of the current resource on the Gokona-Nyabigena project is on schedule for its targeted completion in mid-2011

Drilling on Gokona Deeps

Exploration continued

In addition, ABG's exploration group has been completing deep diamond drilling in and around the current Gokona underground resource area. This drill programme is aimed at extending and validating higher-grade mineralised zones. Assay results for this drilling programme have now been received for six holes. Results from most of these holes have better delineated the extent of higher grade shoots and the potential extension of the Gokona West high-grade shoot at depth. Based on the positive results of the initial resource estimate and the exploration drilling programme we are scheduled to begin a significant resource drill-out programme early in 2011. The resource drill-out is aimed at expanding the total underground resource to greater than one million ounces. We will also use these programmes to demonstrate and validate the economic viability of the project.

North Mara – Nyabigena East

Grade-control activities that we conducted throughout the year identified opportunities to extend the Nyabigena resource area at the eastern end of the existing open pit. A reverse circulation drilling programme initiated during the first quarter of 2010 produced good results, highlighting the opportunity to extend mining operations in the Nyabigena East Main Zone and significantly close the gap between the Nyabigena main pit and the Nyabigena East mineralisation.

The results of infill programmes conducted during the year have led to the upgrade from 'Inferred' to 'Indicated' of the resource of Nyabigena East, for which a pit has been outlined as part of the Nyabigena operations.

North Mara – Gokona Corridor

In addition to the underground targets at North Mara, we are also undertaking significant additional exploration elsewhere around the mine, particularly along the Gokona Corridor.

The Gokona Corridor extends approximately six kilometres north west of the Gokona deposit and approximately ten kilometres south east of the Nyabigena deposit. Historically, very little effective drilling has been completed outside the immediate mine area. For this reason, during 2010 we completed a reverse circulation scout drilling programme along this corridor to test for additional gold deposits. Initial results are encouraging with several holes intersecting anomalous gold zones (>100ppb Au) along with zones of alteration and veining. To build on this progress and accurately assess gold deposit potential, we are now carrying out a significant programme of multi-element geochemistry on the drill samples in conjunction with the gold analysis. Additional scout drilling and follow-up of the 2010 scout drilling will be ongoing throughout 2011.

Tulawaka East Zone Underground extension

Throughout the year, the focus of our near mine expansion programmes at Tulawaka was on the East Zone Underground extensions. The objective of the drilling here is to identify and delineate additional high-grade gold reserves and resources below the current East Zone underground infrastructure, with the primary purpose of extending the life of the Tulawaka mine.

Our exploration drilling continued to extend the known high-grade mineralised shoots below the Level 7 resource we had previously defined, indicating potential to extend the mine life further. Overall, our drilling programmes indicate that existing mineralised zones continue to at least 150 metres below the floor of Tulawaka's now-completed open pit. We expect to continue drill programmes throughout 2011, which will aim to extend known high-grade zones for a further 100-200 metres below currently defined depths. In this way, we will be able to assess the possible significant expansion of our current resource base to add further reserves and extend the mine life through an exclusively underground operation.

Golden Ridge

Approximately 55 kilometres north of the Buzwagi operation, the Golden Ridge project represents an important opportunity for ABG to exploit a higher-grade mineralisation deposit as a satellite feed to the Buzwagi mill. Findings to date indicate that it has the potential to produce between 70,000 and 100,000 ounces per year from 2013/14.

Tulawaka East Zone – West Pit Portal into Underground

We are actively progressing the feasibility study, which is scheduled for completion by mid-2011, in furtherance of our initial resource declaration. ABG's exploration team completed a programme of infill reverse circulation drilling and metallurgical test-work diamond drilling during 2010. Elements of this programme confirmed the width and tenor of mineralisation in the main zone and indicated the potential for further exploration drilling to target higher-grade areas.

Bulyanhulu Upper East Zone

The Bulyanhulu Upper East Zone is approximately 2.5 kilometres east of the main Bulyanhulu shaft and contains approximately one million gold ounces at 10 g/t within Reef 1 and 2. The mineralisation in the Bulyanhulu Upper East Zone is included in current reserves, but it was not scheduled for mining until later in the mine life. However, following review of planning models and previous feasibility studies, we are now considering accelerating the timetable for mining the Upper East Zone within the overall life of mine. This would make use of an existing 1.8-kilometre decline to this zone, which is being dewatered and rehabilitated, as well as utilising excess milling capacity in the process plant.

We started a further feasibility study into the Upper East Zone area during the year. We intend to complete this study in the first half of 2011, allowing us to assess the viability of mining the reserves in the zone earlier than anticipated in the current life-of-mine plan.

Bulyanhulu Reef 1 and 2 West

During the year, we completed reverse circulation drilling programmes on areas of Reef 2 West, along with Reef 1 and Reef 0b targets where there has previously been relatively limited exploration drilling. Favourable results from this programme warrant a second phase of follow-up drilling so that we can identify additional near surface resources for either open pit or underground mining. We are planning deeper drill holes targeting extensions of higher-grade zones in early 2011 from the existing underground development at Bulyanhulu.

Greenfield projects

The Nyanzaga project

We took control of 100% of the Nyanzaga project following completion of our acquisition of Tusker Gold in May 2010. Since then the focus of our exploration activities has remained on further delineating and expanding the project's current resources.

The actions we have taken include an aggressive reverse circulation and diamond-core step-out and infill drill programme on the Tusker and Kilimani resource areas. Additionally, these drill programmes also commenced testing of geophysical and geochemical targets across the Nyanzaga project area for large-scale gold deposits and additional satellite opportunities within 15 kilometres of the Tusker resource area.

Tusker Gold declared an inferred resource of approximately 4.2 million ounces for the Nyanzaga project in June 2009. Our current drill programme aims to confirm and expand this resource base, and it has shown positive results to date. Step-out and infill drilling on the southern strike extensions of the Tusker prospect have identified wide, higher-grade extensions of gold mineralisation. In particular, recent intercepts indicate that mineralisation on the southern extensions of the Tusker resource area occurs closer to surface than previously modelled, and deeper intersections indicate the potential for grade quality to increase with depth in this area of the system. In addition, results obtained from the drill programme are showing potential to locate additional resources on the north end of the Tusker resource area.

In 2011, our drilling will continue to focus on extending mineralisation on the northern, western and southern domains of the Tusker deposit, and given the success of the drill programme to date, we will expand step-out drilling to allow accelerated follow-up of identified positive intersections. Infill drilling on the main resource area will commence to upgrade the existing mineral inventory and inferred resources.

We aim to initiate a scoping study later in 2011 as we gain a greater understanding of the extent of the mineralisation on the Tusker and Kilimani project areas.

Diamond rig drilling at Tusker

A strong financial year

The ABG Group achieved robust financial results over the course of the year, with increased sales and increases in the average realised gold price for the full year having a positive impact on Group earnings and cash flow

Kevin Jennings

2010 performance highlights

- Revenue up 37% to US$975 million
- EBITDA of US$419 million up 68%
- Operational cash flow of US$345 million, up 78%
- Final recommended dividend of US3 7 cents per share

	For the year ended 31 December 2010	For the year ended 31 December 2009	% change
Revenue[1] (US$'000)	**975,021**	711,182	37%
EBITDA[2] (US$'000)	**419,167**	249,456	68%
Cash generated from operating activities (US$'000)	**345,141**	193,961	78%
Net profit attributable to owners (US$'000)	**218,103**	58,577	272%
Cash cost (US$/ounce)[2]	**569**	533	7%
Average realised gold price[2] (US$/ounce)	**1,240**	974	27%
Basic earnings per share (US cents)	**53 2**	14 3	272%
Dividend per share (US cents)[3]	**5 3**	N/A	–

1 Based on restated revenue to include sales of co products, refer to pages 48 and Note 2a) on page 107 as part of the Notes to the Consolidated financial statements

2 Cash costs per ounce sold average realised gold price per ounce sold and EBITDA are non IFRS financial performance measures with no standard meaning under IFRS Refer to Non IFRS measures on page 54 for the definitions of each measure

3 Includes final recommended dividend of US3 7 cents to be paid in 2011

The purpose of this review is to provide a detailed analysis of the ABG Group's consolidated 2010 results and the main factors affecting financial performance This section should be read in conjunction with the financial statements and accompanying notes on pages 100-147, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union (IFRS)

The ABG Group achieved robust financial results over the course of the year Increased revenue from higher sales volume and increases in the average realised gold price for the full year have had a very positive impact on Group earnings and cash flow Overall, increased sales and average realised gold prices resulted in a year-end cash position of approximately US$401 million The US$150 million undrawn revolving credit facility, which we finalised during the latter half of the year strengthens the Company's financial position and provides us with additional financial flexibility going into 2011 Cash costs per ounce averaged at US$569, mainly as a result of additional expenses incurred at Buzwagi.

Revenue

Revenue for the year of US$975 0 million was 37% higher than the prior year period of US$711 2 million after restating 2009 revenue to include co-product revenue as set out below The Group generated a year on-year sales volume increase of 40,396 ounces and benefited from higher average realised gold prices resulting from global economic conditions that drove market gold prices to record levels The increase in sales was primarily due to the sale of unsold ounces on hand at the beginning of the year in gold concentrate at Buzwagi and Bulyanhulu The average realised gold price was US$1,240 per ounce in 2010 compared to US$974 per ounce in 2009

Co-product revenue totalled US$53 7 million for the year This represents an increase of 202% from the prior year period (US$17 8 million) The ramp-up of Buzwagi production of gold/copper concentrate contributed to the increase in copper sales volumes The 2010 average realised copper price of US$3 55 per pound compared to the prior period realised price of US$2 24 per pound assisted greatly in the increase in co-product revenue For these reasons, the Group has reclassified copper and silver as co-product revenue to reflect their increased significance as a percentage of revenue The table below provides a reconciliation between gold and co-product revenue for 2010 and the 2009 comparative

(US$'000)	2010	2009
Gold revenue as previously stated	921,302	693,412
Plus Co-product revenue	53,719	17,770
Total revenue	975,021	711,182
Realised copper price ($ per pound sold)	3 55	2 24

Commodity prices

Gold prices have a significant impact on ABG's operating earnings and its ability to generate cash flows In 2010 the price of gold reached an all-time high, trading in a range of US$1,045 to US$1,431 per ounce and closing at US$1,421 per ounce Market gold prices averaged US$1,225 per ounce, a new annual average record and a US$253 per ounce improvement on the US$972 per ounce average in the prior year period

The market price of gold has been influenced by low US dollar interest rates, sovereign debt concerns, investment demand and the monetary policies put in place by the world's most prominent central banks As a result of the global easing of monetary policy, as well as large fiscal deficits incurred in the US and other major developed economies, there is a possibility that both inflation and US dollar depreciation could emerge in the coming years Gold is viewed as a hedge against inflation and has historically been inversely correlated to the US dollar Therefore, higher inflation and/or depreciation in the US dollar should be positive for the price of gold

Gold prices also continue to be influenced by negative long-term trends in global gold mine production, the impact of central bank gold purchases and investor interest in owning gold In 2010, gold sales by central banks were not significant, while investor interest led holdings by major global ETFs to increase by ten million ounces in the year to total 69 million ounces at the end of the period. Historically, gold has been viewed as a reliable store of value in times of financial uncertainty and inflation and as a de facto global currency Investor interest in gold as an asset class has increased greatly as a result of this

ABG also produces copper as a co-product that is recognised in revenue Copper prices rose in 2010, particularly in the second half, trading in a range of US$2 74 to US$4 42 per pound The average price for the year was US$3 42 per pound and closed the year at an all-time high of US$4 42 per pound Copper's rise during the period resulted from a number of factors including strong demand from emerging markets, especially China, decreasing exchange stockpiles and increasing investor interest in base metals with strong forward-looking supply/demand outlooks Copper prices should continue to be positively influenced by factors such as demand from Asia, global economic growth, the limited availability of scrap metal, and production levels of mines and smelters in the future

Cost of sales

Cost of sales was US$589 0 million for the year ended 31 December 2010, representing an increase of 21% from the prior year period (US$487 0 million) after restating 2009 cost of sales to reclassify co-product revenue as noted above The key operational activities that impacted cost of sales during the year included the following (i) the transition of Buzwagi from a project to a full-year operation and the associated operational challenges it faced in 2010, (ii) the transition of the North Mara mine from a three-pit operation to focusing on the investment in the stage two push back at the Gokona open pit, and (iii) production stability at Bulyanhulu providing the opportunity to focus on cost optimisation

During 2009, a significant build-up in low-grade ore stockpiles at North Mara and Buzwagi and copper concentrate at Buzwagi increased inventories by US$63 million The unsold gold was subsequently sold in 2010

Revenue-related costs such as royalties and third-party smelting and refining fees increased by US$15 9 million following the rising trend in revenue and concentrate volume The increase in the third-party smelting and refining charges has been impacted by increased metal prices and costs attributable to sales of gold and copper concentrate at Buzwagi, when compared to no such sales in 2009 Depreciation and amortisation was US$109 5 million for the year This represents an increase of 17% from the prior year period (US$93 4 million) This increase is due to the higher capital investment base employed in 2010 as a result of the commercial completion of Buzwagi and the rate of depreciation when compared to other older operations

(US$ 000)	Year ended 31 December 2010	Year ended 31 December 2009
Cost of sales		
Direct mining expenses	437,420	418,294
Change in inventories	(9,753)	(62,885)
Direct cash operating costs	427,667	355,409
Third-party smelting and refining fees	20,307	13,027
Other operating costs	-	2,330
Royalty expense	31,550	22,911
Depreciation and amortisation	109,515	93,350
Total	589,039	487,027

The consolidated direct mining expenses totalled US$437 4 million for the year This represents an increase of 5% from the prior year period (US$418 3 million) The key reasons for the increase can be attributed to a full-year of operating costs at Buzwagi, compared to eight months of operating costs in 2009, and the operational challenges it faced.

The difference in total direct mining expense for Buzwagi was US$65 6 million year-on-year A detailed breakdown of direct mining expenses for the Group is shown in the table below

(US$ 000)	Year ended 31 December 2010	Year ended 31 December 2009
Direct mining expenses		
Labour	**139,594**	126,450
Energy and fuel	**81,381**	62,764
Consumables	**82,841**	86,462
Maintenance	**64,441**	57,292
Contracted services	**81,873**	59,775
General administration costs	**72,272**	68,704
Capitalised direct mining costs	**(84,982)**	(43,153)
Total direct mining expenses	**437,420**	418,294

Bulyanhulu showed an 8% (US$12 9 million) improvement in costs driven by improved cost management measures lowering consumable, maintenance, and contracted services costs, which were partially offset by increased labour costs from increased head count and inflationary increases in remuneration Direct mining costs at North Mara remained flat versus 2009 and significant resources were focused on increased capitalised stripping of the Gokona stage two push back. Tulawaka costs increased by 23% (US$5 7 million) due to the cost of labour, energy, maintenance and administration costs required to mine and process ore at a lower grade Buzwagi costs increased by 71%, due to the cost of operating the mine on a full year basis as opposed to eight months in 2009 and the costs incurred in addressing production challenges experienced during the year In addition, the higher energy costs caused by the onsite fuel theft, and increased cost pressure from additional operational initiatives taken to improve performance resulted in higher labour, maintenance, consumables and administration expenditure

Individual cost components comprise

- Labour costs have been impacted by increased head count at Buzwagi and Bulyanhulu and inflationary pressure in remuneration to attract and retain personnel
- Energy and diesel fuel expenses account for all electricity, diesel fuel, and oil/lubricant expenditures On a comparable basis Buzwagi drove costs higher partly due to increased milling activity and the consequence of the fuel theft The realised WTI crude oil cost per barrel, the key input of diesel, rose from an average of US$62 to US$80 in 2010 contributing to higher energy costs This increase in diesel costs was partially offset by North Mara converting from self-generation of electricity to drawing from the national power grid which resulted in lower costs and less exposure to global fuel prices
- Consumable costs on a comparable basis have remained in line with 2009 with Bulyanhulu driving cost savings through better cost management partly offset by higher costs at Buzwagi
- Maintenance costs on a comparable basis were higher, primarily driven by plant breakdowns and a full year of operation at Buzwagi. In addition, Tulawaka costs were high due to mining equipment failure and its transition to in-house maintenance
- Contractor services consist mainly of maintenance and repair contractors ('MARC') and drilling/geology services at Buzwagi and North Mara. MARC costs at Buzwagi increased due to the increase in size and age of the mining fleet and a full year of operation
- General and administrative costs increased modestly compared to 2009 as a result of additional security costs at Buzwagi
- Capitalised direct mining costs consisted of capitalised operating costs to reflect deferred stripping at North Mara, underground mine development at Bulyanhulu and, to a lesser extent, Tulawaka

Other operating costs in the previous year related to net realisable value write-downs relating to supplies inventory

Cash costs

Cash costs for 2010 were US$569 per ounce sold, a 7% increase over 2009's cash cost per ounce sold (US$533) The increase can be explained by lower-than-expected production levels at Buzwagi, combined with increased costs incurred in dealing with operating challenges at the mine partially offset by improved co-product sales, now classified as revenue, which we deduct from cash costs as set out on page 54 Cash costs at Buzwagi for the year were US$685 per ounce sold, compared to the previous year's US$422 Both North Mara and Bulyanhulu performed in line with expectations from a cash costs perspective A lower production base at Tulawaka resulted in a 72% increase in cash costs per ounce sold at the mine, when compared to 2009

The table below provides a reconciliation between cost of sales and cash costs to calculate the cash cost per ounce sold

(US$ 000) except ounces and per ounce cost	Year ended 31 December 2010	Year ended 31 December 2009
Total cost of sales	**589,039**	487,027
Deduct By-product revenue	**-**	-
Deduct Depreciation and amortisation	**(109,515)**	(93,350)
Deduct Co-product revenue	**(53,719)**	(17,770)
Total cash costs	**425,805**	375,907
Total ounces sold[1]	**743,256**	711,711
Consolidated cash cost per ounce	**573**	528
Equity ounce adjustment[2]	**(4)**	5
Attributable cash cost per ounce	**569**	533

1 Reflects 100% of ounces sold.
2 Reflects the adjustment for non controlling interests at Tulawaka

Corporate administration costs

Corporate administration costs totalled US$35 4 million for the year ended 31 December 2010 This equated to a 6% decrease from the prior year period of US$37 8 million Corporate administration comprised the expenses associated with maintaining the Dar es Salaam, Johannesburg and London offices Costs include salaries, office rent, consulting, legal, audit fees and investor relations expenses The decrease was predominantly driven by a saving in corporate labour costs due to the reorganisation exercise completed during the second half of 2009 with the transition from Dar es Salaam to Johannesburg This was largely offset by the increased costs to run a publicly listed company and costs of a London office which was not fully functional until mid 2010

Exploration and evaluation costs

Exploration and evaluation costs are incurred to advance the exploration at our greenfield projects For 2010, US$14 9 million was incurred, approximately 68% higher than the US$8 9 million incurred in the same period in 2009 Key focus for the year was exploration and step-out drilling at Nyanzaga of US$7 2 million, US$1 3 million at Golden Ridge to perform metallurgical sampling and resource modelling, and US$3 6 million at Tulawaka to test satellite open pit opportunities The increased expenditure supports the current focus on growth projects around existing sites, some of which are close to entering the feasibility stage

Where it is probable that resources will be converted into reserves, the expenditure is capitalised During 2010 an amount of US$12 2 million of exploration costs was capitalised compared to US$2 8 million in 2009

Other charges

Other charges amounted to US$26 0 million for the year, 22% up from the 2009 amount of US$21 4 million Other charges consist mostly of one-off costs including foreign exchange gains and losses (previously deemed part of corporate administration), gains and losses on disposals, social development costs, IPO listing costs, asset write-downs and provision movements The main contributors to the expense are the following (i) foreign exchange losses of US$7 9 million (US$10 7 million in 2009) from the continued devaluation of the Tanzanian shilling against the US dollar impairing the TZS denominated assets on the balance sheet, (ii) US$3 5 million spent during the year on corporate social programmes, compared to US$1 0 million in 2009, (iii) ABG's entry into zero cost collar contracts as part of a programme to protect it against copper market volatilities, which resulted in an unrealised mark-to-market revaluation loss of US$3 7 million at year end, and (iv) IPO transaction costs of US$2 6 million

Other costs incurred related to the reversal of a Buzwagi fuel levy claim associated with the fuel theft of US$2 5 million, the net provision to account for the discounting impact of indirect tax receivables of US$6 8 million (US$6 9 million in 2009) and adjustments to existing indirect tax provisions which were offset with an insurance claim received in respect of a claim settled in relation to an excavator destroyed in 2009

Finance expense and income

The finance expense decreased to US$1 8 million for the year, compared to US$6 1 million in 2009 This decrease was primarily a result of the repayment of the external debt facility at North Mara during the first half of 2009 Finance expense for 2010 primarily relates to the interest expense associated with discounting of the environmental reclamation liabilities as well as the initial fee payable for the US$150 million credit facility that was completed during November 2010 The initial fees to complete the transaction such as the participation fee and related legal costs will be amortised over the 24-month term of the facility ABG will incur a monthly commitment fee equal to 40% of the interest margin above LIBOR as negotiated in the agreement Currently, ABG has no external debt.

Finance income relates predominantly to interest charged on non-current receivables and interest received on cash balances

Taxation expense

The taxation expense increased to US$86 5 million for the year, compared to US$84 4 million in 2009 The 2010 expense consists of deferred tax of US$86 2 million and corporate taxes of US$0 3 million which were incurred in 2010 The higher tax expense relates to the increased taxable income for 2010, which was generated mainly from North Mara and Bulyanhulu as a result of improved margins from higher gold prices The effective tax rate in 2010 amounted to 28% compared to 56% in 2009 The 2009 reconciliation includes an amount of US$36 9 million relating to an increase in the amount of unrecognised tax benefits carried forward

Disposals and acquisitions

Acquisition of Tusker Gold

On 27 April 2010, ABG, through BUK Holdco Limited, one of its immediate subsidiaries, acquired Tusker Gold by way of a takeover offer for a total aggregate purchase price of US$74 million Tusker Gold held a 49% interest in the Nyanzaga project, with the ABG Group owning the remaining 51% ABG now owns 100% of the Nyanzaga project Further details on this project are provided in the Exploration review and further details on the Tusker Gold acquisition are provided in note 22 to the financial statements

Net profit for the period

As a result of the factors discussed above, net profit for the year ended 31 December 2010 was US$222 6 million This represents an increase of 237% from the prior year period (US$66 0 million) The key drivers were increased revenue as a result of a continued positive gold price environment combined with higher sales ounces This was partially offset by increased costs of sales which were primarily due to the additional cost base from a full year of production at Buzwagi, increased direct mining expenditure across all sites, the increased taxation expense, and increased exploration and evaluation expenditure incurred

Net profit attributable to non-controlling interest

The net profit attributable to the non-controlling interest for the year ended 31 December 2010 was US$4 5 million This represents a decrease of 39% on 2009 (US$7 4 million), due to lower production and increased exploration activity at the Tulawaka operation

EBITDA

EBITDA for the year ended 31 December 2010 increased by 68% to US$419 2 million compared to the prior year period (US$249 5 million) as a result of improved gold prices along with increased ounces sold supported further by record co-product revenue This was partly offset by an increase in direct mining cost base predominantly driven by Buzwagi as it only reflected eight months' direct mining costs in the prior year period, increased direct mining costs across some sites as well as increased revenue related costs such as royalties, smelting, refining and transport costs Note that EBITDA includes the impact of other charges totalling US$26 0 million which comprise mostly one-off type expenditure A reconciliation between net profit for the period and EBITDA is presented below

(US$000)	**For the year ended 31 December 2010**	For the year ended 31 December 2009
Net profit for the period	**222,606**	66,017
Plus income tax expense	**86,471**	84,388
Plus depreciation and amortisation	**109,515**	93,350
Plus finance expense	**1,777**	6,062
Less finance income	**(1,202)**	(361)
EBITDA	**419,167**	249,456

Basic earnings per share

Basic earnings per share for the year ended 31 December 2010 were US53 2 cents showing an increase of 272% from the prior year period of US14 3 cents The increase has been driven by net profit for the year The prior year basic earnings per share comparative was calculated using the 2010 number of average weighted shares as ABG was not incorporated until January 2010 and thus had no share capital in 2009

Cash flow

(US$ '000)	**Year ended 31 December 2010**	Year ended 31 December 2009
Cash flow from operating activities	**345,141**	193,961
Cash used in investing activities	**(275,555)**	(248,448)
Cash provided by financing activities	**261,978**	71,042
Increase in cash	**331,564**	16,555
Foreign exchange difference on cash and cash equivalents	**(278)**	(136)
Opening cash balance	**69,726**	53,307
Closing cash balance	**401,012**	69,726

Cash flow from operating activities was US$345 1 million for the year, an increase of US$151 1 million on the prior year (US$194 0 million) The increase primarily related to increased EBITDA which was partially offset by working capital movements EBITDA has predominantly been driven by increased revenue due to both price and sales volume increases Working capital was adversely impacted by the outflow associated with the increase in indirect tax receivable and prepayments of US$48 8 million, a decrease in trade and other payables of US$28 5 million, investment in ore inventory of US$16 0 million and supplies inventory of US$9 6 million which was in part offset by a reduction in gold sales receivables and finished gold due to the introduction of quarterly counterparty advance settlement and backlog concentrate sold during the year

Throughout 2010, ABG has been actively involved in discussions with the Tanzanian government and the Tanzanian Revenue Authority to resolve the status of fuel excise levies and VAT refunds for its operations These issues have been outstanding for some time and were further complicated by amendments made to certain tax laws which were passed in 2009 The amendments conflicted with certain provisions contained in our existing MDAs which guarantee the fiscal stability of our operations We are pleased to report that the Government has adopted legislation to reverse the amendments, which should allow for the fiscal and tax terms of our MDAs to be honoured This represents a significant step in supporting the stability of the legal framework for the mining industry in Tanzania As at 31 December 2010, the discounted outstanding amounts due to us were approximately US$121 million We are in discussions with the authorities to agree terms for the repayment of these amounts, which is likely to be by way of tax offsets

Cash flow used in investing activities equalled US$275 6 million for the year This represents an increase of 11% from the prior year of US$248 5 million The increase includes net cash of US$63 1 million used for the acquisition of Tusker Gold, taking into account the cash in that business on the purchase date, as well as US$9 7 million in settling outstanding Tusker Gold stock options Total capital expenditure for the year of US$224 4 million increased slightly from the prior year figure of US$223 3 million Key projects include the Bulyanhulu Underground development, Buzwagi mining equipment and additional North Mara processing and mining projects, North Mara deferred strip of US$51 1 million, as well as US$12 2 million relating to capitalised exploration The US$248 5 million capital spent in 2009 was primarily driven by US$101 2 million spent on the construction of Buzwagi

Total cash capital decreased from the prior year and amounted to US$196 4 million for 2010 (US$207 4 million for 2009) and reflects adjustments made for non-cash reclamation additions

A breakdown of invested capital activities for the year is provided below

(US$ 000)	For the year ended 31 December 2010	For the year ended 31 December 2009
Sustaining capital	(133,312)	(95,700)
Expansionary capital	(63,131)	(111,668)
Total cash capital	**(196,443)**	(207,368)
Tusker acquisition[1]	(72,805)	–
Non-current asset movement[2]	(6,307)	(41,080)
Cash used in investing activities	**(275,555)**	(248,448)

1 The Tusker Gold acqusition includes the acquisition of the subsidiary net of cash for US$63 1 million and the Tusker Gold stock options settled for US$9 7 million in total.

2 Non current asset movement relates to the investment in the powerline and land acquisitions reflected as prepaid operating leases Tanzania government receivables, villlage housing project, and other items. Note that for 2010 the long term indirect tax movement has been reflected as part of working capital in the cash flow from operational activities section which amounted to US$36 7 million US$26 5 million was classified in 2009 in the non current asset movement as part of the cash flow from investing activities

Cash provided by financing activities for the year ended 31 December 2010 of US$262 0 million increased 268% from the prior year of US$71 0 million The increase primarily relates to ABG's IPO and is further supported by the partial exercise of the overallotment option In total the IPO and the overallotment option proceeds resulted in US$865 million after deduction of transaction costs This was in part offset by the payment of a special dividend and the repayment of inter-group loans to other members of Barrick Group as part of the Pre-IPO Reorganisation The inflow in 2009 was predominantly funded by Barrick to support the construction costs associated with Buzwagi and repayment of external debt at North Mara as well as distributions paid to non-controlling interests at Tulawaka. An interim dividend of US$6 6 million was paid during Q3 of this year

At 31 December 2010 ABG had cash and cash equivalents of US$401 0 million

Credit facility

On 24 November 2010, ABG and its wholly owned subsidiary BarbCo One Ltd entered into a credit agreement with a syndicate of commercial banks, for the provision of a revolving credit facility in a maximum aggregate amount of US$150 million The facility has been provided to service the general corporate needs of the ABG Group and to fund potential acquisitions All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements The term of the facility is 24 months and when drawn the spread over LIBOR will be 350 basis points No amounts were drawn down on the facility at 31 December 2010

Debt as at 31 December 2010 was zero and decreased substantially from US$1 4 billion for the prior year, which all related to inter-group borrowings A portion of the debt was repaid through proceeds generated from the IPO while a large portion was converted into equity through the Pre-IPO Reorganisation

Dividend

An interim dividend of US1 6 cents per share was paid to shareholders on 27 September 2010 The Directors recommend the payment of a final dividend of US3 7 cents per share, subject to the shareholders approving this recommendation at the AGM

Financial position

Goodwill and intangible assets increased from US$156 4 million in 2009 to US$258 5 million in 2010 The increase related to acquired exploration and evaluation properties of US$80 1 million as well as goodwill of US$22 0 million relating to the acquisition of Tusker

The net book value of property, plant and equipment increased from US$1 5 billion in 2009 to US$1 6 billion in 2010 The main capital expenditure drivers have been explained in the cash flow used in investing activities section above, and have been offset by depreciation charges of US$107 1 million

Total indirect tax receivables, net of a discount provision applied to the non-current portion, increased from US$77 8 million in 2009 to US$121 2 million in 2010 Throughout 2010 ABG has been actively involved in discussions with the Tanzanian Government and the Tanzanian Revenue Authority to recover the fuel excise levies and the VAT refunds for its operations, which is likely to be by way of tax offsets

The net deferred tax position decreased from a net deferred tax asset of US$93 3 million in 2009 to a net deferred tax liability of US$14 9 million This was driven by the taxable income generated during 2010 Details of the deferred tax assets and liabilities are contained within Note 20 "Deferred tax assets and liabilities" to the 2009 financial statements

Net assets attributable to owners of the parent increased by US$1 9 billion to US$2 5 billion at 31 December 2010 The increase reflects the net proceeds from the IPO including the exercise of the overallotment option of US$865 4 million net of transaction costs, the conversion of certain related party borrowings into equity as part of the pre-IPO reorganisation of US$1 0 billion as well as the current year profit attributable to owners of the parent of US$218 1 million This was offset by the payment of a special dividend as part of the IPO reorganisation of US$253 0 million, the repayment of intergroup borrowings to other members of the Barrick Group and payment of an interim dividend of US$6 6 million to shareholders during 2010

Debt decreased from US$1 4 billion in 2009 to zero in 2010 The 2009 balance all related to related party borrowings from other entities in the Barrick Group US$575 1 million of the debt was repaid through proceeds generated from the IPO while the remaining portion was converted into equity through the Pre-IPO Reorganisation

Liquidity and Capital risk management

Details of our Liquidity and Capital risk management are contained within Note 29 "Financial Risk Management" to the 2010 consolidated financial statements

Treasury management and financial instruments

Details of our treasury management are contained within Note 29 "Financial Risk Management" to the 2010 consolidated financial statements

Details of our financial instruments are contained within Note 28 "Derivative financial instruments" to the 2010 consolidated financial statements

Post balance sheet events

No events have occurred since the balance sheet date which will have a significant impact on future performance

Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the Consolidated financial statements require management to make judgements and/or estimates These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the consolidated financial information included in this report Information about such judgements and estimation is included in the accounting policies and/or notes to the Consolidated financial statements, and the key areas are summarised below

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the Consolidated financial statements include

- Estimates of the quantities of proven and probable gold reserves,
- The capitalisation of waste stripping costs,
- The capitalisation of exploration and evaluation expenditures,
- Review of goodwill, tangible and intangible assets carrying value, the determination of whether these assets are impaired and the measurement of impairment charges or reversals,
- The estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, foreign exchange rates and discount rates,
- The estimated useful lives of tangible and long-lived assets and the measurement of depreciation expense;
- Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure;
- Whether to recognise a liability for loss contingencies and the amount of any such provision,
- Whether to recognise a provision for accounts receivable and the impact of discounting the non-current element,
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes, and
- Determination of fair value of derivative instruments

Going concern statement

The ABG Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Overview and Performance sections of this report. The financial position of the ABG Group, its cash flows, liquidity position and borrowing facilities are described in the preceding paragraphs of this financial review In addition, Notes 28 and 29 to the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk

In assessing the ABG Group's going concern status the Directors have taken into account the above factors, including the financial position of the ABG Group and in particular its significant cash position, the current gold and copper price and market expectations for the same in the medium term, and the ABG Group's capital expenditure and financing plans

After making appropriate enquiries, the Directors consider that ABG and the ABG Group as a whole has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements

Non-IFRS Measures

ABG has identified certain measures in this report that are not measures defined under IFRS Non-IFRS financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing ABG's financial condition and operating results These measures are not in accordance with, or a substitute for, IFRS, and may be different from or inconsistent with non-IFRS financial measures used by other companies These measures are explained further below

Average realised gold price per ounce sold is a non-IFRS financial measure which excludes from gold revenue

- Unrealised gains and losses on non hedge derivative contracts
- Unrealised mark to market gains and losses on provisional pricing from copper and gold sales contracts, and
- Export duties

Cash costs per ounce sold is a non-IFRS financial measure Cash costs include all costs absorbed into inventory, as well as royalties, by-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs Cash cost is further adjusted by deducting co-product revenue This reflects a change in the cash cost measurement which follows the decision by management to present the sale of copper and silver as co-product revenue and part of total revenue

The presentation of these statistics in this manner allows ABG to monitor and manage those factors that impact production costs on a monthly basis ABG calculates cash costs based on its equity interest in production from its mines Cash costs per ounce sold are calculated by dividing the aggregate of these costs by gold ounces sold Cash costs and cash costs per ounce sold are calculated on a consistent basis for the periods presented Refer to page 50 as part of the financial review section for a reconciliation of cost of sales to cash costs

EBITDA is a non-IFRS financial measure ABG calculates EBITDA as net profit or loss for the period excluding

- Income tax expense,
- Finance expense;
- Finance income;
- Depreciation and amortisation, and
- Goodwill impairment charges

EBITDA is intended to provide additional information to investors and analysts It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS Other companies may calculate EBITDA differently Refer to page 52 as part of the financial review section for a reconciliation of net profit to EBITDA

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges

Amortisation and other cost per ounce sold is a non-IFRS financial measure Amortisation and other costs include amortisation and depreciation expenses and the inventory purchase accounting adjustments at ABG's producing mines ABG calculates amortisation and other costs based on its equity interest in production from its mines Amortisation and other costs per ounce sold is calculated by dividing the aggregate of these costs by ounces of gold sold Amortisation and other cost per ounce sold are calculated on a consistent basis for the periods presented.

Cash cost per tonne milled is a non-IFRS financial measure Cash costs include all costs absorbed into inventory, as well as royalties, by-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs Cash cost is calculated net of co-product revenue, and is measured on a co-product basis ABG calculates cash costs based on its equity interest in production from its mines Cash costs per tonne milled are calculated by dividing the aggregate of these costs by total tonnes milled

Operating cash flow per share is a non-IFRS financial measure and is calculated by dividing Net cash generated by operating activities by the weighted average number of Ordinary Shares in issue

Acting responsibly

At ABG we believe it is critical to establish mutually beneficial relationships with the communities in which we operate Maintaining our social licence to operate is central to our ethos of responsible mining It will help to ensure a stable operating environment for our existing assets and allow our Exploration team access to prospective ground

We believe that our people are our most valuable asset, and our objective is to become the employer of choice We respect, value and support our people, and we are firm believers in investing in them to improve their skills and increase their job satisfaction We are committed to providing the training and development opportunities they need to advance in their careers and deliver on our business objectives

Guided by our corporate vision that 'everyone goes home safe and healthy every day', safety is our most important consideration We believe that work-related injuries or illnesses are unacceptable, and have set a zero incidence goal for the Company Over the past year, we have implemented various health and safety initiatives to promote the achievement of superior safety performance among ABG workers by providing them with the skills and knowledge to perform their tasks in a safe and reliable way

At ABG, we also strive to meet high environmental standards while continuously pursuing new avenues and opportunities for improvement We adhere to Tanzania's environmental laws and incorporate international best practice into our activities This is all part of our commitment to reviewing and incorporating external best practice into our own environmental policies and procedures

Community relations

ABG is committed to operating in a socially responsible way over the entire life-cycle of our mines, to ensure that local communities have the opportunity to share in the benefits of our activities

The most important ways in which we do this are by

- identifying and mitigating any potential negative impacts of mining,
- engaging in an open and meaningful manner and respecting stakeholders' priorities and concerns,
- maximising community members' opportunities to benefit from employment and local procurement, and
- developing programmes to assist local communities to pursue their own long-term socio-economic priorities

Over the course of 2010, positive developments were evident in all of these areas, and there has been a marked improvement in the relationships between our Company and our local stakeholders, particularly at North Mara where a number of legacy issues are being proactively addressed

Social management expertise

Operating in rural areas of Tanzania necessitates dealing with certain intrinsic challenges, with limited infrastructure and social services in place, and many members of the communities in which we operate faced with the daily challenges of poverty That the country's mining sector is in its relative infancy means that our host communities have high expectations of the economic benefits that an individual private-sector organisation can deliver

These challenges demand a strong understanding of the complexities of the operating environment in Tanzania Consequently, ABG has instituted an energetic and committed Community Relations team of 50 full-time employees with expertise in social management During 2010 Community Relations staffing levels were increased at three of our four mine sites and at North Mara internationally recognised consultancies continue to support the mine's community relations and resettlement programmes Recognising ABG's focus on future expansion, during 2010 the Community Relations function liaised more closely with our Exploration and Projects personnel to focus on laying the foundations for effective community relations at the earliest stage possible

In addition to the work this team carries out, we also enable effective social management through

- our senior management team's extensive experience of operating in Africa,
- a culture where it is the responsibility of every employee to 'behave like an owner' and act as a positive ambassador for the Company in our host communities,
- close collaboration with other disciplines such as environment, security, human resources and health and safety, and
- the development of a community relations management system that will combine all our existing requirements, guidelines and tools into a single streamlined approach

Working closely with communities in Tanzania

Developing positive community relations is a core part of the way ABG does business, not only as a corporate responsibility but as a vital requirement for our continued operational success For me, Community Relations as a function not only deals with how we manage potential social impacts that mining creates but also how we enhance opportunities and benefits for the communities where we live and work.

