AFRICAN BARRICK GOLD

Annual Report & Accounts 2013

Driving operational excellence...

KEY FOR MORE INFORMATION

More within this report **More information online**

Case study

Cover photo Process plant Bulyanhulu

...through a sharper focus on asset optimisation & tighter control of costs we are creating a stronger business

Forward-looking statements
This Annual 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, projects, 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, many of which are beyond the control of ABG, which could cause actual results and developments to differ materially from those expressed in or implied by the forward-looking statements contained in this Annual Report Factors that could cause or contribute to differences between the actual results, performance and achievements of ABG include, but are not limited to changes or developments in political economic or business conditions or national or local legislation or regulation in countries in which ABG conducts – or may in the future conduct – business industry trends competition fluctuations in the spot and forward price of gold or certain other commodity prices (such as copper and diesel) currency fluctuations (including the US dollar South African rand Kenyan shilling and Tanzanian shilling exchange rates), ABG s ability to successfully integrate acquisitions ABG s ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves and to process its mineral reserves successfully and in a timely manner, ABG s ability to complete land acquisitions required to support its mining activities, operational or technical difficulties which may occur in the context of mining activities, delays and technical challenges associated with the completion of projects, risk of trespass theft and vandalism changes in ABG s business strategy including ABG s further implementation of the Operational Review and related cost control and strategic measures as well as risks and hazards associated with the business of mineral exploration development mining and production and risks and factors affecting the gold mining industry in general Although ABG s management believes that the expectations reflected in such forward-looking statements are reasonable ABG cannot give assurances that such statements will prove to be correct Accordingly investors should not place reliance on forward-looking statements contained in this Annual Report Any forward-looking statements in this Annual Report only reflect information available at the time of preparation 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 update or revise any forward-looking statements in this Annual Report whether as a result of new information, future events or otherwise Nothing in this Annual Report should be construed as a profit forecast or estimate and no statement made 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

MORE INFORMATION AVAILABLE AT WWW.AFRICANBARRICKGOLD.COM

Who we are

African Barrick Gold ("ABG") is Tanzania's largest gold producer and one of the largest gold producers in Africa. We have three operating mines, all located in Northwest Tanzania, and several exploration projects at various stages of development in Tanzania and Kenya.

ABG is a UK public company with its corporate headquarters in London In addition to our corporate headquarters, we also have offices in Dar es Salaam, Tanzania and Johannesburg, South Africa to provide in-country and regional support for our operations

African Barrick Gold is listed on the Main Market of the London Stock Exchange under the symbol ABG and has a secondary listing on the Dar es Salaam Stock Exchange

For further information please visit our corporate website at www africanbarrickgold.com

OUR PRODUCING MINES

We have been operating in Tanzania for over a decade and during that time have produced over 7 million ounces of gold from our combination of open pit and underground mines All of our mines are located in the Lake Victoria Greenstone Belt, one of the most prospective areas for gold mining in Africa

Bulyanhulu

A high-grade underground mine with shaft access, which is transitioning to long-hole and drift and fill as its principal mining methods

Life of mine is estimated to be over 25 years, based on proven and probable gold reserves of 9 4 million ounces

Buzwagi

A low-grade bulk deposit with a single large open pit

Life of mine is estimated to be 5 years, based on proven and probable gold reserves of 1 1 million ounces

North Mara

A high-grade open pit mine, with future underground potential, consisting of three open pit deposits, Nyabirama, Gokona and Nyabigena

Life of mine is estimated to be 10 years based on proven and probable gold reserves of 2 2 million ounces

For further information on our operating mines please turn to pages 16-21

A continued focus:
Driving operational excellence

Kelvin Dushnisky,
Chairman of the Board

Dear Shareholders,

2013 was a challenging year for the gold industry, in which we experienced an annual decline in the gold price for the first time in thirteen years African Barrick Gold was ahead of many of its peers in adapting to this situation, having initiated a comprehensive Operational Review in January, before the significant fall in the gold price As a result, we were able to respond quickly and decisively to reshape the business and ensure ABG is well positioned to thrive in any gold price environment

When I became Chairman in February 2013, I accepted the position with great enthusiasm I was well aware of the challenges facing the business, but also of the quality of the asset base and the potential for the Company to improve Our Operational Review was central to our activities in 2013 and re-examined every aspect of our business Our objectives were to improve operating efficiency, cost control and drive sustainable returns for our investors With this in mind, the Board established the following priorities for the year meeting cost reduction targets established in the Operational Review, strengthening our Board and management team, and driving focus on operational excellence I am pleased to report we have made solid progress in all of these areas

Improvements in operational performance

We exceeded the top of our 2013 production guidance range of 600,000 ounces of gold, producing 641,931 ounces, and accomplished this at a cash cost of US$827 per ounce, 12% below the bottom of our cost guidance range

As part of an industry wide initiative driven by the World Gold Council, we began reporting our All-in Sustaining Costs ("AISC") in 2013 This provides a standardised metric and a more robust measure of the true cost of producing an ounce of gold We are pleased to report a 14% year on year decrease in our per ounce AISC I am also pleased to note that our AISC declined in each successive quarter of 2013, with fourth quarter AISC being US$1,171 per ounce In addition, we exceeded our cost savings target by delivering US$129 million of savings by the end of 2013, with a further US$56 million of savings due in 2014

I fully anticipate that the operational improvement measures being implemented by the ABG management team will make a significant contribution to improved performance throughout 2014 and beyond

Corporate governance
In 2013 we welcomed four new independent Directors to the Board Peter Tomsett, Graham Clow, Rachel English and Steve Lucas joined as independent Non Executive Directors, with Peter assuming the role of Senior Independent Director Peter and Graham are seasoned mining executives with wide-ranging experience in technical and operational mining matters across all aspects of the industry Rachel and Steve are experienced finance executives who both have held a variety of senior positions in the extractives sector Steve and Rachel have also served as Board members of a number of prominent UK listed companies, with operations in Africa and around the world We are delighted that Peter, Graham, Rachel and Steve have joined us Individually and collectively, they bring significant experience and knowledge to our business

Acting Chairman Derek Pannell departed in 2013 to concentrate on other interests He helped shape ABG as an independently listed company and, on behalf of the Board, I would like to thank Derek for his contributions In August, Greg Hawkins stepped down as the Company's CEO Greg managed the Company through the listing process and during its formative stages as a public company, for which we thank him and wish him well in his future endeavours More recently, David Hodgson has decided to not stand for re-election at the forthcoming Annual General Meeting We would like to thank David for his contribution to the Company and wish him well for the future

Management renewal
During the year, we recalibrated the Company's senior management team to further drive the business in the context of our revised strategic priorities In August following a comprehensive global search, we appointed Bradley Gordon as the Company s CEO Brad is a seasoned operator, with deep technical and executive experience across diverse mining environments and a proven track record of delivering the full potential from operations under his direction Immediately after joining the Company Brad assumed direct responsibility for the operations as COO, in addition to his role as CEO

In April, former CFO Kevin Jennings departed to pursue other interests and we appointed Andrew Wray to the position of CFO Andrew has been an integral member of the senior management team from the Company's inception and led the Operational Review His skills and experience will continue to add significant value in his new role, which he has assumed seamlessly

Final dividend for 2013
While our operational performance in 2013 was stronger than the previous year, the decline in the gold price has placed some pressure on ABG's financial performance We continue to believe it is important to reward the ongoing support of our shareholder base, while being mindful of the importance of maintaining our strong balance sheet

KEY PRIORITIES FOR 2013

Ensure Delivery on the Operational Review

Strengthen the Leadership of the Company

Drive Focus on Operational Excellence

Therefore the Board has recommended the payment of a final dividend for 2013 of US2 0 cents per share, representing two thirds of the total dividend payable in respect of 2013 of US3 0 cents per share

Outlook
We made significant progress in 2013 in reshaping the business As a result, we are well-positioned for success even in a lower gold price environment As an independently listed company with Barrick as a majority shareholder, we maintain the full support and resources of the world's largest gold mining company, while having a strong mandate to operate as an independent, nimble and efficient African gold producer

Looking forward to 2014 we expect to see further improvements in our business as we continue to drive efficiencies and streamline our activities I am confident that the Company has the team and resources in place to continue on a path of operational excellence

On behalf of the Board, I sincerely thank all ABG employees for their hard work and dedication over the past year I would also like to thank our shareholders who have shown tremendous support and patience as we have reshaped the Company

Kelvin Dushnisky,
Chairman of the Board

STRATEGIC REPORT

STRATEGIC REPORT

My mandate is to *drive operational excellence at ABG*. Together, with the senior leaders of this business, we have a clear vision with *focused priorities* to take our operational optimisation *further and faster.*

I will use my *knowledge, skills & experience* to drive *sustainable shareholder returns.*

A single focus:
To be a leading African gold producer

We are *focused* on maintaining and *strengthening* our position as a *leading African gold producer* in order to develop our business for the long term For this reason we have adopted a *consistent* strategy of ***optimise, expand and grow***, and have structured our *business model* on the premise of responsible mining and other foundations that we believe *reflect sound business practices* in order to *achieve* our immediate goal of *attaining and maintaining operational excellence.*

We *believe* that satisfying this immediate goal is fundamental to the *achievement* of our primary objective. generating free cash flow to *provide sustainable returns* for all of our stakeholders in the form of *shareholder returns* and ongoing *economic contributions* and *investment* in our host countries.

Managing principal business risks

Our principal business risks fall within four broad categories strategic risks, financial risks, external risks and operational risks, as follows

Single country risk
All of our production is located in Tanzania, therefore major in-country developments could have a significant effect on our operations and business

Costs and capital expenditure
Increased cost pressures particularly as regards labour, capital equipment and energy costs may affect our ability to manage operating costs and capital expenditures

Political, legal and regulatory developments
Our ability to conduct business is dependent on the consistent interpretation and application of laws and regulations particularly in Tanzania

Utilities supply
Power stoppages and disruptions to electrical supply and other utilities impact our ability to operate continuously and can also result in increased costs particularly power supply costs

Reserves and resources estimates
Our reserves and resources estimates are based on a range of assumptions and factors therefore no assurances can be given that anticipated tonnages or grades will be achieved

Commodity prices
Our financial performance is highly dependent on the price of gold and, to a lesser extent, the price of copper and silver Fluctuations in the pricing of these commodities particularly rapid price fluctuations may have a corresponding impact on our financial position

Taxation reviews
Our financial position could be adversely affected if Tanzanian tax regimes were revised beyond the fiscal stability agreements contained in our Mineral Development Agreements and/or upon unsuccessful discussions with taxation regulators on outstanding tax assessments

Environmental hazards and rehabilitation
Our operations use processes and methods which require the use of chemicals and other hazardous substances and as such, we may be liable for losses and costs associated with environmental hazards should they occur

STRATEGIC REPORT

Sustainable stakeholder returns

Which creates

Operational excellence

Our foundations drive

Application of strong cost and capital discipline

In practice this means

- enhancing supply chain and inventory management
- maintaining appropriate operational cost levels
- adopting stringent capital allocation and expenditure practices
- using robust financial management procedures

Further information on capital discipline is provided in the following pages of the Strategic report

Commitment to responsible mining

In practice this means

- developing community and government relationships
- protecting the environment
- safeguarding health and safety in the workplace
- creating development and training opportunities for our employees
- respecting human rights

Further information on our commitment to responsible mining is provided in the Corporate responsibility section of this report

Continued development of our quality asset base

In practice this means

- enhancing life of mine planning methods
- driving mining and processing efficiencies through improved practices
- optimising mining, development and processing rates
- investing in the right exploration opportunities

Further information on the development of our asset base is provided in the following pages of the Strategic report

Maintenance of effective governance and risk management practices

In practice this means

- fostering strong effective and experienced leadership
- providing for diversity
- developing sound governance structures and practices
- progressing and maintaining internal controls and risk mitigation strategies

Further information on effective governance and risk management is provided in the Governance report and the Risk management review

