Co. No. 07123187

AFRICAN
BARRICK
GOLD

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AFRICAN BARRICK GOLD

ANNUAL REPORT & ACCOUNTS 2012

26/4/13 285

Full year highlights:

- **Attributable gold production of 626,212 ounces and total cash costs of US$949 per ounce sold**
- **Revenue of US$1,087 million**
- **Continued progress on the Bulyanhulu CIL Expansion and Upper East Expansion, our key brownfield projects at Bulyanhulu**
- **Renewal of the North Mara Special Mining Licences**
- **Operational Review initiated to drive improved returns and free cash flow generation from the existing asset base**
- **Total dividend for 2012 of US16.3 cents per share**

EBITDA of

US$331 million

Net cash balance of

US$401 million

New country entry into

Kenya

Final dividend of

US¢12.3

Total community investment of

US$14.4 million

Average realised gold price of

US$1,668 per ounce

These highlights include Non-IFRS performance measures An explanation of Non IFRS measures is provided as part of the glossary Attributable gold production reflects equity ounces which exclude 30% of Tulawakas production base

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 ABGs 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), ABGs 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 ABG's 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.

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 Northwest Tanzania, and several exploration projects at various stages of development in Tanzania and Kenya. With a high-quality asset base and solid growth opportunities we are executing a clear strategy to optimise, expand and grow our business.

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 and have a secondary listing on the Dar es Salaam Stock Exchange also 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$) and in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report

More information within this report

Go online to find more information www africanbarrickgold com

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

A single focus: Gold in 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

Corporate headquarters, London, UK

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

Country 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, legal and communications

Operations office, Johannesburg, South Africa

Our Johannesburg office is the regional base for capital projects, planning, technical services and administrative, finance, human resources and procurement functions for our operations

Bulyanhulu

Bulyanhulu is a high grade underground mine primarily accessed by a vertical shaft The mine is a trackless operation using long-hole as its principal mining method, with alimak, conventional cut and fill and drift and fill the other primary mining methods The process plant currently has the capacity to process an average of approximately 3,300 tonnes of ore per day (approximately 1 1 million tonnes per year) and produces both doré and copper/gold concentrate

Bulyanhulu's life of mine is currently estimated to be over 25 years, based on its proven and probable gold reserves of 10,564,000 ounces.

More information on page 24

Buzwagi

Buzwagi is a low grade bulk deposit with a single large open pit The mill is designed with a throughput capacity of 12,000 tonnes per day (approximately 4 4 million tonnes per year) and produces both doré and copper/gold concentrate

Buzwagi's life of mine is currently estimated to be over 10 years, based on its proven and probable gold reserves of 2,697,000 ounces

More information on page 25

North Mara

North Mara is a high grade open pit mine consisting of three open pit deposits Nyabirama, Gokona and Nyabigena. The process plant has the capacity to process an average of 8,000 tonnes per day (or approximately 2 8 million tonnes per year) and produces doré.

North Mara's life of mine is estimated to be over 10 years based on its proven and probable gold reserves of 3,012,000 ounces

More information on page 26

Tulawaka (70%)

Tulawaka consists of a completed open pit with an underground access ramp located at the bottom of the pit 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 and MDN Inc The process plant started to operate using batch processing during 2012 and produces doré

Tulawaka has proven and probable gold reserves of 16,000 ounces and is expected to close in 2013

More information on page 27

Tanzania exploration

ABG's Tanzanian exploration programme focuses primarily on advancing our organic growth projects in and around our existing operations, as well as advancing important regional exploration programmes at North Mara and Nyanzaga, our primary greenfield project in Tanzania. Core brownfield exploration projects include the Bulyanhulu CIL Expansion, Bulyanhulu Upper East Expansion, Gokona Expansion and Nyabirama Expansion Where practicable, we also explore opportunities to develop satellite gold deposits, such as Golden Ridge, to increase production at our existing operations

More information on page 28

Kenya exploration

Through various joint venture arrangements, ABG holds an interest in a number of exploration licences over a land package in excess of 2,800km² of the highly prospective Ndori Greenstone Belt in West Kenya. The licences contain multiple large-scale gold anomalies in areas of historic colonial mines and prospects Sporadic historic and current exploration activities have identified a large number of targets that justify extensive follow-up ABG intends to implement a systematic and focused gold exploration programme in 2013 and beyond to explore these opportunities

More information on page 32

Measuring our performance

With a high-quality asset base and solid growth opportunities we are executing a clear strategy of

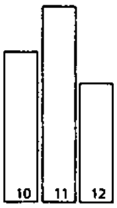
OPTIMISING

our operating efficiencies to optimise production from our existing asset base

EXPANDING

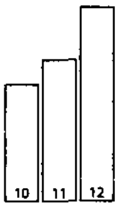
through near mine expansion and development of advanced-stage projects

EBITDA[1] (US$ 000)



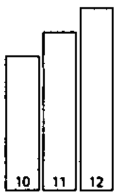
US$330,869

CASH COST PER OUNCE SOLD[1] (US$/Oz)



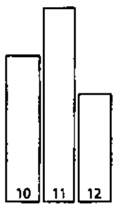
US$949/oz

CASH COST PER TONNE MILLED[1] (US$/tonne)



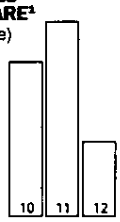
US$75/tonne

GROSS PROFIT (US$ 000)



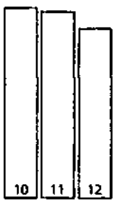
US$284,630

ADJUSTED NET EARNINGS PER SHARE[1] (US¢/share)



US25.7cents/share

ATTRIBUTABLE GOLD PRODUCTION[2] (Oz)



626,212oz

KPIs and relevance to strategy

EBITDA is the net profit or loss for the period excluding, income tax expense, finance expense, finance income, depreciation and amortisation, and impairment charges of goodwill and other long-lived assets. It is a valuable indicator of our ability to generate operating cash flow to fund working capital and capital expenditures and to service debt obligations

Cash cost per ounce sold is calculated by dividing the aggregate of cash costs by attributed gold ounces sold. It is one of the key indicators that we use to monitor and manage those factors that impact production costs on a monthly basis

Cash cost per tonne milled is calculated by dividing the aggregate of cash costs by attributed ore tonnes milled. We use it to track cash costs against productivity

Gross profit is calculated by taking our revenue and deducting cost of sales It is used to help monitor costs associated with gold production and gold sales and our ability to manage such costs It is also used to calculate gross profit margin

Adjusted net earnings per share is calculated by dividing adjusted net earnings by the weighted average number of Ordinary Shares in issue. It serves as an indicator of our profitability and is often used to determine share price and value

Attributable gold production is the aggregate of the Group's equity interest in gold ounces produced from its mines and one of the key measures used to track progress made in increasing our production levels

Performance

- EBITDA was US$331 million, a 39% decrease on 2011, driven by lower revenue and increases in direct mining costs
- Cash cost per ounce sold increased to US$949 per ounce sold, 37% higher than 2011, as a result of lower production and increased direct mining costs
- Cash cost per tonne milled increased to US$75 per tonne, a 15% increase on 2011, due to the same factors as those related to the increase in cash cost per ounce sold
- Gross profit was US$285 million, a 45% decrease on 2011, as a result of lower revenue, increased direct mining costs and increased depreciation
- Adjusted net earnings per share amounted to US25 7 cents, down from US67 0 cents in 2011
- Attributable gold production was 626,212 ounces, 9% below 2011 production, due to the lower grade mined at three of our operations when compared to 2011

1 EBITDA, cash cost per ounce sold, cash cost per tonne milled, adjusted net earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to Non-IFRS measures provided as part of the glossary for the full definitions of each measure

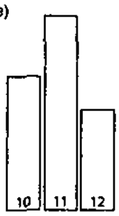
GROWING

through organic greenfield growth and acquisitions in Africa

RESPONSIBLE MINING

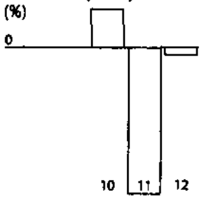
by maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities in which we operate is central to achieving our objectives

OPERATING CASH FLOW PER SHARE[2]
(US¢/share)



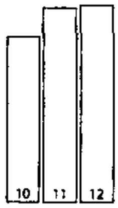
US62.9 cents/share

TOTAL SHAREHOLDER RETURN (TSR)
(%)



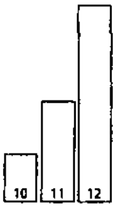
-1.24%

TOTAL RESERVES AND RESOURCES
(Moz)



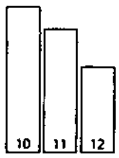
32.0 Moz

TOTAL COMMUNITY INVESTMENT
(US$ 000)



US$14,440

TOTAL REPORTABLE INJURY FREQUENCY RATE
(frequency rate)



0 83

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 It helps to measure our ability to generate cash from our business

Total shareholder return is the return on investment a shareholder receives over a specified time frame based on our share price appreciation/depreciation and dividends received. It is used to compare our performance against industry peers

Total reserves and resources is calculated as the total of proven and probable reserves, plus measured, indicated and inferred resources expressed in contained ounces It measures our ability to discover and develop new ore bodies and to replace and extend the life of our operating mines

Total community investment represents the amount of money that we invest across our corporate social responsibility programmes, including investments made under various mine site and regional initiatives, specific projects sponsored by the ABG Maendeleo Fund and investments under VBIAs/VBAs It helps us to track progress made as regards our objective to support socio-economic development in our operating environment.

Total reportable injury frequency rate (TRIFR) tracks all employee and contractor reported workplace injuries that require medical treatment, including lost time and restricted duty We use it to measure progress towards our health and safety goal of ensuring that every employee goes home safe and healthy every day It is calculated as total reportable injuries multiplied by 200,000 then divided by total number of hours worked

- Operating cash flow per share was US62 9 cents, down 48% on 2011, as a result of decreased revenue
- Total shareholder return in 2012 was -1 24%, due to the decrease in our share price over the year
- Total reserves and resources increased to 32 million ounces of gold, an approximate 500 thousand ounce increase on 2011, as a result of continued progress across exploration drill programmes

- Total community investment was US$14 4 million, approximately 95% higher than in 2011, as a result of our enhanced community investment programme and the introduction of the ABG Maendeleo Fund
- TRIFR for the year was 0 83, a 30% improvement on 2011, as a result of continuous improvement in our health and safety practices

2 Production reflects equity ounces which exclude 30% of Tulawakas production base

Chairman's statement

Navigating through challenges

Dear Shareholders,
The past year has been a period of change and readjustment for the Board and ABG as a whole While the financial and operating results for the year were disappointing, the Board has approved a number of initiatives which should positively influence future performance

The year's most notable event was the decision by Barrick to seek a purchaser for its shareholding in the Company This process, and the associated due diligence, diverted a significant amount of Board and senior management time and also impacted relations with the Tanzanian government and local communities Although the sale process was ultimately unsuccessful there were several positive outcomes In particular, the intense due diligence process and associated learning have been incorporated into several initiatives which were underway prior to the Offer Period as part of a major review of the Company's structure and costs, culminating in the Board's request for management to perform an Operational Review The key objectives of this are to drive improved returns from the asset base and enhance the certainty of performance delivery in the future

On the operations front, whilst we fell short of production targets for the year as a result of challenges faced in our operating environment, nevertheless we progressed certain key objectives

Throughout the year we increased our focus on upgrading the production potential at Bulyanhulu, with the advancement of the Bulyanhulu CIL Expansion project that will add a further 40-50 thousand ounces to annual production, as well as progressing plans for the development of the Upper East Zone, which has the potential to add a further 90 thousand ounces of production per annum Though the poor performance at the end of the year associated with the paste backfill system and a loss of qualified personnel in the face of proposed pension legislation changes was disappointing, we are undertaking a number of actions to prevent a repeat of this and to progress this world class asset generally

Derek Pannell,
Acting Chairman of the Board

New projects such as Buzwagi typically take some five years to consistently reach full nameplate capacity, so it was gratifying to see this mine really perform in the last quarter of the year after months of suffering regular power interruptions and lower recoveries

North Mara experienced certain setbacks in its community engagement programme during the prolonged Offer Period, but at the end of the year and beginning of 2013, with strong support from local authorities, the situation improved markedly, allowing these programmes to regain traction In this context, ABG is developing a multi-pronged social programme to improve the balance between the illegal miners, the local communities and the operating constraints of the mine In future, this will be a key factor in determining the success of the mine, the creation of community wealth and associated stable employment and improved local infrastructure

Our efforts to add meaningful reserves to Tulawaka during the year were unsuccessful and as a result of this we have taken the decision to phase out this operation in 2013

Lastly, from a growth perspective, we have continued to make good progress across our brownfield exploration programme and made significant additions to our greenfield projects through the acquisition of Aviva Mining (Kenya) Limited Not only does this provide significant additions to our exploration pipeline, it also provides the opportunity to diversify both ABG's geographical and political exposure

Final dividend for 2012

While our operational and financial performance in 2012 has been lower than the previous year, we recognise the importance of rewarding ongoing support from our shareholder base For this reason, the Board has recommended that the total dividend for 2012 be maintained at the 2011 level, comprising a final dividend of US12 3 cents per share, such that the total dividend payable in respect of 2012 is US16 3 cents per share

Board composition

We saw a number of further changes to the Board through the year with Aaron Regent and James Cross retiring as Non-Executive Directors and Kelvin Dushnisky, Senior Executive Vice President, and Rick McCreary, Senior Vice President, Corporate Development, joining as Barrick nominee Non-Executive Directors mid-year

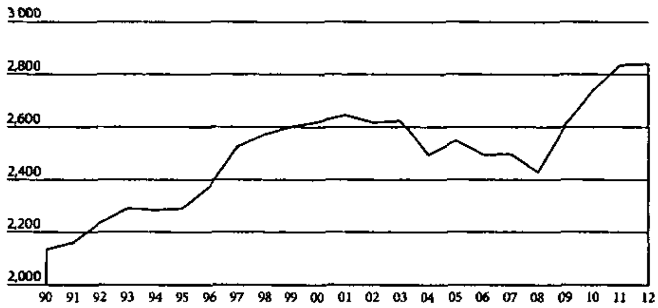
Following the expiry of the Offer Period to which ABG was subject during the latter half of the year, the Company is now in a position to review Board composition generally in order to build on the strengths and calibre of our existing Board members In this regard, for a variety of personal reasons I have, after three years with ABG, decided not to stand for re-election as a Director at the forthcoming AGM and therefore will also step down as Acting Chairman I would like to thank my fellow Directors and ABG management for their support and friendship during my time with ABG Mr Dushnisky will succeed me as Chairman to lead the Board and I am confident that he will provide strong leadership going forward.

Outlook

Looking forward to 2013, ABG will continue to look to optimise its portfolio and drive returns for all stakeholders through the implementation of the Operational Review Undoubtedly the year will bring new challenges, but I am confident that the Company will meet any such challenges head on Finally, on behalf of the Board I extend my gratitude to all of our employees for their hard work and commitment over the past 12 months

Derek Pannell,
Acting Chairman of the Board

INDUSTRY GOLD PRODUCTION
(metric tonnes)



Source: GFMS

Attributable gold production (Oz)
626,212

Revenues (US$m)
US$1,087

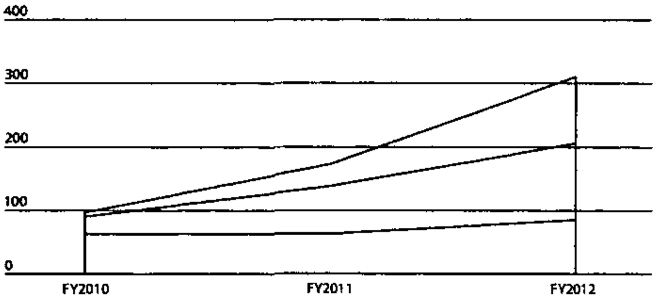
Total dividend (US¢)
US16.3 cents

Focused on improving returns

"Cash flow generation and improving returns from our assets form a key part of our Operational Review and we will update on our progress throughout the course of 2013. We have maintained the 2012 dividend at the 2011 level, reflecting our confidence in the business and our commitment to shareholder returns."

Greg Hawkins,
Chief Executive Officer

CAPITAL ALLOCATION
(US$m)



Overall for ABG, 2012 was a year where we realised good progress in several areas but where we did not meet our core production and cost targets. We continued to invest in the ongoing stability of the business and our licence to operate This was rewarded with increasing consistency in the operational performance at Buzwagi as the year progressed, and improvements in the grade profile at North Mara where we also received confirmation of the renewal of our mining licences and signed the Village Benefit Implementation Agreements Overall, our mining rates for the year increased, we processed 4% more tonnes through our plants and we improved the recovery profile of our operations despite the expected decrease in grade We also significantly enhanced our early stage exploration portfolio with the acquisition of Aviva Mining (Kenya) Limited ("AMKL")

Our Group production for the year was 9% lower than 2011, with the grade driven increase at North Mara offset by declines of similar levels at our other three operations Bulyanhulu was impacted by paste fill and equipment availability issues together with the loss of skilled employees due to proposed government pension law changes, Buzwagi saw an expected reduction in grade to around its reserve grade although it did benefit from improved plant performance later in the year, and Tulawaka operated under batch processing following the exhaustion of surface stockpiles These lower production levels, together with higher energy and maintenance expenses, resulted in our cash costs for the year reaching US$949 per ounce sold. As we move into 2013, we start from a strong platform with a net cash position of US$401 million, but we nonetheless need to strengthen our focus on reducing costs in order to ensure the business can deliver attractive levels of free cash flow generation. This will form a key part of our ongoing Operational Review

Beyond the day to day operational challenges of our business, for a large part of the second half of the year we also dealt with several additional factors resulting from the discussions between Barrick and China National Gold with respect to Barrick's majority stake in ABG These included a detailed due diligence process and site visits as well as other factors such as dealing with the uncertainty caused among our employees and also the communities in which we operate We implemented a range of measures to deal with these additional challenges and were largely successful in limiting the disruption to our business With the discussions now terminated, we need to ensure everyone in the business remains focused on delivering the significant potential of our asset base

Our share price performance in 2012 was set against a backdrop of continuing underperformance by gold equities relative to the underlying commodity The key focus from investors has centred on the lack of free cash flow leverage in the industry to the gold price, either through rising operational costs or increasing investment in new projects which do not meet hurdle return rates In the three years since ABG listed as an independent company we have been successful in generating substantial free cash flow and have maintained the view that capital returns to shareholders are of critical importance with the proposed final dividend for 2012, we will have returned in excess of US$150 million to shareholders over that period and have also invested in two early stage projects which we believe have the potential to deliver significant long-term value to the business Nonetheless, during 2012 the increases in our operating expenses and in the level of capital we invested in our assets meant that the business consumed capital, which is not sustainable over the longer term As such, the Board of ABG has asked management to conduct a full Operational Review of the business with the aim of recalibrating our operations so as to drive improved returns from the asset base whilst enhancing the certainty of delivery The review commenced in January 2013

More recently, Kevin Jennings, our Chief Financial Officer, has given notice that he intends to leave ABG in order to take up a similar role at another mining company Whilst we are naturally disappointed to see Kevin leave us, we understand his wish to pursue this new opportunity and wish him the very best for his new venture

Operating performance

At an individual mine level, Bulyanhulu remained our largest producing asset and is set to remain so with the existing mine plan and the growth projects being advanced. In 2012, production was 10% lower than in 2011 as we experienced power supply issues earlier in the year which impacted on hoisting capacity, while later in the year the delivery of ore to surface was reduced by a lack of paste fill availability which led to increased reliance on lower grade stopes and a shortage of skilled personnel resulting from resignations in the face of proposed changes to pension fund legislation in Tanzania. We have several initiatives in place to deal with these short-term factors in order for Bulyanhulu to get back to its expected run rate as 2013 progresses

At North Mara, it was pleasing to see the expected increase in production levels on the prior year as we accessed the higher grade zones in the Gokona pit in the second half of the year This reduced the reliance on lower grade stockpiles to provide feed to the mill and led to increased head grade and a 13% increase in production compared to 2011 Operations saw some impact from an increase in illegal mining activity during the second half of the year but this has now subsided and returned to more normalised levels Production during 2012 was from the Gokona and Nyabigena pits, with operations at the Nyabirama pit subject to the necessary land acquisitions and relocations which are a key focus for mine management in 2013

At Buzwagi, significant progress was made across both mining and processing activities during the year Production was 16% below the level of 2011, a result of the expected 30% decline in grade as the mine operated at close to its reserve grade This impact was slightly offset by operational improvements, with a 33% increase in total tonnes mined, which includes a 19% increase in ore tonnes, and a throughput increase of 24% Site management are now firmly focused on ensuring these improvements are maintained during 2013

At Tulawaka, the processing plant operated on batch milling due to the lack of sufficient ore to run it full time, which was a consequence of relying on underground material during 2012 As a result, throughput was down substantially on 2011 with a corresponding fall in production levels We have successfully extended the life of this operation consistently in the last three years, however, as a part of the Operational Review we have taken the decision not to further extend the mine life and to phase out the operation in 2013 We are currently starting to implement our closure plan for the operation and will engage with our employees as we move through this process As a result of this, and in combination with the downward revision of reserves, we have incurred a non-cash impairment charge at the mine of US$44.5 million for 2012

Growth projects

We have continued to make very good progress on our growth projects over the year we are progressing the construction of the Bulyanhulu CIL Expansion project, and the Board has approved the ordering of certain long lead items required for the acceleration of mining at the Upper East Expansion project at Bulyanhulu These two projects will add meaningful long-term production to our core operating asset.

Key challenges and mitigants

Key challenges and mitigants	Challenges	Mitigants
Power supply	• Unreliable grid power	• Optimising use of back-up power • Ongoing review of alternative sources for power generation
Security, trespass and vandalism	• Incidences of trespass, theft, corruption and vandalism at operations	• Upgrading security infrastructure • Development of security personnel • Progressing dialogue on law and order
Community relations	• Operational and reputational impact of legacy issues as a result of prior management of relations with local communities	• Continue to build on existing community relationships • ABG Maendeleo Fund • Development of social management plans
Land acquisition	• Impact of land acquisition cost and delays in completing such acquisitions on current mining activities, particularly at North Mara	• Engagement with local and central government to address land speculation
Developing commercial mining industry	• Challenge of developing and retaining a skilled workforce	• Continuing investment in training and development • Continued progression of programmes for workforce localisation

On our greenfield exploration portfolio we continued to increase the size of the Nyanzaga resource, which now has an in-pit resource of over 4 6 million ounces ("Moz") of gold ("Au") consisting of 3 75 Moz at 1 42 g/t Au Indicated and 0 85 Moz at 1 81 g/t Au Inferred We are currently finalising the pre-feasibility study and expect to take a decision on whether to progress to a full feasibility study by the middle of the year

We also acquired an interest in over 2,800 square kilometres of under explored, highly prospective licence areas in Kenya for an initial consideration of US$22 million, including exploration funding. The licences add more than 20 existing targets from grassroots through to the drill testing stage into the exploration and development pipeline and will be the focus for a significant proportion of our exploration budget in 2013

Drilling at North Mara has continued to highlight the potential for underground development at both the Gokona and Nyabirama pits and we are undertaking the technical trade-off analysis in order to establish how best to sequence the underground potential with the existing open pit operations in order to maximise the life of mine return from the mine

Government relations

Notwithstanding the acquisition of AMKL in 2012, the majority of our assets and our cash flow remain in Tanzania During 2012, we continued to build on the constructive dialogue we enjoy with the Tanzanian government as our operations delivered significant benefits and value to our host communities The decision to voluntarily move to a royalty rate of 4% from 3% was one that ABG instigated but it was also recognition of the improved level of cooperation we saw from the Tanzanian authorities as we solved a range of taxation, permitting and licensing issues, some of which dated from several years back.

As we move into 2013 there remains much to be done and it is vital we enjoy the ongoing support of the government in these areas Across our asset base, the lack of availability of reliable power is a key issue for us and one which is receiving attention at the highest levels within the Tanzanian government, and we look forward to the government delivering on its initiatives to alleviate this issue. At North Mara, we have seen good support over the last few months in relation to improving law and order but need to resolve a number of land access issues to ensure we have the appropriate footprint for our operations and we look forward to the government's support in achieving this Elsewhere, we are encouraging the government to help resolve the pension fund issue which has impacted our workforce From a taxation perspective, we are working closely with the appropriate authorities to ensure we minimise the level of working capital tied up in indirect tax payments which are recoverable under the terms of our Mineral Development Agreements

Licence to operate

From an operational perspective, ABG has a high quality and well invested portfolio of assets which positions us strongly for the long term However, without the accompanying licence to operate and a stable working relationship with all stakeholders, the quality of our assets could be significantly impacted For this reason, the achievements we have made with the government and with our host communities on issues relating to our operating environment are of key importance We have benefited from a full year of operation of the ABG Maendeleo Fund which has supported a range of projects across our operations throughout the year

In terms of the individual operations, the key challenges are centred on North Mara and we have made significant progress in 2012 in order to secure the long-term future of the mine In addition to the signing of VBIAs with the local communities, we have invested 39% of the ABG Maendeleo Fund's annual expenditure towards new infrastructure around North Mara, including rehabilitating the local health clinic, the provision of clean water and the launch of a major school desk programme

We were also pleased to receive the renewal of the special mining licences ("SMLs") at North Mara The renewals are on the same terms and conditions as the previous licences and are both for a period of 15 years The original SMLs were issued in February 2000 and had expired in September 2011, since which time the mine continued to operate on the same basis due to the rollover provisions contained in the Tanzanian Mining Act

The life of mine footprint continues to be a challenge at North Mara as land acquisition is increasingly expensive due to the high levels of speculation This has led to the ongoing suspension of operations in the Nyabirama pit. We are engaging with local and central government in order to find a solution During the year we received waste rock permits necessary for the immediate operations of the site and we continue to apply for permits to meet ongoing requirements

We continue to work with the relevant authorities to progress the lifting of the Environmental Protection Order at North Mara in order to be able to discharge water NEMC, the environmental regulator, has recently visited the operation for a final review and we are now awaiting their approval

Outlook

ABG enters 2013 with a high-quality portfolio of assets and significant financial strength as a result of our net cash position of over US$400 million However, we did not generate acceptable returns from the business in 2012 and with the production level forecast for this year we need to implement efficiencies in our operating cost base as well as applying capital more selectively to the business following the heavy investment made over the past three years These objectives will form the key pillars of our Operational Review, together with a detailed assessment of our life of mine plans to establish the optimal mining rates as we move forward. Our operating environment has evolved substantially in recent years, as have our assets, and we need to ensure the organisation is properly set to maximise returns against this backdrop

At the mine level, our expectation is for broadly similar production levels to 2012 at our Buzwagi and North Mara operations, with lower production at Bulyanhulu as we implement our recovery plan at the mine through the first half of the year and Tulawaka as it comes to the end of its life in the second quarter of the year

As a result of our Operational Review, we are targeting reductions to our cash cost per ounce as we go through the year While we estimate the cash cost per ounce for the year, including royalties, will be between US$925-975 per ounce sold (including a reduction of US$120 per ounce sold due to a change in accounting for waste stripping (IFRIC 20)), we anticipate the run rate will be below this level by the end of the year

With US$135 million of capital being allocated to expansion projects, principally at Bulyanhulu, we have set our sustaining capital budget at US$100 million, including land, and we have allocated US$210 million to capital development inclusive of deferred stripping The adoption of IFRIC 20, which recognises eligible production phase deferred waste stripping costs as assets on a stage-by-stage basis as opposed to the previous single pit basis, will increase our deferred stripping capitalisation by approximately US$70 million over 2012

Overall, our key objectives for 2013 are

- achieving attributable Group production of between 540,000–600,000 ounces,
- maintaining total cash cost including royalties of between US$925–US$975 per ounce sold,
- total capital expenditure of US$445 million, comprising US$100 million of sustaining capital, US$210 million of capital development inclusive of deferred stripping and US$135 million of expansion capital,
- completing the Operational Review and implementing outcomes from the process,
- substantially completing construction planned for the Bulyanhulu CIL Expansion,
- obtaining Board approval for the Bulyanhulu Upper East Expansion,
- optimising Group throughput and recoveries,
- achieving growth in our overall resource base;
- improving further our safety record,
- continuing the development of our sustainability practices, and
- continuing our disciplined focus on opportunities for strategic acquisitions throughout Africa.

Finally, I would like to thank all of my colleagues for their commitment, enthusiasm and hard work throughout what has been an important 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

Operational Review

Over the past three years our operating environment has seen significant change, which has had an impact both on the production levels at our operating mines as well as on our overall cost of production As a result, we have commenced a full Operational Review of the business and have identified a number of areas where we can improve both the cost profile as well as the deliverability of production Together with a reduction in the overall level of capital applied to the business, we believe that the current base of production can deliver attractive returns, which will be enhanced by our portfolio of organic growth projects which will start delivering incremental production from next year We will periodically report on the progress of the Operational Review throughout the year, as a part of our results releases

The specific initiatives which will form the core of the Operational Review are

1. OPERATING COST REDUCTIONS
Initial results available in 6 months

Aside from labour, our key costs drivers over the past few years have been power, maintenance and consumable usage. Whilst the increase in diesel usage across the Group has been necessary to ensure production outcome, it has led to increased cost, specifically at Buzwagi We continue to investigate opportunities to reduce the impact of our reliance on the electricity grid, including short-term opportunities such as the installation of capacitors to reduce dips and voltage swings and longer-term alternative energy solutions Optimisation of management operating systems and supply chain practices are expected to provide further reductions in our maintenance and consumable cost levels

2. CAPITAL DISCIPLINE
Over US$50 million reduction achieved in 2013

We have maintained a disciplined approach to capital expenditure over the past three years, but have still invested over US$750 million into the business in order to optimise our asset base This investment provides us with well-invested, modern mines, such that we should be able to substantially lower our capital budget going forward. Our 2013 capital expenditure guidance indicates an initial reduction of over US$50 million from 2012 sustaining capital levels We are reassessing all of our future capital expenditure to identify further opportunities to cut capital expenditure further into 2014 and beyond.

3. ORGANISATIONAL STRUCTURE
Initial results available in 6 months

Our production and cost profile have changed significantly and we will now ensure that we right-size the business in order to fit our anticipated production levels and new operating paradigm With this in mind, a zero based review is being undertaken of the entire organisation, in order to ensure that we have the appropriate staffing levels, mix of employees and contractors and the optimal combination of international and national employees in order to meet our objectives without impacting production. Further to this we will also simplify the corporate structure in order to improve the responsiveness of the organisation.

4. CORPORATE OVERHEAD COST REDUCTIONS
Initial results available in 3 months

As a part of the review of our organisational structure we are reviewing opportunities to reduce our corporate overheads as we align the corporate support and service model to match the business model to take forward into 2014 Aside from labour efficiencies, we see key opportunities for improved efficiencies within our Community, Health, Environment, Safety and Security function model and in a reduction in travel and accommodation expenses

5. MINE PLANNING DELIVERABILITY
Initial results available in 6 months

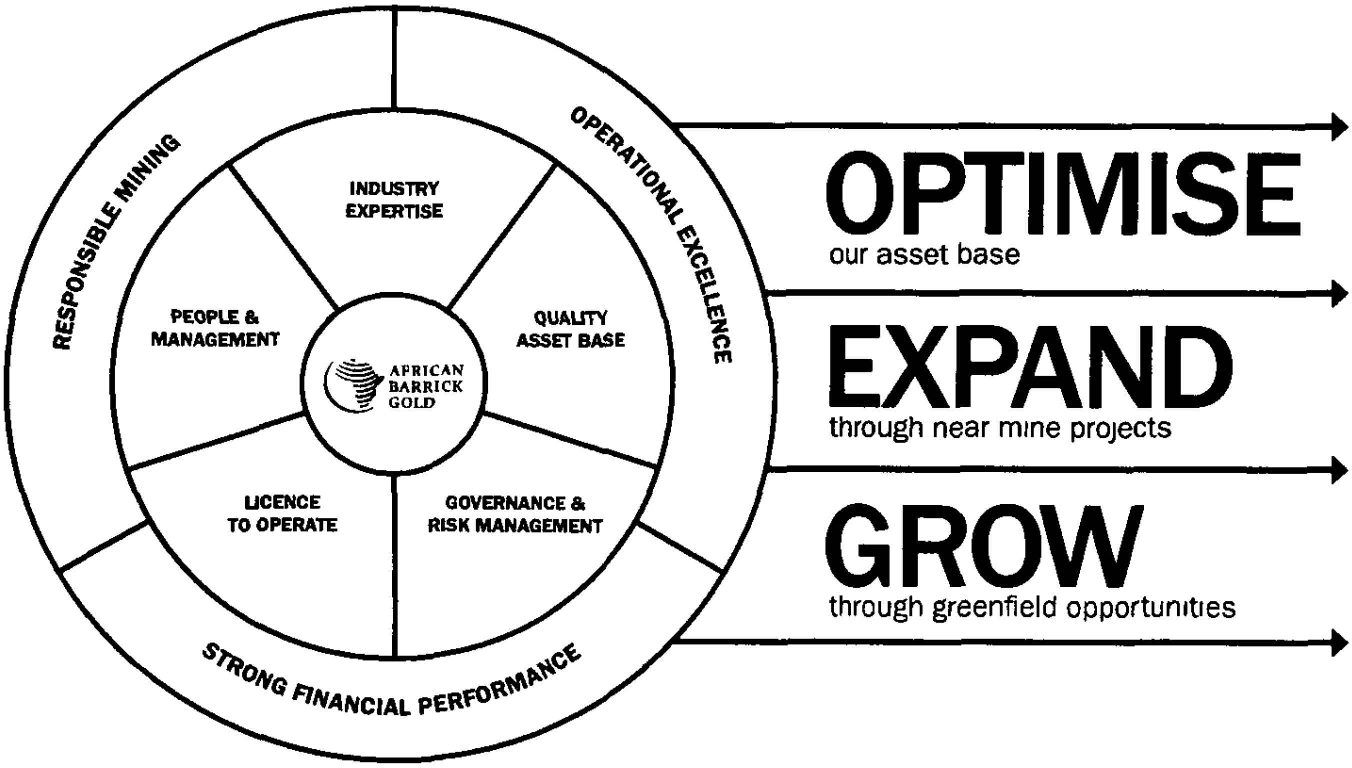
On a mine site level, we are in the early stages of the review process. As part of this process we are reviewing and optimising the life of mine plans at each of the assets to prioritise driving returns and cash flow and are seeking to improve both productivity and efficiency at each of the assets through improved organisational structure and training.

Key focus areas for further asset optimisation are

- At our flagship asset **Bulyanhulu**, we are conducting a number of studies to optimise the ore extraction schedule, plan for the right infrastructure to support the ore extraction and transport and, importantly, make sure we have a clear understanding of the most efficient mining method to be deployed for the life of mine Whilst we have some temporary issues to resolve, the mine represents our best leverage to generate high return ounces, given the scale and quality of its resources
- At **North Mara**, as a part of the review we are assessing all options for future development of the mine, including the potential for underground development We have overcome significant legacy issues and our social licence to operate has been regained, but as part of this exercise we will assess a range of potential mine plans based around the ability to access land in order to satisfy the life of mine requirements for the existing three open pits In conjunction with the mine development review, we will continue to work with regional and governmental departments in order to build on the actions we have implemented over the course of 2011 and 2012 to strengthen further our social licence to operate.
- At **Buzwagi**, now that we have stabilised mining and processing rates we are continuing to review options to improve operating efficiencies and thereby the profitability of this operation Our key focus in this regard is to review ways in which we can reduce Buzwagi's reliance on diesel power, which results in high operating costs, and the reduction of required levels of sustaining capital There are clear opportunities to improve sustaining capital investment levels, given that we are now through the bulk of the catch up capital investment required in order to stabilise production levels over the past three years
- At **Tulawaka**, as a result of our renewed focus on generating returns rather than ounces, we have decided not to further extend the life of the mine beyond 2013 Engagement with our employees will be undertaken as we embark on this process and we will focus efforts on the redeployment of the mine's skilled workforce to our other assets and the progression of closure planning. Options for divestment will also be considered.

A model to deliver performance

Our business model focuses on the creation of a high performance organisation, something that is fundamental for the realisation of our long-term strategy.



Establishing solid foundations

At the heart of our business model lie the foundations which we believe embody our commitment to excellence. Together, these foundations form the base structure for the creation of a high performance organisation.

Industry expertise

We believe that industry and regional knowledge and expertise are critical in order to drive performance. As such we place a premium on our existing experience of acquiring, financing and building mines in Tanzania and the collective experience of the mining industry and the African region held between our Board members and management team.

Quality asset base

Our long-life, high-grade reserve and resource base and the expansion opportunities that are available through near mine projects at our existing operations provide us with a solid basis on which to develop and grow our business within the African gold mining industry.

Governance and risk management

Effective governance and controls are crucial for the realisation of our business strategy. For this reason our business management framework allocates responsibilities for the monitoring, review and management of our business and strategy throughout our organisational structure, ensuring that accountability for performance is shared across our governance functions. We use the same approach for risk management to ensure that business risks are identified, mitigated and controlled as appropriate for our operating environment.

Licence to operate

Our business conduct reflects our commitment to excellence, for the benefit of all stakeholders as a whole. We ensure that our community relations, environmental, health and safety, human resources and security functions work closely together and with the management teams at each of our operations to ensure that all key components of responsible mining are addressed throughout the exploration and mining cycle and across all of our locations.

People and management

An organisation is only as good as its people. It is for this reason that we are committed to promoting and developing the skill set of our workforce for the benefit of our business and our industry in general. We ensure that we fairly compensate our employees for their contributions, provide meaningful performance feedback to them and offer them professional development and training opportunities to develop employee potential and reward best performance.

Developing key strengths

When combined, the foundations of our organisation create our core standards, which in turn create and develop key strengths in operational and financial performance. They also safeguard and help to promote our responsible mining practices. All of these factors are fundamental qualities of a high performance organisation.

Operational excellence

We believe that the alignment of our operational and governance standards with industry and peer group best practice provides us with the framework to achieve the highest possible levels of productivity, safety and efficiency within our operations, all being components of operational excellence that drives business performance.

Strong financial performance

Our business and operational processes are focused on the achievement of targets while maintaining a strict cost discipline, optimising capital efficiency and maintaining a conservative balance sheet. This supports the production of strong financial results required for the development of our business.

Responsible mining

By mining in a responsible manner for the benefit of our people, the environment and the host countries in which we work, we are able to maintain our reputation as a good corporate citizen in the eyes of all relevant stakeholders. In turn, this allows us to progress our business on the basis of common expectations and objectives.