Highlights from 2010 and our targets for 2011

Focus	Achievements in 2010	Targets for 2011
Employees	Improvements made to ABG's management team throughout the year and successful secondment programme to address personnel capacity issues faced at Buzwagi	Continue development of ABG as an employer of choice and continue improvement of employee skillsets
Health and Safety	All of ABG's operations achieved one million working hours without lost time injuries in 2010	Implementation of an ABG health and safety plan that will emphasise developing leadership skills in line management, common OHS standards, and continued development of Tanzanian employees in the OHS profession
Environment	Improvements in hydro carbon management and changes in the type of energy used at our operations have resulted in significant energy efficiencies and reduction in carbon dioxide emissions	Continued improvement in energy efficiency and further reduction in carbon dioxide emissions
Community relations	The establishment of a formal site grievance mechanism This allows us to address concerns raised by stakeholders in an appropriate and constructive manner	Devote additional resources to community relations at exploration and development projects

Externally, we continue to develop our community relations practices through engaging with key organisations including

- the International Council on Mining & Metals,
- the World Bank, and
- the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria.

In 2011, we expect to have the opportunity to improve our performance by learning from the findings of a community benefit study conducted in 2010 by the Tanzanian Ministry of Energy and Minerals and the World Bank The study assesses the impact of mining operations in Tanzania, and features our mines at Bulyanhulu and Buzwagi

Stakeholder engagement

We are committed to inclusive and transparent community engagement in order to build and maintain trust with our host communities and to ensure that our activities are informed by their perspectives, concerns and priorities This process involves identifying stakeholders, engaging in disclosure and consultation processes and operating appropriate and effective feedback mechanisms We give specific consideration to inclusivity and gender-sensitivity in all our activities

We maintain an ongoing dialogue with individuals, community leaders, government representatives and non-governmental organisations Furthermore, we have

- established a formal grievance procedure which allows local stakeholders to have any complaints investigated and resolved,
- trained and employed local community members to act as village liaison officers providing a two-way conduit of information and feedback,
- created liaison centres within the communities around three of our mines to ensure that all community members have easy access to information about mine activities, and
- used sports programmes to build local relationships and convey key messages on issues such as public health

This calls for effective collaboration and engagement with key stakeholders In my role, I look at how we can form partnerships to deliver sustainable community development initiatives to enhance health, education, water and sanitation provision Tri-partite partnerships involve the community, government authorities and development partners in order to bring together the key ingredients for success

During 2010 I began leading ABG's workstream to conduct Health Impact Assessments around all our operations and projects Working together with the government these studies will help us map out the health challenges facing our host communities and ensure that we are focusing our public health initiatives appropriately

Stephen Kisakye, ABG Community Health and Development Coordinator

Social impact identification and mitigation

Identifying and mitigating any potential negative impacts of our operations is at the heart of our approach to community relations We acknowledge that large-scale mining operations in rural communities can have negative as well as positive implications for local residents So our commitment is to strive to minimise any negative impact, while ensuring that the opportunities our operations present result in a positive legacy for our host communities

We believe that the foundation of effective community relations involves embedding social impact identification and mitigation in our day-to-day operations and making these integral elements of the way that we operate, from the exploration stage right through to mine closure Some specific examples of this approach include

- comprehensive Social Impact Assessments conducted at the feasibility stage and systematically updated during the life of mine,
- involvement of the community relations function in all risk assessments,
- efforts to avoid, or at least minimise, involuntary resettlement by exploring alternative project designs whilst also addressing legacy challenges from previous resettlement programmes,
- our multi-functional workstream on road safety,
- collaboration with the exploration team on community engagement and influx management, and
- alignment with the security team on our approach to illegal mining and trespassing and the protection of human rights through the Voluntary Principles (see security and human rights)

During 2010 we commenced a workstream to conduct Health Impact Assessments (HIA) at all ABG operations and development projects to assess potential impacts on public health and to inform our community health programmes

Local employment and procurement

Increasing 'local content' has been recognised as a key opportunity for mining operations to serve as catalysts for local economic development and within ABG increased focus has been put on local employment and local procurement Jobs and business opportunities are both key benefits that our host communities expect to secure

ABG seeks to recruit from our host communities as much as possible However, the low education levels in some of the rural areas in which ABG operates makes always hiring locally a challenge As one means of addressing this, ABG has provided funding for a national programme to develop the skills required by Tanzania's mining sector The Integrated Mining Technical Training (IMTT) programme, which commenced in 2008, is a joint project of the Tanzanian Chamber of Minerals & Energy and the Tanzanian government We provide sponsorships to young people living near our operations to attend IMTT and we offer them the possibility of employment at our operations upon the successful completion of their programmes

We attempt to give preference to purchasing goods and services locally or regionally We have held information seminars in our host communities explaining the breadth of business opportunities available as well as the process required to become a supplier to ABG

At North Mara, we have assisted local businessmen in forming a chamber of commerce and the establishment of a savings and credit co-operative, which provides microfinance At Bulyanhulu, we assisted with the formation of the IBUKA, a local community co-operative, whose 5,288 members from 12 villages benefit from the income they generate from the labour and business services they provide to the mine

Community development

Leaving a positive legacy requires a strong understanding of the social and economic relationships between our mines and the surrounding communities A sustainable legacy also represents a shift from a traditional philanthropic approach to strategic social investment, partnership development and integration with the Tanzanian government's development plans

Our Community Relations teams work closely with host communities to create and implement integrated development programmes that take local priorities, concerns and needs into account, and focus on long-term sustainable development Our operations seek to tackle the ongoing challenges of poverty, illegal activity and inadequate social service provision In doing so, we liaise closely with local government authorities as well as a broad range of development partners

Education

We believe education and economic progress go hand in hand, and work closely with the Tanzanian Education Authority to support the Government's priorities and programmes ABG supports the development of school infrastructure in host communities and helps to facilitate stronger school attendance through the provision of educational scholarships

At Bulyanhulu, the mine's scholarship programme enables Company employees to become actively engaged in assisting the local community and is now receiving further support through funds raised by Barrick employees based in Canada At North Mara we are working with the local Government authorities to find a comprehensive solution to previous challenges faced by mine-community educational initiatives

Community health

In addition to its employee health programmes, ABG continues to be recognised for its support of public health initiatives We have built strong partnerships with Government health authorities and a range of non-governmental organisations in order to combat HIV, malaria and tuberculosis and to improve access to health services Examples of these partnerships include

- HIV awareness programmes, condom provision and training of peer health educators with EnGender Health and Population Services International,
- provision of a farm to Shidepha (a local health NGO) to enable income-generation by persons affected by HIV/AIDS,
- advocacy and awareness-creation for malaria prevention with Malaria No More,
- training in dental services for government clinical officers by Bridge2Aid,
- surgery for burns and cleft palates by Volunteer Surgical Missions Australia-Tanzania, and

- training and staffing of government health facilities with the Touch Foundation

Our community health initiatives also provide an opportunity for us to involve our contractors and suppliers in benefiting our host communities For the past three years, we have held a fundraising dinner in Dar es Salaam which has, to date, contributed US$200,000 towards Volunteer Surgical Missions Australia-Tanzania for life-changing surgical operations

Development and training

As large-scale gold mining is a relatively new industry for Tanzania, we initially encountered a dearth of experienced mining professionals to meet the Company's requirements In response, we have implemented a two-pronged solution We are providing on-the-job training to all employees, and are working with technical colleges and universities to develop educational and training programmes that will produce a new wave of Tanzanian mining professionals

As ABG continues the expansion of our business operations, we believe it is more important than ever to develop our human capital We are proud of our diverse workforce, and strive to attract a broad mix of employees from both the traditional and non-traditional mining labour markets This approach reflects the Company's philosophy of equal opportunity and rests on the belief that a diverse workgroup gives a competitive advantage to our business, and allows us to create a unique company culture

We want to see our employees reach their full potential, so we constantly seek to

- improve the workplace environment,
- provide support tools and training for personal development,
- actively provide opportunities for professional development and career advancement, and
- provide opportunities for assignments within the Barrick Group

Our two-year Compass Graduate Development Programme aims to provide a structured development programme for new graduates, developing their talent as a corporate worldwide asset The programme, which attracts the best candidates from universities in Tanzania, focuses on developing graduate technical and leadership skills and blends 'at the face' work experiences with technical learning objectives In addition to formal training, the graduates benefit from hands-on knowledge and experience of areas including courageous leadership, frontline management, continuous improvement, presentation and communication skills, field-level risk assessment and incident investigation

The Management Development Programme and Intermediate Management Development Programme, run by the University of Cape Town, aim to equip managers with essential business knowledge, basic management and leadership skills The Supervisory Leadership Development Programme helps potential supervisors acquire the skills necessary to managing others, while the Graduate Diploma in Engineering is a course designed to cater for the needs of our senior engineers

As part of ABG's commitment to development and training, we encourage and sponsor employees who wish to pursue full-time, part-time or online studies At present, over 100 students are using our employee study assistance programme in universities across the world and we have disbursed approximately £130,000 on employee study assistance We also facilitate payments for membership of professional bodies for all employees

Our commitment is not confined just to our employees We also offer a variety of career starters' programmes that enable Tanzanian citizens to commence their careers in the mining industry, give them an opportunity to gain practical experience and offer sponsorships for professional training

We have memoranda of understanding in place with the University of Dar es Salaam's College of Engineering and Technology and with Muhimbili University of Health and Allied Sciences These allow us to provide training opportunities for students in areas close to our operations, a scholarship programme for lecturers, project sponsorships and bursaries for the best-performing students and laboratory equipment for the universities Hundreds of students have benefited from these programmes and sponsorships, and we are proud to announce that two recipients of our scholarships recently completed their Masters in Metallurgy and Mining Engineering from the Laurentian University in Canada and are now assistant lecturers at the University of Dar es Salaam in Tanzania

While expatriates are often necessary for the design and construction phase of a mine's development, when possible we reduce their numbers as the mine goes into production It is our goal to employ expatriates only when needed.

Environment

Our Environmental Policy drives our commitment to responsible environmental management and wise environmental stewardship

We are in the process of implementing an environmental management system at each of our operations to complement our existing environmental reporting Going forward, this system will set the standards for our environmental conduct Existing environmental reporting systems and procedures record all significant environmental impacts and incidents and track our corrective measures and actions taken across all our sites In addition, regular third-party audits are undertaken to give us an independent assessment of our environmental performance

Materials

We use ore and process materials such as consumables and reagents to extract copper and gold and to produce gold doré Key consumables used are fuels, explosives, cyanide, nitric acid, sodium hydroxide, lime and grinding media We have processes in place to manage all consumables, and we actively seek to use best practice in transporting and storing consumables and reagents

Energy

We obtain our energy from fossil fuels and purchased electricity

Direct energy produced and consumed within our operational boundaries includes fuel to run mobile equipment, to produce power and heat onsite, for the aircraft we operate and for explosives used to mine ore The largest consumption represents mobile diesel use and electricity generation Indirect energy is also produced outside our boundaries, comprising the power we purchase from TANESCO This makes up 85% of our total electricity usage at our operations and is sourced largely from renewable hydro-power

We examine opportunities to reduce reliance on diesel power generation where possible The North Mara grid connection project is a key example of this North Mara is currently running on an 80 20 split with TANESCO and has realised a 79% reduction in carbon emissions largely as a result of this project

As part of our aim to conserve energy, our operations are undertaking a large number of efficiency improvements having assessed their energy usage and identified areas for making improvements in consumption

Water

ABG's sites are situated in different climatic regimes, Buzwagi is in an area of low rainfall (700mm per annum) while North Mara experiences high rainfall (1,300mm per annum) Water is mainly used for ore processing, dust suppression and rock blasting We obtain our water from both surface and groundwater sources In 2010, ABG used 4 8 million cubic metres of make-up water at our operations 1 9 million cubic metres were sourced from groundwater and 2 9 million cubic metres from surface water

Biodiversity

ABG is involved in efforts to protect, manage and reclaim lands We manage 15,550 hectares of land that we either own or lease (including surface rights and mineral rights) Of this land, less than 18% has been disturbed for mining activities Of the disturbed area, 71 hectares have been reclaimed to agreed post-mining uses

Our Biodiversity Standard requires that we neither explore nor initiate mining within World Heritage sites and that we respect the requirements of legally designated protected areas Fauna and flora surveys are undertaken on an annual basis on all our sites

We remove and stockpile top soil from the areas disturbed by mining activities We have closure plans at each operation that aim to minimise the area disturbed and to mitigate our impacts, leaving behind reclaimed lands that will support productive post-mining land use Reclamation occurs throughout the mine life

The International Cyanide Code

The International Cyanide Code guides best practice for transporting and using cyanide It is a voluntary initiative that is widely supported by major gold producers who maintain a registration with the International Cyanide Management Institute (ICMI) Three of ABG's four sites are currently certified against this Code and submit to regular independent third-party audits Bulyanhulu and Tulawaka have cyanide detoxification plants North Mara will install a similar plant during 2011, and the Buzwagi plant is undergoing upgrades to reduce cyanide levels in discharge and enable this Code certification to be applied for by the beginning of 2012

Emissions, effluents and wastes

We monitor emissions, effluents and wastes generated by our operations

We track greenhouse gas (GHG) emissions, and are actively working to improve our energy efficiencies and identify alternative technologies We also consider the management of climate related risks at all stages of our mine life cycles Continued energy efficiencies and innovative energy strategies will serve to minimise GHG emissions of our total emissions for 2010 Indirect GHG emissions make up 52% of the total and direct emissions 48%

Programmes are in place to manage dust, hazardous and non-hazardous non-process waste, waste rock and tailings (the finely-ground material that remains after the crushed and slurried ore passes through the process) Our tailings storage facilities are subject to risk assessments and are independently audited on a regular basis In addition, tailings storage facilities are subject to an annual review to test physical and chemical stability At Bulyanhulu, paste material is placed underground to fill the mined-out voids On average, 40,000 to 50,000 tonnes of paste is back-filled into the mine each month This paste can contain up to 40% of tailings material, thereby reducing the amount required to be stored above ground.

Health and safety

The health and safety of our workforce is a critical component of ABG's culture, and we have a comprehensive health, safety and risk management system for our underground and surface mining operations We also require all contractors to provide and maintain a safe and healthy work environment, and ask that they meet, as a minimum, our health and safety standards

At ABG, we place a strong emphasis on the training, competence, health and wellness of our employees As part of this, we provide opportunities for learning, as well as reinforcing and monitoring the application of learned skills and knowledge on the job

We have made a significant investment in procedures and controls, and have implemented various health and safety training initiatives as a means of giving workers the skills and knowledge they need to perform their tasks in a safe and reliable way Our commitment to health and safety is reflected in the significant safety milestones we achieved in 2010, with each of our mines achieving one million working hours without lost-time in injuries In addition, ABG in total completed the fourth quarter of 2010 without a Lost-Time Injury

Mine	LTIFR	TIFR	Hours worked
Bulyanhulu	0 14	1 81	8,486,643
Buzwagi	0 00	1 45	4,565,071
North Mara	0 06	0 56	6,470,636
Tulawaka	0 09	1 83	2,183,615
ABG	0 08	1 36	21,705,965

Despite the positive achievements of the past year, there were four work-related fatalities at Bulyanhulu in 2010 On 16 March 2010, there was a rock fall incident at the Bulyanhulu mine, which resulted in three employee fatalities ABG suspended mining activities for the rescue and recovery mission, and also for a period of mourning on 18 March 2010 Mining activities were restored on 19 March 2010, however the areas affected by the rock fall remained closed until the completion of investigations into this incident A team composed of Health and Safety, Engineering, and Geotechnical experts from other Barrick operations and support staff in Toronto thoroughly investigated this incident As a result, all underground work areas were assessed by a geotechnical expert before work was restarted, with more extensive geotechnical evaluations following the initial assessment Ground support systems were also reviewed and assessed to ensure they provide a safe working environment and employees were retrained in the installation of these systems Regular inspections are made to ensure that both the correct ground support system is used and installed properly Prior to this incident, the ABG Group had experienced no employee safety-related fatalities since 2006

The Jatropha Biofuel Project

Bulyanhulu's Community Relations department is managing a project to produce biofuel for use at the mine, employing 92 members of the neighbouring community and sourcing materials locally Since 2007, 121 hectares have been planted with more than 200,000 jatropha curcas plants By the end of 2016, the plantation will have increased to cover 1,246 hectares containing over 5 5 million jatropha plants within the Bulyanhulu lease area The first batch of oil-bearing seeds is expected to be harvested in 2011

In addition, one employee died while using a faulty electric kettle to heat water and as a result we implemented a robust inspection regime and conducted extensive re-training for our employees on using electrical appliances

Having recognised that driving incidents account for half of all potentially dangerous incidents, we have introduced a Drive First initiative, as part of a driving improvement programme, to educate and help employees improve their driving The initiative has received a positive response from employees, and has highlighted the importance of safe driving at our operations We are also in the process of installing advanced technology in our light vehicle and haul truck fleets that provides real time in-cab coaching to our operators so that safe driving behaviours are reinforced

We provide two day 'Courageous Safety Leadership' training to employees and contractors at supervisor level, where they are given the opportunity to focus on those personal actions and behaviours that promote the goal of 'everyone going home safe and healthy every day' Building on this training, non-supervisor-level employees are provided with a one-day course and subsequent refresher training to build on the skills initially learned in the programme The programmes are designed to empower and encourage employees to take the initiative and reward them for identifying potential safety risks and speaking up when faced with a safety issue

Another key initiative involves training employees in the use of risk-management tools This focuses on identifying new hazards and risks that result from changes and improvements to ABG's facilities, designs and plans, from exploration stage to closure It enables our people to assess such changes and their consequent impact on people, environment, processes, equipment and facilities, so allowing them to mitigate the challenges involved.

One of the most significant components of our health and safety management system is the global health programme, which we are implementing to ensure compliance with international, national and local legislation as well as ABG's own policies and standards The health programme emphasises health controls through a systematic approach to the anticipation, identification, evaluation, control and monitoring of health hazards and exposures in the workplace The recent appointment of an Occupational Health Manager for ABG was made to help accelerate the implementation of this system

Health risk assessments form a key part of this system, and we are continuously seeking to identify hazards, to evaluate exposure potential, to control and manage health risks, and to monitor health-related incidents The operational aspects of the programme comprise health surveillance, training and competence, medical care and management, record-keeping and reporting, health promotion, employee assistance programmes, mine life cycle planning and community health

We have also implemented HIV/AIDS awareness and prevention programmes, as well as tuberculosis and malaria programmes, for our employees, their families and the local communities at all ABG's operating mines All of our mine sites also have clinics that provide voluntary counselling and testing for all employees and their families They also provide follow-up care and treatment for HIV-positive employees

Security and human rights

We believe that effective security controls, standards, policies and procedures contribute to the safety and protection of our employees as well as the communities in which we operate

Operating in some areas of Tanzania requires ABG, as well as the Tanzanian government and the local communities, to deal with law and order issues A number of these issues have been related to specific events such as instability in areas at the time of elections, while others are longer term challenges, such as events of trespass and vandalism by intruders seeking to unlawfully take gold and other property from ABG operations These challenges vary depending on the location of the operation and other circumstances For example, the North Mara mine is located close to the Tanzanian border with Kenya, which attracts a number of transients and illegal miners This area has had continuing law and order challenges, including illegal intruders at the North Mara mine At Buzwagi, in 2010, ABG uncovered a syndicated theft ring involving employees collaborating with external parties to remove fuel from the operation ABG has implemented, and continues to identify, alternatives to manage these security issues in a manner that places at its heart the safety and security of people, property and assets

ABG employs security staff, retains security contractors and engages with the Government of Tanzania and the communities in which we operate Since 2008, we have also introduced a comprehensive security management system, with continuous training programmes in place at all our operations Central to this are the Voluntary Principles These

Water conservation

We control our water resources carefully at all our operations and believe that water should be managed as a community resource, respecting the rights of other water users. Our sites have conducted risk assessments related to water, and we implement systematic monitoring programmes of water supply, storage, usage and discharge In a unique approach at Buzwagi, rainwater is collected by a 73 ha plastic lined area and stored in a covered 1,500,000 m³ water storage pond for use as 'make-up' water in the process Much of the water we use is recycled through our process facilities For example, at Bulyanhulu up to 95% of the mine's water requirement is recycled through our practice of surficial paste technology in our tailings deposition are a set of guidelines by which companies in the extractive sector can maintain the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms Our majority shareholder, Barrick, is a signatory participant, and ABG's security management system adheres to this commitment to respect people and their rights as laid out in the Voluntary Principles

We also continue to invest in security improvements, including the installation of additional perimeter fencing and walls and CCTV cameras in certain sensitive areas We also make efforts to educate the local community about the inherent safety dangers associated with illegal mining and intrusion on to the mine sites and operational areas

ABG supports the Tanzanian Police Community Policing Unit and has assisted in establishing a pilot of community policing in the North Mara area The community policing initiative was recognised by the US Department of State in their 2009 Human Rights report on Tanzania This programme is reflective of the fact that armed violence and criminality impacts not just on ABG and its employees and contractors, but also impacts negatively on the wider community, and as such, a community based solution is desirable

We have entered into memoranda of understanding (MOUs) with the Tanzanian police force for the provision of police force patrols in the general area surrounding the mines for the purpose of maintaining law and order The support provided by the mines is limited in scope and is conditioned upon police compliance with all relevant laws and international enforcement principles, including the Voluntary Principles Pursuant to the MOUs, the police must follow all relevant domestic laws and must operate outside the mine sites except in emergencies, when they are specifically called to enter the site In addition, in accordance with the MOU, the police are specifically required to receive human rights training before being assigned to the mine sites To our knowledge, ABG is the first and only private company to comprehensively engage with senior Tanzanian government officials and local law enforcement agencies to encourage and support the provision of Voluntary Principles training to these agencies and the adherence to international human rights norms

ABG's private security employees and contractors also all receive training and regular refresher courses in the security management systems (including human rights and use of force training) Security personnel comply with a strict use of force procedure that is compliant with the Voluntary Principles and has been validated by internal and external experts and shared with international human rights groups as a part of the Voluntary Principles process In addition, security personnel are required, at all times, to comply with all applicable policies and procedures of ABG, including the ABG Code of Conduct Most importantly, we maintain a continuous process of engagement with individuals and local community groups based in and around our mines in order to create an environment that is safe for our staff and the wider community as a whole

Despite the challenges and as a result of the above initiatives, the co-operation between ABG and the police in working to develop community policing has led to a decrease of crime and violence in the general community Also, significant security-related incidents and production stoppages as a result of violent incidents at the mine have declined over the past two years, and the overall security situation in the region and at the mines has improved In contrast to the situation experienced by some of the region during the 2008 elections, the security environment during the 2010 elections was generally calm

Addressing the challenge of HIV/AIDS

HIV/AIDS poses a significant threat not only to our employees but also to the communities in which our operations are located Recent surveys indicate that the average prevalence rate for the regions in the Lake Zone of Tanzania is 7%, with some regions showing a prevalence of up to 9 6% These statistics show the need for comprehensive programmes to address this scourge

ABG has made a concerted effort to combat HIV/AIDS by bolstering prevention initiatives and supporting care and treatment services To help prevent new infections, ABG has partnered with USAID, Engender Health (a renowned international NGO) and Deloitte & Touche under an innovative public private partnership called the P3P project The objective is to train and empower volunteer Peer Health Educators to provide information about HIV/AIDS to their colleagues and the broader community These peer educators emphasise the benefits of voluntary counselling and testing and condom use The programme has seen an increase in people's knowledge about HIV/AIDS and a reduction in risky behaviour that predisposes individuals to HIV ABG provides condoms to community members

As a member of the Global Business Coalition for Tuberculosis, AIDS and Malaria, ABG has been able to join forces with other corporate members to define new strategies and integration opportunities

> "The HIV/AIDS fight is one that we can win but only with concerted and collaborative efforts from all stakeholders"

Stephen Kisakye, ABG Community Health and Development Coordinator

Risk management

Imperative to our strategy

Effective risk management is imperative The realisation of ABG's strategy depends on its ability to take calculated risks in a manner that does not jeopardise the direct interests of ABG's stakeholders

Overview

To achieve its vision and strategy and to protect its key values, ABG is committed to establishing the most effective possible management of risk For this purpose, since our IPO the Board has adopted a risk management framework that incorporates the key requirements of ISO 31000 2009, UK corporate governance standards and other generally accepted governance principles In addition to ABG's Code of Conduct, this framework includes the Company's risk management charter, its risk management policy and a number of detailed risk management procedures All members of the ABG Group, its material operations, its service organisations, its support functions and its processes and projects must comply with and adhere to the requirements of this risk management framework.

Roles and responsibilities

Responsibility for risk management is allocated between key functions and tiers of ABG's corporate governance structure to ensure that decisions taken that affect risk tolerance and mitigation remain prudent and effective

Oversight and review

The Board is responsible for defining ABG's risk appetite and tolerance and has overall responsibility for risk management compliance It approves all key components of ABG's risk management and internal control systems and is ultimately responsible for the effectiveness of these systems As part of its risk management function, the Board or its committees

- approves ABG's risk management strategy and policies recommended by ABG management and ABG's Internal Audit function,
- monitors the ABG Group's compliance with its risk management framework,
- reviews ABG's significant business risks and internal controls,
- ensures that appropriate action is taken in controlling significant risks,
- conducts annual strategic risk workshops involving Directors and ABG management, and
- ensures that the Head of Risk and Internal Audit has the co-operation and support of ABG management, staff and all other relevant stakeholders

Significant risks for the ABG Group are assessed and reported on, and the Board receives quarterly reports on the status of the internal control environment through Audit committee reports

Committee participation and review

The Audit committee and Environmental, Health, Safety, Security and CSR committee (EHS&S) have active involvement in the risk management review process

ABG's Audit committee plays a key role in reviewing the effectiveness of the ABG Group's internal control and financial reporting risk management systems As part of its responsibilities, it approves the annual internal and external audit plan and reviews all material findings of the internal and external audit functions

ABG's EHS&S committee reviews the effectiveness of the Group's environmental management programmes and systems and its health and safety systems It also receives reports from management on ABG's corporate social responsibility programme, including significant sustainable development, community relations and security policies and procedures

Where appropriate, each of these committees reports to the Board and makes recommendations to the Board and management on any areas within its respective remit where action or improvement is needed

Implementation and application

ABG's management is accountable for the design and implementation of risk management processes and their consistent application to ensure that risk management compliance is embodied in the culture and practices of the ABG Group and its operations Management ensures that relevant risk management matters are clearly communicated to all employees and ensures that all members of the corporate risk management function have unrestricted access to all personnel, records and property of the Group, and are entitled to such information and explanations as may be required for review purposes

Management, in consultation with ABG's risk management function, is involved in a process of implementing and improving systems and procedures to ensure effective mechanisms are in place to identify and monitor risks internal and external to the Group

Internal audit

ABG's Head of Risk and Internal Audit assists ABG's Board and management in executing their responsibilities This function plays a critical role in advising and producing guidance on risk-related matters It assists management in conducting risk studies, reviewing risk profiles, interpreting risk data and integrating risk management in business processes The Head of Risk and Internal Audit is responsible for

- crafting a strategy for the implementation of ABG's risk management system,
- reviewing and monitoring ABG's risk profile,
- considering the adequacy of risk treatment plans to address significant risks,
- considering significant internal audit, forensic audit and external audit findings, and
- providing training and support in respect of the risk management framework

Policies

ABG has adopted policies and procedures for the application of risk management In addition to those embodied in the risk management framework, the Company has adopted policies for environmental, health and safety policies and systems, charters and supply chain management

Procedures

Procedures have been adopted with the objective of ensuring that risks are managed at all appropriate levels of the business using processes based on identification, analysis, evaluation, mitigation, reporting and monitoring

Principal risks and uncertainties

The Group faces a variety of risks, the occurrence of which could adversely affect its performance, earnings, financial position and prospects Over the course of the year under review, the Group made material developments in the identification and management of its risk profile in order to focus on the most significant risks and events that could affect its operations, financials and performance

The following pages set out the principal risks affecting the ABG Group ABG has taken a number of steps to mitigate some of these risks and will continue to evaluate ways in which it can manage and mitigate risks accordingly Notwithstanding this, due to the very nature of risks no assurance can be given that mitigating actions taken or planned will be wholly effective In addition, there may be additional risks unknown to ABG and other risks, which are currently believed to be immaterial, could turn out to be material These risks, whether they materialise individually or simultaneously, could significantly affect the Group's business and financial results In addition, ABG could also be affected by risks relating to the gold mining industry generally and the risks and hazards involved in the business of mining metals, which are largely outside its control

An overview of the risk management evaluation process which has been adopted by ABG is provided below

Risk management evaluation process

Establish the context

Risk identification

Identify potential consequences

Identify causes

Inherent analysis

Communication & consultation

Communication & consultation

Identify existing controls

Monitor & review

Risk treatment

Risk evaluation

Residual analysis

Assess the effectiveness & efficiency of existing controls

Principal risks and uncertainties continued

Risk	Mitigation/Comment	Potential impact	Further information
Strategic risks			
Single country risk All of the ABG Group's revenue is derived from production at its four facilities in Tanzania. In order to ensure continued growth, the Group needs to identify new resources and development opportunities through exploration and acquisition targets	ABG assesses a wide range of potential growth opportunities to build on its existing portfolio, including external acquisition and development opportunities outside Tanzania to maximise growth potential	High	A review of exploration activities and other growth opportunities is set out in the Exploration review on pages 44-47
Reserves and resource estimates The ABG Group's stated mineral reserves and resources are estimates based on a range of assumptions, including geological, metallurgical and technical factors, there can be no assurance that the anticipated tonnages or grades will be achieved	ABG management has implemented a number of processes to continuously monitor and evaluate the current life of the Company's mine plans and production targets The ABG Group's resources and reserves are updated annually ABG follows NI 43-101 of the Canadian Institute of Mining Metallurgy and Petroleum when calculating its mineral reserves and resources	High	Details on the ABG Group's reserves and resources are set out on pages 96-99
Financial risks			
Commodity prices The ABG Group's financial performance is highly dependent upon the price of gold and, to a lesser extent, the price of copper and silver The prices of these commodities are affected by a number of factors beyond ABG's control Rapid fluctuations in pricing of these commodities will have a corresponding impact on ABG's financial position	ABG's strategic objective is to provide maximum exposure to the price of gold. As such a no-gold-hedging policy has been adopted ABG has implemented a number of processes to assess its exposure to other commodity price fluctuations ABG has entered into hedging facilities in connection with copper price fluctuations and is reviewing appropriate hedging facilities to assist in the management of exposure to other commodities, such as diesel	High	Further information is set out in the financial review on page 48 and the market review on pages 13-15
Costs and capital expenditure ABG operates a cyclical business where fluctuations in operating cash flow and capital expenditure may adversely affect ABG's financial position	ABG management continuously monitors operational costs and capital expenditure It holds a conservative balance sheet and has a rigorous cash flow planning process to mitigate liquidity risks ABG has also entered into a commercial credit facility to provide further support for working capital requirements	High	Further information is set out in the financial review on pages 48-54

Risk	Mitigation/Comment	Potential impact	Further information
External risks			
Political, legal and regulatory developments			
The ABG Group's exploration, development and operational activities are subject to extensive laws and regulations governing various matters in the jurisdictions in which it operates Changes to existing law and regulations, or more stringent application or interpretation of current laws and regulations by relevant government authorities, could adversely affect the ABG Group's operations and development projects In particular, as ABG's revenue is currently derived exclusively from the production of its facilities in Tanzania, its business operations and financial condition may be adversely affected by legal and regulatory changes and developments in Tanzania, or if existing mineral development agreements are not honoured by the Tanzanian government The Group may also be adversely affected by changes in global economic conditions, political and/or economic instability in Tanzania or any of its surrounding countries	The Group assesses legal and political risks as part of its evaluation of potential projects It actively monitors legal and political developments in countries in which its existing operations are located The Group actively engages in dialogue with the Tanzanian government and legal policy makers to discuss all key legal and regulatory developments applicable to its operations, in particular developments in connection with the Tanzanian Mining Act and applicable environmental legislation	High	
Taxation reviews			
The ABG Group's financial condition may be adversely affected if it is unsuccessful in its current appeals and/or its discussions with the Tanzanian Revenue Authority regarding outstanding tax assessments and unresolved tax disputes, namely in respect of fuel levies, VAT and certain corporate taxes	The ABG Group has entered into a series of ongoing discussions with the Tanzanian government with the goal of resolving outstanding tax disputes and recovering amounts owed.	High	Further information on the status of these discussions is provided on page 52
Utilities supply			
Power stoppages, fluctuations and disruptions in electrical power supply or other utilities could adversely affect Group operations and impact its financial condition In addition, an increase in power costs would make production more costly and alternative power sources may not be available	Back-up or alternative power generation have been implemented at North Mara, Bulyanhulu and Tulawaka ABG is in the process of implementing additional power back-up facilities to maintain critical systems at Buzwagi.	High	Further information on the status of power supply is provided on page 35
Community relations			
A failure to adequately engage or manage relations with local communities and stakeholders could have a direct impact on the ABG Group's ability to operate at its existing operations	In addition to its existing corporate social responsibility programmes, the Group is implementing a number of additional initiatives to improve and build on local community relations, and has increased its social management capacity	Medium	Details of the Group's community relations activities are set out in the corporate responsibility section on pages 56-59

Principal risks and uncertainties continued

Risk	Mitigation/Comment	Potential impact	Further information
Operational risks			
Loss of critical processes The ABG Group's mining, processing, development and exploration activities depend on the continuous availability of its operational infrastructure, in addition to reliable utilities and water supplies and access to roads Any failure or unavailability of operational infrastructure, for example through equipment failure or disruption, could adversely affect production output and/or impact exploration and development activities Deficiencies in core supply chain availability could also adversely affect Group operations	Management assesses the critical components of ABG's operational infrastructure on a continuous basis In addition to external resources and when required, ABG has established channels through the support of the Barrick Group network to address critical disruptions to its technical services and plant equipment Supply chain management and support are assessed and reviewed against business requirements on a regular basis	High	Risks relating to utility supply are summarised above Further details of ABG's infrastructure and processes are summarised on pages 18-19, 35 and 83
Environmental hazards and rehabilitation The ABG Group's activities are subject to environmental hazards as a result of the processes and chemicals used in its extraction and production methods The Group may be liable for losses and costs associated with environmental hazards at its operations, have its licences and permits withdrawn or suspended as a result of such hazards, or may be forced to undertake extensive clean-up and remediation action in respect of environmental hazards and incidents relating to its operations Any such action could have a material adverse effect on the Group's business, operations and financial condition	The Group has committed itself to the application of global standards and implementing relevant International Council on Mining and Metal practices, and the International Cyanide Code standards Compliance with applicable environmental standards is assessed on a continuous basis Remediation and rehabilitation costs are assessed and reviewed annually	High	Details of the ABG Group's environmental activities and compliance programmes are set out in the corporate responsibility section on pages 59-61
Employees and contractors The ABG Group's business significantly depends upon its ability to recruit and retain qualified personnel, in particular members of the Senior Leadership Team and its skilled team of engineers and geologists The loss of skilled workers and a failure to recruit and train equivalent replacements may negatively impact on ABG's operations and production ABG depends on certain key contractors Interruptions in contracted services could result in production slowdowns and/or stoppages	ABG regularly assesses its staff recruitment and retention policies to assist with labour stability, and maintains appropriate investment in training and development to safeguard the skills of its work force It is also focused on furthering the nationalisation of its workforce in Tanzania and participates in a number of training programmes to help develop local industry expertise Assessments of arrangements with key contractors are undertaken on a regular basis to ensure that contracted services and support meet business requirements and expectations	High	Further detail on employee arrangements and related initiatives is provided in the corporate responsibility section on pages 59, and the case study on pages 20-21

Risk	Mitigation/Comment	Potential impact	Further information
Operational risks			
Security, trespass and vandalism			
ABG faces certain risks in dealing with trespass, theft, corruption and vandalism at its mines and unauthorised small-scale mining in proximity to and on specific areas covered by ABG's exploration and mining licences The impact of such risks may have an adverse effect upon ABG's operations and financial condition	The ABG Group has taken measures to protect its employees, mines and production facilities from various security and theft risks Steps include increasing existing security personnel, the installation of additional perimeter fencing, surveillance equipment and the imposition of additional security checks and procedures Where appropriate, the Group continues to work in collaboration with local law enforcement to address security-related matters In addition, ABG adheres to the Voluntary Principles as part of its membership of the Barrick Group	High	Further information on security developments and initiatives can be found in the corporate responsibility section on pages 62-63
Health and safety, infectious diseases			
Due to the nature of the Group's operations, a wide range of occupational health diseases, such as noise-induced hearing loss and lung diseases, pose a risk to the Group's workforce In addition, tropical and infectious diseases, such as malaria and HIV/AIDS, pose significant health risks to the Group's employees, due to the epidemic proportions that such diseases may have in areas at which the Group's operations are located The potential liabilities related to such diseases and the impact that these diseases may have on the Group's workforce may have an adverse effect upon the Group's operations and financial condition	The Group has implemented a number of malaria and tuberculosis programmes and HIV/AIDS awareness and prevention programmes for its employees, their families and the local communities surrounding its operations It also provides occupational health services to its employees at its mine clinics and it continues to improve preventative hygiene initiatives Health and safety and risk management systems are in place onsite at all of ABG's operations	Medium	Further details of health and safety awareness programmes are set out in the corporate responsibility section on pages 61-62

Board of directors

Chairman

1 Aaron Regent, age 45 (Non-Executive Chairman)

Mr Regent is a Non-Executive Director of the ABG Group He has been the President and Chief Executive Officer and a Director of Barrick since 2009 Prior to joining Barrick, Mr Regent was Senior Managing Partner of Brookfield Asset Management and Co-Chief Executive Officer of its Infrastructure Group Mr Regent previously served as President and Chief Executive Officer of Falconbridge Ltd Mr Regent holds a Bachelor of Arts Degree from the University of Western Ontario and is a Chartered Accountant

Executive Directors

2 Greg Hawkins, age 42 (Chief Executive Officer)

Mr Hawkins is the Chief Executive Officer of the ABG Group He was previously employed by Barrick, where since June 2006 he served as Chief Financial Officer of the Australia Pacific Business Unit From 1999 to 2006, Mr Hawkins served in finance management roles for Barrick Australia/Africa and for Homestake Mining before its acquisition by Barrick. Mr Hawkins also previously held roles as the Finance Manager for Normandy Mining and as an Audit Manager for Deloitte He holds a Bachelor of Commerce Degree from the University of Western Australia He is a Chartered Accountant and a member of the Australian Institute of Company Directors

3 Kevin Jennings, age 41 (Chief Financial Officer)

Mr Jennings is the Chief Financial Officer of the ABG Group He was previously employed by Barrick where he served from August 2009 as Vice-President of Corporate Development Mr Jennings has held a variety of senior management positions in the mining industry over the last ten years, including Director, Business Optimisation at Xstrata plc, Director, Strategic Business Analysis at Falconbridge Ltd, and Chief Financial Officer at American Racing Equipment Inc, a wholly owned subsidiary of Falconbridge Mr Jennings holds a Bachelor of Arts Degree in Economics from the University of Western Ontario and a Bachelor of Administrative Studies, with Honours in Accounting, from York University He is a Chartered Accountant