Community relations
Failure to engage or manage relations with local communities and stakeholders affects our social licence to operate and can have a direct impact on operations

Land acquisitions
Progression of mining activities at some of our operations is dependent upon our ability to complete land acquisitions to support life of mine plans timely and successfully

Loss of critical processes
Failures or unavailability of operational infrastructure, such as equipment failure or deficiencies in supply chain availability could adversely affect production output or impact exploration and development activities

Employer, contractor and industrial relations
Our business depends on attracting and retaining skilled employees A loss in skilled employees and/or a breakdown in employee relations could result in a decrease in production levels increased costs and/or disruptions to operations

Security, trespass and vandalism
We face risks when dealing with fraud corruption and wider security matters, e g trespass, theft vandalism or unauthorised small-scale mining near or on our operations all of which could affect our mine sites and financial condition

Organisational restructuring
Our organisational restructuring (including the transfer of certain support functions from South Africa to Tanzania) and related transitional periods may negatively impact the delivery of key operational support services and could also result in deteriorations in certain financial and operational controls

Further information on our risk management and mitigation strategies is provided in detail in the Risk management review

I joined ABG in August 2013 on the basis of *the significant opportunity that the Company* has within *the African gold mining industry*

Brad Gordon, CEO at the Buzwagi open pit with Rachel English, independent Non-Executive Director

Exciting opportunity

Looking at ABG from the outside, I believed that the Company had great assets, talented people and that Tanzania was a stable place to operate Since joining, I have immersed myself in the business and now believe I underestimated how big an opportunity we have within the Company

We have a portfolio of exceptional assets, with Bulyanhulu being a truly world class deposit North Mara continues to provide positive results and is a high-grade open pit mine with excellent potential to go underground Buzwagi, which historically has had a number of challenges, has been rescheduled and will generate cash flow for us going forward

I have also been impressed by the knowledge and experience we have within the organisation and the pool of skilled labour available in Tanzania As a result, during the year we have been able to further increase the proportion of Tanzanians in our workforce to over 93% We have also enhanced the leadership group with additional operational expertise to drive continued operational efficiencies while increasing our production base

I have operated in a number of jurisdictions across the world and believe that Tanzania compares well to many of them In this regard, I have enjoyed fruitful initial dialogues with the Government, something which I will continue to progress throughout 2014, as I seek to ensure that ABG receives the recognition and support it requires given our position as the largest investor and private sector employer in the country

Through *focused initiatives* we will realise the *true potential* of our assets

Year in review

2013 was a year of significant change within ABG as we undertook a major Operational Review to ensure the business was set up to thrive in a lower gold price environment Under the leadership of our now Chief Financial Officer Andrew Wray, we identified over US$185 million of cost savings across the business ranging from reductions in capital spend exploration, corporate overheads and organisational structures The Operational Review has been a great success and we had removed US$129 million of cost from the business by the end of 2013 This enabled us to deliver a year on year reduction in all-in sustaining costs ("AISC") of 14%, with fourth quarter AISC representing a 30% reduction on the same period 12 months ago Our traditional measure of cash costs per ounce sold reduced by 12% to US$827 per ounce for the full year and our exit rate was 19% lower than the previous year at US$774 per ounce

On the production front, 2013 marked a turning point as we saw production increase year on year by 3% to 641,931 ounces, 7% ahead of the top of our initial guidance range If we exclude Tulawaka which stopped operating early in the year, our three core mines increased production by 7%, when compared to 2012 This was driven by strong performances at North Mara and Buzwagi, up 33% and 10% respectively year on year, as a result of improved grade at North Mara and increased throughput at Buzwagi This more than offset the weaker first half performance from Bulyanhulu as a result of both labour shortages and equipment availabilities

The dramatic drop in the gold price over the year meant that the stronger production and cost performance against 2012 did not fully translate into improved financial performance, with our average realised gold price of US$1,379 per ounce being 17% lower than the 2012 average of US$1,668 per ounce As a result, revenue for the year dropped by 8% to US$929 million, with EBITDA amounting to US$240 million Earnings for the year were further impacted by total non-cash impairment charges of US$1,061 million as a result of the impact of a lower gold price assumption and significant changes to life of mine plans the details of which are described below, which led to a loss of US190 4 cents per share On an adjusted basis, earnings for the year were US25 9 cents per share

We have a *range* of
talented people

Operational Review

We achieved total Operational Review cost savings of US$129 million against a target of over US$100 million by the end of 2013 The delivery on the cost savings is highlighted by the consistent reduction in our AISC over the year and improved cash flow generation from our sustaining operations quarter on quarter supported by delivering a strong production profile throughout the year We remain committed and on track to deliver against the US$185 million target set out earlier in 2013 as our guidance reflects We are simultaneously intensifying the ongoing review in our core mining areas, which were largely outside the scope of the Operational Review, and we are confident that this will deliver further efficiencies and cost savings throughout 2014 and beyond

BUILDING OUR FUTURE LEADERS

ABG operates an Intermediate Management Development Programme ("IMDP") which aims to equip junior management employees with management and leadership skills to help them further their careers Margareth Omary – Learning and Development Superintendent at our North Mara Mine – is one of the beneficiaries of the programme She graduated in December 2013 with a postgraduate diploma in management

The IMDP programme focuses on providing challenging leadership and management development for individuals we believe have the potential to become future leaders within our business The programme is run in partnership with the University of Cape Town, Graduate School of Business in South Africa The programme builds a strong learning culture that encourages collaborative learning whilst maintaining the stimulus of competition The programme is run over 14 months and provides a practical and challenging educational environment where students are evaluated on their ability to integrate theoretical learning into practical work activities This programme has helped ABG to identify a number of talented individuals within our business Margareth is just one of a number of success stories from the programme

For further information on our employee initiatives see the Corporate responsibility section of this report

Reshaping the Company:
returning to positive cash flows

We achieved US$129 million of savings as a result of the Operational Review in 2013, ahead of target. In 2014 we expect to achieve the balance of the US$185 million of savings originally outlined as the focus switches to driving efficiencies out of the mining cycle.

OPERATING COST REDUCTIONS

We achieved US$28 million of savings on an annualised, like for like basis Major savings to date have been in camp services, consumables and security, as well as in the reduction of our overall workforce which, excluding Tulawaka, has reduced by 12% This includes a 29% reduction of international workers from 411 to 290 employees, as part of our efforts to increase localisation in Tanzania 2014 will see an increased focus on maintenance and external services while delivering increased labour savings on the back of our existing restructuring plans As a result, we expect our savings over 2014 to be in line with our previous guidance of US$95 million

US$
28 million
SAVING

CORPORATE OVERHEAD COST REDUCTIONS

We have made excellent progress in simplifying the corporate structure and reducing the size of our support offices as confirmed by savings of US$18 million being achieved in 2013 Headcount in our corporate offices has already been reduced by 39%, which has then driven lower travel and associated costs We are in the process of transitioning specific support functions from our Johannesburg office to Tanzania in order to achieve improved operational efficiencies and further localisation in our main country of operation A further reduction of US$3 million is expected to be achieved in 2014

US$
18 million
SAVING

CAPITAL DISCIPLINE

We achieved US$58 million of sustaining capital expenditure savings in 2013 inclusive of land purchases We continue to assess all future capital expenditure to identify further opportunities to deploy our capital more effectively and improve the capital intensity of the business We have planned for a further US$10-15 million of savings in 2014 in respect of sustaining capital

US$
58 million
SAVING

EXPLORATION

We achieved a total saving of US$25 million in 2013
We have focused our exploration budget on potential high-return programmes at Bulyanhulu and on two targets in the North Mara region while we undertook extensive low-cost sampling and anomaly testing in Kenya in order to prepare for future programmes In 2014 our main focus areas will be at Bulyanhulu and in Kenya We expect 2014 expenditure to be in line with 2013

US$
25 million
SAVING

Mine planning

Key to the improvements made over the year were the decisions we took regarding mine planning at each of the assets We have reviewed each of our life of mine plans in light of a reduced reserve price of US$1 300 per ounce and re-designed the plans to ensure that each of the mines is able to generate positive cash flows

At Buzwagi, in July 2013 we re-engineered the life of mine plan to substantially reduce the amount of waste movement required and optimise the grade of the mine This resulted in a reduction of reserve life, together with a reduction in carrying value to US$253 million as at 31 December 2013, but which also drives a significant improvement in AISC and has positioned the mine to deliver positive cash flows for the next five years

At North Mara during the year we made several changes to the life of mine plan which will substantially reduce the strip ratio, volume of material to be moved and ultimate footprint of the asset Part of this was the decision in October to defer Gokona Cut 3, which contains around 600 Koz of North Mara s reserve base, while we finalise a feasibility study into the alternative of mining out this reserve by underground methods This deferral, together with our final reserve calculations, has resulted in a year-end non-cash post tax impairment of US$96 million which, together with the mid-year impairment of US$128 million, leaves North Mara with a carrying value of US$367 million We are confident that the outcome of the underground study will be positive and, together with the other changes made, will ensure strong free cash flow generation together with an optimised land footprint to alleviate some of the social pressures and land access issues experienced at the mine

At Bulyanhulu, we reviewed the mining methods for the future life of mine plan and believe that greater efficiencies and value will be generated by moving to a much higher proportion of mechanised mining Specifically, this involves changing the predominant stoping method from "cut and fill" to "long-hole" This change, together with the revised gold price assumptions, has resulted in a reduction in reserve ounces and overall grade whilst improving both the cost and the safety profile of the mine Notwithstanding the reduction in reserve base, Bulyanhulu remains a long-life, high-grade asset, as demonstrated by recently released exploration results, and we are confident it will deliver an increasing production profile at lower costs The priority at Bulyanhulu is to turn what is undoubtedly a world-class deposit into a truly world-class mine The carrying value of the asset remains at US$1 1 billion

Re-designed the plans to ensure that each of the mines are able to generate positive cash flows

Transfer of Tulawaka

We took the decision to close the Tulawaka mine in early 2013 and as part of this process we commenced discussions with STAMICO, the Tanzanian State Mining Corporation, regarding the ultimate use of the site In November, we reached agreement with STAMICO whereby it would acquire Tulawaka and certain exploration licences surrounding the mine for consideration of US$4 5 million and the grant of a 2% net smelter royalty on future production in excess of 500,000 ounces, capped at US$500,000 In addition, as part of the terms of sale, STAMICO has agreed to assume the remaining closure fund and all remaining past and future closure and rehabilitation liabilities for Tulawaka The transaction completed in February 2014 resulting in a one-off cash payment of US$11 6 million by ABG to STAMICO, this being equal to the amount of the remaining closure fund, less the transaction consideration payable

Responsible mining

Maintaining our social licence to operate remains critical to the business, and we made good progress on this in 2013 At North Mara the impact of the infrastructure projects for the provision of clean water, medical care, schools and roads are being felt across the communities and our positive impact is being recognised both locally and nationally The ABG Maendeleo Fund continues to support projects around each of our mines and has been especially active in 2013 in providing support to more than 40 key projects Overall we made an investment of US$15 5 million in corporate responsibility projects during the year (2012 US$14 4 million) From a safety perspective we achieved an ABG Group-wide Total Reportable Injury Frequency Rate ("TRIFR") of 0 68 for 2013, an 18% improvement on 2012 Additionally, 2013 was completed with no employee fatalities Whilst both achievements are encouraging, we are determined to continue to reduce injuries to zero and ensure each of our employees goes home safe and healthy every day

Enhancing the team:
embedding skills for progress

During 2013 there were a number of changes to the Senior Leadership Team, aimed at enhancing operational expertise to drive the business forward

Brad Gordon,
Chief Executive Officer/Chief Operating Officer
I joined as Chief Executive Officer in August and, with my primary focus to ensure that the mines deliver consistent and improved operational performance, I decided to take on direct responsibility for operations in September I have 30 years of experience in the mining industry, having held a number of executive, management and operational roles within mining companies and have operated in various jurisdictions across the world