OPTIMISE
THE EXISITING ASSET BASE

ABG Group progress in 2012

- Increased production levels and improvements in the grade profile at North Mara, following the access to higher grade zones in the Gokona pit in the second half of the year
- Improvements in recovery rates at North Mara, as a result of the positive impact of the gold plant upgrade
- Continued progress in mining and processing activities at Buzwagi, increasing consistency in the operational performance of this operation, particularly during the second half of the year
- Commencement of operational initiatives at Bulyanhulu to address paste fill delays, lower than planned availability of high grade stopes and lower equipment availabilities

ABG Group priorities for 2013

- Finalising and implementing our Operational Review
- Resolve paste fill plant issues, increase availability of higher grade stopes and stabilise workforce at Bulyanhulu
- Sustain increased level of mining rates and continue to operate at nameplate capacity in the process plant at Buzwagi
- Maintain increased mining rates, continue to deliver improved recoveries and progress land acquisitions and relocations at North Mara
- Harvest high grade pillars, progress discussions on closure/divestment options for Tulawaka

Case study: Gold Plant Project at North Mara

North Mara has been undergoing a substantial optimisation programme both in the mining operations and in the process plant Improvements in our mining fleet and practices have positioned us to be able to efficiently move increased volumes of tonnes in 2013 In tandem with this, we have invested over US$25 million into process plant infrastructure in order to improve recovery rates, something which should increase production and help to mitigate cash cost increases

The gold plant upgrade has involved improving the grinding efficiency of the mills and adding oxygen into the circuit to improve the responsiveness of ore to cyanide leaching. We have converted two tailings thickeners into pre-leach thickeners and have also installed additional leach tanks so that ore may be exposed to cyanide for a longer time period as part of processing and treatment procedures The increased residence time will allow for improved recoveries and a reduction of gold residue in tailings

We expect the project to increase gold recoveries by up to 4% as a result of the combined measures In addition to the improved recovery rates, as a part of the project we installed further cyanide detoxification capacity in line with compliance standards under the International Cyanide Code and our commitment to manage our tailings responsibly

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EXPAND
THROUGH NEAR MINE PROJECTS

ABG Group progress in 2012

- Engineering, procurement and construction contract awarded and project financing arranged for Bulyanhulu CIL Expansion project
- Expansion of the scope of the Bulyanhulu Upper East Expansion project to include Reef 2 as well as Reef 1
- Continued progress of drill programmes around the Nyabirama open pit at North Mara
- Gokona underground resource at North Mara increased to approximately 900 thousand ounces of gold

ABG Group priorities for 2013

- Substantially complete construction of Bulyanhulu CIL Expansion project
- Receive Board approval to proceed with Bulyanhulu Upper East Expansion project and continue exploration drilling to expand Reef 2 resource
- Complete feasibility study for the Gokona Expansion at North Mara
- Complete the Nyabirama resource update at North Mara

Case study: Bulyanhulu Upper East Expansion

As part of our drive to expand our assets, ABG has been examining options to increase mining rates at the Bulyanhulu mine to bring production more into line with the scale of its resource base The acceleration of mining from the Upper East Zone is one of our key expansion projects aimed at achieving this

Previously, the Bulyanhulu Upper East Expansion project was solely based on the 1 2 million ounces of gold reserves located in Reef 1 of the Upper East Zone We have now completed a positive scoping study to incorporate an additional 900 thousand ounces of gold which currently sit in reserves in Reef 2 of the Upper East Zone We have ordered certain long lead items and are now progressing with further technical studies to explore this opportunity If these studies are successful, we should be able to progress the project so as to commence gold production from the Upper East Zone in late 2014

The incorporation of Reef 2 significantly enhances the Bulyanhulu Upper East Expansion project, which is now expected to produce 90 thousand ounces of gold per annum once fully ramped up and will deliver life of mine production of 1 9 million ounces of gold over the next 20 years The project is expected to require approximately US$100 million of pre-production capital, to be spent in 2013 and 2014

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GROW

THROUGH GREENFIELD OPPORTUNITIES AND ACQUISITIONS IN AFRICA

ABG Group progress in 2012

- Completion of the West Kenya JV project acquisition
- Expansion of Nyanzaga in-pit resource to in excess of 4.6 million ounces of gold and successful completion of scoping study for the project
- Completion of metallurgical drilling programme to update resource model at Golden Ridge
- Progression of exploration drill programme at Dett prospect

ABG Group priorities for 2013

- Continue regional grassroots exploration across West Kenya JV project
- Advance drill testing stage targets around the Kakamega Dome Camp of the West Kenya JV Project
- Delineate potential for new discoveries around the Lake Zone Camp of the West Kenya JV Project
- Complete the pre-feasibility study for the Nyanzaga project and continue drill programmes to explore underground potential for this project

Case study: West Kenya Joint Venture Project

In late 2012 we acquired the entire issued share capital of Aviva Mining (Kenya) Limited ("AMKL"), the assets of which include a 51% interest in a joint venture with Lonmin plc, which may be increased to 75% subject to satisfaction of certain conditions, and a right to earn up to a 75% interest in a second joint venture with Advance Gold Corporation Together, these joint venture arrangements provide ABG with an interest in a number of exploration licences located within the Ndori Greenstone Belt in West Kenya. This acquisition represents our first step in expanding our footprint outside of Tanzania and is an important addition to the grassroots and target delineation segments of our exploration pipeline as we look to secure medium to long-term growth and diversification of our asset base

The Ndori Greenstone Belt is a highly prospective area and one of several greenstone belts in Kenya. It has multiple styles and types of gold prospects that are comparable to those found in the Lake Victoria Greenstone belts in Tanzania. The licences held under the Kenyan joint venture structures contain multiple large-scale gold anomalies in areas of historic colonial mines and prospects, and cover a land package in excess of 2,800 square kilometres Sporadic, historic and current exploration activities have identified a large number of targets that justify follow-up and we intend to implement a systematic and focused gold exploration programme in 2013 and beyond

In addition to the interests in the exploration licences and properties, the acquisition of AMKL provides ABG with a strong Kenyan based exploration team, continuity of project history and knowledge, as well as existing local and country government and ministry relationships

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RESPONSIBLE MINING

MAINTAINING OUR LICENCE TO OPERATE

ABG Group progress in 2012

- Achieving a 30% improvement in our Group Total Reportable Injury Frequency Rate ("TRIFR")
- Obtaining Bulyanhulu's recertification under the International Cyanide Management Code
- Execution of Village Benefit Agreements and Village Benefit Implementation Agreements with North Mara local communities
- Improving national employment levels by 2%, to 91% of our operations' workforce
- Increasing training on Voluntary Principles on Security and Human Rights across ABG stakeholders

ABG Group priorities for 2013

- Achieving a further 10% improvement in Group TRIFR
- Completing the commissioning of the North Mara Water Treatment Plant for the lifting of the Environment Protection Order and obtaining a discharge permit for the site
- Implementation of social management plans at Buzwagi and North Mara and development of a social management plan for Bulyanhulu
- Achieving a workforce localisation target of 93% across our operations
- Progressing dialogue on law and order, particularly at North Mara, with our wider stakeholder group

Case study: Sungu-Sungu Clinic

North Mara is located in a remote part of Tanzania and as such infrastructure in the region is limited In line with our commitment to community development, throughout the year we have continued to invest in upgrading local infrastructure to help improve transportation links and access to water, education and healthcare One of our core community infrastructure projects is the rehabilitation of the Sungu-Sungu Clinic in Nyamongo, one of the villages located in the vicinity of the North Mara mine The clinic is the sole source of local medical care outside of the mine for those living in the mine's seven local communities Unfortunately, the clinic is not currently eligible for central government funding due to its size, so ABG's support is critical.

As the first phase of the upgrade, ABG has invested approximately US$350,000 in the clinic in order to refurbish maternity and paediatric wards, laundry facilities and basic amenities and to construct an outpatient block and further wards In addition to this, we are improving access to power and water by installing additional water wells and a connection to the national electricity grid For the time being, we have installed a diesel generator and we are trucking clean water from the mine to the clinic to provide for key utilities while we complete these elements of the project.

In early 2013 we will commence the second phase of the clinic upgrade, for which we aim to invest a further US$200,000 in clinic improvements. The investment will principally be used to further equip the hospital with vital diagnostic equipment, with the aim of bringing the clinic up to a national standard in order for it to receive ongoing government funding and provision of healthcare professionals

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Operating review

Bulyanhulu

Operating performance

Bulyanhulu produced 236,183 ounces in 2012, 10% lower than in 2011, as a result of paste fill delays, lower than planned availability of high grade stopes and lower equipment availabilities resulting in reductions to ore tonnes hoisted and head grade mined. Whilst corrective actions are underway, progress has been slowed by potential changes to Tanzanian pension legislation which has led to significant numbers of long serving Tanzanian employees resigning. These included a number of skilled underground mining personnel as well as maintenance staff dealing with improving mobile equipment availabilities. With the end of the Offer Period we are now actively hiring as well as rotating staff from elsewhere in our operations, in order to minimise further impacts in 2013.

Head grade of 8.0 g/t was lower than in 2011 (8.5 g/t) as a result of paste fill delays limiting access to the primary long hole stopes leading to increased tonnes being mined from lower grade stopes. The lower mined grade together with lower recoveries in the CIL circuit led to a recovery rate of 90.6%.

Gold ounces sold for the year were 235,410 ounces, which was broadly in line with the production figure, but 13% lower than in 2011.

Copper production for the year of 6.1 million pounds was 20% lower than in 2011. This was primarily due to mining of lower copper grade areas and lower recoveries.

Cash costs for the year of US$803 per ounce sold were 32% higher than in 2011 (US$610). Cash costs were negatively impacted by lower production levels and the resultant lower co-product revenue; increased maintenance costs driven by an increase in unplanned mining and processing related breakdowns, increased energy costs due to increased Tanesco rates and consumption, and increased G&A charges driven by higher camp costs and aviation charges. This was slightly offset by increased capitalised mining expenditure. Cash cost per tonne milled increased to US$187 in 2012 (US$156 in 2011) as a result of the costs increase outlined above.

Capital expenditure for the year of US$117.6 million was 23% higher than in 2011 (US$95.4 million), mainly driven by expansion capital and increased underground development. Key capital expenditure for 2012 included: capitalised underground development (US$45.6 million), the CIL Expansion project (US$26.1 million), and mining equipment (US$10.6 million).

Key mine statistics

	Year ended 31 December 2012	2011
Underground ore tonnes hoisted (Kt)	959	1,048
Ore milled (Kt)	1,012	1,056
Head grade (g/t)	8.0	8.5
Mill recovery (%)	90.6%	91.2%
Ounces produced (Oz)	236,183	262,034
Ounces sold (Oz)	235,410	269,981
Cash cost per ounce sold (US$/Oz)	803	610
Cash cost per tonne milled (US$/t)	187	156
Copper production (Klbs)	6,102	7,675
Copper sold (Klbs)	5,895	7,716
Capital expenditure (US$'000)	117,569	95,432

The statistical information presented includes Non-IFRS measures. An explanation of Non IFRS measures is included as part of the glossary.

2013 Priorities

- Resolve paste fill plant issues
- Increase availability of higher grade stopes
- Stabilise and rebuild national workforce
- Progress CIL Expansion and Upper East Expansion projects

Contribution to Group ounces

38%

TRIFR

1.02

Total reserves and resources (Moz)

17.45

Buzwagi

Key mine statistics

	Year ended 31 December	
	2012	2011
Tonnes mined (Kt)	28,563	21,534
Ore tonnes mined (Kt)	4,223	3,545
Ore milled (Kt)	3,715	2,993
Head grade (g/t)	1 6	2 3
Mill recovery (%)	87 3%	88 0%
Ounces produced (Oz)	165,770	196,541
Ounces sold (Oz)	155,322	200,518
Cash cost per ounce sold (US$/Oz)	1,087	691
Cash cost per tonne milled (US$/t)	45	46
Copper production (Klbs)	6,773	7,201
Copper sold (Klbs)	5,628	7,353
Capital expenditure (US$'000)	98,054	83,203

The statistical information presented includes Non-IFRS measures An explanation of Non-IFRS measures is included as part of the glossary

2013 Priorities

- Continue to operate at nameplate capacity in the process plant
- Sustain increased level of mining rates
- Optimise the power mix for the mine
- Minimise additional capital investment

Contribution to Group ounces

26%

TRIFR

0.57

Total reserves and resources (Moz)

3.44

Operating performance

Buzwagi produced 165,770 ounces in 2012, 16% lower than in 2011, as a result of the reversion to mining at reserve grade for a significant part of the year, with production further impacted by plant operational factors leading to decreased processing rates in the first half of the year With the installation of diesel back-up power and improved plant operational availability and efficiencies in the second half of the year, 2012 mill throughput increased by 24% compared to 2011 In addition, there was a significant increase in tonnes mined compared to 2011, as a result of a larger mobile fleet and improved equipment availability We expect the improvement in both mining and milling rates to continue through 2013

Gold ounces sold decreased by 23% to 155,322 ounces (200,518 ounces in 2011), falling below production by 6% due to a delay in sales as a result of the back-ended nature of production in the fourth quarter

Copper production for the year of 6 8 million pounds was 6% lower than in 2011 This was primarily due to the mining of lower copper grades in 2012

Cash costs for the year were US$1,087 per ounce sold (US$691 in 2011) Cash costs have been affected by lower production and resultant lower co-product revenue and increased diesel consumption driven by a requirement to self generate electricity Increased consumable usage and contract services costs, due to increased maintenance and repair contractor ("MARC") charges were offset by increased capitalised stripping costs due to the waste stripping undertaken

Cash cost per tonne milled of US$45 decreased slightly from 2011 as increased throughput was offset by an increase in the direct mining cost base

Capital expenditure of US$98 1 million was 18% higher than in 2011 (US$83 2 million), primarily due to deferred stripping Key capital expenditure for 2012 included. capitalised deferred stripping (US$31 1 million), mine fleet investments (US$19 8 million), and investments in the process plant's detoxification process (US$17 2 million) Included in capital expenditure is a non-cash reclamation adjustment which amounted to US$10 5 million

North Mara

Key mine statistics

	Year ended 31 December 2012	2011
Tonnes mined (Kt)	18,391	21,808
Ore tonnes mined (Kt)	1,711	2,254
Ore milled (Kt)	2,786	3,070
Head grade (g/t)	2 5	2 1
Mill recovery (%)	85 4%	80 6%
Ounces produced (Oz)	193,231	170,832
Ounces sold (Oz)	186,600	170,625
Cash cost per ounce sold (US$/Oz)	965	810
Cash cost per tonne milled (US$/t)	65	45
Capital expenditure (US$'000)	91,096	123,146

The statistical information presented includes Non IFRS measures An explanation of Non IFRS measures is included as part of the glossary

2013 Priorities

- Maintain increased mining rates
- Continue to deliver improved recoveries
- Progress land acquisitions and relocations
- Finalise lifting of Environmental Protection Order
- Continue to improve social licence to operate

Contribution to Group ounces

31%

TRIFR

0.71

Total reserves and resources (Moz)

5.55

Operating performance

North Mara produced 193,231 ounces in 2012, an increase of 13% on 2011, as a result of improved grade and recoveries partially offset by ore milled being 9% lower than in 2011, as throughput was negatively impacted by unplanned maintenance in the second quarter of 2012 Gold ounces sold amounted to 186,600 ounces for the year, 9% higher than in 2011, due to the increase in production, but trailing production by 3% due to the back-ended nature of production in the fourth quarter of the year

Head grade of 2 5 g/t improved by 19% on 2011, as a result of increased ore tonnes mined and mine grade during the second half of the year, leading to a reduction in mill feed from the lower grade stockpiles Recoveries of 85 4% increased 6% on 2011, primarily as a result of the positive impact from the completed gold plant upgrade

We focused on the continuation of the substantial waste stripping programme in both the Gokona and Nyabirama pits throughout the year in order to open up higher grade zones for future years Mining in the Gokona pit was adversely impacted by delays in the issuing of PAF waste dumping permits during the first half of the year, and delays in relocating villagers surrounding the Nyabirama pit led to the suspension of mining in the pit from the second quarter As a result, total tonnes mined of 18 4 million tonnes were 16% lower than in 2011 Ore tonnes mined amounted to 1 7 million tonnes, a reduction of 24% on 2011 (2 3 million tonnes)

Cash costs for the year were US$965 per ounce sold compared to US$810 in 2011 Direct mining costs were in line with 2011, with increases in labour, G&A and maintenance offset by lower contracted services charges due to the move from a MARC to an owner maintenance model However, lower than planned capitalised mining and negative inventory valuation changes drove an increase in overall cash costs Cash cost per tonne milled increased to US$65 in 2012 (US$45 in 2011), mainly as a result of the decrease in throughput Capital expenditure for the year of US$91 1 million was 26% lower than in 2011 (US$123 1 million), due to lower expansion capital. Key capital expenditure for 2012 included. capitalised deferred stripping (US$25 7 million), mine equipment (US$10 5 million), infrastructure investment (US$14 5 million), and capitalised exploration drilling costs (US$5 2 million) Included in capital expenditure is a non-cash reclamation adjustment which amounted to US$7 5 million

The Special Mining Licences for North Mara were renewed during the fourth quarter, on the existing terms for a 15 year period. This renewal supports our long-term planning and will assist in unlocking value from the asset base

The life of mine footprint continues to be a challenge at North Mara due to increases in land acquisition costs driven by high levels of speculation This has led to the ongoing suspension of operations in the Nyabirama pit We are engaging with local and central government in order to find a solution. During the year we received PAF waste dump permits necessary for the immediate operations of the site and we continue to apply for permits to meet ongoing requirements.

We continue to work with the relevant authorities to progress the lifting of the Environmental Protection Order at North Mara in order to be able to discharge water NEMC, the environmental regulator, has recently visited the operation for a final review and we are now awaiting their approval

Tulawaka

Operating performance

Tulawaka's attributable gold production for the year was 31,028 ounces, compared to 58,871 ounces in 2011 The decreased gold production level resulted from lower mined grade from underground stopes and the application of batch milling in order to drive plant efficiencies Gold ounces sold were broadly in line with production.

Cash costs for the year were US$1,269 per ounce sold, compared to US$727 in 2011 This cost increase was mainly due to the lower production base and the impact of lower capitalised mining These were slightly offset by lower sales related costs due to lower sales ounces

Cash cost per tonne milled increased to US$219 in 2012 (US$146 in 2011), primarily as a result of a lower mill throughput due to the batch milling campaign

Capital expenditure for the year of US$24 6 million was 22% lower than in 2011 (US$31 7 million) Key capital expenditure for 2012 included capitalised exploration drilling and underground development costs (US$10 2 million), relating to mine life extension evaluations, and infrastructure investments into the tailings storage facility, security and accommodation (US$4.2 million), which will form part of the closure plan Included in capital expenditure is a non-cash reclamation adjustment which amounted to US$1 3 million

Following the decision to phase out this operation in 2013, and in combination with the downward revision of reserves, we have recognised a non-cash impairment charge of US$44 5 million in respect of Tulawaka, given the current mine plan and limited mine life This is a result of the mine life net carrying value exceeding the recoverable amount by US$41 0 million and the impairment of capitalised exploration costs relating to the Moja-Moja project of US$3 5 million

Key mine statistics (70%)

	Year ended 31 December 2012	2011
Underground ore tonnes hoisted (Kt)	124	144
Open pit ore tonnes mined (Kt)	43	22
Open pit waste tonnes mined (Kt)	222	497
Ore milled (Kt)	185	291
Head grade (g/t)	5 5	6 6
Mill recovery (%)	95 5%	95 1%
Ounces produced (Oz)	31,028	58,871
Ounces sold (Oz)	31,920	58,415
Cash cost per ounce sold (US$/Oz)	1,269	727
Cash cost per tonne milled (US$/t)	219	146
Capital expenditure (US$'000) (100%)	24,588	31,652

The statistical information presented includes Non-IFRS measures An explanation of Non-IFRS measures is included as part of the glossary

2013 Priorities

- Harvest high grade pillars and close/divest operation
- Implement closure plan in conjunction with the Tanzanian government
- Redeploy employees within our other operations

Contribution to Group ounces

5%

TRIFR

1.38

Total reserves and resources (Koz)

175

Overview

Performance

Governance

Financial statements

Shareholder information

Exploration and development review

Progressing growth opportunities

Overall, 2012 was a successful year of execution and delivery for both the Exploration and Projects teams across our greenfield and brownfield exploration and development projects

ONGOING PROJECTS

Greenfield

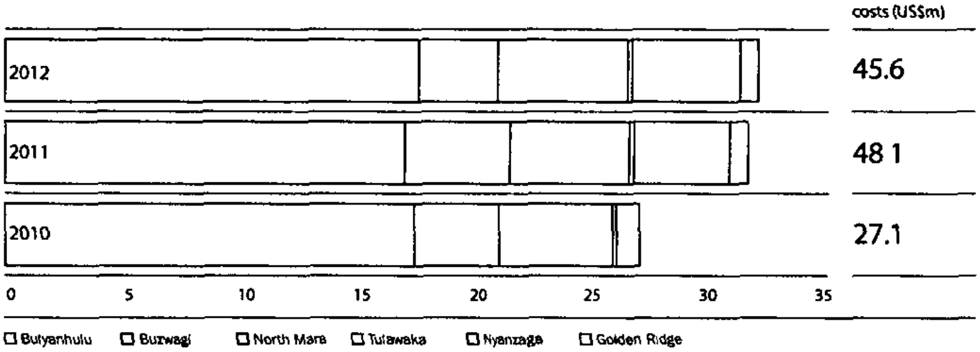
- Nyanzaga
  Dett
- West Kenya JV

Brownfield

- Bulyanhulu
  - Upper East Expansion
  - Buly Reef Extensions (East & West)

  North Mara
  - Gokona Expansion
  - Nyabirama Expansion

RESOURCE GROWTH
Total Gold Reserves and Resources (Moz)



Overview of 2012 activities

During 2012, US$29 0 million of exploration and evaluation activities were expensed, with a further US$16 6 million of capitalised exploration and evaluation activities taking place. Key highlights include the addition of significant resource ounces at Nyanzaga, successful drilling results from brownfield exploration programmes at North Mara and the acquisition of the West Kenya JV project.

In early 2012 we announced an increase of over 3 million ounces of Indicated and Inferred in-pit resources at Nyanzaga and in April, following further successful drilling of the Kilimani Zone, we added approximately 500 thousand ounces of gold to this resource The project subsequently returned a positive scoping study and has been moved into a pre-feasibility study Exploration drilling in 2013 at Nyanzaga will continue to target the extensions of high grade zones intersected by deep drilling

At the North Mara mine, brownfield exploration drilling programmes were completed below the Gokona and Nyabirama open pits targeting significant resource expansions with the aim of expanding the current open pits and/or developing underground resources. Both programmes achieved their aims, with a trade-off analysis being completed to determine how we proceed with scheduling and mining the expanded resources at Gokona and a scoping study now underway at Nyabirama

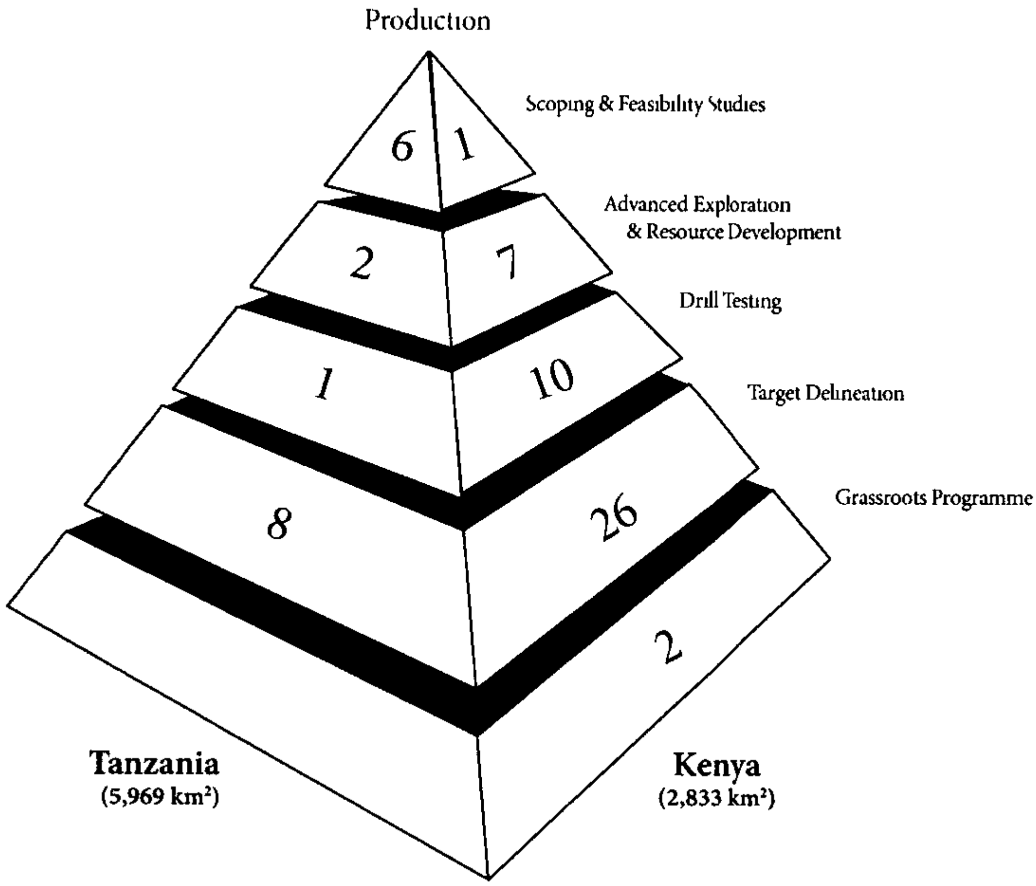
At Bulyanhulu, Board approval was granted for the CIL Expansion project The project has progressed well with site works now underway Project commissioning is targeted for early 2014. Additionally, the Bulyanhulu Upper East Expansion project has now been expanded in scope to include both of Reef 1 and Reef 2 and has the potential to add an average of 90 thousand ounces of gold per year to production over the life of mine

Greenfield exploration

Greenfield exploration is a key value driver, and when successful, it enables the business to generate future production ounces at competitive cost Therefore, significant focus in 2012 has been placed on identifying new greenfield exploration opportunities throughout Africa to strengthen our exploration portfolio. Collectively, the greenfield exploration programmes we have undertaken have further strengthened our portfolio of exploration projects, with the potential to add significantly to our production profile over the medium term

We have made good progress at our Nyanzaga project throughout the year as noted above Elsewhere in Tanzania, during the year wide zones of lower grade mineralisation have been intersected at the Dett prospect 45 kilometres west of the North Mara mine Current drilling is targeting higher grade zones within this mineralised system in order to further explore its potential

EXPLORATION PIPELINE



In addition, initial exploration programmes conducted on the West Kenya JV Project following completion of our acquisition of AMKL have already started to yield positive results at several prospects within the 2,800 square kilometre land package. In 2013, we will continue our focus on advancing grassroots and other early stage prospects on this project to drill ready status. At the same time, we will continue to advance opportunities at drill testing and advanced exploration stages of the exploration pipeline toward tangible resource projects.

Brownfield exploration

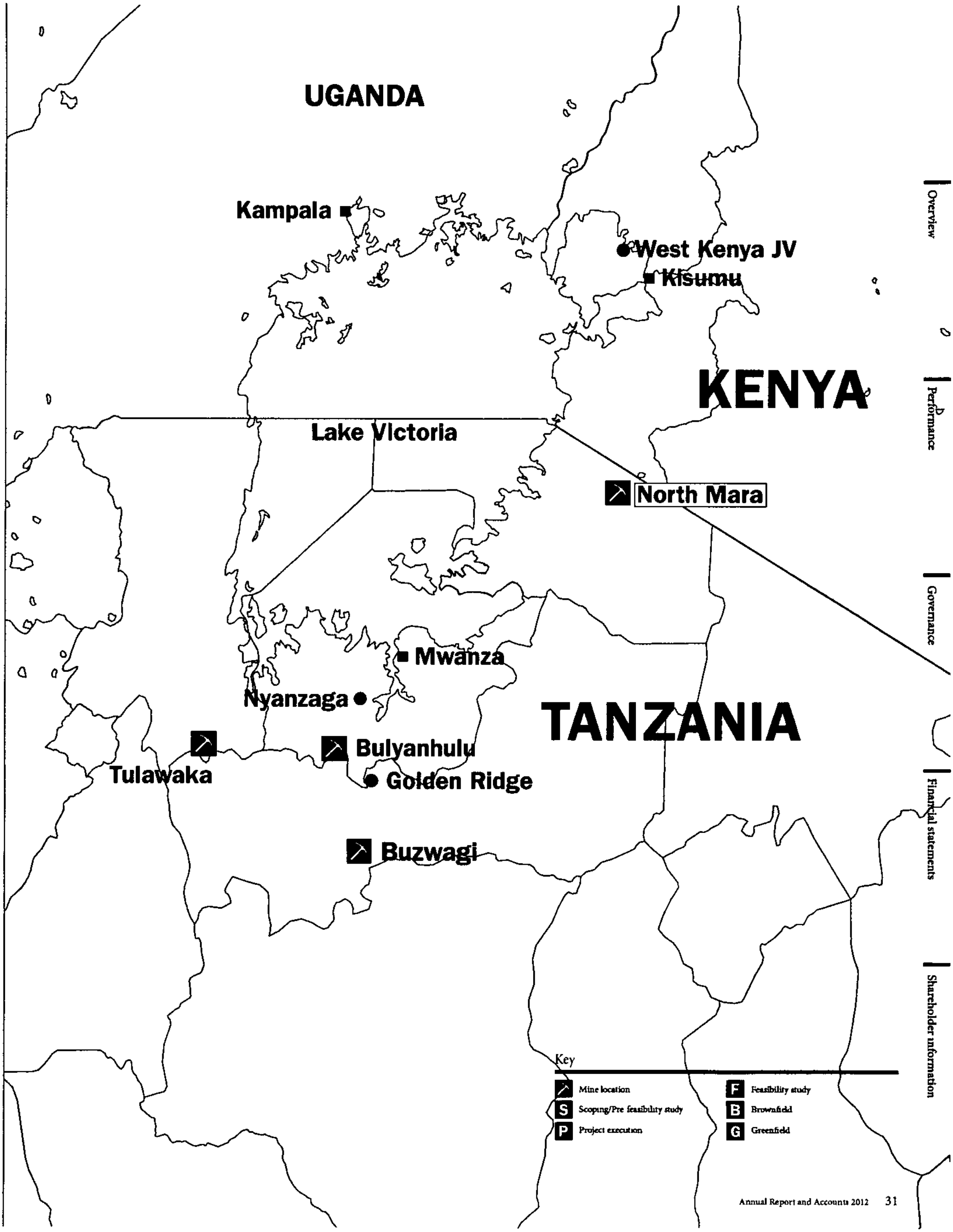
In 2012, near mine brownfield exploration successfully identified extensions to known resources. The main focus was Gokona and Nyabirama depth extensions at North Mara where drilling returned excellent results from infill and step-out resource drilling. At Gokona, we intersected significant high grade mineralisation up to 300 metres below the current final open pit depth, further supporting the opportunity for a significant high grade underground resource.

At Bulyanhulu, we undertook a small programme of infill drilling around the planned Reef 2 Upper East underground. The drilling was successful at delineating extensions to known high grade shoots around the margins of the existing resource as well as confirming grade continuity within reserve areas. Further drilling is scheduled for 2013 to expand the Reef 2 resource in deeper areas of the mine to enhance future planning and life of mine scheduling.

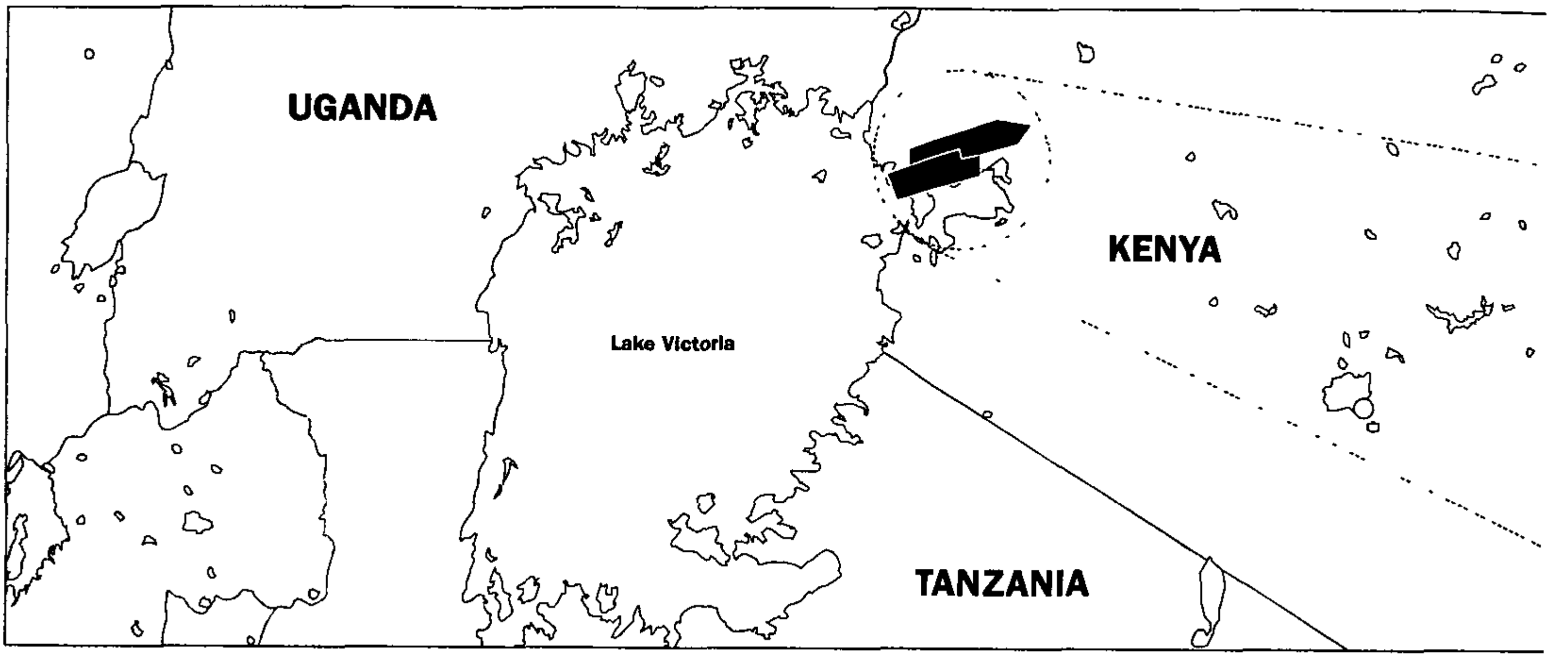
In 2013 there will be a significant focus on realising resource expansions around our Bulyanhulu and North Mara operations.

Core growth projects

Growth project	Progress in 2012	Priorities for 2013
P B **Bulyanhulu CIL Expansion** This project will expand the current CIL circuit at Bulyanhulu to 2.4 million metric tonnes per annum in order to re-treat historic tailings, and increase production by approximately 40 thousand ounces of gold per annum for the first six years of operation. The project has been progressing according to plan, with commissioning on track for early 2014. In conjunction with this, we have now submitted the Environmental and Social Impact Assessment to the Tanzanian Government, as required for the extension of the existing tailings storage facility at Bulyanhulu.	• Detailed engineering design 85% complete • EPC contract awarded to MDM Engineering to manage the project • Project financing arranged for the provision of an export credit facility for US$142 million	• Completion of engineering design • Receipt of approvals for the life of mine tailing storage facility • Substantial completion of construction ahead of commissioning in early 2014
F B **Bulyanhulu Upper East Expansion** This project was previously solely based on the 1.2 million ounces of gold reserves located in Reef 1 of the Upper East Zone; we have now completed a positive scoping study to incorporate the 900 thousand ounces of gold which currently sit in reserves in Reef 2. We are progressing pre-feasibility and feasibility work on Reef 2 with the aim of completing a combined feasibility study for both reefs. Production from the Upper East Zone is targeted to commence in late 2014 and is expected to average in excess of 90 thousand ounces of gold per annum over the life of mine.	• Expansion of the scope of the project to include Reef 2 as well as Reef 1 • Development of test stope and completion of rehabilitation of main decline • Board approval to order certain long lead items	• Complete the development of a test stope and successful completion of trial mining • Receipt of Board approval to proceed with project execution • Continue exploration drilling to expand Reef 2 resource
F B **Gokona Expansion, North Mara** Drilling programmes in 2012 targeted extensions to the Gokona mineralised system at depths below the current planned open pit. The aim of the drill programmes was to expand the potential underground resource in order to complete a detailed feasibility study. Drilling has been successful in demonstrating that high grade mineralisation extends to significant depths below the Gokona pit and studies are currently underway to determine the optimal way of integrating the underground and surface resources in order to maximise the life of mine return at North Mara.	• Significant exploration intersections demonstrating good grade continuity • Gokona underground resource increased to approximately 900 thousand ounces	• Complete feasibility study
F **Golden Ridge** Golden Ridge is a satellite deposit, approximately 35km from Bulyanhulu. During 2012 we completed a metallurgical drilling programme and incorporated the findings into our existing model. We continue to examine the opportunity to use Bulyanhulu as a potential processing facility and this will progress on completion of the technical review process currently being conducted at Bulyanhulu as a part of the Operational Review.	• Completion of metallurgical drilling programme to update resource model • Initiation of study into toll milling ore at Bulyanhulu	• Completion of study into incorporating Golden Ridge into the Bulyanhulu life of mine
S B **Nyabirama Expansion, North Mara** Brownfields exploration drilling around the Nyabirama open pit during 2012 has targeted opportunities for open pit expansions and underground extensions. Drill results during 2012 demonstrated that gold mineralisation continues to significant depths below current and future open pit depths and that further drilling is warranted to assess the size potential of the Nyabirama system. The results from the 2012 drilling have been incorporated into a scoping study that is expected to be completed in early 2013.	• Exploration drilling intersected extensions to current resources indicating the system is robust at depth	• Complete the Nyabirama resource update • Complete scoping study on pit expansion and underground potential
S G **Nyanzaga** Following a highly successful drilling programme we were able to increase the size of the in-pit resource at Nyanzaga by more than 3.5 million ounces and it now stands in excess of 4.6 million ounces of gold. We have successfully completed the scoping study for the project and have now moved into the pre-feasibility stage where we will examine different options for developing the in-pit resource. In order to ensure an appropriate mix of upfront capital and future cash flows we will examine a range of options for the size of the process plant up to 8 million metric tonnes per annum.	• Expansion of in-pit resource to in excess of 4.6 million ounces • Positive exploration results showing higher grade zones both at surface and depth • Project moved from scoping into pre-feasibility study stage	• Successful completion of the pre-feasibility study in the first half of 2013 • Optimisation of the capital and operating costs if moved into a feasibility study • Drilling of deep exploration holes to target underground potential


UGANDA
Kampala
West Kenya JV
Kisumu
KENYA
Lake Victoria
North Mara
Mwanza
Nyanzaga
TANZANIA
Tulawaka
Bulyanhulu
Golden Ridge
Buzwagi
Key
Mine location
S Scoping/Pre feasibility study
P Project execution
F Feasibility study
B Brownfield
G Greenfield

Entry into Kenya



2012 Progress

- Acquisition of West Kenya JV project completed in late 2012
- Drilling continued to intersect significant gold mineralisation on targets around the Kakamega Dome
- Initial high grade gold zones intersected at the Ramula project in the Lake Zone Gold Camp

2013 Priorities

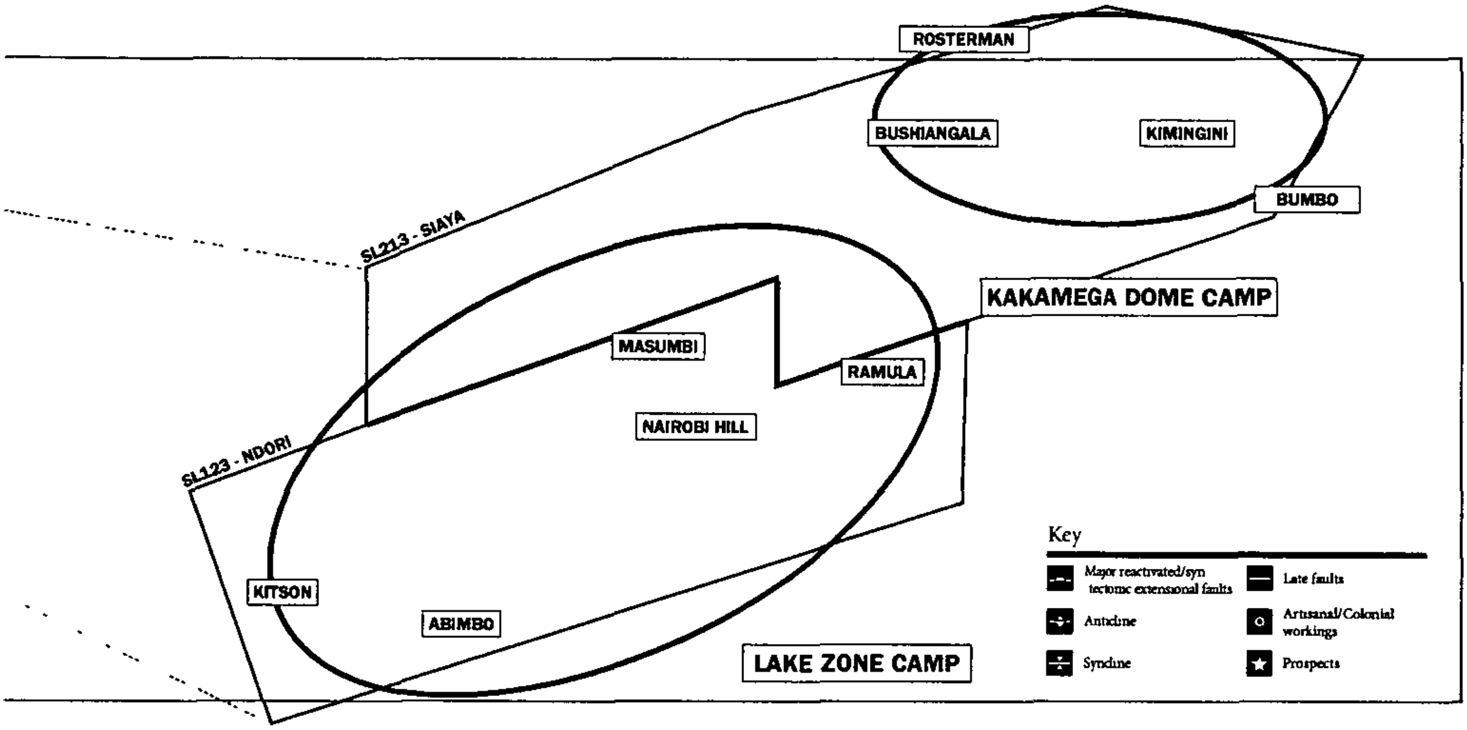
- Advance drill testing stage targets at Bushiangala, Rosterman and Kimingini around the Kakamega Dome Camp
- Delineate potential for new discoveries at Ramula, Masumbi, Abimbo, Kitson and Wagusu projects in the Lake Zone Camp
- Advance regional understanding of geology and structure throughout the project
- Identify new projects at all stages across the exploration pipeline

West Kenya Joint Venture Project

In October 2012 we announced the acquisition of AMKL from Aviva Corporation. Through the acquisition of AMKL, ABG now owns a 51% interest, with the potential to move to 75% in a joint venture with Lonmin plc, and AMKL's right to earn up to a 75% interest in a second joint venture with Advance Gold Corporation. The acquisition of the interests provides an opportunity for ABG to enter an under-explored region with multiple styles and types of gold prospects in a country with solid transport infrastructure and synergies with Tanzania.

The licence areas, which have only seen limited previous exploration, contain multiple large-scale gold anomalies and cover five contiguous licences over a land package in excess of 2,800 square kilometres of the highly prospective Ndori Greenstone Belt in Kenya, which forms part of the Tanzanian Archaean Craton. The Ndori Greenstone Belt has all the geological characteristics of the highly productive greenstone belts of the Abitibi region of Canada and the Eastern Goldfields of Western Australia. Colonial and artisanal mining and prospecting has identified in excess of 130 prospects and targets across the licensed properties. Sporadic historic and current exploration activities have identified a large number of targets that justify extensive follow-up, and ABG intends to implement a systematic and focused gold exploration programme. These targets represent a significant addition to the grassroots and target delineation segments of our exploration pipeline.