Non-Executive Directors

4 Derek Pannell, age 64 (Senior Independent Non-Executive Director)

Mr Pannell is an independent Non-Executive Director of the ABG Group Mr Pannell holds several other Board appointments, including Agrium Inc, and is Chairman of the Board of Directors of Brookfield Infrastructure Partners LP Mr Pannell was formerly President, Chief Operating Officer and Chief Executive Officer of Noranda Inc, and Falconbridge Ltd Mr Pannell is a metallurgical engineer with over 40 years of experience in the mining and metals industry He is former Chair of the Mining Association of Canada and a Board member of the International Council on Mining and Metals Mr Pannell holds a Bachelor of Science Degree in Engineering from Imperial College London, England, and is a professional engineer registered in Quebec and Peru. He is also an Associate of the Royal School of Mines and a Fellow of the Canadian Academy of Engineers

5 James Cross, age 62 (Independent Non-Executive Director)

Mr Cross is an independent Non-Executive Director of the ABG Group He is also a Board member of the Financial Services Board of South Africa, Deputy Chairman of the Policy Board of South Africa, Chairman of the Financial Markets Advisory Board and Non-Executive Chairman of Swiss Gold DMCC Dubai He was formerly Senior Deputy Governor of the South African Reserve Bank, Chairman of Highland Gold Mining Ltd, and a Director of Namakwa Diamonds Ltd and MKS Finance Geneva He has a Bachelor of Commerce Degree from the University of Witwatersrand, South Africa, and is a fellow of the Institute of Bankers of South Africa

6 Andre Falzon, age 56 (Independent Non-Executive Director)

Mr Falzon is an independent Non-Executive Director of the ABG Group He is a financial consultant, and a Director of Aurizon Mines Ltd Mr Falzon is a senior financial executive with over 25 years of financial and management experience within the mining industry, including a period as Vice President and Controller at Barrick between 1994 and 2006 He holds a Bachelor of Commerce Degree from the University of Toronto, Canada and is a Certified General Accountant (Canada) and a Chartered Accountant (Canada)

7 Stephen Galbraith, age 39 (Non-Executive Director)

Mr Galbraith is a Non-Executive Director of the ABG Group He has been employed by Barrick since August 2000 in treasury and finance functions, and is currently Managing Director of Barrick International (Barbados) Corporation Mr Galbraith previously held the role of Audit Manager for PricewaterhouseCoopers He holds a Bachelor of Arts Degree in Accountancy from Strathclyde University, is a member of the Institute of Chartered Accountants of Scotland and is a Chartered Financial Analyst Charterholder

8 Bobby Godsell, age 58 (Independent Non-Executive Director)

Mr Godsell is an independent Non-Executive Director of the ABG Group He has held numerous senior Chair and Board positions, including the former Chairmanship of the World Gold Council, Presidency of the Chamber of Mines, and Non-Executive Chairmanship of Eskom Holdings Ltd He has over 30 years of experience in the mining sector, previously serving as Director and Chief Executive Officer of AngloGold Ashanti Ltd and as a Director of Anglo American plc He holds a Bachelor of Arts Degree from the University of Natal, South Africa, and a Master of Arts Degree from the University of Cape Town, South Africa

9 Michael Kenyon, age 61 (Independent Non-Executive Director)

Mr Kenyon is an independent Non-Executive Director of the ABG Group He is Executive Chairman of the Board of Directors at Detour Gold Corporation, Chairman of the Board of Directors at Troon Ventures Ltd, and has more than 35 years of experience in the mining industry He has previously been President and Chief Executive Officer at both Canico Resource Corp and Sutton Resources Ltd, and a Director of Cumberland Resources Ltd. He is a geologist by training, and holds a Master of Science (Geology) Degree from the University of Alberta in Canada He was also the recipient of the 2005 Developer of the Year award from the Prospector and Developers Association of Canada in recognition of his accomplishments

Committee members

EHS&S committee:
Bobby Godsell (Chair),
Derek Pannell, Stephen Galbraith,

Audit committee:
Andre Falzon (Chair), James Cross,
Michael Kenyon

Compensation committee
Michael Kenyon (Chair),
Aaron Regent, Andre Falzon,
James Cross

Nomination committee:
Derek Pannell (Chair),
Stephen Galbraith, Bobby Godsell

Senior management

In addition to ABG's Executive Directors listed on previous page, Senior Management includes the following

Marco Zolezzi, age 55 (Chief Operating Officer)

Mr Zolezzi is Chief Operating Officer of the ABG Group Mr Zolezzi was previously employed as Director of Technical Services for Barrick's Australia Pacific Region for the last four years Prior to that, Mr Zolezzi held a number of senior project roles in the industry, including five years with Newcrest Mining where he was General Manager at the Telfer Mine, taking it from the project stage through to full production, as well as 13 years with WMC Resources in a number of senior operational and technical roles In total, Mr Zolezzi has over 30 years of experience in complex open pit and underground operations in Australia and South Africa with a variety of operational, technical and project management roles In addition to Diplomas in Mining and Mechanical Engineering from Witwatersrand Institute of Technology in South Africa, Mr Zolezzi holds Bachelor Degrees in Applied Science, Mechanical from the New South Wales Institute of Technology and in Applied Science, Mining from the Western Australian Institute of Technology

Deodatus Mwanyika, age 48 (Vice President, Corporate Affairs)

Mr Mwanyika is the Vice President, Corporate Affairs of the ABG Group He was previously employed by Barrick which he joined in 1999 as a Legal Consultant and where he occupied various managerial positions in the last 11 years, culminating in his appointment in 2008 as Executive General Manager, Tanzania Mr Mwanyika holds a Bachelor of Law Degree with Honours from the University of Dar es Salaam and a Masters in Law from the University of Cambridge Mr Mwanyika is a member of the Tanganyika Law Society and the East African Law Society

Peter Spora, age 41 (Vice President, Exploration)

Mr Spora is the Vice President, Exploration of the ABG Group He was previously employed by Barrick where he served as Principal Geologist, Africa, from 2006 to 2008 and Exploration Manager, Africa, since 2008 Mr Spora has over 15 years of experience as a geologist in Australia and Africa He holds a Bachelor of Applied Science in Geology Degree from the University of Technology, Sydney, Australia He is currently the Chairman of the Exploration Committee of the Tanzanian Chamber of Minerals and Energy, and is a member of the Society of Economic Geologists

Katrina White, age 35 (General Counsel and Company Secretary)

Ms White is the General Counsel and Company Secretary of the ABG Group Ms White was previously employed by Barrick for the last five years where she served as Regional General Counsel and Company Secretary for Barrick Australia Africa, subsequently Barrick Australia Pacific and as a Director of Barrick's subsidiaries in the region since 2006 Prior to joining Barrick, Ms White was employed as a senior associate at Hunt & Humphry in Australia Ms White has an Honours degree in Law from the University of Western Australia She is admitted to practise as a barrister and solicitor in Western Australia, the High Court of Australia and the Federal Court of Australia

Andrew Wray, age 47 (Head of Corporate Development and Investor Relations)

Mr Wray is the Head of Corporate Development and Investor Relations for the ABG Group He was previously employed by JP Morgan Cazenove where he was a Director in the Corporate Finance team Mr Wray has over 10 years of experience in advising a range of mining and other companies in their capital-raising activities and in other strategic objectives Prior to joining JP Morgan, Mr Wray worked for the Kuwait Investment Office in London, dealing with their portfolio of investments in Spain Mr Wray holds a Bachelor of Arts Honours Degree in Modern Languages from University College London

Kobus van Vuuren, age 51 (Head of Human Resources)

Mr van Vuuren is the Head of Human Resources of the ABG Group He is responsible for overseeing all Human Resource activities, as well as the management of the Johannesburg office Prior to joining Barrick, Mr van Vuuren was Senior Director Human Resources and Services at Midroc Gold Ethiopia, and occupied various managerial positions over the previous 24 years at AngloGold and Harmony Gold He joined Barrick in 2007 as Human Resource Manager at North Mara, and served in a number of capacities including Organisational Effectiveness Manager and Mine General Manager, before being promoted to his current position in 2009 Mr van Vuuren is a diplomat of the Institute of Personnel Management and has several qualifications in HR, Training and Development and Industrial Relations He is a member of the Society for Human Resource Management (SHRM)

Fully committed to the highest standards

Good governance is fundamental to the success of ABG's business and its relationships with key stakeholders.

Derek Pannell,
Senior Independent Non-Executive Director

2010 Highlights and performance

As this is ABG's first year as a listed company, the Board focused its attentions in 2010 on developing and confirming measures that support its effectiveness and strengthen the Company's internal control and risk management systems To this end, the Board and its committees have

- undertaken assessments of ABG's key risks, mitigation and process evaluation,
- conducted a review of internal systems and controls in line with Turnbull Guidance requirements,
- commenced the review of requirements for Board evaluations and succession planning, and
- progressed the implementation of reporting procedures and processes over and above those financial reporting procedures implemented as part of the IPO process

ABG approach to governance

ABG committed to the highest standards of corporate governance at the time of its IPO The Company adopted a number of procedures throughout the course of 2010 to underpin its governance systems and structure These measures will remain under review, and additional processes will continue to be considered and developed to ensure that ABG's approach to governance is appropriately aligned with its operating environment, its performance needs and its strategic requirements

ABG has adopted a Code of Conduct as well as a number of other policies and procedures including an Anti-Bribery and Anti-Corruption Policy, a Disclosure and Communications Policy and a Securities Dealing Code to support its governance framework.

All ABG employees and Directors must comply with these policies and procedures and with any additional applicable policies

Overall responsibility for the governance of the ABG Group lies with the Board, which intends wherever possible to comply with the main principles of the Combined Code and the new UK Corporate Governance Code which will apply to future reporting years It will also review other international standards as appropriate for ABG's operations As part of its corporate governance compliance obligations, the Board is required to explain how it applied the main principles of the Combined Code during 2010 The relevant statement of compliance, and any departures from governance requirements that occurred, are explained below

Board composition

The Board reviews its composition and balance on a regular basis The Board currently comprises a Non-Executive Chairman, two Executive Directors and six Non-Executive Directors, of whom five are independent For the reporting period, the Board considers that this is the appropriate structure and board balance between executives and non-executives for ABG to achieve its objectives

ABG regards all of its Non-Executive Directors other than Aaron Regent and Stephen Galbraith as independent within the meaning defined in the Combined Code The Board regards Andre Falzon as independent within the meaning of the Combined Code although he was an employee of the Barrick Group until 2006 and then provided consultancy services to the Barrick Group until 2008

All of the Directors have considerable knowledge and experience in the mining industry and bring other relevant experience to the Board to assist ABG in achieving its strategic goals Director biographies are provided on pages 70-71

Leadership structure

Role of the Board

The Board is responsible for the overall management of the ABG Group, as well as for setting ABG's strategy and monitoring its implementation As part of these requirements, the Board is required to set ABG's standards, values and strategic aims It must also ensure that the necessary financial and human resources are in place for ABG to meet its objectives

The Board focuses on strategic issues, financial performance, risk management and critical business issues It has a formal schedule of matters that are specifically reserved for its decision, including the review and/or approval of

- the extension of the Group's activities into new business or geographic business,
- mergers and acquisitions activity and material capital projects,
- material capital raising,
- major changes to the Group's corporate structure,
- the Group's internal control and risk management systems, financial reporting and controls,
- corporate governance systems,
- policies and procedures, and
- changes to the composition, size and structure of the Board.

The Board delegates certain matters to its committees Further details of each committee are set out on pages 78 to 80 of this report In addition, the Board has approved a delegation of authority to officers and managers of the Group for specific matters required for the day-to-day functioning of the Company's business

Chairman and Chief Executive Officer

In line with best practice, the roles of Chief Executive Officer and Chairman and their related responsibilities are separated Accordingly the divisions of responsibilities have been set out in writing and agreed by the Board

ABG's Chairman is principally responsible for the leadership of the Board. He is responsible for ensuring that the Board plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives The Chairman is responsible for setting the Board agenda, leading its discussions and ensuring effective communication with shareholders The Chairman promotes the highest standards of integrity, probity and corporate governance throughout ABG, particularly at Board level

ABG's Chief Executive Officer is responsible for all executive management matters affecting ABG and is principally responsible for running the Company's business All members of executive management report directly to him He is responsible for proposing and developing ABG's strategy and overall commercial objectives, and for implementing the decisions of the Board and its committees He is also required to ensure that ABG Group affairs are conducted with the highest standards of integrity, probity and corporate governance

Senior Independent Director

Derek Pannell is ABG's Senior Independent Director As part of his responsibilities, Mr Pannell is available for discussions with other Non-Executive Directors who may have concerns which they believe have not been properly considered by the Board as a whole Mr Pannell is available as an alternative point of contact for the Executive Directors, if required, in addition to the normal channels of the Chairman and Chief Executive Officer Mr Pannell is also available to shareholders if they have concerns that have not been resolved by contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors, or where such contact is inappropriate

The Senior Independent Director at least annually and on other occasions as deemed appropriate leads a meeting of the Non-Executive Directors without the Chairman present to appraise the Chairman's performance

Senior Leadership Team

Day-to-day management of the Group's business and operations is delegated to the Executive Directors and the other senior executives who form ABG's Senior Leadership Team This team comprises

- Chief Executive Officer,
- Chief Financial Officer,

- Chief Operating Officer,
- General Counsel,
- Vice President, Exploration,
- Vice President, Corporate Affairs,
- Head of Corporate Development and Investor Relations, and
- Head of Human Resources

The Senior Leadership Team meets regularly and is responsible for monitoring the detailed performance of all aspects of ABG's business

Board effectiveness

Decision making

Board decisions are predominantly made by achieving a consensus at Board meetings In exceptional circumstances, decisions may be taken by the majority of Board members Questions arising at any meeting are determined by a majority of votes In the case of an equality of votes, ABG's articles of association do not provide the Chairman with a second or casting vote All Directors are required to take decisions objectively and in the best interests of the Company

ABG's Non-Executive Directors are expected to apply independent judgement to contribute to issues of strategy and performance and to scrutinise the performance of management In addition, the committees of the Board play an active role in reviewing management's performance and achievement of ABG objectives on the basis of responsibilities falling within the remit of each committee

Board briefings and development

The Board receives monthly management reports and quarterly reports outlining all material operational, financial and strategic developments These ensure that members remain properly briefed on the performance and financial position of the ABG Group Board and committee papers are circulated prior to all meetings to allow Directors to be briefed in advance of discussions All Board meetings include a quarterly business and financial review to ensure that, in addition to specific scheduled matters and any other business, core operational matters are reviewed on a continuous basis

In addition to scheduled Board meetings, all Directors have access to members of the Senior Leadership Team and to whatever further information they need to perform their duties and to satisfy their responsibilities ABG's independent Non-Executive Directors and committee chairmen meet with members of the Senior Leadership Team to receive more in-depth briefings on Board and committee matters, whenever required or requested.

The Chairman and the Company Secretary review training and development needs The induction training and process for new Directors is under development. All existing Directors and members of the Senior Leadership Team participated in induction training, which included briefings on the responsibilities of Directors of a UK listed company, prior to the IPO During the course of 2010, a number of Directors undertook operational site visits All Directors continue to have free access to visit operations outside scheduled Board arrangements

Directors may take independent professional advice, as necessary, at ABG's expense in the furtherance of their duties In addition to this, each Board committee is entitled to seek independent professional advice at ABG's expense where necessary to assist or guide the committee in the performance of its functions

Board meetings and attendance

The Board is scheduled to meet at least four times a year, and at such other times as are necessary to discharge its duties

The attendance record for each Director for 2010 is shown below The Board met on five occasions during 2010, of which one meeting related to specific IPO matters

Prior to the IPO, Catherine Boggs and Paul Buchanan were appointed as nominee Directors of ABG Catherine Boggs was appointed on 14 January 2010 and resigned from the Board on 19 January 2010 as part of IPO preparations Paul Buchanan was appointed on 19 January 2010 and resigned from the Board on 15 February 2010 as part of IPO preparations Of the nominee Directors, only Paul Buchanan attended a Board meeting for the purposes of resignation

	Board meetings		Audit committee		Compensation committee		Nomination committee		EHS&S committee	
	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible
Aaron Regent	5	5	0	N/A	4	4	1	N/A	0	N/A
Greg Hawkins	5	5	2	N/A	3	N/A	1	N/A	3	N/A
Kevin Jennings	5	5	4	N/A	0	N/A	0	N/A	0	N/A
Derek Pannell	4	5	0	N/A	0	N/A	1	1	2	3
James Cross	5	5	4	4	4	4	0	N/A	0	N/A
Andre Falzon	5	5	4	4	4	4	0	N/A	0	N/A
Stephen Galbraith	5	5	0	N/A	0	N/A	1	1	3	3
Bobby Godsell	4	5	0	N/A	0	N/A	0	1	2	3
Michael Kenyon	5	5	4	4	4	4	0	N/A	0	N/A

Note: N/A indicates where a Director is not a member of a committee and thus not obligated to attend meetings

Corporate governance report continued

Performance evaluation

The majority of the Directors were appointed in February 2010 as part of the corporate governance preparations for the IPO In view of this, the Board believes that a meaningful evaluation of performance can only take place once the new Board has had a reasonable amount of time to work together An evaluation process will therefore be implemented in the first half of 2011 for all of the Board members including the Chairman

Retirement and re-election

Under ABG's articles of association, all Directors are subject to retirement and re-election by the shareholders at the first Annual General Meeting following their appointment and every three years thereafter As such, all members of the Board will offer themselves for re-election at the forthcoming AGM having been appointed by the Board during the year

Internal control

The Board is responsible for the ABG Group's system of internal control and risk management and for reviewing its effectiveness In line with this responsibility, the Board has established ongoing processes and systems for identifying, evaluating and managing those significant risks that the Group faces These systems were put in place as part of the IPO process and their implementation has been progressed throughout the year ABG's system of internal controls and risk management takes into account the recommendations contained in the Turnbull Guidance on Internal Systems and Controls published by the Financial Reporting Council in October 2005 (the 'Turnbull Guidance') The system is designed to manage rather than eliminate the risk of failure to achieve ABG's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss

The Board principally bases its monitoring of internal controls on its review of management reports and assessments and on the quarterly reports it receives on the status of ABG's internal control environment This is supported by the risk profile reviews that ABG's Internal Audit function carries out to help the Board identify and manage the most significant risks and events that could affect the Company's operations, financials and performance Where necessary, the Board is assisted by its committees in reviewing internal systems and controls, particularly the Audit committee which is responsible for reviewing the effectiveness of the Group's internal control and financial risk management systems An overview of ABG's risk management systems and procedures is provided on page 64

In compliance with its obligations, the Board has conducted an annual assessment of the effectiveness of the Company's risk management and internal control systems This review has covered all material controls, including financial, operational and compliance controls In conjunction with ABG's Internal Audit Function and members of the Senior Leadership Team, the Board has conducted a specific assessment of internal controls for the purposes of this report This assessment considered all significant aspects of internal control arising during the period covered by this report During the course of its review of the system of internal control, the Board did not identify or hear of any failings or weaknesses which it determined to be material Therefore a confirmation of any necessary actions undertaken is not required

Going concern

The Board's statement on going concern is included in the Financial review on page 54

Relationship with shareholders

Dialogue with the investment community

Members of the Board and senior management met with a number of international investors as part of ABG's IPO process Since the IPO, ABG has established a headquarters in London and appointed a Head of Corporate Development and Investor Relations to manage and develop the Company's investor relations programme The Head of Corporate Development and Investor Relations is primarily responsible for maintaining ABG's ongoing relations with the investor and shareholder community, acting as the primary point of contact for members of this community During the course of 2010, ABG conducted a number of international investor meetings and analyst presentations ABG intends to meet with investors and analysts at least twice a year to discuss Group performance and respond to queries ABG also conducts periodic telephone calls and meetings with the investment community to discuss results, and participates in mining conferences to meet with current and prospective investors

In addition to its annual and half-year reports, ABG publishes quarterly reports to the market, which provide further information on production and financial results, and updates on its business and operations

Majority shareholder

ABG was a wholly owned subsidiary of Barrick prior to its IPO Barrick continues to hold approximately 74% of ABG, making it the Group's majority shareholder As a result of this relationship, ABG continues to have access to the Barrick Group for a number of support services and receives strategic shareholder support for its initiatives and goals ABG and Barrick executed a number of agreements and arrangements as part of the IPO process to ensure that their ongoing relationship was appropriately structured, including a relationship agreement The principal purpose of the relationship agreement is to ensure that ABG is capable of carrying on its business independently of the Barrick Group and that transactions and relationships with the Barrick Group are conducted at arm's length and on normal commercial terms

Under the terms of the relationship agreement, Barrick has agreed to exercise its powers so far as possible to ensure that ABG is managed in accordance with the Combined Code It has also agreed that it will not exercise its voting rights or powers which would cause ABG to breach any of the key eligibility criteria for its listing

Barrick is entitled to appoint Directors to the Board in line with a sliding scale that depends on Barrick's percentage shareholding Pursuant to the sliding scale Barrick is entitled to appoint the higher of

- three Non-Executive Directors and the maximum number of Non-Executive Directors that may be appointed while ensuring that the composition of the Board remains compliant with the Combined Code to the Board for so long as Barrick holds an interest in 40% or more of the issued share capital or voting rights of ABG,

- two Non-Executive Directors and one less than the maximum number of Non-Executive Directors that may be appointed while ensuring that the composition of the Board remains compliant with the Combined Code, for so long as it has an interest in 25% or more of the issued share capital or voting rights of ABG, and
- one Non-Executive Director and two less than the maximum number of Non-Executive Directors that may be appointed while ensuring that the composition of the Board remains compliant with the Combined Code, for so long as it has an interest in 15% or more in ABG

In addition, subject to certain exceptions and only for so long as Barrick holds 30% or more of the issued share capital or voting rights of ABG, Barrick has undertaken that it shall not, and shall procure that other members of the Barrick Group shall not, carry on the exploration of gold or silver in Africa or acquire, whether through an asset purchase or the purchase of securities, a gold or silver mining business in Africa which competes with the Company, unless Barrick has first notified ABG in writing of such opportunity If ABG indicates that it wishes to pursue such opportunity within 15 business days of receiving the notification, then neither Barrick, nor any other member of the Barrick Group, shall pursue the opportunity unless the Company subsequently decides not to pursue the opportunity or fails to do so within a reasonable period of time

ABG has given a reciprocal non-compete commitment to Barrick in this regard

The relationship agreement will continue for so long as ABG is listed on the London Stock Exchange and Barrick owns or controls in aggregate 15% or more of its issued share capital or voting rights

AGM

ABG's first annual general meeting as a UK listed company will be held on 21 April 2011 at 2 00pm London time The business of the meeting will be conducted in accordance with Companies Act 2006 requirements and standards promoted by the UK Corporate Governance Code The Chairman and the chairmen of each of ABG's Board committees will be available to answer questions put to them by shareholders at the meeting The AGM Notice is included in the documentation which has been provided with this report and is also available on the Company's website In accordance with best practice, the notice has been sent to shareholders at least 20 business days prior to the date of the meeting

Conflicts of interest

Aaron Regent and Stephen Galbraith are nominee Directors appointed by Barrick in line with its rights under the relationship agreement These individuals hold a number of cross-directorships with members of the Barrick Group In particular, Mr Regent is Chief Executive Officer of Barrick and Mr Galbraith is Managing Director of Barrick International (Barbados) Corporation These directorships and positions give rise to situations in which these Directors could have a direct or indirect interest that conflicts, or possibly may conflict, with those of ABG

Greg Hawkins, Kevin Jennings and other members of senior management hold interests under Barrick's restricted stock unit plan, which are not deemed to be material interests and will ultimately be replaced by interests under ABG's share plans

The Companies Act 2006 requires Directors to avoid situations where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with Company interests However, the Act does allow Directors of public companies to authorise conflicts and potential conflicts of interests where a company's articles of association contain a provision to that effect ABG's articles of association contain such provision and a procedure for this In accordance with this procedure, the conflicts outlined above were declared and authorised by the Board prior to our IPO

The monitoring and, if appropriate, authorisation of any actual or potential conflict of interest is an ongoing process Directors are required to notify the Company of any material changes in positions or situations that have already been considered and any new situations In addition, Directors are required to declare interests in potential or actual transactions and are required to abstain from voting on such transactions, subject to permitted exceptions If a question arises as to whether any interest of a Director prevents him or her from voting or being counted in a quorum in the context of a potential or actual transaction, the matter is referred to the Chairman, whose findings are final and conclusive In the context of questions relating to any such conflict of the Chairman, the question may ultimately be decided by a resolution of the other Directors

Specifically as regards Directors appointed by Barrick, the relationship agreement provides that if any transaction or arrangement arises directly between a member of the Barrick Group and a member of the ABG Group and does or could, in the opinion of a majority of Directors (excluding any Director(s) appointed by Barrick), give rise to a conflict of interest between ABG and any Director appointed by Barrick, any such matter must be approved and authorised at a duly convened Board meeting or in writing by a majority of Directors (excluding any Director(s) appointed by Barrick) prior to the Company taking further action in relation to such matter

Save for the matters set out above, none of the Directors has any notifiable conflict of interests between their ABG duties and their private interests or other duties during the reporting period

UK Corporate Governance Compliance

ABG corporate governance practices are structured so as to comply wherever possible with the requirements of the Combined Code and the new UK Corporate Governance Code For the year under review, this corporate governance report explains our governance structure on the basis of the requirements of both the Combined Code and the UK Corporate Governance Code For Listing Rule disclosure purposes, this compliance statement focuses on relevant confirmations in respect of the Combined Code Going forward ABG will only report against the UK Corporate Governance Code, this being the version of the code that applies to accounting periods beginning on or after 29 June 2010

ABG's shares were admitted to trading on the Main Market of the London Stock Exchange and to the Official List of the United Kingdom Listing Authority on 24 March 2010 Since ABG was listed for only part of the year, this report explains how ABG has applied and complied with the main principles of the Combined Code from the date of its listing and throughout the following months of the reporting period

Since its listing ABG has also complied with the detailed provisions of the Combined Code, save in the following respects

- ABG's Chairman, Mr Regent, was not independent on appointment The Directors consider that given Mr Regent's expertise in the industry, his familiarity with the assets comprised within the ABG Group and his leading role with Barrick, his presence as Chairman is in ABG's best interests, even though he was not independent on appointment within the meaning of the Combined Code
- The Board and Chairman's evaluation have yet to be undertaken As all members of the Board were appointed for purposes of the IPO, in January/February 2010, the Board believes that a meaningful evaluation of performance can only take place once the Directors have had a reasonable amount of time to work together An evaluation process will therefore be implemented in the first half of 2011 for all of the Board members including the Chairman

ABG's external auditor has reviewed those parts of this statement which it is required to review under the Listing Rules of the United Kingdom Listing Authority

Board committees

The Board has established an Audit committee, a Compensation committee, a Nomination committee and an EHS&S committee

Audit committee

Meetings and attendance

The committee met four times during the year Details of members' attendance can be found on page 75

The committee has asked the Chief Financial Officer, the ABG Group's Financial Controller, members of the Treasury function, the Head of Risk and Internal Audit and the external auditor to attend committee meetings on a regular basis During the year, the committee held individual meetings with ABG's external auditors and the Head of Risk and Internal Audit without management present ABG's auditors and the Head of Risk and Internal Audit have direct access to the committee chairman

Audit committee

Andre Falzon, Audit committee chair

Members and responsibilities

The Audit committee is chaired by Andre Falzon Its other members are James Cross and Michael Kenyon All committee members are determined to be independent in accordance with UK corporate governance requirements Mr Falzon is a senior financial executive with over 25 years of practical financial and management experience within the mining industry He is also a member of the Certified General Accountants (Canada) and the Institute of Chartered Accountants (Canada) As such, the Directors consider that Mr Falzon has recent and relevant financial experience for UK corporate governance purposes Further details of the qualifications of each member of the committee are set out in the biographies contained on pages 70-71

The committee is scheduled to meet at least four times a year and has responsibility for, among other things

- reviewing the Group's financial statements and monitoring their integrity,
- overseeing the Group's relationship with its external auditors,
- reviewing the effectiveness of the external audit process and agreeing the scope of the external auditors' annual audit programme,
- monitoring the role and effectiveness of the internal audit function and approving the appointment and removal of the Head of Internal Audit,
- reviewing the effectiveness of the ABG Group's systems of internal control and financial reporting risk management,
- making recommendations to the Board regarding the arrangements for the appointment and removal of the external auditor and the appropriateness of related terms of engagement and remuneration, and
- reviewing the independence and objectivity of the external auditor

Activities

As 2010 represents ABG's first year as a listed company, the committee's focus for the year was on the development and progression of internal controls and audit procedures suitable for ABG's status Key work undertaken by the committee included the following

- *consideration and approval of the internal audit plan* the committee met regularly with the Head of Risk and Internal Audit to review and progress the Group's internal audit charter and internal audit plan The relevant audit plan and procedures are aimed at addressing financial and overall risk management objectives, and have been prepared in accordance with standards promoted by the Institute of Internal Auditors The committee will continue to monitor the effectiveness of internal audit plans in accordance with ABG's ongoing requirements,

- *consideration and approval of the scope of external audit and related processes* the committee met regularly with ABG's auditors to agree the scope of the external audit plan for 2010, overall ABG Group audit fees and the process for approving external audit and tax services The committee also approved the non-audit services to be provided by ABG's auditors for the year (PricewaterhouseCoopers LLP, whose appointment has been approved by the committee),
- *review of existing internal control procedures and the allocation of responsibility for risk management* in conjunction with ABG's internal audit and financial control functions, the committee conducted a number of reviews of ABG's systems and processes to progress internal control matters It also conducted a review of the allocation of risk management oversight to ensure that responsibility for overall risk management and review is appropriately allocated between the various components of ABG's governance structure The findings of these review procedures are in the process of being incorporated into ABG's risk management framework and were provided as appropriate for discussion at Board level The committee has reviewed its terms of reference to reflect its responsibilities in the context of the review of internal control systems and financial risk management systems,
- *consideration and review of the full-year and half-year results* as part of this process, the committee met with ABG's auditors to discuss and review the treatment and disclosure of matters identified during the audit and half-year review and the recommendations or observations made by ABG's auditors

Non-audit services

The committee monitors and approves the provision of non-audit services by ABG's auditors The provision of non-audit services is generally limited to services that are closely connected to the external audit or to projects that require a detailed understanding of the ABG Group Details of fees payable for audit and non-audit services are contained on page 128 in Note 9 to the financial statements As part of the audit assurance process, ABG's auditors provide appropriate confirmations on independence and objectivity, irrespective of any non-audit services they provide

Terms of reference

The Audit committee terms of reference are available for inspection on ABG's website

Andre Falzon, Audit committee chair

Nomination committee

Derek Pannell, Nomination committee chair

The Nomination committee is chaired by Derek Pannell Its other members are Stephen Galbraith and Bobby Godsell The majority of the committee members are determined to be independent, in line with UK corporate governance requirements Further details of the qualification of each member of the committee are set out in the biographies contained on pages 70-71

The committee is scheduled to meet at least once a year It plays a leading role in reviewing the structure, size and composition of the Board. It has responsibility for making recommendations to ABG's Board on Board and committee composition and on the retirement and appointment of additional and replacement Directors

The committee met once during the year Details of members' attendance can be found on page 75

In 2010, the selection process for Board appointments was performed as part of the IPO process External recruitment consultants were not used for this purpose Going forward, the committee will take the lead in identifying and nominating candidates for Board appointments to ensure that the composition of the Board retains an appropriate balance of the skills and experience required for ABG's business and operations

The Nomination committee terms of reference are available for inspection on ABG's website

Derek Pannell, Nomination committee chair

EHS&S committee

Bobby Godsell, EHS&S committee chair

Members and responsibilities

The EHS&S committee is chaired by Bobby Godsell Its other members are Stephen Galbraith and Derek Pannell Further details of the qualifications of each member of the committee are set out in the biographies contained on pages 70-71

The committee is scheduled to meet at least twice a year It is responsible for, among other things

- overseeing the development of strategy and policy on environmental, CSR and security matters,
- reviewing the effectiveness of the ABG Group's environmental management programmes and systems,
- reviewing the effectiveness of the ABG Group's health and safety systems and specific incident reports,
- reviewing the scope of potential environmental liabilities and the management processes for managing these liabilities,
- reviewing management reports on ABG's CSR programme,
- reviewing management reports on security incidents and the effectiveness of related controls, and
- overseeing management in monitoring reviews and evaluating emerging CSR issues to assess the potential impact on ABG's business and operations

Meetings and attendance

The committee met three times during the year Details of members' attendance can be found on page 75

The committee has asked the Chief Executive Officer, the Chief Operating Officer, ABG's General Counsel and members of ABG's environmental, community relations and security teams to attend committee meetings on a regular basis

Activities

Activities in 2010 focused on identifying key CSR and environmental initiatives and on reviewing the key challenges and risks faced by ABG's operations, specifically in the context of fraud, corruption and security Key work undertaken by the committee included

- ***reviewing terms of reference*** the committee reviewed its terms of reference and recommended that certain changes be made to reflect its responsibility for reviewing security matters and incidents,
- ***identifying CSR and environmental priorities*** throughout the year, the committee collaborated with ABG's management and CSR function to review the Group's CSR and environmental objectives and initiatives in order to confirm priorities for 2011 Priorities included
  - enhancing existing community and government dialogue to support ongoing stakeholder engagement,
  - implementing compliance across all mine sites with the International Cyanide Management Code, and
  - implementing further safety awareness training and incident-reduction programmes
- ***non-financial risk review*** as part of ABG's overall risk management review, the committee received and reviewed reports on a number of non-financial risks falling within its remit, principally in connection with environmental and security matters,
- ***developing CSR and environmental policies*** the committee commenced a progressive review of CSR and environmental policy against ABG strategy and objectives, and
- ***reviewing security and corruption controls*** the committee received quarterly management reports on security incidents As part of this review and reporting process, it identified a number of security initiatives for 2011, which seek to strengthen and develop existing systems and reinforce the security environment in which ABG operates Initiatives include
  - further enhancement of site security infrastructure,
  - increasing investigative and detection capacities, and
  - continuing the implementation and reinforcement of adherence to the Voluntary Principles and security systems management

Terms of reference

The EHS&S committee terms of reference are available for inspection on ABG's website

Bobby Godsell, EHS&S committee chair

Compensation committee

The Compensation committee is chaired by Michael Kenyon Its other members are James Cross, Andre Falzon and Aaron Regent In line with UK corporate governance requirements, three members of the committee are determined by the Board to be independent. Further details of the qualifications of each member of the committee are set out in the biographies contained on pages 70-71

The committee is scheduled to meet at least once a year and met four times during the year Details of members' attendance can be found on page 75

The Directors' remuneration report on pages 87-95 contains further information on the committee's role, responsibilities and activities throughout the course of 2010

Directors' report

ABG is incorporated and registered as a public limited company in England and Wales Its headquarters are in London and it is listed on the Main Market of the London Stock Exchange under the symbol ABG

Principal activities

With 16 8 million ounces of reserves, the ABG Group is the largest gold producer in Tanzania and the fifth largest in Africa, growing from no production in 2000 to approximately 701,000 attributable ounces in 2010 It has four producing mines, all located in north west Tanzania, and seven principal exploration projects The ABG Group has substantial gold mining experience and expertise, from exploration and development through to mine construction and operation

Our four mines are

- Bulyanhulu an underground gold mine, which began production in April 2001,
- Buzwagi an open pit gold mine, which began production in May 2009,
- North Mara an open pit gold mine consisting of three open pit deposits, which began production in April 2002, and
- Tulawaka an open pit gold mine, which has transitioned to an underground operation It began production in June 2005

The recent focus of ABG's exploration has been on advancing the exploration opportunities around its existing operating mines, in order to increase the Company's reserves and resources

Further details of ABG Group's activities are provided in the Overview and Performance sections of this report Details of ABG's registered office and business locations are provided on the back cover

Business review

The requirements of the business review are contained in the Overview and Performance sections of this report

An overview of the principal risks and uncertainties faced by the ABG Group is provided on pages 65-69

See pages 56-63 for information on environmental, employee and social and community matters

All of the matters above are incorporated by reference in this Directors' Report

Directors

The names and biographies of the Directors serving at the date of this report are provided on pages 70-71

An overview of Directors' appointments for the duration of the year under review is provided below

	Date of Appointment	Date of Termination
Aaron Regent	15 February 2010	N/A
Greg Hawkins	15 February 2010	N/A
Kevin Jennings	14 January 2010	N/A
James Cross	15 February 2010	N/A
Andre Falzon	15 February 2010	N/A
Stephen Galbraith	19 January 2010	N/A
Bobby Godsell	15 February 2010	N/A
Michael Kenyon	15 February 2010	N/A
Derek Pannell	15 February 2010	N/A

All Directors will put themselves forward for re-election at the forthcoming AGM Details of Director re-election requirements are provided on page 76

Catherine Boggs was appointed to the Board on 14 January 2010 and resigned from the Board on 19 January 2010 as part of the preparations for ABG's IPO Paul Buchanan was appointed to the Board on 19 January 2010 He resigned from the Board on 15 February 2010 as part of IPO preparations

Directors' indemnity insurance

In accordance with ABG's articles of association and to the extent permitted by the Companies Act 2006, ABG may indemnify its Directors out of its own funds to cover liabilities incurred as a result of their office The relevant provision contained in the Articles can be categorised as a 'qualifying third party indemnity provision' under the Companies Act 2006 As part of IPO preparations, ABG adopted Directors' and Officers' liability insurance This provides insurance cover for any claim brought against Directors or officers for wrongful acts in connection with their positions The insurance provided does not extend to claims arising from fraud or dishonesty and it does not provide cover for civil or criminal fines or penalties imposed by law

Directors' interests

Details of the interests of Directors and their connected persons in ABG's shares or in related derivates or financial instruments are outlined in the Directors' Remuneration report on pages 87-95

Employee share schemes

Details of ABG's employee share plans and long-term incentive plans are contained on pages 89 and 90

Employees

Information relating to employees is contained on page 126 in Note 6 to the financial statements and the corporate responsibility section ABG abides by anti-discrimination legislation in all jurisdictions in which it operates These principles are also set out in ABG's Code of Conduct which sets out the framework in which ABG expects all staff to operate This is supported by anti-discrimination standards and training in offices and mine sites which identify the required standards and provide mechanisms to raise any concerns with management

Dividends

An interim dividend of US1 6 cents per share was paid to shareholders on 27 September 2010 The Directors recommend the payment of a final dividend of US3 7 cents per share Subject to shareholders' approval of this recommendation at the AGM, the dividend will be paid on 26 May 2011 to shareholders on the register at 3 May 2011 The ex-dividend date is 27 April 2011

ABG will declare the final dividend in US dollars Unless a shareholder has elected or elects to receive dividends in US dollars, dividends will be paid in pounds sterling with the US dollar amount being converted into pounds sterling at exchange rates prevailing on or around 9 May 2011 Currency elections must be made by return of currency election forms by the deadline date of 6 May 2011

Annual General Meeting

ABG's first AGM will be held on 21 April 2011 at the InterContinental London Park Lane at 1 Hamilton Place, Park Lane, London W1J 7QY The notice of AGM and all accompanying details of business to be conducted there are included in a separate document accompanying this report, they are also available on ABG's website www africanbarrickgold com

The right of a shareholder to participate in the business of the AGM shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy and have access to all documents which are required by the Companies Act 2006 or the articles of association to be made available to the meeting

Share capital

As at 31 December 2010, ABG's issued share capital comprised 410,085,499 Ordinary Shares of 10 pence each The voting rights of all ABG shares are identical, with each share carrying the right to one vote ABG holds no Ordinary Shares in Treasury and does not have any class of share other than its Ordinary Shares Further details on voting rights and rights relating to the transfer of shares are provided below

ABG's articles of association provide the authority for ABG to purchase its own shares (including any redeemable preference shares), provided that it complies with any applicable requirements contained in the Companies Act 2006, the CREST regulations or any other applicable law ABG did not obtain any shareholder approval to repurchase any of its issued shares during the year under review

Details of ABG's issued share capital and any movements during the year are included on page 137 in Note 23 to the financial statements

Major shareholdings

The following persons as at 1 March 2011 are interested in the following percentages of ABG's issued ordinary share capital

Name	No. of shares	Percentage of issued share capital
Barrick International (Barbados) Corp	179,609,530	43 80
PDG Bank Limited	37,378,450	9 15
PDG Sona (Cayman) Ltd	86,258,970	21 00
Total	303,246,950	73 95

All of these shareholders are members of the Barrick Group

Relationship with major shareholder

An overview of ABG's relationship with Barrick and the relationship agreement that has been executed in respect of their ongoing relationship is provided on pages 76 and 77

Political and charitable donations

ABG does not make political donations During the year under review, the ABG Group expended US$3 5 million on social and community welfare activities surrounding its operations

Creditor payment policy

It is ABG policy to settle all debts with creditors on a timely basis and in accordance with terms and conditions agreed in advance with each creditor Further details on trade creditors are provided on page 138 in Note 25 to the financial statements

Suppliers

It is ABG's policy that, subject to compliance with trading terms by the supplier, payments are made in accordance with terms and conditions agreed in advance with the supplier

As at 31 December 2010 ABG had an average of 51 creditor days for the ABG Group compared to 46 in 2009

Policy on derivatives, financial instruments and financial risk management

ABG's policies on financial risk management, derivatives, financial instruments and information on its exposures to foreign currency, commodity prices, credit, equity, liquidity and interest rates can be found in Notes 27, 28 and 29 to the financial statements contained on pages 139-144 of this report

Material agreements containing change of control provisions

The Directors consider the following as material agreements and arrangements for ABG's business and operations, which contain provisions which alter or terminate on a change of control of ABG:

- **Services Agreement**: as part of its IPO preparations, ABG entered into a services agreement with Barrick under which Barrick provides certain services to ABG and the other members of the ABG Group for the ongoing operation of the business. These services include support for information technology, technical services, security and other administrative and corporate functions. The services agreement provides that the services are to be provided to the ABG Group for an initial period of 12 months and will continue in force unless terminated. The agreement's termination events include a basis for either party to terminate the agreement with immediate effect in the event of specified breaches of the agreement, insolvency or analogous events or a change of control.
- **Relationship Agreement**: see pages 76 and 77 of this report for an overview of the Relationship Agreement.
- **Credit Agreement**: an overview of the credit agreement between, among others, ABG and Citibank International plc as administrative agent, is provided on page 53 of this report. A change of control of ABG is a mandatory prepayment event under the credit agreement and, subject to certain exceptions, a termination event.