LOCALISATION

93%
OF TOTAL EMPLOYEES

We continued to progress our commitment to the localisation of our workforce throughout 2013 with national employment levels amounting to 93 2% of our operations workforce, a 2 2% improvement on 2012

Andrew Wray,
Chief Financial Officer
Andrew Wray was appointed Chief Financial Officer in September, having previously been Head of Corporate Development and Investor Relations at ABG and been instrumental in transitioning ABG to a public company More recently, he led the company-wide Operational Review, and with his skills and experience he will add significant value as CFO at what is a critical time for us as we continue to focus on cost containment

Michelle Ash,
Executive General Manager Planning and Business Improvement
In December, Michelle Ash joined as Executive General Manager Planning and Business Improvement from BHP Mitsubishi Michelle will utilise her 20 years of experience in the mining and manufacturing sectors to identify and drive business improvement projects across the Company She will take direct responsibility for leading the next phase of the Operational Review and co-ordinating integrated business planning across all functions and sites

ABG tomorrow: *A leading African gold miner*

Outlook

ABG enters 2014 with a single focus – operational delivery We have a portfolio of high quality assets and our plan is to deliver a continued and sustainable reduction in costs together with production growth Our balance sheet remains strong and we will continue to take the steps required to ensure we are able to deliver free cash flow from the operations, which can then be appropriately applied between exploration, capital projects and returns to shareholders

For 2014 we expect to see increased production of between 650,000 and 690,000 ounces of gold At the mine level, our expectation is for increased production at Bulyanhulu quarter on quarter as we move through the year due to increased throughput and grade, together with the additional ounces from the Bulyanhulu CIL Expansion in the second half of the year At Buzwagi, production will also increase due to improved grades as a result of the mine planning changes North Mara will see higher throughput, although with the planned head grade returning to levels close to the reserve grade of the mine, we expect to see a corresponding reduction in production

As a result of the Operational Review and further ongoing improvements to the business, we are targeting further reductions to our unit costs and we estimate the cash cost per ounce for 2014, including royalties, will be between US$740 US$790 per ounce sold, a reduction of up to 10% on 2013

The single *focus for 2014* is *operational delivery.*

For 2014 we have further reduced the sustaining capital budget with sustaining capital expected to be down by up to 20% on 2013 at US$90-US$100 million and capital development inclusive of deferred stripping down by up to 47% to US$90-US$100 million The reduction in capital expenditure, together with reduced corporate overheads, means that we estimate AISC per ounce for the year will be between US$1,100-US$1,175 per ounce sold, a reduction of up to 19% on 2013

OUR KEY OBJECTIVES FOR 2014

- Achieving Group production of between 650,000-690,000 ounces
- Reducing total cash costs, including royalties, to between US$740-US$790 per ounce sold
- Reducing AISC to between US$1,100-US$1,175 per ounce sold
- Reducing total capital expenditure to US$230-US$250 million, comprising US$90-US$100 million of sustaining capital including land, US$90-US$100 million of capital development inclusive of deferred stripping and US$50 million of expansion capital
- Reducing total inventory levels
- Delivering on and expanding the stated objectives and targets of the Operational Review
- Commissioning the Bulyanhulu CIL Expansion
- Completing positive feasibility studies at Gokona Underground and Bulyanhulu Upper East
- Optimising Group throughput and recoveries
- Further improving our safety record
- Continuing the development of our sustainability practices
- Attracting and retaining the best people in Africa

Expansionary capital will consist of US$50 million of remaining spend to complete construction of the Bulyanhulu CIL Expansion project, which will all be incurred in the first half of 2014 In addition, as noted above, the completion of the transfer of Tulawaka to STAMICO in Q1 2014 has resulted in an up-front one-off payment of US$11 6 million

Finally, I would like to thank all of my colleagues for their commitment, enthusiasm and hard work throughout what has been a year of considerable change I am excited by what I have seen at ABG and believe we have a great opportunity to make this company a leader in Africa I would also like to thank our Board for their support, guidance and commitment through the year and I am very much looking forward to 2014 and beyond

Brad Gordon,
Chief Executive Officer

Measuring performance:
to assess progress

We assess our performance against the following key performance indicators, each of which is linked to our long-term strategy

OPTIMISING

our operating efficiencies to leverage the highest returns from our existing assets

Performance

EBITDA for the year was US$240 million, a 29% decrease on 2012 mainly as a result of the drop in the gold price driving lower revenue

Cash cost per ounce sold for the year was US$827 per ounce, a 12% reduction on 2012 as a result of achieving cost savings in our operating environment, notably as a result of the Operational Review

Cash cost per tonne milled for the year was US$67 per tonne milled a 9% reduction on 2012, as a result of achieving cost savings in our operating environment, notably as a result of the Operational Review

AISC for the year was US$1 362 per ounce sold a decrease of 14% on 2012, as a result of achieving cost savings in our operating environment notably as a result of the Operational Review, combined with lower corporate administration costs and sustaining capital expenditure

KPI 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 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 ore tonnes milled We use it to track cash costs against productivity

All-in sustaining cost ("AISC") per ounce sold is calculated by taking the aggregate of cash costs and adding corporate administration costs, reclamation and remediation costs for operating mines, corporate social responsibility expenses mine exploration and study costs capitalised stripping and underground development costs and sustaining capital expenditure This is then divided by the total ounces sold It is intended to provide additional information on the total sustaining cost for each ounce sold in order to provide additional clarity as to the full cost of production

EXPANDING

through near mine expansion and development of advanced-stage projects

Performance

Adjusted net earnings per share was US25 9 cents per share down from US26 5 cents in 2012 largely due to the impact of the decline in gold price on our revenues

Performance

Attributable gold production was 641 931 ounces, 3% higher than 2012 as a result of the range of improvements made within our operations

KPI and relevance to strategy

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 our mines and one of the key measures used to track progress made in increasing our production levels

1 EBITDA cash cost per ounce sold cash cost per tonne milled, all-in sustaining cost per ounce sold, 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 definition of each measure

GROWING

through organic greenfield exploration and acquisitions in Africa

Performance

Operating cash flow per share was US45 6 cents per share, down from US65 5 cents largely due to the impact of the decline in gold price on our revenues

Total shareholder return in 2013 was 57 6%, primarily due to the decrease in ABG s share price as a result of the timing of the end of a previous Offer Period and the fall in the gold price

Total reserves and resources for the year amounted to 29 million ounces of gold a decrease on 2012 (32 million ounces) as a result of revisions to the gold price used to calculate reserves together with revised mine plans focused on cash flow generation

KPI and relevance to strategy

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

RESPONSIBLE MINING

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

Performance

Total community investment was US$15 5 million for the year an increase on 2012 (US$14 4 million) as a result of continued progression of our corporate responsibility initiatives

TRIFR was 0 68 for the year an 18% improvement on 2012 as a result of continued enhancements to our health and safety practices

Total CO_2 emissions for 2013 amounted to 369 319 tonnes an 8 6% increase on 2012 (340,138 CO_2) The increase is due to a change in TANESCO s sources used for energy generation and a slightly higher consumption due to the increase in tonnes milled Further information as regards our GHG emissions reporting for 2013 is provided on page 84

CO_2 emissions for the year was 0 046 per tonne of ore milled this being a marginal increase on 2012 (0 044) Further information as regards our GHG emissions reporting for 2013 is provided on page 84

KPI and relevance to strategy

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 Village Benefit Implementation Agreements/Village Benefit Agreements ("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

GHG emissions are measured on the basis of total tonnes of CO_2 produced by our operations as a way of assessing our carbon footprint

GHG emissions ratio is monitored on the basis of CO_2 produced per tonne of ore milled, this being an appropriate ratio for use when assessing CO_2 resulting from our mining activities

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

Bulyanhulu

A high-grade underground mine with a mine life in excess of 25 years

During the year, we reviewed the mining methods for the future life of mine plan, and as a result are moving to a much higher proportion of mechanised mining in order to realise greater efficiencies and value. Specifically, we are changing the predominant stoping method from "cut and fill" to "long-hole" This change, together with the revised gold price assumptions, has resulted in a reduction in reserve ounces and overall grade whilst improving both the cost and safety profile of the mine

Priorities for 2014

- Accelerate development and improve access to higher-grade stopes
- Reduce amount of equipment in operation in order to improve productivity
- Commission CIL Expansion to add low-cost production

Highlights

31% CONTRIBUTION TO GROUP OUNCES IN 2013

1.02 TRIFR

15.6 TOTAL RESERVES AND RESOURCES (Moz)

Key mine statistics

	Year ended 31 December	
	2013	2012
Underground ore tonnes hoisted (Kt)	**872**	959
Ore milled (Kt)	**871**	1,012
Head grade (g/t)	**7 8**	8 0
Mill recovery (%)	**90 9%**	90 6%
Ounces produced (Oz)	**198,286**	236,183
Ounces sold (Oz)	**195,304**	235,410
AISC per ounce sold (US$/Oz)	**1,344**	1,245
Cash cost per ounce sold (US$/Oz)	**890**	803
Cash cost per tonne milled (US$/t)	**200**	187
Copper production (Klbs)	**4,855**	6 102
Copper sold (Klbs)	**4,508**	5 895
Breakdown of Capital expenditure		
– Sustaining capital (US$ 000)	**25,193**	35,193
– Capitalised development (US$ 000)	**45,428**	45,605
– Expansionary capital (US$ 000)	**114,912**	36,814
	185,533	117,612
– Non-cash reclamation asset adjustments	**(10,044)**	(43)
Capital expenditure (US$'000)	**175,489**	117,569

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

Operating performance

Gold production for the year of 198,286 ounces at Bulyanhulu was 16% lower than that of the prior year (2012 236,183 ounces), mainly due to lower tonnes mined as a result of reduced equipment availability and staff shortages in the first half of the year This was further impacted by a 3% decrease in grade due to paste fill delays in H1 2013, impacting on the availability of high grade stopes This has since been addressed and paste filling has recovered to expected levels Gold ounces sold for the year of 195,304 ounces were 17% below that of the prior year (2012 235 410 ounces sold), primarily due to the lower production base

Copper production of 4 9 million pounds for the year was 20% lower than the prior year (2012 6 1 million pounds) due to the reduced throughput and grade profile

Cash cost per ounce sold for the year of US$890 was 11% higher than the prior year (2012 US$803 per ounce) Cash costs were negatively impacted by lower production levels and the resultant lower co-product revenue This was partially offset by lower maintenance, consumable usage and labour costs and lower sales-related costs due to lower sales volumes and a lower realised gold price Cash costs per tonne milled for the year increased to US$200 (US$187 in 2012) as a result of the lower throughput and costs outlined above

AISC per ounce sold for the year of US$1,344 was 8% higher than the prior year (2012 US$1,245 per ounce) This was driven by the higher cash cost base and increased capital expenditures per ounce as a result of reduced production, which more than offset the 28% reduction in sustaining capital expenditure

Capital expenditure for the year, excluding reclamation asset adjustments, of US$185 5 million was 58% higher than the prior year (2012 US$117 6 million), mainly driven by the expansionary capital spend on the CIL Expansion project (US$104 9 million), investment in equipment (US$5 2 million) and capitalised evaluation costs (US$2 3 million) relating to the Upper East project Key capital expenditure for the year also included capitalised underground development (US$45 4 million), mining equipment related to critical underground equipment (US$10 2 million) and investments in tailings storage facilities and infrastructure (US$10 7 million) Total capital expenditure for the year of US$175 5 million was positively impacted by a negative non-cash reclamation adjustment of US$10 0 million, due to the increase in risk-free interest rates

The CIL Expansion project, which is expected to add approximately 40,000 ounces of gold per annum for the first six years of operation, remains on track for completion at the end of Q1 2014 with commissioning continuing through Q2 2014 There is approximately US$50 million of remaining capital expenditure to be incurred in 2014 and approximately US$15 million of payments to be made in H1 2014, which were accrued during the year In addition, the revised feasibility study for the Upper East Zone will be completed shortly and presented to the Board