During 2013 we will focus on advancing our knowledge of the Ndori Greenstone Belt geology and structure through regional programmes, including drill testing of the more advanced stage targets. The initial aim



for 2013 is to drill up to 50,000 metres of aircore, reverse circulation and diamond drill core, and to collect more than 15,000 auger and soil samples throughout the properties.

Generally, we expect to see the West Kenya JV project develop over the coming year through an expansive programme of early stage reconnaissance work and later stage drill testing with the aim of identifying several projects to move into resource definition drilling.

To take this forward, we have divided the licensed properties into two large-scale gold camps, the Kakamega Dome Camp in the east and the Lake Zone Camp to the west, in order to focus our exploration activities and teams to ensure we are advancing the best targets

Kakamega Dome Camp

The Kakamega Dome Camp has over 70 known gold occurrences from historic exploration and prospecting activities.

Exploration over the past ten years has focused on soil sampling, ground geophysics and drilling The majority of recent exploration activity undertaken prior to ABG's acquisition of AMKL was focused on the Bumbo VMS Cu-Zn-Ag-Au deposit in the south of the camp and at the Bushiangala and Kimingini prospects on the south side of the interpreted Kakamega Dome

Reconnaissance aircore drilling in 2013 will focus on the Liranda Lineament on the south side of the Kakamega Dome, which is a feature observed in airborne magnetic surveys, and is co-incident with a 15-20 kilometre roughly east-west corridor of gold in soil anomalies This programme will be aimed at delineating targets for deeper drill testing. Drilling to date has revealed excellent results, indicating that the systems remain open at depth and that strike extensions can be expected. Additional deeper drilling will be undertaken at Bushiangala and Kimingini to further explore this opportunity

Lake Zone Camp

The Lake Zone Camp has over 60 gold occurrences from historic exploration and prospecting activities Exploration over the past ten years has included soil sampling, ground and airborne geophysical surveys and limited shallow percussion drilling.

Activities in the Lake Zone Camp during 2012 focused on core drilling of several projects to investigate the style and controls on gold mineralisation at several prospects At one such prospect, known as Ramula, results from drill programmes have been positive and we have already intersected significant gold mineralisation in diamond drill core when testing a 600 by 400 metre gold in soil anomaly with some associated artisanal mining activity Drilling on the project will be accelerated in early 2013 and a second rig will be brought in to test greater depths

Ongoing exploration programmes in the Lake Zone Camp will focus on developing a number of drill ready targets, while at the same time completing extensive regional programmes to generate new targets for prospecting activities

Increasing focus on cost control

"Operational challenges were reflected in our financial results for the year."

Kevin Jennings,
Chief Financial Officer

	Year ended 31 December	
	2012	2011
Attributable gold production (Oz)[1]	626,212	688,278
Attributable gold sold (Oz)[1]	609,252	699,539
Cash cost per ounce sold (US$/Oz)[2]	949	692
Average realised gold price (US$/Oz)[2]	1,668	1,587
Revenue (US$'000)	1,087,339	1,217,915
EBITDA (US$'000)[2]	330,869	545,448
Cash generated from operating activities (US$'000)	257,903	498,323
Net earnings (US$'000)	59,471	274,895
Net earnings per share (US cents)	14 5	67 0
Adjusted net earnings (US$'000)[2]	105,484	274,895
Adjusted net earnings per share (US cents)	25 7	67 0
Dividend per share (US cents)[3]	16 3	16 3
Operating cash flow per share (US cents)[2]	62 9	121 5

1 Attributable production and sold ounces reflects equity ounces which excludes 30% of Tulawakas production and sales base

2 Cash cost per ounce sold, cash margin, average realised gold price EBITDA, operating cash flow per share adjusted net earnings per share and adjusted net earnings are non-IFRS financial performance measures with no standard meaning under IFRS Refer to Non-IFRS measures provided as part of the glossary for the definitions of each measure

3 Includes final recommended dividend to be paid in 2013

Overview of 2012 financial performance

Overall, challenges to operating performance negatively impacted the Group's financial results for the year

- Revenue of US$1,087 3 million was 11% lower than in 2011,
- Cash costs increased to US$949 per ounce sold (US$692 in 2011),
- EBITDA decreased by 39% to US$330 9 million,
- Adjusted net earnings decreased by 62% to US$105 5 million,
- Adjusted earnings per share amounted to US25 7 cents, down from US67 0 cents in 2011, and
- Operational cash flow of US$257 9 million was 48% lower than 2011

Notwithstanding our financial performance we have maintained a strong financial position with a net cash balance of US$401 million at year end, and we have maintained the full year dividend at the same level as 2011

In line with the Operational Review, the 2013 key finance initiatives will be

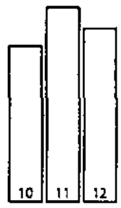
- Conducting a cost and organisational structure review to align our current cost profile with the scale of the business,
- Continuing our focus on working capital optimisation, and
- Continuing our focus on capital prioritisation and optimisation

The following review provides a detailed analysis of our consolidated financial results and the main factors affecting financial performance in 2012 It should be read in conjunction with the consolidated financial statements and accompanying notes to the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS")

Financial performance

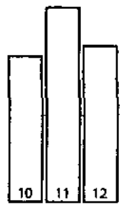
Revenue for the year of US$1,087 3 million was 11% lower than in 2011 (US$1,217 9 million) due to decreases in our production levels and gold sales Year on year Group gold sales volume decreased by 13 1%, while gold revenue benefited from higher average realised gold prices The decrease in gold sales was primarily due to the lower production base and the back-ended nature of production in December 2012, which deferred sales into 2013 The average realised gold price was US$1,668 per ounce in 2012 compared to US$1,587 per ounce in 2011 Co-product revenue amounted to US$48 0 million for 2012, a 29% decrease on 2011 (US$67 9 million) due to lower sales volumes and prices The decrease in the production of gold/copper concentrate at Bulyanhulu and Buzwagi resulted in the decrease in copper sales volumes The 2012 average realised copper price of US$3 57 per pound compared unfavourably to 2011 (US$3 82 per pound), and was driven by global market factors regarding supply and demand.

REVENUE
(US$ 000)



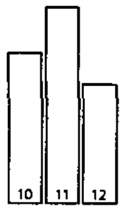
US$1,087,339

CASH MARGINS[2]
(US$/Oz)



US$719/oz

EBITDA[2]
(US$'000)



US$330,869

Market overview

The key external drivers of our financial results are commodity prices, exchange rates and the price of oil Their impact in 2012 and our positioning going into 2013 are set out below

Commodity prices

Gold prices have a significant impact on ABG's operating earnings and its ability to generate cash flows In 2012 the price of gold traded in a range of US$1,540 to US$1,790 per ounce and closed at US$1,675 per ounce Gold prices averaged US$1,669 per ounce in 2012, a new record average and a US$97 per ounce improvement on the US$1,572 per ounce average in the prior year period.

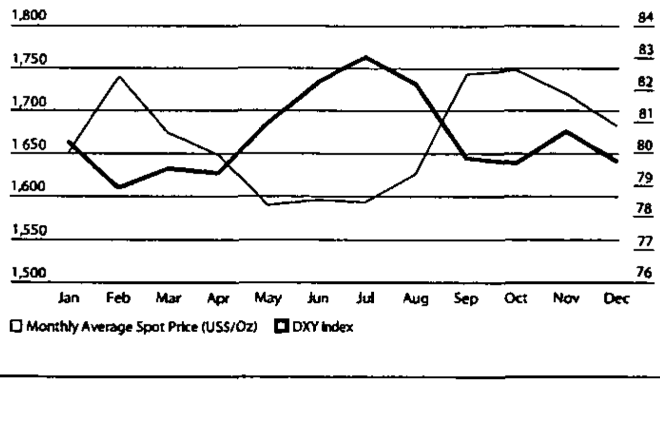
The market price of gold has been positively influenced by low US dollar interest rates, sovereign debt concerns, investment demand and the monetary policies put in place by the world's most prominent central banks As a result of the global easing of monetary policy, as well as large fiscal deficits 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 the impact of central bank gold purchases and investor interest in owning gold. In 2012, central banks purchased an estimated 536 metric tonnes of gold, and investor interest led holdings by major global exchange traded funds to increase by 10 million ounces in the year to total 89 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 which is recognised as part of revenue. Copper prices traded in a wide range of US$3 29 to US$3 93 per pound and averaged US$3 61 per pound (compared to US$4 00 per pound in 2011) Copper's fall during the second half of 2012 occurred mainly due to uncertainty regarding the global economic recovery, and softer demand from emerging markets, especially China. We expect copper to benefit as the US domestic recovery accelerates and the effects of the European financial crisis become clearer Copper prices will likely also be boosted by a resurgence of Asian demand, and by the limited availability of scrap metal and lower production levels of mines and smelters

We will continue to monitor prices and take advantage of opportunities to hedge the copper price at acceptable price levels

SPOT GOLD PRICES VS DXY INDEX



Market review continued

Fuel

During 2012, Brent crude oil traded between US$126 and US$89 per barrel and averaged US$112 per barrel. We consume approximately 625 thousand barrels 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 significant direct and indirect impact on our production costs.

Using three-way option strategies, we have put in place ceiling protection on approximately 40% of our expected oil exposure for 2013. The hedges cap our oil exposure at US$110 per barrel should oil trade between US$110 and US$135 per barrel. Should the price of oil fall, we will participate in the lower price to a floor of US$85 per barrel.

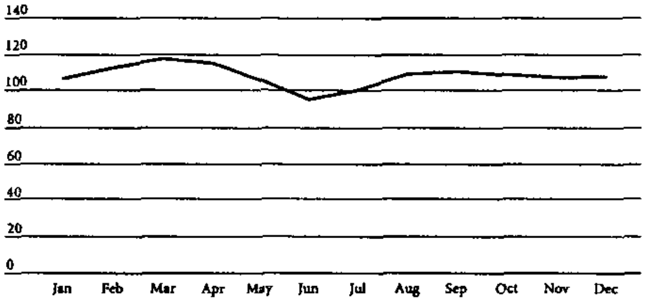
Currency exchange rates

A portion of the Company's costs are incurred in currencies other than US dollars. The exposure relating to other currencies is approximately 28% of the Company's total expenditure, of which the main contributing currencies are the Tanzanian shilling and the South African rand. In 2012, the rand declined significantly against the US dollar as investors shunned riskier rand-denominated assets in favour of alternative investments.

Using collar option strategies, we have put in place floor protection on approximately 74% of our expected rand operating expenditures for 2013 at average floor prices of ZAR8.31.

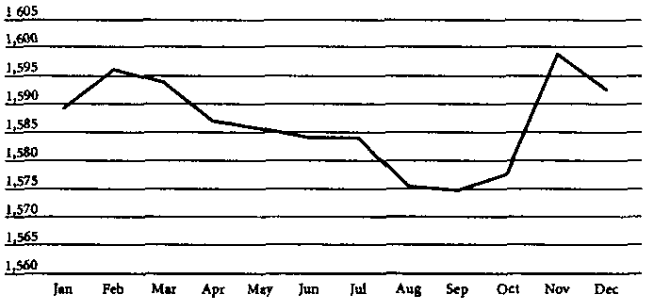
We have also used collar option strategies to put in place floor protection on approximately 84% of our expected rand-denominated capital expenses relating to the Bulyanhulu CIL Expansion project, for 2013 and 2014, at average floor prices of ZAR8.70 and ZAR8.90 respectively. We participate in rand weakness up to average ceilings of ZAR9.59 and ZAR9.80, for 2013 and 2014 respectively.

BRENT CRUDE
(US$ per barrel)



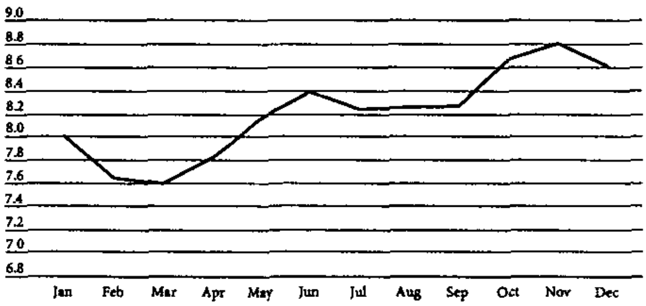
Source: Bloomberg (Monthly Average)

TANZANIAN SHILLING
(Shillings per US$)



Source: Bloomberg (Monthly Average)

SOUTH AFRICAN RAND
(Rand per US$)



Source: Bloomberg (Monthly Average)

Cost of sales equalled US$802 7 million for the year, a 14% increase on 2011 (US$704 1 million), primarily as a result of increases in direct mining costs and increased depreciation due to the increased asset base employed and depreciated and increased capital expenditure during the year The table below provides a breakdown of cost of sales

	Year ended 31 December	
(US$'000)	2012	2011
Cost of Sales		
Direct mining costs	581,483	510,465
Third party smelting and refining fees	18,574	21,400
Royalty expense	43,769	38,100
Depreciation and amortisation	158,883	134,149
Total	802,709	704,114

Overall, direct mining costs increased by 14% during 2012, when compared to 2011 The key factors for this increase include labour costs of US$177 9 million, an increase of 5% on 2011, due to increases in inflation and employee headcount at Buzwagi and North Mara, energy and fuel expenses of US$138 2 million, an increase of 31% on 2011, primarily due to increased reliance on diesel generated power at Buzwagi, consumables costs of US$105 8 million, a 13% increase on 2011, as a result of increased mining and processing activities and a change in processing mix at Buzwagi due to the mining of lower grade material, maintenance costs of US$98 4 million, a 24% increase on 2011, primarily due to North Mara's transition from a MARC to an owner maintenance model, general administrative costs of US$91 0 million, which after allowing for certain cost reallocations equalled a 9% increase on 2011, primarily driven by increases in camp and security costs, and capitalised direct mining costs of US$119 5 million, an 11% increase on 2011, due to increased deferred stripping costs at Buzwagi and higher capitalised development costs at Bulyanhulu.

Corporate administration costs totalled US$51 6 million for the year, a 5% increase on 2011 (US$49 1 million), primarily due to inflationary increases which drove labour costs higher and increased share based payment expenses as a result of our share price performance.

Exploration and evaluation costs equalled US$29 0 million for the year, a 5% decrease on 2011 (US$30 3 million) Key expenses included exploration drilling at Nyanzaga (US$5 6 million), drilling along the North Mara corridor (US$4 7 million), metallurgical sampling and modelling at Golden Ridge (US$1 6 million), and the Nyanzaga scoping study (US$1 3 million) An additional US$1 1 million of exploration costs were incurred following the AMKL acquisition Exploration funding provided to AMKL prior to completion of the acquisition of US$1 3 million has been treated as part of the acquisition cost

Corporate social responsibility expenses amounted to US$14 4 million for the year, approximately 95% higher than in 2011 (US$7 4 million) The increase was driven by VBIA project costs at North Mara and larger contributions to general community projects funded by the ABG Maendeleo Fund.

Other charges amounted to US$17 7 million for the year, 13% higher than in 2011 (US$15 6 million) The main contributors to this increase were (i) expenses incurred as a part of the CNG offer process, including adviser fees and workforce retention accruals totalling US$6 7 million, (ii) disallowed indirect tax claims of US$3 0 million (US$7 1 million in 2011) relating to ongoing discussions with the TRA on outstanding refunds and retrospective legislation changes, (iii) legal costs of US$1 7 million, (iv) ABG's entry into zero cost collar contracts as part of hedging arrangements to address copper, silver, rand and fuel cost volatility, resulting in a combined mark-to-market revaluation loss of US$1 7 million (US$7 9 million gain in 2011), (v) discounting adjustments of long-term indirect taxes of US$4 2 million, and (vi) foreign exchange gains of US$4 3 million (US$6 0 million loss in 2011), arising mainly from the devaluation of the ZAR against the US dollar Refer to Note 8 to the consolidated financial statements for further detail

Finance expenses of US$10 3 million remained in line with 2011 Key financing expenses included US$3 0 million for the servicing of our US$150 million undrawn revolving credit facility (US$4 6 million in 2011), and increased accretion expenses relating to the discounting of the environmental reclamation liability (US$4 0 million) Other costs include bank charges and interest paid on the factoring of concentrate receivables and finance leases At year end, ABG had no external debt Finance income earned during the year related predominantly to interest charged on non-current receivables and interest received on time deposits. Refer to Note 10 to the consolidated financial statements for further detail

Impairment charges of US$44 5 million (US$ nil in 2011) were recorded against Tulawaka, as a result of the annual impairment review of goodwill and other long-lived assets, when comparing the recoverable amount to the net carrying value of Tulawaka A review of Tulawaka's mine plan resulted in the downward revision of reserves from the high grade crown pillars due to geotechnical and recovery concerns. As a result the net carrying value exceeded the recoverable amount by US$41 0 million Also included in the impairment charge is the writedown of capitalised exploration costs of US$3 5 million relating to the unlikelihood of mining the Moja-Moja project near Tulawaka Refer to Notes 18 and 19 to the consolidated financial statements for details

Taxation expense decreased to US$71 1 million for the year, compared to US$117 9 million in 2011 The 2012 expense consists predominantly of deferred tax The lower tax expense was driven by lower profits before tax The effective tax rate in 2012 amounted to 60%, compared to 29% in 2011 The increase was mainly driven by tax losses of US$23 7 million for which no deferred income tax assets were recognised in respect of Tulawaka, ABG Exploration Ltd and ABG Plc stand alone assessed losses, and a charge of US$8 9 million relating to disallowed tax deductions from the results of a tax assessment completed by the TRA on Bulyanhulu historical tax returns This was further adversely impacted by a goodwill impairment charge that is not tax deductible Refer to Note 11 of the consolidated financial statements for details

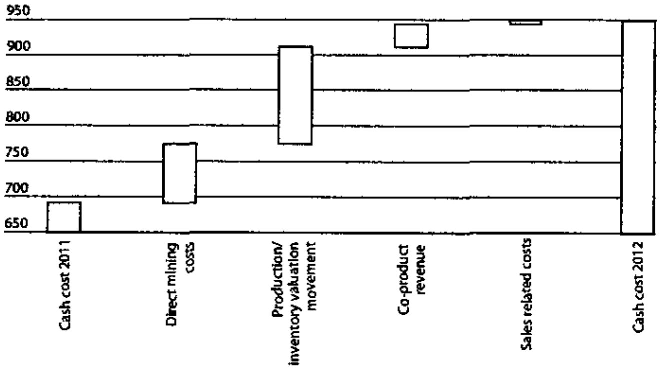
Net earnings were US$59 5 million for the year as a result of decreased revenue, increases in our cost base and the Tulawaka impairment charge This represents a decrease of 78% from 2011 earnings levels (US$274 9 million) Net earnings per share for the year amounted to US14 5 cents, a decrease of 78% from 2011 (US67 0 cents), as a result of the decrease in net earnings

Adjusted net earnings per share for the year amounted to US25 7 cents, compared to US67 0 cents in 2011 For 2012, we have calculated adjusted net earnings by excluding one off costs or credits relating to non-routine transactions from net profit attributed to owners of the parent Further details regarding the calculation of adjusted net earnings and adjusted net earnings per share are provided as part of the Non-IFRS measures definitions provided as part of the glossary

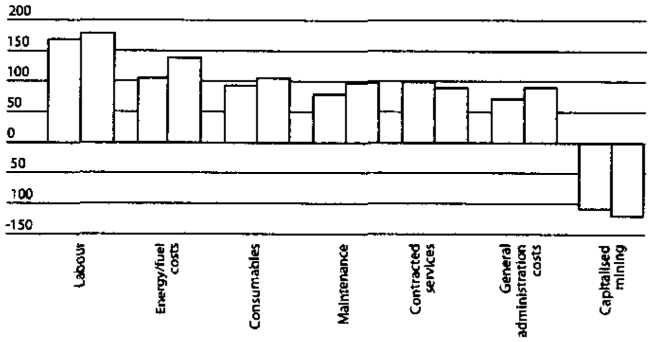
Financial review *continued*

Key financial highlights

CASH COST RECONCILIATION
(US$/Oz)



DIRECT MINING COST BREAKDOWN
(US$m)



Financial position

At year end, ABG had cash and cash equivalents of US$401 3 million (US$584 2 million in 2011) The Group's cash and cash equivalents are with counterparties whom the Group considers to have an appropriate credit rating Location of credit risk is determined by physical location of the bank branch or counterparty Investments are held mainly in United States dollars and cash and cash equivalents in other foreign currencies are maintained for operational requirements

During the year we progressed the negotiation of project financing for the Bulyanhulu CIL Expansion ("Project") with a commercial banking syndicate (Standard Bank, Standard Chartered and ABSA) for the provision of a US$142 million export credit backed term loan facility ("Facility"), and concluded this exercise in January 2013 The Facility has been put in place to fund a substantial portion of the Project construction costs, is secured upon the Project and has a term of seven years When drawn, the spread over LIBOR will be 250 basis points The Facility is repayable in equal instalments over its term, after a two-year repayment holiday period This financing complements our existing revolving credit facility of US$150 million which runs until 2014 and remains undrawn At year end, debt remained at zero

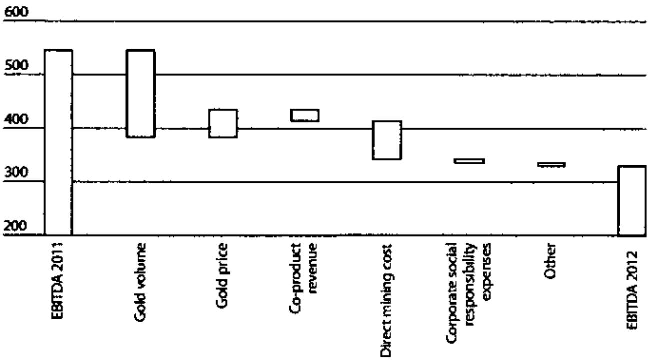
Goodwill and intangible assets increased by US$19 7 million from 2011, primarily as a result of the acquisition of intangible assets and goodwill from our acquisition of AMKL. This increase has been partially offset by the Tulawaka impairment charge. Refer to Note 19 to the consolidated financial statements for further detail.

The net book value of Group property, plant and equipment increased from US$1 82 billion in 2011 to US$1 96 billion in 2012 The main capital expenditure drivers have been explained in the section entitled cash flow used in investing activities below, and have been offset by depreciation charges of US$164 9 million and impairment charges of US$30 7 million at Tulawaka. Refer to Notes 18 and 19 to the consolidated financial statements for further detail

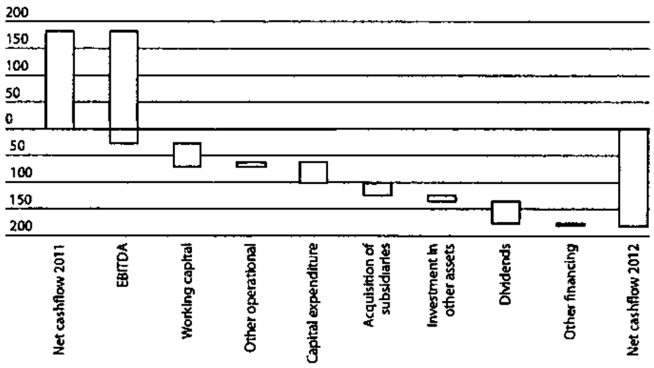
Total indirect tax receivables, net of a discount provision applied to the non-current portion, increased from US$85 3 million in 2011 to US$98 8 million in 2012 The increase was mainly due to the impact of VAT relief abolishment in the last quarter of 2012, offset by US$4 5 million in refunds received by ABG during the year The net deferred tax position increased from a net deferred tax liability of US$94 0 million in 2011 to a net deferred tax liability of US$171 2 million This was driven by taxable income generated during 2012 and the prior year adjustment relating to Bulyanhulu's corporate tax position (US$8 9 million) Tax losses carried forward have reduced from US$384 5 million in 2011 to US$321 0 million in 2012 US$88 9 million of deferred tax assets were not recognised as at 31 December 2012

Net assets attributable to owners of the parent decreased from US$2 76 billion in 2011 to US$2 75 billion in 2012 The decrease reflects the current year profit attributable to owners of the parent of US$59 5 million, which was offset by the aggregate amount of the final 2011 and interim 2012 dividends (US$70 1 million) paid to shareholders during 2012

EBITDA RECONCILIATION
(US$m)



CASHFLOW RECONCILIATION – 2011 VS 2012
(US$m)



Cash flow generation

(US$'000)	Year ended 31 December 2012	2011
Cash flow from operating activities	257,903	498,323
Cash used in investing activities	(360,655)	(281,532)
Cash used in financing activities	(79,439)	(32,682)
(Decrease)/increase in cash	(182,191)	184,109
Foreign exchange difference on cash	(615)	(967)
Opening cash balance	584,154	401,012
Closing cash balance	401,348	584,154

Cash flow from operating activities was US$257 9 million for the year, a decrease of US$240 4 million from 2011 The decrease primarily related to decreased EBITDA combined with an outflow associated with working capital (US$80 3 million) Working capital movements primarily related to increased investment in critical spares for major fleet overhauls at Buzwagi and North Mara and the impact of long lead times on consumable inventory levels (US$42 5 million), an increase in trade receivables (US$14.4 million), mainly due to the timing of shipments at year end, an increase in gold inventory on hand (US$16 6 million), mainly due to sales delays and increased ore valuation, and an increase in other current assets (US$21 3 million), mainly driven by high VAT receivables owed by the Tanzanian government.

Cash flow used in investing activities was US$360 7 million for the year Total cash capital expenditure for the year was US$312 7 million, a 14% increase on 2011 (US$273 2 million) driven by both increased sustaining and capitalised development expenditure, slightly offset by lower expansionary capital expenditure

A breakdown of total capital and other investing capital activities for the year is provided below

(US$'000)	Year ended 31 December 2012	2011
Sustaining capital	153,160	125,945
Expansionary capital	49,889	63,273
Capitalised development	109,626	83,990
Total cash capital	312,675	273,208
Non-cash rehabilitation asset adjustment	19,242	52,761
Non-cash sustaining capital[3]	8,378	19,266
Total capital expenditure	340,295	345,235
Other investing capital		
– AMKL acquisition[1]	22,039	–
– Non-current asset movement[2]	25,941	8,325

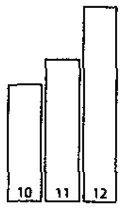
1 AMKL acquisition relates to the acquisition of the subsidiary, net of cash for US$22 0 million (inclusive of exploration funding US$1 3 million)

2 Non current asset movements relates to the investment in land acquisitions reflected as prepaid operating leases, Tanzanian government receivables and the settlement of a historical exploration acquisition liability at Buzwagi of US$6 6 million

3 Total non cash sustaining relates to the capital finance lease at Buzwagi for drill rigs in 2012 and the back up power generators in 2011 and also includes capital accruals excluded from cash sustaining capital.

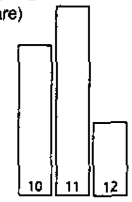
Key financial highlights

CASH COST PER OUNCE SOLD[1]
(US$/Oz)



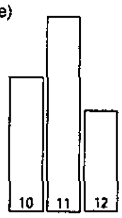
US$949/oz

ADJUSTED NET EARNINGS PER SHARE[1]
(US¢/share)



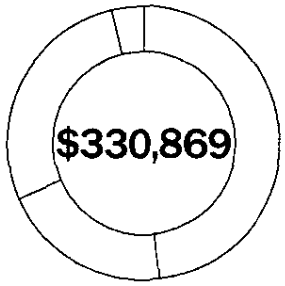
US25.7cents/share

OPERATING CASH FLOW PER SHARE[1]
(US¢/share)



US62.9cents/share

EBITDA BY MINE SITE[1]
(US$ 000)



	2012	2011
Bulyanhulu	204 348	256 504
Buzwagi	86 155	166 113
North Mara	117 576	128,627
Tulawaka	15 614	67,973
Other	(92 824)	(73,769)

1 Cash cost per ounce sold, EBITDA, adjusted net earnings per share and operating cash flow per share are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to Non IFRS measures provided as part of the glossary for the full definitions of each measure.

Sustaining capital expenditure included the renewal of mine equipment across our three main operations (US$50.0 million), investment in underground, camp and building infrastructure at Bulyanhulu (US$6.1 million), North Mara (US$14.5 million) and Tulawaka (US$1.2 million), process plant and tailings storage facility expansion expenditure at Buzwagi (US$3.8 million), Bulyanhulu (US$17.2 million), North Mara (US$2.5 million) and Tulawaka (US$3.0 million), and costs relating to the North Mara gold plant upgrade (US$4.1 million).

Expansionary capital expenditure consisted of the Bulyanhulu CIL Expansion (US$26.1 million) and capitalised exploration and evaluation costs of US$16.6 million. Capitalised exploration and evaluation costs predominantly relate to the Bulyanhulu Upper East Zone resource definition drilling (US$5.2 million), Gokona and Nyabirama underground drilling projects at North Mara (US$5.3 million), Nyanzaga pre-feasibility costs (US$3.2 million), and Tulawaka underground drilling (US$2.9 million).

Capitalised development capital includes capitalised deferred stripping at North Mara (US$25.7 million) and Buzwagi (US$31.1 million) and Bulyanhulu and Tulawaka capitalised underground development of US$45.6 million and US$7.3 million respectively.

Non-cash capital for the year totalled US$27.6 million and consisted mainly of reclamation asset adjustments (US$19.2 million) and the impact of sustaining capital accruals (US$6.8 million). Reclamation adjustments were driven by increased contractor equipment rates, additional disturbance caused by the expansion of mine sites and a change in discount rate.

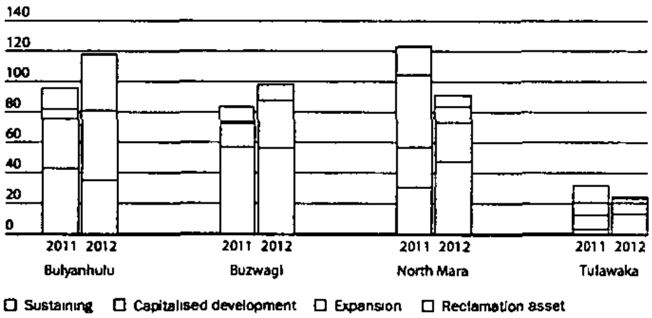
Other investing capital included the acquisition cost of AMKL (US$22.0 million) net of cash and inclusive of US$1.3 million exploration funding. During the year North Mara incurred land purchases totalling US$25.9 million which was slightly offset by cash proceeds on the sale of assets (US$4.6 million). We have also settled the historical exploration acquisition liability of US$6.6 million at Buzwagi.

Cash used in financing activities was US$79.4 million for the year, an increase on 2011 (US$32.7 million). The outflow primarily relates to the payment of the 2011 final and 2012 interim dividends. Finance lease liabilities amounted to US$5.7 million, an increase of US$3.5 million on 2011, as a result of payments required for a full year of financing leasing. MDN contribution payments in respect of Tulawaka for 2012 amounted to US$3.6 million.

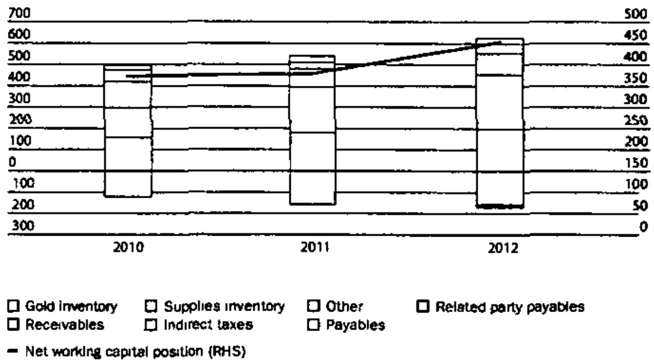
Final dividend of US12.3 cents per share has been recommended by the Directors for 2012, subject to the shareholders approving this recommendation at the AGM. An interim dividend of US4.0 cents per share was paid to shareholders on 24 September 2012.

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, nevertheless, actual results may differ. Information about such judgements and estimation is included in the accounting policies and/or notes to the consolidated financial statements. Key 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:

CAPEX BY MINE SITE
(US$m)



NET WORKING CAPITAL BREAKDOWN
(US$m)



- Estimates of the quantities of proven and probable gold reserves,
- The capitalisation of production 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;
- Property, plant and equipment held under finance leases,
- 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,
- Determination of the cost incurred in the productive process of ore stockpiles, gold in process, gold doré/bullion and concentrate, as well as the associated net realisable value and the split between the long-term and short-term portions,
- Determination of fair value of derivative instruments, and
- Determination of fair value of stock options and cash-settled share based payments

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 operational and financial review 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 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

Kevin Jennings,
Chief Financial Officer

Corporate responsibility

Responsible mining

"Responsible mining means conducting our business in a way that reflects our commitment to excellence, to the benefit of all stakeholders as a whole."

Overview of 2012 activities

Responsible mining has remained a key objective for our business in 2012 In this regard, we have made a number of developments within our sustainability programme, resulting in the achievement of a positive level of overall performance across this programme The material components of our sustainability programme for 2012 remained the same as those identified in 2011, these being Community Relations, Employees, Environment, Governance and Ethics, Health and Safety and Security and Human Rights

In the context of community relations, efforts for the year focused on the progression of community stakeholder engagement procedures, further implementation of ABG social incident reporting procedures, the continued implementation of the North Mara Co-Existence Plan, the development of social management plans to support our operations and further enhancements to our community relations management system.

We have made a number of positive developments throughout the year in our employee recruitment, retention, training and development programmes We have also been successful in the progression of employee localisation targets, whilst making improvements in ABG Group turnover rates overall

We progressed our environmental compliance programme throughout the year, primarily as a result of continued progress in the implementation of Group environmental management systems, enhancements made to the processes and procedures used to monitor environmental impacts at our operations and further improvements made to permitting processes

There are no new material adverse developments in the context of business governance and ethics for 2012 The majority of reports submitted in connection with our Business Ethics incident reporting procedures during the year related to employee matters at our operations None of the reports submitted are expected to have a significant effect on ABG

Core health and safety activities for the year focused on the continual progression of improvements in our Group total reportable injury frequency rate, which at 0 83 for the year is a 30% improvement on 2011, further implementation of critical risk standards, ABG health standards and key health and safety governance initiatives, namely our Visible Felt Leadership and Courageous Leadership training programmes However, despite progress made in these areas, regretfully we suffered two fatalities during the year

We continued to progress enhancements to our security function and compliance with our human rights commitments throughout the year Key achievements include the further enhancements of security infrastructure across our operations and increased participation in safety, security and human rights training programmes, involving participants from the ABG security function, the Tanzanian police force and local communities

Further details on 2012 performance and 2013 targets for each material component of our sustainability programme are provided below

Our material areas

Community Relations
- Stakeholder Engagement
- Social Impacts
- Community Development
- Resettlement

Employees
- Labour Practices
- Local Employment
- Employment Development
- Talent Retention

Environment
- Conservation and Protection
- Biodiversity
- Climate Change
- Management of Hazardous Materials

Health & Safety
- Operational Health & Safety
- Emergency Preparedness
- Community Wellbeing
- Incident Reporting

Security & Human Rights
- Stakeholder Engagement
- Training & Development
- Emergency Preparedness
- Incident Reporting

Governance & Ethics
- Business Ethics
- Code of Conduct
- Corporate Governance

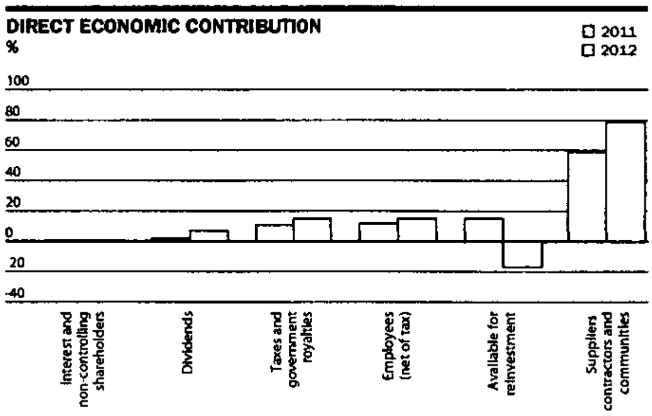
ABG's economic contribution

We contribute to the economic growth of our host communities, regions and countries in a number of ways to assist the progression of sustainable socio-economic development

ABG's total direct economic contribution was US$1,073 million in 2012 (US$1,063 million in 2011).

Direct economic contribution

Direct economic contribution is made up of the economic value we add by paying our employees, governments, suppliers, shareholders, contractors and communities However, our true economic contribution is far greater once the greater effects of our presence is considered These include the indirect effects of people spending their wages, governments distributing tax and royalty revenues, and neighbouring communities using the infrastructure developed for our operations

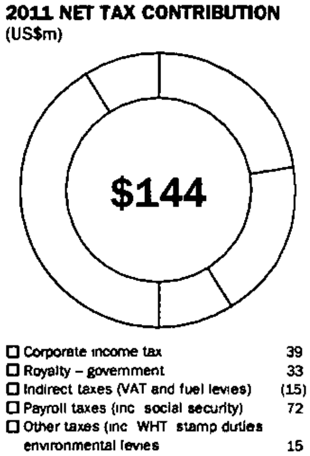


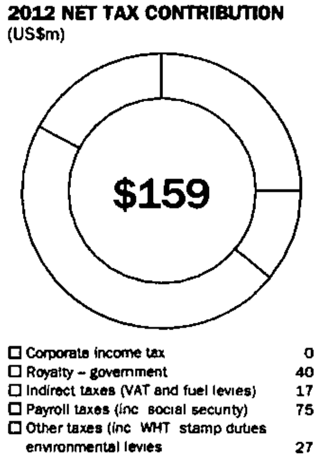
Of this, our net taxation contribution was US$159 million (US$144 million in 2011).

Taxation contribution

The table below shows the total of all tax payments for each of the main countries where we have operations or projects The distribution of taxes paid by the Group reflects the geographical spread of our business The majority of our taxes are paid in Tanzania, this being the location of our operating mines, followed by South Africa. Although ABG's headquarters are in London, only a small proportion of our operations are located in the UK. A large proportion of our administrative, finance and technical support functions are located in South Africa. Please refer to the government relations discussion provided as part of the Chief Executive Officer's statement for information regarding developments affecting royalty payments during the year

(US$'000)	Taxes borne	Taxes collected	Subtotal	Taxes refunded	Net payments to governments
Tanzania	99,658	54,991	154,649	(4,500)	150,149
South Africa	1,541	5,712	7,253	(1,146)	6,107
Other	1,656	2,381	4,037	(868)	3,169
Total	102,855	63,084	165,939	(6,514)	159,425





Progress made under the ABG Maendeleo Fund

We established the ABG Maendeleo Fund in 2011 as part of our commitment to promoting sustainable development in Tanzania ABG aims to commit US$10 million per year to the fund, making it the largest community development fund of its kind in Tanzania We use the fund to support all of our community investment programmes Funding priority is given to investments that support community development and capacity building, access to health, education and water and environment projects within communities surrounding our operations

Since its inception in 2011, the ABG Maendeleo Fund has approved funding for projects amounting to approximately US$7 4 million Of this amount, US$3 6 million was invested in projects during 2012 We invested US$1 4 million for projects supporting North Mara local communities, US$0 5 million for projects supporting Buzwagi local communities, US$0 1 million in projects that support Bulyanhulu local communities and US$0 3 million for projects supporting communities in the vicinity of Tulawaka. We also invested US$1 3 million in projects sponsored at a corporate level The majority of commitments relate to projects that support community development and access to healthcare and education

In addition to local initiatives, during the year we commenced sponsorship of a regional programme to fund the provision of additional school desks and other equipment to schools The project entitled "A desk for every child", aims at increasing school capacities to ultimately increase opportunities for access to education in ABG local communities Ultimately, we aim to contribute 5,000 new school desks to this project

Go online to find all the projects www africanbarrickgold com

Education

Supporting projects that increase access to education is a primary objective of the ABG Maendeleo Fund. Our core projects focus on increasing educational infrastructure, through the building and renovation of schools, providing core supplies, such as books and equipment, and providing scholarships and training opportunities for students and members of the teaching profession

Key projects supported in 2012	Amount invested in 2012
10	US$0.6million

Healthcare

We support access to healthcare through investment in a wide range of projects, including projects that build and strengthen local healthcare infrastructure, projects that increase healthcare capacities through training and development, the sponsorship of international surgical missions and by supporting a range of initiatives aimed at helping to combat core infectious diseases, namely malaria, HIV/AIDs, and tuberculosis

Key projects supported in 2012	Amount invested in 2012
16	US$1.5million

Community development

We support community economic development through training and employment initiatives and local trading arrangements We use local suppliers and businesses wherever possible for our operations, and support training programmes that aim to enhance skill sets within communities.

Key projects supported in 2012	Amount invested in 2012
11	US$1.5million

Community relations

The development of social management plans, which will act as the principal tool for the management of social performance across all ABG operations going forward, was a core focus for 2012. During the year we agreed the form of social management plan for use at North Mara and Buzwagi, both of which will be implemented in 2013. The social management plan for Bulyanhulu will be developed in 2013. Relevant components of a social management plan for Tulawaka will be included in the closure plan for this mine, given the current status of its mine life.

We continued to progress objectives under the North Mara Co-Existence Plan throughout the year. The execution of Village Benefit Agreements and Village Benefit Implementation Agreements with all seven villages surrounding the mine during the first half of the year represented a significant step in the agreement and identification of key social legacy issues with these communities. The initial investment under these agreements was estimated at US$8.5 million over the first three years, and we estimate that it could take a further three years to fully implement them, with a similar financial commitment over the second three-year period. The form of investment in each of the villages differs, but includes the development of school infrastructure, improvements in access to water supply, the upgrading of the Sungu-Sungu Clinic, so that it may qualify for ongoing government hospital funding, rehabilitation of village offices, and improvements to road and electricity supply infrastructure. In addition to this, we have also committed approximately 51% of ABG's total community investment for 2012 to projects in North Mara's surrounding areas. The remaining components of the North Mara Co-Existence Plan have been combined with the North Mara social management plan and will be taken forward as part of this plan.