ABG's mining concessions are held by its operating companies in Tanzania. Under applicable law, a change of control of the operating companies requires the consent of the Minister of Energy and Minerals in Tanzania.

There are no agreements in place between ABG and its Directors or employees which provide for compensation for loss of office or employment resulting from a change of control of ABG.

Special provisions also allow the early exercise of awards made under ABG's Stock Option Plan and early vesting of awards made under ABG's Long Term Incentive Plan ('LTIP'), in the event of a takeover, reconstruction or winding up. In such circumstances, the Compensation committee determines whether and to what extent options or awards become exercisable, by taking into account all relevant facts and circumstances including, but not limited to, satisfaction of any applicable performance condition.

When determining the vesting of LTIP awards or options, the committee may proportionately reduce the award depending on the time which has elapsed between the first day of the performance period and the date of change of control. Alternatively, awards may be exchanged for new equivalent awards where appropriate.

Significant relationships

ABG's relationship with Barrick as its majority shareholder is summarised on pages 76 and 77 of this report. In addition to this relationship, the Directors consider the following contractual relationships and arrangements as essential for the conduct of ABG's business:

- **Tulawaka Agreement**: although the Tulawaka mine is 100% owned and operated by Pangea Minerals Limited, the economic interest in the mine is divided on a 70:30 basis following a 1998 contractual joint venture agreement between Pangea Goldfields Inc, an ABG Group company, (PGI) and MDN Inc (MDN). The Tulawaka Agreement provides that all capital and operating costs associated with the Tulawaka mine are funded by PGI and MDN on a 70:30 basis, and that PGI is contractually obligated to pay MDN an amount equal to 30% of the net cash generated by the Tulawaka mine, less any applicable withholding.
- **Mineral development agreements**: each ABG Group operating mine has a mineral development agreement (MDA) with the Tanzanian government. The material terms and conditions of each such MDA are substantially similar and include provisions governing royalty payments, taxes and other charges, banking arrangements, local procurement obligations, and import rights. The MDAs also provide for no expropriation or nationalisation rights. Broadly these rights provide that the Tanzanian government will not nationalise or compulsorily acquire the whole or any part of ABG's interest in the applicable special mining licences or any of its property or its contractors' or subcontractors' property used for the purpose of mining operations or in relation to the applicable special mining licences, without adequate compensation. Each MDA is governed by Tanzanian law. Adherence to the terms and conditions of the MDAs is of significant importance to ABG's business, given the agreements overall importance to our operations.
- **TANESCO relationship.** The North Mara, Buzwagi and Bulyanhulu mines rely upon electrical power generated by the state power utility company, TANESCO. While North Mara and Bulyanhulu have diesel power generation facilities on site capable of supporting their operations, Buzwagi does not have such self-generation capacity and there is no readily available alternative power supply to the national grid. ABG has entered into a number of agreements and arrangements with TANESCO in respect of power supply and purchase prices. These agreements are reviewed on a regular basis. As national electricity generation and transmission systems in Tanzania are limited, ABG's ongoing relationship with TANESCO is of significant importance to its operations and business. Any adverse change or development in this relationship could produce a material adverse effect on ABG's operations, performance and financial condition.

All other material contracts and arrangements are summarised above, under 'Material agreements containing change of control provisions'.

Going concern

The Directors' statement on going concern is contained on page 54 of this report.

Corporate governance compliance

The statement on compliance with the Combined Code for the reporting period is contained on page 78 of this report.

Articles of association

The Company's articles of association may be amended by special resolution of the shareholders.

Shareholder rights

The rights and obligations attaching to the Ordinary Shares contained in ABG's articles of association are as follows:

Voting rights

Subject to any special rights or voting restrictions contained in the articles of association for any class of share, at any general meeting every member who is present in person or by proxy shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he or she is the holder

A resolution put to a vote of the meeting shall be decided on a show of hands, unless a poll is duly demanded. Subject to the provisions of the Companies Act 2006, a poll may be demanded by the Chairman, by at least five members who have the right to vote at the meeting, by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or by a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right

Unless the Directors otherwise determine, a shareholder is not entitled to vote at a shareholders' meeting, either in person or by proxy, or to exercise any other right conferred by membership in relation to a shareholders' meeting, unless and until all calls or other sums presently payable by him in respect of that share with interest and expenses (if any) have been paid to ABG or if he or any other person appearing to be interested in shares has been issued with a notice pursuant to Section 793 of the Companies Act 2006 (requiring disclosure of interest in shares) and has failed to provide the required information within 14 days from the service of the notice

Dividend rights

The Board may declare and pay dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates and may from time to time pay interim dividends as it thinks fit Final dividends shall be declared by ordinary shareholder resolution, in accordance with Board recommendations No dividend declared by shareholders shall exceed the amount recommended by the Board

Provided that the Board acts in good faith, it shall not incur any liability to shareholders for any loss that they may suffer by the lawful payment of any fixed or interim dividend on any shares ranking after or *pari passu* with those shares

Except as otherwise provided by the rights attached to shares, all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly No amount paid up on a share in advance of the date on which a call is payable shall be treated as paid up on the share

Payment of any dividend declared may be satisfied wholly or partly by the distribution of specific assets, and in particular of paid up shares or debentures of ABG, with shareholder approval

The Directors may retain any dividend or other money payable on or in respect of a share on which ABG has a lien and may apply the same towards satisfaction of the monies payable to ABG in respect of that share

Unless the Directors otherwise determine, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld, and ABG shall have no obligation to pay interest on it, if such shares represent at least 0 25% of the nominal value of the issued share capital of their class and the holder, or any other person appearing to be interested in those shares, has been issued with a Section 793 notice and has failed to supply the information required by such notice within 14 days Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend

The payment by the Board of any unclaimed dividend or other monies on or in respect of a share into a separate account shall not constitute ABG a trustee in respect thereof All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to ABG

Transfer of shares

Subject to any applicable restrictions, each member may transfer all or any of his or her shares, which are in certificated form, by instrument of transfer in writing in any usual form or in any other form acceptable to the Board and may be under hand only Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect of it

All transfers of shares which are in uncertificated form shall, unless the CREST regulations otherwise provide, be effected on a relevant system

The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless

(i) it is in respect of a share which is fully paid up,

(ii) it is in respect of only one class of shares,

(iii) it is in favour of not more than four joint transferees,

(iv) it is lodged duly stamped (if so required) at the transfer office,

(v) it is accompanied by the relevant certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor and the due execution of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so, and

(vi) in the case of partly paid shares listed on the London Stock Exchange, such refusal would prevent dealings in such shares from taking place on an open and proper basis

Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been issued with Section 793 shares in respect of shares representing at least 0 25% of their class and the relevant information has not been supplied within 14 days This restriction on transfer will not automatically apply if the member is not personally in default as regards supplying the information required and the proposed transfer is only part of the member's holding, provided that certain requirements are satisfied at the time of presenting the transfer for registration

Division of ABG assets on a winding up

If ABG is wound up, the liquidator may, with the sanction of a shareholder special resolution, divide the whole or any part of ABG's assets between shareholders In such circumstances the liquidator may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholder Subject to certain requirements, the liquidator may also vest any part of the assets in trustees on such trusts for the benefit of the shareholders, but no shareholder shall be compelled to accept any assets on which there is a liability

Variation of rights

If at any time the share capital of ABG is divided into shares of different classes, rights attached to a class may only be varied in such manner (if any) as may be provided by prescribed rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held

Powers of Directors

Managing the business

ABG's business is managed by the Board, and the articles of association permit the Board to exercise all of ABG's powers in this regard These powers may be exercised by any meeting of the Board at which a quorum of two Directors is present The power of the Board to manage the business is subject to any limitations imposed by the Companies Act, the articles of association or any directions given by special resolution of the shareholders applicable at a relevant time

The articles contain an express authority for the appointment of Executive Directors and provide the Directors with the authority to delegate or confer upon such Directors any of the powers exercisable by them upon such terms and conditions and with such restrictions as they see fit The articles contain additional authorities to delegate powers and discretions to committees and subcommittees

Borrowing powers

Subject to the provisions of the Companies Act 2006, the CREST regulations and any other applicable law, the Directors may exercise all the powers of ABG to borrow money, guarantee, indemnify, mortgage or charge its undertaking, property (present and future) and uncalled capital or any part or parts thereof and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of ABG or of any third party up to a maximum amount of two times the aggregate of the ABG Group's adjusted total equity, calculated in accordance with the procedure contained in the articles of association Borrowings in excess of this amount require prior shareholder approval

New issues of shares

The articles of association provide the Directors with a general and unconditional authority to allot new shares up to a maximum amount of one-third of ABG's issued Ordinary Share capital for the period ending on the date of the forthcoming AGM Pursuant to this, the Directors are empowered to allot any new equity securities wholly for cash pursuant to and within the terms of the allotment authority on a non-pre-emptive basis if the allotment is made in connection with a rights issue or, if not, up to a maximum aggregate amount that is equal to 5% of ABG's issued Ordinary Share capital The related authority to allot shares on a non-pre-emptive basis also expires on the date of the forthcoming AGM These powers were not exercised during the year under review

These powers are capable of renewal by shareholder resolution Resolutions for a renewal will be put to the shareholders at the forthcoming meeting

Appointment and replacement of Directors

Shareholders may appoint any person who is willing to act as a Director by ordinary resolution and may remove any Director by ordinary resolution The Board may appoint any person to fill any vacancy or as an additional Director, provided that they are submitted for re-election by the shareholders at the AGM following their appointment

Each Director shall retire at the AGM held in the third calendar year following his or her election and subsequent re-elections Non-Executive Directors shall also retire at each AGM following the ninth anniversary of the date of their initial election All retiring Directors shall be eligible for election or re-election unless otherwise determined by the Board.

Specific conditions apply to the vacation of office, including cases where a Director becomes prohibited by law or regulation from holding office, or is persistently absent from Directors' meetings, or if three-quarters of appointed Directors request his or her resignation or in the case of mental incapacity or bankruptcy

Barrick's rights to appoint Directors are summarised on page 76

Related party transactions

Details of related party transactions undertaken during the year are contained in Note 32 on pages 146-147 of the financial statements

Post balance sheet events

Particulars of any important events affecting the Company or the ABG Group since the year end are contained in Note 34 on page 147 of the financial statements

Audit information

Having made the requisite enquiries, so far as the Directors are aware there is no relevant audit information (as defined by Section 418(3) of the Companies Act 2006) of which the auditors are unaware and each Director has taken all steps that he or she ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

ABG's auditors are PricewaterhouseCoopers LLP (PwC) A resolution to reappoint PwC as auditors will be proposed at the forthcoming AGM Refer to page 101 as part of the financial statements for the Independent Auditors' report

Directors' responsibilities statement

Under applicable UK law, the Directors are responsible for preparing the Annual Report, the Directors' Report, the Remuneration report and the financial statements in accordance with applicable law and regulation

Responsibility for financial statements

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the ABG Group and the Company and of the profit or loss of the ABG Group for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the ABG Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the ABG Group's financial statements, Article 4 of the IAS Regulation They are also responsible for safeguarding the assets of the Company and the ABG Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors are responsible for the maintenance and integrity of ABG's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Responsibility statement required by Disclosure and Transparency Rules

The Directors confirm to the best of their knowledge that

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of ABG and the undertakings included in the consolidation as a whole; and
- the management report, which is incorporated into the Directors' report, includes a fair review of the development or performance of the business and the position of ABG and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face

Approval of Directors' Report

This report has been approved by the Board and signed on its behalf by

Katrina White, Company Secretary

Remuneration report

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' report on remuneration for 2010, for which we will be seeking approval from shareholders at our Annual General Meeting.

The Compensation committee is focused on ensuring the remuneration policy enables the Group to attract, retain and motivate the executive talent required for the successful delivery of our business strategy.

ABG listed on the London Stock Exchange in March 2010, following its part demerger from Barrick, which is listed on the Toronto Stock Exchange (ABX). Our remuneration arrangements for 2010 were largely inherited from Barrick.

During 2010, the committee reviewed ABG's remuneration levels with reference to the international gold mining companies with which we compete for talent, and against FTSE companies of similar size and complexity. Based on this review the committee approved the following salary increases:

- Chief Executive Officer: increase to £450,000 (12.5%), and
- Chief Financial Officer: increase to £327,000 (9%).

In the coming year, the committee is committed to further reviewing the Company's remuneration practices to ensure that our executive remuneration arrangements continue to be appropriate for our particular circumstances and as a UK-listed company. In this way, we will ensure that we continue to attract, retain and motivate the executive talent required to ensure that we deliver long-term shareholder value.

Michael Kenyon,
Chairman of the Compensation committee
10 March 2011

Audit notes

In accordance with Section 421 of the Companies Act 2006 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations'), the following sections of the Annual Report have been audited: Directors' Remuneration, Directors' Interests in Shares under the ABG Long Term Incentive Plan, Directors' Interests in options under the ABG Share Option Plan. The remaining sections are not subject to audit.

Compensation committee

The committee's principal responsibilities are:

- setting, reviewing and recommending to the Board for approval the Company's overall remuneration policy and strategy,
- setting, reviewing and approving individual remuneration arrangements for the Chairman, Chief Executive Officer and Chief Financial Officer, including terms and conditions of employment and any changes,
- setting, reviewing and approving individual remuneration arrangements for the senior managers including terms and conditions of employment and any changes, after considering the recommendations of the Chief Executive Officer. The committee in consultation with the Chief Executive Officer shall be responsible for determining which employees comprise the senior managers,
- approving the rules, and launch, of any Company share, share option or cash-based incentive scheme and the grant, award, allocation or issue of shares, share options or payments under any such scheme,
- setting, reviewing and approving the corporate and individual performance goals for the Chief Executive Officer and Chief Financial Officer,
- setting, reviewing and approving the corporate and individual performance goals for the senior managers based on the Chief Executive Officer's recommendations,
- assessing the achievement of corporate and individual performance goals of the Chief Executive Officer, Chief Financial Officer and senior managers,
- reviewing and making recommendations to the Board with regard to succession planning with respect to the Chief Executive Officer and other senior managers,
- ensuring that all provisions regarding disclosure of remuneration including pensions, as set out in the UK Corporate Governance Code and the Listing Rules and as required in connection with the preparation of the Directors' remuneration report, are fulfilled, and
- establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee, and obtaining reliable, up-to-date information about remuneration in other companies.

The full terms of reference of the Compensation committee can be found on the ABG website and copies are available on request

The committee comprises the Chairman of the Board and three independent Non-Executive Directors It meets on at least one occasion each year and at such other times as the Chairman of the committee requires The members during the year were

- Michael Kenyon (Chairman)
- James Cross
- Andre Falzon
- Aaron Regent

Each member's attendance at meetings held during the year is set out in the Corporate Governance Report on page 75 The following individuals attend meetings by invitation and provide advice to the committee to enable it to make informed decisions,

- Greg Hawkins, Chief Executive Officer, and
- Kobus van Vuuren, Head of Human Resources

No Director is present when his or her own remuneration is being discussed

The committee also meets without management and receives information and advice from Kepler Associates, an independent executive remuneration consultancy firm appointed by the committee in 2010 During 2010, Kepler Associates provided advice to the committee on market trends, remuneration benchmarking and other remuneration issues Kepler Associates does not advise the Company on any other issues

Remuneration policy

ABG's fundamental goal is to create value for its shareholders In serving this goal, the Company's remuneration policy is designed with the following objectives in mind

- to align the interests of Executive Directors with the short- and long-term interests of shareholders,
- to link executive remuneration to the performance of the Company and the individual,
- to leverage performance through emphasis on variable remuneration to reinforce key business imperatives and strategy,
- to reinforce the key elements of the Company's strategy and align the Executive team with the strategy, and
- to remunerate the Chief Executive Officer, Chief Financial Officer and senior managers at a level and in a manner that ensures that ABG is capable of attracting, motivating and retaining talent

In defining the Company's remuneration policy, the Compensation committee takes into account advice received from external consultants and also best practice guidelines set by institutional shareholder bodies, including the principles and guidelines on executive remuneration issued by the Association of British Insurers (ABI) and the provisions of Schedule A of the Combined Code

To implement the policy, ABG utilises three complementary performance-related incentive schemes for executives

- the Short Term Incentive (STI) – is designed to focus executives on the business priorities of the financial year and to reinforce the individual and Company performance ethic,
- the Long Term Incentive Plan (LTIP) – aims to motivate participants to maximise total shareholder return (TSR) as measured against a comparator group of international gold mining companies over a period of three years, and
- the Stock Option Plan (SOP) – aims to drive shareholder value over the long term and encourage retention

The three schemes complement each other and enable the measurement and reward of both short- and long-term performance The committee considers that the three-year vesting period for the LTIP is appropriate as a measure of long-term performance, and that the phased vesting period over four years for the SOP is appropriate to encourage retention

Activities in 2010

During 2010, the Compensation committee carried out the following activities

- review of updates on the regulatory, legislative and governance environment for executive remuneration,
- review of competitive assessment of the remuneration arrangements for the Chief Executive Officer, Chief Financial Officer and Senior Managers for 2011,
- approval of remuneration arrangements for the Head of Corporate Development and Investor Relations, the Chief Operating Officer and the General Counsel and Company Secretary,
- review and approval of 2010 individual performance, forecast of 2010 corporate performance results, and pay recommendations for the Chief Executive Officer, Chief Financial Officer and Senior Managers, and
- approval of 2011 salary increases, STI payouts for 2010 and LTIP and SOP awards for the Chief Executive Officer, Chief Financial Officer, Senior Leadership Team and other senior managers

Components of remuneration

The current remuneration package for Executive Directors comprises performance-related and non-performance-related components The performance-related components are the incentive schemes referred to above and the non-performance-related components are base salary, taxable benefits and pension entitlements Pay and employment conditions elsewhere in the Group have been taken into account by the committee in determining the remuneration packages for Executive Directors

The proportion of each Executive Director's total remuneration that is performance-related is significant even for target performance For stretch performance, the proportion of total remuneration that is performance-related is higher, as is the total amount of remuneration payable

The average proportion of remuneration (including pension) that was performance-related in 2010 is illustrated by the following chart In estimating the relative importance of those elements of remuneration that are, and those that are not, performance-related, a number of assumptions have had to be made about the Company's share price growth and TSR, relative to the Company's comparator group, over the next three years

Base salaries

Executive Directors' salaries are reviewed each year with any changes normally taking effect from 1 January This review takes into account individual performance and market competitiveness Pensionable salary is derived from base salary only

In line with our remuneration policy, the committee benchmarks Executive Directors' salaries against comparator groups, which, for the 2010 salary review, were international gold mining, general mining and FTSE-listed companies of similar size and complexity For 2011, Executive Director salaries will be between the lower quartile and median for these comparator groups

The committee approved the following 2011 salary increases for Executive Directors

	2011 salary	Increase on 2010 salary
Chief Executive Officer	£450,000	12 5%
Chief Financial Officer	£327,000	9%

Short Term Incentive (STI)

The Group operates a cash-based STI, which in 2010 provided an incentive opportunity in the range of 0% to 150% of base salary for Executive Directors For 2011 the committee approved the following STI opportunities for the Executive Directors

	2011 target STI opportunity	2011 maximum STI opportunity
Chief Executive Officer	75%	150%
Chief Financial Officer	75%	150%

At the start of each incentive year, the Board will set challenging budget and stretch financial performance targets and the committee endorses other performance measures, notably with respect to health, safety and environmental indicators Short-term incentives at the higher end of the range are payable only for demonstrably superior Group and individual performance

For the Executive Directors, the performance measures for the 2010 incentive year were weighted on Group measures, including safety, environment, security, government relations, community relations, human resources, compliance, production, operating costs, capital reserves, projects, the IPO, investor relations and earnings

In determining the actual incentive payment, the committee considers these results against the context of the overall performance of the business and of the individual The review of the overall performance of the business takes into consideration such factors as operational performance, strategy and business development activities and performance against industry peers The review of individual performance takes into consideration achievements against the individual's personal performance contract

For the 2010 incentive year, taking into account overall business and individual performance, the committee has awarded the Chief Executive Officer and the Chief Financial Officer STI payments of 90% and 88% of base salary respectively

Long-term incentives

For 2010, to ensure continuity during the first year of listing since ABG's IPO, the long-term incentive plans are broadly commensurate with those of Barrick. Over the next 12 months, the committee will review the Company's long-term incentive offering to ensure that going forward it takes into account accepted UK executive remuneration practices

The rules of the LTIP and SOP each permit a maximum award with a face value equal to 200% of salary in each year under normal circumstances The committee may exceed this limit in exceptional circumstances The award is delivered 50% through the LTIP and 50% through the SOP for the year-end award The target combined award granted during 2010 was 170% of salary for the Chief Executive Officer and 148% of salary for the Chief Financial Officer This includes the post admission grant awards

Long Term Incentive Plan (LTIP)

A limited number of Senior Managers are allocated Company shares under the LTIP The Company's TSR performance against the market cap-weighted average TSR of a comparator group of companies over a three-year performance period commencing on the date of grant will determine what proportion of the allocated shares will be transferred into the ownership of the employee There is no retest provision

In the event of a change of control, vesting of shares under the LTIP is not automatic and would depend upon the extent to which the performance conditions had been met at the time

For the 2010 LTIP allocations, the comparator group comprises 16 companies The committee considers that this group represents an appropriate set of international gold mining companies against which ABG's performance could be compared by shareholders

The companies in the comparator group are as follows

Agnico-Eagle Mines	Yamana Gold
Centamin Egypt	Goldfields
Eldorado Gold	AngloGold Ashanti
Harmony Gold	Zijin
Iamgold	Minas Buenaventura
Petropavlovsk	Kinross
Randgold Resources	Polyus Gold
Semafo	Centerra Gold

The committee reviews this comparator group from time to time and intends to do so before making future allocations under the LTIP.

The committee has set the following performance conditions for allocations made under the LTIP.

ABG's TSR % outperformance of comparator group weighted mean over three years	% of allocated shares transferred
+20%	2x target
0%	Target
-12.5%	0.5x target
Below -12.5%	All allocated shares are forfeited

Where performance is between the above levels, the percentage of shares to be transferred is determined on a proportionate basis.

These performance conditions are illustrated by the graph below.

Stock Option Plan (SOP)

The Company may grant options over its shares with the option price set at least at the fair market value at the time of the grant. Grants vest in equal parts over four years and expire seven years from the date of grant. A four-year vesting period is intended to aid in the retention of key talent. The committee may also, at its discretion, impose a performance condition on SOP grants. In 2010, options were granted with no performance conditions attached.

Legacy Barrick Incentive Plans

Following the IPO in March 2010, many of our Senior Managers, who were previously employees of Barrick, retained stock options and restricted share units under Barrick's remuneration arrangements. Further details of these plans and any holdings are disclosed on page 94. ABG Executive Directors are no longer eligible for further awards under the Barrick incentive plans.

Pensions

Executive Directors receive contributions of 25% of gross base salary into a personal pension scheme of the Executive Director's choice, or a cash supplement of commensurate value. It is separately identified in the emoluments table on page 92.

The Group does not operate any defined benefit schemes.

Dilution

No options have been exercised. In the event of all options and shares outstanding as at 31 December 2010 under ABG's share-based schemes (which involve the issue of new shares) becoming exercisable, the resulting issue of shares would represent approximately 0.30% of the issued share capital as at that date.

Service contracts

The Executive Directors' service contracts, including arrangements for early termination, are carefully considered by the committee and are designed to recruit, retain and motivate directors of the quality required to manage the Company. The committee considers that a notice period of one year is appropriate.

The Executive Directors' service contracts provide for compensation of 12 months' salary in the event of early termination.

Senior Managers below the Executive Directors

The policy and practice with regard to the remuneration of senior employees below the Executive Directors is entirely consistent with that for the Executive Directors. These Senior Managers all have a significant portion of their reward package linked to performance. They all qualify for annual bonus and LTIP and SOP awards, and their performance targets are the same as, or cascaded from, the targets for the Executive Directors. The committee reviews and approves the individual remuneration packages for the Senior Managers in accordance with the overriding objectives of our remuneration policy. Their individual performance is reviewed and their base salary increases, annual bonus payments and LTIP and SOP awards are subject to approval by the committee each year.

Non-Executive Directors

The Board aims to recruit Non-Executive Directors of a high calibre with broad commercial, international or other relevant experience Non-Executive Directors are appointed by the Board on the recommendation of the Nomination committee Their appointment is for an initial term of three years until 1 February 2013, subject to election by shareholders at the first AGM following their appointment Upon the recommendation of the Nomination committee, they are re-appointed for a second term of three years, subject to re-election by shareholders There is a three-month notice period and no provision for termination payments

The terms of engagement of the Non-Executive Directors are set out in a letter of appointment

The basic annual fee paid to Non-Executive Directors is £50,000 per annum Additional fees of £10,000 are also payable for acting as Senior Independent Director or as Chairman of the Audit committee, Compensation committee or EHS&S committee Fees are reviewed on a regular basis, taking into account time commitment, competition for high quality Non-Executive Directors and market conditions A review is underway of the current level and components of the Non-Executive Directors' compensation and it is likely that the level will increase in 2011

Non-Executive Directors are not eligible to participate in any of the Company's share schemes, incentive schemes or pension schemes

Chairman

Aaron Regent was appointed as Chairman with effect from 1 February 2010 In line with the Non-Executive Directors, Mr Regent's appointment is for a three-year term and there is no notice period and no provision for payment in the event of early termination Mr Regent receives no fee

Performance graph

The graph below shows ABG's TSR performance for the period from the IPO date to 31 December 2010 (calculated in accordance with the regulations) against the performance of the FTSE 100

The FTSE 100 was chosen because this is a recognised broad equity market index of which the Company was a member for the reporting period

The following section of this report provides details of the remuneration, service contracts or letters of appointment and share interests of all the Directors for the year ended 31 December 2010

This part of the Remuneration Report has been audited by ABG's external auditors

Audited Directors' remuneration

Individual remuneration for the year to 31 December 2010

	Salary/fees	Pension	Taxable benefits [a]	Bonus	Total
	2010 £	2010 £	2010 £	2010 £	2010 £
Aaron Regent	–	–	–	–	–
Greg Hawkins	346,301	86,575	70,696	270,000	773,572
Kevin Jennings	232,603	58,151	55,816	197,000	543,570
James Cross	50,000		–		50,000
Andre Falzon	60,000		–	–	60,000
Stephen Galbraith	–		–	–	–
Bobby Godsell	60,000		–	–	60,000
Michael Kenyon	60,000		–	–	60,000
Derek Pannell	60,000		–	–	60,000

(a) Includes car allowance, relocation expenses and private medical/health insurance

No earnings are disclosed for 2009 as ABG listed in March 2010 Catherine Boggs and Paul Buchanan did not receive any remuneration from the Company in respect of their positions as Directors Details of these appointments are provided on page 75

Directors' service contracts

Executive Directors

Details of the service contracts of the Executive Directors who served during the year are set out below

	Contract date	Unexpired term	Notice period
Greg Hawkins	23 Mar 2010	indefinite	12 months
Kevin Jennings	23 Mar 2010	indefinite	12 months

The Executive Directors' service contracts provide for compensation of 12 months' salary in the event of early termination
No payment is made on a change of control

Chairman and Non-Executive Directors

Details of the service contracts of the Non-Executive Directors who served during the year are set out below

	Contract commencement date	Expiry of current term
Aaron Regent	01 Feb 2010	01 Feb 2013
James Cross	01 Feb 2010	01 Feb 2013
Andre Falzon	01 Feb 2010	01 Feb 2013
Stephen Galbraith	01 Feb 2010	01 Feb 2013
Bobby Godsell	01 Feb 2010	01 Feb 2013
Michael Kenyon	01 Feb 2010	01 Feb 2013
Derek Pannell	01 Feb 2010	01 Feb 2013

The Non-Executive Directors' letters of appointment do not contain any provision for compensation in the event of early termination of their appointment They do not have periods of notice Catherine Boggs and Paul Buchanan did not enter into any service contracts in respect of their positions as Directors, nor did they receive letters of appointment Details of these appointments are provided on page 75

Audited Directors' interests in shares under the ABG Long Term Incentive Plan

Award date	Shares over which awards held as at 1 Jan 2010	Shares over which awards granted during the year	Market price at date of award	End of performance period	Vesting date	Shares over which awards held as at 31 Dec 2010
Greg Hawkins						
25 Nov 2010	0	39,901	£5.12	25 Nov 2013	25 Nov 2013	39,901
Kevin Jennings						
25 Nov 2010	0	22,305	£5.12	25 Nov 2013	25 Nov 2013	22,305

No awards have vested or lapsed during the year. As such no information is listed as regards such matters in the table above.
Neither Catherine Boggs nor Paul Buchanan were granted awards under ABG's Stock Option Plan or LTIP.

Audited Directors' interests in options under the ABG Share Option Plan

Award date	Shares over which awards held as at 1 Jan 2010	Shares over which awards granted during the year	Exercise price	Exercised/ (lapsed) during the year	Market price at date of exercise	Expiry date	Earliest vesting date	Final vesting date	Shares over which awards held as at 31 Dec 10
Greg Hawkins									
27 Apr 2010	0	125,000	£5.68	0	N/A	26 Apr 2017	27 Apr 2011	27 Apr 2014	125,000
25 Nov 2010	0	142,501	£5.12	0	N/A	24 Nov 2017	25 Nov 2011	25 Nov 2014	142,501
Kevin Jennings									
27 Apr 2010	0	100,000	£5.68	0	N/A	26 Apr 2017	27 Apr 2011	27 Apr 2014	100,000
25 Nov 2010	0	79,659	£5.12	0	N/A	24 Nov 2017	25 Nov 2011	25 Nov 2014	79,659

Neither Catherine Boggs nor Paul Buchanan were granted awards under ABG's Stock Option Plan or LTIP

Share Price Information

The mid-market price for the Company's ordinary shares at 31 December 2010 was £6.11. The range during the year was £5.03 to £6.70

Directors' interests in options under the Barrick Share Option Plan

Award date	Shares over which awards held as at 1 Jan 2010	Shares over which awards granted during the year	Exercise price	Exercised/ (lapsed) during the year	Market price at date of exercise	Expiry date	Earliest vesting date	Final vesting date	Shares over which awards held as at 31 Dec 10
Aaron Regent									
06 Feb 2009	500,000	–	US$38.57	N/A	–	05 Feb 2016	06 Feb 2010	6 Feb 2013	500,000
08 Dec 2009	231,791	–	US$42.44	N/A	–	07 Dec 2016	08 Dec 2010	08 Dec 2013	231,791
07 Dec 2010	0	154,267	US$54.83	N/A	–	06 Dec 2017	07 Dec 2011	07 Dec 2014	154,267
Stephen Galbraith									
07 Dec 2004	1,250	–	US$23.80	1,250	US$47.38	06 Dec 2011	07 Dec 2005	07 Dec 2008	0
30 Jul 2008	10,000	–	US$42.58	N/A	–	29 Jul 2015	30 Jul 2009	30 Jul 2012	10,000
07 Dec 2010	0	5,000	US$54.83	N/A	–	06 Dec 2017	07 Dec 2011	07 Dec 2014	5,000
Greg Hawkins									
07 Dec 2004	2,500	–	US$23.80	N/A	–	06 Dec 2011	07 Dec 2005	07 Dec 2008	2,500
Kevin Jennings									
08 Dec 2009	28,287	–	US$42.44	7,072	US$54.38	07 Dec 2016	08 Dec 2010	08 Dec 2013	21,215

Remuneration report continued

Barrick Stock Options

Grants vest in equal parts over four years and expire seven years from the date of grant subject to continued employment, commensurate with competitive practice in North America

Directors' interests in Barrick Restricted Share Unit Plan (PRSU and RSU)

Award date	Incentive Plan	Shares over which awards held as at 1 Jan 2010	Shares over which awards granted during the year	Market price at date of award	End of performance period	Vesting Date	Vested during the year	Market rate at date of vesting	Lapsed during the year	Shares over which awards held as at 31 Dec 2010
Aaron Regent										
06 Feb 2009	RSUs	104,842	–	US$38 57	N/A	06 Aug 2011	–	–	–	105,858
08 Dec 2009	RSUs	33,609	–	C$44 63	N/A	08 Jun 2012	–	–	–	33,934
07 Dec 2010	RSUs	–	21,598	C$55 25	N/A	07 Jun 2013	–	–	–	21,598
08 Dec 2009	PRSUs	33,609	–	C$44 63	08 Dec 2012	08 Dec 2012	–	–	–	33,934
07 Dec 2010	PRSUs	–	21,598	C$55 25	07 Dec 2013	07 Dec 2013	–	–	–	21,598
Stephen Galbraith										
09 Dec 2008	RSUs	4,452	–	US$27 25	N/A	09 Jun 2011	–	–	–	4,495
08 Dec 2009	RSUs	2,379	–	C$44 63	N/A	08 Jun 2012	–	–	–	2,402
07 Dec 2010	RSUs	–	1,786	C$55 25	N/A	07 Jun 2013	–	–	–	1,786
Greg Hawkins										
04 Dec 2007	RSUs	4,380	–	US$41 08	N/A	04 Dec 2010	4,422	USD$52 71		–
30 Jul 2008	RSUs	1,591	–	US$42 58	N/A	30 Jul 2011	–	–	–	1,614
09 Dec 2008	RSUs	2,771	–	US$27 25	–	09 Jun 2011	–	–	N/A	2,797
08 Dec 2009	RSUs	4,534	–	C$44 63	–	08 Jun 2012	–	–	N/A	4,577
Kevin Jennings										
08 Dec 2009	RSUs	2,403	–	C$44 63	–	08 Jun 2012	–	–	N/A	2,426

Barrick Restricted Share Units (RSUs)

RSUs were granted in lieu of actual shares Each RSU has a value equal to one Barrick common share RSUs granted prior to 2008 vest and are paid out in cash on the third anniversary of the grant date RSUs granted after December 2008 vest and are paid out in cash 30 months after the date of grant Pursuant to the RSU plan, at vesting, each RSU will have a value equal to the then current average closing market price in Canadian dollars of one Barrick common share on each day during the last five trading days prior to the vesting date Additional RSUs are credited to reflect dividends paid on Barrick common shares and are subject to the same vesting provisions as the underlying RSUs that were actually granted

Barrick Performance Restricted Share Units (PRSUs)

The number of target PRSUs granted equalled the number of RSUs granted (25% of the total long-term incentive award) PRSUs vest based on the achievement of goals over a three-year performance period.

Additional PRSUs are credited to reflect dividends paid on Barrick Common Shares during the performance period PRSUs resulting from dividend equivalent credits are subject to the same vesting provisions as the underlying PRSUs that were actually granted.