Following the changes to the life of mine plan as a result of moving to a higher proportion of mechanised mining and a revised gold price assumption, the underground reserve base at Bulyanhulu now stands at 9 1 million ounces at a grade of 9 5 grams per tonne, with another 0 3 million ounces at a grade of 1 23 grams per tonne attributable to surface tailings

DEVELOPING OCCUPATIONAL HEALTH AND SAFETY

To date, the pool of occupational health and safety ("OHS") specialists in Tanzania has been limited as a result of a lack of relevant postgraduate courses Given the importance of OHS to ABG, in 2010 we entered into a memorandum of understanding with the Muhimbili University College of Health Sciences, Dar es Salaam, to develop an ABG-sponsored OHS programme ABG subsequently sponsored two doctors from government hospitals under this programme who were provided with the opportunity to study occupational medicine at the University of Cape Town The first graduate completed the programme in 2013 The intention is for all graduates of this programme to take their expertise back to Tanzania and establish an occupational medicine department at the Muhimbili University College of Health Sciences, which would be the first of its kind in Tanzania This will ensure that, in the long term, expertise critical to ABG's operating environment is cultivated within Tanzania and the pool of OHS specialists increases accordingly

For further information on our CSR initiatives see the Corporate responsibility section of this report

Buzwagi

A single open pit bulk tonnage operation with a mine life of 5 years

During the year we re-engineered the life of mine plan to substantially reduce the amount of waste movement required and optimise the grade of the mine Whilst this resulted in a reduction of reserve life and a reduction in Buzwagi's carrying value, the changes drive a significant improvement in AISC and have positioned the mine to deliver positive cash flows for the next five years

Priorities for 2014

- Optimise crusher and mill performance to exceed nameplate capacity
- Reduce levels of inventory and improve inventory planning processes
- Improve power mix of the mine to continue to reduce reliance on diesel generated power

Highlights

28% CONTRIBUTION TO GROUP OUNCES IN 2013

0.57 TRIFR

3.4 TOTAL RESERVES AND RESOURCES (Moz)

Key mine statistics

	Year ended 31 December	
	2013	2012[1]
Tonnes mined (Kt)	**32,177**	28,563
Ore tonnes mined (Kt)	**3,753**	4,223
Ore milled (Kt)	**4,400**	3,715
Head grade (g/t)	**1 5**	1 6
Mill recovery (%)	**88 2%**	87 3%
Ounces produced (Oz)	**181,984**	165,770
Ounces sold (Oz)	**187,348**	155,322
AISC per ounce sold (US$/Oz)	**1,506**	1,798
Cash cost per ounce sold (US$/Oz)	**945**	1,066
Cash cost per tonne milled (US$/t)	**40**	45
Copper production (Klbs)	**7,115**	6,773
Copper sold (Klbs)	**7,062**	5,628
Breakdown of Capital expenditure		
– Sustaining capital (US$'000)	**31,589**	56,441
– Capitalised development (US$'000)	**60,136**	39 455
– Expansionary capital (US$'000)	**-**	62
	91,725	95,958
– Non-cash reclamation asset adjustments	**(9,230)**	10,494
Capital expenditure (US$'000)	**82,495**	106,452

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

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

Operating performance

Gold production for the year of 181 984 ounces was 10% higher than the prior year (2012 165 770 ounces) driven by increased throughput as a result of improved plant reliability as it operated at nameplate capacity during 2013 Gold sold for the year amounted to 187,348 ounces 21% above that of the prior year (2012 155 322 ounces sold) due to the increased production base and the sale of concentrate on hand from Q4 2012

Copper production for the year of 7 1 million pounds was 5% higher than the prior year (2012 6 7 million pounds), driven by the increased throughput, slightly offset by lower copper grades

Cash cost per ounce sold for the year of US$945 was 11% lower than the prior year (2012 US$1,066 per ounce sold) Cash costs were positively impacted by increased production levels and resultant co-product revenue, lower labour costs, due to a significant reduction in the International workforce, and increased capitalised stripping costs in H1 2013 This was partially offset by higher consumables, energy and fuel costs and contracted services due to increased mining activity and throughput in H1 2013 and higher cost overheads as a result of warehouse-related costs driven by inventory drawdown Cash cost per tonne milled decreased to US$40 in 2013 (2012 US$45) as a result of the factors outlined above

AISC per ounce sold for the year of US$1 506 was 16% lower than the prior year (2012 US$1,798 per ounce) This was driven by the lower cash cost base, lower sustaining capital expenditure and lower corporate administration costs, partly offset by higher capitalised development costs

Capital expenditure for the year, before reclamation asset adjustments, of US$91 7 million was 4% lower than the prior year (2012 US$95 9 million), with increased capitalised stripping in H1 2013 more than offset by lower sustaining capital expenditure over the year The significant change to the life of mine plan reduced the levels of waste movement and therefore capitalised stripping in the second half of the year Key capital expenditure for the year included capitalised stripping costs (US$60 1 million), investments in tailings storage facilities and infrastructure (US$15 7 million) and mining equipment driven by component change outs (US$13 9 million) Total capital expenditure for the year of US$82 5 million was positively impacted by a negative non-cash reclamation adjustment of US$9 2 million, due to the increase in risk free interest rates combined with a reduction in closure costs estimates

Following the changes to the life of mine plan made in July 2013 at Buzwagi the reserve base of the asset now stands at 1 1 million ounces at a grade of 1 45 grams per tonne

ENHANCING CYANIDE MANAGEMENT ACCREDITATION

Geo-metallurgical analysis of the ore body at Buzwagi revealed that high concentrations of cyanide would be required during the gold extraction process, especially when associated high grade copper ore was processed This would place additional demands on the specific equipment within the process plant which is designed to destroy the cyanide contained in process plant tailings prior to those tailings being placed in a contained storage facility

In 2011, ABG authorised a number of upgrades to the plant which were subsequently implemented during 2012 and 2013 The plant upgrades were successfully commissioned during the latter half of 2013 and, following commissioning, Buzwagi has received partial certification under the International Cyanide Code, for the first time This demonstrates the improved treatment of cyanide in the process plant Furthermore, in 2014 management intend to seek full certification under the International Cyanide Code for Buzwagi

This would bring Buzwagi into line with North Mara which achieved re-certification during 2013 following a plant upgrade in 2012 and Bulyanhulu which is fully certified under the code

For further information on our CSR initiatives see the Corporate responsibility section of this report

North Mara

A high-grade open pit operation, with underground potential and a mine life of 10 years

During the year we made several changes to the life of mine plan to reduce the strip ratio, volume of material to be moved and ultimate footprint of the asset In addition, we are reviewing the option of mining a proportion of the reserve base through an underground operation, which will drive future cash flow generation and alleviate social pressures and land access issues experienced at the mine

Priorities for 2014

- Complete study into mining Gokona Cut 3 via an underground operation
- Reduce number of high-cost international employees on site
- Improve maintenance practices to reduce costs and improve availabilities

Highlights

40%
CONTRIBUTION TO GROUP OUNCES IN 2013

0.71
TRIFR

4.9
TOTAL RESERVES AND RESOURCES (Moz)

Key mine statistics

	Year ended 31 December	
	2013	2012[1]
Tonnes mined (Kt)	**21,027**	18,391
Ore tonnes mined (Kt)	**2,601**	1,711
Ore milled (Kt)	**2,643**	2,786
Head grade (g/t)	**3 5**	2 5
Mill recovery (%)	**86 8%**	85 4%
Ounces produced (Oz)	**256,732**	193,231
Ounces sold (Oz)	**260,945**	186,600
AISC per ounce sold (US$/Oz)	**1,227**	1,693
Cash cost per ounce sold (US$/Oz)	**659**	953
Cash cost per tonne milled (US$/t)	**65**	64
Breakdown of Capital expenditure		
– Sustaining capital (US$'000)	**38,386**	47,759
– Capitalised development (US$ 000)	**65,594**	28,139
– Expansionary capital (US$ 000)	**949**	10,091
	104,929	85,989
– Non-cash reclamation asset adjustments	**(11,271)**	7,540
Capital expenditure (US$ 000)	**93,658**	93,529

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

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

STRATEGIC REPORT

Operating performance

Gold production for the year of 256,732 ounces was 33% higher than that of the prior year (2012 193,231 ounces) Head grade and mill recovery were positively impacted by an increase in ore tonnes mined and grade predominantly driven by mining from the Gokona pit due to a change in the life of mine plan

Gold ounces sold for the full year of 260,945 ounces were 2% higher than production due to the sale of ounces on hand from Q4 2012, and 40% higher than that of the prior year (2012 186,600 ounces sold), due to the increased production base

Cash cost per ounce sold for the year of US$659 was 31% lower than the prior year (2012 US$953 per ounce) Cash costs were positively impacted by increased production levels and increased capitalised stripping costs This was partially offset by higher contracted services and maintenance costs due to planned equipment and plant maintenance Cash costs per tonne milled for the year of US$65 were in line with the prior year (2012 US$64)

AISC per ounce sold for the year of US$1 227 was 28% lower than the prior year (2012 US$1,693 per ounce) due to the reasons outlined above, combined with a reduction in corporate administration costs and capital expenditure per ounce due to the increased production base

Capital expenditure for the year before reclamation asset adjustments, of US$104 9 million was 22% higher than the prior year (2012 US$86 0 million), due to increased capitalised development offset by lower sustaining capital expenditure and lower expansionary expenditure (2012 included capitalised drilling costs related to the Gokona and Nyabirama underground projects) The deferral of Cut 3 at Gokona in Q4 2013 led to a reduction in tonnes moved and an associated reduction in capitalised development for the fourth quarter Key capital expenditure for the year included capitalised stripping costs (US$65 6 million), investments in tailings and infrastructure (US$14 7 million) and investment in mining equipment driven by component change outs (US$13 6 million) Total capital expenditure for the year of US$93 7 million was positively impacted by a negative non-cash reclamation adjustment of US$11 3 million, due to the increase in risk-free interest rates

During the year we also completed all the conditions required for the lifting of the Environmental Protection Order at North Mara and have received a formal discharge permit from the Lake Victoria Water Board The removal of the EPO allows ABG to discharge clean water once it has been treated in the water treatment plant at the mine

Following the changes to the life of mine plan made in July 2013 at North Mara, the reserve base of the asset now stands at 2 2 million ounces at a grade of 3 17 grams per tonne

NYAKEGEMA YOUTH GROUP

A key focus of ABG's community awareness campaigns is to enhance awareness of the inherent dangers that illegal mining can pose to individuals and communities, particularly in the Mara region In connection with this, in May 2013 a group of youths within the communities surrounding the North Mara mine formed the Nyakegema Youth Group This group comprised of individuals from all seven local villages around the mine, seeks to encourage youths to pursue alternative livelihoods to illegal mining, such as farming (livestock, dairy, poultry, crops), bee keeping street cleaning, and housing construction ABG is supportive of this group and has helped it form a co-operative in order to progress its social and economic aspirations Formal rules apply to membership of the co-operative, one of which is the requirement to make personal commitments to stop illegal mining and to pursue alternative livelihoods To date, the co-operative has over 700 members and has offices in each of the seven local villages with the objectives of increasing membership and initiatives ABG is assisting the co-operative in its review of opportunities to expand existing alternative livelihood projects and to develop relationships with the local chamber of commerce in order to increase its standing within the region from a social and trading perspective

For further information on our CSR initiatives see the Corporate responsibility section of this report In addition, developments as regards our security environment are provided as part of the Corporate responsibility and Risk management reviews

Focusing on core projects

Overall, 2013 was a successful year of execution and delivery across our greenfield and brownfield exploration projects

Overview of 2013 activities

During the year, US$16 9 million of exploration activities were expensed, with a further US$4 0 million relating to exploration and evaluation activities being capitalised Key highlights include the successful drilling results from brownfield exploration projects at Bulyanhulu from both surface and underground drilling and from greenfield exploration programmes at our joint venture properties in western Kenya