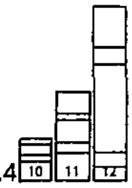
Group-wide community investments in 2012 amounted to approximately US$14.4 million, almost a 95% increase on 2011. Approved community investment projects principally focus on access to education, healthcare, water and the development of local infrastructure.

We continued our support for CanEducate in 2012, which raised total funds of approximately CAD$127,000. These funds will be used to support approximately 1,461 students in local communities around Bulyanhulu, Buzwagi and, following extension of the programme during the year, North Mara, as well as an orphanage in Dar es Salaam.

As part of our plans to enhance our social incident reporting practices, we developed new procedures for social and security risk assessments during the year. These procedures will be used to help to identify potential incidents, which pose significant social and security risks to our operating environment. Procedures are now at implementation stage and we aim to complete this across all operations by the end of 2013.

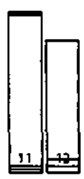
A total of 443 new grievances were lodged under the ABG community grievance management and resolution procedure in 2012. The majority of new grievances continue to relate to historic land compensation matters at North Mara.

TOTAL COMMUNITY INVESTMENT
(US$m)



Bulyanhulu	US$1.2
Buzwagi	US$1.2
North Mara	US$7.3
Tulawaka	US$1.3
Corporate	US$3.4

BREAKDOWN OF NEW GRIEVANCES LODGED
(total number)



Bulyanhulu	21
Buzwagi	23
North Mara	396
Tulawaka	3

Progress in 2012

- Execution of Village Benefit Agreements and Village Benefit Implementation Agreements with local communities at North Mara
- Development of social management plans for Buzwagi and North Mara
- Development of social and security risk assessments

Priorities for 2013

- Implementation of social management plans at Buzwagi and North Mara
- Development of a social management plan for Bulyanhulu
- Further progression of social incident reporting, grievance and risk identification

Case study: ABG social management plans

Social management plans, or SMPs as they are commonly referred to, are site specific framework plans that identify execution strategies for all social commitments identified and agreed for implementation as part of ABG's community investment and development commitments. The formulation of SMPs seeks to ensure that social obligations assumed by each ABG operation are identified and agreed in a transparent manner to appropriately balance commitments and the requirements of our operating environment. SMPs are developed by each site in collaboration with a wide range of stakeholders, including local communities and government departments, in order to ensure that plans are objectively formulated. Once agreed, SMP implementation is monitored against specified key performance indicators and project implementation timetables. Compliance with SMPs is also evaluated as part of a social monitoring process conducted by government bodies.

Employees

Turnover rates for our operations stabilised in 2012 at 14%, an improvement of 3% on 2011 turnover levels, and a notable achievement given the continued competition for qualified personnel across the mining industry generally During the latter half of the year we experienced a spike in resignations, notably at Bulyanhulu, as a result of potential changes to Tanzanian pension legislation We will continue to monitor developments in this area in 2013 We have continued to progress our commitment to the localisation of our workforce, with national employment levels amounting to 91% of our operations' workforce in 2012, a 2% improvement on 2011

We have further progressed training and development programmes throughout the year, increasing front line supervisor participation in our Supervisory Development Programme and high potential individuals' participation in our Management Development Programme Overall, 59% of Group employees participated in technical training courses during the year, compared to 56% in 2011

We employed 30 graduates from the Integrated Mining Technical Training ("IMTT") programme in 2012, this being a vocational training programme developed by ABG in conjunction with other stakeholders within the Tanzanian commercial mining industry, in order to support and progress technical training for the mining sector ABG currently sponsors 126 participants in the IMTT programme and reviews employment opportunities for programme graduates each year

The industrial relations climate has been stable across our operations and we ended 2012 without any new material industrial relations actions being commenced at any of our operations Overall approximately 41% of our national employees held union membership at year end, compared to 48% in 2011 We continue to foster good relationships with the Tanzanian Mining and Construction Workers' Union ("TAMICO") at all of our operations and we are further progressing employee consultation initiatives as part of our employee communications practices

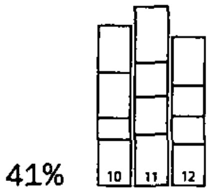
Progress in 2012

- The establishment of the ABG Talent Council to review succession planning and employee development requirements
- Progression of ABG capacity building initiatives to support employee localisation targets, particularly at senior level
- Improved employee consultation practices, including the establishment of workplace communication forums

Priorities for 2013

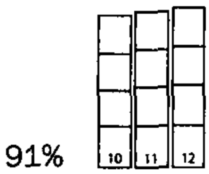
- Achieving a localisation target of 93% across our operations
- Stabilising turnover of high potential individuals at 5% across our operations
- Making further enhancements to employee and industrial relations engagement processes

UNION MEMBERSHIP
(percentage of national workforce)



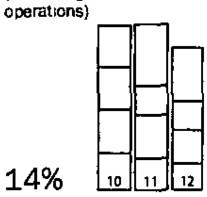
Bulyanhulu	46%
Buzwagi	31%
North Mara	34%
Tulawaka	54%

LOCALISATION OF WORKFORCE
(percentage of national workforce)



Bulyanhulu	94%
Buzwagi	91%
North Mara	86%
Tulawaka	87%

GROUP WIDE TURNOVER
(percentage within operations)



Bulyanhulu	12%
Buzwagi	15%
North Mara	13%
Tulawaka	24%

Case study
Supporting professional development

ABG operates a professional development education programme which provides sponsorship to individuals for professional studies Richard Ojendo, Construction Manager at Buzwagi Mine, participated in this programme, receiving sponsorship for an MSc in Construction Project Management from Heriot-Watt University, Edinburgh. He graduated with a master's degree in November 2012 The master's programme focused on international best practice as regards the management of construction projects, helping Richard to further develop his knowledge and skills in this area, skills that will now be employed in the performance of his responsibilities at ABG

Environment

We continued to enhance the ABG Group's environmental and permitting management systems throughout the year in order to improve alignment with operational objectives.

GHG emissions for the year equalled 359,458 metric tonnes of which 71,010 metric tonnes represented indirect emissions and 288,448 metric tonnes represented direct emissions Overall, this is a 24% increase on GHG emissions from 2011 The increase is primarily due to increased self generation of power at each of our sites, notably at Buzwagi, and increases in the size of mobile fleet across our operations We continue to review feasible options to improve GHG emission levels in the context of the reliability of grid power supply In addition, we are in the process of reviewing appropriate targets in the context of the new mandatory GHG emission reporting requirements that will be introduced in 2013 for UK listed companies and will provide an update on this in due course

Our ability to progress efficiencies in energy use and conservation initiatives continues to be impacted by ongoing interruptions to electricity supply in Tanzania. In 2012 we used 592 megajoules of energy per tonne of ore processed, a 17% increase on 2011 levels Our energy profile for the year comprised 82% diesel use, 17% electricity use, with our use of explosives, propane, petrol and other fuels remaining largely equivalent to 2011 Key energy conservation projects implemented in 2012 included the installation of a plant efficiency programme at Bulyanhulu

In 2012 we used 7 4 million cubic metres of water across our operations, of which 4 3 million cubic metres represents fresh water Overall our use of fresh water remained in line with 2011 (4 3 cubic meters in 2011) In addition, we improved efficiencies in water use generally in 2012, using 550 litres of water per tonne of ore milled, a decrease of 3% on 2011 levels (568 litres of water per tonne milled)

We continued to progress our hazardous materials management practices throughout the year with the development of non-mineral waste management plans for all of our operations These plans will advise sites on actions required in order to comply with Tanzanian legislation and satisfy good waste management practices. In addition, Bulyanhulu obtained full recertification under the International Cyanide Management Code, in line with key priorities set for the year We have also continued to progress Buzwagi's initial certification under this code, in conjunction with the ongoing commissioning of the Buzwagi detoxification plant. We now aim to complete this certification process in the first half of 2013

We are continuing to work with the relevant authorities to progress the lifting of the Environmental Protection Order ("EPO") at North Mara in order to be able to discharge water NEMC, the Tanzanian environmental regulator, has recently visited the operation for a final review and we are now awaiting their approval.

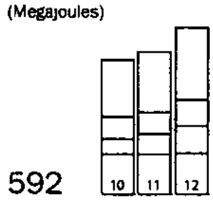
Progress in 2012

- Obtaining Bulyanhulu's recertification under the International Cyanide Management Code
- Improving water usage efficiencies by 3%
- Completion of closure plan for Tulawaka

Priorities for 2013

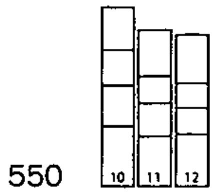
- Obtaining initial certification of Buzwagi under the International Cyanide Management Code
- Completing the commissioning of the North Mara Water Treatment Plant for the lifting of the EPO and obtaining a discharge permit for the site
- Completing the implementation of all non-mining waste management plans

ENERGY USED PER TONNE OF ORE PROCESSED
(Megajoules)



Bulyanhulu	797
Buzwagi	542
North Mara	507
Tulawaka	1 412

TOTAL WATER USED
(in litres used per tonne of ore produced)



Bulyanhulu	973
Buzwagi	479
North Mara	459
Tulawaka	896

Case study Environmental rehabilitation

The Gonzara area is a natural wetland area in the vicinity of the North Mara mine This area was adversely affected by soil contamination in 2009 as a result of acid rock drainage and discharge from seepage containment ponds which occurred after trespassers entered the mine premises, vandalised, and in some cases stole, the plastic pond liners designed to prevent such seepage occurring ABG rectified this by excavating and replacing the contaminated soils, lime dosing the wetland area, installing defensive trenches and sumps to cut off any further acid drainage or seepage and concluding a re-vegetation exercise of the affected areas. The results of this exercise were monitored from 2009 to 2012 and showed ongoing restoration of vegetation, the return of native wildlife to the area and, ultimately, the restoration of a functioning ecosystem

Health and safety

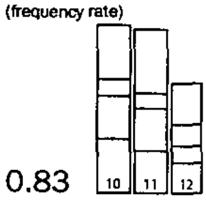
We achieved an ABG Group-wide total reportable injury frequency rate ("TRIFR") of 0.83 for 2012, a 30% improvement on 2011, far exceeding the 10% improvement target set for the year We will look to further progress this in 2013 and aim to improve 2012 achievements by an additional 10% As part of our review of health and safety metrics, we have decided to focus solely on TRIFR going forward, given that this captures all injuries in the workplace and thus a wider range of incidents than those captured by monitoring lost time injury frequency rates alone Despite improvements made overall in ABG Group TRIFR, we regretfully suffered two fatalities across our operations in 2012 The first involved a contractor employee at Buzwagi who was involved in a vehicle related incident. The second involved an ABG employee at Tulawaka who was involved in a mobile equipment accident Both of these incidents have been investigated and the necessary corrective action taken

We continued to develop and implement critical risk standards throughout the year, focused on the promotion of health and safety best practice across specific mining processes and procedures For 2012 we developed five new critical risk standards in the following areas Vehicles and Driving, Confined Space Entry, Hazardous Energy Isolation, Working at Heights, and Ground Control The Ground Control standard was fully implemented during the year In 2013 we will look to complete the implementation of the remaining standards and will look to develop additional standards for Contractor Safety Management, Cranes and Lifting, and Critical Infrastructure Maintenance

We continued to develop ABG health standards throughout the year, which are designed to prevent industrial illness across our operations In 2012 we developed health standards for the treatment of silicosis, cyanide poisoning and anaphylaxis, all of which are currently under implementation In 2013 we will look to complete implementation of these standards and develop additional standards for the treatment of noise induced hearing loss and respiratory protection

We also continued to progress community health impact assessments, which assess the potential impact of our operations on public health, throughout the year Ultimately, this process aims to create community health management plans for all of our operations In 2012 we completed consultation processes for the creation of a community health management plan for Buzwagi and we are in the process of finalising plans for North Mara and Tulawaka We will look to complete these processes in 2013 Community health impact assessments for Bulyanhulu are scheduled to commence in 2014

TOTAL REPORTABLE INJURY FREQUENCY RATE
(frequency rate)



Bulyanhulu	1 02
Buzwagi	0 57
North Mara	0 71
Tulawaka	1 38

Progress in 2012

- Achieving a 30% improvement in ABG Group TRIFR
- Developing five critical risk standards to support mining processes and procedures
- Developing three health standards to combat occupational illness in the workplace
- Creating a community health management plan for Buzwagi

Priorities for 2013

- Achieving a further 10% improvement in ABG Group TRIFR
- Completing the implementation of our existing five critical risk standards and developing three new critical risk standards
- Developing two new health standards to combat occupational illness in the workplace
- Completing the creation of community health management plans for North Mara and Tulawaka

Case study Visible Felt Leadership and Courageous Leadership

The Visible Felt Leadership and Courageous Leadership programmes are the primary training tools used throughout our organisation to promote health and safety practices Programme objectives focus on ways in which leaders within our organisation can improve interactions with employees in the workplace in order to promote and teach ABG's vision and values to help drive health and safety performance In 2012 we set minimum targets for management interaction across the workforce in order to promote the standards set by these programmes, all of which were largely exceeded.

Security and Human Rights

We made a number of enhancements to security and safety infrastructure across our operations during the year, further improving our operating environment At North Mara we completed the installation of the safety wall at the Nyabirama pit and upgrades to gold plant security mechanisms and security personnel accommodation At Bulyanhulu we commenced security compliance reviews against our Gold Security Standard and completed the installation of new security premises for security personnel At Buzwagi we commenced the installation of additional surveillance equipment, something which will continue into 2013, and completed the installation of crisis control centres We also installed additional surveillance equipment at Tulawaka

We continued to progress training as regards our security practices and expectations for individual performance of security related duties throughout the year Overall we assisted with the training of approximately 6,367 individuals on the Voluntary Principles on Security and Human rights, 6,569 individuals on use of force practices, and 5,927 individuals on the detection and prevention of sexual harassment Participants in ABG training programmes included members of the Tanzanian Policing Unit assigned to provide security to our operations, ABG security employees and contractors and community watchmen

From a governance perspective, we saw a noticeable improvement across a number of areas relevant to operational security risk assessments and audits, including compliance with our Gold Security Standards, the Voluntary Principles on Security and Human Rights, use of force protocols, investigations and use of personal protective equipment

During the year we decided to report security related total reportable injury frequency rate as a subsection of overall total reportable injury frequency rate, as part of increased focus on the monitoring of security incidents impacting our operations For the year, the security related total reportable injury frequency rate was 0 16 In this regard, the majority of security incidents continue to occur at North Mara. We experienced a spike in illegal mining activity and related incidents of trespass during the year, particularly at North Mara in the latter half of the year, however, this has now returned to normalised levels

In the context of human rights, in addition to Voluntary Principles training, we continued to progress the roll out of our human rights policy and compliance programme, notably with the further implementation of reporting and investigations procedures for suspected human rights violations

In conjunction with ABG training initiatives, Search for Common Ground ("SFCG") continued to progress its human rights training and conflict resolution programme, building on progress made in 2011 During the year, SFCG held 95 training sessions with communities surrounding ABG mine sites, involving 1,428 community members overall, in order to progress understanding of the Voluntary Principles on Security and Human Rights In addition to this, SFCG held 60 youth conflict management sessions, in which 1,868 community members participated, 55 sessions focused on conflict management as it affects women, in which 1,570 individuals participated, and 76 participatory theatre productions. A number of football tournaments, aimed at relationship building across ABG's stakeholder base, were also held. All of these initiatives aim to progress discussion, communication and understandings as regards the effect of conflict and conflict related issues within communities

In 2013, we will continue to develop our security and safety training and systems In addition, we aim to progress wider stakeholder engagement on the development of enhanced law and order frameworks for our operating environment, in particular with regional and national Tanzanian authorities and law enforcement bodies

Progress in 2012

- Completing enhancements to security systems across all ABG operations
- Increasing training on the Voluntary Principles on Security and Human Rights across ABG stakeholders
- Progressing implementation of our human rights compliance programme

Priorities for 2013

- Maintaining training levels on the Voluntary Principles on Security and Human Rights
- Progressing dialogue on law and order, particularly at North Mara, with our wider stakeholder group

Case study Working towards effective conflict management

In 2011 we established a partnership with Search for Common Ground, an internationally recognised NGO in the field of conflict resolution, to help strengthen trust and improve collaboration between ABG operations and local communities in the context of conflict management, particularly at North Mara The ultimate objective of our partnership is to find culturally appropriate ways to constructively deal with conflicts in order to mitigate conflict escalation SFCG use a number of methods of community engagement in order to progress understanding of conflict resolutions In addition to general community training programmes, SFCG's activities include youth conflict training management sessions aimed at younger members of communities, which focus on the dangers of illegal mining and mine site intrusions, and training sessions specifically for women, focused on identifying pertinent issues such as harassment and other unacceptable actions against women Other engagement tools include the creation and distribution of educational materials, such as comics, to discuss topics including the Voluntary Principles on Security and Human Rights, UN guidelines on use of force by law enforcement officials, universal human rights and sexual harassment. SFCG also uses theatre productions in order to highlight conflict scenarios in context and sporting activities, such as football tournaments involving players from local communities, the authorities and members of the ABG workforce, which aim to build relations and teamwork.

Committed to effective risk management

Effective risk management requires collective responsibility and engagement across our organisation For this reason, our risk management practices are structured across our governance framework to ensure that the Board, certain Board committees, the Senior Leadership Team, General Managers and Functional Heads are accountable for identifying, mitigating and managing risk in accordance with the responsibilities of their function and their role within our organisation

RISK MANAGEMENT ACROSS THE BUSINESS

BOARD
Ultimately responsible for effectiveness of internal control systems

- defines ABG's risk appetite and tolerance
- has overall responsibility for risk management compliance
- approves all key components of risk management and internal control systems

AUDIT COMMITTEE
Plays a key role in reviewing effectiveness

- reviews effectiveness of internal control systems
- reviews all material findings of the internal and external audit functions
- approves the annual internal and external audit plan
- reviews effectiveness of financial reporting risk management systems

EHS&S COMMITTEE
Responsible for environmental, security, health & safety systems

- reviews the effectiveness of ABG's environmental management programmes and systems, security systems, health and safety systems and social performance

SENIOR LEADERSHIP TEAM
Accountable for the design and implementation of risk management processes and the consistent application of risk management systems

GENERAL MANAGERS AND FUNCTIONAL HEADS
Ensure risk management compliance is embodied in ABG's culture, practices and operations

INTERNAL AUDIT FUNCTION
Assists the Board and Management in executing their responsibilities

- a critical role in advising and producing guidance on risk-related matters
- assists management in conducting risk studies
- reviews risk profiles
- interpretation of risk data

Risk management

The successful delivery of ABG's strategy depends on our ability to tolerate and manage risks appropriately in a manner that does not jeopardise the interests of our stakeholders

For this reason, we conduct risk assessments throughout the year as part of business performance and operational reviews, including

- Quarterly business reviews
- Group level risk workshops to consider overall strategic risks to the business
- Operational risk workshops focused on specific operational risks in the context of each of our operations
- Functional risk workshops to assess key matters which could affect underlying support functions, such as treasury, tax and technical services, required for our long-term business plans
- Monthly operational and financial performance reporting

Our annual business plan and budgeting process incorporate risks identified through the above reviews Residual risks are then identified based on the effectiveness of existing controls and mitigating action plans prepared for all high impact areas When compiled, all risk assessments are assessed by the Senior Leadership Team in the first instance, the Audit and EHS&S committees, where relevant, and ultimately form the basis of a detailed Board review Further details as regards the outcome of the Board's internal control and risk management review for the year is provided on page 63

2012 Risk Review

Generally, the overall makeup of our principal risks has not significantly changed from 2011 However, during the year there have been changes in certain risk profiles as a result of developments in our operating environment and continuing uncertainties and trends within the wider global economy and/or the mining industry Where appropriate, risk ratings have been reviewed against risk management controls and other mitigating factors In this regard, we have removed risks relating to health and infectious diseases from the 2012 principal risks table, given that our controls in these areas continue to mitigate potential impacts of such risks to an acceptable level In addition

- **Increases in operating costs and capital expenditure** due to continued industry cost pressures and increased cash costs at our operations, risks relating to increases in capital expenditure as well as increases in operating costs, principally labour, capital equipment and energy costs, remain high However, as a result of the ongoing implementation of cost controls and the intended cost control plans contained within the ongoing Operational Review our overall risk rating for these areas remains unchanged.
- **Power supply** we have continued to invest in power generation capabilities throughout the year to help mitigate the effects of stoppages and interruptions Therefore, although we have continued to experience issues in electricity supply during the year as a result of ongoing supply issues throughout Tanzania, our risk rating as regards interruptions in key utilities remains unchanged
- **Recruitment and retention of qualified personnel** as a result of continued competition for qualified personnel across the mining industry and the uncertainty created within our workforce as a result of Barrick's discussions with China National Gold, we have decided to maintain a high risk rating for the retention and recruitment of our skilled workforce In addition, further developments affecting pension practices in Tanzania could produce further adverse effects on the retention of certain long-term employees
- **Political, legal and regulatory developments** we achieved a number of positive outcomes as regards our operating framework in Tanzania, namely our adoption of an additional voluntary 1% royalty going forward, the renewal of our Special Mining Licences at North Mara and the grant of certain PAF permits to support this operation. However, our ability to progress our government relations strategy over the latter half of the year was impeded, and in certain instances negatively impacted, by the prolonged Offer Period to which ABG was subject. We have now resumed efforts in this area, such that our risk outlook for political and regulatory developments currently remains unchanged.
- **Risks relating to security, trespass and vandalism** we have continued to strengthen our security systems throughout the year and refine our security plans Although we experienced a spike in illegal mining activity and related incidents of trespass during the latter half of the year, particularly at North Mara, this has now returned to normalised levels, such that our outlook on security risks remains largely unchanged.
- **Taxation** During the year a revised Finance Act was introduced in Tanzania that is inconsistent with previous agreements reached between us and the Tanzanian authorities on the treatment of VAT relief We continue to progress discussions on these inconsistencies in order to achieve a resolution in line with what we had previously agreed under a memorandum of settlement with the Tanzanian Revenue Authority for the treatment of certain outstanding indirect tax refunds in respect of fuel levies and value added tax. ABG's financial condition may be adversely affected if we do not achieve a successful resolution to these discussions

We have also noted the following as additional risks to the 2012 principal risks table, following certain strategic and operational developments and/or continuing developments in the mining industry

- **Land acquisitions** due to the potential ramifications of increases in the cost of land acquisitions to support the expansion and continuation of our current mining activities and the potential impacts that delays in completing such acquisitions may have on our operations, particularly at North Mara, we have decided to introduce land acquisitions as a stand-alone principal risk.
- **Changes affecting the majority shareholding** although discussions between Barrick and China National Gold did not ultimately result in any transaction affecting ABG shares, we are mindful of the impact that uncertainty created in the context of any change in the majority ownership structure could have on ABG and its operations and the need to flag this risk to our wider stakeholder base

The following table sets out the principal risks affecting the ABG Group in more detail In addition to those risks stated, there may be additional risks unknown to ABG and other risks, currently believed to be immaterial, that could turn out to be material to the Group 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. Lastly, due to the very nature of risks, mitigating factors stated should not be viewed as assurances that actions taken or planned will be wholly effective Additional discussions of certain trends and uncertainties that may affect our operations are provided as part of our Operating review

Risk	Key management responsibility
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	Vice President, Exploration and Head of Corporate Development and Investor Relations
Reserves and resources estimates The ABG Groups 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	Chief Operating Officer and Vice President Exploration
Changes affecting the majority shareholding Members of the Barrick Group hold approximately 74% of the issued share capital of ABG, making Barrick the majority shareholder of the ABG Group As a result of this shareholding, Barrick is able to exercise significant influence over all matters requiring shareholder approval, including the election of Directors, the approval of corporate transactions, the issuance of Ordinary Shares and other equity securities and the payment of dividends. Furthermore, the concentration of ownership may (i) delay or deter a change of control of the ABG Group (ii) deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of the ABG Group, and (iii) affect the market price and liquidity of the shares of ABG	Chief Executive Officer
Financial risks	
Commodity prices The ABG Groups 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 ABGs control Rapid fluctuations in pricing of these commodities will have a corresponding impact on ABG's financial position	Chief Financial Officer and Vice President, Finance
Costs and capital expenditure ABG operates a cyclical business where fluctuations in operating cash flow and capital expenditure may adversely affect ABGs financial position In addition, industry cost pressures, notably as regards labour, capital equipment and energy, may affect ABG's cash flow and capital expenditure	Chief Financial Officer and Vice President, Finance
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 ABGs revenue is currently derived exclusively from the production from 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.	Vice President, Corporate Affairs and General Counsel
Taxation reviews The ABG Group's financial condition may be adversely affected in the event of the introduction of revised royalty or corporate tax regimes in Tanzania that go beyond agreements reached and contained in ABGs Mineral Development Agreements. ABG's financial condition may also be adversely affected if it is unsuccessful in its current appeals and/or discussions with the TRA and/or the Ministry of Finance regarding outstanding tax assessments and unresolved tax disputes, particularly as regards the application of VAT relief to the Group's operations.	Chief Financial Officer and Vice President, Finance

Mitigation/comment	Progress made in 2012	Potential impact	Change from 2011	Further information
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.	• Continuing evaluation of corporate development opportunities across the region • Completion of acquisition of Aviva Mining (Kenya) Limited	High		A review of exploration activities is set out in the Exploration review on pages 28 to 33
ABG management has implemented a number of processes to continuously monitor and evaluate the Company's life of mine plans and production targets The ABG Groups 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	• Reserves and Resources committee in place to support Senior Leadership Team and Board • Commencement of Operational Review, including review of management processes for the monitoring of production targets and long-term life of mine planning	High		Details of the ABG Group's reserves and resources are set out on pages 88 to 91 Details of ABGs management committees are provided on page 61
As part of arrangements entered into prior to ABG's IPO, ABG entered into agreements with Barrick for the management of relationships between the ABG Group and the Barrick Group Key to this is the relationship agreement, the principal purpose of which 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 arms length and on normal commercial terms	• Establishment of temporary Transaction committee of the Board in connection with the Offer Period applied to the Company in connection with Barrick's discussions with China National Gold	High		Further details as regards discussions relating to the majority shareholding are provided as part of the Chairman and Chief Executive Officer s statements Details regarding the relationship agreement are provided within the Corporate governance report on page 63
ABGs 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 also entered into hedging facilities in connection with copper silver and diesel price fluctuations and is reviewing appropriate hedging facilities to assist in the management of exposure to other commodities	• Entry into hedging facilities for copper, silver and diesel	High		Further information is set out in the market overview provided as part of the Financial review on pages 35 to 36
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 It also has a commercial credit facility to support general working capital purposes, which remains undrawn	• Availability of revolving credit facility for working capital purposes • Arrangements in place to hedge South African rand exposure • Completed project financing for Bulyanhulu CIL Expansion project	High		Further information is set out in the Financial review generally and as part of the Chief Executive Officer s statement.
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	• Renewal of Special Mining Licences at North Mara • Grant of certain waste rock permits at North Mara • Grant of all government approvals for Bulyanhulu CIL Expansion Project	High		Further information is provided on page 10
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 and continues to review taxation matters generally on an ongoing basis	• Movement to additional voluntary 1% royalty rate • Memorandum of Understanding executed for the treatment of certain outstanding indirect tax refunds in respect of fuel levies and VAT	High		Further information is provided as part of the Financial review

Risk | Key management responsibility

External risks continued

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

Chief Executive Officer
Chief Operating Officer
and General Managers

Community relations

A failure to adequately engage or manage relations with local communities and stakeholders could have a direct impact on the ABG Groups ability to operate at its existing operations

Chief Operating Officer,
General Counsel,
Vice President, Corporate Affairs,
Senior Director for Environment
and Community Relations

Land acquisitions

Progression of the ABG Group's mining activities is, in certain instances, dependent upon the ability of the Group to complete additional land acquisitions required to support current mine plans Increases in the cost of land acquisitions required to support the expansion and continuation of our current mining activities and/or delays in completing such acquisitions could have a material adverse effect on operating conditions, particularly at North Mara

Chief Executive Officer Chief Operating Officer Vice President Corporate Affairs and General Counsel

Operational risks

Variations to production and cost estimates

The ABG Groups actual production and costs may vary from estimates of future production, cash costs and capital costs for a variety of reasons including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics, short-term operating factors relating to ore reserves, revisions to mine plans, risks and hazards associated with mining; natural phenomena, and unexpected labour shortages or strikes Costs of production may also be affected by a variety of factors, including changing waste to ore ratios, ore grade metallurgy, labour costs, the cost of commodities, general inflationary pressures and currency exchange rates Failure to achieve production or cost estimates could have an adverse impact on the ABG Group's future business, cash flows, profitability, results of operations and financial condition

Chief Executive Officer, Chief Financial Officer Chief Operating Officer and General Managers

Loss of critical processes

The ABG Groups 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

Chief Operating Officer
and General Managers

Environmental hazards and rehabilitation

The ABG Groups 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 Groups business, operations and financial condition

Chief Operating Officer Senior Director for Environment and Community Relations, and General Managers

Employee, contractor and industrial relations

The ABG Groups 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 ABGs operations and production The ABG Groups business also depends on good relations generally with its employees and employee representative groups, such as trade unions A breakdown in these relations could result in a decrease in production levels and/or increased costs which in turn could have a material adverse effect on the Groups business results of operations and financial condition

In addition to employees, ABG depends on certain key contractors. Interruptions in contracted services could result in production slowdowns and/or stoppages.

Vice President,
Organisational Effectiveness

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 ABGs exploration and mining licences The impact of such risks may have an adverse effect upon ABGs operations and financial condition

Chief Operating Officer, General Counsel and Director of Security

Mitigation/comment	Progress made in 2012	Potential impact	Change from 2011	Further information
Capacity of back up or alternative power generation at all of our operations has been increased to maintain critical systems.	• Continuing upgrades to back-up power at operations • Ongoing review of alternate power supplies.	High	—	Further information on the status of power supply is provided as part of the Chief Executive Officer's statement and the Operating review
In addition to existing corporate social responsibility programmes the Group is implementing a number of initiatives to improve and build on local community relations, and continues to assess and, where necessary, increase its social management team's capacity generally	• Development of social management plans for Buzwagi and North Mara. • Progression of funding initiatives under the ABG Maendeleo Fund.	High	—	Details of the Groups community relations activities and community investments are set out in the Corporate responsibility section
The ABG Group assesses land acquisition requirements as part of its review of life of mine planning and reviews conducted as part of regulatory and legal matters.	• Establishment of land acquisition working group	High		A discussion of land acquisition requirements in the context of North Mara is provided as part of the Chief Executive Officer's statement.
ABG's management has implemented a number of processes to continuously monitor and evaluate ABG's production and cost estimates and targets	• Commencement of Operational Review, including a review of management processes for the monitoring of production targets and long-term life of mine planning.	High	—	Further discussion regarding production and cost estimates and the objectives of the Operational Review is provided as part of the Chief Executive Officer's statement.
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	• Further upgrades to inventory management procedures and critical spares procedures	High	—	Further discussion regarding inventory movements during the year are provided as part of the Financial and Operating reviews
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	• Bulyanhulu re-certification under the International Cyanide Code. • Development of non mineral waste management plans • Continuing development of actions for discharge of EPO at North Mara	High	—	Details of the ABG Group's environmental activities and compliance programmes are set out in the Corporate responsibility section
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 workforce. 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 employee and key contractor relationships are undertaken on a regular basis to ensure that the relevant support balances business requirements and wider expectations.	• Continued progression of programmes for workforce localisation • Further progression of industrial relation and employee consultation initiatives.	High	—	Further details on employment practices and related initiatives are provided in the Corporate responsibility section
Measures have been taken to protect 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	• Further upgrades to security infrastructure. • Increased training of security personnel across all operations. • Progression of initiatives launched by Search for Common Ground.	High	—	Further information on security developments and initiatives can be found in the Corporate responsibility section

Director biographies

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1 Derek Pannell, age 66 (Acting Chairman of the Board)

Skill and Experience For the reporting period, Mr Pannell was Acting Chairman of the Board. 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. He 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 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

Executive Directors

2 Greg Hawkins, age 44 (Chief Executive Officer)

Skill and Experience 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 43 (Chief Financial Officer)

Skill and Experience For the reporting period, Mr Jennings was 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 14 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 Andre Falzon, age 58 (Independent Non-Executive Director)

Skill and Experience Mr Falzon is an independent Non-Executive Director of the ABG Group He 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 is a Director of Aurizon Mines Ltd He holds a Bachelor of Commerce Degree from the University of Toronto, Canada and is a CGA (Canada) and a CPA, CA (Canada)

5 Ambassador Juma V Mwapachu, age 70 (Independent Non-Executive Director)

Skill and Experience Ambassador Mwapachu is an independent Non-Executive Director of the ABG Group Ambassador Mwapachu has held a number of senior positions in both the public and private sector of Tanzania and was appointed as Tanzania's Ambassador to France from 2002 to 2006 He was the founding Secretary General of the Chamber of Commerce, Industry and Agriculture and has served as Chairman of the Confederation of Tanzania Industries and Chairman of the East African Business Council He has played a leading role in the regional integration of East Africa, holding the position of Secretary General of the East African Community prior to his appointment to the Board and currently holds the position of Global President of the Society for International Development Ambassador Mwapachu holds a Bachelor of Laws Degree with Honours from the University of East Africa, a post graduate Degree in International Law from the Indian Academy, Doctorates in Literature (Honoris Causa) from the University of Dar es Salaam, and Political Sciences (Honoris Causa) from the National University of Rwanda.

6 David Hodgson, age 65 (Independent Non-Executive Director)

Skill and Experience Mr Hodgson is an independent Non-Executive Director of the ABG Group He was previously employed by the Anglo American and De Beers group of companies for over 30 years and from November 2001 through to his retirement in April 2005, he served as the Chief Operating Officer of AngloGold Ashanti He has also held a number of previous non-executive public company directorships at Auryx Gold Mines, Moto Gold Mines Limited, Uranium One Inc and Goliath Gold Mining Limited. Mr Hodgson is currently a non-executive director of Montero Mining, a rare earth company Mr Hodgson holds a BSc in Civil Engineering from the University of Witwatersrand in Johannesburg, South Africa, a BSc Mining (Honours) from the Royal School of Mines in London, and B Comm (majors in Economics and Business Economics) from UNISA in South Africa. He also attended an Advanced Management Program at Harvard University in the USA

7 Michael Kenyon, age 63 (Independent Non-Executive Director)

Skill and Experience Mr Kenyon is an independent Non-Executive Director of the ABG Group Mr Kenyon has more than 35 years of experience in the mining industry and is a geologist by training He is Executive Chairman of the Board of Directors at Detour Gold Corporation and Chairman of the Board of Directors at Troon Ventures Ltd. 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 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

8 Stephen Galbraith, age 41 (Non-Executive Director)

Skill and Experience 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 Charter holder

9 Rick McCreary, age 50 (Non-Executive Director)

Skill and Experience Mr McCreary is a Non-Executive Director of the ABG Group and Senior Vice President, Corporate Development of Barrick. He joined Barrick in April 2011 and has overall responsibility for Barrick's global Corporate Development activities, including Corporate Development, Evaluations and Special Projects Prior to joining Barrick, Mr McCreary worked in mining investment banking for over 14 years culminating as Head of CIBC World Markets' Global Mining investment banking group Prior to his career in mining investment banking, he worked in the Noranda/Falconbridge organisation for 8 years in various areas, including metals marketing, geophysics, geological engineering and technology development Mr McCreary holds an M B.A in Finance and Strategy from McGill University, and a M Sc. and B Sc Eng.Hons in Geological Engineering from Queen's University

10 Kelvin Dushnisky, age 49 (Non-Executive Director)

Skill and Experience Mr Dushnisky is a Non-Executive Director of the ABG Group and Senior Executive Vice President of Barrick. Mr Dushnisky joined the legal department of Barrick in April 2002 and presently has global responsibility for the Government Relations, Permitting and Approvals, Corporate Responsibility, Investor Relations and Communications functions Prior to joining Barrick, Mr Dushnisky was a Managing Director at Altara Securities Inc. and has also served as Vice President of Sutton Resources Limited and Vice Chair, General Counsel and a founding Director of EuroZinc Mining Corporation He has served on the boards of directors of a number of publicly listed companies and trade associations Mr Dushnisky holds a B Sc. (Hon) degree from the University of Manitoba and M Sc. and J D degrees from the University of British Columbia.

Senior management biographies

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

Marco Zolezzi, age 57 (Chief Operating Officer)

Skill and Experience: Mr Zolezzi was previously employed as Director of Technical Services for Barrick's Australia Pacific Region. 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 50 (Vice President, Corporate Affairs)

Skill and Experience: Mr Mwanyika was previously employed by Barrick, which he joined in 1999 as a Legal Consultant and where he occupied various managerial positions over the last 12 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 43 (Vice President, Exploration)

Skill and Experience: Mr Spora was previously employed by Barrick, where he served as Principal Geologist, Africa, from 2006 to 2008 and Exploration Manager, Africa, from 2008 to 2010. Mr Spora has over 18 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 a member of the Australian Institute of Mining and Metallurgy (AusIMM), a member of the Tanzanian Chamber of Minerals and Energy, a member of the Kenyan Chamber of Mines, and is a member of the Society of Economic Geologists

Katrina White, age 37 (General Counsel and Company Secretary)

Skill and Experience: Ms White was previously employed by Barrick, where she served as Regional General Counsel and Company Secretary for Barrick Australia Africa, subsequently Barrick Australia Pacific from 2005 to 2010. 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 practice as a barrister and solicitor in Western Australia, the High Court of Australia and the Federal Court of Australia.

Andrew Wray, age 49 (Head of Corporate Development and Investor Relations)

Skill and Experience: Mr Wray was previously employed by JP Morgan Cazenove, where he was a Director in the Corporate Finance team. Mr Wray has over 14 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

Peter Geleta, age 49 (Vice President Organisational Effectiveness)

Skill and Experience: Mr Geleta has extensive experience on the African continent, having worked across a number of African countries in various operational and corporate roles. He joined Barrick in 2007, holding a number of roles across the organisation, including Organisational Effectiveness Director for Barrick Africa, Human Resources Director for the Australia Pacific Region and General Manager for Barrick's Cowal Gold Mine in New South Wales. Before joining Barrick, Mr Geleta worked for AngloGold Ashanti for 25 years, where he held a number of roles including Head of Human Resources and Sustainability for AngloGold Ashanti's Africa Operations and General Manager of the Navachab Mine in Namibia. Mr Geleta holds an Executive MBA qualification from the University of Cape Town

Corporate governance

Effective Governance

Dear Shareholders,

As previously noted, 2012 has been a challenging year for ABG, the latter half of which being impacted by the prolonged Offer Period applicable to the Company as a result of discussions between China National Gold and Barrick. Whilst this predominantly impacted the workload of management, it also required a refocusing of Board and certain committee activities, notably the Transaction committee of which I formed part. Although the sale process was ultimately unsuccessful there were several positive outcomes In particular, the intense due diligence process and associated learning have been incorporated into several initiatives which were underway prior to the Offer Period as part of a major review of the Company's structure and costs, culminating in the Board's request for management to perform an Operational Review The key objectives of this are to drive improved returns from the asset base and enhance the certainty of performance delivery in the future

In addition to this, throughout the year we have continued to refine our governance and controls processes and achieved a satisfactory conclusion to our overall annual risk management and internal controls assessment. We also completed a performance and effectiveness evaluation for the reporting period, in order to satisfy requirements for annual performance evaluation under the UK Corporate Governance Code

"A commitment to progressing effective leadership and controls for our business environment."

Derek Pannell,
Acting Chairman of the Board

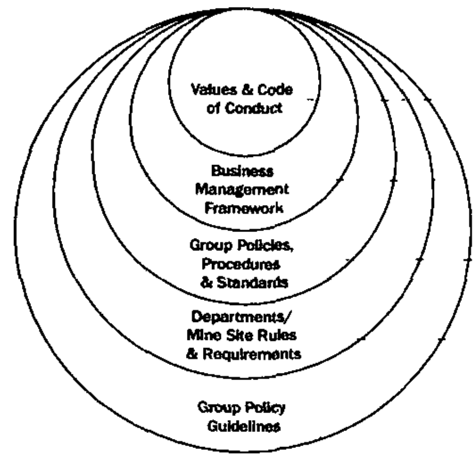
2012 key activities

- Formation of Transaction committee to oversee matters relating to any potential offer for the Company by China National Gold.
- Review of key requirements and measures for the maintenance of ordinary business throughout a prolonged Offer Period
- Review of core retention requirements for ABG personnel during a prolonged Offer Period.
- Commencement of strategy and risk profile reviews as part of the Operational Review
- Further review of requirements for risk management and operational processes to support business objectives
- Annual performance evaluation and effectiveness review

During the year Mr Dushnisky and Mr McCreary were appointed to the Board following the departures of Mr Cross and Mr Regent, both of whom we thank for their guidance and support in the development of ABG as a public company Following the expiry of the Offer Period, ABG is in a position to review options for additional Director appointments to build on the strengths and calibre of our existing Board members In this regard it should be noted that neither I, nor Mr Jennings, will seek re-election at the forthcoming AGM Mr Dushnisky will succeed me as Chairman of Board.