Performance for PRSU grants will be based on Barrick's total shareholder return (share price appreciation plus reinvested dividends) over the three-year period (beginning the date of the grant and ending on the third anniversary) compared to the total shareholder return performance for Gold Mining Peers (those with market capitalisations greater than US$3 billion as at 30 September 2010) The Comparator group are listed below

Agnico-Eagle Mines Ltd	AngloGold Ashanti Ltd.
Eldorado Gold Corp [a]	Goldcorp Inc
Gold Fields Ltd.	Harmony Gold Mining Co Ltd.
IAMGOLD Corp [a]	Kinross Gold Corporation
Lihir Gold Limited [b]	Newcrest Mining Ltd. [a]
Newmont Mining Corp	Randgold Resources Ltd [a]
Yamana Gold, Inc	

(a) These companies were added to the Gold Mining Peers in 2010 based on the compensation consultant's assessment of the peer group.
(b) Lihir Gold is not included in the performance peer group subsequent to its acquisition by Newcrest Mining in May 2010
The vesting schedule for PRSUs is the same as that for the ABG LTIP as detailed on page 89

Directors' interest in ABG ordinary shares or derivatives or financial instruments relating to such shares

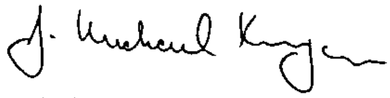
	As at 31 Dec 2010
Aaron Regent	N/A
Greg Hawkins	N/A
Kevin Jennings	N/A
James Cross	N/A
Andre Falzon	N/A
Stephen Galbraith	N/A
Bobby Godsell	N/A
Michael Kenyon	N/A
Derek Pannell	N/A

There have been no changes in the interests of current Directors listed in the table above between 31 December 2010 and 10 March 2011

External appointments

None of the Executive Directors currently holds an appointment as a non-executive of another company

By order of the Board



Michael Kenyon

Chairman of the Compensation Committee
10 March 2011

Registered office

6 St James's Place
London
SW1A 1NP
United Kingdom

Reserves and resources

Mineral reserves and mineral resources estimates contained in this report have been calculated as at 31 December 2010 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities, unless otherwise stated. Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for mineral reserves and resources. Calculations have been reviewed, verified (including estimation methodology, sampling, analytical and test data) and compiled by ABG personnel under the supervision of ABG Qualified Persons: Nic Schoeman, Director of Technical Services, Richard Adofo, Corporate Manager, Geology and Robert van der Westhuizen, Corporate Mine Planning Manager. However, the figures stated are estimates and no assurances can be given that the indicated quantities of metal will be produced.

Mineral reserves have been calculated using an assumed long-term average gold price of US$1,000.00 per ounce, a silver price of US$16.00 per ounce and a copper price of US$2.00 per pound. Reserve calculations incorporate current and/or expected mine plans and cost levels at each property. Mineral resources have been calculated using an assumed long-term average gold price of US$1,200.00 per ounce, a silver price of US$19.00 per ounce and a copper price of US$2.50 per pound. Resources have been estimated using varying cut-off grades, depending on the type of mine or project, its maturity and ore types at each property. Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and any other relevant new information and therefore these can vary from year to year. Resource estimates can also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly the conversion to ore reserves. In addition, estimates of inferred mineral resources may not form the basis of an economic analysis and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Therefore, investors are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded to mineral reserves.

Tulawaka mineral reserves and resources are stated as ABG's 70% attributable portion.

The Nyanzaga mineral reserves and mineral resources estimates contained in this report are based on the inferred resource declaration made by Tusker Gold Limited in June 2009, which was calculated in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition.

Definitions

A mineral resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilised organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineral resources which are not mineral reserves do not have demonstrated economic viability.

A mineral reserve is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves.

A probable mineral reserve is the economically mineable part of an indicated and, in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Mine gold reserves & resources

Mine	Classification	2010 Tonnes (000's)	2010 Grade Au (g/t)	2010 Ounces (000's)	2009 Tonnes (000 s)	2009 Grade Au (g/t)	2009 Ounces (000 s)
Bulyanhulu	Proven and probable	**29,342**	**11 687**	**11,026**	25,066	12 806	10,320
	Mineral resource	**11,062**	**8 096**	**2,879**	10,297	10 829	3,585
	Inferred	**8,814**	**11 804**	**3,345**	6,679	14 712	3,159
Buzwagi	Proven and probable	**55,582**	**1 619**	**2,892**	65,873	1 606	3,401
	Mineral resource	**18,079**	**0 971**	**564**	18,664	1 154	692
	Inferred	**6,284**	**1 215**	**246**	6,692	1 245	268
North Mara	Proven and probable	**27,623**	**3 194**	**2,836**	28,944	3 169	2,949
	Mineral resource	**18,638**	**3 059**	**1,833**	7,992	3 351	861
	Inferred	**1,859**	**1 893**	**113**	1,312	2 822	119
Tulawaka (70%)	Proven and probable	**320**	**6 527**	**67**	368	7 913	94
	Mineral resource	**518**	**5 405**	**90**	174	5 785	32
	Inferred	**94**	**4 976**	**15**	0 6	17 837	0 3
Total	**Proven and probable**	**112,867**	**4 636**	**16,821**	120,251	4 336	16,764
	Mineral resource	**48,297**	**3 456**	**5,367**	37,127	4 332	5,170
	Inferred	**17,052**	**6 783**	**3,719**	14,684	7 512	3,547

Exploration property gold reserves & resources

Mine	Classification	Tonnes (000 s)	Grade Au (g/t)	Ounces (000 s)	Tonnes (000 s)	Grade Au (g/t)	Ounces (000 s)
Nyanzaga	Proven and probable	–	–	–	–	–	–
	Mineral resource	**2,781**	**3 500**	**313**	1,377	3 614	160
	Inferred	**7,690**	**2 630**	**650**	3,978	2 596	332

Contained copper reported within gold reserves & resources

Mine	Classification	Tonnes (000 s)	Grade Cu (g/t)	Pounds (000 s)	Tonnes (000 s)	Grade Cu (g/t)	Pounds (000 s)
Bulyanhulu	Proven and probable	**29,342**	**0 662**	**428,346**	25,066	0 696	384,597
	Mineral resource	**11,062**	**0 541**	**131,887**	10,297	0 664	150,620
	Inferred	**8,738**	**0 745**	**143,550**	6,619	0 879	128,288
Buzwagi	Proven and probable	**51,569**	**0 125**	**141,687**	65,873	0 116	169,071
	Mineral resource	**18,079**	**0 082**	**32,828**	18,664	0 097	39,783
	Inferred	**6,284**	**0 080**	**11,019**	6,692	0 086	12,757
Total	**Proven and probable**	**80,911**	**0 320**	**570,033**	90,939	0 276	553,668
	Mineral resource	**29,140**	**0 256**	**164,715**	28,961	0 298	190,403
	Inferred	**15,023**	**0 467**	**154,569**	13,311	0 481	141,045

Contained silver reported within gold reserves & resources

Mine	Classification	Tonnes (000 s)	Grade Ag (g/t)	Ounces (000 s)	Tonnes (000 s)	Grade Ag (g/t)	Ounces (000 s)
Bulyanhulu	Proven and probable	**29,342**	**9 340**	**8,812**	25,066	9 863	7,949
	Mineral resource	**11,062**	**7 251**	**2,579**	10,297	9 238	3,058
	Inferred	**8,738**	**10 273**	**2,886**	6,619	12 014	2,557

2010 detailed proven and probable reserves

Mine gold reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Proven	1,197,565	11 052	425,527
	Probable	28,144,863	11 714	10,600,087
	Total (P+P)	**29,342,427**	**11 687**	**11,025,615**
Buzwagi	Proven	4,204,245	1 121	151,575
	Probable	51,377,447	1 659	2,740,674
	Total (P+P)	**55,581,692**	**1 619**	**2,892,249**

Reserves and resources continued

2010 detailed proven and probable reserves continued

Mine gold reserves continued

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
North Mara	Proven	8,530,496	2 618	718,085
	Probable	19,092,203	3 451	2,118,286
	Total (P+P)	**27,622,699**	**3 194**	**2,836,371**
Tulawaka (70%)	Proven	199,919	4 254	27,343
	Probable	120,336	10 302	39,858
	Total (P+P)	**320,256**	**6 527**	**67,201**
Total mine gold reserves	Proven	14,132,225	2 911	1,322,530
	Probable	98,734,848	4 882	15,498,906
	Total (P+P)	**112,867,073**	**4 636**	**16,821,436**

Contained copper reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu	Proven	1,197,565	0 413	10,915,583
	Probable	28,144,863	0 673	417,430,593
	Total	**29,342,427**	**0 662**	**428,346,176**
Buzwagi	Proven	191,188	0 122	516,299
	Probable	51,377,447	0 125	141,170,708
	Total	**51,568,634**	**0 125**	**141,687,007**
Total copper reported within gold reserves	Proven	1,388,752	0 373	11,431,882
	Probable	79,522,309	0 319	558,601,302
	Total	**80,911,061**	**0 320**	**570,033,183**

Contained silver reported within gold reserves

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu	Proven	1,197,565	7 719	297,216
	Probable	28,144,863	9 409	8,514,380
	Total (P+P)	**29,342,427**	**9 340**	**8,811,596**

2010 detailed measured and indicated resource

Mine gold resource (measured and indicated, exclusive of reserves)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Measured	–	–	–
	Indicated	11,061,822	8 096	2,879,256
	Total (M+I)	**11,061,822**	**8 096**	**2,879,256**
Buzwagi	Measured	74,329	1 276	3,049
	Indicated	18,004,326	0 970	561,365
	Total (M+I)	**18,078,655**	**0 971**	**564,414**
North Mara	Measured	2,522,712	2 430	197,061
	Indicated	16,115,749	3 158	1,636,288
	Total (M+I)	**18,638,460**	**3 059**	**1,833,349**
Tulawaka (70%)	Measured	–	–	–
	Indicated	518,393	5 405	90,080
	Total (M+I)	**518,393**	**5 405**	**90,080**
Total mine resource (M+I)	Measured	2,597,040	2 397	200,110
	Indicated	45,700,290	3 517	5,166,988
	Total (M+I)	**48,297,331**	**3 456**	**5,367,098**

2010 detailed measured and indicated resource continued

Contained copper reported within gold resources

Mine	Classification	Tonnes	Grade Cu (g/t)	Contained Cu (lbs)
Bulyanhulu	Measured	–	–	–
	Indicated	11,061,822	0 541	131,887,152
	Total (M+I)	**11,061,822**	**0 541**	**131,887,152**
Buzwagi	Measured	74,329	0 107	174,528
	Indicated	18,004,326	0 082	32,653,609
	Total (M+I)	**18,078,655**	**0 082**	**32,828,137**
Total copper reported within gold resources	Measured	74,329	0 107	174,528
	Indicated	29,066,148	0 257	164,540,761
	Total (M+I)	**29,140,477**	**0 256**	**164,715,289**

Contained silver reported within gold resource

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu	Measured	–	–	–
	Indicated	11,061,822	7 251	2,578,615
	Total (M+I)	**11,061,822**	**7 251**	**2,578,615**

2010 detailed mine inferred resource

Mine gold inferred resource

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Inferred	8,814,392	11 804	3,345,173
Buzwagi	Inferred	6,284,159	1 215	245,554
North Mara	Inferred	1,859,378	1 893	113,149
Tulawaka (70%)	Inferred	93,859	4 976	15,016
Total mine inferred resource	**Total Inferred**	**17,051,787**	**6 783**	**3,718,893**

Contained copper reported within inferred gold resources

Mine	Classification	Tonnes	Grade Cu (g/t)	Contained Cu (lbs)
Bulyanhulu	Inferred	8,738,492	0 745	143,549,747
Buzwagi	Inferred	6,284,159	0 080	11,019,052
Total copper reported within gold resources	Inferred	15,022,651	0 467	154,568,799

Contained silver reported within inferred gold resource

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Inferred	8,738,492	10 273	2,886,196

Detailed exploration property resource

Exploration property resource (M+I)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Nyanzaga	Measured	–	–	–
	Indicated	2,781,000	3 50	313,000
	Total (M+I)	**2,781,000**	**3 50**	**313,000**

Exploration property resource (inferred)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Nyanzaga	Inferred	7,689,500	2 630	650,000
	Total Inferred	**7,689,500**	**2 630**	**650,000**

Financial statements

Detailed financial information for the year ended 31 December 2010

Independent Auditors' report to the members of African Barrick Gold plc

We have audited the Group financial statements of African Barrick Gold plc for the year ended 31 December 2010 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 86, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group s affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

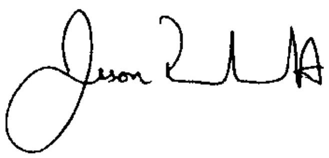
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- a Corporate governance statement has not been prepared by the parent company

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 54, in relation to going concern,
- the part of the Corporate Governance report relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review, and
- certain elements of the report to shareholders by the Board on Directors' remuneration

Other matter

We have reported separately on the Company financial statements of African Barrick Gold plc for the year ended 31 December 2010 and on the information in the Remuneration report that is described as having been audited



Jason Burkitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 March 2011

Notes.

(a) The maintenance and integrity of the African Barrick Gold plc website is the responsibility of the Directors the work carried out by the auditors does not involve consideration of these matters and, accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Consolidated Income Statement

(in thousands of United States dollars)	Notes	For the year ended 31 December 2010	For the year ended 31 December 2009
Revenue (Note 2a)	4	**975,021**	711,182
Cost of sales (Note 2a)	5	**(589,039)**	(487,027)
Gross profit		**385,982**	224,155
Corporate administration (Note 2a)		**(35,436)**	(37,759)
Exploration and evaluation costs	7	**(14,861)**	(8,871)
Other charges (Note 2a)	8	**(26,033)**	(21,419)
Profit before net finance expense and taxation		**309,652**	156,106
Finance income	10	**1,202**	361
Finance expense	10	**(1,777)**	(6,062)
		(575)	(5,701)
Profit before taxation		**309,077**	150,405
Tax expense	11	**(86,471)**	(84,388)
Net profit for the period		**222,606**	66,017
Profit attributable to			
– Non-controlling interests		**4,503**	7,440
– Owners of the parent (net earnings)		**218,103**	58,577
Earnings per share			
– Basic earnings per share (cents)	12	**53 2**	14 3
– Diluted earnings per share (cents)	12	**53 2**	14 3

Consolidated Statement of Comprehensive Income

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Net profit for the period	**222,606**	66,017
Other comprehensive income for the period	**–**	–
Total comprehensive income for the period	**222,606**	66,017
Attributed to		
– Non-controlling interests	**4,503**	7,440
– Owners of the parent	**218,103**	58,577

The accompanying notes on pages 106 to 147 are an integral part of these consolidated financial statements

Consolidated Balance Sheet

(in thousands of United States dollars)	Notes	As at 31 December 2010	As at 31 December 2009
ASSETS			
Non-current assets			
Goodwill and intangible assets	19	**258,513**	156,397
Property, plant and equipment	18	**1,615,118**	1,498,072
Deferred tax assets	20	**121,269**	181,188
Non-current portion of inventory	15	**69,122**	-
Other assets (Note 2a)	21	**104,458**	61,286
		2,168,480	1,896,943
Current assets			
Inventories	15	**227,974**	278,650
Trade and other receivables	16	**59,214**	61,598
Other current assets	16	**70,428**	58,311
Cash and cash equivalents	17	**401,012**	69,726
		758,628	468,285
Total assets		**2,927,108**	2,365,228
EQUITY AND LIABILITIES			
Share capital and share premium	23	**929,199**	-
Other reserves		**1,584,125**	636,922
Total owners' equity		**2,513,324**	636,922
Non-controlling interests		**29,761**	20,493
Total equity		**2,543,085**	657,415
Non-current liabilities			
Deferred tax liabilities	20	**136,185**	87,893
Derivative financial instruments	28	**1,754**	-
Provisions	26	**108,944**	83,565
Other non-current liabilities (Note 2a)		**7,483**	4,748
		254,366	176,206
Current liabilities			
Trade and other payables	25	**119,961**	148,192
Derivative financial instruments	28	**1,904**	-
Provisions	26	**4,000**	-
Other current liabilities		**3,792**	-
Borrowings from related parties	32	**-**	1,383,415
		129,657	1,531,607
Total liabilities		**384,023**	1,707,813
Total equity and liabilities		**2,927,108**	2,365,228

The accompanying notes on pages 106 to 147 are an integral part of these consolidated financial statements

The consolidated financial statements on pages 102 to 147 were approved by the Board of Directors of African Barrick Gold plc on 10 March 2011 and signed on their behalf by

Greg Hawkins
Chief Executive Officer

Company	Principal activity	Country of Incorporation	Equity interest at 31 December Company 2010	Equity interest at 31 December Company 2009
Tusker Gold Ltd	Holding Company	Australia	100%	–
Indago Autan (Proprietary) Ltd	Holding Company	Australia	100%	–
IDG Aurum Holdings Ltd	Holding Company	Tanzania	100%	–
KDG Kitongo Tanzania Ltd	Dormant Company	Tanzania	100%	–
Vulcan Resources Tanzania Ltd	Dormant Company	Tanzania	100%	–
Aptian Resources Tanzania Ltd	Dormant Company	Tanzania	100%	–
Sub-Sahara Resources Tanzania Ltd	Exploration	Tanzania	100%	–
Kahama Project Joint Venture	Exploration	Tanzania	51%	–
Nyakafuru Project Joint Venture	Exploration	Tanzania	51%	–

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

a) Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretation and those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The Company became the holding company for the Group pursuant to the Pre-IPO Reorganisation completed on 22 February 2010, as detailed in Note 1 As this was a reorganisation of businesses under common control, the consolidated financial statements for the years ended 31 December 2009 and 31 December 2010 have been prepared on a basis that combines the results and assets and liabilities of each of the companies constituting the Group (the pooling of interest method of accounting)

For the periods prior to the Pre-IPO Reorganisation, consolidated financial statements were not prepared for the Group The accompanying consolidated financial statements present the results of the Company and its subsidiaries as if the Group had been in existence throughout the period presented and as if the Pre-IPO Reorganisation had occurred as at 1 January 2009

The consolidated financial statements have been prepared under the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss

The consolidated financial statements are presented in US dollars (US$) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated

Where a change in the presentational format between the Prospectus and the consolidated financial statements has been made during the period, comparative figures have been restated accordingly The following presentational changes were made during the current year

- Revenue from the sale of copper and silver is treated as co-product revenue, and included in total revenue in line with a management decision to record it as co-product revenue Co-product revenue increased by 202% year-on-year This is different from the Prospectus, where it was treated as by-product revenue as a credit to cost of sales The change was a result of increased revenue from copper following the commencement of copper concentrate sales at Buzwagi Refer to Notes 2k), 3, 4 and 5
- Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different from the Prospectus where the asset was shown separately as part of non-current assets As this amount has an immaterial impact on the opening position, no opening balance sheet is presented Refer to Notes 2w), 3 and 21
- Gains and losses on the translation of foreign currency transactions are deemed to be part of other charges This is different from the Prospectus where it was classified as part of corporate administration Refer to Note 3
- Gains and losses on the translation of foreign currency transactions are deemed to be part of operating cash flows This is different from the Prospectus where it was classified as part of working capital Refer to Note 14
- The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing
- After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future The Group therefore continues to adapt the going concern basis in preparing its consolidated financial statements

2 SIGNIFICANT ACCOUNTING POLICIES continued

b) New and amended standards adopted by the Group

The following new standards and amendments to standards are applicable and were adopted by the Group for the first time for the financial year beginning 1 January 2010

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27 (revised), "Consolidated and separate financial statements", IAS 28 "Investments in associates", and IAS 31 "Interest in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets All acquisition-related costs are expensed

  The revised standard was applied to the acquisition of the controlling interest in Tusker Gold Ltd on 27 April 2010 Acquisition-related costs of US$387,294 have been recognised in the consolidated income statement, which previously would have been included in the consideration for the business combination See Note 22 for further details of the business combination that occurred in 2010

  IAS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss IAS 27 (revised) did not have a material impact on the Group earnings or equity in the current period

- IAS 36 (amendment), "Impairment of assets", effective 1 January 2010 The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics) IAS 36 (amendment) has had no impact on the current period as no impairment was identified when testing goodwill impairment at an operating segment level

- IFRS 2 (amendments), "Group cash-settled share-based payment transactions", effective from 1 January 2010 In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2, Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation The application of the standard did not have a material effect on the Group

c) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but are currently not relevant to the Group

- IFRIC 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009) The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable

- IFRIC 18, 'Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009 This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water) In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both)

- IFRIC 9, "Reassessment of embedded derivatives" and IAS 39, "Financial instruments Recognition and measurement", effective 1 July 2009 This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety

- IFRIC 16, "Hedges of a net investment in a foreign operation" effective 1 July 2009 This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group

- IAS 38 (amendment), "Intangible assets", effective 1 January 2010 The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life

- IAS 1 (amendment), "Presentation of financial statements" The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time

- IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations" The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1

d) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below

- IFRS 9, "Financial instruments", issued in November 2009 This standard is the first step in the process to replace IAS 39, "Financial instruments recognition and measurement" IFRS 9 introduces new requirements for classifying and measuring financial assets The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU

  The Group is yet to assess IFRS 9's full impact, however initial indications are that the adoption of IFRS 9 will not have a significant impact on the Group's operating results or financial position

- IAS 24 (revised), "Related party disclosures", issued in November 2009 It supersedes IAS 24, "Related party disclosures", issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 Earlier application, in whole or in part, is permitted The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities The Group will apply the revised standard from 1 January 2011 It is not expected to have any impact on the Group's or the parent entity's financial statements

- IAS 32 (amendment), "Classification of rights issues", issued in October 2009 The amendment applies to annual periods beginning on or after 1 February 2010 Earlier application is permitted The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated Previously, these issues had to be accounted for as derivative liabilities The amendment applies retrospectively in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors" The Group has not issued any rights issues

2 SIGNIFICANT ACCOUNTING POLICIES continued

d) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted continued

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010 The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap) It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished The Group will apply the interpretation from 1 January 2011 It is not expected to have any impact on the Group's or the parent entity's financial statements

- IFRIC 14 (amendments), "Prepayments of a minimum funding requirement" The amendments correct an unintended consequence of IFRIC 14, 'IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction" Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented It is not expected to have any impact on the Group's or the parent entity's financial statements

e) Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the consolidated financial statements require management to make judgements and/or estimates These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the consolidated financial statements The Life of Mine plans are central to a number of key estimates and are approved by the Board of Directors annually Information about such judgements and estimation is included in the accounting policies and/or notes to the consolidated financial statements, and the key areas are summarised below

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements include

- Estimates of the quantities of proven and probable gold reserves – Note 2i),
- The capitalisation of production stripping costs – Note 2j),
- The capitalisation of exploration and evaluation expenditures – Notes 2m) and 7,
- Review of goodwill, tangible and intangible assets' carrying value, the determination of whether these assets are impaired and the measurement of impairment charges or reversals – Notes 2p), 2q), 2r), 2s), 18 and 19,
- The estimated fair values of cash generating units for impairment tests, including estimates of future costs to produce proven and probable reserves, future commodity prices, foreign exchange rates and discount rates – Notes 2s) and 19,
- The estimated useful lives of tangible and long-lived assets and the measurement of depreciation expense – Notes 2p) and 18,
- Property, plant and equipment held under finance leases – Notes 2p) and 18,
- Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure – Notes 2v) and 26,
- Whether to recognise a liability for loss contingencies and the amount of any such provision – Notes 2v) and 31,
- Whether to recognise a provision for accounts receivable – Notes 2x), 16 and 21,
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes – Notes 2z), 11 and 20,
- Determination of fair value of derivative instruments – Note 28, and
- Determination of fair value of stock options – Note 24

f) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2010 and 2009, and operating results and cash flows for the years then ended. The consolidated financial statements of the Group incorporate the financial statements of the Company and companies controlled by the Company (its subsidiaries).

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies in order to obtain benefits from their activities. Control is presumed to exist where the Company has more than one half of the voting rights unless it can be demonstrated that ownership does not constitute control. Control does not exist where other parties hold veto rights over significant operating and financial decisions. In assessing control, potential voting rights that are currently exercisable or convertible as well as other contractual arrangements that enable the Company to exercise control are taken into account. The consolidated financial statements include all of the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany transactions as noted above. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are included in the consolidated financial statements from the date on which control passed to the Group, and have been excluded from the date on which control transferred out of the Group. For partly-owned subsidiaries, the net assets and net earnings attributable to non-controlling interests are presented as "Invested capital attributable to non-controlling interests" in the consolidated balance sheet and "Net profit attributable to non-controlling interests" in the consolidated income statement, respectively.

g) Business combinations

On acquiring a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable net assets on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within 12 months of the acquisition date. Acquisition costs are expensed.

When purchase consideration is contingent on future events, the initial cost of the acquisition recorded includes an estimate of the fair value of the contingent amounts expected to be payable in the future. The cost of the acquisition is adjusted when revised estimates are made, with corresponding adjustments made to goodwill.

When the cost of acquisition exceeds the fair values of the identifiable net assets, the difference is treated as purchased goodwill, which is reviewed for impairment annually or when there is an indication of impairment. If the fair value attributable to the Group's share of the identifiable net assets exceeds the cost of acquisition, the difference is recognised in the income statement.

h) Foreign currency translation

The Group's transactions are denominated in a number of different currencies (primarily US dollars, Tanzanian Shillings ("Shillings"), South African Rands ("Rands"), UK pound sterling ("Pounds") and Australian dollars). The Group has liabilities that are primarily denominated in US dollars. The US dollar is the Company's (and its main subsidiaries') functional currency, as well as the Group's presentation currency. Transactions in currencies other than the US dollar are translated at the exchange rates as at the date of transaction. Monetary assets and liabilities denominated in currencies other than the US dollar are translated to US dollars at year-end exchange rates. All differences that arise are recorded in the income statement. Non-monetary assets measured at historical cost in a currency other than US dollars are translated using the exchange rates at the date of the initial transactions. Where non-monetary assets are measured at fair value in a currency other than US dollars they are translated into US dollars using the exchange rates on the date when the fair value was determined.

The following exchange rates to the US dollar have been applied:

	As at 31 December 2010	Average Year ended 31 December 2010	As at 31 December 2009	Average Year ended 31 December 2009
South African rand (US$:ZAR)	**6.66**	**7.31**	7.38	8.33
Tanzanian shilling (US$:TZS)	**1,484**	**1,447**	1,335	1,326
Australian dollars (US$:AUD)	**0.98**	**0.92**	0.90	0.79
UK pound (US$:GBP)	**0.65**	**0.65**	0.62	0.64

i) Determination of ore reserves

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 "Standards of Disclosure for Mineral Projects" requirements. Reports to support these estimates are prepared each year. Proven and probable (2P) reserves, and for certain mines other mineral resources, determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine stripping ratios and for forecasting the timing of the payments related to the environmental rehabilitation provision.

2 SIGNIFICANT ACCOUNTING POLICIES continued

i) Determination of ore reserves continued

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised

j) Stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically The process of mining overburden and waste materials is referred to as stripping Stripping costs incurred during the development stage of a mine (or pit) in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalised as mine development costs and amortised over the ore reserves of the mine (or pit) using the units of production method

Stripping costs incurred during the production stage (referred to as production stripping) are accounted for according to the benefit received by the Group Production stripping costs that benefit the current period are considered costs of current production and represent a component of inventory cost, which is charged to cost of sales when the related inventory is sold Production stripping costs that generate a future economic benefit to the Group are capitalised as mine development costs and amortised over the ore reserves to be mined in the future on a units of production basis (similar to the accounting treatment of pre-production stripping costs) and included as a component of inventory cost as the applicable ore reserves are extracted Production stripping costs incurred related to the further development of the mine (or pit), which generally requires a phase of unusually high waste removal activity that is similar to pre-production stripping, are considered to generate a future economic benefit to the Group Such production stripping costs generate a future economic benefit when the related stripping activity i) provides access to ore to be mined in the future, ii) increases the fair value of the mine (or pit), that is the mine (or pit) is more valuable after the waste material has been removed as access to future mineral reserves becomes less costly, (iii) increases the productive capacity or extends the productive life of the mine (or pit) Such production phase stripping costs are capitalised as mine development costs

For periods where production stripping activity generates a future economic benefit, the planned life of mine (or pit) waste-to-ore tonnes ratio (the "strip ratio") is considered, along with other functions such as the length and intensity of the stripping campaign, to determine the amount of production stripping costs incurred related to current production versus the amount that relates to the future economic benefit

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore reserves from each separate pit (i e the initial stripping of the second and subsequent pits is considered to be pre-production stripping) If, however, the pits are highly integrated for the purpose of mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs In such cases, the initial stripping of the second and subsequent pits is considered to be production stripping relating to the combined operation

k) Revenue recognition

Revenue is recognised when persuasive evidence exists that all of the following criteria are met

- the significant risks and rewards of ownership of the product have been transferred to the buyer,
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the sale will flow to the Group, and
- the costs incurred or to be incurred in respect of the sale can be measured reliably

<u>Gold doré sales</u>

Gold dore is unrefined gold bullion bars usually consisting of 90% gold that is refined to pure gold bullion prior to sale to our customers Historically all dore sales were made to Barrick International Banking Corporation ("BIBC"), a related party From May 2010 onwards gold doré was sold directly to third parties Revenue from gold doré sales is recognised either at the time of sale to a third party or, in relation to quarter end settlements, at the time of shipment should the Group have received confirmation of sale to the third party The sales price is based on the gold spot price at the time of sale

Consolidated Statement of Changes in Equity

(in thousands of United States dollars)	Notes	Share capital	Share premium	Contributed surplus/Other reserve	Stock option reserve	Retained earnings	Total owners equity	Total non controlling interests	Total equity
Balance at 1 January 2009		–	–	**633,749**	–	**(55,407)**	**578,342**	**25,257**	**603,599**
Profit for the period and other comprehensive income		–	–	–	–	58,577	58,577	7,440	66,017
Contributed surplus additions		–	–	3	–	–	3	–	3
Distributions paid to non-controlling interests		–	–	–	–	–	–	(12,204)	(12,204)
Balance at 31 December 2009		–	–	**633,752**	–	**3,170**	**636,922**	**20,493**	**657,415**
Issuance of shares to BGC	23	1,991	1,989,138	(1,991,129)	–	–	–	–	–
Capital reduction	23	–	(1,989,138)	1,989,138	–	–	–	–	–
Bonus issue to BGC	23	43,805	–	(43,805)	–	–	–	–	–
Profit for the period and total comprehensive income		–	–	–	–	218,103	218,103	4,503	222,606
Special dividends		–	–	(258,680)	–	–	(258,680)	–	(258,680)
Conversion to contributed surplus		–	–	1,039,498	–	–	1,039,498	–	1,039,498
Share issuance	23	16,301	921,035	–	–	–	937,336	–	937,336
Transaction costs	23	–	(53,933)	–	–	–	(53,933)	–	(53,933)
Interim dividend	13	–	–	–	–	(6,562)	(6,562)	–	(6,562)
Stock options		–	–	–	640	–	640	–	640
Distributions from non-controlling interests		–	–	–	–	–	–	4,765	4,765
Balance at 31 December 2010		**62,097**	**867,102**	**1,368,774**	**640**	**214,711**	**2,513,324**	**29,761**	**2,543,085**

The accompanying notes on pages 106 to 147 are an integral part of these consolidated financial statements

Consolidated Cash Flow Statement

(in thousands of United States dollars)	Notes	For the year ended 31 December 2010	For the year ended 31 December 2009
Cash flows from operating activities			
Net profit for the period		**222,606**	66,017
Adjustments for			
Taxation		**86,471**	84,388
Depreciation and amortisation		**107,072**	106,969
Finance items		**575**	5,701
Loss on disposal of property, plant and equipment		**90**	1,204
Working capital adjustments	14	**(84,248)**	(81,227)
Other	14	**11,785**	15,441
Cash generated from operations before interest and tax		**344,351**	198,493
Finance income	10	**1,202**	361
Finance expenses	10	**(412)**	(4,893)
Net cash generated by operating activities		**345,141**	193,961
Cash flows from investing activities			
Purchase of property, plant and equipment	18	**(224,391)**	(223,268)
Investments in other assets		**(2,592)**	(8,994)
Acquisition of subsidiary, net of cash acquired		**(63,109)**	–
Other investing activities	14	**14,537**	(16,186)
Net cash used in investing activities		**(275,555)**	(248,448)
Cash flows from financing activities			
Repayment of external debt		**–**	(112,500)
(Repayment)/receipt of related party debt funding	32	**(575,100)**	195,743
Share issuance – IPO (net of transaction costs)		**865,366**	–
Increase in contributed surplus		**231,255**	3
Special dividend		**(252,981)**	–
Interim dividend		**(6,562)**	–
Distributions to non-controlling interest holders		**–**	(12,204)
Net cash provided by financing activities		**261,978**	71,042
Net increase in cash and equivalents		**331,564**	16,555
Net foreign exchange difference		**(278)**	(136)
Cash and cash equivalents at 1 January		**69,726**	53,307
Cash and cash equivalents at 31 December		**401,012**	69,726

The accompanying notes on pages 106 to 147 are an integral part of these consolidated financial statements

Notes to the Consolidated financial statements

1 GENERAL INFORMATION

African Barrick Gold plc (the "Company") was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006 It is registered in England and Wales with registered number 7123187

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ("IPO") The address of its registered office is 6 St James's Place, London SW1A 1NP, United Kingdom

Barrick Gold Corporation ("BGC") currently owns approximately 73 9% of the shares of the Company and is the ultimate controlling party of the Group

In preparation for the IPO, BGC conducted a reorganisation, which was completed on 22 February 2010, whereby the companies comprising the African Regional Business Unit of BGC were reorganised under the Company (the "Pre-IPO Reorganisation") As such, prior to 22 February 2010, the Company did not control all of the entities (collectively the "Group") it acquired pursuant to the Pre-IPO Reorganisation

The consolidated financial statements for the year ended 31 December 2010 were approved for issue by the Board of Directors of the Company on 10 March 2011

The Group's primary business is the mining, processing and sale of gold The Group has four operating mines located in Tanzania The Group also has a portfolio of exploration projects located across Tanzania

The principal activities of the subsidiaries and joint ventures included in the consolidated financial statements are as follows

Company	Principal activity	Country of Incorporation	Equity interest at 31 December 2010	Equity interest at 31 December 2009
African Barrick Gold plc	Holding Company	UK	**100%**	–
BUK HoldCo Ltd	Holding Company	UK	**100%**	–
1816962 Ontario Inc	Holding Company	Canada	**100%**	–
BarbCo One Ltd	Group Finance Company	Barbados	**100%**	–
BAPL Holding Ltd	Holding Company	Mauritius	**100%**	–
CayCo Tz Ltd	Holding Company	Cayman Islands	**100%**	–
Barrick Exploration Africa Ltd ("BEAL")	Exploration	Tanzania	**100%**	100%
Matinje Exploration Ltd	Exploration	Tanzania	**75%**	75%
Itobo Exploration Ltd	Exploration	Tanzania	**75%**	75%
Mkumi Exploration Ltd	Exploration	Tanzania	**80%**	80%
Sekenke Exploration Ltd	Exploration	Tanzania	**20%**	20%
Nyanzaga Exploration Ltd	Exploration	Tanzania	**100%**	51%
Barrick Tanzanian Holdings Ltd	Exploration	Cayman Islands	**100%**	100%
Barisun Exploration Ltd	Exploration	Tanzania	**75%**	75%
Safari Exploration Ltd	Exploration	Tanzania	**75%**	75%
Prime Gold Exploration Ltd	Exploration	Tanzania	**75%**	75%
Kasubuya Gold Exploration Ltd	Exploration	Tanzania	**60%**	60%
KMCL Holdings Ltd	Exploration	Cayman Islands	**100%**	100%
Bulyanhulu Gold Mine Ltd	Operating Gold Mine	Tanzania	**100%**	100%
North Mara Gold Mine Ltd	Operating Gold Mine	Tanzania	**100%**	100%
Pangea Goldfields Inc	Holding Company	Canada	**100%**	100%
Pangea Minerals Ltd	Operating Gold Mine	Tanzania	**100%**	100%
1051694 Ontario Inc	Holding Company	Canada	**100%**	100%
Barrick Africa (Proprietary) Ltd	Shared Services	South Africa	**100%**	100%
East Africa Gold Mines Ltd	Holding Company	Australia	**100%**	100%

Concentrate sales

Concentrate is a processing product containing the valuable ore mineral gold, copper and silver from which most of the waste mineral has been eliminated, that undergoes a smelting process to convert it into gold bullion, copper and silver concentrate Under the terms of concentrate sales contracts with independent smelting companies, gold, copper and silver in concentrate is sold at trailing monthly average spot prices based on contract quotational periods

Revenue is recorded, net of selling costs, at the time of shipment, which is also when risks and rewards pass to the smelting companies, using forward market prices on the expected date that final sales prices will be fixed Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market prices, and result in an embedded derivative in accounts receivable The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue Co-product revenues from the sale of by-products, such as copper and silver, contained in the concentrate are recognised in revenue

Co-products

Revenue from the sale of co-products, such as copper and silver, contained in concentrates are recognised in revenue As detailed in Note 2a) in the Prospectus co-product revenue was treated as a by-product and credited to cost of sales As a result of co-product revenue becoming increasingly significant to the Group, reflected in the 202% year-on-year increase, primarily as a result of Buzwagi commencing its production of copper and increases in copper prices, copper sales have been reclassified as co-product revenue

l) Cost of sales

Cost of sales consists of direct mining costs (which include personnel costs, general and administrative costs, energy costs (principally diesel fuel and electricity), maintenance and repair costs, operating supplies, external services, third-party smelting, refining and transport fees), and depreciation related to sales as well as production taxes and royalty expenses for the period Cost of sales is based on average costing for contained or recoverable ounces sold as well as production taxes and royalty expense for the period This is different to the Prospectus in which the sale of copper by-products was credited against cost of sales, as noted in Notes 2a) and 2k) All costs are net of any impairment to reduce inventory to its net realisable value

m) Exploration and evaluation

Exploration expenditures

Exploration expenditures relate to the initial search for mineral deposits with economic potential as well as expenditures incurred for the purposes of obtaining more information about existing mineral deposits Exploration expenditures typically comprise costs that are directly attributable to

- researching and analysing existing exploration data,
- conducting geological studies,
- exploratory drilling and sampling for the purposes of obtaining core samples and the related metallurgical assay of these cores, and
- drilling to determine the volume and grade of deposits in an area known to contain mineral resources or for the purposes of converting mineral resources into proven and probable reserves

Exploration expenditures incurred at greenfield sites (sites where the Group does not have any mineral deposits that are already being mined or developed) are expensed as incurred Exploration expenditures incurred at brownfield sites (sites that are adjacent to a mineral deposit that is classified within proven and probable reserves and are already being mined or developed) are capitalised if the following criteria are met

- The drilling is being done in an inferred or measured and indicated resource, and
- There is an existing proven and probable reserve that is contiguous or adjacent to where the drilling is being done, and
- It is probable that the resource will be converted to a proven and probable reserve

The assessment of probability is based on the following factors results from previous drill programmes, results from a geological study, results from a mine scoping study confirming economic viability of the resource, and preliminary estimates of the volume and grade of the deposit, and the net cash flows expected to be generated from its development Costs incurred at brownfield sites that meet the above criteria are capitalised as a component of property, plant and equipment ("mine development costs") pursuant to IAS 16, 'Property, Plant and Equipment' All other drilling and related exploration costs incurred at these sites are expensed as mine site exploration Exploration expenditures incurred for the purposes of determining additional information on a mineral deposit that is classified within proven and probable reserves or for the purposes of extending an existing mineral deposit that is classified within proven and probable reserves and is already being mined or developed are also capitalised as mine development costs