At the Bulyanhulu mine, we commenced surface and underground brownfield exploration drilling programmes during the year Surface drilling is targeting resource extensions of the Bulyanhulu system between 400 metres and 1,200 metres west of the mine, while underground drilling is targeting resource expansion of the East Zone on the Reef 2 system By year end the drilling programmes on the targets at Bulyanhulu had already delivered positive results from both surface and underground drill holes The focus for 2014 will be to complete the surface and underground drill programmes according to plan and budget by Q3 2014 and assess the success of the programmes and any requirement for further drilling

In Kenya, throughout the year we have continued extensive regional mapping, soil sampling and reconnaissance Aircore geochemical drilling across our two joint venture projects, the Advance Gold JV Properties and the West Kenya JV Properties These programmes will continue into 2014 and seek to identify and advance the best targets within our large land package, so as to be positioned to commence drill testing of the best generated targets in 2015 Soil sampling to date has delineated and expanded more than 50 existing and new kilometre-scale gold-in-soil anomalies On the Advance Gold JV Properties we have completed drilling of Aircore holes with over 20% of the holes assayed to date returning anomalous gold intercepts of greater than 0 1g/t gold

Additionally, in recognition of the increasing maturity of some of our exploration properties, reduced exploration budgets, and regulatory requirements, we have embarked on a process of rationalising our exploration portfolio in both Tanzania and Kenya During the year, we reduced the land holdings we manage in Tanzania from 2,534km² to 1,808km², and handed over management of several joint ventures to our partners In Kenya, we expect to reduce our current land holding on completion of the current regional soil sampling programmes We believe that through this process we will continue to focus on the best projects within our portfolio, while at the same time freeing up exploration funds to diversify our portfolio outside our current operating areas

COMMUNITY RELATIONS IN KENYA

ABG has partnered with Little Sports Organisation ("LSO"), a sport for development NGO, whose programmes aim to promote social and life-skills development in primary school children through sport As well as promoting positive behavioural change in children and thus enriching the child, the family and the community, the programmes also result in employment of local youths as sports coaches

Through the ABG Maendeleo Fund, ABG committed US$75,000 to LSO in 2013 The programme has been rolled out across six primary schools in the Kakamega area, and is attended by over 4,000 children weekly 20 local youths are currently employed as community coaches

By partnering with LSO, ABG has been able to achieve continuous engagement on a weekly basis, reaching all levels of the community It provides ABG with a direct two-way communication platform into the community, establishing the foundations for a strong long-term relationship The programme has resulted in an increased awareness and positive attitude toward ABG in the community, and a greater understanding that ABG is currently in the exploration stage of the mining cycle Furthermore, the project enhanced school attendance rates for pupils

STRATEGIC REPORT

Brownfield exploration

Near-mine brownfield exploration programmes conducted during the year successfully identified extensions to known resources These programmes were entirely focused on the Bulyanhulu ore body, where initial surface and underground diamond core drilling has returned encouraging results from step-out resource drilling on both the Reef 1 and Reef 2 mineralised systems

In the last quarter we commenced drilling on two of three planned deep diamond core holes west of the Bulyanhulu mine, targeting the extension of Reef 1 gold mineralisation The ongoing programme is comprised of approximately 18,000 metres of diamond core from three parent holes with up to 18 daughter holes utilising directional wedging and navigational drilling The holes are predominantly testing the extensions of the Reef 1 structure from 400 metres to 1,200 metres west of the current Bulyanhulu resource where historic drilling has shown indications of further gold mineralisation The drilling is targeting a potential new economic zone and plunge extensions of the Main Zone of Reef 1 at depths of between 1,000 metres and 2,500 metres vertical

The East Deeps diamond core drilling programme is targeting down dip mineralisation of the Bulyanhulu Reef 2 system which is outside the current resource model The programme is being drilled from several underground drill platforms and is aimed at adding high grade gold resources on the East Zone Drilling commenced in the third quarter with positive results returned from two intersections from the initial step out holes

Visit our website to find more detail on all our exploration projects www africanbarrickgold com

Greenfield exploration

Throughout the year, we have continued our focus on identifying new greenfield exploration opportunities to complement our existing exploration portfolio Collectively, the greenfield exploration programmes we have undertaken have further strengthened our portfolio of exploration projects, with the potential for new discoveries in the short to medium term At the same time, we continue to look throughout Africa for opportunities to further enhance and diversify our exploration portfolio through low-cost joint ventures or option agreements

In Tanzania, during the year, we continued to intersect wide zones of low grade gold mineralisation, including several zones of higher grade mineralisation (>2g/t Au) at the Ochuna prospect (formerly the Dett prospect) approximately 45 kilometres west of the North Mara mine Scout drilling at the Tagota prospect approximately 30 kilometres northwest of the North Mara mine also intersected significant gold anomalism

We have made good progress on our Kenyan joint venture projects (Advance Gold JV and West Kenya JV) throughout the year with more than 50 gold-in-soil anomalies generated from an extensive soil sampling programme In addition, initial Aircore drilling across several gold-in-soil anomalies on the Advance Gold JV properties has returned significant gold mineralisation, requiring infill and follow-up drilling Advanced drilling on several historic prospects intersected mineralisation but determined they were not of the economic size and grade targeted by ABG In 2014, we will continue our focus on advancing the best early stage prospects and targets on the Kenyan joint venture properties ready for drill testing

OUR EXPLORATION PORTFOLIO

NEAR-MINE/BROWNFIELD

Bulyanhulu Deep West Extensions

Drilling of three deep surface holes between 400 metres and 1,200 metres west of the Bulyanhulu Reef 1 resource to target extensions to the Reef 1 system outside the current resource The drilling is targeting a potential new economic zone and plunge extensions of the Main Zone of Reef 1 at depths of between 1,000 metres and 2,500 metres vertical

Progress in 2013

- Drilling commenced on two of the parent holes and several daughter holes by year end
- Results to date from holes that have intersected Reef 1 show grades and widths consistent with Reef 1 mineralisation in the current resource area

Priorities for 2014

- Complete the initial phase of deep diamond core drilling testing extensions to Reef 1
- Identify economic grades and widths amenable to underground mining
- Update the geological and resource models

Bulyanhulu Deep East Extensions

High-grade Reef 2 mineralisation remains open below the currently delineated resource Underground drilling is targeting depth extensions and has been successful to date in identifying high-grade gold mineralisation and widths consistent with Reef 2 We intend to progress additional drilling to add resources on Reef 2 to the west of the current resource

Progress in 2013

- Commenced underground drilling to test extensions of East Zone Reef 2 mineralisation
- Intersected high grade gold and typical Reef 2 widths in step-out holes completed by year end

Priorities for 2014

- Complete initial step-out programme in Q1 2014
- Update geological and resource models
- Plan additional underground resource expansion drilling in key areas for life of mine

GREENFIELD

West Kenya Joint Ventures

The project is an early stage exploration play in western Kenya Key highlights during the year include the identification of more than 50 gold-in-soil anomalies and the confirmation of significant gold anomalism in Aircore drill holes which were testing a number of the gold-in soil anomalies We plan to continue first pass testing of the soil anomalies in 2014

Progress in 2013

- 15,656 soil samples collected for gold and multi-element analysis
- 325 Aircore holes were drilled to test gold-in-soil anomalies across the Kakamega Dome area
- Extensive mapping and prospecting across the joint venture properties to validate targets

Priorities for 2014

- Complete mapping, soil sampling and Aircore drilling programmes throughout the joint venture properties, then rank targets for reverse circulation and diamond core drill testing

Nyanzaga

The Nyanzaga deposit is a large undeveloped gold resource located approximately 35km northeast of Bulyanhulu gold mine Regional work during 2013, within 15km of the Nyanzaga deposit, was focused on exploring for satellite gold deposits that could improve the overall economics of Nyanzaga Several new gold and multi-element soil anomalies were identified during the latter part of the year and have been prioritised for initial drilling during 2014

Progress in 2013

- Commenced a review of the Nyanzaga resource with the aim of re-modelling more selective higher-grade domains in the deposit
- Identified several new gold and multi-element soil anomalies in satellite areas within 15km of the Nyanzaga deposit

Priorities for 2014

- Update the resource model for Nyanzaga and review development options
- Follow up gold and multi-element soil anomalies with drill testing
- Continue desktop study to review potential options to develop the resource in the current gold price environment

Tagota

At the Tagota project, initial scout drilling returned positive drill results from drill holes that targeted gold mineralisation in basement rocks beneath a varying thickness of younger volcanic cover rocks (phonolite) Given the "blind" nature of this target beneath up to 40 metres of cover rocks, this outcome is encouraging and warrants additional drill testing

Progress in 2013

- Successfully negotiated land access agreements to drill throughout the Tagota and Kenyamanon areas
- Ten reverse circulation and diamond core holes were completed across structural targets as interpreted from regional geophysics
- Gold mineralisation was intersected in four of ten drill holes in the Tagota Syenite beneath young cover rocks

Priorities for 2014

- Re-interpretation of regional geophysics and structural targets utilising new drill information
- Completion of a phased step-out drill programme to locate broad zones of high-grade gold mineralisation amenable to open pit or underground mining

Continued focus on cost control

Andrew Wray,
Chief Financial Officer

Overview of 2013 financial performance

The positive impact of the Operational Review and the challenging gold price environment in 2013 are reflected in the ABG Group s financial results for the year, which are also restated to exclude Tulawaka as it is now a discontinued operation Revenue of US$929 0 million was 8% lower than in 2012, driven by an 18% decrease in the average realised gold price, which more than offset the 11% increase we achieved in sales volumes Cash cost per ounce sold was 12% lower than in 2012, with all-in sustaining costs being 14% lower than the prior year, due to cost savings achieved during the year as a result of the implementation of our Operational Review Nevertheless, as a result of the decline in the gold price generally, we saw a 29% decrease in EBITDA as a result of the lower revenue base and other charges along with reductions in our adjusted net earnings (2013 US$106 3 million), adjusted net earnings per share (2013 US25 9 cents) and operational cash flow levels (2013 US$187 1 million)

The following review provides a detailed analysis of our consolidated 2013 results and the main factors affecting financial performance It should be read in conjunction with the consolidated financial statements and accompanying notes on pages 94 to 145, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS") Prior year comparative financial information has been restated for the impact of capitalised stripping due to the adoption of IFRIC 20, 'Stripping costs in the production phase of a surface mine and the classification of Tulawaka as a discontinued operation Refer to Notes 3 and 4 of the consolidated financial statements for further details

	Year ended 31 December	
	2013	2012
Attributable gold production (Oz)[1]	**641,931**	626,212
Attributable gold sold (Oz)[1]	**649,742**	609,252
Cash costs per ounce sold (US$/Oz)[2]	**827**	941
Average realised gold price (US$/Oz)[2]	**1,379**	1,668
All-in sustaining cost (US$/Oz)[2]	**1,362**	1,585
Revenue (US$'000)	**929,004**	1,011,738
EBITDA (US$ 000)[2]	**240,407**	336,282
Net (loss)/earnings (US$'000)	**(781,101)**	62,780
Basic (loss)/earnings per share (US cents)	**(190 4)**	15 3
Adjusted net earnings (US$'000)[2]	**106,277**	108,793
Adjusted net earnings per share (US cents)[2]	**25 9**	26 5
Dividend per share (US cents)[3]	**3 0**	16 3
Cash generated from operating activities (US$'000)	**187,115**	268,733
Operating cash flow per share (US cents)[2]	**45 6**	65 5

1 Attributable production and sold ounces reflects equity ounces which excludes 30% of Tulawaka's production and sales base

2 Cash cost per ounce sold cash margin average realised gold price, all-in sustaining cost 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 2014

MARKET OVERVIEW

Our financial results are impacted by external drivers in the form of commodity prices, exchange rates and the cost of energy Their impact in 2013 and our positioning going into 2014 are set out below