Looking forward, in 2013 the Board will seek to build upon the progress made in ABG's governance and controls environment, notably through the implementation of further measures and procedures to address the salient aspects of ongoing operational and strategic reviews In connection with this, the Board has recently decided to form a Technical committee, the principal purpose of which will be to supervise and review ABG's planning and capital allocation procedures, the procedures underpinning ABG's Reserves and Resources committee and ABG's exploration programmes. The Board, under the guidance of Mr Dushnisky, will also review additional requirements introduced by the new edition of the UK Corporate Governance Code, which will apply to the 2013 reporting process

ABG BUSINESS MANAGEMENT FRAMEWORK



ABG COMPLIANCE REQUIREMENT

Mandatory

Mandatory

Mandatory

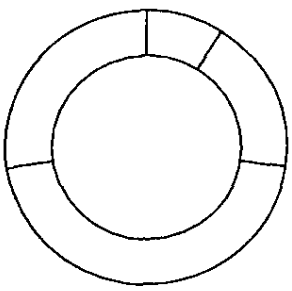
Mandatory
Dictated in accordance with stated functional and mine site requirements

For use in understanding and implementing compliance obligations

ABG's Business Management Framework forms an integral part of our global compliance programme It sets out the key corporate policies, procedures, standards and practices that apply to the ABG Group and its business for the management of economic, social, political, environmental, legal and governance factors affecting our operations

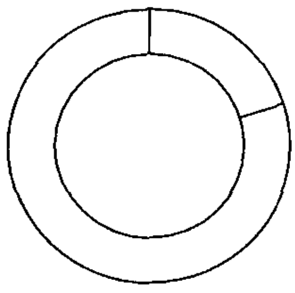
All members of the ABG Group, our material operations, support functions, and every ABG Director, officer, employee and all other members of ABG personnel are required to comply with the ABG Business Management Framework and all other guidance and standards that apply to their respective roles and positions Specific obligations also extend to ABG contractors, other associated parties and members of ABG supply chains

BOARD SKILLS
(as at 31 December 2012)



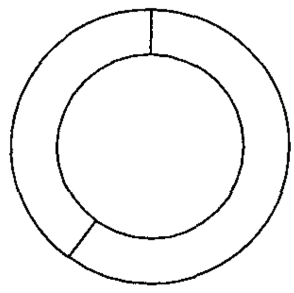
☐ Geology
☐ Engineering
☐ Financial
☐ African and regional affairs

BOARD COMPOSITION
(as at 31 December 2012)



☐ Executive
☐ Non-executive

BOARD INDEPENDENCE
(as at 31 December 2012)



☐ Non-independent
☐ Independent

Board composition

Board balance

As at 31 December 2012, the Board comprised a Non-Executive Acting Chairman, two Executive Directors and seven Non-Executive Directors, of whom four were independent

Skills and experience

The majority of our Directors have considerable knowledge and experience of 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 56 and 57 An overview of the composition of Board skills is provided opposite We review Board composition regularly to ensure the range and breadth of skills provided as a result of Director appointments remains appropriate for our business

Diversity

ABG strives to attract a broad mix of individuals from both the traditional and non-traditional mining labour markets in order to create a diverse workgroup and maintain a unique company culture Generally, it is ABG's policy to hire the best candidates for all positions at all levels, irrespective of gender We assess all candidates or positions in this context, including candidates for Board appointments.

Board changes during 2012

As previously noted, Mr Dushnisky and Mr McCreary were appointed during the year following Mr Regent's departure in June 2012 In addition Mr Cross stepped down from his position as a Director in March 2012

RESPONSIBILITIES ACROSS OUR GOVERNANCE FRAMEWORK

ABG's corporate governance structure is founded on the basis of sound business practice and in accordance with applicable corporate governance standards Accordingly, responsibilities are allocated between our Board, its committees, our Senior Leadership Team and other members of senior management to ensure that our business operates as it should on a day to day basis

Supported by Senior Leadership Team

BOARD
Responsible for the overall management of our organisation and our business

sets standards, values, policies and strategic aims

ensures we have the resources in place to meet our objectives

monitors and reviews
- material strategic issues
- financial performance
- risk management

BOARD COMMITTEES
Specific review and oversight functions

AUDIT COMMITTEE
- reviews and monitors financial statements
- oversees relationships with external auditors
- oversees external audit process
- reviews internal audit plans

EHS&S COMMITTEE
- oversees the development of strategy and policy on environmental CSR and security matters
- reviews effectiveness of environmental, CSR and security management programmes and systems

COMPENSATION COMMITTEE
- sets, reviews and recommends overall compensation policy and strategy
- reviews and approves compensation arrangements for Executive Directors and senior management

NOMINATION COMMITTEE
- makes recommendations to the Board on its composition and that of its committees

TRANSACTION COMMITTEE
- reviewed and monitored matters in the context of any potential transaction relating to ABG shares as a result of Barrick discussions with China National Gold

SENIOR LEADERSHIP TEAM
Day to day management of our business and operations, and responsibility for monitoring detailed performance of all aspects of our business

MANAGEMENT COMMITTEES
Further support the Board and Senior Leadership Team

COMMUNITY INVESTMENT COMMITTEE

THE DISCLOSURE PANEL

RESERVES & RESOURCES COMMITTEE

EXECUTIVE INVESTMENT COMMITTEE

GENERAL MANAGERS AND FUNCTIONAL HEADS
Work with the Senior Leadership Team to manage our operations and business and to progress business goals

Retirement and re-election

Directors appointed by the Board since the 2012 AGM are required to offer themselves for re-election by the shareholders at the 2013 AGM under the Company's articles of association and we are mindful of requirements for annual re-election under the UK Corporate Governance Code With the exception of Mr Pannell and Mr Jennings, all Directors will offer themselves for re-election at the forthcoming AGM The Board determines that all of these Directors are eligible for re-election

Board leadership

Chairman and Chief Executive Officer

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

ABG's Chairman and any Acting Chairman is principally responsible for the leadership of the Board and ensuring that the Board plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives

ABG's Chief Executive Officer is primarily 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

Senior Independent Director

As noted below, the position of Senior Independent Director ("SID") remained vacant during the latter part of the year as a result of the prolonged Offer Period. We will look to recruit for this position in 2013

Board effectiveness

Board meetings and attendance

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

As part of their duties as Directors, 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

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 Board met a total of eight times in 2012 Five meetings were held in person at the Company's London offices Three meetings were held by teleconference Details of individual attendance are provided below Meetings included a formal strategy review with senior management Going forward, the Board aims to schedule meetings to allow for at least one scheduled meeting per year to be held in Tanzania so as to provide the Board with an opportunity to further develop its relationship with senior managers and the wider ABG workforce

Board briefings and development

The Board receives monthly management reports and quarterly reports outlining all material operational, financial and strategic developments These ensure that Board 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. In addition, all Directors continue to have free access to visit operations outside scheduled Board arrangements

Board and Committee attendance

	Board meetings		Audit committee		Compensation committee		Nomination committee		EHS&S committee		Transaction committee	
	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible	Number attended	Maximum possible
Aaron Regent**	2	8	0	N/A	2	6	1	1	0	N/A	0	N/A
Greg Hawkins	8	8	5	N/A	5	N/A	1	N/A	5	N/A	13	13
Kevin Jennings	8	8	5	N/A	0	N/A	0	N/A	0	N/A	13	13
Derek Pannell	8	8	5	5	2	N/A	1	1	5	5	13	13
Andre Falzon	8	8	5	5	6	6	0	N/A	0	N/A	0	N/A
Stephen Galbraith	8	8	3	N/A	1	N/A	0	N/A	5	N/A	0	N/A
Michael Kenyon	7	8	4	5	5	6	0	N/A	0	N/A	13	13
Ambassador Juma V Mwapachu	7	8	0	N/A	0	N/A	1	1	5	5	0	N/A
David Hodgson	8	8	0	N/A	4	6	0	N/A	5	5	12	13
Kelvin Dushnisky*	4	8	0	N/A	2	6	0	0	0	3	0	N/A
Richard McCreary*	4	8	0	N/A	0	N/A	0	N/A	0	N/A	0	N/A

* Directors appointed mid year   ** Director resigned mid year

Board training and development needs are reviewed on an ongoing basis Ordinarily, training standards and requirements form part of Board evaluation criteria.

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

Summary of the Board's work in 2012

The Board focused on the following areas in 2012

- Strategy management
- Operational and financial performance reviews
- Corporate policy and compliance review
- Growth opportunities and exploration project reviews

As part of the corporate policy and compliance reviews the Board, in collaboration with its committees, commenced a review of specific compliance standards in order to progress standards that provide for improved alignment with the Company's operating environment and risk appetite This work will continue into 2013 In addition, as part of strategy and growth reviews, the Board commenced a further evaluation process of all of the Company's growth projects to ensure prioritisation of projects that will drive profitable returns and production levels Again, reviews in this area will continue into 2013 as part of ongoing operational and strategy reviews Succession planning, which was previously affected by the prolonged Offer Period, will also be progressed further in 2013 Findings from the 2012 annual performance review will help us to further refine Board targets for 2013

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 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 the governance structure used for ABG's approach to risk management and the processes and procedures used in the context of risk management is provided as part of the risk management section of this report

In compliance with its obligations, the Board conducted an annual assessment of the effectiveness of the Company's risk management and internal control systems for the reporting period The review 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 conducted a specific assessment of internal controls, which considered all significant aspects of internal control for the reporting period. During the course of its review of the system of internal control, the Board did not identify or hear of any failings or weaknesses that it determined to be material Therefore a confirmation of any necessary actions undertaken is not required

Relationship with shareholders

Dialogue with the investment community

ABG has a designated investor relations team, which acts as the primary point of contact with the investment community and is responsible for maintaining ABG's ongoing relations with investors and shareholders Generally, ABG aims 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

ABG's investor relations programme was impacted by certain regulatory restrictions imposed as a result of a prolonged Offer Period during the second half of 2012

Majority shareholder

ABG was a wholly owned subsidiary of Barrick prior to its IPO in March 2010 Barrick continues to hold approximately 74% of ABG, making it the Group's majority shareholder As a result of this, 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's relationship with Barrick is governed by the terms of a relationship agreement, the principal purpose of which 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 The relationship agreement will continue for so long as ABG is listed on the London Stock Exchange and Barrick owns or controls at least 15% of ABG's issued share capital or voting rights

PERFORMANCE EVALUATION

The annual performance evaluation of the Board and its committees was conducted under the guidance of the Company Secretary, by way of anonymous questionnaires The questionnaire focused on a range of key topics, the findings of which will be used to help formulate key targets and actions for 2013

BOARD EVALUATION FOCUS

- Establishment and role
- Compensation, appointments, skills, experience and training
- Attendance at meetings, contribution, internal relationships
- Leadership
- Strategic aims and objectives
- Risk management
- Procedures and internal controls
- Communication with shareholders and others

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DISCUSSION WITH COMPANY SECRETARY

Each Director specifically discussed his evaluation feedback with the Company Secretary for purposes of discussing individual performance and future development needs

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ASSESSMENT FOR THE BOARD

Board evaluation results were used to produce a performance report for presentation to the Board, for purposes of discussion and debate, in order to agree work plans and actions for 2013

↓

KEY PERFORMANCE TARGETS AND ACTIONS FOR 2013

- Development of succession planning.
- Further enhancement of risk management procedures
- Progression of strategic and Operational Review
- Review of requirements for ABG's compliance and governance environment.

COMMITTEE EVALUATION FOCUS

- Roles and responsibilities
- Composition, appointments, skills, experience and training
- Attendance, contribution, internal relationships
- Leadership
- Procedures and internal controls

↓

ASSESSMENT FOR THE COMMITTEES

The evaluation results were used to produce a performance report for discussion and debate, in order to agree work plans and actions for 2013

↓

KEY PERFORMANCE TARGETS AND ACTIONS FOR 2013

- Assessment of terms of reference, effectiveness of members' skills, experience and qualifications
- Work plans and actions for 2013 individually set by each committee

The relationship agreement provides Barrick with certain Director appointment rights in line with a sliding scale, structured as follows

Barrick Percentage Shareholding	Barrick Director Appointment Rights
40% or more	The higher of three Non-Executive Directors and the maximum that may be appointed under the UK Corporate Governance Code
25% up to 40%	The higher of two Non-Executive Directors and one less than the maximum number of Non-Executive Directors that may be appointed under the UK Corporate Governance Code
15% up to 25%	The higher of one Non-Executive Director and two less than the maximum number of Non-Executive Directors

In addition to Director appointment rights and subject to certain exceptions, as part of the terms of the relationship agreement, Barrick has undertaken that members of the Barrick Group will 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 that competes with ABG without first giving ABG the option to exercise certain rights of first refusal for so long as Barrick holds 30% or more of the issued share capital or voting rights of ABG ABG has given a reciprocal non-compete commitment to Barrick in this regard.

AGM

ABG's 2013 AGM will be held on 18 April 2013 at 2 00pm (UK 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 the Audit, Compensation and Nomination committees will be available to answer questions put to them by shareholders at the meeting. The AGM Notice is included in the documentation that 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

Mr Dushnisky, Mr Galbraith and Mr McCreary are nominee Directors appointed by Barrick. These individuals hold a number of cross-directorships with members of the Barrick Group, which 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 In addition, as a result of their employment within the Barrick Group, these individuals also hold interests under Barrick's restricted stock unit plan and other employee incentive plans

Mr Hawkins, Mr Jennings and certain other members of ABG's senior management hold interests under Barrick's restricted stock unit plan These interests were acquired prior to joining ABG as part of previous employment within the Barrick Group and are not deemed to be material interests

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 interest 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.

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 nominee 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

The Board reviews conflicts of interest on a periodic basis and maintains a record of all declared conflicts During the Offer Period applicable to the Company in the latter half of 2012, the Board specifically reviewed the rules applicable to conflicts of interest, taking advice where necessary from external counsel, in the context of the discussions between China National Gold and Barrick and Barrick nominee Directors' participation in Board meetings

Save for the matters set out above, no other conflicts of interest were disclosed to the Board during the reporting period

Corporate governance compliance

For the year under review, as a UK company with a premium listing on the Main Market of the London Stock Exchange, ABG is required to make certain statements regarding the way it is governed, as required by the UK Corporate Governance Code. Accordingly, this report explains how ABG has applied and complied with the Main Principles of the UK Corporate Governance Code during 2012

Generally, ABG seeks to apply the provisions of the UK Corporate Governance Code wherever possible However, during the reporting period the structure of the Board and its committees was impacted by the departure of Mr Cross and Mr Regent and, more fundamentally, by the imposition of the Offer Period and related restrictions as a result of the discussions between China National Gold and Barrick, something which ultimately restricted the Company from recruiting additional independent Non-Executive Directors In particular

- *Balance of Board appointments* During the second half of the year, less than half of the Board (excluding the Chairman) was comprised of independent Non-Executive Directors We are currently exploring opportunities to appoint additional independent Non-Executive Directors to address this
- *Status of Chairman* For the first half of the year, the position of Chairman was held by Mr Regent, former President and Chief Executive Officer of Barrick. Though not determined to be independent on appointment for UK corporate governance purposes, Mr Regent's appointment was deemed to be in the best interests of the Company given his industry expertise and his familiarity with the Company's assets Following his departure, Mr Pannell was appointed as Acting Chairman of the Company, satisfying initial independence requirements under the UK Corporate Governance Code.
- *Appointment of Senior Independent Director* Mr Pannell's assumption of the role of Acting Chairman required him to step down from the position of Senior Independent Director Recruitment for an appropriate replacement was impacted by the prolonged Offer Period We are in the process of reviewing opportunities to appoint a replacement to this role.
- *Audit committee composition* Mr Pannell was appointed to the committee to replace Mr Cross in the first half of 2012, following which he assumed the position of Acting Chairman of the Board Though UK corporate governance standards discourage the appointment of the Chairman as a member of audit committees of FTSE 350 companies, the Board felt it appropriate to maintain Mr Pannell's Audit committee appointment in order to safeguard adequate representation and participation in Audit committee matters throughout the latter half of the year
- *Nomination committee composition* The majority of members of the Nomination committee may not strictly be viewed as independent for UK corporate governance standards in light of Mr Pannell's status as Acting Chairman Nevertheless, the Board believed Mr Pannell's continued committee appointment to be in the best interests of the Company given the importance of his role in the context of succession planning Again, overall composition of the Nomination committee will be reviewed as part of wider Board and committee composition reviews to be conducted in 2013

In addition to reviewing the specific matters listed above and as previously indicated, overall composition of the Board and its committees will be reviewed in 2013 as part of governance reviews to ensure that the appropriate balance of responsibilities and skill sets is maintained. Furthermore, the Board and its committees will review the requirements of the new edition of the UK Corporate Governance Code which applies to all reporting periods from October 2012 onwards as part of its activities for 2013

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

In addition to compliance with the UK Corporate Governance Code, as part of commitments given in connection with ABG's secondary listing on the Dar es Salaam Stock Exchange, the Board has undertaken to comply with the Corporate Governance Guidelines issued by the Tanzanian Capital Markets and Securities Authority to the extent that these requirements are equivalent to applicable UK corporate governance standards In the case of any conflict between the two, the requirements of the UK Corporate Governance Code prevail

Our committees

Audit committee

Andre Falzon, Audit committee chair

I am the chair of the committee and have over 25 years of financial and management experience within the mining industry I am a CGA (Canada) and CPA, CA (Canada) Together, this provides me with the relevant financial experience required for my position under applicable governance standards Michael Kenyon and Derek Pannell comprise the other committee members James Cross stepped down from the committee following his resignation from the Board Under the terms of reference, we are required to meet at least four times a year The Chief Executive Officer, Chief Financial Officer, the ABG Group Financial Controller, members of the Treasury function, the Head of Risk and Internal Audit and the external auditors also attend committee meetings on a regular basis We also hold individual meetings with ABG's external auditors and the Head of Risk and Internal Audit without management present to discuss matters within our remit of responsibilities

Key responsibilities

Our key responsibilities include oversight of financial reporting and internal controls over financial reporting, overseeing the Group's relationship with its external auditors and ABG's internal audit function, overseeing the external and internal audit processes generally and reviewing the effectiveness of the ABG Group's systems of internal control and financial reporting risk management

Further details regarding the committee and its terms of reference are available for inspection on ABG's website

Activities in 2012 and plans for 2013

We met five times during the year, members' individual attendance is provided on page 62. The committee's key activities focused on the following

- Reviewing our terms of reference, effectiveness and the skills, experience and qualification of committee members in the context of committee composition reviews
- Reviewing the external auditor terms of engagement, plans and scope of work, compensation and the findings arising from all external audit work
- Reviewing ABG's periodic financial reporting
- Reviewing key accounting policies and developments in the financial reporting and regulatory environment
- Reviewing the internal audit plan, together with internal audit reports, findings and monitoring related action plans
- Reviewing succession planning, compensation and remuneration for all direct reports to the CFO and the Head of Internal Audit
- Reviewing enterprise risk registers, tax disputes and other litigation
- Reviewing whistle blowing arrangements to support reporting requirements under ABG's Code of Conduct and Anti-Fraud and Anti-Corruption policies
- Identifying and reviewing specific focus areas, including Non-IFRS measurements, segment accounting and disclosure, impairment testing and deferred stripping accounting matters

All of the above areas will be further progressed in 2013, these being the priority areas identified within the wider remit of the committee's responsibilities In addition to this we will continue to review the requirements of the new editions of the UK Corporate Governance Code and the revised FRC Guidance on Audit Committees, specifically in the context of enhanced public reporting requirements for Audit committees and matters relevant to the appointment and review of external auditors

EHS&S committee

David Hodgson, EHS&S committee chair

I act as chairman of the committee as a result of my years of experience within the operating environment of the African mining industry Derek Pannell, Ambassador Mwapachu and Kelvin Dushnisky comprise the other members of the committee Stephen Galbraith stepped down from the committee during the reporting period. Under the terms of reference, we are required to meet at least twice a year The Chief Executive Officer, Chief Operating Officer and members of senior management within our security, environmental and community relations teams also attend committee meetings on a regular basis to discuss matters within our remit of responsibilities

Key responsibilities

Our key responsibilities focus on the oversight and review of ABG activities that are of core importance to ABG's social licence to operate and responsible mining practices These include ABG's strategy and policy on environmental, occupational health and safety, corporate social responsibility (CSR) and security matters, reviewing the effectiveness of Group environmental, health and safety and security ("EHS&S") systems and controls and generally overseeing management's monitoring and evaluation of emerging CSR issues to assess the potential impact on ABG's business and operations

Further details regarding the committee and its terms of reference are available for inspection on ABG's website.

Activities in 2012 and plans for 2013

We met five times during the year, members' individual attendance is provided on page 62 The committee's key activities focused on the following.

- Reviewing our terms of reference, effectiveness and the skills, experience and qualification of committee members in the context of committee composition reviews
- Reviewing EHS&S and CSR strategy and priorities, performance, metrics, trends and incident reports
- Reviewing key risks in ABG's operating environment as regards EHS&S and CSR
- Reviewing ABG management systems and processes as regards EHS&S and CSR
- Reviewing key regulatory and other developments relevant to the EHS&S and CSR operating environment
- Identifying and reviewing specific focus areas, including ABG's permitting management systems, environmental management system, security systems, procedures and controls, illegal mining strategies, government and public relations strategies and closure planning
- Reviewing and monitoring the status of occupational, health and safety targets and systems
- Further refining the framework for the committee's review of areas of focus

All of the above areas will be further progressed in 2013, these being the priority areas identified within the wider remit of the committee's responsibilities.

Nomination committee

Derek Pannell, Nomination committee chair

I act as chairman of the committee Kelvin Dushnisky and Ambassador Mwapachu comprise the other committee members, Mr Dushnisky having replaced Mr Regent following his departure from the Board.

Key responsibilities

We play a leading role in reviewing the structure, size and composition of the Board and in reviewing prospective new Board appointments We have primary responsibility for making recommendations to the Board on its composition and the composition of Board committees generally We also manage recommendations for the retirement and replacement of Directors Under the terms of reference, we are required to meet at least once a year

Further details regarding the committee and its terms of reference are available for inspection on ABG's website.

Activities in 2012 and plans for 2013

We met once during the year, members' individual attendance is provided on page 62. The committee's key activities were impacted in the latter half of the year as a result of the uncertainty surrounding the requirements for Board succession and composition planning as a result of the prolonged Offer Period. During the year we focused on the following key areas within our remit of responsibilities, all of which will be further progressed in 2013

- Reviewing the Board's structure, size and composition in the context of the Company's position and strategy
- Developing recommendations for Board appointments and the reappointment of Directors in accordance with the Board assessment and skills matrix
- Identifying candidates for Board appointments
- Reviewing the performance of the committee, its composition and terms of reference
- Reviewing key regulatory and other developments relevant to the committee's role and responsibilities
- Developing formal succession planning procedures for Directors and senior management

Transaction committee

Michael Kenyon, Transaction committee chair

The committee was formed during the latter half of the year to oversee matters relating to any potential transaction that could have resulted from the discussions between China National Gold and Barrick. I acted as Chairman of the committee, with David Hodgson and Derek Pannell comprising the other members of the committee

Activities in 2012 and plans for 2013

We met 13 times during the year, members' individual attendance is provided on page 62 Our remit of responsibilities and key activities focused on the following

- Determining the terms of engagement for the professional advisers appointed to act for ABG in the context of any potential transaction
- Taking advice from our professional advisers as regards the duties and responsibilities of the Company and the Board in the context of it being a potential target for UK takeover rule purposes
- Overseeing and supporting management in the conduct of due diligence exercises and other matters relating to Barrick's discussions with China National Gold
- Assisting management in the evaluation and referral to the Board of matters affecting the ordinary course of business as a result of the imposition of the Offer Period
- Providing regular and timely updates to the Board on the status of any potential transaction, developments and requirements imposed during the Offer Period

The committee has now been dissolved, following termination of the Offer Period and will be replaced by the newly constituted Technical committee.

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 and the Dar es Salaam Stock Exchange under the symbol ABG

Principal activities

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 Northwest Tanzania, and several exploration projects at various stages of development. We have a high quality asset base, solid growth opportunities and a clear strategy to optimise, expand and grow our business

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 and is scheduled to close in 2013

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 as part of the risk management section of this report

See the corporate responsibility section for information on environmental, employee, 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 as at 31 December 2012 are provided on pages 56 and 57

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	6 June 2012
Greg Hawkins	15 February 2010	N/A
Kevin Jennings	12 January 2010	N/A
James Cross	15 February 2010	8 March 2012
Andre Falzon	15 February 2010	N/A
Stephen Galbraith	19 January 2010	N/A
David Hodgson	19 October 2011	N/A
Ambassador Juma V Mwapachu	14 July 2011	N/A
Michael Kenyon	15 February 2010	N/A
Derek Pannell	15 February 2010	N/A
Rick McCreary	19 July 2012	N/A
Kelvin Dushnisky	6 June 2012	N/A

Save for Mr Pannell and Mr Jennings, all Directors appointed as at year end will put themselves forward for re-election at the forthcoming AGM Details of Director re-election requirements are provided on page 62.

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 ABG has 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 derivatives or financial instruments are outlined in the Directors' Remuneration Report

Employee share schemes

Details of ABG's employee share plans and long-term incentive plans are contained on pages 80 and 81

Employees

Information relating to employees is contained on page 115 in Note 6 to the consolidated 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 Business Management Framework and Code of Conduct, which set 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 US4 0 cents per share was paid to shareholders on 24 September 2012 The Directors recommend the payment of a final dividend of US12 3 cents per Ordinary Share This represents a total dividend of US16 3 cents for 2012 Subject to the shareholders approving this recommendation at the AGM, the final dividend will be paid on 24 May 2013 to shareholders on the register at 3 May 2013 The ex-dividend date is 1 May 2013 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 8 May 2013 Currency elections must be made by return of currency election forms The deadline for the return of currency election forms is 7 May 2013

Annual General Meeting

ABG's AGM will be held on 18 April 2013 at 2 00pm (UK Time) 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 will be made available to the meeting.

Share capital

As at 31 December 2012, 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 As part of resolutions passed at the 2013 AGM, ABG obtained shareholder approval to make market purchases of up to 41,008,550 of its Ordinary Shares, equivalent to 10%, of the issued share capital at the time of approval The authority was granted subject to stated upper and lower limits in accordance with Listing Rule requirements and expires at the forthcoming AGM The authority was not exercised during the year under review An equivalent shareholder resolution will be sought as a matter of ordinary business at the forthcoming AGM

Details of ABG's issued share capital and any movements during the year are included on page 126 in Note 23 to the consolidated financial statements.

Major shareholdings

The following persons as at 1 March 2013 are interested in the following percentages of ABG's issued ordinary share capital

Name	Number of shares	Percentage of issued share capital
Barrick International (Barbados) Corp	179,609,530	43 80
PDG Bank Limited	37,378,450	9 11
PDG Sona (Cayman) Ltd.	86,258,970	21 03
Total	303,246,950	73 94

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 page 63

Political and charitable donations

ABG does not make political donations Information as regards ABG's social and community contributions for the year is provided on pages 44 and 45 and as part of our Financial review

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 128 in Note 25 to the consolidated 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 2012 the ABG Group had an average of 59 creditor days compared to 58 in 2011

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 2, 25 and 29 to the consolidated financial statements contained on pages 98 to 138 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 were 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 page 63 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 130, Note 28 to the consolidated financial statements 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.

An overview of the provisions contained in Executive Director service agreements as regards change of control is provided with the Directors' Remuneration Report 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 Compensation 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 page 63 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 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 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 41 of this report

Corporate governance compliance

The statement on compliance with the UK Corporate Governance Code for the reporting period is contained on page 66 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

Subject to the provisions of the Companies Act 2006, the CREST regulations and every other enactment for the time being in force relating to the Directors' authority to allot shares and/or the disapplication of pre-emption rights and to any resolution of the Company in general meeting regarding the same, the Directors may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper

ABG's shareholders passed the following resolutions relating to the allotment and pre-emption right disapplications at the 2012 AGM

(i) The Directors have been granted an authority to allot new shares and to grant rights to subscribe for or convert any security into shares up to a nominal value of £13,532,821, which was equivalent to approximately 33% of the total issued ordinary share capital of ABG at the time of passing the resolution, exclusive of treasury shares

(ii) Pre-emption rights were disapplied over new shares allotted for cash pursuant to the authority granted at (i) above but only (a) in connection with a pre-emptive offer or rights issue, or (b) otherwise up to a nominal value of £2,050,427 equivalent to approximately 5% of the total issued ordinary share capital of ABG at the time of passing the resolution

These authorities have not been exercised during the reporting period and will expire on the date of the forthcoming AGM Equivalent resolutions for a renewal of these authorities will be put to the shareholders at the forthcoming AGM

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.

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 65

Related party transactions

Details of related party transactions undertaken during the year are contained in Note 32 on page 136 of the consolidated 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 138 of the consolidated 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 93 as part of the consolidated 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 the Company'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

Continued development of our compensation practices

"Maintaining compensation arrangements to support business continuity and retention of talent"

Michael Kenyon,
Chairman of the Compensation committee
7 March 2013

Dear Shareholders,
Overall, 2012 has been an unusual year for ABG, notably as a result of a number of key developments in our operating environment and the impact of discussions between China National Gold and Barrick, both of which required a refocusing of committee activities. In particular, much of the committee's work in the latter half of 2012 focused on ensuring we had appropriate retention and compensation arrangements in place in order to maintain workforce levels to provide for business continuation during a prolonged period of uncertainty As we emerge from this, the committee will resume its focus on developing our compensation practices in line with our strategic business objectives, in order to support long-term growth and returns

Generally, compensation practices throughout the global mining sector have remained highly competitive throughout the year It is important that we ensure our approach to compensation and incentives remains broadly competitive within this sector in order to attract and retain the talent required to drive our business In conjunction with this, we are mindful of the evolving trends and practices applicable to compensation generally

In 2012, the committee decided to replace awards under the Company's Share Option Plan with awards of commensurate fair value under the Long-Term Incentive Plan ("LTIP") LTIP awards will continue to be subject to the Total Shareholder Return ("TSR") performance condition established for this plan In addition, the committee has approved the introduction of Executive Director shareholding guidelines, pursuant to which Executive Directors will be required to establish a minimum shareholding in the Company equal to two times base salary over a period of 5 years The committee will continue to review developments in remuneration in order to ensure appropriate alignment between the interests of executives and shareholders in the context of compensation and performance

More generally, ongoing regulatory developments in the context of executive compensation and content requirements for the Directors' Remuneration Report have remained a key focus for the committee in 2012 We continue to monitor the proposals and await the ultimate outcome of requirements under the Enterprise and Regulatory Reform Bill and the effects that this will have on future reporting periods and the formulation of the Company's remuneration policy going forward.

Summary of Executive Director remuneration policy and structure

Component	Objective	Details
Base salary	To provide appropriately competitive level of base salary with due regard to the size and nature of the responsibilities of each role, as well as an individual executive's experience	Any adjustments effective 1 January Benchmarked against international gold mining, general mining and FTSE-listed companies of similar size and complexity The committee also takes into account corporate and individual performance and experience; general market conditions, and salary increases applied within the Company as a whole
Short-Term Incentive	To align annual reward with annual performance, i.e. reinforce the delivery of key short-term operational objectives	Annual opportunity of up to 150% of salary, with 75% of salary payable for target performance Based on performance against a balanced scorecard of Group targets and individual objectives together with the committee's view of the overall performance of the business
Long-Term Incentive	To provide strong alignment with shareholders' long-term interests, i.e. reward good long-term decisions that help deliver outperformance, absolute share price growth and support the retention of critical executives	*(a) Long-Term Incentive Plan ("LTIP")* Annual award of restricted stock units ("RSUs") up to 200% of salary RSUs vest based on ABG's three-year TSR outperformance of international gold mining sector peers *(b) Share Option Plan ("SOP")* Annual award of options up to 200% of salary Options vest annually over four years, in equal tranches based on continued employment
Pension	To help provide for an appropriate retirement benefit	Executive Directors receive contributions of 25% of base salary into a personal pension scheme of the Executive Director's choice, or a cash supplement of commensurate value

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, Non-Executive Directors' Interests in units under the ABG Deferred Share Unit 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 Chief Executive Officer and Chief Financial Officer,
- Setting, reviewing and approving individual remuneration arrangements for the senior management team, after considering the recommendations of the Chief Executive Officer,
- 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 management team 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,
- 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 selection criteria for the selection, appointment and the terms of reference for any remuneration consultants who advise the committee, and obtaining reliable, up-to-date information about remuneration in other peer group and FTSE companies

The full terms of reference of the Compensation committee can be found on the ABG website and copies are available on request. As of 31 December 2012, the committee comprised the following:

- Michael Kenyon (Chairman)
- Andre Falzon
- David Hodgson
- Kelvin Dushnisky

Mr Dushnisky was appointed mid-year, following Mr Regent's departure from the committee and Mr Hodgson was appointed to the committee to fill independent Non-Executive Director vacancies. The following individuals attended meetings by invitation during the year and provided advice to the committee to enable it to make informed decisions,

- Greg Hawkins, Chief Executive Officer,
- Peter Geleta, Vice President Organisational Effectiveness, and
- Kobus van Vuuren, Head of Human Resources

No Director is present when his or her own remuneration is being determined.

The committee also meets without management and receives information and advice from Kepler Associates, an independent executive remuneration consultancy firm. During 2012, Kepler Associates provided advice to the committee on its review of market trends, remuneration benchmarking and remuneration issues in general. Kepler Associates does not advise the Company on any other issues. Kepler Associates is a member of the Remuneration Consultants Group and adheres to its code of conduct. The committee also received legal advice from Shearman & Sterling LLP during the year on specific matters relating to restrictions placed on the use of the Company's long-term incentive schemes during the Offer Period and the adoption of the Executive Director retention arrangements during the Offer Period

Remuneration policy

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 Senior Leadership Team with the strategy, and
- to remunerate the Chief Executive Officer, Chief Financial Officer and Senior Leadership Team 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 the UK Corporate Governance Code. In 2013, the committee will continue its review of remuneration disclosure against the requirements of the Enterprise and Regulatory Reform Bill and the Company's remuneration policy which, based on the current proposals, will be subject to a binding shareholder vote at the 2014 AGM

To implement the policy, ABG has the option of using three performance-related incentive schemes for the Senior Leadership Team

- the Short-Term Incentive – 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 – aims to motivate participants to maximise total shareholder return as measured against a comparator group of international gold mining companies over a period of three years, and
- the Stock Option Plan – aims to drive shareholder value over the long term and encourage retention

The committee considers that the three-year vesting period for the LTIP is appropriate as a measure of long-term performance. In addition, historically, the phased vesting period over four years for the SOP was viewed as appropriate to encourage retention. In this regard, it should be noted that the committee has decided not to grant any awards under the SOP for 2012 or any future periods.

Activities in 2012

The Compensation committee met six times during the year. Details of members' attendance at meetings are provided on page 62. As noted above, the focus of the committee activities in 2012 was impacted by the prolonged Offer Period imposed on the Company as a result of discussions between China National Gold and Barrick, which required consideration of appropriate employee and management retention plans during a period of ongoing uncertainty. As a result, principal committee activities focused on the following

- Reviewing and adopting appropriate retention packages for Company employees and management,
- Reviewing the Company's redundancy policies,
- Review and approval of 2012 individual performance and pay recommendations for the Chief Executive Officer, Chief Financial Officer and other members of the Senior Leadership Team, and
- Approval of 2013 salary increases for the Chief Executive Officer, Chief Financial Officer, Senior Leadership Team and other senior functions

Ongoing reviews of compensation arrangements and market positioning of pay for the Chief Executive Officer, Chief Financial Officer and Senior Leadership Team will continue into 2013, in conjunction with the outcomes and considerations relevant to the Operational Review

Components of remuneration

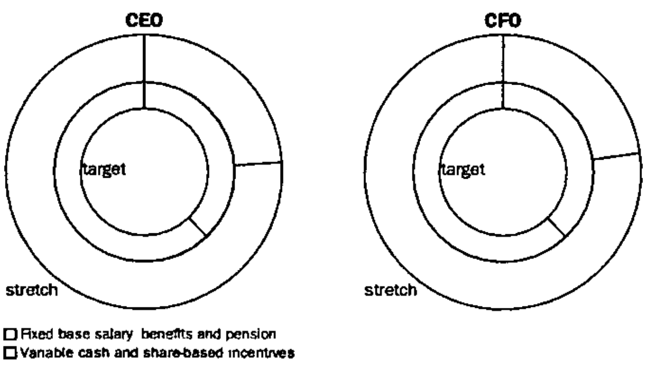
The current remuneration package for Executive Directors comprises performance-related and non-performance-related components The performance-related components are the incentive schemes referred to above and the non-performance-related components are base salary, taxable benefits and pension entitlements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

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 2012 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

Composition of remuneration package for Executive Directors

AS A % OF TOTAL REMUNERATION AT TARGET AND STRETCH PERFORMANCE



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 2012 salary review, were international gold mining, general mining and FTSE-listed companies of similar size and complexity In 2012, the committee noted the Chief Executive Officer's salary was between lower quartile and median and the Chief Financial Officer's salary was between median and upper quartile

The Committee approved the following 2013 salary increases for Executive Directors

	2011 salary	2012 salary	2013 salary	Increase on 2012 salary
Chief Executive Officer	£450,000	£475,000	£490,000	3 16%
Chief Financial Officer	£327,000	£359,700	£370,500	3%

The salary increases for 2013 are between lower quartile and median for the Company's comparator groups The average salary increase across the rest of the Group was 6 5%

Short-Term Incentive (STI)

The Group operates a cash-based STI, which in 2012 provided for an annual bonus opportunity in the range of 0% to 150% of base salary for Executive Directors For 2013 the committee has approved the following STI opportunities for the Executive Directors, this being equal to that for 2012

	2013 target bonus opportunity	2013 maximum bonus opportunity
Chief Executive Officer	75%	150%
Chief Financial Officer	75%	150%

Awards under the STI are earned based on Group and individual performance For the Executive Directors, the Group performance measures for the 2012 incentive year were based on five categories financial, operations, growth and CSR (capturing safety, environment, security, government relations and community relations), and personnel For each of the categories, the committee sets stretching targets for specific performance measures The review of individual performance takes into consideration achievements against the individual's personal performance.

In 2012, the Group scorecard assessment reflected a mixed year Targets for production, cost, cash flow and earnings performance were not met, however, growth was strong across exploration, notably with our entry into Kenya, and we continued to make good progress with capital projects. In the CSR areas, although we continued to make good progress in key areas, namely in the context of community relations, environmental, security and government relations, overall safety performance was marked with two fatalities. For the 2012 incentive year, taking into account overall business and individual performance, the committee has awarded the Chief Executive Officer an STI payment of approximately 64% of base salary and the Chief Financial Officer an STI payment of approximately 71% of base salary These payments reflect, not only the fair analysis of achievements when considering Group performance measures, but also the additional requirements placed on management as a result of the prolonged Offer Period applicable to the Company in the second half of 2012 Entitlement to the STI may be forfeit if the individual is on notice at the time of payment

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the bonus structure remains appropriate.

The following table illustrates the Group measures used to determine the achievement of the 2012 STI Note, the exact targets themselves are not disclosed for reasons of commercial sensitivity but performance in relation to threshold, target and stretch levels is detailed below

			Achievement				
Category	Overall weight	Measure	Below threshold	Between threshold and target	At target	Between target and stretch	At or above stretch
Financial	20%	Earnings	✓				
		Cash flow	✓				
Operations	20%	Production	✓				
		Costs	✓				
Growth	25%	Exploration					✓
		Capital projects				✓	
CSR	25%	Community relations					✓
		Environment				✓	
		Health & safety	✓				
		Security				✓	
		Government relations					✓
Personnel	10%	Capacity building			✓		

Long-term incentives

The Company operates two share schemes in which the Executive Directors, other members of senior management and high potential individuals within the organisation are eligible to participate: the LTIP and the SOP The committee recognises that some of the features of the LTIP and SOP, which are based on the same structure of long-term incentive awards granted by Barrick, are not fully consistent with general UK market practice Therefore, we adopted the following key amendments to the LTIP in 2012, in order to reach an appropriate compromise between UK market requirements for such awards and the need to ensure the competitiveness of the ABG LTIP relative to the incentives offered by many of our global sector peers

- mechanics for the clawback of LTIP awards (or their proceeds) made to Executive Directors in the exceptional circumstances of individual misconduct or financial misstatement/misreporting, and
- mechanics that allow the committee to grant awards to participants who are not Executive Directors either (a) without a performance condition or, (b) subject to a performance condition, which is measured over a performance period of less than three years

The rules of the LTIP and SOP each permit a maximum award with a value equal to 200% of salary in each year under normal circumstances The committee may exceed this limit in exceptional circumstances The committee generally intends for awards to be delivered on a "fair value" basis. As a result of regulatory restrictions applicable to the Company as a result of the Offer Period, no awards were made under the SOP or LTIP in 2012 Following year end, and subsequent to the lifting of Offer Period related restrictions, the committee granted LTIP awards in respect of 2012 equivalent to c 150% of base salary for the Chief Executive Officer and the Chief Financial Officer respectively The Committee made these awards on the basis that both the LTIP should be looked at in overall terms of (i) incentivisation, and (ii) retention. No awards have been made in respect of 2012 under the SOP

Long-Term Incentive Plan (LTIP)

Under the LTIP, awards of conditional shares, options or restricted stock units (RSUs) may be granted. To date, only RSUs have been granted under the LTIP

The Executive Directors and the other members of our Senior Leadership Team are eligible to receive annual awards under the LTIP Awards vest on the Company's TSR performance (share price and dividends) 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 There is no retest provision The committee considers that TSR is an appropriate performance measure for the LTIP because it captures the shareholder return delivered over the long term objectively and is less sensitive to short-term changes in the gold price than many alternative measures commonly used.