2 SIGNIFICANT ACCOUNTING POLICIES continued

m) Exploration and evaluation continued

Evaluation expenditures

Evaluation expenditures arise from a detailed assessment of deposits or other projects that have been identified as having economic potential in order to determine their technical feasibility and commercial viability They typically include costs directly attributable to

- detailed engineering studies,
- examination and testing of extraction methods and metallurgical/treatment processes,
- surveying transportation and infrastructure requirements,
- permitting activities, and
- detailed economic evaluations to determine whether development of the reserves is commercially justified, including the preparation of scoping, pre-feasibility and final feasibility studies

Evaluation expenditures incurred at greenfield sites are expensed as incurred Evaluation expenditures incurred at brownfield sites are expensed as incurred, unless it can be demonstrated that the related evaluation expenditures will generate a future economic benefit

Evaluation expenditures incurred at operating mines/development projects are capitalised as a component of property, plant and equipment, "Mining properties and development costs", respectively

Acquired exploration and evaluation properties

Exploration and evaluation stage properties acquired either as an acquisition of individual assets or as part of a business combination are capitalised as an intangible asset, "Acquired exploration and evaluation properties" Exploration and evaluation stage properties represent interests in properties that do not have mineralised material classified within proven and probable reserves The value of such properties is primarily driven by the nature and amount of mineralised material contained in such properties, including value attributable to the rights to explore or develop i) a property containing mineralised material classified as a measured, indicated or inferred resource, or ii) a prospective greenfield property with significant exploration potential Exploration and evaluation expenditures incurred on such properties subsequent to their acquisition are expensed as incurred until the technical and commercial viability of developing the property has been demonstrated under the same criteria described above for exploration and evaluation expenditures

n) Earnings per share

Basic earnings per share is computed by dividing profit for the period attributable to the owners of the Company by the weighted average number of Ordinary Shares outstanding for the period Diluted earnings per share reflect the potential dilution that could occur if additional Ordinary Shares are assumed to be issued under securities that entitle their holders to obtain Ordinary Shares in the future For stock options, the number of additional shares for inclusion in diluted earnings per share calculations is determined using the treasury stock method Under this method, stock options, whose exercise price is less than the average market price of our Ordinary Shares, are assumed to be exercised and the proceeds are used to repurchase Ordinary Shares at the average market price for the period The incremental number of Ordinary Shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share

o) Inventory

Material extracted from the Group's mines is classified as either ore or waste Ore represents material that, at the time of extraction, is expected to be processed into a saleable form and sold at a profit Waste represents material that is required to be removed to access ore bodies Ore is recorded as an asset that is classified within inventory as material is extracted from the open pit or underground mine Ore is accumulated in stockpiles that are subsequently processed into gold in a saleable form under a mine plan that takes into consideration optimal scheduling of production of our reserves, present plant capacity, and the market price of gold and copper Work in process inventory represents gold, copper and silver in the processing circuit that has not completed the production process, and is not yet in a saleable form Finished goods inventory represents gold in saleable form that has not yet been shipped Mine operating supplies represent commodities and other raw materials consumed in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items Inventories are valued at the lower of cost and net realisable value, with cost being determined on a weighted average cost basis Average costs are calculated by reference to the cost of inventory at the beginning of the period together with the cost of inventory produced in a period

Gold, copper and silver ore contained in stockpiles is measured by estimating the number of tonnes added and removed from the stockpile, and the associated estimate of gold contained therein (based on assay data) and applying estimated metallurgical recovery rates (based on the expected processing method) Stockpile ore tonnages are verified by periodic surveys Costs are allocated to ore stockpiles based on quantities of material stockpiled using current mining costs incurred up to the point of stockpiling the ore and include direct labour costs, materials and contractor expenses which are directly attributable to the extraction of ore, including an allocation of stripping costs attributable to current period production, an allocation of capitalised stripping costs, an allocation of mine site overhead costs, and depreciation of mining properties and property, plant and equipment used in the extraction of ore As ore is processed, costs are removed based on recoverable quantities of gold and the stockpile's average cost per unit Ore that is not expected to be processed in the 12 months following the balance sheet date is classified as non-current

Costs capitalised in process and finished goods inventory include the cost of stockpiles processed, the cost of commodities and raw materials consumed in the production process, direct labour, repair and maintenance costs, energy costs, depreciation of property, plant and equipment used in the production process, and an allocation of mine site overhead costs Costs are removed from finished goods inventory and recorded in cost of sales based on the average cost per ounce of gold, copper and silver sold in the period

Cost of mine operating supplies is the purchase cost, including allocated freight costs where applicable

Provisions are recorded to reduce ore stockpiles, in process and finished goods inventory to net realisable value where the net realisable value of the inventory is lower than its cost at each balance sheet date Net realisable value is determined with reference to relevant market prices less applicable variable selling expenses Provisions recorded also reflect an estimate of the remaining costs of completion to bring the inventory into its saleable form Provisions are recorded to reduce mine operating supplies to net realisable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the supplies are slow moving and/or obsolete Provisions are reversed to reflect subsequent recoveries in net realisable value where the inventory is still on hand at the balance sheet date

p) Property, plant and equipment

Mineral properties and mine development costs

Mineral properties and mine development costs are stated at cost, less accumulated depreciation and applicable accumulated impairment losses The acquisition cost of a mineral property is the estimated fair value of proven and probable reserves and measured, indicated and inferred resources acquired as a result of a business combination or asset acquisition Capitalised mine development costs include pre-production stripping costs, production stripping costs that result in a future economic benefit (refer to Note 2j) for capitalisation criteria for stripping costs), costs incurred to access reserves at underground mining operations, and exploration and evaluation expenditures that result in a probable future economic benefit (refer to Note 2m) for capitalisation criteria for exploration and evaluation expenditures)

Development costs incurred at underground mines to build new shafts, drifts and ramps that provide physical access to the underground ore are capitalised as incurred These costs can be incurred throughout the life of the underground mine

Plant and equipment

Plant and equipment is recorded at cost, less accumulated depreciation and applicable impairment losses Cost includes all expenditures incurred to prepare an asset for its intended use including the purchase price, brokers' commissions, and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, and duties

Costs that extend the productive capacity or useful economic life of an asset are capitalised Costs incurred that do not extend the productive capacity or useful economic life of an asset are considered repairs and maintenance and expensed as incurred

The Group enters into leasing arrangements and arrangements that are in substance leasing arrangements The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, including whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset A reassessment after inception is only made in specific circumstances Leasing arrangements that transfer substantially all the risks and rewards of ownership of the asset to the Group are classified as finance leases

Finance leases are recorded as an asset with a corresponding liability at an amount equal to the lower of the fair value of the leased property and the present value at the beginning of the lease term of the minimum lease payments over the term of the lease Each lease payment is allocated between the liability and finance costs using the effective interest method, whereby a constant rate of interest expense is recognised on the balance of the liability outstanding The interest element of the lease is charged to the income statement as a finance expense The property, plant and equipment assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term

All other leases are classified as operating leases Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term

2 SIGNIFICANT ACCOUNTING POLICIES continued

p) Property, plant and equipment continued

Assets under construction

Assets in the course of construction at both our development projects and operating mines are capitalised in the assets under construction account The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use, at which point it is transferred to property, plant and equipment and depreciation commences Development projects are recorded at cost, less applicable accumulated impairment losses Development projects represent interests in properties that contain proven and probable reserves and where development activities are ongoing The cost of development projects is composed of the estimated fair value of development stage assets acquired as a result of a business combination or an asset acquisition, and costs associated with the construction of tangible assets, such as processing plants, permanent housing facilities and other tangible infrastructure associated with the project Assets under construction also contains deposits on long lead items Assets under construction are not depreciated

Depreciation

Property, plant and equipment is depreciated over its useful life, or over the remaining life of the mine if shorter on a straight line basis For mineral properties and mine development costs, the economic benefits of the assets are consumed in a pattern which is linked to the production level Such assets are depreciated on a unit of production basis Depreciation commences when assets are available for their intended use In applying the units of production method, depreciation is normally calculated using the quantity of gold, copper and silver extracted from the mine (or pit) in the period as a percentage of the total quantity of material expected to be extracted in current and future periods based on estimates of recoverable proven and probable reserves and, for some mines, mineral resources Such non-reserve material may be included in the depreciation calculations where there is a high degree of confidence in its economic extraction and the production of the non-reserve material is reflected in the life of mine plan

Development costs that relate to a discrete section of an ore body and which only provide benefit over the life of those reserves are depreciated over the recoverable proven and probable reserves of that discrete section Discrete sections include capitalised underground development costs or production stripping costs incurred for the purposes of providing access to specific ore blocks or areas of the mine and which only provide an economic benefit over the period of mining that ore block or area Development costs incurred which benefit the entire ore body are depreciated over the recoverable proven and probable reserves of the entire ore body

The expected depreciation rates of the major categories of assets are as follows

Mineral properties and development costs	UOP*
Plant and equipment	4% - 25%
Underground mobile equipment	14 3% - 20%
Light vehicles and other mobile equipment	33 3% - 50%
Furniture, computer and office equipment	33 3% - 50%

* UOP indicates assets which are depreciated on the basis of units of production ("UOP"), in this case ounces of gold copper and silver produced in a period divided by the total recoverable reserves and resources of gold, copper and silver expected to be mined based on the current life of mine plans

Each asset's estimated residual value and useful life are reviewed, and adjusted if appropriate, on an annual basis The estimate of residual value and useful life is based on the physical condition and life limitations of buildings, plant and equipment and the present assessment of economically recoverable reserves of the mine for the mining property and development cost asset Changes to the estimated residual values or useful lives are accounted for prospectively

q) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition Goodwill is initially determined based on provisional fair values Fair values are finalised within 12 months of the acquisition date For non-wholly-owned subsidiaries, non-controlling interests are initially recorded based on the minorities' proportion of the fair values for the assets and liabilities recognised at acquisition

Goodwill that is acquired through business combinations is allocated to cash generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the business combination Each of the Group's CGUs that has an allocation of goodwill is also an operating segment as defined by IFRS 8 Consequently, goodwill is tested for impairment at the individual CGU level

Goodwill is not amortised, rather it is tested annually for impairment in accordance with accounting policy Note 2s) Goodwill impairments are not reversible

r) Intangible assets

Intangible assets acquired by way of an asset acquisition or business combination are recognised if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition On acquisition of a mineral property in the exploration stage, we prepare an estimate of the fair value attributable to the exploration potential, including mineral resources, if any, of that property The fair value of the exploration potential is recorded as an intangible asset (acquired exploration potential) as at the date of acquisition When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment

Impairment testing and the reversal of impairments are conducted in accordance with accounting policy Note 2s)

s) Impairment of non-current assets

Goodwill is reviewed for impairment annually or at any time during the year if an indicator of impairment is considered to exist

We review and test the carrying amounts of intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable

An impairment loss recognised in prior years for non-financial assets other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised This reversal is recognised in the consolidated statement of income and is limited to the carrying amount that would have been determined, net of any depreciation, had no impairment been recognised in prior years After such a reversal, any depreciation charge is adjusted prospectively

The recoverable amount of an asset is assessed by reference to the higher of value in use ("VIU") being the net present value ("NPV") of future cash flows expected to be generated by the asset, and fair value less costs to sell ("FVLCS") Impairment assessments are conducted at the level of CGUs, which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets Each operating mine and development project represents a CGU for impairment testing purposes An impairment loss is recognised for any excess of carrying amount of a CGU over its recoverable amount

The FVLCS of a CGU is based on an estimate of the amount that the Group may obtain in a sale transaction on an arm's length basis There is no active market for the Group's CGUs Consequently, FVLCS is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions Cost to sell is based on management's best estimates of future selling costs at the time of calculating FVLCS Costs attributable to the sale of a CGU are not considered significant

The expected future cash flows utilised in the NPV model are derived from estimates of projected future revenues, future cash costs of production and capital expenditures contained in the life of mine ("LOM") plan for each CGU, which are updated in the fourth quarter of each fiscal year The Group's LOM plans reflect proven and probable reserves and convertible resources and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU As such, these plans consider the optimal level of investment, overall production levels and sequence of extraction taking into account all relevant characteristics of the ore body, including waste-to-ore tonnes, ore grades, haul distances, chemical and metallurgical properties impacting process recoveries and capacities of available extraction, haulage and processing equipment

Projected future revenues reflect the forecasted future production levels at each CGU as detailed in the LOM plans Included in these forecasts is the production of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in their economic extraction This is consistent with the approach that a market participant would utilise in preparing a forecast of expected production levels Projected future revenues also reflect the Group's estimate of long-term gold prices, which is determined based on current prices, an analysis of the expected total production costs of producers and forward pricing curves and forecasts of expected long-term prices prepared by research analysts These estimates often differ from current price levels, but this methodology is consistent with how a market participant would assess long-term gold prices

The estimates of future cash costs of production and capital expenditures are derived from the LOM plans for each CGU Costs incurred in currencies other than the US dollar are translated to US dollars using expected long-term exchange rates based on the relevant forward pricing curve for that currency Oil prices are a significant component, both directly and indirectly, of the expected cash costs of production Estimates for long-term oil prices used in the LOM plans are based on the current spot price, the forward pricing curve and long-term oil price forecasts prepared by analysts

The discount rate applied to present value is based upon the real weighted average cost of capital applicable to the CGU The discount rate reflects equity risk premiums over the risk-free rate, the impact of the remaining economic life of the CGU and the risks associated with the relevant cash flows based on the country in which the CGU is located These risk adjustments are based on observed equity risk premiums, historical country risk premiums and average credit default swap spreads for the period

2 SIGNIFICANT ACCOUNTING POLICIES continued

s) Impairment of non-current assets continued

In determining FVLCS, a market multiple is applied to the NPV of each CGU Gold companies typically trade at a market capitalisation that is based on a multiple of their underlying NPV Consequently, a market participant would generally apply an NPV multiple when estimating the fair value of a gold property The NPV multiples utilised in the determination of the FVLCS of a CGU consider the NPV multiples observed on comparable companies These observed multiples are primarily derived from research analyst reports and take into consideration the following i) estimate of underlying NPV prepared by the analyst, ii) estimate of target market capitalisation prepared by the analyst, iii) market capitalisation on the date of the analyst report, and iv) market capitalisation on the date of the impairment test The NPV multiple applied also takes into consideration the remaining economic life of the CGU For CGUs with a remaining economic life of five years or less, an NPV multiple on the lower end of the observed multiple range is utilised For other CGUs, the median observed NPV multiple is utilised

The VIU of a CGU is generally lower than its FVLCS, due primarily to the application of a market multiple to the underlying NPV of a CGU when determining its FVLCS Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCS

t) Contributed surplus

The Company did not exist until 12 January 2010, and did not become the parent company for the Group until 22 February 2010 when the transfer of the members of the Group pursuant to the Pre-IPO Reorganisation was completed Contributed surplus represents the difference between the cumulative investment in the entities and businesses which form part of the consolidated African Barrick Gold plc Group and non-controlling interests

u) Share capital

Ordinary Shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds

v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Rehabilitation costs

The mining, extraction and processing activities of the Group normally give rise to obligations for environmental rehabilitation Rehabilitation works can include facility decommissioning and dismantling, removal or treatment of waste materials, and site and land rehabilitation The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies

Provisions for the cost of each rehabilitation programme are recognised at the time that environmental disturbance occurs When the extent of disturbance increases over the life of an operation, the provision is increased accordingly The major parts of the carrying amount of provisions relate to tailings pond closure/rehabilitation, demolition of buildings/mine facilities, ongoing water treatment, and ongoing care and maintenance of closed mines Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date Estimated costs included in the determination of the provision reflect the risks and probabilities of alternative estimates of cash flows required to settle the obligation at each particular operation Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event occurs that gives rise to an obligation and reliable estimates of the required rehabilitation costs can be made

The timing of the actual rehabilitation expenditure is dependent upon a number of factors such as the life and nature of the asset, the operating licence conditions and the environment in which the mine operates Expenditure may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements The majority of the expenditure is expected to be paid over periods of up to 30 years with some payments into perpetuity Rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value using a current, market-based estimate of the real risk-free pre-tax discount rates The unwinding of the discount is included in finance expense and results in an increase in the amount of the provision Provisions are updated each reporting period for the effect of a change in the discount rate and the change in estimate is added or deducted from the related asset and depreciated prospectively over the asset's useful life

Significant judgements and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, Group environmental policies which give rise to a constructive obligation

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly

It is possible that management's estimates of provisions could change as a result of changes in regulations, the extent of rehabilitation required, and the means of reclamation or cost estimates Rehabilitation provisions are adjusted as a result of changes in estimates Those adjustments are accounted for as a change in the corresponding value of the related asset, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognised in the income statement In the case of closed sites, changes to estimated costs are recognised immediately in the income statement Changes to the capitalised cost result in an adjustment to future depreciation and finance expense On an annual basis, the Group reviews for changes in cost estimates, discount rates or life of operations

w) Employee benefits

The Group operates an equity-settled, share-based compensation plan (the "Stock Option Plan"), a long-term incentive plan (the "LTIP") and a legacy restricted share unit plan (the "Legacy RSU Plan")

Share-based payments

Issue of Stock Options
Stock options can be granted under either the Company LTIP or the Stock Option Plan The Company receives services from employees as consideration for equity instruments (options) of the Group The fair value of the employee services received in exchange for the grant of the options is recognised as an expense The total amount to be expensed is determined by reference to the fair value of the options granted

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

When the options are exercised, the Company may issue new shares or procure the transfer of existing shares to satisfy the exercise Where shares are issued, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity

LTIP
The Company has a cash-settled, Restricted Share Unit (RSU) plan for select employees Under the terms of the RSU plan, selected employees are granted RSUs where each RSU has a value equal to one Ordinary Share of the Company RSUs vest over a two-and-a-half or three-year period and are settled in cash Additional RSUs are credited to reflect dividends paid on Ordinary Shares of the Company during the vesting period with a corresponding charge to the compensation expense A liability for RSUs is measured at fair value on the grant date and is recognised on a straight-line basis over the vesting period, with a corresponding charge to the compensation expense At the grant date the fair value of the awards is determined from the market value of the shares at the date of award and adjusted for any market based vesting conditions attached to the award e g relative Total Shareholder Return ("TSR") performance Changes in the fair value of the RSU liability, due to changes in the price of Ordinary Shares of the Company, are recorded each period, with a corresponding charge to the compensation expense Compensation expenses recognised for RSUs incorporate an estimate for expected forfeiture rates The expected forfeiture is estimated based on historical forfeiture rates of the Group pre-IPO and expectations of future forfeiture rates Adjustments to compensation expense are recognised in periods where the actual forfeiture rate differs from the expected rate

2 SIGNIFICANT ACCOUNTING POLICIES continued

w) Employee benefits continued

Legacy RSU Plan

Historically, the Barrick Group has maintained a Restricted Share Unit ("RSU") plan for select employees who now work for the Group This plan operates in an incidental manner to the Company RSU plan These existing legacy restricted share units will continue to be administered and accounted for based on the movement of the fair value of the Barrick Ordinary Share for recording of liabilities and compensation expense

Defined contribution plan

The Group's Tanzanian employees are members of either the National Social Security Fund ("NSSF") or of the Parastatal Pension Fund (PPF), which are defined contribution plans A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity The Group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods The Group and employees both contribute 10% of the employees' gross salaries to the schemes The contributions are charged to the income statement when they are due

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy Benefits falling due more than 12 months after the balance sheet date are discounted to their present value

Bonus plans

The Group recognises a liability and an expense for bonuses where it is contractually obliged or where there is a past practice that has created a constructive obligation

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual

x) Financial instruments

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value For the purposes of the balance sheet, cash and cash equivalents include cash, and money market funds For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale These are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets, where the receivables are discounted and held at their net present value

Loans and receivables comprise trade and other receivables, other assets and cash and cash equivalents at the balance sheet date

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables The amount of the provision is the difference between the carrying amount and the expected cash flows discounted at the effective interest rate The carrying amount of the asset is reduced through use of an allowance account The amount of the provision is recognised in the income statement

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged

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Embedded derivatives

Contracts are assessed for the existence of embedded derivatives at the date that the Group first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows Embedded derivatives which are not clearly and closely related to the underlying asset, liability or transaction are separated and accounted for as stand-alone derivatives

Financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down In this case, the fee is deferred until the draw-down occurs To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

y) Finance income and finance expense

Interest income is recognised on a time-proportion basis using the effective interest method When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income

Interest is recognised as a borrowing cost on a time proportion basis using the effective interest method Borrowing costs that relate directly to the construction of property, plant and equipment during the time that it is required to complete and prepare the asset for its intended use are capitalised as part of the cost of the asset

z) Taxes

The tax expense for the period comprises current and deferred tax Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity In this case the tax is also recognised in other comprehensive income or directly in equity, respectively

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

Deferred income tax liabilities are recognised for all taxable temporary differences, except

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit/loss, and

- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except

- Where the deferred income tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- In respect of deductible temporary differences associated with investments in subsidiaries deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

2 SIGNIFICANT ACCOUNTING POLICIES continued

z) Taxes continued

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date

Uncertainties regarding availability of tax losses, in respect of enquiries raised and additional tax assessments issued, have been measured using the single best estimate of likely outcome approach

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority

Indirect tax

Indirect tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities Management periodically evaluates positions taken in indirect tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions or receivables where appropriate on the basis of amounts expected to be paid to or received from the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date If the receivable is expected to be received in more than 12 months from year end, the receivable is discounted and held at its present value Amounts expected to be payable or receivable in more than 12 months are classified as non-current assets or liabilities in the balance sheet, as appropriate

aa) Royalties

Royalty arrangements based on mineral production are in place at each operating mine The primary type of royalty is a net smelter return ("NSR") royalty Under this type of royalty the Group pays the holder an amount calculated as the royalty percentage multiplied by the value of gold production at market gold prices less third-party smelting, refining and transportation costs

The Buzwagi mine is also subject to a net profits interest ("NPI") arrangement and a production sharing arrangement held by separate third parties The NPI is calculated as a percentage of profits realised from the Buzwagi mine after all capital, exploration and development costs and interest incurred in relation to the Buzwagi mine have been recouped and all operating costs relating to the Buzwagi mine have been paid The production sharing arrangement commences after 2 million ounces of gold have been produced, as at 31 December 2010 375,050 ounces have been produced After this level of production, US$1 per ounce produced is payable based on a gold price of US$300 per ounce and the amount must be increased pro rata to reflect current gold prices

The North Mara mine is also subject to a land royalty (land tenements ("LT")) based on the net revenue derived from the open pit mines

Royalty expense is recorded when revenue from the sale of gold, copper and silver production is recognised

The following percentages apply

Bulyanhulu	3% NSR
Tulawaka	3% NSR
North Mara – Nyabirama and Nyabigena pits	3% NSR, 1% LT
North Mara – Gokona pit	3% NSR, 1 1% LT
Buzwagi	3% NSR, 30%NPI*

* The NPI is calculated as a percentage of profits realised from the Buzwagi mine after all capital exploration and development costs and interest incurred in relation to the Buzwagi mine have been recouped and all operating costs relating to the Buzwagi mine have been paid No amount is currently payable

bb) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders

3 SEGMENT REPORTING

The Group has only one primary product produced in a single geographic location, being gold produced in Tanzania In addition the Group produces copper and silver as a co-product Reportable operating segments are based on the internal reports provided to the Chief Operating Decision Maker ("CODM") to evaluate segment performance, decide how to allocate resources and make other operating decisions After applying the aggregation criteria and quantitative thresholds contained in IFRS 8, the Group's reportable operating segments were determined to be North Mara gold mine, Tulawaka gold mine, Bulyanhulu gold mine, Buzwagi gold mine, and a separate Corporate and Exploration segment, which primarily consists of costs related to corporate administration and exploration and evaluation activities ("Other")

Segment results and assets include items directly attributable to the segment as well as those that can be allocated on a reasonable basis Segment assets consist primarily of property, plant and equipment, inventories and receivables Capital expenditures comprise additions to property, plant and equipment Segment liabilities are not reported since they are not considered by the CODM as material to segment performance The Group has also included segment cash operating costs

Segment information for the reportable operating segments of the Group for the years ended 31 December 2010 and 31 December 2009 is set out below

	For the year ended 31 December 2010					
(in thousands of United States dollars)	North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	268,762	78,499	327,847	246,194	–	921,302
Co-product revenue	804	148	31,977	20,790	–	53,719
Total segment revenue[1]	**269,566**	**78,647**	**359,824**	**266,984**	–	**975,021**
Segment cash operating cost[2]	103,983	45,450	173,491	156,600	50,297	529,821
Other charges[3]	12,743	(5,865)	5,100	14,408	(353)	26,033
EBITDA[4,5]	**152,840**	**39,062**	**181,233**	**95,976**	**(49,944)**	**419,167**
Depreciation and amortisation	28,018	10,622	28,386	39,087	3,402	109,515
EBIT[4]	**124,822**	**28,440**	**152,847**	**56,889**	**(53,346)**	**309,652**
Total segment finance income						1,202
Total segment finance expense						(1,777)
Profit before tax						**309,077**
Income tax expense						(86,471)
Net profit for the period						**222,606**
Capital expenditure						
Sustaining	26,217	9,748	71,387	18,844	7,116	133,312
Expansionary	59,043	2,758	357	973	–	63,131
Rehabilitation asset adjustment	6,182	3,007	8,795	9,964	–	27,948
Total capital expenditure	**91,442**	**15,513**	**80,539**	**29,781**	**7,116**	**224,391**
Cash costs						
Segmental cash operating cost[2]	103,983	45,450	173,491	156,600	–	479,524
Deduct co-product revenue	(804)	(148)	(31,977)	(20,790)	–	(53,719)
Total cash costs	103,179	45,302	141,514	135,810	–	425,805
Sold ounces[6]	218,684	63,909	262,442	198,221	–	743,256
Cash cost per ounce sold[4]	**472**	**709**	**539**	**685**	–	**573**
Equity ounce adjustment[7]						(4)
Attributable cash cost per ounce sold[4]						**569**

3 SEGMENT REPORTING continued

(in thousands of United States dollars)	For the year ended 31 December 2009 North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	204,760	90,446	244,513	153,693	–	693,412
Co-product revenue	753	160	16,669	188	–	17,770
Total segment revenue[1]	205,513	90,606	261,182	153,881	–	711,182
Segment cash operating cost[2]	107,174	38,757	182,665	65,081	46,630	440,307
Other charges[3]	9,511	1,988	19,976	2,581	(12,637)	21,419
EBITDA[4,5]	**88,828**	**49,861**	**58,541**	**86,219**	**(33,993)**	**249,456**
Depreciation and amortisation	25,890	20,935	26,894	16,991	2,640	93,350
EBIT[4]	**62,938**	**28,926**	**31,647**	**69,228**	**(36,633)**	**156,106**
Total segment finance income						361
Total segment finance expense						(6,062)
Profit before tax						**150,405**
Income tax expense						(84,388)
Net profit for the period						**66,017**
Capital expenditure						
Sustaining	28,012	2,546	56,694	8,059	389	95,700
Expansionary	17,876	3,655	2,286	87,851	–	111,668
Rehabilitation asset adjustment	226	1,683	603	13,388	–	15,900
Total capital expenditure	**46,114**	**7,884**	**59,583**	**109,298**	**389**	**223,268**
Cash costs						
Segmental cash operating cost[2]	107,174	38,757	182,665	65,081		393,677
Deduct co-product revenue	(753)	(160)	(16,669)	(188)		(17,770)
Total cash costs	106,421	38,597	165,996	64,893		375,907
Sold ounces[6]	209,495	93,413	255,121	153,682		711,711
Cash cost per ounce sold[4]	**508**	**413**	**651**	422		**528**
Equity ounce adjustment[7]						5
Attributable cash cost per ounce sold[4]						**533**

1 Revenue includes the incidental revenue derived from the sale of co products Previously co-product revenue was regarded as by products and included in cost of sales 2009 figures have been restated

2 The Chief Decision Maker reviews cash operating costs for the four operating mine sites separately from corporate administration costs and exploration costs Consequently, the Group has reported these costs in this manner

3 Foreign exchange gains and losses were included in Cash operating costs as per the Prospectus In the analysis above they have been reclassified to other charges.

4 These are non-IFRS financial performance measures with no standard meaning under IFRS Refer to Non IFRS measures on page 54 for definitions

5 Indirect corporate administration costs previously on charged to the sites have been excluded from the individual site s EBITDA and included in Other for 2010 and 2009

6 Reflects 100% of ounces sold

7 Reflects the adjustment for non-controlling interests at Tulawaka

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Segment assets		
North Mara	**603,739**	528,667
Tulawaka	**104,003**	93,612
Bulyanhulu	**1,109,740**	1,026,668
Buzwagi	**724,467**	664,383
Other[8,9]	**385,159**	51,898
Total segment assets	**2,927,108**	2,365,228

8 During the current year assets to the value of US$102 million were acquired from the purchase of Tusker Net cash proceeds of US$269 million were received from the IPO

9 Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different to the Prospectus where the asset was shown separately as part of non current assets As this amount has an immaterial impact on the opening position, no opening balance sheet is presented

4 REVENUE

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Gold doré sales	**576,839**	540,617
Gold concentrate sales[1]	**344,463**	152,795
Copper concentrate sales[2]	**47,279**	14,531
Silver sales[2]	**6,440**	3,239
Total	**975,021**	711,182

1 Gold and copper concentrate sales includes provisional price adjustments to the accounts receivable balance due to changes in market gold and copper prices prior to final settlement as follows US$3 2 million for the year ended 31 December 2010 (2009 US$1 2 million)

2 Revenue from the sale of co products, such as copper and silver contained in concentrates is recognised in revenue As detailed in Note 2a), per the Prospectus co product revenue was treated as a by product and credited to cost of sales Management's decision to make this change was a result of co product revenue becoming increasingly significant to the Group increasing 202% year-on-year primarily as a result of Buzwagi commencing its production of copper, but also due to an increases in copper prices, copper sales have been reclassified to revenue where they are disclosed as a co product

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Revenue by location of customer[3]		
Europe		
Switzerland	**576,839**	540,617
Germany	**32,491**	3,914
Asia		
China	**298,676**	118,896
Japan	**67,015**	47,755
Total revenue	**975,021**	711,182

3 Revenue by location of customer is determined based on the country to which the gold is delivered

Included in revenues for the year ended 31 December 2010 are revenues of approximately US$567 million (2009 US$104 million) which arose from sales to two of the Group's largest customers During the year ended 31 December 2009 as well as the first quarter of 2010 all gold doré sales were made to BIBC, a related party Refer to Note 32, (2010 US$185 million, 2009 US$540 million) No other customers individually account for more than 10% of the Group's revenues

5 COST OF SALES

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Direct mining costs[1]	**447,974**	370,766
Depreciation[2]	**109,515**	93,350
Royalty expense	**31,550**	22,911
Total[3]	**589,039**	487,027

1 Direct mining costs includes charges to reduce the cost of inventory to net realisable value as follows US$ nil for the year ended 31 December 2010 (2009 US$2 3 million)

2 Depreciation includes the depreciation component relating to the cost of inventory sold.

3 Cost of sales less depreciation equals cash operating costs

6 EMPLOYEE BENEFITS

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Wages and salaries	**113,221**	106,352
Other employee benefits[1]	**51,193**	27,035
Share-based payments charge[2]	**3,756**	40
Total	**168,170**	133,427

1 Other employee benefits include bonuses, leave pay pensions, medical expenses and other benefits

2 Further details of the Group's stock options and other share based payment plans are given in Note 24

Details of Directors remuneration can be found in the Remuneration report on pages 87 to 95

Average number of employees

(in thousands)	For the year ended 31 December 2010	For the year ended 31 December 2009
Operations	**4,351**	3,993
Administration	**226**	186
Total average headcount	**4,577**	4,179

7 EXPLORATION AND EVALUATION

The following represents a summary of exploration and evaluation expenditures incurred at each mine site and significant exploration targets (if applicable)

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Expensed during the year		
North Mara	**–**	1,402
Buzwagi	**–**	3,023
Tulawaka	**2,343**	2,242
Bulyanhulu	**419**	–
Other[1]	**12,099**	2,204
Total expensed	**14,861**	8,871
Capitalised during the year		
North Mara	**8,065**	950
Buzwagi	**973**	–
Tulawaka	**2,758**	1,641
Bulyanhulu	**357**	170
Total capitalised	**12,153**	2,761
Total	**27,014**	11,632

1 Included in "other" are the exploration activities conducted through Barrick Exploration Africa Ltd All primary greenfield exploration and evaluation activities are conducted in this Company

8 OTHER CHARGES

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Other expenses		
Loss on disposal of property, plant and equipment	**90**	1,204
Discounting of indirect tax receivables	**6,808**	6,903
Environmental clean-up	**-**	878
Severance payments	**-**	969
Foreign exchange losses (net)[1]	**7,863**	10,705
Unrealised non-hedge derivative losses	**3,658**	-
Asset write-down	**-**	143
Transaction cost associated with listing	**2,575**	-
Social development cost	**3,467**	1,026
Insurance[2]	**1,840**	-
Buzwagi fuel claim[3]	**2,539**	-
Other	**3,577**	861
Total	**32,417**	22,689
Other income		
Insurance proceeds	**(4,535)**	-
Other[4]	**(1,849)**	(1,270)
Total	**(6,384)**	(1,270)
Total other charges	**26,033**	21,419

1 Gains and losses on the translation of foreign currency translations are deemed to be part of other charges This has been reclassified since the Prospectus where it was classified as part of corporate administration

2 Pre-IPO insurance costs were borne by the parent company BGC and not recharged

3 Fuel duty receivable previously recognised has been derecognised following the Buzwagi fuel theft incident

4 Other income represents the gain recognised following the waiving of payables balances owed to related parties

Foreign exchange differences on working capital items

During the year, the Group experienced the following foreign exchange difference relating to working capital items

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Loss on foreign exchange differences relating to working capital items	**10,698**	10,893

9 AUDITORS' REMUNERATION

During the year the Group (including its subsidiaries) obtained the following services from the Company s auditor(s)

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Audit fees		
Fees payable for the audit of the parent company and consolidated financial statements	384	-
Fees payable to the Company's auditor and its associates for other services		
Audit of the Company's subsidiaries pursuant to legislation	547	484
Other services pursuant to legislation	133	46
Tax services	202	249
Other services in connection with the capital raising[1]	1,314	4,630
Other services	162	-
Total	2,742	5,409

1 The majority of capital raising costs paid were capitalised against Share Premium

10 FINANCE INCOME AND FINANCE EXPENSE

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Interest on time deposits	720	361
Other	482	–
Total	1,202	361

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Unwinding of discount (Note 26)	1,365	1,169
Interest on bank overdraft and external debt	202	4,893
Other[1]	210	–
Total[2]	1,777	6,062

1 Included in "other" finance expense is the amortisation of the fee relating to the revolving credit facility

2 For cash flow purposes unwinding of discount is excluded from the finance expense movement

11 TAX EXPENSE

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Current tax		
Current tax on profits for the period	291	–
Adjustments in respect of prior years	–	–
Total current tax	291	–
Deferred tax (Note 20)		
Origination and reversal of temporary differences	86,180	84,388
Total deferred tax	86,180	84,388
Income tax expense	86,471	84,388

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Profit before tax	309,077	150,405
Tax calculated at domestic tax rates applicable to profits in the respective countries	88,186	45,130
Tax effects of		
(Non-taxable income)/expenses not deductible for tax purposes	(2,908)	3,995
Tax losses for which no deferred income tax asset was recognised	4,347	(2,883)
Prior year adjustments	(2,201)	1,681
Adjustment to unrecognised tax benefits carried forward[1]	–	36,892
Effect of tax rates in foreign jurisdictions	(63)	(2)
Other	(890)	(425)
Tax charge	86,471	84,388

1 The 2009 reconciliation includes an amount of US$36 9 million relating to an increase in the amount of unrecognised tax benefits carried forward The adjustment reflects uncertainty regarding recoverability of certain tax losses, and gives rise to an increased deferred tax charge The Group anticipates that the amount of unrecognised tax benefits may change within 12 months of the reporting date through a potential settlement with tax authorities, which may result in an adjustment to available tax losses

The tax rate in Tanzania is 30% and in South Africa 28% for both years presented

Tax periods remain open to review by the Tanzanian Revenue Authority ("TRA") in respect of income taxes for five years following the date of the filing of the corporate tax return, during which time the authorities have the right to raise additional tax assessments including penalties and interest Under certain circumstances the reviews may cover longer periods Because a number of tax periods remain open to review by tax authorities, there is a risk that transactions that have not been challenged in the past by the authorities may be challenged by them in the future, and this may result in the raising of additional tax assessments plus penalties and interest The 2009 reconciliation includes an amount of US$36 9 million relating to an increase in the amount of unrecognised tax benefits carried forward The adjustment reflects uncertainty regarding recoverability of certain tax losses, and gives rise to an increased deferred tax charge The Group anticipates that the amount of unrecognised tax benefits may change within 12 months of the reporting date through a potential settlement with tax authorities, which may result in an adjustment to available tax losses With the exception of the adjustment made in 2009 in respect of unrecognised tax benefits, the Group has made no further provision in respect of such tax assessments (refer to Note 31)

12 EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the period

For the purpose of calculating EPS, the share capital for the Company in the period prior to the Pre-IPO Reorganisation on 22 February 2010 is calculated as if this reorganisation was completed as at 1 January 2009

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares The Company has dilutive potential Ordinary Shares in the form of stock options The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of stock options

At 31 December 2010 and 31 December 2009, earnings per share have been calculated as follows

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Earnings		
Profit from continuing operations attributable to owners of the parent	**218,103**	58,577
Weighted average number of Ordinary Shares in issue[1]	**410,085,499**	410,085,499
Adjusted for dilutive effect of		
– Stock options	**18,482**	–
Weighted average number of Ordinary Shares for diluted earnings per share	**410,103,981**	410,085,499
Earnings per share		
Basic earnings per share from continuing operations	**53 2**	14 3
Dilutive earnings per share from continuing operations	**53 2**	14 3

1 The prior year basic earnings per share comparative was calculated using the 2010 number of average weighted shares as the Company had not been formed in the prior year, and had no share capital

13 DIVIDENDS

An interim dividend of US$6 6 million (US1 6 cents per share) was paid during 2010 and recognised in the financial statements Refer to Note 34 for details of the final dividend declared subsequent to year end

14 CASH FLOW – OTHER ITEMS

a) Operating cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Adjustments for non-cash income statement items		
Foreign exchange losses	**7,585**	10,569
Provision added	**67**	4,600
Unrealised loss on derivative copper options	**3,658**	–
Stock option expense	**640**	–
Other non-cash items	**(443)**	136
Exchange loss on revaluation of cash balances	**278**	136
Total	**11,785**	15,441

Adjustments for working capital items.