Gold

The market price of gold has a significant impact on ABG's operating earnings and its ability to generate cash flows Gold price volatility was elevated during 2013 with gold declining from a high of US$1,694 per ounce on 2nd January to a low of US$1,192 per ounce on 28th June and closing the year at US$1,205 Market gold prices averaged US$1,411 per ounce in 2013, a 15% decline from the prior year (2012 average of US$1,669)

The price of gold has been influenced by low interest rates worldwide, investment demand and the monetary policies implemented by major world central banks, in particular the United States Significant Exchange Traded Fund ("ETF") outflows were the key directional driver in 2013 with circa 28 Moz sold out of ETFs, representing around 30% of annual mine supply This was in part met by strong physical demand in Asia with jewellery demand in China contributing to one third of the world market Gold is still viewed as a portfolio diversifier by central banks, which now hold approximately 11% of global bullion reserves

As the US economy improved during 2013, bond yields climbed, equities performed well and the dollar appreciated which, together with short-term speculation on how the US Federal Reserve will adjust its monetary policy, caused gold prices to be extremely volatile during 2013 This culminated in the decision of the US Federal Reserve to taper its bond purchase programme by US$10 billion per month from January 2014

We continued our policy of no gold hedging during 2013

STRATEGIC REPORT

Copper

ABG also produces copper as a co-product which is recognised as a part of revenue Copper traded between US$3 01 and US$3 74 per pound in 2013 The average market copper price for 2013 was US$3 32 compared with US$3 61 per pound in 2012 Key external drivers of the copper price include consumption by China, the world's largest consumer, the US growth outlook existing stock levels and supply growth, which is expected to peak in 2014

During 2013 we utilised a forward strategy whereby 75% of our estimated copper production was hedged at an average of US$3 72 per pound, resulting in a realised mark to-market gain of US$3 3 million for the year Utilising option collar strategies, we have put in place floor protection on 75% of our expected copper production for 2014 at an average floor price of US$3 12 per pound and an average ceiling price of US$3 41 per pound

Fuel

Brent Crude oil traded between US$98 and US$119 per barrel and averaged US$109 per barrel (2012 US$112 per barrel) We consumed approximately 610,000 barrels of diesel in 2013 (2012 625,000) Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices and has a significant impact on our production costs Crude oil has been impacted by political instability which has resulted in supply outages, most notably in Iran and Northern Africa, which was in part offset by increased US production and OPEC's ability to balance supply through Saudi Arabia Our overall oil exposure is heavily impacted by grid power reliability across all three operations and mining activity at our open pit mines During 2013, we utilised an option collar strategy to hedge 75% of our estimated diesel consumption at an average floor price of US$89 per barrel and average capped price of US$109 per barrel In 2014, we have continued this strategy and put in place protection on approximately 33% of our expected 2014 consumption with an average floor and capped price of US$88 and US$105 per barrel respectively

Currency exchange rates

A portion of ABG's expenditure is 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 2013, the rand declined significantly against the US dollar as the US dollar strengthened, domestic factors persisted and investors shunned riskier rand-denominated assets The Tanzanian shilling remained relatively unchanged on a year on year basis as the Bank of Tanzania imposed exchange controls throughout the year

We have put in place floor protection on approximately 75% and 20% of our expected rand operating expenditures for 2014 and 2015 respectively, with average floors of ZAR9 60 and ZAR10 43 In light of potential rand weakness we have average ceilings of ZAR11 03 and ZAR12 80 for 2014 and 2015 respectively Hedges in relation to the Bulyanhulu CIL Expansion project for 2014 have an average floor protection of ZAR8 90 and ceiling protection of ZAR9 80 These hedges are in place until April 2014

Financial performance

Discontinued operation - Tulawaka

On 15 November 2013, ABG announced that it had reached an agreement with STAMICO, the Tanzanian State Mining Corporation whereby STAMICO agreed to acquire ABG's Tulawaka operation and certain exploration licences surrounding Tulawaka for a consideration of US$4 5 million and the grant of a 2% net smelter royalty on future production in excess of 500 000 ounces, capped at US$500,000 As part of the agreement, STAMICO has agreed to take ownership and management of the rehabilitation fund established as part of the closure plan for the mine, in return for the assumption of all remaining past and future closure and rehabilitation liabilities for Tulawaka As part of this arrangement, ABG was required to make a one-off cash payment to STAMICO, equal to the balance of the rehabilitation fund less the transaction consideration on completion (US$11 6 million) The transaction completed post year end in February 2014 Whilst Tulawaka is 100% owned by ABG, via a Tanzanian subsidiary, it is subject to an economic joint venture arrangement in which ABG holds 70% of the economic interest, with MDN Inc holding the remaining 30% of the economic interest in the mine Production at Tulawaka ceased in Q2 2013

The financial results of Tulawaka have been presented as discontinued operations in the consolidated financial statements The comparative results in the consolidated income statement have been presented as if Tulawaka had been discontinued from the start of the comparative period, effectively excluding the net result relating to Tulawaka from individual income statement lines and aggregating it in one line called "Loss from discontinued operation" The assets and liabilities that were sold to STAMICO post period end have been presented as held for sale Below is a reconciliation showing Group financial performance on a line by line basis

Financial performance table

	Year ended 31 December 2013			Year ended 31 December 2012[1]		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue	929,004	13,514	942,518	1,011,738	75,601	1,087,339
Cost of sales	(713,806)	(30,368)	(744,174)	(720,036)	(77,823)	(797,859)
Gross profit/(loss)	215,198	(16,854)	198,344	291 702	(2,222)	289 480
Corporate administration	(32,157)	(1,311)	(33,468)	(47,640)	(3,928)	(51,568)
Exploration and evaluation costs	(16,927)	-	(16,927)	(26,752)	(2,208)	(28,960)
Corporate social responsibility expenses	(12,237)	(3,259)	(15,496)	(13,051)	(1,394)	(14,445)
Impairment charges	(1,044,310)	(16,701)	(1,061,011)	-	(44 536)	(44,536)
Other charges	(30,424)	(19,442)	(49,866)	(17,071)	(600)	(17,671)
(Loss)/profit before net finance expense and taxation	(920,857)	(57,567)	(978,424)	187,188	(54,888)	132,300
Finance income	1,670	30	1,700	2,056	46	2,102
Finance expense	(9,552)	(116)	(9,668)	(10,079)	(226)	(10,305)
(Loss)/profit before taxation	(928,739)	(57,653)	(986,392)	179,165	(55,068)	124,097
Tax credit/(expense)	187,959	-	187,959	(78,693)	6,089	(72,604)
Net (loss)/profit for the year	(740,780)	(57,653)	(798,433)	100,472	(48,979)	51,493

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20 and the classification of Tulawaka as a discontinued operation

The financial performance below is stated for continuing operations

Revenue for the year of US$929 0 million was 8% lower than the prior year (2012 US$1,011 7 million) The decrease in revenue primarily relates to the 18% reduction in the averaged realised gold price, when compared to the prior year (2012 average realised gold price per ounce sold US$1,669), which more than offset the 11% increase achieved in gold sales for the year The increase in sales ounces was primarily due to the higher production base and sale of opening stock on hand from 2012 Included in total revenue was co-product revenue of US$43 0 million for the year which decreased by 10% from the prior year (2012 US$48 0 million), due to the reduction in the average realised copper price during the year, when compared to the prior year (2012 US$3 57 per pound), which in turn resulted from wider market factors

Cost of sales was US$713 8 million for the year representing a decrease of 1% on the prior year (2012 US$720 0 million)

The table below provides a breakdown of cost of sales

	Year ended 31 December	
(US$ 000)	2013	2012[1]
Cost of Sales		
Direct mining costs	508,166	521,338
Third party smelting and refining fees	16,790	18 005
Royalty expense	40,871	41,078
Depreciation and amortisation	147,979	139,615
Total	713,806	720 036

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20 and the classification of Tulawaka as a discontinued operation

Corporate administration expenses for the year totalled US$32 2 million This equated to a 33% decrease from the prior year (2012 of US$47 6 million) The decrease is predominantly due to the impact of the Operational Review which led to lower corporate office expenses and lower share based payment expenses given ABG's overall lower share price performance during the year

Exploration and evaluation costs for the year were US$16 9 million, a 37% reduction on the prior year (2012 US$26 8 million) The decrease reflects an overall reduction in exploration spend and a focus on key projects The key focus areas for the year were exploration programmes at the West Kenya Joint Venture project (US$4 4 million), drilling at North Mara focusing on the Ochuna project (US$2 7 million), drilling at Bulyanhulu (US$3 0 million), Nyanzaga (US$0 8 million) and project feasibility study costs (US$1 3 million) In addition, exploration and evaluation costs of US$4 0 million have been capitalised in 2013 (2012 US$13 7 million)

Corporate social responsibility expenses were US$15 5 million for the year, compared to US$14 4 million for the prior year This amount has been adjusted to reflect corporate social responsibility expenses relating to Tulawaka (US$3 3 million) which have been included as part of the amounts forming part of the loss from discontinued operations Following the adjustment corporate social responsibility expenses for the year amounted to US$12 2 million compared to US$13 1 million for the prior year During the year we saw increased investment in site focused projects specifically related to Village Benefit Implementation Agreements ("VBIAs") at North Mara and larger contributions to general community projects funded from the ABG Maendeleo Fund Of the total spend for 2013, US$8 6 million was spent on ABG Maendeleo Fund projects (US$3 6 million in 2012) and US$4 3 million was spent on VBIAs at North Mara (US$3 5 million in 2012)

Other charges for the year amounted to US$30 4 million a 78% increase on the prior year (2012 US$17 1 million) The main contributors to the charges were (i) costs relating to the Operational Review including external services and retrenchment costs of US$13 3 million, (ii) residual expenses incurred as a part of the CNG offer process totalling US$3 2 million the bulk of which were incurred in H1 2013, (iii) disallowed indirect tax claims and other indirect tax related expenses of US$1 5 million as part of the continued reconciliation process with the TRA and retrospective legislation changes, (iv) ABG s entry into zero-cost collar contracts as part of a programme to protect it against copper, silver, rand and fuel cost market volatility and, due to the fact that these do not qualify for hedge accounting, resulting in a combined mark-to-market revaluation loss of US$7 2 million, mainly due to the devaluation of the rand, (v) legal costs of US$3 1 million, and (vi) discounting adjustments of long-term indirect taxes of US$1 4 million The impact of the hedge loss above was partially offset by cost savings on certain rand denominated cost elements due to the weakening of the rand Included in the loss from discontinued operations are other charges of US$19 4 million relating mainly to non-operational costs of US$15 1 million and retrenchment costs of US$3 0 million, both relating to Tulawaka Refer to Note 11 of the consolidated financial statements

Finance expense for the year of US$9 6 million was 5% lower than the prior year (2012 US$10 1 million) due to lower volumes of discounted concentrate shipments The key drivers for finance expense during the year were US$3 1 million (2012 US$3 0 million) relating to the servicing of the US$150 million undrawn revolving credit facility, and accretion expenses relating to the discounting of the environmental reclamation liability (US$4 5 million) Other costs include bank charges and interest on finance leases Interest costs relating to the project financing on the Bulyanhulu CIL Expansion project are capitalised to the cost of the asset due to the facility being directly attributable to the asset During 2013 US$2 4 million of borrowing costs have been capitalised to the project

Finance income relates predominantly to interest charged on non-current receivables and interest received on money market funds Refer to Note 11 of the consolidated financial statements for details