The committee reviews the comparator group against which TSR performance is measured from time to time to ensure it remains appropriate. During the year, the committee reviewed the existing comparator group and decided to replace Zijin Mining Group with New Gold Inc and to remove Polyus Gold International Limited from the comparator group for LTIP awards made in respect of 2012.

Year of award	2012	2011
Agnico-Eagle Mines Ltd	✓	✓
AngloGold Ashanti Ltd	✓	✓
Buenaventura Mining Company*	✓	✓
Centamin plc	✓	✓
Centerra Gold Inc	✓	✓
Eldorado Gold Corp	✓	✓
Gold Fields Ltd	✓	✓
Harmony Gold Mining Co Ltd.	✓	✓
IAMGOLD Corp	✓	✓
Kinross Gold Corporation	✓	✓
New Gold Inc	✓	
Petropavlovsk PLC	✓	✓
Polyus Gold International Limited		✓
Randgold Resources Ltd	✓	✓
Semafo Inc	✓	✓
Yamana Gold Inc	✓	✓
Zijin Mining Group Co Ltd		✓

* Translation of company name into English

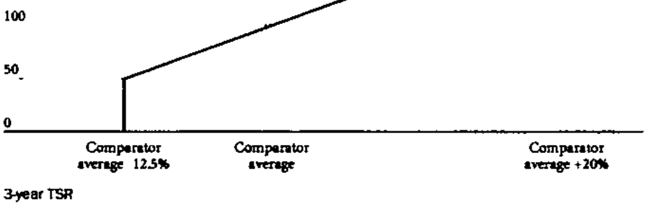
The committee has set the following performance conditions for allocations made under the LTIP.

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.

This performance condition can be illustrated as follows.

LTIP PERFORMANCE CONDITIONS
% of allocated shares transferred



For awards made in respect of 2012, the Executive Directors were granted RSUs with a value of 150% of salary, which will vest in full if the Company's TSR is in line with the comparator index.

Whilst permitting partial vesting for TSR performance below median is not consistent with UK market practice, we believe it is important to maintain this vesting schedule in order to balance disproportionate TSR volatility, resulting from the limited free float and thus liquidity in the Company's shares.

Stock Option Plan (SOP)

Pursuant to the terms of the 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. Initially, a four-year vesting period was selected to aid in the retention of key talent. In a recent review of appropriate incentive arrangements for Executive Directors and members of senior management, the committee has decided to replace awards under the SOP with awards of commensurate fair value under the Company's LTIP. Historically, the committee considered time-only share option awards helpful in supporting retention and recruitment as well as providing alignment with shareholders' long-term interests. However, following its recent review of compensation practices, the committee has decided that greater emphasis on the Company's LTIP, which rewards ABG's long-term outperformance, will be more motivational and further enhance alignment with shareholder interests.

Legacy Barrick incentive plans

Many members of our Senior Leadership Team, who were previously employees of Barrick, retained stock options and restricted share units under Barrick's remuneration arrangements on joining the Company. Further details of these plans and any holdings of Directors are disclosed on pages 85 and 86. ABG Executive Directors and management are no longer eligible for further awards under the Barrick incentive plans.

Pensions

Executive Directors receive contributions equal to 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 83. The Group does not operate any defined benefit schemes.

Dilution

In the event of all options and shares outstanding as at 31 December 2012 under ABG's share-based schemes (which could be satisfied by the issue of new shares) becoming exercisable, the resulting issue of shares would represent approximately 0.5% of the issued share capital as at that date. As an alternative to satisfying the relevant awards by issuing new shares, the Company may enter into arrangements with the African Barrick Gold Employee Benefit Trust to satisfy awards using market purchase shares.

Executive retention arrangements

Given the uncertainty caused by the prolonged Offer Period imposed on the Company, an additional discretionary short-term performance incentive bonus was put in place in 2012 for the Executive Directors in order to appropriately incentivise these key staff to remain with the Company. The short-term incentive bonuses were subject to the achievement of various performance criteria which were designed to ensure that the Executive Directors maintained the stability and morale of the workforce, assisted in the discussions between Barrick and China National Gold and maximised shareholder returns from any offer received for the Company The amount of any award made to either Executive Director under these arrangements would be determined by the Compensation committee in its absolute discretion The maximum potential payment under these arrangements was £2,125,000 for the Chief Executive Officer and £1,650,000 for the Chief Financial Officer These retention arrangements were cancelled without payment to the Executive Directors in early 2013 following expiry of the Offer Period and replaced by virtue of the amendments made to Executive Director service contracts as regards change of control, explained below

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 appointments of indefinite term and with a notice period of one year to be appropriate

The Executive Directors' service contracts provide for compensation of 12 months' salary in the event of early termination In addition, in early 2013 the Board approved amendments to the Executive Director service contracts in connection with the cancellation of retention arrangements put in place during the prolonged Offer Period, in order to ensure that the Company maintains appropriate retention and compensation arrangements to support business continuity at this stage The amendments provide for an entitlement to a severance payment in the event of an Executive Directors being dismissed without cause or resigning for good reason in the 12 months following a change of control of the Company Such payment would be equal to two times the combined value of an Executive Director's base salary, one year of performance incentive; any Company pension contributions and a Company car allowance in each case Any payment made under this arrangement would replace the entitlement to receive payment under the Executive Director's 12 month notice period in each case

Senior Leadership Team (excluding Executive Directors)

The policy and practice with regard to the remuneration of senior employees below the Executive Directors is broadly consistent with that for the Executive Directors These individuals 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 In addition, awards of time-vesting RSUs are granted to members of the Senior Leadership Team to help ensure their retention The committee reviews and approves the individual remuneration packages for each member of the Senior Leadership Team 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 and other experience relevant to mining operations. 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, subject to election by shareholders at each AGM in accordance with the requirements of the UK Corporate Governance Code Upon the recommendation of the Nomination committee, they are reappointed for a second term of three years, again subject to annual re-election by shareholders

The terms of engagement of the Non-Executive Directors are set out in a letter of appointment These letters do not contain any provision for compensation for early termination of office, nor do they contain any notice periods

The basic annual fee paid to Non-Executive Directors for 2012 was £65,000 per annum Additional fees of £15,000 were also payable for acting as Senior Independent Director and £10,000 for acting as chairman of the Compensation committee or EHS&S committee, respectively A fee of £20,000 was payable for acting as chairman of the Audit committee In addition to this, during the year the Board approved the payment of a fee of £200,000 per annum to Mr Pannell for assuming the role of Acting Chairman As regards the Transaction committee formed by the Board for purposes of overseeing matters relevant to the Company's status as a potential target for UK takeover purposes, the Board approved additional fees of £1,500 and £2,600 payable per meeting of this committee to each member and the chairman respectively The Board believes that such fees represented reasonable fees due in connection with the assumption of additional responsibilities arising from the appointment to this committee

Non-Executive Director fee levels for 2013 will be reviewed prior to the 2013 AGM Any changes will take effect from 1 April 2013

Non-Executive Directors are not entitled to participate under the Company's SOP or LTIP In 2012 the Company established a Deferred Share Unit Plan, pursuant to which Non-Executive Directors may elect to waive some or all of their annual fees in return for a deferred right to a cash payment, payable only after a participant ceases to hold office with the Company Broadly, cash payments under this plan are calculated by reference to the fair market value of the Company's shares at the time of payment and remain subject to market fluctuations in the context of the Company's share price until the time of payment. This plan was adopted to address certain practices and trends of North American mining companies, which provide for similar elections to be made in order to ensure that our practices for non-executive compensation structures remain flexible and competitive against our global peers. Elections under the plan are made annually, usually in April of each year Current outstanding awards are summarised in the table entitled Audited Non-Executive Directors' Interests in units under the ABG Deferred Share Unit Plan below

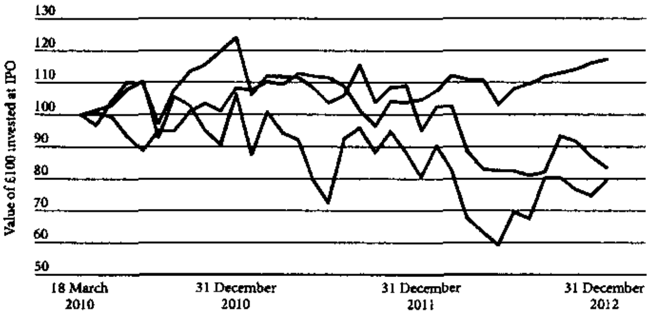
Chairman

Mr Pannell was appointed as Acting Chairman following Mr Regent's departure The Company agreed to pay an additional fee of £200,000 per annum for the assumption of this role during 2012

Performance graphs

The following graphs show (i) ABG's TSR performance for the period from the IPO to 31 December 2012 (calculated in accordance with the regulations) against the FTSE 350 and ABG's LTIP comparator group, and (ii) ABG's TSR performance (calculated in accordance with the regulations) against the FTSE 350 and ABG's LTIP comparator group during the reporting period The FTSE 350 was chosen on the basis of it being a recognised broad equity market index, of which ABG was a member for the reporting period

HISTORICAL TSR PERFORMANCE
Growth in the value of a hypothetical £100 holding from IPO to 31 December 2012



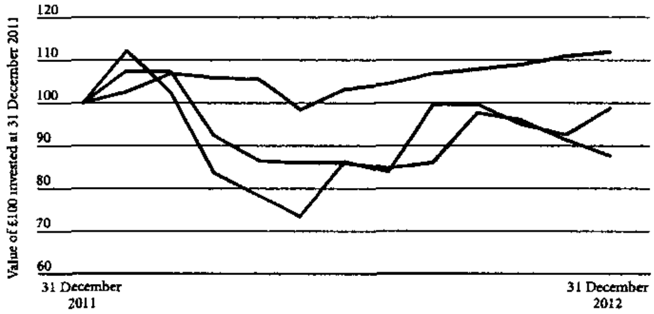
■ African Barrick Gold ■ FTSE350 ■ 2012 LTIP comparator group

Assumptions

LTIP comparator group is based on a weighted mean, with weightings calculated based on spot market cap at 18 March 2010

All data is based on spot share prices, i e no averaging is used.

HISTORICAL TSR PERFORMANCE
Growth in the value of a hypothetical £100 holding from 31 December 2011 to 31 December 2012



■ African Barrick Gold ■ FTSE350 ■ 2012 LTIP comparator group

Assumptions

LTIP comparator group is based on a weighted mean, with weightings calculated based on spot market cap at 31 December 2011

All data is based on spot share prices, i e no averaging is used.

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 2012

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

	Salary/fees		Pension		Taxable benefits[a]		Bonus[b]		Total[c]	
	2012 £	2011 £	**2012** £	2011 £	**2012** £	2011 £	**2012** £	2011 £	**2012** £	2011 £
Derek Pannell	165,890	75,000	–	–	–	–	–	–	165,890	75,000
Greg Hawkins	475,000	450,000	118,750	112,500	385,790	35,543	302,813	337,500	1,282,353	935,540
Kevin Jennings	359,700	327,000	89,925	81,750	127,710	35,544	256,286	245,520	833,621	689,810
Andre Falzon	85,000	70,000	–	–	–	–	–	–	85,000	70,000
Stephen Galbraith	–	–	–	–	–	–	–	–	–	–
David Hodgson	96,000	13,886	–	–	–	–	–	–	96,000	13,886
Ambassador Juma V Mwapachu	65,000	26,087	–	–	–	–	–	–	65,000	26,087
Michael Kenyon	116,600	70,000	–	–	–	–	–	–	116,600	70,000
Kelvin Dushinsky	–	–	–	–	–	–	–	–	–	–
Rick McCreary	–	–	–	–	–	–	–		–	–
Former Directors										
Aaron Regent	–	–	–	–	–	–	–		–	–
James Cross	12,097	60,000	–	–	–	–	–	–	12,097	60,000

(a) Taxable benefits include car allowance, private medical insurance RSU related payments and outstanding relocation expenses

(b) Payment of Greg Hawkins' bonus for 2012 is deferred to April 2013 Payment of this bonus is subject to being in continued employment at the time of payment.

(c) Certain independent Non-Executive Directors elected to covert a proportion of their annual fee for 2012 into deferred share units, pursuant to the terms of the Company's Deferred Share Unit Plan as follows. Derek Pannell elected to convert an amount of approximately £40,000 of the total of his fee for 2012 into deferred share units Andre Falzon elected to convert an amount of approximately £21 720 of the total of his fee for 2012 into deferred share units, David Hodgson elected to convert an amount of approximately £37,500 of the total of his fee for 2012 into deferred share units and Michael Kenyon elected to convert an amount of approximately £75 000 of the total of his fee for 2012 into deferred share units The number of share units granted and market price of Ordinary Shares at the date of grant are summarised in the table below entitled Audited Non-Executive Directors' interests in units under the ABG Deferred Share Unit Plan

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-10	indefinite	12 months
Kevin Jennings	23-Mar-10	indefinite	12 months

The Executive Directors' service contracts provide for compensation of 12 months' salary in the event of early termination A summary of payments due under these service contracts on a change of control is provided on page 82

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
Derek Pannell	01-Feb-10	18- Apr-13
Andre Falzon	01-Feb-10	18- Apr-13
Stephen Galbraith	01-Feb-10	18-Apr-13
David Hodgson	20-Oct-11	19-Oct-14
Ambassador Juma V Mwapachu	14-Jul-11	13-Jul-14
Michael Kenyon	01-Feb-10	18-Apr-13
Rick McCreary	19-Jul-12	18-Jul-15
Kelvin Dushinsky	06-Jun-12	05-Jun-15

Aaron Regent left the Board on 6 June 2012 James Cross left the Board on 8 March 2012

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

Award date	Shares over which awards held as at 01-Jan-12	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 12
Greg Hawkins						
25-Nov-10	40,219	–	£5 12	24-Nov-13	24-Nov-13	41,357
30-Nov-11	90,543	–	£4 97	29-Nov-14	29-Nov-14	93,105
Kevin Jennings						
25-Nov-10	22,482	–	£5 12	24-Nov-13	24-Nov-13	23,119
30-Nov-11	65,795	–	£4 97	29-Nov-14	29-Nov-14	67,657

The shares over which awards held listed in the table represent the target award at the date of grant. Additional RSUs are credited to reflect dividends paid on ABG Ordinary Shares prior to the vesting date. Such additional RSUs are subject to the same vesting provisions as the underlying RSUs that were actually granted. Following year end, the following RSU awards were granted to Executive Directors representing RSU awards for 2012 Greg Hawkins received awards equal to 235,099 Ordinary Shares and Kevin Jennings received awards equal to 178,808 Ordinary Shares on 13 February 2013 The market price of Ordinary Shares at the time of these awards was £3 02 The end of the applicable performance period and the vesting date for these awards is 12 February 2016

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

Award date	Shares over which awards held as at 01-Jan-12	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 12
Greg Hawkins									
27-Apr-10	125,000	–	£5 68	–	N/A	26-Apr-17	27-Apr-11	27-Apr-14	125,000
25-Nov-10	142,501	–	£5 12	–	N/A	24-Nov-17	25-Nov-11	25-Nov-14	142,501
29-Nov-11	135,202	–	£4 97	–	N/A	29-Nov-18	29-Nov-12	29-Nov-15	135,202
Kevin Jennings									
27-Apr-10	100,000	–	£5 68	–	N/A	26-Apr-17	27-Apr-11	27-Apr-14	100,000
25-Nov-10	79,659	–	£5 12	–	N/A	24-Nov-17	25-Nov-11	25-Nov-14	79,659
29-Nov-11	98,247	–	£4 97	–	N/A	29-Nov-18	29-Nov-12	29-Nov-15	98,247

No awards were made under the SOP for 2012

Audited Non-Executive Directors' interests in units under the ABG Deferred Share Unit Plan

Award date	Units over which awards held as at 01-Jan 12	Units over which awards granted during the year	Market price at date of award	Units over which awards held as at 31 Dec-12
Andre Falzon				
27-Apr-12	–	6,000	£3 62	6,034
David Hodgson				
04-May-12	–	10,684	£3 51	10,744
Michael Kenyon				
01-May-12	–	20,604	£3 64	20,720
Derek Pannell				
01-May-12	–	10,989	£3 64	11,051

Awards granted under the Deferred Share Unit Plan are not allocated vesting dates In accordance with the terms of the plan, awards may only vest following the date on which a plan participant's appointment ends Following this, payment under the plan is made at any time until 31 December of the year following the appointment termination date Additional DSUs are credited to reflect dividends paid on ABG Ordinary Shares

Share price information

The mid-market price for the Company's Ordinary Shares at 31 December 2012 was £4 406 The range during the year was £3 098 to £5 315

Directors' interests in options under the Barrick Share Option Plan

Award date	Shares over which awards held as at 01-Jan 12	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-12
Rick McCreary									
26-April-11	88,595	–	US$51 86	N/A	N/A	25-Apr-18	26-Apr-12	26-Apr-15	88,595
14 Feb 2012	–	33,276	US$48 45	N/A	N/A	13-Feb-19	14-Feb-13	14 Feb-16	33,276
Kelvin Dushnisky									
04-Dec-07	84,515	–	US$41 08	N/A	N/A	03-Dec-14	04-Dec-08	04-Dec-11	84,515
09-Dec-08	86,169	–	US$27 25	N/A	N/A	08-Dec-15	09-Dec-09	09-Dec-12	86,169
08-Dec-09	68,494	–	US$42 44	N/A	N/A	07-Dec-16	08-Dec-10	08-Dec-13	68,494
07-Dec-10	74,758	–	US$54 83	N/A	N/A	06-Dec-17	07-Dec-11	07-Dec-14	74,758
14-Feb-12	–	102,414	US$48 45	N/A	N/A	13-Feb-19	14-Feb-13	14 Feb-16	102,414
07-Aug-12	–	56,408	US$33 36	N/A	N/A	06-Aug-19	07-Aug-13	07-Aug-16	56,408
Stephen Galbraith									
30-Jul-08	7,500	–	US$42 58	N/A	N/A	29-Jul-15	30-Jul-09	30-Jul-12	7,500
07-Dec-10	5,000	–	US$54 83	N/A	N/A	06-Dec-17	07-Dec-11	07-Dec-14	5,000
Kevin Jennings									
08-Dec-09	21,215	–	US$42 44	N/A	N/A	07-Dec-16	08-Dec-10	08-Dec-13	21,215

Following year end, the following Barrick share option awards were granted to representing share option awards for 2012 Rick McCreary received awards equal to 54,193 Barrick common shares and Kelvin Dushnisky received awards equal to 113,685 Barrick common shares on 12 February 2013 The exercise price for these awards is US$32 30 The expiry date for these awards is 11 February 2020, the earliest vesting date is 12 February 2014 and the final vesting date is 12 February 2017

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 01-Jan 12	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 price at date of vesting	Lapsed during the year	Shares over which awards held as at 31-Dec-12
Rick McCreary										
14-Feb-12	PRSUs	–	4,519	C$47 97	14-Feb-15	14-Feb-15	–	N/A	N/A	4,606
26-Apr-11	RSUs	25,015	–	C$50 39	N/A	26-Oct-13	–	N/A	N/A	25,497
14-Feb-12	RSUs	–	4,519	C$47 97	N/A	14-Aug-14	–	N/A	N/A	4,606
Kelvin Dushnisky										
08-Dec-09*	PRSUs	10,135	–	C$44 63	08-Dec-12	08-Dec-12	10,330	C$33 41	N/A	–
07-Dec-10	PRSUs	10,579		C$55 25	07-Dec-13	07-Dec-13	–	N/A	N/A	10,783
14-Feb-12	PRSUs	–	13,907	C$47 97	14-Feb-15	14-Feb-15	–	N/A	N/A	14,175
08-Dec-09	RSU	10,135	–	C$44 63	N/A	08-June-12	10,222	C$42 49	N/A	–
28-Jul-10	RSU	24,461	–	C$42 46	N/A	28-Jan-13	–	N/A	N/A	24,932
07-Dec-10	RSU	10,579		C$55 25	N/A	07-Jun-13	–	N/A	N/A	10,783
14-Feb-12	RSU	–	13,907	C$47 97	N/A	14-Aug-14	–	N/A	N/A	14,175
07-Aug-12	RSU	–	15,230	C$32 83	N/A	07-Feb-15	–	N/A	N/A	15,390
Stephen Galbraith										
08-Dec-09	RSUs	2,427	–	C$44 63	N/A	08-Jun-12	2,448	C$42 49	N/A	–
07-Dec-10	RSUs	1,805	–	C$55 25	N/A	07-Jun-13	–	N/A	N/A	1,840
09-Dec-11	RSUs	2,957	–	C$50 82	N/A	09-Jun-14	–	N/A	N/A	3,014
Greg Hawkins										
08-Dec-09	RSUs	4,627	–	C$44 63	N/A	08-Jun-12	4,667	C$42 49	N/A	–
Kevin Jennings										
08-Dec-09	RSUs	2,452	–	C$44 63	N/A	08-Jun-12	2,473	C$42 49	N/A	–

Note* The payout for the December 2009 PRSU award, which vested in 2012, was calculated based on a payout percentage of 112 35% of the outstanding units (number of units granted plus accumulated dividend equivalents) and an average closing share price of C$33 41

Following year end, the following awards were made under Barrick's RSU plan representing awards for 2012 Rick McCreary received an RSU award equal to 13,007 Barrick common shares and a PRSU award equal to 26,013 Barrick common shares, Kelvin Dushnisky received an RSU award equal to 27,285 Barrick common shares and a PRSU award equal to 54,569 Barrick common shares and Stephen Galbraith received an RSU award equal to 3,424 Barrick common shares and a PRSU award equal to 1,142 Barrick common shares These awards were granted on 12 February 2013 The market price of a Barrick common share at the time of these awards was C$32 34

Barrick Restricted Share Units (RSUs)

RSUs 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 the Toronto Stock Exchange on the five trading days prior to the vesting date, converted to U S dollars based on the Bank of Canada noon rate of exchange on the day preceding 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)

Vesting of PRSUs is determined by reference to the achievement of specific performance conditions over a three-year performance period. Following the application of the relevant performance condition, the value of vested PRSUs is determined by multiplying the number of PRSUs that vested by the average of the closing share price of Barrick common shares on the Toronto Stock Exchange on the five trading days prior to the vesting date, converted to U.S. dollars based on the Bank of Canada noon rate of exchange on the day preceding the vesting date. 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.

The performance condition for PRSU awards granted prior to February 2013 was based solely 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 a selected peer group.

For awards made in February 2013, Barrick has amended the performance condition applicable to its PRSUs as follows:

- 50% of the performance condition is based on Barrick's total shareholder return (share price appreciation plus reinvested dividends), relative to that of its selected peer group;
- 25% of the performance condition is based on Barrick's adjusted annual earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") performance as at 31 December of each year measured against EBITDA performance forecasted at the beginning of each year (1 January), controlling for average gold and copper prices in the period, with each year's performance contributing one-third of the target; and
- 25% of the performance condition is based on Barrick's adjusted annual free cash flow ("Adjusted FCF") performance as at 31 December of each year measured against adjusted FCF performance forecasted at the beginning of each year (1 January), controlling for average gold and copper prices in the period, with each year's performance contributing one-third of the target.

To align with Barrick's financial reporting timeframe for the EBITDA and FCF metrics, performance for the PRSU awards granted in February 2013 will be evaluated over three calendar years, as opposed to a three-year performance period beginning from the date of grant. Accordingly, performance for the PRSU awards granted on 12 February 2013 will be measured over the three-year period from 1 January 2013 to 31 December 2015.

As regards the total shareholder return component of the performance condition, the following gold mining companies comprise the Barrick peer group:

Year in respect of which award was granted	2012	2011
AngloGold Ashanti Ltd.	✓	✓
Eldorado Gold Corp	✓	
Goldcorp Inc	✓	✓
Gold Fields Ltd		✓
Kinross Gold Corporation	✓	✓
Newcrest Mining Limited	✓	✓
Newmont Mining Corporation	✓	✓
Yamana Gold Inc	✓	✓

Directors' interests in ABG Ordinary Shares or derivatives or financial instruments relating to such shares

	As at 31-Dec-12	As at 01-Jan-12
Derek Pannell	20,000	15,000
Greg Hawkins	N/A	N/A
Kevin Jennings	44,000	44,000
Andre Falzon	9,000	9,000
Stephen Galbraith	N/A	N/A
David Hodgson	13,000	N/A
Ambassador Juma V Mwapachu	N/A	N/A
Michael Kenyon	N/A	N/A
Kelvin Dushnisky	N/A	N/A
Rick McCreary	N/A	N/A

Aaron Regent did not acquire any interests in ABG shares whilst appointed as a Director. James Cross held interests in 20,000 ABG Ordinary Shares prior to his departure from the Board. Information regarding Non-Executive Directors' interests held under ABG's Deferred Share Unit Plan is provided above.

There have been no other changes in Directors' shareholdings between 31 December 2012 and 7 March 2013.

External appointments

None of the Executive Directors currently holds an appointment as a non-executive of another FTSE 350 company.

By order of the Board

Michael Kenyon,
Chairman of the Compensation committee

7 March 2013

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 2012 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 Operations Support, Eric Acheampong, Corporate Manager, Geology and Samuel Eshun, Corporate Manager, Mine Planning However, the figures stated are estimates and no assurances can be given that the indicated quantities of metal will be produced In addition, totals stated may not add up due to rounding

Mineral reserves have been calculated using an assumed long-term average gold price of US$1,500 00 per ounce, a silver price of US$28 00 per ounce and a copper price of US$3 00 per pound. Reserve calculations incorporate current and/or expected mine plans and cost levels at each property

Mineral resources at our mines have been calculated using an assumed long-term average gold price of US$1,650 00 per ounce, a silver price of US$30 00 per ounce and a copper price of US$3 50 per pound while mineral resources for our exploration properties have been calculated using an assumed long-term average gold price of US$1,400 00 per ounce 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

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 and resources

		2012			2011		
Mine	Classification	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)
Bulyanhulu – Underground	Proven and probable	28,990	11 335	10,564	28,189	11 731	10,632
	Mineral Resource	10,672	9 675	3,320	9,792	8 585	2,703
	Inferred	8,465	11 949	3,252	8,318	12 003	3,210
Bulyanhulu – Tailings	Proven and probable	7,974	1 229	315	–	–	–
	Mineral Resource	–	–	–	7,974	1 229	315
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	63,333	1 325	2,697	61,424	1 476	2,915
	Mineral Resource	14,875	1 019	487	35,490	1 124	1,282
	Inferred	7,211	1 101	255	10,299	1 156	383
North Mara	Proven and probable	34,207	2 739	3,012	35,596	3 045	3,485
	Mineral Resource	19,117	3 921	2,410	15,990	2 800	1,440
	Inferred	1,077	3 663	127	1,558	2 557	128
Tulawaka (70%)	Proven and probable	29	16 814	16	166	12 018	64
	Mineral Resource	663	6 580	140	613	5 458	108
	Inferred	129	4 671	19	116	5 723	21
Total	Proven and probable	134,533	3 839	16,604	125,375	4 241	17,095
	Mineral Resource	45,327	4 362	6,357	69,859	2 603	5,847
	Inferred	16,882	6 731	3,654	20,292	5 736	3,742

Exploration property gold reserves and resources

Mine	Classification	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)
Tusker (Nyanzaga)	Proven and probable	–	–	–	–	–	–
	Mineral Resource	78,163	1 443	3,627	73,884	1 465	3,481
	Inferred	13,003	1 912	799	9,061	2 054	598
Kilimani (Nyanzaga)	Proven and probable	–	–	–	–	–	–
	Mineral Resource	3,753	0 998	120	–	–	–
	Inferred	1,661	0 992	53	–	–	–
Golden Ridge	Proven and probable	–	–	–	–	–	–
	Mineral Resource	7,417	2 837	677	7,417	2 837	677
	Inferred	1,221	2 371	93	1,221	2 371	93
Total Exploration	Proven and probable	–	–	–	–	–	–
	Mineral Resource	89,333	1 540	4,424	81,301	1 591	4,157
	Inferred	15,885	1 851	945	10,282	2 092	691
Total ABG	Proven and probable	134,533	3 839	16,604	125,375	4 241	17,095
	Mineral Resource	134,660	2 490	10,782	151,160	2 059	10,005
	Inferred	32,767	4 365	4,599	30,574	4 511	4,434

Contained copper reported within gold reserves and resources

Mine	Classification	Tonnes (000's)	Grade Cu (%)	Pounds (000's)	Tonnes (000's)	Grade Cu (%)	Pounds (000's)
Bulyanhulu – Underground	Proven and probable	28,990	0 655	418,703	28,189	0 669	415,958
	Mineral Resource	10,672	0 614	144,480	9,792	0 543	117,221
	Inferred	8,465	0 716	133,681	8,318	0 717	131,535
Bulyanhulu – Tailings	Proven and probable	7,974	0 036	6,329	–	–	–
	Mineral Resource	–	–	–	7,974	0 036	6,329
	Inferred	–	–	–	–	–	–
Buzwagi	Proven and probable	63,333	0 104	144,752	61,424	0 114	154,082
	Mineral Resource	14,875	0 083	27,172	35,490	0 099	77,090
	Inferred	7,211	0 075	11,979	10,299	0 089	20,119
Total	Proven and probable	100,297	0 258	569,784	89,613	0 289	570,040
	Mineral Resource	25,547	0 305	171,652	53,256	0 171	200,640
	Inferred	15,676	0 421	145,660	18,617	0 369	151,654

Contained silver reported within gold reserves and resources

Mine	Classification	2012 Tonnes (000 s)	2012 Grade Ag (g/t)	2012 Ounce (000 s)	2011 Tonnes (000 s)	2011 Grade Ag (g/t)	2011 Ounce (000 s)
Bulyanhulu – Underground	Proven and probable	28,990	9 159	8,537	28,189	9 385	8,506
	Mineral Resource	10,672	8 149	2,796	9,792	7 545	2,375
	Inferred	8,465	9 837	2,677	8,318	9 859	2,637
Bulyanhulu – Tailings	Proven and probable	7,974	3 848	987	–	–	–
	Mineral Resource	–	–	–	7,974	3 848	987
	Inferred	–	–	–	–	–	–
Total	Proven and probable	36,964	8 013	9,523	28,189	9 385	8,506
	Mineral Resource	10,672	8 149	2,796	17,766	5 886	3,362
	Inferred	8,465	9 837	2,677	8,318	9 859	2,637

Mine gold reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Proven	827,129	10 013	266,261
	Probable	28,162,758	11 373	10,298,162
	Total (P+P)	28,989,887	11 335	10,564,423
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	7,974,020	1 229	315,080
	Total (P+P)	7,974,020	1 229	315,080
Buzwagi	Proven	5,874,720	1 079	203,827
	Probable	57,458,687	1 350	2,493,423
	Total (P+P)	63,333,407	1 325	2,697,250
North Mara	Proven	11,324,467	2 624	955,257
	Probable	22,882,035	2 795	2,056,478
	Total (P+P)	34,206,502	2 739	3,011,735
Tulawaka (70%)	Proven	6,868	2 200	486
	Probable	22,541	21 267	15,412
	Total (P+P)	29,408	16 814	15,898
Total mine gold reserves	Proven	18,033,184	2 459	1,425,831
	Probable	116,500,041	4 052	15,178,555
	Total (P+P)	134,533,224	3 839	16,604,386

Contained copper reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Proven	827,129	0 325	5,934,565
	Probable	28,162,758	0 665	412,768,864
	Total	28,989,887	0 655	418,703,429
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	7,974,020	0 036	6,328,629
	Total	7,974,020	0 036	6,328,629
Buzwagi	Proven	5,874,720	0 074	9,608,881
	Probable	57,458,687	0 107	135,143,305
	Total	63,333,407	0 104	144,752,186
Total copper reported within gold reserves	Proven	6,701,849	0 105	15,543,446
	Probable	93,595,465	0 269	554,240,798
	Total	100,297,314	0 258	569,784,244

Contained silver reported within gold reserves

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu – Underground	Proven	827,129	6 807	181,020
	Probable	28,162,758	9 228	8,355,749
	Total (P+P)	28,989,887	9 159	8,536,769
Bulyanhulu – Tailings	Proven	–	–	–
	Probable	7,974,020	3 848	986,514
	Total (P+P)	7,974,020	3 848	986,514
Total silver reported within gold reserves	Proven	827,129	6 807	181,020
	Probable	36,136,778	8 041	9,342,263
	Total	36,963,907	8 013	9,523,283

Mine resource (Measured & Indicated, exclusive of reserves)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	10,672,358	9 675	3,319,673
	Total (M+I)	10,672,358	9 675	3,319,673
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	–	–	–
Buzwagi	Measured	74,074	1 219	2,903
	Indicated	14,800,514	1 018	484,220
	Total (M+I)	14,874,588	1 019	487,123
North Mara	Measured	3,030,080	4 100	399,443
	Indicated	16,087,187	3 888	2,010,797
	Total (M+I)	19,117,267	3 921	2,410,240
Tulawaka (70%)	Measured	–	–	–
	Indicated	662,643	6 580	140,174
	Total (M+I)	662,643	6 580	140,174
Total Mine Resource (M+I)	Measured	3,104,154	4 031	402,346
	Indicated	42,222,702	4 387	5,954,864
	Total (M+I)	45,326,856	4 362	6,357,210

Contained Copper within gold resources

Mine	Classification	Tonnes	Grade (%)	Pounds
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	10,672,358	0 614	144,480,118
	Total (M+I)	10,672,358	0 614	144,480,118
Bulyanhulu – Tailings	Measured	–	–	–
	Indicated	–	–	–
	Total (M+I)	–	–	–
Buzwagi	Measured	74,074	0 098	159,427
	Indicated	14,800,514	0 083	27,012,590
	Total (M+I)	14,874,588	0 083	27,172,017
Total Copper within gold resource	Measured	74,074	0 098	159,427
	Indicated	25,472,872	0 305	171,492,708
	Total (M+I)	25,546,946	0 305	171,652,135

Contained Silver within gold resources

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Au (oz)
Bulyanhulu – Underground	Measured	–	–	–
	Indicated	10,672,358	8 149	2,796,104
	Total (M+I)	10,672,358	8 149	2,796,104

Detailed financial information for the year ended 31 December 2012

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 2012 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cashflow 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 75, 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 In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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 matters 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

Under the Listing Rules we are required to review

- the Directors' statement, set out on page 72, in relation to going concern,
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the 'UK Corporate Governance 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 parent company financial statements of African Barrick Gold plc for the year ended 31 December 2012 and on the information in the Directors 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
7 March 2013

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 2012	For the year ended 31 December 2011
Revenue	4	1,087,339	1,217,915
Cost of sales	5	(802,709)	(704,114)
Gross profit		284,630	513,801
Corporate administration	2a	(51,567)	(49,148)
Exploration and evaluation costs	7	(28,961)	(30,339)
Corporate social responsibility expenses		(14,445)	(7,376)
Impairment charges	19	(44,536)	–
Other charges	8	(17,671)	(15,639)
Profit before net finance expense and taxation		127,450	411,299
Finance income	10	2,102	1,484
Finance expense	2a,10	(10,305)	(10,082)
		(8,203)	(8,598)
Profit before taxation		119,247	402,701
Tax expense	11	(71,063)	(117,924)
Net profit for the period		48,184	284,777
Net profit/(loss) attributable to			
– Non-controlling interests		(11,287)	9,882
– Owners of the parent		59,471	274,895
Earnings per share			
– Basic earnings per share (cents)	12	14 5	67 0
– Diluted earnings per share (cents)	12	14 5	67 0

Consolidated statement of comprehensive income

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Net profit for the period	48,184	284,777
Changes in fair value of cash flow hedges	363	–
Total comprehensive income for the period	48,547	284,777
Attributed to		
– Non-controlling interests	(11,287)	9,882
– Owners of the parent	59,834	274,895

The notes on pages 98 to 138 are an integral part of these consolidated financial statements

Consolidated balance sheet

(in thousands of United States dollars)	Notes	As at 31 December 2012	As at 31 December 2011
Assets			
Non-current assets			
Goodwill and intangible assets	19	278,221	258,513
Property, plant and equipment	18	1,963,924	1,823,247
Deferred tax assets	20	2,399	55,529
Non-current portion of inventory	15	118,554	78,022
Derivative financial instruments		467	213
Other assets	21	137,565	110,658
		2,501,130	2,326,182
Current assets			
Inventories	15	335,497	316,947
Trade and other receivables	16	44,227	29,858
Derivative financial instruments		2,207	4,050
Other current assets	16	44,314	33,271
Cash and cash equivalents	17	401,348	584,154
		827,593	968,280
Total assets		3,328,723	3,294,462
Equity and liabilities			
Share capital and share premium	23	929,199	929,199
Other reserves		1,823,202	1,832,032
Total owners' equity		2,752,401	2,761,231
Non-controlling interests		22,580	37,473
Total equity		2,774,981	2,798,704
Non-current liabilities			
Deferred tax liabilities	20	173,574	149,544
Derivative financial instruments		294	56
Provisions	26	180,548	157,582
Other non-current liabilities	27	21,064	18,988
		375,480	326,170
Current liabilities			
Trade and other payables	25	169,904	161,916
Derivative financial instruments		429	58
Provisions	26	1,040	1,034
Other current liabilities	27	6,889	6,580
		178,262	169,588
Total liabilities		553,742	495,758
Total equity and liabilities		3,328,723	3,294,462

The notes on pages 98 to 138 are an integral part of these consolidated financial statements

The consolidated financial statements on pages 94 to 138 were authorised for issue by the Board of Directors on 7 March 2013 and were signed on its behalf

Greg Hawkins
Chief Executive Officer

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Consolidated statement of changes in equity

(in thousands of United States dollars)	Notes	Share capital	Share premium	Contributed surplus/ Other reserve	Cash flow hedging reserve	Stock option reserve	Retained earnings	Total owners equity	Total non-controlling interests	Total equity
Balance at 1 January 2011		62,097	867,102	1,368,774	–	640	214,711	2,513,324	29,761	2,543,085
Total comprehensive income for the period		–	–	–	–	–	274,895	274,895	9,882	284,777
Conversion to contributed surplus		–	–	(61)	–	–	–	(61)	–	(61)
Stock option grants		–	–	–	–	1,401	–	1,401	–	1,401
Dividends to equity holders of the Company		–	–	–	–	–	(28,328)	(28,328)	–	(28,328)
Distributions to non-controlling interests		–	–	–	–	–	–	–	(2,170)	(2,170)
Balance at 31 December 2011		62,097	867,102	1,368,713	–	2,041	461,278	2,761,231	37,473	2,798,704
Total comprehensive income for the period		–	–	–	363	–	59,471	59,834	(11,287)	48,547
Stock option grants		–	–	–	–	1,461	–	1,461	–	1,461
Dividends to equity holders of the Company	13	–	–	–	–	–	(70,125)	(70,125)	–	(70,125)
Distributions to non-controlling interests		–	–	–	–	–	–	–	(3,606)	(3,606)
Balance at 31 December 2012		62,097	867,102	1,368,713	363	3,502	450,624	2,752,401	22,580	2,774,981

The notes on pages 98 to 138 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 2012	For the year ended 31 December 2011
Cash flows from operating activities			
Net profit for the period		48,184	284,777
Adjustments for			
Taxation	11	71,063	117,924
Depreciation and amortisation		168,514	135,683
Finance items	2a,10	8,203	8,598
Impairment charges	19	44,536	–
(Profit)/loss on disposal of property, plant and equipment	8	(616)	179
Working capital adjustments	14	(80,336)	(42,880)
Other non-cash items	14	3,088	(704)
Cash generated from operations before interest and tax		262,636	503,577
Finance income	10	2,102	1,484
Finance expenses	2a,10	(6,284)	(6,738)
Income tax paid		(551)	–
Net cash generated by operating activities		257,903	498,323
Cash flows used in investing activities			
Purchase of property, plant and equipment		(312,675)	(273,207)
Investments in other assets		(24,473)	(8,645)
Acquisition of subsidiary, net of cash acquired	22	(22,039)	–
Other investing activities	14	(1,468)	320
Net cash used in investing activities		(360,655)	(281,532)
Cash flows used in financing activities			
Dividends paid	13	(70,125)	(28,328)
Distributions to non-controlling interest holders		(3,606)	(2,170)
Finance lease instalments		(5,708)	(2,184)
Net cash used in financing activities		(79,439)	(32,682)
Net (decrease)/increase in cash and cash equivalents		(182,191)	184,109
Net foreign exchange difference	14	(615)	(967)
Cash and cash equivalents at 1 January		584,154	401,012
Cash and cash equivalents at 31 December	17	401,348	584,154

The notes on pages 98 to 138 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1 General information

African Barrick Gold plc (the "Company", "ABG" or collectively with its subsidiaries "the Group") 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 parent and controlling party of the Group

The consolidated financial statements for the year ended 31 December 2012 were approved for issue by the Board of Directors of the Company on 7 March 2013

The principal activities of the subsidiaries and joint ventures included in the consolidated financial statements are as follows

Company	Principal activity	Country of Incorporation	Relationship	Equity interest at 31 December 2012	Equity interest at 31 December 2011
African Barrick Gold plc	Holding Company	UK		100%	100%
BUK HoldCo Ltd	Holding Company	UK	Subsidiary	100%	100%
BUK East Africa Limited	Holding Company	UK	Subsidiary	100%	–
1816962 Ontario Inc	Holding Company	Canada	Subsidiary	100%	100%
African Barrick (Barbados) Corp Ltd**	Group Finance Company	Barbados	Subsidiary	100%	100%
BAPL Holding Ltd	Holding Company	Mauritius	Subsidiary	100%	100%
Aviva Mining (Kenya) Ltd*	Exploration	Kenya	Subsidiary	100%	–
CayCo Tz Ltd	Holding Company	Cayman Islands	Subsidiary	100%	100%
ABG Exploration Africa Limited***	Exploration	Tanzania	Subsidiary	100%	100%
Matinje Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Itobo Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Mkumi Exploration Ltd	Exploration	Tanzania	Subsidiary	80%	80%
Sekenke Exploration Ltd	Exploration	Tanzania	Associate	–	20%
Nyanzaga Exploration Company Ltd	Exploration	Tanzania	Subsidiary	100%	100%
Barrick Tanzanian Holdings Ltd	Exploration	Cayman Islands	Subsidiary	100%	100%
Barisun Exploration Ltd	Exploration	Tanzania	Subsidiary	–	75%
Safari Exploration Ltd	Exploration	Tanzania	Subsidiary	–	75%
Prime Gold Exploration Ltd	Exploration	Tanzania	Subsidiary	75%	75%
Kasubuya Exploration Company Ltd	Exploration	Tanzania	Subsidiary	60%	60%
KMCL Holdings Ltd	Exploration	Cayman Islands	Subsidiary	100%	100%
Bulyanhulu Gold Mine Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
North Mara Gold Mine Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
Pangea Goldfields Inc	Holding Company	Canada	Subsidiary	100%	100%
Pangea Minerals Ltd	Operating Gold Mine	Tanzania	Subsidiary	100%	100%
1051694 Ontario Inc	Holding Company	Canada	Subsidiary	100%	100%
Barrick Africa (Proprietary) Ltd	Shared Services	South Africa	Subsidiary	100%	100%
East Africa Gold Mines Ltd	Holding Company	Australia	Subsidiary	100%	100%
Tusker Gold Ltd	Holding Company	Australia	Subsidiary	100%	100%
Indago Autan (Proprietary) Ltd*	Holding Company	Australia	Subsidiary	100%	100%
IDC Aurum Tanzania Ltd*	Holding Company	Tanzania	Subsidiary	100%	100%

Company	Principal activity	Country of Incorporation	Relationship	Equity interest at 31 December 2012	Equity interest at 31 December 2011
IDG Aurum Holdings Ltd*	Holding Company	Tanzania	Subsidiary	100%	100%
IDG Kitongo Tanzania Ltd*	Dormant Company	Tanzania	Subsidiary	100%	100%
Vulcan Resources Tanzania Ltd*	Dormant Company	Tanzania	Subsidiary	100%	100%
Aptian Resources Tanzania Ltd*	Dormant Company	Tanzania	Subsidiary	100%	100%
Sub-Sahara Resources Tanzania Ltd*	Exploration	Tanzania	Subsidiary	100%	100%
Kahama Project Joint Venture	Exploration	Tanzania	Joint Venture	49%	49%
Nyakafuru Project Joint Venture	Exploration	Tanzania	Joint Venture	51%	51%

June year end

The Company changed its name during the year from Barbco One Ltd to African Barrick (Barbados) Corp Ltd

* * The Company changed its name during the year from Barrick Exploration Africa Ltd to ABG Exploration Africa Limited

There are no restrictions on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans or advances The joint ventures included in the table above are currently immaterial to the Group

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"), IFRS Interpretations Committee ("IFRS IC") interpretation and those parts of the Companies Act 2006 applicable to companies reporting under IFRS The financial statements are prepared on a going concern basis

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 United States dollars (US$) and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated

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 Africa.