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Trade receivables	**2,384**	(16,822)
Inventories[1]	**(18,446)**	(91,619)
Other current assets	**(48,802)**	(2,757)
Other liabilities[2]	**6,527**	7,055
Trade and other payables[3]	**(28,513)**	33,621
Working capital adjustments relating to Tusker acquisition (Note 22)	**(3,734)**	–
Other working capital items[4]	**6,336**	(10,705)
Total	**(84,248)**	(81,227)

1 The inventory adjustment includes both the movement in inventories as well as the non current portion of inventory

2 The other liabilities adjustment includes both the movement in current and non-current liabilities

3 The trade and other payables adjustment excludes statutory liabilities in the form of income tax payable

4 Other working capital items includes exchange losses associated with working capital, as well as one off type working capital adjustments relating to minority interest and intercompany settlements

b) Investing cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Proceeds on sale of property, plant and equipment	**183**	138
Other long-term receivables[5]	**(4,033)**	(31,806)
Village housing receivable	**135**	(419)
Tusker options movement	**(9,696)**	–
Movement in rehabilitation liability	**27,948**	15,901
Total	**14,537**	(16,186)

5 Non current asset movement relates to the investment in the powerline and land acquisitions reflected as prepaid operating leases, Tanzania government receivables village housing project, and other items Note that for 2010 the long-term indirect tax movement has been reflected as part of working capital in the cash flow from operational activities section which amounted to US$36 7 million US$26 5 million was classified in 2009 in the non-current asset movement as part of the cash flow from investing activities

15 INVENTORIES

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Raw materials		
Ore in stockpiles	**34,412**	87,514
Mine operating supplies	**140,411**	130,771
Work in process	**36,568**	38,883
Finished products		
Gold dore/bullion	**5,936**	5,969
Gold, copper and silver concentrate	**10,647**	15,513
Total current portion of inventory	**227,974**	278,650
Non-current ore in stockpiles[1]	**69,122**	–
Total	**297,096**	278,650

1 During 2010 US$69 1 million of ore at Buzwagi and North Mara was classified as long term following management s assessment that these stockpiles will be processed after 2011

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16 TRADE AND OTHER CURRENT ASSETS

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Trade receivables		
Amounts due from dore and concentrate sales	46,491	16,219
Other receivables[1]	11,621	9,662
Due from related parties (Note 32)	2,131	37,518
Less Provision for doubtful debt on other receivables	(1,029)	(1,801)
Total	59,214	61,598

1 Other receivables relates to employee and supplier backcharge related receivables

Trade receivables other than concentrate receivables are non-interest bearing and are generally on 30-90 day terms Concentrate receivables are generally on 60-120 day terms depending on the terms per contract Trade receivables are amounts due from customers in the ordinary course of business If collection is expected in one year or less, they are classified as current assets If not, they are presented as non-current assets The carrying value of trade receivables recorded in the financial statements represents the maximum exposure to credit risk The Group does not hold any collateral as security

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Other current assets		
Current portion of indirect tax receivables[2]	58,048	51,339
Other debtors and advance payments[3]	12,055	6,142
Insurance receivable	325	830
Total	70,428	58,311

2 The total indirect tax receivable is US$121 2 million of which US$63 2 million is included in non current assets. This receivable is due from the Tanzanian Revenue Authority and it is anticipated to be offset against future corporation tax payments To reflect the time value of money the long term portion of this receivable has been discounted at a rate of 5 7%

3 Other debtors and advance payments relates to prepayments for insurance

17 CASH AND CASH EQUIVALENTS

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Cash at bank and on hand	389,158	69,726
Money market funds	11,854	–
Total	401,012	69,726

18 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2010 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2010, net of accumulated depreciation	784,122	625,030	88,920	1,498,072
Additions	–	–	224,391	224,391
Disposals/write-downs	(273)	–		(273)
Depreciation	(45,839)	(61,233)	–	(107,072)
Transfers between categories	58,989	130,037	(189,026)	–
At 31 December 2010	**796,999**	**693,834**	**124,285**	**1,615,118**
At 1 January 2010				
Cost	1,067,766	875,242	88,920	2,031,928
Accumulated depreciation	(283,644)	(250,212)	–	(533,856)
Net carrying amount	**784,122**	**625,030**	**88,920**	**1,498,072**
At 31 December 2010				
Cost	1,125,072	1,005,279	124,285	2,254,636
Accumulated depreciation	(328,073)	(311,445)	–	(639,518)
Net carrying amount	**796,999**	**693,834**	**124,285**	**1,615,118**

For the year ended 31 December 2009 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2009, net of accumulated depreciation	365,067	587,642	430,406	1,383,115
Additions	–	–	223,268	223,268
Disposals/write-downs	(1,342)	–	–	(1,342)
Depreciation	(72,297)	(34,672)	–	(106,969)
Transfers between categories	492,694	72,060	(564,754)	–
At 31 December 2009	**784,122**	**625,030**	**88,920**	**1,498,072**
At 1 January 2009				
Cost	578,457	803,182	430,406	1,812,045
Accumulated depreciation	(213,390)	(215,540)	–	(428,930)
Net carrying amount	**365,067**	**587,642**	**430,406**	**1,383,115**
At 31 December 2009, net of accumulated depreciation				
Cost	1,067,766	875,242	88,920	2,031,928
Accumulated depreciation	(283,644)	(250,212)	–	(533,856)
Net carrying amount	**784,122**	**625,030**	**88,920**	**1,498,072**

1 Assets under construction represents (a) sustaining capital expenditures incurred constructing tangible fixed assets related to operating mines and advance deposits made towards the purchase of tangible fixed assets, and (b) expansionary expenditure allocated to a project on a business combination or asset acquisition and the subsequent costs incurred to develop the mine Once these assets are ready for their intended use, the balance is transferred to plant and equipment and/or mineral properties and mine development costs

Property, plant and equipment includes assets relating to the design and construction costs of power transmission lines and related infrastructure At completion ownership was transferred to TANESCO in exchange for amortised repayment in the form of reduced electricity supply charges No future lease payment obligations are payable under these finance leases The following amounts were included in property, plant and equipment where the Group is a lessee under a finance lease

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Cost – capitalised finance leases	**46,822**	46,822
Accumulated depreciation	**(4,203)**	(773)
Net carrying amount	**42,619**	46,049

19 GOODWILL AND INTANGIBLE ASSETS

For the year ended 31 December 2010 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	Total
Opening net book amount[1]	156,397	–	156,397
Additions[2]	22,023	80,093	102,116
Closing net book value	**178,420**	**80,093**	**258,513**
At 31 December 2010			
Cost	394,898	80,093	474,991
Accumulated impairment	(216,478)	–	(216,478)
Net book amount	**178,420**	**80,093**	**258,513**

For the year ended 31 December 2009 (in thousands of United States dollars)	Goodwill	Mineral Properties	Total
Opening net book amount	156,397	–	156,397
Closing net book value	**156,397**	**–**	**156,397**
At 31 December 2009			
Cost	372,875	–	372,875
Accumulated impairment	(216,478)	–	(216,478)
Net book amount	**156,397**	**–**	**156,397**

1 The Group s opening goodwill arose from the acquisition of a subsidiary of Placer Dome Inc on 19 January 2006 (the "acquisition date"), by Barrick Gold Corporation The goodwill allocated to the Group has been presented as if the Group acquired this business as of the acquisition date

2 Additions to Acquired exploration properties and Goodwill relate to the acquisition of Tusker Gold Ltd and are provisional pending receipt of the final valuation Refer to Note 22 for further details

Goodwill and accumulated impairment losses by operating segments

(In thousands of United States Dollars)	North Mara	Bulyanhulu	Tulawaka	Other	Total
At 1 January 2009	21,046	121,546	13,805	–	156,397
At 1 January 2010	21,046	121,546	13,805	–	156,397
Additions[3]	–	–	–	22,023	22,023
At 31 December 2010	**21,046**	**121,546**	**13,805**	**22,023**	**178,420**
Cost	237,524	121,546	13,805	22,023	394,898
Accumulated impairments	(216,478)	–	–	–	(216,478)

3 Goodwill amounting to US$22 million arose on the Group s acquisition of Tusker Gold Ltd on 27 April 2010 Refer to Note 22 for further details

In accordance with IAS 38 "Intangible Assets" a review for impairment of goodwill is undertaken The review compared the recoverable amount for goodwill for each cash generating unit (CGU) to the carrying value of the CGU including goodwill The key economic assumptions used in this review were

	For the year ended 31 December 2010	For the year ended 31 December 2009
Long-term gold price per ounce	$1,150[4]	$950
South African Rand (US$ ZAR)	8 00[5]	9 00
Tanzanian Shilling (US$ TZS)	1,400	1,320
Long-term oil price per barrel	$75	$75
Discount rates	7 12%-8 67%	8 79%-10 37%
NPV multiples	1 20-1 80	1 90-2 00

4 Short-term gold price of $1 250 per ounce used for 2011 and 2012 cash flow forecast

5 Short term exchange rate of 7 50 used for 2011 and 2012 cash flow forecast

20 DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Tax losses	195,693	179,968
Total	195,693	179,968

Deferred tax assets have not been recognised in respect of these items due to uncertainties regarding availability of tax losses, or there being uncertainty regarding future taxable income against which these assets can be utilised

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

Balance sheet classifications (in thousands of United States Dollars)	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Property, plant and equipment	-	-	441,758	410,293	441,758	410,293
Provisions	(12,994)	(7,124)	-	-	(12,994)	(7,124)
Interest deferrals	(7,213)	(16,175)	-	-	(7,213)	(16,175)
Tusker acquisition	-	-	22,023	-	22,023	-
Tax loss carry-forwards	(428,658)	(480,289)	-	-	(428,658)	(480,289)
Net deferred tax (assets)/liabilities	(448,865)	(503,588)	463,781	410,293	14,916	(93,295)

Legal entities (in thousands of United States Dollars)	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
North Mara Gold Mine Limited	-	(21,520)	13,865	-	13,865	(21,520)
Bulyanhulu Gold Mine Limited	(121,116)	(159,668)	-	-	(121,116)	(159,668)
Pangea Minerals Limited	-	-	100,297	87,410	100,297	87,410
Other	(153)	-	22,023	483	21,870	483
Net deferred tax (assets)/liabilities	(121,269)	(181,188)	136,185	87,893	14,916	(93,295)

Uncertainties regarding availability of tax losses, in respect of enquiries raised and additional tax assessments issued by the TRA, have been measured using the single best estimate of likely outcome approach resulting in the recognition of substantially all the related deferred tax assets and liabilities Alternative acceptable measurement policies (e g on a weighted average expected outcome basis) could result in a change to deferred tax assets and liabilities being recognised, and the deferred tax charge in the income statement

21 OTHER ASSETS

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Amounts due from government[1]	**24,844**	23,098
Operating lease prepayments – TANESCO powerlines	**4,210**	3,876
Prepayments – Acquisition of rights over leasehold land[2]	**7,444**	6,933
Non-current portion of indirect tax receivable[3]	**63,174**	26,489
Village housing	**465**	600
Other[4]	**4,321**	290
Total	**104,458**	61,286

1 Included in this amount are amounts receivable from the Tanzanian Social Security Fund of US$8 1 million (2009 US$6 7 million) as well as amounts due from TANESCO for US$15 3 million (2009 US$16 4 million)

2 Prepayment made to the villagers in respect of acquisition of the rights over the use of leasehold land

3 The non current portion of the indirect tax receivables has been discounted to its current value using an effective interest rate of 5 7% (2009 7 19%) This resulted in a discounting charge of US$6 8 million (2009 US$6 9 million) to the income statement, refer Note 8

4 Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different to the Prospectus where the asset was shown separately as part of non current assets As this amount has an immaterial impact on the opening position no opening balance sheet is presented

22 BUSINESS COMBINATION

On 27 April 2010, the Company, through BUK Holdco Ltd, one of its immediate subsidiaries, purchased 100% of the issued share capital of Tusker Gold Ltd ("Tusker") by way of a takeover offer for an aggregate net consideration of approximately US$74 million Tusker is an Australian based exploration company with a focus on gold Tusker was listed on the Australian Stock Exchange but was delisted from the Exchange as part of the acquisition All of Tusker's assets are located in Tanzania and consist of a significant gold resource base and additional exploration ground

Details of the purchase consideration, the net assets acquired and goodwill are as follows

(in thousands of United States dollars)	2010
– Purchase consideration	**74,232**
– Foreign gain on cash settlement recognised in other charges	**(3,109)**
Total purchase consideration	**71,123**

The assets and liabilities as of 27 April 2010 recognised as a result of the acquisition are as follows

(in thousands of United States dollars)	Fair value	Acquiree's carrying amount
Cash and cash equivalents	8,014	8,014
Property, plant and equipment	115	115
Exploration and evaluation assets	79,533	5,740
Receivables	314	314
Deferred taxation liability	(22,023)	–
Payables	(4,048)	(884)
Stock options	(9,696)	(9,696)
Fair value of net assets	**52,209**	**3,603**
Goodwill	22,023	
Total purchase consideration	**74,232**	
Purchase consideration		74,232
Foreign gain on cash settlement recognised in other charges		(3,109)
Cash and cash equivalent in subsidiary acquired		(8,014)
Net cash outflow on acquisition		**63,109**

The goodwill arose after the application of IAS 12 "Income taxes" and is attributable principally to expanding growth opportunities in Tanzania None of the goodwill is expected to be deductible for tax purposes The fair value of the acquired identifiable intangible assets, goodwill and deferred tax liability is provisional pending receipt of the final valuations for those assets

Included in payables is the fair value of a contingent liability of US$3 5 million This relates to a US$4 6 million payment required to be made to the vendor on commencement of commercial production at Nyanzaga The assessed possibility that Nyanzaga has the potential to reach commercial production within four years is 75%

Acquisition costs incurred relating to the Tusker acquisition amounted to US$0 4 million and were all expensed as incurred

Cancellation of options

A total of 12,450,000 stock options were held by Tusker directors and employees at the time of the acquisition The holders of all options irrevocably agreed to cancel their options in exchange for a consideration of US$8 1 million, which formed part of the consideration

On 31 December 2009, Tusker announced that it had appointed Argonaut Securities Ltd to provide assistance with any future capital raisings Based on the terms of the arrangement, Argonaut will be remunerated for its services by Tusker agreeing to issue Argonaut with two million options with an exercise price of US30 cents, two million options with an exercise price of US50 cents and a further four million options with an exercise price of US80 cents The Argonaut agreement was cancelled in exchange for payment of an amount of US$1 6 million

Expenses

The acquired business contributed expenses of US$765,822 to the Group for the period from 30 April 2010 to 31 December 2010 If the acquisition had occurred on 1 January 2010, consolidated loss for the year ended 31 December 2010 would have been US$2 7 million These amounts have been calculated using the Group's accounting policies

23 SHARE CAPITAL

	Number	£ 000	Share capital US$ 000	Share premium US$ 000
At 12 January 2010	1	–	–	–
Issuance of Ordinary Shares to BGC	303,246,949	30,325	45,796	–
Issuance of shares on IPO	101,082,317	10,108	15,415	870,950
Issuance of over-allotment shares	5,756,232	576	886	50,085
Transaction costs	–	–	–	(53,933)
At 31 December 2010	**410,085,499**	**41,009**	**62,097**	**867,102**

Incorporation of Company and Pre-IPO Reorganisation

The Company was incorporated and registered in England and Wales on 12 January 2010 as a private limited company with a share capital of one Ordinary Share of £1

On 19 February 2010 the Company entered into a share exchange agreement pursuant to which it acquired the entire issued share capital of BUK Holdco Ltd, an intermediate holding company of members of the Group, from members of Barrick Gold Corporation's group in return for issuing 943,464 Ordinary Shares of £1 each at a premium of £999 per share

On 22 February 2010 the Company entered into a share exchange agreement pursuant to which it acquired the entire issued share capital of 1816962 Ontario Inc from BGC, an intermediate holding company of members of the Group, in return for issuing 375,000 Ordinary Shares of £1 each at a premium of £999 per share

The Company subsequently entered into a reduction of capital, eliminating share premium of US$1,989,138 to create distributable reserves, and restructured its share capital so as to reduce the nominal value of each of its Ordinary Shares to 10 pence Following the share capital restructuring the Company made a bonus issue of shares to its then existing shareholders in preparation for the IPO, resulting in a total of 303,246,950 Ordinary Shares being in issue prior to the IPO

Re-registration of the Company as a public company

On 12 March 2010, the Company re-registered as a public limited company

Issuance of shares on IPO

On 24 March 2010, the Company successfully completed its IPO A total number of 101,082,317 shares with a par value of 10 pence each were issued at a price of 575 pence per share for a total of £581,223,322 (US$886,365,567) net of underwriter fees On 15 April 2010 the Company issued a further 5,756,232 Ordinary Shares at a price of 575 pence per share for a total of £33,098,334 (US$52,275,508) pursuant to the exercise of the over-allotment option granted in connection with the IPO Total costs related to the issuance of new shares taken against share premium amounted to US$53 9 million

24 STOCK-BASED COMPENSATION

Stock options

Stock options are granted to Executive Directors and to selected employees The exercise price of the granted options is determined by the Compensation committee before the grant of an option provided that this price cannot be less than the average of the middle-market quotation of such shares (as derived from the London Stock Exchange Daily Official List) for the three dealing days immediately preceding the date of grant All options outstanding at the end of the year expire in 2017 None of the options granted were exercisable at 31 December 2010 The vesting period of the options is four years, with an exercise period of three years

Movements in the number of options outstanding and their related weighted average exercise prices are reflected in pence as follows

For the year ended 31 December	Average exercise price in pence per share 2010	Options 2010	Average exercise price in pence per share 2009	Options 2009
At 1 January	–	–	–	–
Granted	539	1,326,459	–	–
Forfeited	568	(105,000)	–	–
At 31 December	**536**	**1,211,459**	–	–

The weighted average fair value of the options granted during the current year using the Lattice valuation approach was determined as 180 pence per option The significant inputs into the model were weighted average share and exercise price of 539 pence at the grant date, volatility range of 32% to 50%, dividend yield of 0 57%, an expected option life of seven years, annual risk-free interest rate of 2 83% and suboptimal exercise multiple of 1 5x

Cash-settled Restricted Share Units are granted to executive directors and to selected employees Further disclosures over these plans are not provided as the related charge and liabilities are not material to the Group

25 TRADE AND OTHER PAYABLES

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Trade payables	**23,133**	17,105
Accrued expenses	**72,889**	96,120
Payroll-related payables	**10,405**	6,116
Contract retentions	**1,503**	2,488
Royalty payable	**8,482**	9,023
Income tax payable	**309**	18
Trade payables to related parties (Note 32)	**3,240**	17,322
Total	**119,961**	148,192

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Trade payables are classified as current liabilities if payment is due within one year or less If not, they are presented as non-current liabilities Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

Terms and conditions of the above payables liabilities

- Trade payables are non-interest bearing and are normally settled on 30-day of statement terms
- Accruals and other payables are non-interest bearing and have an average term of 30–60 days

26 PROVISIONS

(in thousands of United States Dollars)	Rehabilitation[1] 2010	2009	Other[2] 2010	2009	Total 2010	2009
At 1 January	**72,164**	55,095	**11,400**	6,800	**83,564**	61,896
Additions	**27,948**	15,900	**67**	4,600	**28,015**	20,500
Unwinding of discount	**1,365**	1,169	–	–	**1,365**	1,169
At 31 December	**101,477**	72,164	**11,467**	11,400	**112,944**	83,565
Current portion	–	–	**(4,000)**	–	**(4,000)**	–
Non-current portion	**101,477**	72,164	**7,467**	11,400	**108,944**	83,565

1 Rehabilitation provisions relate to the decommissioning costs expected to be incurred for the operating mines This expenditure arises at different times over the life of mine for the different mine sites and is expected to be utilised in terms of cash outflows between years 2014 and 2034 and beyond varying from mine site to mine site

2 Other provisions relate to provisions for legal and tax related liabilities where the outcome is not yet certain but it is expected that it will lead to a probable outflow of economic benefits in future

27 FINANCIAL ASSETS AND LIABILITIES

a) Financial assets

(in thousands of United States Dollars)	Carrying value 2010	2009	Fair value 2010	2009
Cash and cash equivalents	**401,012**	69,726	**401,012**	69,726
Accounts receivable	**59,214**	61,598	**59,214**	61,598
Total other assets[1]	**174,886**	119,597	**174,886**	119,597
Total financial assets	**635,112**	250,921	**635,112**	250,921
Less Current financial assets				
Cash and cash equivalents	**(401,012)**	(69,726)	**(401,012)**	(69,726)
Accounts receivable	**(59,214)**	(61,598)	**(59,214)**	(61,598)
Other current assets (Note 16)	**(70,428)**	(58,311)	**(70,428)**	(58,311)
Total other non-current financial assets (Note 21)	**104,458**	61,286	**104,458**	61,286

1 Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different to the Prospectus where the asset was shown separately as part of non current assets As this amount has an immaterial impact on the opening position, no opening balance sheet is presented

The fair value of financial assets, excluding other assets, equal their carrying amount as the impact of discounting is not significant Included in other assets are indirect tax receivables from the Tanzanian Revenue Authority, which have been discounted to their present value, refer to Note 16 and Note 21

b) Financial liabilities

(in thousands of United States Dollars)	Carrying value 2010	2009	Fair value 2010	2009
Derivative financial instruments	**3,658**	–	**3,658**	–
Related party debt	–	1,383,415	–	1,383,415
Other liabilities[2]	**7,483**	4,748	**7,483**	4,748
Total	**11,141**	1,388,163	**11,141**	1,388,163
Less Current financial liabilities				
Derivative financial instruments	**(1,904)**	–	**(1,904)**	–
Less Current portion of related party debt[3]	–	(1,383,415)	–	(1,383,415)
Total non-current portion of net borrowings	**9,237**	4,748	**9,237**	4,748

2 Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different to the Prospectus where the asset was shown separately as part of non current assets As this amount has an immaterial impact on the opening position no opening balance sheet is presented

3 Related party debt was repaid during the current financial year by cash amounting to US$575 million and converting US$1,039 million to contributed surplus

The fair value of the current portion of borrowings held in 2009, excluding other liabilities, was equal to their carrying amount as they were repayable on demand Other liabilities relate to equity settled stock option plans and their valuation is based on unadjusted quoted prices in active markets for identical financial instruments Derivative financial instruments are valued based upon inputs that are observable for the financial instruments which includes quoted prices for similar instruments or identical instruments in markets which are not considered to be active or either directly or indirectly based on observable markets data

27 FINANCIAL ASSETS AND LIABILITIES continued

b) Financial liabilities continued

Revolving credit facility

On 24 November 2010, the Group concluded negotiations with a syndicate of commercial banks, led by Citibank, for the provision of a revolving credit facility in a maximum aggregate amount of US$150 million The facility has been provided to service the general corporate needs of the Group and to fund potential acquisitions All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements The term of the facility is 24 months and when drawn the spread over LIBOR will be 350 basis points At 31 December 2010, none of the funds were drawn under the facility while a commitment fee of 1 4% was payable The shares of all significant subsidiaries have been pledged as security for the loan

28 DERIVATIVE FINANCIAL INSTRUMENTS

During 2010 the Group entered into zero cost collars to manage copper price fluctuations in the price of copper The Group does not use such derivative instruments for speculative trading purposes

These transactions are economic hedges, and do not qualify for hedge accounting treatment for the positions Changes in the fair value of these copper options are recorded as a component of other income/expense in the income statement At 31 December 2010, the Group had 21,826 thousand pounds of collar contracts outstanding containing purchased put and call options with an average strike price of US$3 25 per pound and US$4 77 per pound respectively The Group did not have any derivative financial instruments in 2009

(in thousands of United States dollars)	Realised losses	Unrealised losses resulting from marked to-market adjustments	Total net loss	Total balance sheet impact of marked to-market adjustments
Commodity derivatives				
Copper collar	–	3,658	3,658	3,658
Total	–	**3,658**	**3,658**	**3,658**

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Analysed between		
Current liabilities	1,904	–
Non-current liabilities	1,754	–
Total	**3,658**	–

29 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks through its commercial and financial operations

a) market risk, including commodity price, foreign currency and interest rate risks,

b) credit risk, and

c) liquidity risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for assessing and managing risk. Further quantitave disclosures are included throughout the financial statements

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

The Board of Directors has responsibility for overseeing how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group The Audit committee is assisted in its oversight role by Internal Audit which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee

a) Market risk, including commodity price, foreign currency and interest rate risks

Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates or interest rates will affect the Group's income or the value of its financial instruments

Gold price

The market price of gold is one of the most significant factors in determining the profitability of the Group's operations The price of gold is subject to volatile price movements over short periods of time, especially in the current market environment, and is affected by numerous industry and macro-economic factors that are beyond the Group's control In 2010 the price ranged from US$1,058 to US$1,431 per ounce, with an average market price of US$1,225 per ounce (2009 US$972 per ounce) The Group's policy is to sell gold at prevailing market prices

Copper price

During 2010 the Group entered into zero cost collars to manage copper price fluctuations (see Note 28 for additional details) In 2010 the price ranged from US$2 76 to US$4 44 per pound, with an average market price of US$3 42 per pound (2009 US$3 22 per pound)

Oil price

Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices During 2010, oil prices traded between US$63 and US$92 per barrel with an average market price of US$80 per barrel The Group currently has no oil price hedging in place but may consider opportunities to hedge against oil price exposure in the future

The table below summarises the impact of changes in the market price on gold The impact is expressed in terms of the resulting change in the Group's profit after tax for the year or, where applicable, the change in equity The sensitivities are based on the assumption that the market price changes by 10% with all other variables held constant The impact of a similar change in copper, silver and diesel prices is not material to the Group's profit after tax

Gain associated with 10% increase from year end price (in thousands of United States dollars)	Effect on profit after tax for the year ended 31 December 2010	Effect on profit after tax for the year ended 31 December 2009
Gold	62,556	46,235

Foreign currency risk

The Group's transactions are denominated in a number of different currencies (primarily US dollars, Shillings, and Rands) The Group has liabilities that are primarily denominated in US dollars The US dollar is the Company's (and its subsidiaries') functional currency, as well as the Group's presentation currency Therefore, transactions in currencies other than the US dollar give rise to foreign currency translation risk The Group's primary exposure to this risk arises from direct mine operating costs and corporate administration costs that are transacted in Shillings and Rands, respectively Consequently, fluctuations in the US dollar Shilling/Rand exchange rates increase the volatility of cost of sales, corporate administration costs and overall net earnings, which are reported in US dollars The vast majority of all direct mining costs and corporate administration costs are denominated and settled in US dollars Consequently, the effect of foreign exchange fluctuations on the Group's reported direct mining and corporate administration costs is not significant

The exchange rates at the end of each financial year are detailed in Note 2 h)

Under normal market conditions, the Group does not generally believe that active currency hedging of transactions would provide long-term benefits to shareholders Historically, the relationship between the gold price and the value of the Shilling and Rand provide a natural hedge against fluctuations in the exchange rate of these currencies against the US dollar Generally, a strengthening of the Shilling/Rand, which would cause an increase in reported US dollar operating costs, corresponds with an increase in the US dollar gold price, which results in an increase in reported US dollar revenues This natural protection significantly reduces the need for using derivatives or other forms of synthetic hedging However, the Group reviews its exposure on a regular basis and reserves the right to enter into foreign currency hedges should the circumstances warrant Any such currency protection measures deemed appropriate by management are subject to approval by the Board

The Group does have significant financial assets denominated in a currency other than US dollar These financial assets are as follow

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Indirect tax receivables	121,222	84,731
Total	121,222	84,731

29 FINANCIAL RISK MANAGEMENT continued

a) Market risk, including commodity price, foreign currency and interest rate risks continued

The following sensitivity analyses give the estimated effect of a reasonably possible change in the full year closing US dollar exchange rate on the value of the financial assets

Increase/(decrease) associated with 10% change of the US dollar as at 31 December (in thousands of United States dollars)	Effect on profit after tax for the year ended 31 December 2010	Effect on profit after tax for the year ended 31 December 2009
Increase/(decrease) associated with 10% change of the US dollar		
US dollar strengthens by 10% to the Tanzanian Shilling		
Increase in total indirect tax receivables	13,469	9,330
US dollar weakens by 10% to the Tanzanian Shilling		
Decrease in total indirect tax receivables	(11,020)	(7,634)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates Borrowings issued at variable rates expose the Group to cash flow interest rate risk Borrowings issued at fixed rates expose the Group to fair value interest rate risk The Group is also exposed to interest rate risk on its cash and cash equivalents

At present, available funds are held with financial institutions at variable rates and primarily denominated in US dollars, interest income is not materially affected by changes in short-term interest rates The amount of interest expense recorded in the Group's consolidated income statement is not materially impacted by changes in short-term interest rates, due to the Group's low levels of interest-bearing debt at present The revolving credit facility's spread over LIBOR will be 350 basis points Group debt levels are impacted by the amount of operating cash flow generated by its operating mines, as well as capital expenditure requirements related to existing operations and development projects

b) Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet, net of any overdraft positions

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables The Group's financial assets are with counterparties whom the Group considers have an appropriate credit rating Location of credit risk is determined by physical location of the bank branch, customer or counterparty The maximum allowable term of maturity for any individual security is 12 months Investment counterparties must have a credit rating of at least Baa2 or better by Moody's Investor Services or BBB by Standard and Poor's No more than 25% of the aggregate market value of the investment portfolio is maintained in any one country, with the exception of the United States of America, United Kingdom and Barbados, or in any one industry group Investments are held mainly in United States dollars and cash and cash equivalents in other foreign currencies are maintained for operational requirements

With respect to other receivables, the most significant debtor is the Tanzanian Revenue Authority Throughout 2010, ABG has been actively involved in discussions with the Tanzanian government and the Tanzanian Revenue Authority to resolve the status of fuel excise levies and VAT refunds for its operations These issues have been outstanding for some time and were further complicated by amendments made to certain tax laws which were passed in 2009 The amendments conflicted with certain provisions contained in the Group's existing Mineral Development Agreements ("MDAs") which guarantee the fiscal stability of its operations The government has adopted legislation to reverse the amendments, which should allow for the fiscal and tax terms of our MDAs to be honoured As at 31 December 2010, the discounted outstanding amounts due to the Group were approximately US$121 million The Group is in discussions with the authorities to agree terms for the repayment of these amounts, which is likely to be by way of tax offsets Further detail is included in Notes 16, 21 and 31 b)

Group policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations Individual exposures are monitored with trade customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty The Group's financial assets are with counterparties whom the Group considers have an appropriate credit rating

Maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets in Note 27 The Group does not hold collateral as security for any trade receivables The Group does not grade the credit quality of receivables

c) Liquidity risk

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands The Group manages its exposure to liquidity risk by ensuring that its operating and strategic liquidity levels are well above minimum internal requirements Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities At the end of both 2010 and 2009 the Group was in a positive net cash position, as disclosed in Note 17 Details of the undrawn revolving credit facility are given in Note 27

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements The cash is managed to ensure surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with financial institutions with a strong credit rating Insignificant uncommitted overdraft facilities are maintained with several banking counterparties to meet the Group's normal funding requirements The Group's primary source of liquidity is operating cash flow, and over the past two years the Group has generated an average of about US$269 6 million per year The principal risk factor affecting operating cash flow is market gold prices

The principal uses of liquidity are sustaining capital expenditures at existing operating mines, construction activities at development projects, and interest payments Sustaining capital expenditures have averaged about US$114 5 million per year over the past two years

The following table outlines the expected maturity of the Group's significant financial assets into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet

For the year ended 31 December 2010 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	401,012	–	–	–	401,012
Accounts receivable	59,214	–	–	–	59,214
Other receivables	70,428	104,458	–	–	174,886
Total	**530,654**	**104,458**	–	–	**635,112**

For the year ended 31 December 2009 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash and cash equivalents	69,726	–	–	–	69,726
Accounts receivable	61,598	–	–	–	61,598
Other receivables[2]	58,311	61,286	–	–	119,597
Total	**189,635**	**61,286**	–	–	**250,921**

The following table outlines the expected maturity of the Group's significant financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet

For the year ended 31 December 2010 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative liabilities	1,904	1,754	–	–	3,658
Other liabilities	3,792	4,011	3,472	–	11,275
Trade and other payables[1]	119,652	–	–	–	119,652
Total	**125,348**	**5,765**	**3,472**	–	**134,585**

For the year ended 31 December 2009 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Related party debt	1,383,415	–	–	–	1,383,415
Other liabilities[2]	3,364	1,384	–	–	4,748
Trade and other payables	148,192	–	–	–	148,192
Total	**1,534,971**	**1,384**	–	–	**1,536,355**

1 Trade and other payables exclude statutory liabilities in the form of income tax payable

2 Assets relating to restrictive share unit liabilities of US$7 5 million have been reclassified and offset against the liability This is different to the Prospectus where the asset was shown separately as part of non-current assets. As this amount has an immaterial impact on the opening position, no opening balance sheet is presented

29 FINANCIAL RISK MANAGEMENT continued

c) Liquidity risk continued

Management considers that the Group has adequate current assets and forecast cash flow from operations to manage liquidity risks arising from settlement of current liabilities and non-current liabilities

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong balance sheet and low gearing ratio to support its business and provides financial flexibility in order to maximise shareholder value In order to ensure a strong balance sheet and low gearing ratio, management thoroughly evaluates all material projects and potential acquisitions and is approved by the Senior leadership team before submission to the Board for ultimate approval, where applicable

At 31 December, the gearing ratio was as follows

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Total borrowings, including related party debt	–	1,531,607
Less cash and cash equivalents	(401,012)	(69,726)
Net (surplus)/debt	(401,012)	1,461,881
Total equity	2,543,085	657,415
Total capital	2,142,073	2,119,296
Gearing ratio[3]	N/A	2 22%

3 The gearing ratio is calculated by dividing the net (surplus)/debt by total equity

30 OPERATING LEASE ARRANGEMENTS

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Minimum lease payments under operating leases recognised in income for the period	556	–
Total	556	–

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Within one year	984	–
In the second to fifth years inclusive	2,459	–
After five years	1,718	–
Total	5,161	–

Operating lease payments relate mainly to rental of office space by regional business units of the Group

31 COMMITMENTS AND CONTINGENCIES

The Group is subject to various laws and regulations which, if not observed, could give rise to penalties As at 31 December 2010, the Group has the following commitments and/or contingencies

a) Legal contingencies

As at 31 December 2010, the Group was a defendant in approximately 240 lawsuits The plaintiffs are claiming damages and interest thereon for the loss caused by the Group due to one or more of the following unlawful eviction, termination of services, wrongful termination of contracts of service, non-payment for services, defamation, negligence by act or omission in failing to provide a safe working environment, unpaid overtime and public holidays compensation

The total amounts claimed from lawsuits in which specific monetary damages are sought amounted to US$44 million The Group's Legal Counsel is defending the Group's current position, and the outcome of the lawsuits cannot presently be determined However, in the opinion of the Directors and Group's Legal Counsel, no material liabilities are expected to materialise from these lawsuits Consequently no provision has been set aside against the claims in the books of account

Included in the total amounts claimed of US$44 million is a lawsuit instituted against North Mara Gold Mine Ltd and Genkuru Village in which the plaintiffs claim US$29 million The case is based on a claim resulting from alleged illegal action by East Africa Gold Mine Ltd (North Mara's predecessors) entering the area where the plaintiffs allege they had claim of right The area in question was given by Genuru Village to the mine to conduct mining activities and a licence to that effect was issued Compensation to occupiers of land was handed over to the government for distribution Subsequent to year end this claim was struck out by the Court of Appeal of Tanzania

b) Tax-related contingencies

i On 26 October 2009, the TRA issued a demand notice against the Group for an amount relating to withholding tax on technical services provided to Bulyanhulu Gold Mine Ltd The claim amounts to US$5 4 million Management is of the opinion that the Group complied with all of the withholding tax requirements, and that there will be no amount payable Therefore no provision has been raised

ii The TRA has issued a number of tax assessments to the Group relating to past taxation years from 2002 onwards The Group believes that these assessments are incorrect and has filed objections to each of them The Group is attempting to resolve these matters by means of discussions with the TRA Management is of the opinion that this will not result in any material liabilities to the Group

c) Exploration and development agreement

Pursuant to an agreement with the Government of the United Republic of Tanzania, entered into in 1996, the Group was issued a mining licence for the Nyabigena, Nyabirama and Gokona concessions in the Nyamongo region, North Mara in Tanzania The agreement requires the Group to pay to the Government of Tanzania annual rents of US$1,500 per annum per square kilometer for as long as the Group holds the mining licence The total commitment for 2010 based on mineral licences held as at 31 December 2009 is US$0 17 million

d) Purchase commitments

At 31 December 2010, the Group had purchase obligations for supplies and consumables of approximately US$64 million (2009 US$56 million)

e) Capital commitments

In addition to entering into various operational commitments in the normal course of business, the Group entered into the following commitments for construction activities for capital projects

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Contracted capital expenditure	29,323	29,460
Total	**29,323**	**29,460**

f) Insurance

Insurance coverage is purchased for certain insurable losses, subject to varying deductibles, at the Group's mineral properties including losses such as property damage and business interruption The Group records losses relating to insurable events as they occur Proceeds receivable from insurance coverage are recorded at such time as receipt is virtually certain and the amount receivable is fixed or determinable The following table sets out the effect of the insurance claims

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
Cost of sales	(2,100)	–
Other income	(4,535)	–
Total	**(6,635)**	–

32 RELATED PARTY BALANCES AND TRANSACTIONS

The Group had the following related party balances and transactions during the years ended 31 December 2010, and 31 December 2009 Related parties are those entities owned or controlled by Barrick Gold Corporation, which is the ultimate controlling party of the Group

Transactions with related parties are as follows

a) Transactions

(in thousands of United States dollars)	For the year ended 31 December 2010	For the year ended 31 December 2009
BIBC – gold sale (dore)	**185,233**	540,617
Provision of goods and services	**2,443**	497
Purchase of goods and services	**(8,864)**	(9,132)
Special dividend payment	**(258,680)**	–
Interim dividend payments	**(4,852)**	–
Total	**(84,720)**	531,982

Provision and purchase of goods and services to/from related parties are on normal commercial terms and conditions Provision of services relates to cost incurred by the Group and recharged to related parties Purchase of goods and services relates to cost incurred by related parties and recharged to the Group Services purchased relate mainly to insurance and software licences Goods purchased relate mainly to consumables and capital equipment

b) Balances due from related parties

	As at 31 December 2010	As at 31 December 2009
BIBC (gold sales receivable)	**–**	26,218
Barrick Platinum (Pty) Ltd	**1,696**	5,474
Pangea Fenn Gibb	**–**	4,999
Other	**435**	827
Total	**2,131**	37,518

Receivables from Barrick Platinum are for services rendered The gold receivable related to sales of dore to BIBC, and were payable within one week after sale to BIBC The receivables are unsecured in nature and bear no interest There are no provisions held against receivables from Barrick

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
BIBC	**54**	–
Barrick Gold Corporation	**2,608**	12,465
Barrick Gold Australia Ltd	**317**	–
Other	**261**	4,857
Total	**3,240**	17,322

The payables to Barrick arise mainly from purchase transactions noted above and are due 30 days after the date of purchase The payables are unsecured and bear no interest For the year ending 31 December 2009, corporate overheads including, but not limited to, technical service costs, have not been allocated to the Group Following the IPO these charges were incurred by the Group

d) Balances due to related parties (funding in nature)