Impairment charges as a result of the substantial decrease in the gold price during 2013 the gold price used to calculate the carrying value of our assets as well as the reserves and resources estimations was reduced to US$1,300 per ounce (2012 US$1,500) In addition, we also made changes to the mine plans at each of our assets, resulting in reduced mine lives at both Buzwagi and North Mara This required us to review each of our Cash Generating Units ("CGUs") for any impairment triggers and to reassess the operating performance of each CGU in order to ensure optimised returns and cash flows in the lower gold price environment Each of the operating mines and the exploration business is classified as a separate CGUs The impairment review resulted in a post-tax impairment to the long-lived assets at Buzwagi of US$529 7 million and supplies inventory of US$13 0 million (2012 no impairment charge) and at North Mara in a post-tax impairment to goodwill of US$21 0 million, long-lived assets of US$193 4 million and supplies of US$10 0 million (2012 no impairment charge) In addition, the goodwill and acquired exploration potential intangible asset that arose on the acquisition of Tusker Gold Ltd, and subsequent investment in the asset (Nyanzaga), have been impaired by US$22 0 million and US$24 6 million respectively

On a gross basis, and before taking into account the impact of deferred tax the total impairment charge for the year amounted to US$690 5 million at Buzwagi, US$307 3 million at North Mara and US$46 6 million relating to Nyanzaga Refer to Note 8 of the consolidated financial statements for details

Taxation credit increased to US$188 0 million for the year, compared to a charge of US$78 7 million in 2012 The 2013 credit consists predominantly of deferred tax The increased tax credit was driven by the tax impact of US$238 0 million relating to impairment charges as discussed above This was partially offset by net deferred tax charges of US$50 0 million The effective tax rate for the year amounted to 20% compared to 44% in 2012 The decrease is mainly driven by temporary differences (including tax losses) of US$84 9 million for which no deferred income tax assets were recognised, primarily relating to Buzwagi, ABG Exploration Ltd and ABG Plc stand-alone assessed losses

Net loss from continuing operations, as a result of the factors discussed above, for the year was US$740 8 million, against the prior year profit of US$100 5 million Decreased revenue and increased impairment and other charges as explained above contributed to the variance This was offset by lower corporate administration and exploration and evaluation costs Adjusted earnings for the year, after excluding impairment and other one-off type charges, amounted to US$106 3 million, in line with the prior year The net loss from discontinued operations for the year amounted to US$57 7 million (US$17 3 million relating to non-controlling interests), against the prior year net loss of US$49 0 million (US$11 3 million relating to non-controlling interests) This resulted in a total net loss for the Group of US$781 1 million for the year (US$62 8 million profit in 2012)

Loss per share for the year from continuing operations amounted to US180 6 cents, a decrease of US205 1 cents from the prior year (2012 earnings US24 5 cents) The decrease was driven by an increased net loss with no change in the underlying issued shares Adjusted net earnings of US25 9 cents per share for the year, after excluding impairment and other one-off type charges, was 2% lower than the prior year (2012 US$26 5 cents per share)

Financial position

ABG had year-end cash and cash equivalents of US$282 4 million (US$401 3 million in 2012) Net cash amounted to US$140 4 million after deducting the CIL finance facility 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

In January 2013 we concluded negotiations with a group of commercial banks (Standard Bank Standard Chartered and ABSA) for the provision of an export credit backed term loan facility ("Facility") for an amount of US$142 million The Facility has been put in place to fund a substantial portion of the construction costs of the new Bulyanhulu CIL Expansion project ("Project") The Facility is collateralised by the Project, has a term of seven years and the spread over LIBOR is 250 basis points The Facility is repayable in equal instalments over the term of the Facility after a two year repayment holiday period The interest rate has been fixed at an effective rate of 3 6% through the use of an interest rate swap The interest charged on the facility is capitalised to the Project until the Project has been substantially commissioned The full value of the Facility has been drawn as at year end

The above complements the existing undrawn revolving credit facility of US$150 million which runs until November 2016

Goodwill and intangible assets decreased by US$67 6 million from December 2012 due to impairment charges relating to Nyanzaga and North Mara

The net book value of property, plant and equipment decreased from US$2 0 billion at 31 December 2012 to US$1 3 billion at 31 December 2013 The main capital expenditure drivers have been explained in the cash flow used in the investing activities section below, and have been offset by depreciation charges of US$141 2 million and pre-tax impairment charges of US$906 8 million at Buzwagi, North Mara and Tulawaka Refer to Notes 8 and 21 to the consolidated financial statements for detail

During 2013 we saw a build-up in the indirect tax receivable driven by the abolition of VAT Relief in Q4 2012 in contravention of our Mineral Development Agreements Following positive discussions an escrow arrangement for VAT on imports was agreed in Q3 2013 to ensure quicker and more regular refunds to us We saw the first payments from this account during Q4 2013 as well as an increase in the level of outstanding refunds, which meant that overall refunds to us in the quarter totalled US$26 7 million, which exceeded VAT incurred in the same period by US$3 4 million In addition, we are continuing discussions with respect to implementing a similar mechanism for VAT on domestic goods This is a key priority for us as are our efforts to recover outstanding amounts owing to ensure that we do not see further outflows in 2014 while starting to recover the balance outstanding At year end, total indirect tax receivables, net of a discount provision applied to the non-current portion, increased from US$98 8 million at 31 December 2012 to US$159 8 million at 31 December 2013 with current receivables portion amounting of US$95 0 million of the total

The net deferred tax position decreased from a liability of US$172 7 million as at 31 December 2012 to an asset of US$14 9 million This was mainly driven by the reduction in deferred tax liabilities as a result of the impairments at North Mara, Buzwagi and Tusker/Nyanzaga which decreased the net asset base The tax effect on the tax losses carried forward is an increase from US$319 5 million as at 31 December 2012 to US$355 8 million Deferred tax assets of US$84 9 million were not recognised as at 31 December 2013 of which US$59 4 million relates to Buzwagi as a result of the change in the life of mine plan which reduced taxable income

Net assets attributable to owners of the parent decreased from US$2 8 billion in December 2012 to US$1 9 billion in December 2013 The decrease reflects the current year loss attributable to owners of the parent of US$781 1 million and the payment of the final 2012 and 2013 interim dividends of US$54 5 million to shareholders during 2013

Cash flow generation and capital management

Cash flow - continuing and discontinued operations

(US$ 000)	Year ended 31 December 2013	2012[1]
Cash flow from operating activities	**187,115**	268,733
Cash used in investing activities	**(386,850)**	(371,485)
Cash provided by/(used in) financing activities	**82,322**	(79,439)
Decrease in cash	**(117,413)**	(182,191)
Foreign exchange difference on cash	**(1,526)**	(615)
Opening cash balance	**401,348**	584,154
Closing cash balance	**282,409**	401,348

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

Cash flow from operating activities was US$187 1 million for the year, a decrease of US$81 6 million, when compared to the prior year (2012 US$268 7 million) The decrease primarily related to decreased EBITDA combined with an outflow associated with working capital of US$41 2 million The working capital movement related to an increase in other current assets of US$34 5 million mainly driven by higher VAT receivables owed from the Tanzanian government and a decrease in trade payables of US$32 1 million due to the lower overall cost base and the payment of Tulawaka-related payables This was offset by a decrease in gold inventory on hand of US$23 7 million excluding the non-cash impairment, mainly due to the lower average cost valuation as a result of lower direct mining costs, a decrease in trade receivables of US$20 0 million mainly due to the lower gold price and the timing of concentrate shipments, and a drawdown on supplies of US$10 8 million driven by the inventory optimisation process

Cash flow used in investing activities was US$386 9 million for the year Total cash capital expenditure for the year of US$373 1 million increased by 15% from the prior year (2012 US$323 5 million), driven by both increased expansion capital expenditure related to the Bulyanhulu CIL Expansion project and increased capitalised development expenditure, slightly offset by lower sustaining capital expenditure

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

(US$ 000)	Year ended 31 December 2013	2012[4]
Sustaining capital	**84,474**	153,158
Expansionary capital	**117,469**	49,889
Capitalised development	**171,158**	120,458
Total cash capital	**373,101**	323,505
Non-cash rehabilitation asset adjustment	**(30,740)**	19 242
Non-cash sustaining capital[3]	**11,967**	8,380
Total capital expenditure	**354,328**	351,127
Other investing capital		
- AMKL acquisition[1]	**-**	22,039
– Non-current asset movement[2]	**13,749**	25,941

1 The Kenya joint venture 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 the land acquisitions reflected as prepaid operating leases and Tanzania government receivables

3 Total non-cash sustaining capital relates to the capital finance leases at Buzwagi for drill ngs and also includes capital accruals excluded from cash sustaining capital

4 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

Sustaining capital expenditure included the investment in mine equipment of US$37 7 million, which mainly related to component change outs at North Mara and Buzwagi, critical underground equipment at Bulyanhulu, and investment in tailings and other infrastructure at Bulyanhulu (US$10 7 million), North Mara (US$14 7 million) and Buzwagi (US$15 7 million)

Expansionary capital expenditure consisted of the Bulyanhulu CIL Expansion project of (US$104 9 million), investment in equipment for the Bulyanhulu Upper East project (US$5 2 million) and capitalised exploration and evaluation costs (US$4 2 million) mainly relating to Bulyanhulu

Capitalised development capital includes capitalised stripping for North Mara (US$65 6 million) and Buzwagi (US$60 1 million) and Bulyanhulu capitalised underground development of US$45 4 million

Non-cash capital for the year was a credit of US$18 8 million and consisted of negative reclamation asset adjustments (US$30 7 million), offset by the year-on-year increase in capital accruals (US$10 0 million) and capital finance leases related to drill ngs at Buzwagi (US$1 9 million) The reclamation adjustments were driven by lower US risk free rates driving lower discount rates and lower closure cost estimates, and were slightly offset by additional liabilities as a result of mining activity during the year

Other investing capital during the year represents North Mara land purchases totalling US$15 5 million and Bulyanhulu land purchases of US$1 0 million This was offset by a reduction in other long term assets of US$2 8 million

Cash flow from financing activities for the year was US$82 3 million, an increase of US$161 7 million on the prior year (2012 US$79 4 million outflow) The inflow primarily relates to the drawdown on the Bulyanhulu CIL Expansion project debt facility of US$142 0 million, offset by the payment of the 2012 final and 2013 interim dividends of US$54 5 million and finance lease payments of US$5 1 million

Dividend

An interim dividend of US1 0 cent per share was paid to shareholders on 23 September 2013 The Directors recommend the payment of a final dividend of US2 0 cents per share subject to the shareholders approving this recommendation at the forthcoming AGM

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 included in this report Information about such judgements and estimation is included in the accounting policies and/or notes to the consolidated financial statements

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

- Estimates of the quantities of proven and probable gold reserves,
- The capitalisation of 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 this Strategic report and the Risk management section of this Annual 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

At 31 December 2013, the Group had cash and cash equivalents of US$282 million with a further US$150 million available under the undrawn revolving credit facility, which has been further extended until November 2016 Total borrowings at the end of the year amounted to US$142 million, of which the first repayment is only repayable from 2015

Included in other receivables are amounts due to the Group relating to indirect taxes of US$95 million which are expected to be received within 12 months, but these will be offset to an extent by new claims submitted for input taxes incurred during 2014 The refunds remain dependent on processing and payment by the Government of Tanzania

We expect that the above, in combination with the expected operational cash flow generated during the year, will be sufficient to cover the capital requirements and other commitments for the foreseeable future

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

Andrew Wray,
Chief Financial Officer

Responsible mining
Investing in Tanzania

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

ABG s 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 wider effects of our presence are considered These include indirect effects of people spending their wages, governments distributing tax and royalty revenues, and neighbouring communities using the infrastructure developed for our operations Our direct economic contribution in 2013 was US$959 million, compared to US$1,073 million in 2012

The distribution of ABG taxes includes royalties, indirect taxes (VAT and fuel levies), payroll taxes (inclusive of social security payments and other taxes such as withholding taxes), stamp duties and environmental levies Geographically, the majority of our taxes are paid in Tanzania, being the location of our operating mines, followed by South Africa, where certain administrative, financial and technical functions are located, followed by the UK, being the location of our corporate headquarters Our net taxation contribution was US$203 million in 2013, compared to US$159 million in 2012

OVER

93%

of ABG employees in Tanzania are Tanzanians

* Source ABG Total Economic Contribution and Tax Contribution Report November 2013

ABG MAENDELEO FUND

We established the ABG Maendeleo Fund in 2011 as part of our commitment to promoting sustainable development 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, water and environmental projects within communities surrounding our operations Since its inception the ABG Maendeleo Fund has invested US$18 9 million in community development initiatives and invested US$11 5 million in 2013, across a range of areas including education health, water, infrastructure and livelihoods

Go online to find all the projects www africanbarrickgold.com

EDUCATION

22 KEY PROJECTS SUPPORTED IN 2013

US$4.4m AMOUNT INVESTED IN 2013

HEALTH

12 KEY PROJECTS SUPPORTED IN 2013

US$1.0m AMOUNT INVESTED IN 2013

WATER AND SANITATION

15 KEY PROJECTS SUPPORTED IN 2013

US$2.6m AMOUNT INVESTED IN 2013

INFRASTRUCTURE

7 KEY PROJECTS SUPPORTED IN 2013

US$1.4m AMOUNT INVESTED IN 2013

LIVELIHOODS

5 KEY PROJECTS SUPPORTED IN 2013

US$1.5m AMOUNT INVESTED IN 2013

OTHER

5 KEY PROJECTS SUPPORTED IN 2013

US$0.6m AMOUNT INVESTED IN 2013

Our areas of focus

Our sustainability practices are focused on those areas that are material to our business and operations, these being community relations, employees, environment, health and safety, and security and human rights. Details of activities as regards each of these areas and our performance for the year are further described below.