Where a change in the presentational format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly The following presentational changes were made during the current year

- Bank charges previously included in corporate administration expenses have been reclassified to finance expense (2012 US$1 2 million, 2011 US$1 4 million)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2d

b) New and amended standards adopted by the Group

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group

c) New and amended standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below

- IFRIC 20, "Stripping costs in the production phase of a surface mine" This interpretation addresses the following issues recognition of production stripping costs as an asset, initial measurement of the stripping activity asset, and subsequent measurement of the stripping activity asset. This interpretation considers when and how to account for the benefit arising from the stripping activity, as well as how to measure these benefits both initially and subsequently The interpretation is effective from 1 January 2013 When published in the Group's 2013 annual report, the Group's restated 2012 financial statements are expected to show an increase in mineral properties and mine development costs of US$11 million, a decrease in inventory of US$6 million and an increase in net income of US$5 million and a decrease of US$9 per ounce in total cash costs There will be no transitional adjustment as a result of applying IFRIC 20 The Group expects the impact to be more significant in 2013
- Amendments to IAS 1, "Financial statement presentation" regarding other comprehensive income The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of

2 Significant accounting policies continued

whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) The amendments do not address which items are presented in OCI

- Amendments to IFRS 7, "Financial instruments Disclosures" on derecognition This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets
- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities IFRS 9 was issued in November 2009 and October 2010 It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments IFRS 9 requires financial assets to be classified into two measurement categories those measured at fair value and those measured at amortised cost The determination is made at initial recognition The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument For financial liabilities, the standard retains most of the IAS 39 requirements The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the International Accounting Standards Board
- IFRS 10, "Consolidated financial statements", builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company The standard provides additional guidance to assist in the determination of control where this is difficult to assess The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU
- IFRS 11, "Joint arrangements", is a reflection of joint arrangements which focuses on the rights and obligations of the parties to the arrangement rather than its legal form There are two types of joint arrangements joint operations and joint ventures Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest Proportional consolidation of joint ventures is no longer allowed The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU
- IFRS 12, "Disclosures of interests in other entities", includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU
- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP
- Amendment to IAS 32, "Financial Instruments Presentation", clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

d) 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 Information about such judgements and estimations are 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 2h),
- The capitalisation of production stripping costs – Note 2i),
- The capitalisation of exploration and evaluation expenditures – Notes 2l) and 7,
- Review of goodwill, property, plant and equipment and intangible assets' carrying value, the determination of whether these assets are impaired and the measurement of impairment charges or reversals – Notes 2o), 2p), 2q), 2r), 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 2r) and 19,
- The estimated useful lives of property, plant and equipment and the measurement of depreciation expense – Notes 2o) and 18,

- Property, plant and equipment held under finance leases – Notes 2o) and 18,
- Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure – Notes 2u) and 26,
- Whether to recognise a liability for loss contingencies and the amount of any such provision – Notes 2u), 26 and 31,
- Whether to recognise a provision for accounts receivable – Notes 2w), 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 2y), 11 and 20,
- Determination of the cost incurred in the productive process of ore stockpiles, gold in process, gold dore/bullion and concentrate, as well as the associated net realisable value and the split between the long-term and short-term portions – Note 2n) and 15,
- Determination of fair value of derivative instruments – Note 2w) and 29, and
- Determination of fair value of stock options and cash-settled share-based payments – Note 2v) and 24

e) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2012 and 2011, 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 control, 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 "Equity attributable to non-controlling interests" in the consolidated balance sheet and "Profit attributable to non-controlling interests" in the consolidated income statement, respectively

f) 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 consolidated income statement

g) 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 pounds 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 2012	Average Year ended 31 December 2012	As at 31 December 2011	Average Year ended 31 December 2011
South African Rand (US$ ZAR)	8 5	8 2	8 08	7 23
Tanzanian Shilling (US$ TZS)	1,572	1,572	1,582	1,558
Australian Dollar (US$ AUD)	0 96	0 97	0 98	0 97
UK Pound (US$ GBP)	0 62	0 63	0 64	0 62

2 Significant accounting policies continued

h) 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

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 and capital costs, grades or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised

i) 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 in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalised as mine development costs

Stripping costs incurred during the production stage of a pit are accounted for as the costs of the inventory produced during the period that the stripping costs were incurred, unless these costs provide a future economic benefit Production phase 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) as access to future mineral reserves becomes less costly, (iii) increases the productive capacity or extends the productive life of the mine (or pit) For production phase stripping costs that generate a future economic benefit, the current period stripping costs are capitalised as open pit mine development costs

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

Capitalised open mine development costs are depreciated on a units of production basis whereby the denominator is the estimated ounces of gold in the associated open pit in proven and probable reserves and the portion of resources considered probable of being extracted economically Capitalised open pit mine development costs are depreciated once the open pit has entered production and the future economic benefit is being derived.

j) 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

Gold dore sales

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 Revenue from gold dore 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

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 shipped on board date, which is also when risks and rewards pass to the smelting companies, using 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 other 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

k) 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 All costs are net of any impairment to reduce inventory to its net realisable value

l) 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 typically expensed as incurred, unless it can be demonstrated that the related evaluation expenditures will generate a future economic benefit 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

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 and 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, "Mineral properties and mine 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

m) Earnings per share

Basic earnings per share is computed by dividing net 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

2 Significant accounting policies continued

m) Earnings per share continued

stock options and repurchased from proceeds is included in the calculation of diluted earnings per share

n) 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 mine site overhead costs, and depreciation of mining properties and property, plant and equipment used in the extraction of ore, reduced by an allocation of capitalised stripping costs 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, work 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

o) 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 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 21) 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 21) 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, capitalised borrowing costs 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

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, net of residual value, 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 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 mine 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 produced in a period divided by the total recoverable reserves and resources of gold 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

p) 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 non-controlling interests' 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 2r) Goodwill is stated at cost less accumulated impairment losses Goodwill impairments are not reversible

q) 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, an estimate of the fair value attributable to the exploration potential is prepared, 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

2 Significant accounting policies continued

attributable to that property is transferred to mineral properties within property, plant and equipment

Impairment testing and the reversal of impairments are conducted in accordance with accounting policy Note 2r)

r) 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 shall be recognised for a CGU if, and only if, the recoverable amount of the unit is less than the carrying amount of the unit The impairment loss shall first be allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit

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 generally 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.

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 in 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

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

s) 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

t) 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

u) 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, 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

v) Employee benefits

The Group operates an equity-settled, share-based compensation plan (the "Stock Option Plan"), a long-term incentive plan (the "LTIP"), a legacy restricted share unit plan (the "Legacy RSU Plan") and a deferred share unit plan (the "DSU" Plan)

2 Significant accounting policies continued

Share based compensation

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 granted to Executive Directors and the other members of the Senior Leadership Team vest based on the Company's Total Shareholder Return ("TSR") performance against the market cap-weighted TSR of a comparator group of companies over the vesting period (referred to as Performance RSUs) 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 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 and expectations of future forfeiture rates Adjustments to compensation expense are recognised in periods where the actual forfeiture rate differs from the expected rate

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

Deferred share units

Under the Deferred Share Unit ("DSU") plan, the Non-Executive Directors can elect to receive all or a part of their annual Director fees in DSUs Each DSU has the same value as one ABG Ordinary Share DSUs must be retained until the Director leaves the Board, at which time the cash value of the DSU is paid out Additional DSUs are credited to reflect dividends paid on ABG Ordinary Shares A liability for DSUs 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 Directors' 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 the award Changes in the fair value of the DSU liability, due to changes in the price of Ordinary Shares of the Company, are recorded each period, with a corresponding charge to the Directors' compensation expense

Defined contribution plan

The Group's Tanzanian employees are members of primarily 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

w) 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 The Group designates certain derivatives as

a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge),

b) hedges of the income/cost of a highly probable forecast transaction or commitment (cash flow hedge), or

c) hedges of a net investment in a foreign operation (net investment hedge)

The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 29 Movements in the hedging reserve are shown in other comprehensive income The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months Trading derivatives are classified as a current asset or liability

(a) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk The gain or loss relating to the effective portion is recognised in the income statement within "finance costs" The gain or loss relating to the ineffective portion is recognised in the income statement within "other gains/(losses) – net" Changes in the fair value of the hedge attributable to interest rate risk are recognised in the income statement within "finance costs"

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity

(b) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within "Non-hedge derivative gains/(losses) – net"

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place) The gain or loss relating to the effective portion is recognised in the income statement However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "other gains/(losses) – net"

2 Significant accounting policies continued

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income The gain or loss relating to the ineffective portion is recognised in the income statement

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

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

x) 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

y) 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

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

z) 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 selling costs

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	4% NSR**
Tulawaka	4% NSR**
North Mara – Nyabirama and Nyabigena pits	4% NSR**, 1% LT
North Mara – Gokona pit	4% NSR**, 1 1% LT
Buzwagi	4% 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

* The Group agreed to a voluntary 1% increase in the NSR royalty rate in 2012

aa) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease

The Group leases certain property, plant and equipment Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments

Each lease payment is allocated between the liability and finance charges The corresponding rental obligations, net of finance charges, are included in other liabilities The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term

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, other assets 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 costs

Segment information for the reportable operating segments of the Group for the years ended 31 December 2012 and 31 December 2011 is set out below

	For the year ended 31 December 2012					
(in thousands of United States dollars except references to ounces)	North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	310,549	75,458	393,347	259,954	–	1,039,308
Co-product revenue	549	143	24,311	23,028	–	48,031
Total segment revenue	311,098	75,601	417,658	282,982	–	1,087,339
Segment cash operating cost[1,5]	(180,601)	(57,992)	(213,350)	(191,883)	(80,528)	(724,354)
Other charges and corporate social responsibility expenses	(12,921)	(1,995)	40	(4,944)	(12,296)	(32,116)
EBITDA[2]	117,576	15,614	204,348	86,155	(92,824)	330,869
Impairment charges	–	(44,536)	–	–	–	(44,536)
Depreciation and amortisation	(54,958)	(19,831)	(33,064)	(47,387)	(3,643)	(158,883)
EBIT[2]	62,618	(48,753)	171,284	38,768	(96,467)	127,450
Total segment finance income						2,102
Total segment finance expense[5]						(10,305)
Profit before taxation						119,247
Tax expense						(71,063)
Net profit for the period						48,184
Capital expenditure						
Sustaining	47,759	13,157	35,193	56,441	8,988	161,538
Expansionary	10,091	2,922	36,814	62	–	49,889
Capitalised development	25,706	7,258	45,605	31,057	–	109,626
Rehabilitation asset addition/(reduction)	7,540	1,251	(43)	10,494	–	19,242
Total capital expenditure	91,096	24,588	117,569	98,054	8,988	340,295
Cash costs						
Segment cash operating cost[1]	180,601	57,992	213,350	191,883	–	643,826
Deduct Co-product revenue	(549)	(143)	(24,311)	(23,028)	–	(48,031)
Total cash costs	180,052	57,849	189,039	168,855	–	595,795
Sold ounces[3]	186,600	45,600	235,410	155,322	–	622,932
Cash cost per ounce sold[2]	965	1,269	803	1,087	–	956
Equity ounce adjustment[4]						(7)
Attributable cash cost per ounce sold[2]						949

(in thousands of United States dollars except references to ounces)	For the year ended 31 December 2011 North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	272,026	131,435	429,528	317,036	–	1,150,025
Co-product revenue	917	316	35,509	31,148	–	67,890
Total segment revenue	272,943	131,751	465,037	348,184	–	1,217,915
Segment cash operating cost[1,5]	(139,204)	(60,952)	(200,072)	(169,737)	(79,487)	(649,452)
Other charges and corporate social responsibility expenses	(5,112)	(2,826)	(8,461)	(12,334)	5,718	(23,015)
EBITDA[2]	128,627	67,973	256,504	166,113	(73,769)	545,448
Depreciation and amortisation	(34,724)	(17,251)	(32,320)	(46,029)	(3,825)	(134,149)
EBIT[2]	93,903	50,722	224,184	120,084	(77,594)	411,299
Total segment finance income						1,484
Total segment finance expense[5]						(10,082)
Profit before taxation						402,701
Tax expense						(117,924)
Net profit for the period						284,777
Capital expenditure						
Sustaining	30,567	3,101	42,749	56,992	11,802	145,211
Expansionary	47,381	8,346	6,626	920	–	63,273
Capitalised development	26,407	9,252	32,748	15,583	–	83,990
Rehabilitation asset addition	18,791	10,953	13,309	9,708	–	52,761
Total capital expenditure	123,146	31,652	95,432	83,203	11,802	345,235
Cash costs						
Segment cash operating cost[1]	139,204	60,952	200,072	169,737	–	569,965
Deduct Co-product revenue	(917)	(316)	(35,509)	(31,148)	–	(67,890)
Total cash costs	138,287	60,636	164,563	138,589	–	502,075
Sold ounces[3]	170,625	83,450	269,981	200,518	–	724,574
Cash cost per ounce sold[2]	810	727	610	691	–	693
Equity ounce adjustment[4]						(1)
Attributable cash cost per ounce sold[2]						692

1 The Chief Operating 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

2 These are non IFRS financial performance measures with no standard meaning under IFRS Refer to "Non IFRS measures" on page 157 for definitions.

3 Reflects 100% of ounces sold

4 Reflects the adjustment for non-controlling interest at Tulawaka

5 Restated due to reclassification of bank charges from corporate administration to finance expense

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Segment assets		
North Mara	772,819	727,552
Tulawaka	58,060	131,193
Bulyanhulu	1,130,728	1,128,992
Buzwagi	931,607	830,790
Other[6]	435,509	475,935
Total segment assets	3,328,723	3,294,462

6 In the current year assets to the value of US$33 6 million were acquired in the purchase of Aviva Mining (Kenya) Limited ("AMKL") Refer to Note 22 for further details.

4 Revenue

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Gold doré sales	709,821	699,843
Gold concentrate sales[1]	329,487	450,182
Copper concentrate sales[1]	41,123	57,529
Silver sales	6,908	10,361
Total	1,087,339	1,217,915

1 Gold and copper concentrate sales includes provisional price adjustments to the accounts receivable balance due to changes in market prices for gold and copper prior to final settlement as follows US$4 1 million for the year ended 31 December 2012 (US$5 5 million for the year ended 31 December 2011)

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Revenue by location of customer[2]		
Europe		
Switzerland	568,061	702,563
Germany	114,471	88,054
Asia		
China	162,140	290,469
Japan	98,871	136,829
India	143,796	–
Total revenue	1,087,339	1,217,915

2 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 2012 are revenues of approximately US$927 million (2011 US$1,130 million) which arose from sales to four of the Group's largest customers 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 2012	For the year ended 31 December 2011
Direct mining costs	581,483	510,465
Third party smelting fees	18,574	21,400
Depreciation and amortisation[1]	158,883	134,149
Royalty expense	43,769	38,100
Total[2]	802,709	704,114

1 Depreciation and amortisation includes the depreciation and amortisation component relating to the cost of inventory sold

2 Cost of sales less depreciation and amortisation equals cash operating costs

6. Employee benefits

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Wages and salaries[3]	142,100	134,624
Other employee benefits[1,3]	92,445	87,582
Stock-based compensation charge[2]	4,668	1,735
Total	239,213	223,941

1 Other employee benefits include bonuses, leave pay pensions, medical expenses, severance costs and other benefits.

2 Further details of the Group's stock options and other stock based compensation plans are provided in Note 24

3 The prior year wages and salaries and other employee benefits has been restated due to a change in the other employee benefits definition

Average number of employees (in thousands)	For the year ended 31 December 2012	For the year ended 31 December 2011
Operations	5,230	4,815
Exploration	80	64
Administration	358	303
Total average headcount	5,668	5,182

7 Exploration and evaluation costs

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 2012	For the year ended 31 December 2011
Expensed during the year		
North Mara	5,814	4,543
Buzwagi	967	934
Tulawaka	2,208	531
Bulyanhulu	2,215	1,250
Other[1]	17,757	23,081
Total expensed	28,961	30,339
Capitalised during the year		
North Mara	5,259	14,329
Buzwagi	–	314
Tulawaka	2,883	2,880
Bulyanhulu	5,191	231
Nyanzaga	3,241	–
Total capitalised	16,574	17,754
Total	45,535	48,093

1 Included in "other" are the exploration activities conducted through ABG Exploration Africa Limited 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 2012	For the year ended 31 December 2011
Other expenses		
Loss on disposal of property, plant and equipment	–	179
Discounting of indirect tax receivables	4,185	–
Severance payments	400	1,646
Foreign exchange losses (net)	–	6,001
Non-hedge derivative losses (net)	1,719	–
Construction and consumable inventory write-down	1,461	4,684
Bad debt expense	740	1,098
Disallowed indirect taxes	2,952	7,123
Legal costs for litigation	1,655	–
Asset write-downs	897	1,252
CNG related costs[1]	6,676	–
Other	1,945	1,696
Total	22,630	23,679
Other income		
Profit on disposal of property, plant and equipment	(616)	–
Foreign exchange gains (net)	(4,343)	–
Non-hedge derivative gains (net)	–	(7,901)
Other	–	(139)
Total	(4,959)	(8,040)
Total other charges	17,671	15,639

1 Costs incurred as a direct result of the China National Gold interest in ABG were included in other charges. These costs include advisory fees, travel and accommodation costs and retention scheme provisions

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 2012	For the year ended 31 December 2011
Audit fees		
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	396	464
Fees payable to the Company's auditor and its associates for other services		
Audit of the Company's subsidiaries	489	518
Audit related assurance services	360	309
Other assurance services	100	87
Tax compliance services	214	157
Other services	12	4
Total	1,571	1,539

10 Finance income and finance expense

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Interest on time deposits	1,231	1,030
Other	871	454
Total	2,102	1,484

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Unwinding of discount[1]	4,021	3,344
Interest on bank overdraft	12	199
Revolving credit facility charges[2]	3,014	4,570
Interest on finance leases	841	210
Bank charges[3]	1,216	1,357
Other	1,201	402
Total[4]	10,305	10,082

1 The unwinding of discount is calculated on the environmental rehabilitation provision presented in Note 26

2 Included in credit facility charges are the amortisation of the fees related to the revolving credit facility as well as the monthly interest and facility fees, refer to Note 28

3 Bank charges previously included in corporate administration expenses have been reclassified to finance expense

4 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 2012	For the year ended 31 December 2011
Current tax		
Current tax on profits for the year	–	10,162
Adjustments in respect of prior years[1]	120	28,663
Total current tax	120	38,825
Deferred tax		
Origination and reversal of temporary differences	70,943	79,099
Total deferred tax	70,943	79,099
Income tax expense	71,063	117,924

1 During 2011 a binding Memorandum of Settlement ("MOS") with the Tanzanian Revenue Authority ("TRA") was executed to address the treatment of certain outstanding indirect tax refunds in respect of fuel levies and value added taxation ("VAT"). The terms of the MOS allow the Group to offset income tax payable against outstanding refunds for VAT and fuel levies. As a result of these changes, PML, which is the taxpaying entity holding Tulawaka and Buzwagi, has agreed to treat both mines as separate tax entities. There was no offset of indirect tax receivables in 2012 due to assessed losses carried forward and taxable losses incurred at Tulawaka.

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11 Tax expense continued

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 2012	For the year ended 31 December 2011
Profit before taxation	119,247	402,701
Tax calculated at domestic tax rates applicable to profits in the respective countries	36,849	114,199
Tax effects of		
Expenses not deductible for tax purposes/(non-taxable income)	5,483	(1,219)
Tax losses for which no deferred income tax asset was recognised	23,660	7,302
Prior year adjustments	8,258	(2,391)
Effect of tax rates in foreign jurisdictions	(3,187)	33
Tax charge	71,063	117,924

The tax rate in Tanzania is 30% and in South Africa 28% for both years presented.

Tax periods remain open to review by the 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

12 Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit for the period attributable to owners of the Company by the weighted average number of Ordinary Shares in issue during the period

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 2012 and 31 December 2011, earnings per share have been calculated as follows

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Earnings		
Net profit from continuing operations attributable to owners of the parent	59,471	274,895
Weighted average number of Ordinary Shares in issue	410,085,499	410,085,499
Adjusted for dilutive effect of		
– Stock options	–	10,606
Weighted average number of Ordinary Shares for diluted earnings per share	410,085,499	410,096,105
Earnings per share		
Basic earnings per share from continuing operations (cents)	14 5	67 0
Diluted earnings per share from continuing operations (cents)	14 5	67 0

13 Dividend

The final dividend declared in respect of the year ended 31 December 2011 of US$53 7 million (US13 1 cents per share) and the 2012 interim dividend of US$16 4 million (US4 0 cents per share) were paid during 2012 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

Adjustments for working capital items

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Trade and other receivables	(14,368)	29,356
Inventories[1]	(59,081)	(97,873)
Other current assets[2]	(21,259)	(7,238)
Other liabilities[3]	1,157	(3,924)
Trade and other payables[4]	8,257	41,833
Other working capital items[5]	4,958	(5,034)
Total	(80,336)	(42,880)

1 The inventory adjustment includes the movement in current as well as the non current portion of inventory

2 In September 2011, a MOS was agreed with the Tanzanian government regarding the recovery of indirect tax receivable The settlement agreement allows for the offset of income taxes payable from the indirect taxes receivable During 2012 the Tanzanian government abolished the VAT relief practice resulting in an increase in VAT receivables from the government of US$17 6 million

3 The other liabilities adjustment includes the movement in both other current and other non current liabilities but excludes finance lease instalments.

4 The trade and other payables adjustment excludes statutory liabilities in the form of income tax payable

5 Other working capital items include exchange losses associated with working capital

Other non-cash items

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Adjustments for non-cash income statement items		
Foreign exchange (gains)/losses (net)	(4,958)	5,034
Discounting of indirect tax receivables	4,185	–
Provision added	6	–
Loss/(gain) on non-hedge derivatives (net)	1,719	(7,901)
Stock option expense	1,461	1,401
Other non-cash items	60	(205)
Exchange loss on revaluation of cash balances	615	967
Total	3,088	(704)

b) Investing cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Proceeds on sale of property, plant and equipment	4,607	1,602
Other long-term receivables	746	2,103
Village housing receivable	70	145
Rehabilitation expenditure	(297)	–
Settlement of long-term liabilities	(6,594)	(3,530)
Total	(1,468)	320

15 Inventories

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Raw materials		
Ore in stockpiles	21,202	56,052
Mine operating supplies	258,214	215,733
Work in process	31,307	30,397
Finished products		
Gold doré/bullion	19,592	9,912
Gold, copper and silver concentrate	5,182	4,853
Total current portion of inventory[1]	335,497	316,947
Non-current ore in stockpiles[2]	118,554	78,022
Total	454,051	394,969

1 During the year a write down of inventory to net realisable value was recognised at Tulawaka (US$2 7 million)

2 During 2012 US$118 6 million (2011 US$78 0 million) of ore at Buzwagi and North Mara was classified as long term following management s assessment that these stockpiles will be processed after 2013

The cost of inventories recognised as an expense and included in the cost of sales amounted to US$198 5 million (2011 US$152 7 million)

16 Trade and other current assets

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Trade and other receivables		
Amounts due from dore and concentrate sales	33,103	21,053
Other receivables[1]	12,079	9,157
Due from related parties (Note 32)	393	354
Less Provision for doubtful debt on other receivables	(1,348)	(706)
Total	44,227	29,858

1 Other receivables relate to supplier backcharge related and employee 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

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Other current assets		
Current portion of indirect tax receivables[2]	26,023	22,370
Other debtors and advance payments[3]	18,291	10,593
Insurance receivable	–	308
Total	44,314	33,271

2 The total indirect tax receivable is US$98 7 million of which US$72 7 million is included in non current assets This receivable is due from the TRA 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% (2011 5%)

3 Other debtors and advance payments relate to prepayments for insurance income taxes offset against outstanding refunds for VAT and fuel levies and current amounts receivable from the NSSF of US$6 4 million (2011 nil)

17 Cash and cash equivalents

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Cash at bank and on hand	186,530	252,988
Money market funds	214,818	331,166
Total	401,348	584,154

18 Property, plant and equipment

For the year ended 31 December 2012 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2012, net of accumulated depreciation	894,869	765,519	162,859	1,823,247
Additions	–	–	340,295	340,295
Disposals	(4,028)	–	–	(4,028)
Impairments[2]	(16,714)	(14,016)	–	(30,730)
Depreciation	(99,359)	(65,501)	–	(164,860)
Transfers between categories	170,350	121,945	(292,295)	–
At 31 December 2012	945,118	807,947	210,859	1,963,924
At 1 January 2012				
Cost	1,316,602	1,117,311	162,859	2,596,772
Accumulated depreciation	(421,733)	(351,792)	–	(773,525)
Net carrying amount	894,869	765,519	162,859	1,823,247
At 31 December 2012				
Cost	1,475,374	1,239,256	210,859	2,925,489
Accumulated depreciation and impairment	(530,256)	(431,309)	–	(961,565)
Net carrying amount	945,118	807,947	210,859	1,963,924

For the year ended 31 December 2011 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2011, net of accumulated depreciation	796,999	693,834	124,285	1,615,118
Additions	–	–	345,235	345,235
Disposals	(1,423)	–	–	(1,423)
Depreciation	(95,336)	(40,347)	–	(135,683)
Transfers between categories	194,629	112,032	(306,661)	–
At 31 December 2011	894,869	765,519	162,859	1,823,247
At 1 January 2011				
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
At 31 December 2011				
Cost	1,316,602	1,117,311	162,859	2,596,772
Accumulated depreciation	(421,733)	(351,792)	–	(773,525)
Net carrying amount	894,869	765,519	162,859	1,823,247

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.

2 The impairment relates to non current assets at Tulawaka. Refer to Note 19 for further details.

18 Property, plant and equipment continued

Leases

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

Property, plant and equipment also includes emergency back-up generators leased at Buzwagi mine under a three-year lease agreement, with an option to purchase the equipment at the end of the lease term The lease has been classified as a finance lease

Property, plant and equipment further includes spinning power generators leased at Buzwagi mine under a one-year lease agreement, with an option to extend the lease for 36 months and an option to purchase the equipment at the end of the lease term The lease has been classified as a finance lease

Property, plant and equipment includes two drill rigs purchased under a short-term finance lease The drill rigs have been paid in full

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 2012	As at 31 December 2011
Cost – capitalised finance leases	68,846	67,223
Accumulated depreciation	(14,603)	(7,582)
Net carrying amount	54,243	59,641

19 Goodwill and intangible assets

For the year ended 31 December 2012 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	Total
At 1 January, net of accumulated impairment[1]	178,420	80,093	258,513
Additions[2]	6,216	27,297	33,513
Impairment[3]	(13,805)	–	(13,805)
At 31 December 2012	170,831	107,390	278,221
At 31 December 2012			
Cost	401,114	107,390	508,504
Accumulated impairment	(230,283)	–	(230,283)
Net carrying amount	170,831	107,390	278,221

For the year ended 31 December 2011 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	Total
At 1 January, net of accumulated impairment	178,420	80,093	258,513
Additions	–	–	–
At 31 December 2011	178,420	80,093	258,513
At 31 December 2011			
Cost	394,898	80,093	474,991
Accumulated impairment	(216,478)	–	(216,478)
Net carrying amount	178,420	80,093	258,513

1 The Group's opening goodwill arose from Pre IPO acquisitions by Barrick Gold Corporation and African Barrick Gold's acquisition of Tusker Gold Ltd on 27 April 2010 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 and evaluation properties and goodwill relate to the acquisition of AMKL and are provisional pending receipt of the final valuation Refer to Note 22 for further details

3 The annual impairment review resulted in an impairment of US$13.8 million to goodwill in Tulawaka (2011 no impairment charge)

Goodwill and accumulated impairment losses by operating segments

(in thousands of United States dollars)	North Mara	Bulyanhulu	Tulawaka	Other	Total
At 1 January 2011	21,046	121,546	13,805	22,023	178,420
At 1 January 2012	21,046	121,546	13,805	22,023	178,420
Additions	–	–	–	6,216	6,216
Impairments	–	–	(13,805)	–	(13,805)
At 31 December 2012	21,046	121,546	–	28,239	170,831
Cost	237,524	121,546	13,805	28,239	401,114
Accumulated impairments	(216,478)	–	(13,805)	–	(230,283)

Annual impairment review

In accordance with IAS 38 "Intangible Assets" a review for impairment of goodwill was undertaken The review compared the recoverable amount of 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

	As at 31 December 2012	As at 31 December 2011
Gold price per ounce	US$1,700	US$1,600
South African Rand (US$ ZAR)	8 00	7 00
Tanzanian Shilling (US$ TZS)	1,600	1,600
Long-term oil price per barrel	US$90	US$90
Discount rates	4 16%-5 66%	5 02%–5 96%
NPV multiples	0 90–1 30	1 00–1 40

The annual goodwill impairment review resulted in an impairment of US$13 8 million to the goodwill of Tulawaka using the methodology and assumptions described above due to a review of Tulawaka's mine plan, which resulted in the downward revision of reserves Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be recoverable For the year ended 31 December 2012, impairment charges of US$30 7 million were recorded for non-current assets at Tulawaka as a result of the short remaining life of the mine, resulting in a total impairment charge of US$44 5 million Refer to Note 18 for further details

For purposes of testing for impairment of non-current assets of the Group's operating mines, a reasonably possible change in the key assumptions used to estimate the recoverable amount could result in an impairment charge The carrying value of the net assets of Buzwagi are most sensitive to changes in key assumptions in respect of gold price, cash costs and discount rate Based on the assessment of fair value less costs to sell, the recoverable amount exceeds the carrying value by approximately US$165 million (23%) The calculation is highly sensitive to changes in the key assumptions, and a 5% decrease in the long term gold price or a 9% increase in cash costs or a 3% increase in discount rate, in isolation, would lead to the recoverable amount of Buzwagi being equal to its carrying amount

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 2012	As at 31 December 2011
Tax losses	304,324	218,455
Total	304,324	218,455

The above tax losses which translate into deferred tax assets of approximately US$89 million (2011 US$65 million) 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	Assets		Liabilities		Net	
(in thousands of United States dollars)	2012	2011	2012	2011	2012	2011
Property, plant and equipment	–	–	498,790	475,834	498,790	475,834
Provisions	(11,244)	(6,342)	–	–	(11,244)	(6,342)
Interest deferrals	(19,494)	(12,999)	562	–	(18,932)	(12,999)
Tusker acquisition	–	–	17,313	22,023	17,313	22,023
Aviva acquisition	–	–	6,216	–	6,216	–
Tax loss carry-forwards	(320,968)	(384,501)	–	–	(320,968)	(384,501)
Net deferred tax (assets)/liabilities	(351,706)	(403,842)	522,881	497,857	171,175	94,015

Legal entities	Assets		Liabilities		Net	
(in thousands of United States dollars)	2012	2011	2012	2011	2012	2011
North Mara Gold Mine Ltd	–	–	53,958	36,404	53,958	36,404
Bulyanhulu Gold Mine Ltd	(383)	(54,974)	–	–	(383)	(54,974)
Pangea Minerals Ltd	–	–	97,807	95,828	97,807	95,828
Other	(2,016)	(555)	21,809	17,312	19,793	16,757
Net deferred tax (assets)/liabilities	(2,399)	(55,529)	173,574	149,544	171,175	94,015

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

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future The aggregate amount of temporary differences associated with such investments in subsidiaries is represented by the contribution of those investments to the Group's retained earnings and amounted to US$134 million (2011 US$141 million)

21 Other assets

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Amounts due from government[1]	23,426	28,211
Operating lease prepayments – TANESCO powerlines	2,512	2,643
Prepayments – Acquisition of rights over leasehold land[2]	37,248	14,289
Non-current portion of indirect tax receivable[3]	72,655	62,976
Village housing	250	320
Deferred finance charges	1,474	2,219
Total	137,565	110,658

1 Included in this amount are amounts receivable from the NSSF of US$7 3 million (2011 US$12 0 million) as well as amounts due from TANESCO of US$10 6 million (2011 US$12 3 million)

2 Prepayment made to the landowners 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% (2011 5%) This resulted in a discounting charge of US$4 2 million (2011 US$nil) to the income statement, refer to Note 8

22 Business combination

On 26 October 2012, the Company, through BUK Holdco Ltd and BUK East Africa Ltd, immediate subsidiaries, purchased 100% of the issued share capital of Aviva Mining (Kenya) Ltd ("AMKL") by way of a takeover offer for an initial consideration of US$22 million AMKL is a Kenyan based exploration company with a focus on gold All of AMKL's assets are located in Kenya and consist of exploration ground and interests in two joint venture agreements

Details of the purchase consideration, the net assets acquired and goodwill are as follows

(in thousands of United States dollars)	2012
Contractual purchase price	20,700
Exploration funding advanced prior to acquisition date	1,340
Contingent consideration	5,312
Total purchase consideration	27,352

The assets and liabilities as of 26 October 2012 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	1	1
Current assets	36	36
Property, plant and equipment	32	32
Exploration intangible asset	27,297	6,576
Liabilities	(14)	(14)
Deferred tax	(6,216)	–
Fair value of net assets	21,136	6,631
Goodwill	6,216	
Total purchase consideration	27,352	
Total purchase consideration		27,352
Contingent consideration not yet payable		(5,312)
Cash and cash equivalent in subsidiary acquired		(1)
Net cash outflow on acquisition		22,039

The goodwill arose after the application of IAS 12 "Income taxes" and is attributable principally to expanding growth opportunities in Africa 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 total purchase consideration is the fair value of a contingent consideration payable of US$5 3 million This relates to a US$10 4 million payment required to be made to Aviva Corporation upon declaration of a NI43-101 compliant indicated resource of at least three million ounces of gold from the mining areas

22 Business combination continued

Included in exploration and evaluation costs in the consolidated income statement is acquisition costs incurred relating to the Aviva acquisition amounting to US$0 5 million

Expenses

The acquired business contributed expenses of US$1 1 million to the Group for the period from 27 October 2012 to 31 December 2012 If the acquisition had occurred on 1 January 2012, pro-forma consolidated profit for the year ended 31 December 2012 would have been US$47 7 million These amounts have been calculated using the Group's accounting policies

23 Share capital and share premium

	Number	£ 000	Share capital US$ 000	Share premium US$ 000
At 1 January 2011	410,085,499	41,009	62,097	867,102
At 31 December 2011	410,085,499	41,009	62,097	867,102
At 31 December 2012	410,085,499	41,009	62,097	867,102

The nominal value of each Ordinary Share is 10 pence No share movements have taken place in the current year

24 Stock-based compensation

a) 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 and 2018 723,674 of the options granted were exercisable at 31 December 2012 at an average exercise price of 529 pence per share The vesting period of the options is four years, with an exercise period of seven years from the date of grant

Movements in the number of options outstanding and their related weighted average exercise prices are reflected in pence as follows

	2012		2011	
For the year ended 31 December	Average exercise price in pence per share	Options	Average exercise price in pence per share	Options
At 1 January	524	1,710,628	536	1,221,459
Granted	–	–	497	511,669
Forfeited	–	–	568	(22,500)
Expired	568	(7,500)	–	–
At 31 December	524	1,703,128	524	1,710,628

A summary of the awards of the Group's equity-settled stock options at 31 December 2012 is presented below

	Number	Weighted average exercise price in pence per share	Weighted average remaining contractual life	Weighted average fair value in pence per share
Awards made in 2011				
29 November	511,669	497	6 9	166
Awards made in 2012				
None	–	–	–	–

The fair value of each award on the day of grant was estimated using a Lattice valuation approach The expected future volatility has been determined by reference to the historical volatility

b) LTIP – Restricted Share Units

Included in other non-current liabilities is RSUs with a fair value of US$2 2 million as at 31 December 2012 (2011 US$3 5 million)

	Number of RSUs	Fair value US$ 000
At 1 January 2011	569,037	7,694
Settled for cash	(93,223)	(4,259)
Forfeited	(1,121)	(5)
Granted	410,415	109
Credits for dividends	2,894	54
Change in value	–	(116)
At 31 December 2011	888,002	3,477
Settled for cash	(49,479)	(2,050)
Forfeited	(324,766)	(236)
Granted	65,857	55
Credits for dividends	21,803	54
Change in value	–	929
At 31 December 2012	601,417	2,229

This table shows both the Legacy RSU and RSU plans The units granted during the year were solely as part of the RSU plan based on ABG shares

c) LTIP – Performance Restricted Share Units

Included in other non-current liabilities are PRSUs with a fair value of US$2 5 million as at 31 December 2012 (2011 US$0 4 million)

	Number of PRSUs	Fair value US$ 000
At 1 January 2011	144,612	109
Granted	389,366	112
Credits for dividends	929	2
Change in value	–	179
At 31 December 2011	534,907	402
Credits for dividends	15,217	39
Change in value	–	2,105
At 31 December 2012	550,124	2,546

d) LTIP – Deferred Share Units

Included in other non-current liabilities are DSUs with a fair value of US$0 3 million as at 31 December 2012 (2011 US$nil)

	Number of DSUs	Fair value US$ 000
At 31 December 2011	–	–
Granted	48,283	260
Credits for dividends	272	1
At 31 December 2012	48,555	261

25 Trade and other payables

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Trade payables	83,038	55,790
Accrued expenses	43,377	71,357
Payroll-related payables	26,539	19,854
Contract retentions	414	1,056
Royalty payable	3,771	9,438
Income tax payable	–	431
Trade payables to related parties (Note 32)	12,765	3,990
Total	169,904	161,916

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

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

	Rehabilitation[1]		Other[2]		Total	
(in thousands of United States dollars)	2012	2011	2012	2011	2012	2011
At 1 January	157,582	101,477	1,034	11,467	158,616	112,944
Change in estimate	19,242	52,761	6	(2,904)	19,248	49,857
Utilised during the year	(297)	–	–	(7,529)	(297)	(7,529)
Unwinding of discount	4,021	3,344	–	–	4,021	3,344
At 31 December	180,548	157,582	1,040	1,034	181,588	158,616
Current portion	–	–	(1,040)	(1,034)	(1,040)	(1,034)
Non-current portion	180,548	157,582	–	–	180,548	157,582

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 2050 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

Rehabilitation obligations arise from the acquisition, development, construction and normal operation of mining property, plant and equipment, due to government controls and regulations that protect the environment on the closure and reclamation of mining properties The major parts of the carrying amount of the obligation relate to tailings and heap leach pad closure/rehabilitation, demolition of buildings/mine facilities, ongoing water treatment, and ongoing care and maintenance of closed mines The fair values of rehabilitation provisions are measured by discounting the expected cash flows using a discount factor that reflects the credit-adjusted risk-free rate of interest We prepare estimates of the timing and amount of expected cash flows when an obligation is incurred We update expected cash flows to reflect changes in facts and circumstances The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in reserves and a corresponding change in the life of mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required, and changes in laws and regulations governing the protection of the environment

Each period we assess cost estimates and other assumptions used in the valuation of the rehabilitation provision at each of our mineral properties to reflect events, changes in circumstances and new information available Changes in these cost estimates and assumptions are recorded as an adjustment to the carrying amount of the corresponding asset Rehabilitation provisions are adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair value measurement to the beginning-of-period carrying amount of the provision Settlement gains/losses will be recorded in other (income)/expense

Other environmental remediation costs that are not rehabilitation provisions are expensed as incurred

27 Other liabilities

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Finance lease liabilities	14,133	18,217
Employee benefit RSU liability	5,036	3,879
Other[1]	8,784	3,472
Total	27,953	25,568
Current portion	6,889	6,580
Non-current portion	21,064	18,988

1 Included in other liabilities is the contingent consideration liabilities recognised in the current year on the acquisition of Aviva Mining (Kenya) Limited (US$5.3 million) and the 2010 acquisition of Tusker Gold Ltd (US$3.5 million)

Finance lease liabilities are capitalised at an effective interest rate of 5% per annum The lease terms are three and four years, with purchase options at the end of the term Instalments are payable weekly Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Gross finance lease liabilities – minimum lease payments		
– No later than 1 year	4,645	4,711
– Between 1 and 3 years	10,487	13,113
– Between 3 and 5 years	–	2,380
	15,132	20,204
Future finance charges on finance leases	(999)	(1,987)
Present value of finance lease liabilities	14,133	18,217

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Present value of finance lease liabilities		
– No later than 1 year	4,030	3,862
– Between 1 and 3 years	10,103	12,028
– Between 3 and 5 years	–	2,327
Present value of finance lease liabilities	14,133	18,217

28 Financial assets and liabilities

a) Financial assets

	Carrying value		Fair value	
(in thousands of United States dollars)	2012	2011	2012	2011
Cash and cash equivalents	401,348	584,154	401,348	584,154
Trade and other receivables	44,227	29,858	44,227	29,858
Derivative financial instruments	2,674	4,263	2,674	4,263
Total other assets	181,879	143,929	181,879	143,929
Total financial assets	630,128	762,204	630,128	762,204
Less Current financial assets				
Cash and cash equivalents	(401,348)	(584,154)	(401,348)	(584,154)
Trade and other receivables	(44,227)	(29,858)	(44,227)	(29,858)
Derivative financial instruments	(2,207)	(4,050)	(2,207)	(4,050)
Other current assets	(44,314)	(33,271)	(44,314)	(33,271)
Total other non-current financial assets	138,032	110,871	138,032	110,871

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

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28 Financial assets and liabilities continued

b) Financial liabilities

(in thousands of United States dollars)	Carrying value 2012	Carrying value 2011	Fair value 2012	Fair value 2011
Derivative financial instruments	723	114	723	114
Trade and other payables	169,904	161,916	169,904	161,916
Other liabilities	27,953	25,568	27,953	25,568
Total	198,580	187,598	198,580	187,598
Less Current financial liabilities				
Derivative financial instruments	(429)	(58)	(429)	(58)
Trade and other payables	(169,904)	(161,916)	(169,904)	(161,916)
Other current liabilities	(6,889)	(6,580)	(6,889)	(6,580)
Total non-current portion of financial liabilities	21,358	19,044	21,358	19,044

Other liabilities relate to cash-settled share-based plans and their valuation is based on unadjusted quoted prices in active markets for identical financial instruments Also included in other liabilities are the finance lease liabilities and their valuation is based on observable market data 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

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 was extended to 2014 and when drawn the spread over LIBOR will be 350 basis points At 31 December 2012, none of the funds were drawn under the facility The shares of all significant subsidiaries have been pledged as security for the loan Costs associated with the revolving credit facility have been included in finance expenses Refer to Note 10

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 quantitative 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 2012 the price ranged from US$1,540 to US$1,790 per ounce, with an average market price of US$1,669 per ounce (2011 US$1,572 per ounce) The Group's policy is to sell gold at prevailing market prices

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 and silver is not material to the Group's profit after tax

Gain/loss associated with 10% increase/decrease from year-end price (in thousands of United States dollars)	Effect on profit after tax For the year ended 31 December 2012	For the year ended 31 December 2011
Gold	69,841	78,087

Copper price

The market price of copper impacts on co product revenue included in total revenue and cash costs In 2012 the price ranged from US$3 29 to US$3 93 per pound, with an average market price of US$3 61 per pound (2011 US$4 00 per pound) and closing at US$3 59 per pound.