(in thousands of United States dollars)	As at 31 December 2010	As at 31 December 2009
Barrick International Bank Incorporation ("BIBC")	**–**	1,383,415
Total	**–**	1,383,415

Related party borrowings related to amounts due to BIBC and PDG bank which were repaid during the current financial year in the form of cash of US$575 million and conversion to contributed surplus of US$1,039 million These amounts were interest-free and had no fixed repayment terms

e) Remuneration of key management personnel

Key management personnel include the members of the Board of Directors and the Senior leadership team who receive remuneration As the Group was only formed during February 2010, the Board of Directors was not in place for the entire period, and no remuneration was paid to key personnel by the Group during the 2009 financial year Compensation for key management personnel (including Directors) was as follows

(in thousands of United States dollars)	For the year ended 31 December 2010
Salaries and short-term employee benefits	**6,001**
Post-employment benefits	**486**
Share-based payments	**728**
Total	**7,215**

33 MINERAL LICENCES

The Group holds exploration concessions in the United Republic of Tanzania These concessions are held in the form of either reconnaissance licences or prospecting licences issued by the Ministry of Energy and Minerals and are held either directly by the Group or indirectly in exploration joint venture agreements with third parties The concessions held by the Group as at 31 December 2010 are summarised in the following table

Mineral licence concessions	Number of concessions	Approximate Km²
Held by North Mara Gold Mine Limited	23	129 08
Held by Pangea Minerals Limited	76	1,920 11
Held by Barrick Africa Exploration Limited	95	1,231 50
Held by Vulcan Resources (Tanzania)	12	207 58
Held by Sub-Sahara Resources (TZ) Limited	13	121 16
Held by Nyanzaga Exploration Limited	1	8 29
Prospecting licences – indirectly held[1]	83	994 02
Total	**303**	**4,611 74**

1 Via exploration joint venture with third parties

34 POST BALANCE SHEET EVENTS

Dividend

A dividend in respect of the year ended 31 December 2010 of US3 7 cents per share, amounting to a final dividend of US5 3 cents per share for 2010, is to be proposed at the Annual General Meeting on 21 April 2011 These financial statements do not reflect this dividend payable

Independent auditors' report to the members of African Barrick Gold plc

We have audited the parent company financial statements of African Barrick Gold plc for the year ended 31 December 2010 which comprise the Parent Company Income Statement, Parent Company Statement of Comprehensive Income, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity, Parent Company Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 86, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion

- the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the group financial statements of African Barrick Gold plc for the year ended 31 December 2010

Jason Burkitt (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 March 2011

Notes

(a) The maintenance and integrity of the African Barrick Gold plc website is the responsibility of the Directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Parent Company Income Statement

(in thousands of United States dollars)	Notes	For the period since incorporation ended 31 December 2010
Corporate administration	3	(5,888)
Other charges		(2,294)
Finance income	4	338
Loss before taxation		**(7,844)**
Income tax	5	–
Net loss for the period		**(7,844)**

Parent Company Statement of Comprehensive Income

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Loss for the period	(7,844)
Other comprehensive income for the period	–
Total comprehensive loss for the period	**(7,844)**

The accompanying notes on pages 153 to 165 are an integral part of these financial statements

Parent Company Balance Sheet

(in thousands of United States dollars)	Notes	As at 31 December 2010
ASSETS		
Non-current assets		
Property, plant and equipment	7	425
Investment in subsidiaries	8	1,324,568
Non-current receivables	18	772,680
		2,097,673
Current assets		
Other receivables	9	1,024
Cash and cash equivalents	10	187,491
		188,515
Total assets		2,286,188
EQUITY AND LIABILITIES		
Share capital and share premium	11	929,199
Other reserves		1,355,008
Total equity		2,284,207
Non-current liabilities		
Other non-current liabilities		327
		327
Current liabilities		
Other current liabilities	14	1,654
		1,654
Total liabilities		1,981
Total equity and liabilities		2,286,188

The accompanying notes on pages 153 to 165 are an integral part of these financial statements

The financial statements on pages 149 to 165 were approved by the Board of Directors of African Barrick Gold plc on 10 March 2011 and signed on their behalf by

Greg Hawkins
Chief Executive Officer

Parent Company Statement of Changes in Equity

(in thousands of United States dollars)	Notes	Share capital	Share premium	Contributed surplus/Other reserves	Stock option reserve	Retained earnings	Total equity
Balance at 12 January 2010		–	–	–	–	–	–
Issuance of shares to BGC	11	1,991	1,989,138	(1,991,129)	–	–	–
Capital reduction	11	–	(1,989,138)	1,989,138	–	–	–
Bonus issue to BGC	11	43,805	–	(43,805)	–	–	–
Loss for the period		–	–	–	–	(7,844)	(7,844)
Special dividends		–	–	(258,680)	–	–	(258,680)
Conversion to contributed surplus		–	–	1,673,250	–	–	1,673,250
Share issuance	11	16,301	921,035	–	–	–	937,336
Transaction costs	11	–	(53,933)	–	–	–	(53,933)
Interim dividend	13	–	–	–	–	(6,562)	(6,562)
Stock options		–	–	–	640	–	640
Balance at 31 December 2010		**62,097**	**867,102**	**1,368,774**	**640**	**(14,406)**	**2,284,207**

The accompanying notes on pages 153 to 165 are an integral part of these financial statements

Parent Company Cash Flow Statement

(in thousands of United States dollars)	Notes	For the period since incorporation ended 31 December 2010
Cash flows from operating activities		
Net loss for the period		**(7,844)**
Adjustments for		
Depreciation and amortisation		**41**
Finance items		**(338)**
Working capital adjustments	6	**957**
Other	6	**694**
Cash used by operations before interest and tax		**(6,490)**
Finance income		**338**
Net cash used by operating activities		**(6,152)**
Cash flows from investing activities		
Purchase of property, plant and equipment		**(466)**
Net cash used in investing activities		**(466)**
Cash flows from financing activities		
Related party debt funding		**(772,680)**
Share issuance – IPO (net of transaction costs)		**865,366**
Increase in contributed surplus		**361,031**
Special dividend		**(252,981)**
Interim dividend		**(6,562)**
Net cash provided by financing activities		**194,174**
Net increase in cash and equivalents		**187,556**
Net foreign exchange difference		**(65)**
Cash and cash equivalents at 12 January		**-**
Cash and cash equivalents at 31 December		**187,491**

The accompanying notes on pages 153 to 165 are an integral part of these financial statements

Notes to the Company financial statements

1 CORPORATE INFORMATION

African Barrick Gold plc (the "Company") was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006 It is registered in England and Wales with registered number 7123187

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ("IPO") The address of its registered office is 6 St James's Place, London SW1A 1NP, United Kingdom

Barrick Gold Corporation ("BGC") currently owns approximately 73 9% of the shares of the Company and is the ultimate controlling party of the Group

In preparation for the IPO, BGC conducted a reorganisation, which was completed on 22 February 2010, whereby the companies comprising the African Regional Business Unit of BGC were reorganised under the Company (the "Pre-IPO Reorganisation") As such, prior to 22 February 2010, the Company did not control all of the entities it acquired pursuant to the Pre-IPO Reorganisation

The financial statements for the year ended 31 December 2010 were approved for issue by the Board of Directors of the Company on 10 March 2011

The primary activity of the Company is as holding company for the African Barrick Gold Group of companies

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below

a) Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements of the Company have been prepared on a historical cost basis As the Company was only incorporated on 12 January 2010, no comparative information exists

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financing

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future The Company therefore adopts the going concern basis in preparing its financial statements

The financial statements are presented in US dollars (US$) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated

The basis of preparation and accounting policies used in preparing the financial statements are set out below

b) New and amended standards adopted by the Company

The following new standards and amendments to standards are applicable and were adopted by the Company for the first time for the financial year beginning 12 January 2010

- IAS 36 (amendment), "Impairment of assets", effective 1 January 2010 The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments" (that is, before the aggregation of segments with similar economic characteristics) IAS 36 (amendment) has had no impact on the current period as no impairment was identified when testing goodwill impairment at an operating segment level

- IFRS 2 (amendments), "Group cash-settled share-based payment transactions", effective 1 January 2010 In addition to incorporating IFRIC 8, "Scope of IFRS 2", and IFRIC 11, "IFRS 2, Group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation The application of the standard did not have a material effect on the Group

2 SIGNIFICANT ACCOUNTING POLICIES continued

c) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 12 January 2010 but not currently relevant to the Company (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 12 January 2010 or later periods, but are currently not relevant to the Company

- IFRIC 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009) The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable

- IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009 This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water) In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both)

- IFRIC 9, "Reassessment of embedded derivatives" and IAS 39, "Financial instruments Recognition and measurement", effective 1 July 2009 This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety

- IFRIC 16, "Hedges of a net investment in a foreign operation", effective 1 July 2009 This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied In particular, the Company should clearly document its hedging strategy because of the possibility of different designations at different levels of the Company

- IAS 38 (amendment), "Intangible assets", effective 1 January 2010 The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life

- IAS 1 (amendment), "Presentation of financial statements" The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time

- IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27 (revised), "Consolidated and separate financial statements", IAS 28 "Investments in associates", and IAS 31 "Interest in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement There is a choice on an acquisition-by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets All acquisition-related costs are expensed

IAS 27 (revised) requires the effects of all transactions with non-controlling interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses The standard also specifies the accounting when control is lost Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss

- IFRS 5 (amendment), "Non-current assets held for sale and discontinued operations" The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1

d) New standards, amendments and interpretations issued but not effective for the financial year beginning 12 January 2010 and not early adopted

The Company's assessment of the impact of these new standards and interpretations is set out below

- IFRS 9, "Financial instruments", issued in November 2009 This standard is the first step in the process to replace IAS 39, "Financial instruments recognition and measurement" IFRS 9 introduces new requirements for classifying and measuring financial assets The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU The Company is yet to assess IFRS 9's full impact, however, initial indications are that the adoption of IFRS 9 will not have a significant impact on the Company's operating results or financial position

- IAS 24 (revised), "Related party disclosures", issued in November 2009 It supersedes IAS 24, "Related party disclosures", issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 Earlier application, in whole or in part, is permitted However, the standard has not yet been endorsed by the EU The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities The Company will apply the revised standard from 1 January 2011 It is not expected to have any impact on the Company or the parent entity's financial statements

- IAS 32 (amendment), "Classification of rights issues", issued in October 2009 The amendment applies to annual periods beginning on or after 1 February 2010 Earlier application is permitted The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated Previously, these issues had to be accounted for as derivative liabilities The amendment applies retrospectively in accordance with IAS 8, "Accounting policies, changes in accounting estimates and errors" The Company has not issued any rights issues

- IFRIC 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010 The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap) It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished The Company will apply the interpretation from 1 January 2011 It is not expected to have any impact on the Company or the parent entity's financial statements

- IFRIC 14 (amendment) "Prepayments of a minimum funding requirement" The amendments correct an unintended consequence of IFRIC 14, "IAS 19, The limit on a defined benefit asset, minimum funding requirements and their interaction" Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented It is not expected to have any impact on the Company or the parent entity's financial statements

2 SIGNIFICANT ACCOUNTING POLICIES continued

e) Significant judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the parent company financial statements require management to make judgements and/or estimates These judgements and estimates are continuously evaluated and are based on management's experience and best knowledge of the relevant facts and circumstances, but actual results may differ from the amounts included in the parent company financial statements Information about such judgements and estimation is included in the accounting policies and/or notes to the financial statements, and the key areas are summarised below

Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the parent company financial statements include

- Whether to recognise a provision for accounts receivable – Notes 2i) and 9, and
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes – Notes 2k), and 5

f) Foreign currency translation

The Company's transactions are denominated in a number of different currencies (primarily US dollars and UK pound sterling) The Company has liabilities that are primarily denominated in US dollars The US dollar is the Company's functional currency, as well as the Company's presentation currency Transactions in currencies other than the US dollar are translated at the exchange rates as at the date of transaction Monetary assets and liabilities denominated in currencies other than the US dollar are translated to US dollars at year-end exchange rates All differences that arise are recorded in the income statement Non-monetary assets measured at historical cost in a currency other than US dollars are translated using the exchange rates at the date of the initial transactions Where non-monetary assets are measured at fair value in a currency other than US dollars they are translated into US dollars using the exchange rates on the date when the fair value was determined

The following exchange rates to the US dollar have been applied

	As at 31 December 2010	Average Year ended 31 December 2010
UK pound (US$ GBP)	0 65	0 65

g) Investment in subsidiaries

Subsidiaries are entities over which the Company has the power, directly or indirectly, to govern the financial and operating policies in order to obtain benefits from their activities Control is presumed to exist where the Company has more than one half of the voting rights unless it can be demonstrated that ownership does not constitute control Control does not exist where other parties hold veto rights over significant operating and financial decisions In assessing control, potential voting rights that are currently exercisable or convertible as well as other contractual arrangements that enable the Company to exercise control are taken into account

At each reporting date, an assessment is made to determine whether there are any indicators of impairment Where an indicator of impairment exists, a formal estimate of the recoverable amount of the investment in subsidiary is made, which is considered to be the higher of the fair value less costs to sell and the value in use Fair value is determined as the amount that would be obtained from the sale of the investment in an arm's length transaction between knowledgeable and willing parties If the carrying amount of an investment exceeds the recoverable amount, a provision is recorded in the income statement to reflect the investment at the recoverable amount

Where an impairment charge has previously been recognised, an assessment is made at the end of each reporting period whether there is any indication that the impairment loss may no longer exist or may have decreased If any such indication exists, an estimate of the recoverable amount is made An impairment loss is reversed to the income statement to the extent that the increased carrying value of the investment in subsidiary does not exceed the original carrying value

h) Share capital

Ordinary Shares are classified as equity Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds

i) Financial instruments

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value For the purposes of the balance sheet, cash and cash equivalents include cash, and money market funds For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale These are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets

Loans and receivables comprise other receivables and cash and cash equivalents at the balance sheet date

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables The carrying amount of the asset is reduced through use of an allowance account The amount of the provision is recognised in the income statement

Financial liabilities

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method

j) Finance income and finance expense

Interest income is recognised on a time-proportion basis using the effective interest method When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income

k) Taxes

The tax expense for the period comprises current and deferred tax Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity In this case the tax is also recognised in other comprehensive income or directly in equity, respectively

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date

Deferred income tax

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Indirect tax

Indirect tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities Management periodically evaluates positions taken in indirect tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions or receivables where appropriate on the basis of amounts expected to be paid to or received from the tax authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date If the receivable is expected to be received in more than 12 months from year end, the receivable is discounted and held at its present value Amounts expected to be payable or receivable in more than 12 months are classified as non-current assets or liabilities in the balance sheet, as appropriate

l) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders

Notes to the Company financial statements continued

3 CORPORATE ADMINISTRATION

Included in corporate administration costs are the following

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Salaries	2,257
Other employee benefits	256
Share-based payments	544
Directors' fee	455
Professional and consultancy fees	913
Foreign exchange loss	85
Travel and administration	699
Depreciation	41
Other	638
	5,888

Details of Director's remuneration can be found in the Remuneration report on pages 87 to 95 Details of the auditors' remuneration can be found in Note 9 of the Group financial statements

Average number of employees

	For the period since incorporation ended 31 December 2010
Administration	5
Total average headcount	**5**

4 FINANCE INCOME

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Interest on time deposits	338
Total	**338**

5 TAX EXPENSE

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Corporation taxes	-
Total	-

The statutory income tax rate in the United Kingdom is 28% for 2010 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate as follows

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Loss before tax	(7,844)
Tax calculated at statutory tax rates	2,196
Tax effects of	
Expenses not deductible for tax purposes	561
Tax losses for which no deferred income tax asset was recognised	(1,635)
Tax charge	0

Deferred tax assets have not been recognised in respect of the tax losses amounting to US$6 1 million as at 31 December 2010, as there is not sufficient certainty over future profits

6 CASH FLOW - OTHER ITEMS

a) Operating cash flows - other items

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Adjustments for non-cash income statement items	
Foreign exchange losses	150
Other expenses	544
Total	694

Adjustments for working capital items.

(in thousands of United States dollars)	For the period ended 31 December 2010
Other receivables	(1,024)
Other payables	1,654
Other liabilities	327
Total	957

7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is composed of US$466,000 of computer equipment and office furniture, all acquired during the current year The depreciation charge for the year is US$41,000

8 INVESTMENT IN SUBSIDIARIES

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Opening balance	-
Additions	1,324,568
Closing balance	**1,324,568**

The subsidiaries in which investments are held as at 31 December 2010 are as follows

Company	Principal activity	Country of incorporation	Equity interest 2010
BUK Holdco Ltd	Holding Company	UK	100%
1816962 Ontario Inc	Holding Company	Canada	100%

9 OTHER RECEIVABLES

(in thousands of United States dollars)	As at 31 December 2010
Indirect tax receivables	295
Advance payments	117
Other receivables	11
Due from related parties (Note 18)	601
Total	**1,024**

At 31 December 2010, no other receivables were either past due or impaired In determining the recoverability of a receivable, the Company performs a risk analysis

10 CASH AND CASH EQUIVALENTS

(in thousands of United States dollars)	As at 31 December 2010
Cash at bank and on hand	175,637
Money market funds	11,854
Total	**187,491**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates

11 SHARE CAPITAL

	Number	Share capital £'000	Share capital US$'000	Share premium US$'000
At 12 January 2010	1	–	–	–
Issuance of Ordinary Shares at 10 pence each	303,246,949	30,325	45,796	–
Issuance of shares on IPO	101,082,317	10,108	15,415	870,950
Issuance of over-allotment shares	5,756,232	576	886	50,085
Transaction costs	–	–	–	(53,933)
At 31 December 2010	**410,085,499**	**41,009**	**62,097**	**867,102**

Incorporation of Company and Pre-IPO Reorganisation

The Company was incorporated and registered in England and Wales on 12 January 2010 as a private limited company with a share capital of one Ordinary Share of £1

On 19 February 2010 the Company entered into a share exchange agreement pursuant to which it acquired the entire issued share capital of BUK Holdco Ltd from members of BGC in return for issuing 943,464 Ordinary Shares of £1 each at a premium of £999 per share

On 22 February 2010 the Company entered into a share exchange agreement pursuant to which it acquired the entire issued share capital of 1816962 Ontario Inc from BGC in return for issuing 375,000 Ordinary Shares of £1 each at a premium of £999 per share

The Company subsequently entered into a reduction of capital, eliminating share premium of US$1,989,138 to create distributable reserves, and restructured its share capital so as to reduce the nominal value of each of its Ordinary Shares to 10 pence Following the share capital restructuring the Company made a bonus issue of shares to its then existing shareholders in preparation for the IPO, resulting in a total of 303,246,950 Ordinary Shares being in issue prior to the IPO

Re-registration of the Company as a public company

On 12 March 2010, the Company re-registered as a public limited company

Issuance of shares on IPO

On 24 March 2010 the Company successfully completed its IPO A total number of 101,082,317 shares with a par value of 10 pence each were issued at a price of 575 pence per share for a total of £581,223,322 (US$886,365,567) net of underwriter fees On 15 April 2010 the Company issued a further 5,756,232 Ordinary Shares at a price of 575 pence per share for a total of £33,098,334 (US$52,275,508) pursuant to the exercise of the over-allotment option granted in connection with the IPO Total costs related to the issuance of new shares taken against share premium amounted to US$53 9 million

12 STOCK-BASED COMPENSATION

Stock options are granted to Executive Directors and to selected employees The exercise price of the granted options is determined by the Remuneration committee before the grant of an option provided that this price cannot be less than the average of the middle-market quotation of such shares (as derived from the London Stock Exchange Daily Official List) for the three dealing days immediately preceding the date of grant All options outstanding at the end of the year expire in 2017 None of the options granted was exercisable at 31 December 2010 The vesting period of the options is four years, with an exercise period of three years

Movements in the number of options outstanding and their related weighted average exercise prices in pence are as follows

For the period ended 31 December	Average exercise price in pence per share 2010	Options 2010
At 12 January	–	–
Granted	532	676,075
At 31 December	**532**	**676,075**

The weighted average fair value of the options granted during the current year using the Lattice valuation approach was determined as 171 pence per option The significant inputs into the model were weighted average share and exercise price of 532 pence at the grant date, volatility range of 32% to 50%, dividend yield of 0 7%, an expected option life of seven years, annual risk-free interest rate of 2 68% and suboptimal exercise multiple of 1 5x

13 DIVIDENDS PAID

An interim dividend of US$6 6 million (US1 6 cents per share) was paid during 2010 Refer to Note 19 for details of the final dividend declared subsequent to year end

14 OTHER CURRENT PAYABLES

(in thousands of United States dollars)	As at 31 December 2010
Payables	576
Payables to related parties (Note 18)	1,078
Total	**1,654**

15 FINANCIAL ASSETS AND LIABILITIES

a) Financial assets

(in thousands of United States dollars)	Carrying value 2010	Fair value 2010
Cash and cash equivalents	187,491	187,491
Other receivables	729	1,024
Non-current receivables[1]	772,680	772,680
Total financial assets	960,900	961,195
Less Current financial assets		
Cash and cash equivalents	(187,491)	(187,491)
Other receivables	(729)	(1,024)
Total non-current portion of receivables	772,680	772,680

1 Related party loans are interest free and have no fixed repayment terms

The fair value of financial assets equal their carrying amount as they were repayable on demand

b) Financial liabilities

Revolving credit facility

On 24 November 2010, African Barrick Gold plc and its wholly-owned subsidiary BarbCo One Ltd concluded negotiations with a syndicate of commercial banks, led by Citibank, for the provision of a revolving credit facility in a maximum aggregate amount of US$150 million The facility has been provided to service the general corporate needs of the Group and to fund potential acquisitions All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements The term of the facility is 24 months and when drawn the spread over LIBOR will be 350 basis points The shares of all significant subsidiaries have been pledged as security for the loan At 31 December 2010, none of the funds were drawn under the facility while a commitment fee of 1 4% was payable

16 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks through its commercial and financial operations

a) credit risk, and

b) liquidity risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for assessing and managing risk Further quantitative disclosures are included throughout the financial statements

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

a) Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument For cash and cash equivalents and other receivables, credit risk represents the carrying amount on the balance sheet

Credit risk arises from loans to two subsidiaries, receivables, cash and cash equivalents, and deposits with banks The Company's financial assets are with counterparties whom the Company considers have an appropriate credit rating Location of credit risk is determined by physical location of the bank branch, customer or counterparty The maximum allowable term of maturity for any individual security is 12 months Investment counterparties must have a credit rating of at least Baa2 or better by Moody's Investor Services or BBB by Standard and Poor's No more than 25% of the aggregate market value of the investment portfolio is maintained in any one country, with the exception of the United States of America, United Kingdom and Barbados, or in any one industry group Investments are held mainly in United States dollars and cash and cash equivalents in other foreign currencies are maintained for operational requirements

Company policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty The Company's financial assets are with counterparties whom the Company considers have an appropriate credit rating

Maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets in Note 15 The Company does not hold collateral as security for any receivables The Company does not grade the credit quality of receivables

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due The Company monitors its risk of a shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and liabilities

The following table outlines the expected maturity of the Company's significant financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances may not agree with the amounts disclosed in the balance sheet

For the period ended 31 December 2010 (in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Other non-current liabilities	–	327	–	–	327
Other current liabilities	1,654	–	–	–	1,654
Total	**1,654**	**327**	**–**	**–**	**1,981**

Management considers that the Company has adequate current assets and forecast cash flow from operations to manage liquidity risks arising from settlement of current liabilities and non-current liabilities

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong balance sheet and low gearing ratio to support its business and provide financial flexibility in order to maximise shareholder value In order to ensure a strong balance sheet and low gearing ratio, management thoroughly evaluates all material projects and potential acquisitions and approves them at its Executive committee before submission to the Board for ultimate approval, where applicable

At 31 December, the gearing ratio was as follows

(in thousands of United States dollars)	As at 31 December 2010
Total borrowings, including related party debt	–
Less cash and cash equivalents	187,491
Net debt/(surplus)	187,491
Total equity	(2,284,207)
Total capital	2,096,716
Gearing ratio	**N/A**

17 OPERATING LEASE ARRANGEMENTS

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Minimum lease payments under operating leases recognised in income for the period	131
Total	**131**

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

(in thousands of United States dollars)	As at 31 December 2010
Within one year	262
In the second to fifth years inclusive	787
After five years	1,443
Total	**2,492**

18 RELATED PARTY BALANCES AND TRANSACTIONS

The Company had the following related party balances and transactions during the year ended 31 December 2010 Related parties are those entities owned or controlled by Barrick, which is the ultimate controlling party of the Company

Transactions with related parties are as follows

a) Transactions

(in thousands of United States dollars)	For the period since incorporation ended 31 December 2010
Management fee	797
Provision of goods and services	460
Purchase of goods and services	(1,734)
Special dividend payment	(258,680)
Interim dividend payment	(4,852)
Total	**(264,009)**

Management fees relate to an allocation of cost incurred based on time spent by management for the benefit of the related party, a 5% mark-up is applied to these costs Provision and purchase of goods and services to/from related parties are on normal commercial terms and conditions Provision of services relates to cost incurred by the Company and recharged to related parties with no mark-up Purchase of goods and services relates to cost incurred by related parties and recharged to the Company with no mark-up Services purchased relate mainly to insurance, software licences and professional services

b) Balances due from related parties

(in thousands of United States dollars)	As at 31 December 2010
Bulyanhulu Gold Mine Ltd	92
Pangea Minerals Ltd	146
North Mara Gold Mine Ltd	151
Barrick Africa (Pty) Ltd	141
BarbCo One Ltd	67
Other	4
Total	**601**

The receivables from related parties arise mainly from the provision of goods and services The receivables are unsecured in nature and bear no interest There are no provisions held against receivables from related parties

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2010
Barrick Gold Corporation	1,027
Barrick Gold Australia Ltd	36
Barrick Gold of North America Inc	15
Total	**1,078**

The payables to Barrick arise mainly from purchase transactions, noted above, and are due 30 days after the date of purchase The payables are unsecured and bear no interest

d) Balances due from related parties (funding in nature)

(in thousands of United States dollars)	As at 31 December 2010
BUK	772,680
Total	**772,680**

Related party borrowings relate to amounts due from BUK Holdco Ltd These amounts are interest free and have no fixed repayment terms but are treated as long-term loans as there is no intention to recall the loan within 12 months

19 POST BALANCE SHEET EVENTS

Dividend

A dividend in respect of the year ended 31 December 2010 of US3 7 cents per share, amounting to a final dividend of US5 3 cents per share for 2010, is to be proposed at the Annual General Meeting on 21 April 2011 These financial statements do not reflect this dividend payable

Glossary of terms

The following definitions and terms are used throughout this report In addition, specific terms and definitions relating to mineral reserves and resources can be found on page 96

ABG or the Company	African Barrick Gold plc, a company incorporated under the Companies Act 2006 and registered in England and Wales with registered number 7123187
ABG Group or the Group	the Company and its subsidiary undertakings
AGM	annual general meeting
Amortisation and other cost per ounce sold	has the meaning given to it on page 55
Articles	the articles of association of the Company
Assay	a chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained
Au	gold
Average head grade	average ore grade fed into the mill
Average realised gold price per ounce sold	has the meaning given to it on page 54
Barrick	Barrick Gold Corporation, a company existing under the laws of the Province of Ontario, Canada
Barrick Group	Barrick and its subsidiary undertakings
Board	the board of directors of ABG
By-product	a secondary metal or mineral product recovered in the milling process such as copper and silver
Cash cost per ounce sold	has the meaning given to it on page 54
Cash cost per tonne milled	has the meaning given to it on page 55
CIM	the Canadian Institute of Mining, Metallurgy and Petroleum
Code of Conduct	ABG's Code of Business Conduct and Ethics
Combined Code	the Combined Code on Corporate Governance dated June 2008 issued by the UK Financial Reporting Council
Companies Act 2006	the Companies Act 2006 of England and Wales, as amended
Concentrate	a fine, powdery product of the milling process containing a high percentage of valuable metal
Contained ounces	represents total ounces in a mineral reserve before reduction to account for ounces not able to be recovered by the applicable metallurgical process
CREST	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to shares in uncertificated form
Crushing	breaking of ore from the size delivered from the mine into smaller and more uniform fragments to be then fed to grinding mills or to a leach pad
CSR	corporate social responsibility
Cu	copper
Cut-off grade	the minimum metal grade at which material can be economically mined and processed (used in the calculation of ore reserves)
Development	work carried out for the purpose of opening up a mineral deposit In an underground mine this includes shaft sinking, crosscutting, drifting and raising In an open pit mine, development includes the removal of overburden
Directors	the directors of ABG, details of whom are set out on pages 70 and 71 of this report
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FSA under Part VI of FSMA
Dollar or US$ or $	United States dollars
Doré	doré bullion is an impure alloy of gold and silver and is generally the final product of mining and processing, the dore bullion will be transported to be refined to high purity metal
Drift	a horizontal underground opening that follows along the length of a vein or rock formation as opposed to a crosscut which crosses the rock formation
Drift-and-fill	a method of underground mining used for flat-lying mineralisation or where ground conditions are less competent
Drilling core	drilling with a hollow bit with a diamond cutting rim to produce a cylindrical core that is used for geological study and assays Used in mineral exploration
Drilling in-fill	any method of drilling intervals between existing holes, used to provide greater geological detail and to help establish reserve estimates

Drilling-Reverse circulation	drilling method that uses a rotating cutting bit within a double-walled drill pipe and produces rock chips rather than core Air or water is circulated down to the bit between the inner and outer wall of the drill pipe The chips are forced to the surface through the centre of the drill pipe and are collected, examined and assayed
EBITDA	has the meaning given to it on page 55
Executive Directors	the executive directors of the Company, Greg Hawkins and Kevin Jennings
Exploration	prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore
Financial Services Authority or FSA	the Financial Services Authority of the United Kingdom
Flotation	a milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
Grade	the amount of metal in each tonne of ore, expressed as troy ounces per tonne or grams per tonne for precious metals and as a percentage for most other metals
g/t	Grammes per metric tonne
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards, as adopted for use in the European Union
IPO	ABG's initial public offering on the Main Market of the London Stock Exchange
ISO	International Standards Organisation
Koz	thousand ounces
KPIs	key performance indicators
Kt	thousand metric tonnes
LIBOR	The British Bankers' Association Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Reuters' screen
Listing Rules	the rules relating to admission to the Official List made in accordance with section 73A(2) of FSMA
London Stock Exchange or LSE	London Stock Exchange plc
LTI	Lost Time Injury, meaning an occupational injury or illness that results in days away from work

LTIFR	Loss time injury frequency rate (LTIFR) is measured as the number of lost-time claims per million hours worked
Majority Shareholder	Barrick
MDA	a mineral development agreement
MDN	MDN Inc, a company existing under the laws of the Province of Québec
Mill	a plant in which ore is treated and metals are recovered or prepared for smelting, also a revolving drum used for the grinding of ores in preparation for treatment
Moz	million ounces
Mt	million metric tonnes
NGOs	non-governmental organisations
NI 43-101	Canadian National Instrument 43-101
Non-Executive Directors	the Non-Executive Directors of the Company being Aaron Regent, James Cross, Andre Falzon, Stephen Galbraith, Bobby Godsell, Michael Kenyon, and Derek Pannell
Official List	the Official List of the Financial Services Authority
Open Pit	a mine where the minerals are mined entirely from the surface
Operational cash flow per share	has the meaning given to it on page 55
Ordinary Shares	Ordinary Shares of £0 10 each in the capital of the Company
Ore	rock, generally containing metallic or non-metallic minerals, which can be mined and processed at a profit
Ore Body	a sufficiently large amount of ore that can be mined economically
Oxide ore	mineralised rock in which some of the original minerals have been oxidised Oxidation tends to make the ore more amenable to cyanide solutions so that minute particles of gold will be readily dissolved
Oz	troy ounce (31 1035g)
PGI	Pangea Goldfields Inc, a Canadian subsidiary of ABG
Pre-IPO Reorganisation	the reorganisation of the companies comprising the ABG Group into a separate corporate group and the acqusition by the Company of the companies comprising the ABG Group

Reclamation	the process by which lands disturbed as a result of mining activity are modified to support beneficial land use Reclamation activity may include the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings storage facilities, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock and other disturbed areas
Recovery Rate	a term used in process metallurgy to indicate the proportion of valuable material physically recovered in the processing of ore It is generally stated as a percentage of the material recovered compared to the total material originally present
Refining	the final stage of metal production in which impurities are removed from the molten metal
Relationship Agreement	the relationship agreement between Barrick and ABG
Services Agreement	the services agreement between Barrick and ABG
Senior Leadership Team or Senior Management	those members of the ABG Group's management team, details of whom are set out on page 11
Shaft	a vertical or inclined excavation in rock for the purpose of providing access to an ore body Usually equipped with a hoist at the top, which lowers and raises a conveyance for handling workers and materials
Shareholders	holders of Ordinary Shares
Spot or spot price	the purchase price of a commodity at the current price, normally this is at a discount to the long-term contract price
Stripping	removal of overburden or waste rock overlying an ore body in preparation for mining by open pit methods
Tailings	the material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing
Tailings storage facility	a natural or man-made confined area suitable for depositing the material that remains after the treatment of ore
TANESCO	Tanzanian Electric Supply Company Limited
Tulawaka Agreement	the joint venture agreement dated 15 September 1998 (as amended from time to time) between PGI and MDN
Tusker Gold	Tusker Gold Limited, a company incorporated under the laws of Western Australia
TZS	Tanzanian Shilling
UK Corporate Governance Code	the UK Corporate Governance Code dated June 2010 issued by the UK Financial Reporting Council
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
VAT	value-added tax
Voluntary Principles	means the Voluntary Principles on Security and Human Rights

Mining statistical information

The following describes certain line items used in the ABG Group's discussion of performance indicators

Open pit material mined	measures in tonnes the total amount of open pit ore and waste mined
Underground ore tonnes hoisted	measures in tonnes the total amount of underground ore mined and hoisted
Total tonnes mined	include open pit material plus underground ore tonnes hoisted
Strip ratio	measures the ratio of waste to ore for open pit material mined
Ore milled	measures in tonnes the amount of ore material processed through the mill
Head grade	measures the metal content of mined ore going into a mill for processing
Milled recovery	measures the proportion of valuable metal physically recovered in the processing of ore It is generally stated as a percentage of the metal recovered compared to the total metal originally present
Total production costs	measures the total cost of production and is an aggregate of cash costs as well as production specific depreciation and amortisation
Direct cash operating cost per ounce	measures the total direct cash cost attributable to producing an ounce It reflects cash costs adjusted to exclude royalties and third party smelting and refining fees on an ounce basis

Shareholder enquiries

Shareholder enquiries

All enquiries concerning shareholdings including notification of change of address or dividend payments should be made to ABG's registrars, Computershare Investor Services PLC, whose contact details are as follows

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Helpline number +44 (0)870 707 1895

Computershare online enquiry service

Computershare provides a range of services through its online portal, Investor Centre, which can be accessed free of charge at www investorcentre co uk. This service enables shareholders to check details of their shareholdings or dividends, download forms to notify changes in personal details and access other relevant information

Payment of dividends

Details of dividends proposed in relation to the year are contained in the Directors' Report on page 82 and Notes 13 and 34 to the financial statements Shareholders may elect to receive payment of the 2010 final dividend and any future dividend in pounds sterling directly to a Bank or Building Society account. Payments of amounts in US dollars shall be made by cheque and sent by post to shareholders registered addresses on 26 May 2011 Any shareholders who elect to receive a dividend in pounds sterling but who do not provide a direct credit mandate will receive their dividend by cheque, which will be sent to shareholders registered addresses on 26 May 2011

If you wish to receive the 2010 final dividend and any future dividend by direct credit and have not already made a payment election, please request a dividend mandate form from the shareholder helpline and return it to Computershare at the address above by no later than 6 May 2011 Alternatively, direct credit mandate instructions can be updated online at www investorcentre co uk.

Currency Election forms can be returned using the pre-paid envelope provided with the materials accompanying this report Elections made after 6 May 2011 will be applied to subsequent dividends only

Should you have any queries relating to the payment of dividends, please call Computershare's shareholder helpline on +44 (0) 870 707 1895

Electronic communications

At the forthcoming AGM, ABG will seek shareholders' consent to send or supply documents and information to shareholders in electronic form and via ABG's website, in accordance with provisions contained in ABG's articles of association

Increased use of electronic communications will deliver additional savings to ABG in terms of administration, printing and postage costs, as well as speeding up the provision of information to shareholders The reduced use of paper will also have environmental benefits

Under the provisions of the Companies Act 2006, ABG is also required to ask you individually for your consent to supply documents electronically via ABG's website The relevant documentation relating to this consent is contained in the accompanying materials to this report entitled Important Notice – Legislation Change If you agree to ABG sending or supplying documents and information via the website, please submit your email address by visiting www investorcentre co uk/ ecomms If you would prefer to receive documents and information in paper form rather than via the website, you will need to let us know by completing the reverse of the form and returning it to Computershare at the address detailed above

If we do not receive a response from you within 28 days of the date of notice of the AGM, then you will be taken to have agreed that ABG may send or supply documents and information to you via its website ABG will write to you with details of how you can access the information

Further details regarding electronic communications can be found in the notice accompanying this report

Shareholder security

Shareholders should be cautious of any unsolicited financial advice, offers to buy shares at a discount or any other unsolicited advice regarding investment matters More detailed information can be provided at www moneymadeclear fsa gov uk.

Financial calendar

Financial year end	31 December 2010
Preliminary results for 2010	16 February 2011
Annual General Meeting	21 April 2011
Quarterly Results Q1 2011	26 April 2011
Payment date for 2010 final dividend	26 May 2011
Half year report 2011	July 2011
Quarterly Results Q3 2011	October 2011
Quarterly Results Q4 2011	January 2012

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Contact details

ABG offices

Registered office
African Barrick Gold plc
6 St James's Place
London
SW1A 1NP
United Kingdom

Registered number 7123187

Business address
5th Floor
No 1 Cavendish Place
London W1G 0QF
United Kingdom

Johannesburg office
2nd Floor
Bedford Square Offices Suite
Bedford Gardens
Bedfordview
2007
South Africa

Dar Es Salaam office
Plot 1736, Hamza Aziz Road,
Msasani Peninsula,
PO Box 1081, Dar Es Salaam,
Tanzania

Contacts

ABG Investor Relations
Andrew Wray, Head of Corporate Development and Investor Relations
Phone +44 (0) 207 129 7150
E-mail awray@africanbarrickgold.com

ABG Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ
United Kingdom

ABG Corporate Brokers
J P Morgan Securities Ltd
125 London Wall
London EC2Y 5AJ
United Kingdom

Morgan Stanley & Co International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

Legal Advisers

Shearman & Sterling LLP
Broadgate West
9 Appold Street
London
EC2A 2AP
United Kingdom

Additional Information

Additional information regarding ABG can be found on the website
www.africanbarrickgold.com