Silver price

The market price of silver impacts on co-product revenue included in total revenue and cash costs In 2012 the silver price ranged from US$26 38 to US$36 91 per ounce, with an average market price of US$31 17 per pound.

In 2011, the Group entered into zero cost collars to manage the impact of copper and silver price fluctuations The Group does not use such derivative instruments for speculative trading purposes These contracts had maturity dates in 2011, 2012 and 2013 These transactions are economic hedges and do not qualify for hedge accounting treatment Changes in the fair value of these options are recorded as a component of other income/expense in the income statement

At 31 December 2012, the Group had no copper collar contracts outstanding (2011 10,582 thousand pounds of collar contracts outstanding containing purchased put and call options with an average strike price of US$3 34 per pound and US$4 84 per pound respectively)

At 31 December 2012, the Group had 24 thousand ounces of silver collar contracts outstanding containing purchased put and sold call options with strike prices of US$31 per ounce and US$55 per ounce respectively (2011 216 thousand ounces of purchased put and sold call options with average strike prices of US$28 per ounce and US$49 per ounce respectively) These contracts mature in 2013

Oil price

Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices During 2011 and 2012 the Group entered into Brent oil option contracts to manage the impact of oil price fluctuations In 2012, oil prices traded between US$89 and US$126 per barrel with an average market price of US$112 per barrel

The table below summarises the impact of changes in the market prices of crude oil The impact is expressed in terms of the resulting change in the Group's profit after tax for the year ended 31 December 2012 The sensitivities are based on the assumption that the market price changes by US$10 per barrel with all other variables held constant The effect on profit after tax (before hedging) is calculated based on actual consumption for the year and does not address the indirect impact of a change in the oil price on other costs

Gain/loss associated with US$10 decrease/increase from year-end price (in thousands of United States dollars)	Effect on profit after tax For the year ended 31 December 2012	For the year ended 31 December 2011
Oil	4,231	3,098

During the year, the Group added 144 thousand barrels of Brent oil three-way option contracts for calendar year 2013 The designated contracts act as a hedge against variability in market prices, in a pre-defined range, of the cost of future fuel purchases over the next year At 31 December 2012, the Group had a total of 234 thousand barrels of Brent crude oil net purchase options outstanding All of the contracts mature in 2013

29 Financial risk management continued

Each contract consists of sold put options, bought call options and sold call options with average strike prices of US$85 per barrel, US$110 per barrel and US$135 per barrel respectively

These transactions are economic hedges and do not qualify for hedge accounting treatment Changes in the fair value of these options are recorded as a component of other income/expense in the income statement

Risks relating to the use of derivatives

By using derivatives, in addition to credit risk, we are affected by market risk Market risk is the risk that the fair value of a derivative might be adversely affected by a change in commodity prices, interest rates, or currency exchange rates, and that this in turn affects our financial condition We manage market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken

Foreign currency risk

The Group's transactions are denominated in a number of different currencies (primarily US dollars, Tanzanian Shillings, and South African 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 2g)

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.

During 2011 and 2012 the Group entered into Rand/US dollar collar contracts to manage the impact of currency fluctuations on Rand-denominated operating and capital expenditures In 2012, the Rand traded between R7 40 and R8 90 per US dollar, and averaged R8 20 per US dollar

During the year the Group added R515 million of Rand collar contracts to hedge forecasted Rand-denominated capital spend in 2012, 2013 and 2014 Each contract consists of a bought put option and a sold call option with average strike prices of R8 50 and R9 33 respectively (2011 there were no Rand capital hedges outstanding) The contracts act as a hedge against the variability in the Rand/US dollar exchange range over the period These contracts are treated as accounting hedges in accordance with IAS 39 Hedged items are identified as the first stated quantity of Rand spent during the month Hedge effectiveness is assessed using regression analysis utilising the concept of the hypothetical derivative method The effective portion of changes in intrinsic value of the currency contracts is recorded in other comprehensive income until the forecasted expenditure impact occurs

During the year the Group also added US$56 million of Rand collar contracts to hedge forecasted Rand denominated operating expenditures The transactions are economic hedges, and do not qualify for hedge accounting treatment Changes in fair value of these options are recorded as a component of other income/expense in the income statement

At 31 December 2012, the Group had US$57 million of Rand collar contracts outstanding containing purchased put options and sold call options with average strike prices of R8 31 and R9 26 respectively (2011 US$63 million of Rand collar contracts with purchased put and sold call options with average strike prices of R8 10 and R9 10 respectively) The contracts mature in 2013

The Group does have significant financial assets denominated in a currency other than US dollars These financial assets are as follow

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Indirect tax receivables (denominated in Tanzanian Shillings)	98,678	85,347
Total	98,678	85,347

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 2012 and 31 December 2011 (in thousands of United States dollars)	Effect on profit after tax For the year ended 31 December 2012	For the year ended 31 December 2011
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	10,964	9,483
US dollar weakens by 10% to the Tanzanian Shilling		
Decrease in total indirect tax receivables	(8,971)	(7,759)

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 If drawn, 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 The Group currently has no interest rate hedging in place as the interest income is not materially affected by changes in short-term interest rates

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 held 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 three months Investment counterparties must have a credit rating of at least Baa1 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 or the United Kingdom, or in any one industry group Investments are held mainly in United States dollars Cash and cash equivalents in other foreign currencies are maintained for operational requirements

With respect to other receivables, the most significant debtor is the TRA Throughout the past three years, ABG has been actively involved in discussions with the Tanzanian government and the TRA 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 2012, the discounted outstanding amounts due to the Group were approximately US$98 7 million During the third quarter of 2011, the Group signed a MOS with the TRA to address the treatment of certain outstanding indirect tax refunds in respect of fuel levies and value added taxation The terms of the Memorandum of Settlement allow ABG to offset income tax payable against outstanding refunds for VAT and fuel levies as it becomes payable As a result of these changes, Tulawaka and Buzwagi will effectively be treated as two separate entities for tax purposes, with effect from 2007 Further detail is included in Notes 16, 21 and 31b)

Group policies are aimed at minimising losses as a result of 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 of the counterparties The Group's financial assets are with counterparties who the Group considers have an appropriate credit rating During the year, receivables to the value of US$149 million were advanced by a financial institution under a factoring agreement This agreement reduces the risk of default of receivables

Maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets in Note 28 The Group does not hold collateral as security for any trade receivables The Group does not grade the credit quality of receivables

29 Financial risk management continued

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 2012 and 2011 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 28

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$378 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$153 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 2012

(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	401,348	–	–	–	401,348
Accounts receivable	44,227	–	–	–	44,227
Derivative financial instruments	2,207	467	–	–	2,674
Other receivables	44,314	18,824	122,926	–	186,064
Total	492,096	19,291	122,926	–	634,313

For the year ended 31 December 2011

(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	584,154	–	–	–	584,154
Accounts receivable	29,858	–	–	–	29,858
Derivative financial instruments	4,050	213	–	–	4,263
Other receivables	33,271	80,326	30,332	–	143,929
Total	651,333	80,539	30,332	–	762,204

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 2012

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative liabilities	429	294	–	–	723
Other liabilities	6,889	12,280	8,784	–	27,953
Trade and other payables[1]	169,904	–	–	–	169,904
Total	177,222	12,574	8,784	–	198,580

For the year ended 31 December 2011

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative liabilities	58	56	–	–	114
Other liabilities	6,580	13,188	5,800	–	25,568
Trade and other payables	161,485	–	–	–	161,485
Total	168,123	13,244	5,800	–	187,167

1 Trade and other payables exclude statutory liabilities in the form of income tax payable

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 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 is approved by the Senior Leadership Team before submission to the Board for ultimate approval, where applicable

30 Operating lease arrangements

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Minimum lease payments under operating leases recognised in income for the period	2,197	1,736
Total	2,197	1,736

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 2012	As at 31 December 2011
Within one year	4,137	1,442
In the second to fifth years inclusive	7,733	3,701
After five years	691	1,188
Total	12,561	6,331

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 2012, the Group has the following commitments and/or contingencies

a) Legal contingencies

As at 31 December 2012, the Group was a defendant in approximately 235 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, and negligence by act or omission in failing to provide a safe working environment, unpaid overtime and public holiday compensation

The total amounts claimed from lawsuits in which specific monetary damages are sought amounted to US$51 6 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$51 6 million is an appeal by the TRA intended for the tax assessment of US$21 3 million in respect of the acquisition of Tusker The case was awarded in favour of ABG however the TRA have served a notice of appeal The calculated tax assessment is based on the sales price of Nyanzaga property of US$71 million multiplied by the tax rate of 30% Management are of the opinion that the assessment is invalid due to the fact that the acquisition was for Tusker Gold Limited, a company incorporated in Australia The shareholding of the Tanzanian related entities did not change and the Tusker Gold Limited Group remains the same as prior to the acquisition

Also included in the total amounts claimed of US$51 6 million is a claim of US$2 8 million against North Mara Gold Mine being compensation for uncaused improvements, disturbance and accommodation allowance, rich gold land current value, interest and costs Management are of the opinion that the defence is likely to succeed

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31 Commitments and contingencies continued

b) Other 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 agreements – Mining Licences

Pursuant to agreements with the Government of the United Republic of Tanzania, the Group was issued Mining Licences for Bulyanhulu, Buzwagi, North Mara and Tulawaka mines and Mining Licenses for building materials at Bulyanhulu and Buzwagi Mines The agreement requires the Group to pay to the Government of Tanzania annual rents of US$5,000 per annum per square kilometre for as long as the Group holds the Special Mining Licences and US$2,000 per annum per square kilometre for so long as the Group holds the Mining Licences for Building Materials The total commitment for 2013 based on Mining Licences held as at 31 December 2012 is US$0 8 million (2011 US$0 8 million)

d) Purchase commitments

At 31 December 2012, the Group had purchase obligations for supplies and consumables of approximately US$65 million (2011 US$31 million)

e) Capital commitments

In addition to entering into various operational commitments in the normal course of business, the Group entered into contracts for capital expenditure for approximately US$51 million (2011 US$32 million)

32 Related party balances and transactions

The Group had the following related party balances and transactions during the years ended 31 December 2012 and 31 December 2011 Related parties are those entities owned or controlled by BGC, 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 2012	For the year ended 31 December 2011
Provision of goods and services	273	507
Purchase of goods and services	(10,177)	(8,426)
Dividend payments	(51,822)	(20,924)
Total	(61,726)	(28,843)

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

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Due from fellow subsidiaries		
Placer Dome Exploration	247	247
Placer Dome Technical Services	37	37
Other	109	70
Total	393	354

The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from BGC

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Due to Holding Company		
Barrick Gold Corporation	11,962	3,638
Due to fellow subsidiaries		
BIBC	15	3
Barrick Gold Australia Ltd	293	–
Barrick Gold North America	188	203
Other	307	146
Total	12,765	3,990

The payables to Barrick arise mainly from purchase transactions noted above The payables are unsecured and bear no interest

d) Remuneration of key management personnel
Key management personnel include the members of the Board of Directors and the Senior Leadership Team who receive remuneration Compensation for key management personnel (including Directors) was as follows

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Short-term employee benefits	8,724	10,647
Post-employment benefits	746	1,103
Other long-term benefits	–	–
Stock-based compensation	1,029	2,114
Total	10,499	13,864

33 Prospecting licences

The Group holds exploration mineral rights in the United Republic of Tanzania These rights are held in the form of prospecting licences issued by the Ministry of Energy and Minerals and are held either directly by the Group or indirectly pursuant to third party agreements The licences held by the Group as at 31 December 2012 are summarised in the following table The total commitment to exploration expenditure on these licences for 2013 is US$2 5 million

Prospecting licences	Number of licences	Approximate Km²
Held by ABG Exploration Africa Limited	105	1,296 80
Held by Mkumi Exploration Ltd	2	18 20
Held by North Mara Gold Mine Ltd	5	57 87
Held by Nyanzaga Exploration Company Ltd	5	91 52
Held by Pangea Minerals Ltd	80	743 94
Held by Prime Gold Exploration Ltd	3	42 82
Held by Sub-Sahara Resources Tanzania Ltd	2	15 34
Held by Vulcan Resources Tanzania Ltd	15	237 26
Prospecting licences – indirectly held[1]	7	29 70
Total	224	2,533 45

1 Via exploration joint venture with third parties.

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34 Post balance sheet events

A final dividend of US12.3 cents per share has been proposed, which will result in a total dividend of US16.3 cents per share for 2012. The final dividend is to be proposed at the Annual General Meeting on 18 April 2013. These financial statements do not reflect this dividend payable.

ABG announced on 22 January 2013 that it concluded negotiations with a syndicate of commercial banks, led by Standard Bank, for the provision of an export credit backed term loan facility ("Facility") for the amount of US$142 million. The Facility has been put in place to fund the bulk of the costs of the construction of one of our key growth projects, a new Carbon in Leach circuit at the process plant at Bulyanhulu ("Project"). The Facility is secured upon the Project, has a term of seven years and when drawn the spread over LIBOR will be 250 basis points. The Facility is repayable in equal instalments over the term of the Facility, after a two-year repayment holiday period.

Subsequent to year end, a legal claim was instituted against ABG in relation to the termination of a lease agreement in Dar es Salaam. The plaintiffs claim payment of US$11.4 million purportedly being rent for the remainder of the lease period, rent that they would have received from other prospective tenants, costs incurred for alterations made on ABG's instructions and general damages. Management are of the opinion that the defence is likely to succeed.

ABG announced on 8 January 2013 that Barrick had ended discussions with CNG over the potential sale of its 73.9% stake in ABG. As a result, ABG is no longer in an Offer Period under the Takeover Code. Management has initiated a full Operational Review with the aim of recalibrating operations so as to drive improved returns from the asset base whilst enhancing the certainty of delivery and initial detail on specific initiatives has been provided within these results.

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 2012 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 75, 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 parent 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 In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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 matters 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 2011

Jason Burkitt,
Senior Statutory Auditor
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2013

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 year ended 31 December 2012	For the year ended 31 December 2011
Corporate administration	3	(12,923)	(18,990)
Project evaluation costs		(454)	–
Other (charges)/income		(5,674)	177
Finance income	4	162	193
Finance expense	4	(6)	(6)
Loss before taxation		(18,895)	(18,626)
Income tax	5	–	–
Net loss for the period		(18,895)	(18,626)

Parent company statement of comprehensive income

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Net loss for the period	(18,895)	(18,626)
Other comprehensive income for the period	–	–
Total comprehensive loss for the period	(18,895)	(18,626)

The notes on pages 144 to 154 are an integral part of these financial statements

Parent company balance sheet

(in thousands of United States dollars)	Notes	As at 31 December 2012	As at 31 December 2011
Assets			
Non-current assets			
Property, plant and equipment	7	373	370
Investment in subsidiaries	8	1,346,608	1,324,568
Non-current receivables	18	772,694	772,680
		2,119,675	2,097,618
Current assets			
Other receivables	9	3,444	663
Cash and cash equivalents	10	36,525	145,870
		39,969	146,533
Total assets		2,159,644	2,244,151
Equity and liabilities			
Share capital and share premium	11	929,199	929,199
Other reserves		1,221,897	1,309,391
Total equity		2,151,096	2,238,590
Non-current liabilities			
Other non-current liabilities		2,230	1,197
		2,230	1,197
Current liabilities			
Other current liabilities	14	6,318	4,364
		6,318	4,364
Total liabilities		8,548	5,561
Total equity and liabilities		2,159,644	2,244,151

The notes on pages 144 to 154 are an integral part of these financial statements

The financial statements on pages 140 to 154 were authorised for issue by the Board of Directors on 7 March 2013 and were signed on its behalf

Greg Hawkins,
Chief Executive Officer

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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 1 January 2011		62,097	867,102	1,368,774	640	(14,406)	2,284,207
Net loss for the period		–	–	–	–	(18,626)	(18,626)
Dividends to shareholders	13	–	–	–	–	(28,328)	(28,328)
Stock options		–	–	–	1,337	–	1,337
Balance at 31 December 2011		62,097	867,102	1,368,774	1,977	(61,360)	2,238,590
Net loss for the period		–	–	–	–	(18,895)	(18,895)
Dividends to shareholders	13	–	–	–	–	(70,125)	(70,125)
Stock options		–	–	–	1,526	–	1,526
Balance at 31 December 2012		62,097	867,102	1,368,774	3,503	(150,380)	2,151,096

The notes on pages 144 to 154 are an integral part of these financial statements

Parent company cash flow statement

(in thousands of United States dollars)	Notes	For the year ended 31 December 2012	For the year ended 31 December 2011
Cash flows used in operating activities			
Net loss for the period		(18,895)	(18,626)
Adjustments for			
Depreciation and amortisation	7	146	134
Finance items	4	(156)	(187)
Working capital adjustments	6	408	3,941
Other	6	1,277	1,248
Cash used by operations before interest and tax		(17,220)	(13,490)
Finance income		162	193
Finance expense		(6)	(6)
Net cash used in operating activities		(17,064)	(13,303)
Cash flows used in investing activities			
Purchase of property, plant and equipment	7	(149)	(79)
Investment in subsidiary	8	(22,039)	-
Net cash used in investing activities		(22,188)	(79)
Cash flows used in financing activities			
Dividends paid	13	(70,125)	(28,328)
Net cash used in financing activities		(70,125)	(28,328)
Net decrease in cash and equivalents		(109,377)	(41,710)
Net foreign exchange difference		32	89
Cash and cash equivalents at 1 January		145,870	187,491
Cash and cash equivalents at 31 December		36,525	145,870

The notes on pages 144 to 154 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

The financial statements for the year ended 31 December 2012 were approved for issue by the Board of Directors of the Company on 7 March 2013

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 ("IFRS"s), 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

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

Where a change in the presentational format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly The following presentational changes were made during the current year

- Bank charges previously included in corporate administration expenses have been reclassified to finance expense (2012 US$6 thousand, 2011 US$6 thousand)
- Management fees previously included in travel and administration costs have been reclassified and separately disclosed in the corporate administration note (2012 gain of US$3 5 million, 2011 expense of US$2 4 million)

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

There are no new IFRSs or IFRIC Interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company

c) New and amended standards, and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements None of these are expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below

- Amendments to IAS 1, "Financial statement presentation" regarding other comprehensive income The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) The amendments do not address which items are presented in OCI
- Amendments to IFRS 7, "Financial instruments Disclosures" on derecognition This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets
- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities IFRS 9 was issued in November 2009 and October 2010 It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments IFRS 9 requires financial assets to be classified into two measurement categories those measured at fair value and those measured at amortised cost. The determination is made at initial recognition The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument For financial liabilities, the standard retains most of the IAS 39 requirements The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU The group will also consider the impact of the remaining phases of IFRS 9 when completed by the International Accounting Standards Board

- IFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP
- Amendment to IAS 32, "Financial Instruments Presentation", clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

d) 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 2h) and 9,
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes – Notes 2j) and 5, and
- Review of property, plant and equipment and investments in subsidiaries, the determination of whether these assets are impaired and the measurement of impairment charges or reversals – Notes 2f), 7 and 8

e) Foreign currency translation

The Company's transactions are denominated in a number of different currencies (primarily US dollars and UK pounds 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 2012	Average Year ended 31 December 2012	As at 31 December 2011	Average Year ended 31 December 2011
UK pound (US$ GBP)	0 62	0 63	0 64	0 62

f) 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

g) 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

h) 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

2 Significant accounting policies continued

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

i) 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

j) 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

k) 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

3 Corporate administration

Included in corporate administration costs are the following

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Salaries	4,061	3,941
Other employee benefits	2,651	1,767
Stock-based compensation	2,923	2,739
Directors' fees	685	580
Professional and consultancy fees	2,936	4,298
Foreign exchange gain	(249)	(103)
Travel and administration[1]	2,012	1,802
Net management fees[1]	(3,454)	2,446
Depreciation	146	134
Audit fees[2]	396	464
Other	816	922
	12,923	18,990

1 Management fees previously included in travel and administration costs have been reclassified and separately disclosed

2 Audit fees relating to the audit of the Company for the year ended 31 December 2012 amounted to US$55 thousand (2011 US$50 thousand) The difference relates to audit fees incurred for the audit of other Group companies

Details of Directors' remuneration can be found in the Remuneration report on pages 76 to 87 Details of the auditors' remuneration can be found in Note 9 of the Group financial statements

Average number of employees

	For the year ended 31 December 2012	For the year ended 31 December 2011
Administration	9	6
Total average headcount	9	6

4 Finance income and finance expense

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Interest on time deposits	162	193
Total	162	193

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Bank charges	6	6
Total	6	6

5 Income tax

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Corporation taxes	–	–
Total	–	–

The statutory income tax rate in the United Kingdom is 24% for 2012 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 year ended 31 December 2012	For the year ended 31 December 2011
Loss before tax	(18,895)	(18,626)
Tax calculated at statutory tax rates	4,535	5,215
Tax effects of		
Expenses not deductible for tax purposes	–	–
Tax losses for which no deferred income tax asset was recognised	(4,535)	(5,215)
Tax charge	–	–

Deferred tax assets have not been recognised in respect of the tax losses amounting to US$40 5 million as at 31 December 2012 (2011 US$23 million), 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 year ended 31 December 2012	For the year ended 31 December 2011
Adjustments for non-cash income statement items		
Foreign exchange gains	(217)	(192)
Exchange (gain)/loss on revaluation of cash balances	(32)	89
Other expenses	1,526	1,351
Total	1,277	1,248

Adjustments for working capital items

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Other receivables	(2,794)	361
Other current liabilities	2,169	2,710
Other non-current liabilities	1,033	870
Total	408	3,941

7 Property, plant and equipment

For the year ended 31 December 2012 (in thousands of United States dollars)	Furniture and equipment	Total
At 1 January 2012, net of accumulated depreciation	370	370
Additions	149	149
Depreciation	(146)	(146)
At 31 December 2012	373	373
At 1 January 2012		
Cost	545	545
Accumulated depreciation	(175)	(175)
Net carrying amount	370	370
At 31 December 2012, net of accumulated depreciation		
Cost	694	694
Accumulated depreciation	(321)	(321)
Net carrying amount	373	373

For the year ended 31 December 2011 (in thousands of United States dollars)	Furniture and equipment	Total
At 1 January 2011, net of accumulated depreciation	425	425
Additions	79	79
Depreciation	(134)	(134)
At 31 December 2011	370	370
At 1 January 2011		
Cost	466	466
Accumulated depreciation	(41)	(41)
Net carrying amount	425	425
At 31 December 2011, net of accumulated depreciation		
Cost	545	545
Accumulated depreciation	(175)	(175)
Net carrying amount	370	370

8 Investment in subsidiaries

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Opening balance	1,324,568	1,324,568
Additions	22,040	–
Closing balance	1,346,608	1,324,568

The subsidiaries in which investments are held as at 31 December 2012 are as follows

Company	Principal activity	Country of incorporation	Equity interest 2012	Equity interest 2011
BUK Holdco Ltd[1]	Holding Company	UK	100%	100%
1816962 Ontario Inc	Holding Company	Canada	100%	100%
Aviva Mining (Kenya) Ltd[2]	Exploration	Kenya	1%	–

1 BUK Holdco Ltd and BUK East Africa Ltd are exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of SI 2012/2301

2 On 26 October 2012, the Company in conjunction with BUK East Africa Ltd purchased 100% of the issued share capital of Aviva Mining (Kenya) Ltd ("AMKL") by way of a takeover offer for an initial consideration of US$22 million The full investment value was incurred by the Company AMKL is a Kenyan based exploration company with a focus on gold All of AMKL s assets are located in Kenya and consist of exploration ground and interests in two joint venture agreements Refer to note 22 of the Group financial statements for further details

9 Other receivables

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Indirect tax receivables	348	129
Advance payments	271	177
Other receivables	169	103
Due from related parties (Note 18)	2,656	254
Total	3,444	663

At 31 December 2012, 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 2012	As at 31 December 2011
Cash at bank and on hand	14,864	2,007
Money market funds	21,661	143,863
Total	36,525	145,870

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 and share premium

	Number	Share capital £'000	Share capital US$'000	Share premium US$'000
At 1 January 2011	410,085,499	41,009	62,097	867,102
At 31 December 2011	410,085,499	41,009	62,097	867,102
At 31 December 2012	410,085,499	41,009	62,097	867,102

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 and 2018 424,049 of the options granted were exercisable at 31 December 2012 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 2012	Options 2012	Average exercise price in pence per share 2011	Options 2011
At 1 January	522	943,006	532	676,075
Granted	–	–	497	266,931
At 31 December	522	943,006	522	943,006

There were no options granted during the current year

13 Dividends paid

The final dividend declared in respect of the year ended 31 December 2011 of US$53 7 million (US13 1 cents per share) and the 2012 interim dividend of US$16 3 million (US4 0 cents per share) were paid during 2012 and recognised in the financial statements Refer to Note 19 for details of the final dividend declared subsequent to year-end

14 Other current liabilities

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Trade and other payables	2,882	1,647
Accrued expenses and taxes	1,647	156
Payables to related parties (Note 18)	1,789	2,561
Total	6,318	4,364

15 Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value 2012	Fair value 2012	Carrying value 2011	Fair value 2011
Cash and cash equivalents	36,525	36,525	145,870	145,870
Other receivables	3,444	3,444	663	663
Non-current receivables[1]	772,694	772,694	772,680	772,680
Total financial assets	812,663	812,663	919,213	919,213
Less Current financial assets				
Cash and cash equivalents	(36,525)	(36,525)	(145,870)	(145,870)
Other receivables	(3,444)	(3,444)	(663)	(663)
Total non-current portion of receivables	772,694	772,694	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, 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 was extended to 2014 and when drawn the spread over LIBOR will be 350 basis points At 31 December 2012, none of the funds were drawn under the facility The shares of all significant subsidiaries have been pledged as security for the loan

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

16 Financial risk management continued

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 to 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 to 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 2012

(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	–	2,230	–	–	2,230
Other current liabilities	6,318	–	–	–	6,318
Total	6,318	2,230	–	–	8,548

For the period ended 31 December 2011

(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	–	1,197	–	–	1,197
Other current liabilities	4,364	–	–	–	4,364
Total	4,364	1,197	–	–	5,561

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

17 Operating lease arrangements

(in thousands of United States dollars)	For the year ended 31 December 2012	For the year ended 31 December 2011
Minimum lease payments under operating leases recognised in income for the period	276	264
Total	276	264

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 2012	As at 31 December 2011
Within one year	276	264
In the second to fifth years inclusive	1,106	1,056
After five years	691	1,188
Total	2,073	2,508

18 Related party balances and transactions

The Company had the following related party balances and transactions during the year ended 31 December 2012 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 year ended 31 December 2012	For the year ended 31 December 2011
Management fees	3,454	1,503
Provision of goods and services	1,005	663
Purchase of goods and services	(2,085)	(6,224)
Dividends paid	(51,822)	(20,924)
Total	(49,448)	(24,982)

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 costs incurred by the Company and recharged to related parties with no mark-up Purchase of goods and services relates to costs 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 2012	As at 31 December 2011
Due from subsidiaries		
Bulyanhulu Gold Mine Ltd	363	36
Pangea Minerals Ltd	391	140
North Mara Gold Mine Ltd	260	36
Barrick Africa (Pty) Ltd	772	–
Aviva Mining (Kenya) Ltd	815	–
African Barrick (Barbados) Corp Ltd	33	28
Other	22	14
Total	2,656	254

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

18 Related party balances and transactions continued

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2012	As at 31 December 2011
Due to Holding Company		
Barrick Gold Corporation	1,789	191
Due to fellow subsidiaries		
Barrick Africa (Pty) Ltd	–	2,356
Barrick Gold of North America Inc	–	14
Total	1,789	2,561

The payables to Barrick arise mainly from purchase transactions, noted above 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 2012	As at 31 December 2011
BUK (Subsidiary)	772,694	772,680
Total	772,694	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

A final dividend in respect of the year ended 31 December 2012 of US12 3 cents per share has been proposed, which will result in a total dividend of US16 3 cents per share for 2012 The final dividend is to be proposed at the Annual General Meeting on 18 April 2013 These financial statements do not reflect this dividend payable

ABG announced on 8 January 2013 that Barrick had ended discussions with CNG over the potential sale of its 73 9% stake in ABG As a result, ABG is no longer in an offer period under the Takeover Code Management has initiated a full Operational Review with the aim of recalibrating operations so as to drive improved returns from the asset base whilst enhancing the certainty of delivery and initial detail on specific initiatives has been provided within these results

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 88

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
AMKL	Avvia Mining (Kenya) Limited
Amortisation and other costs per ounce sold	has the meaning given to it on page 158
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 157
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
Cash cost per ounce sold	has the meaning given to it on page 157
Cash cost per tonne milled	has the meaning given to it on page 158
China National Gold or CNG	means China National Gold Group Corporation
CIL	carbon in leach, a method of recovering gold and silver, in which a slurry of gold/silver bearing ore, carbon and cyanide are mixed together The cyanide dissolves the gold, which is subsequently absorbed by the activated carbon whose base is usually ground coconut shells
CIM	the Canadian Institute of Mining, Metallurgy and Petroleum
Code of Conduct	ABG's Code of Business Conduct and Ethics
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
Co product	a secondary metal or mineral product recovered in the milling process such as copper and silver
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 for the reporting period, details of whom are set out on pages 56 and 57 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 doré 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 158
EPO	Environmental Protection Order
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	grams 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
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
NAF dump	Non Acid Forming waste rock dump
NGOs	non-governmental organisations
NI 43-101	Canadian National Instrument 43-101
Non-Executive Directors	the Non-Executive Directors of the Company being as at year end Derek Pannell, Andre Falzon, Stephen Galbraith, David Hodgson, Michael Kenyon, Ambassador Mwapachu, Rick McCreary and Kelvin Dushnisky
Offer Period	means the period of time during which an offer or a possible offer for a company may be made under the UK Takeover Code, commencing from the announcement of a possible offer and ending on the date of one of the following (i) following the announcement of an offer, an acquisition is declared unconditional as to acceptances; (ii) an announcement that all offers have been withdrawn or have lapsed, or (iii) following certain other announcements having been made, such as an announcement that no offer will be made or discussions/negotiations in connection with a potential offer have been terminated
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 158
Ordinary Shares	Ordinary Shares of 10 pence 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
Over burden	is the material that lies above the area of economic interest, such as soil and ancillary material, that is removed during surface mining
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)
PAF dump	Potential Acid Forming waste rock dump
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 prior to the IPO
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
ROM	run-of-mine, a term used loosely to describe ore of average grade
Services Agreement	the services agreement between Barrick and ABG
Senior Leadership Team or Senior Management	the individuals listed on page 58
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
TRA	Tanzanian Revenue Authority
TRIFR	total reportable injury frequency rate
Tulawaka Agreement	the joint venture agreement dated 15 September 1998 (as amended from time to time) between PGI and MDN
TZS	Tanzanian shilling
UK Corporate Governance Code	the UK Corporate Governance Code dated June 2010 issued by the UK Financial Reporting Council
UK Takeover Code	means the City Code on Takeovers and Mergers
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
VBIAs	village benefit implementation agreements
VBAs	village benefit agreements
Voluntary Principles	means the Voluntary Principles on Security and Human Rights

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 cost 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 corporate social responsibility Cash cost is calculated net of co-product 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 cost per ounce sold are calculated on a consistent basis for the periods presented.

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

(US$ 000)	Year ended 31 December 2012	2011
Total cost of sales	802,709	704,114
Deduct Depreciation and amortisation	(158,883)	(134,149)
Deduct Co-product revenue	(48,031)	(67,890)
Total cash cost	595,795	502,075
Total ounces sold[1]	622,932	724,574
Consolidated cash cost per ounce	956	693
Equity ounce adjustment[2]	(7)	(1)
Attributable cash cost per ounce sold	949	692

1 Reflects 100% of ounces sold

2 Reflects the adjustment for non-controlling interests at Tulawaka.

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
- Impairment charges of goodwill and other long-lived assets

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 Prior year EBITDA was restated by US$1 4 million to reflect the reclassification of back charges from corporate administration charges to finance expenses

A reconciliation between net profit for the period and EBITDA is presented below

(US$ 000)	Year ended 31 December 2012	2011
Net profit for the period	48,184	284,777
Plus income tax expense	71,063	117,924
Plus depreciation and amortisation	158,883	134,149
Plus impairment charges	44,536	-
Plus finance expense	10,305	10,082
Less finance income	(2,102)	(1,484)
EBITDA	330,869	545,448

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

Adjusted net earnings is a non-IFRS financial measure It is calculated by excluding one-off costs or credits relating to non-routine transactions from net profit attributed to owners of the parent It includes other credit and charges that individually or in aggregate, if of a similar type, are of a nature or size that requires explanation in order to provide additional insight into the underlying business performance

Adjusted net earnings per share is a non-IFRS financial measure and is calculated by dividing adjusted net earnings by the weighted average number of Ordinary Shares in issue

Adjusted net earnings and adjusted earnings per share have been calculated by excluding the following

(US$ 000)	Year ended 31 December 2012	2011
Net earnings	59,471	274,895
Adjusted for		
Impairment charges	44,536	-
Prior year Bulyanhulu tax positions recognised	8,855	-
CNG related costs	6,676	-
Discounting of indirect taxes	4,185	-
Tax and minority interest impact of the above	(18,239)	-
Adjusted net earnings	105,484	274,895

Amortisation and other costs 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 corporate social responsibility charges Cash cost is calculated net of co-product revenue. ABG calculates cash costs based on its equity interest in production from its mines. Cash cost per tonne milled are calculated by dividing the aggregate of these costs by total tonnes milled.

Cash margin is a non-IFRS financial measure The cash margin is the average realised gold price per ounce less the cash cost per ounce sold.

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.

Mining statistical information

The following describes certain line items used in the ABG Group's discussion of key 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 includes 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 total cash costs as well as production specific depreciation and amortisation

Basis of preparation for the reporting of tax data

This basis of preparation supports the reporting of tax data contained on page 43 of this report. Generally the references to "Tax" in this context means any amount of money required to be paid to, or repaid by, a government.

In overview, the key information presented as regards Tax is as follows

Taxes borne – these are taxes that the ABG Group is obliged to pay to a government on its own behalf, or taxes that it is obliged to pay to a third party and that can/cannot be recovered from a government. The main taxes that we have included in this category are

Government royalties – these comprise payments made to governments in the form of royalties Typically these tend to become payable, and are paid, in the year to which they relate These taxes form part of our operating costs

Corporate income tax – this comprises any tax on the business calculated on the basis of its profits, income or capital gains Typically, these taxes would be reflected in corporate income tax returns made to governments

Customs duties – these comprise all customs/excise/import and export duties Typically, these taxes tend to become payable and are paid to governments at the point where goods are imported and exported from territories These taxes form part of our operating and capital incurred costs

Employer payroll taxes – these comprise payroll and employer taxes payable as a result of a company's capacity as an employer Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return These taxes form part of our operating costs

Environmental taxes – these comprise levies or other payments to governments relating to environmental policy Typically, these taxes tend to be payable on an annual basis These taxes are also included in our operating costs

Indirect taxes – these comprise VAT and other fuel levies that arise on the purchase of goods and services and are paid to third parties, to be refunded by governments Typically, these taxes would form part of a sales tax return made to governments Refunds received are included in the taxes refunded category

Stamp duty – this comprises taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to governments and tend to become payable, and are paid, to governments shortly after capital or assets are transferred.

Taxes collected – these are taxes that a company is obliged to collect from others and pay to government The main taxes that we have included in this category are

Employee payroll taxes – these comprise payroll and employee taxes withheld from employee remuneration and paid to governments, i.e. taxes collected by ABG and remitted to governments on behalf of employees under arrangements such as PAYE schemes Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after submission of the return

Withholding taxes collected from suppliers – these comprise taxes that are required to be withheld in advance on payments made to suppliers Typically, these taxes would be reflected in income tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return

Taxes refunded – these are taxes that are refunded by governments to ABG These mostly comprise the following

Indirect taxes (mainly VAT and fuel levies) – typically, indirect taxes would tend to become repayable and are repaid by governments regularly (often quarterly) throughout the year, shortly after the submission of relevant sales tax returns Also included are other refunds received.

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 71 Shareholders may elect to receive payment of the 2012 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 24 May 2013 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 24 May 2013

If you wish to receive the 2012 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 7 May 2013 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 7 May 2013 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

ABG has obtained shareholders' consent to send and 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

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 2012
Preliminary results for 2012	13 February 2013
Annual General Meeting	18 April 2013
Quarterly results Q1 2013	18 April 2013
Payment date for 2012 final dividend	24 May 2013
Half year report 2013	July 2013
Quarterly results Q3 2013	October 2013
Quarterly results Q4 2013	January 2014

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Additional information

Additional information regarding ABG can be found on the website

www africanbarrickgold com

AFRICAN BARRICK GOLD