COMMUNITY RELATIONS

This year we continued our focus on the development of social management plans at our operations, implementing the plans developed for Buzwagi and North Mara in 2012 and developing a social management plan for Bulyanhulu In addition, and in light of our divestment of the Tulawaka mine to STAMICO, a key focus of the year was the closing out of all existing social obligations in connection with the closure planning for this operation This effort saw the implementation and handover of 28 community projects in the areas of health education, water, sanitation and infrastructure At North Mara, we continued to focus on the implementation of VBAs and VBIAs, spending approximately US$4 3 million on projects this year, compared to US$3 5 million in 2012 We also progressed initiatives as regards the development of an artisanal and small scale mining ("ASM") project, with the execution of a multi stakeholder partnership agreement between ABG, AngloGold Ashanti, the Tanzanian Government and the World Bank This will serve as the framework for the development of a pilot ASM programme in 2014, something we will use in conjunction with our wider efforts to promote alternative livelihoods across our operations

During the year ABG also received various accolades for excellence in community relations and social development, including eight awards under the Tanzanian Presidential CSR and Empowerment Awards and an award for exemplary efforts in community Malaria Control Activities

A total of 269 grievances were lodged under the ABG community grievance management and resolution procedure in 2013, compared to 443 grievances in 2012 The majority of new grievances continue to relate to historic land compensation matters at North Mara

EMPLOYEES

Turnover rates for our operations excluding the impact of the divestment of Tulawaka and redundancies made in connection with the Company's ongoing organisational restructuring increased to 20% in 2013, compared to 14% in 2012 This turnover is slightly higher than 2012 but remains in line with current market turnover rates We continued to progress our commitment to the localisation of our workforce throughout 2013, with national employment levels amounting to 93 2% of our operations workforce, a 2 2% improvement on 2012

We continued to invest in training and development programmes throughout the year, with two employees having graduated from our IMDP programme and 37 graduates from our Integrated Mining Technical Training ("IMTT") programme being employed by us Overall, 61% of Company wide employees participated in technical training courses during the year, compared to 59% in 2012

Approximately 7% of our workforce is comprised of women, something which is reflective of gender diversity within the mining industry generally Of this, female representation across our management structures equalled approximately 11%, 20% at SLT level and 8% at Board level

ENVIRONMENT

We made good progress this year with our environmental compliance programmes and permit management Key achievements include the lifting of the environmental protection order at North Mara, the approval of the environmental and social impact assessment for the extension of Bulyanhulu s tailing storage facility; and the approval of the closure plan for Tulawaka prior to its divestment to STAMICO In addition, all ABG operations now hold certification under the International Cyanide Code, with Buzwagi obtaining partial certification during the year, something which we aim to progress to full certification in 2014

ABG s GHG emissions continued to be impacted by interruptions to electricity supply in Tanzania and our reliance on self-generation of power Overall, GHG emissions in 2013 represented an 8 6% increase compared to 2012 However, as a result of energy conservation projects during the year our energy usage, assessed on the basis of megajoules of energy used per tonne of ore milled, decreased by 4% on 2012 levels Further information regarding GHG emissions is provided on pages 15 and 84 We improved efficiencies in water usage generally in 2013, using 486 litres of water per tonne of ore milled, a decrease of 15% on 2012 levels

HEALTH AND SAFETY

We achieved an ABG Group-wide Total Reportable Injury Frequency Rate ("TRIFR") of 0 68 for 2013, an 18% improvement on 2012 Additionally, 2013 was completed with no employee fatalities Whilst both achievements are encouraging, ABG s ultimate aim is to reduce injuries to zero, reflecting our commitment to ensure each of our employees returns home safe and healthy every day

During the year we continued to progress our Visible Felt Leadership ("VFL") programme, something we believe has had a direct impact in improving our safety environment, and progressed the implementation of our critical risk standards for the following areas mobile equipment, cranes and lifting, working at height and hazardous energy isolation Implementation of these standards will continue into 2014 In terms of wider health and safety assessments, we conducted statutory occupational medical examinations and comprehensive health risk assessments at all of our operations throughout the year, resulting in the development of industrial hygiene sampling plans for each of our mines

SECURITY AND HUMAN RIGHTS

We continued to enhance security and safety infrastructure during the year, particularly perimeter fencing and surveillance equipment We also continued to progress training and development as regards our security practices, providing assistance in the training of approximately 5,252 individuals on the Voluntary Principles on Security and Human Rights, 6,234 individuals on use of force practices and 5,200 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 maintained consistent levels of 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 For the year, the security related TRIFR was 0 03, a noticeable improvement on 2012 In this regard, the majority of security incidents continue to occur at North Mara, in connection with illegal mining and related intruders As part of strategic reviews we are looking to enhance and progress our security management procedures for improved alignment with operational requirements Where appropriate, we also work in collaboration with local law enforcement to address security-related threats and concerns

In the context of human rights and in addition to Voluntary Principles training we continued to progress wider elements of human rights awareness and training campaigns, in furtherance of the commitment we have made to respect human rights generally and the principles enshrined in ABG's Human Rights policy which applies across all operations

Dear Shareholders

As a result of the comprehensive Operational Review undertaken in 2013, we took a number of positive steps that improved operating efficiency and reduced costs Put simply, these actions changed the way we run the business and will deliver long-term benefits to shareholders This unrelenting focus on excellence was further reflected in changes made over the course of the year to the Board's composition and focus, along with enhancements to certain core governance committees

One of my primary objectives since becoming Chairman has been to identify opportunities to build on the diversity, strength and calibre of the Board We collectively view this as vital to maintaining the Board's ability to support and guide management

In April, we appointed Peter Tomsett and Graham Clow as independent Non-Executive Directors They are both highly experienced industry veterans, with Peter having previously been CEO of Placer Dome, and Graham currently being Chairman of Roscoe Postle Associates Peter was also appointed Senior Independent Director a position which had previously been vacant In October we strengthened our commercial financial and cost-control capacities with the appointment of Steve Lucas and Rachel English as additional independent Non-Executive Directors Our new Directors have made immediate contributions to the Board and I am pleased to welcome them to ABG

2013 key activities

During 2013 the Board also reviewed the composition of all Board committees and their respective responsibilities, in line with developments in UK Corporate Governance practices Our review resulted in enhanced responsibilities for the Audit committee and the Compensation committee, which respectively reflect the additional requirements placed on audit committees under the most recent edition of the UK Corporate Governance Code and new requirements relating to remuneration policies

Additionally, we expanded the mandate of our Nomination committee Going forward, this committee will serve as the Nomination and Governance committee and will support and guide the Board in the formulation and adoption of Company corporate governance policies and procedures The responsibilities for both the Environment, Health, Safety and Security committee and the Technical committee remain unchanged Both of these committees play important roles in the oversight and review of key environmental social, safety, development and technical areas relevant to our business

All members of the Board and its committees completed an annual performance and effectiveness evaluation for the reporting period to satisfy the annual performance evaluation requirements of the UK Corporate Governance Code All evaluations were concluded positively, showing that the Board and its committees are performing efficiently and effectively The Company also completed and achieved a satisfactory conclusion to its annual risk management and internal controls assessment, further details of which are provided on page 46

Looking forward

In 2014, the Board will seek to build upon the progress made in ABG s governance and controls environment, notably through implementing further measures and procedures to support business reviews and initiatives

Kelvin Dushnisky,
Chairman of the Board

Board of Directors
1 Rachel English, Kelvin Dushnisky
2 David Hodgson Graham Clow
3 Peter Tomsett
4 Andre Falzon
5 Ambassador Juma V Mwapachu
Stephen Galbraith Steve Lucas
6 Rick McCreary
7 Michael Kenyon
8 Brad Gordon

Effective governance

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

Kelvin Dushnisky, age 50
Chairman of the Board

Skills and Experience Mr Dushnisky is the Chairman of the Board He is Senior Executive Vice President of Barrick and has more than 25 years of experience in broad-ranging roles across the mining industry Mr Dushnisky joined Barrick in April 2002 and has global responsibility for the Government Relations, Permitting and Approvals, Corporate Responsibility 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 Mr Dushnisky holds a BSc (Hon) degree from the University of Manitoba and MSc and JD degrees from the University of British Columbia He represents Barrick, along with its CEO at the World Gold Council and the International Council on Mining and Metals ("ICMM") Mr Dushnisky also serves on the boards of the Mining Association of Canada, the Institute of the Americas the Canadian Council of the Americas, the Canadian Chamber of Commerce and is a member of the Law Society of British Columbia and the Canadian Bar Association

Brad Gordon, age 51
Chief Executive Officer

Skills and Experience Mr Gordon was appointed as ABG's Chief Executive Officer in August 2013 He was previously the CEO of Intrepid Mines, a Canadian and Australian listed precious metals exploration and development company with primary operations in Indonesia Prior to his time at Intrepid, Mr Gordon was the CEO of Emperor Mines the Australasian subsidiary of DRDGold before it merged with Intrepid Before that, he held a series of progressively senior positions with Placer Dome Mr Gordon has a proven ability to deliver the maximum potential from the operations he has managed, from reducing costs and increasing production to achieving operational efficiencies and extending mine lives Mr Gordon holds a Mining Engineering degree from the Western Australia School of Mines and an Executive MBA from INSEAD, France

Peter Tomsett, age 56
Senior Independent Non-Executive Director

Skills and Experience Mr Tomsett, is ABG's Senior Independent Non-Executive Director Mr Tomsett has a wide range of technical, operational and senior management experience in the mining industry He spent 20 years with Placer Dome Inc in a number of senior roles, culminating in serving as President and Chief Executive Officer until its acquisition in 2006 He has been a Director of the Minerals Council of Australia, the World Gold Council and the International Council for Mining & Metals Mr Tomsett has considerable board-level experience in the resources sector He served as Non-Executive Chairman of Equinox Minerals until its acquisition in 2011 He is currently Non-Executive Chairman of Silver Standard Resources Inc and he is also a Non-Executive Director of North American Energy Partners Inc and Talisman Energy Inc

Ambassador Juma V Mwapachu, age 71
Independent Non-Executive Director

Skills and Experience Ambassador Mwapachu is an independent Non-Executive Director of ABG 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 postgraduate 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

Andre Falzon, age 59
Independent Non-Executive Director

Skills and Experience Mr Falzon is an independent Non-Executive Director of ABG 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 Detour Gold Corporation and was previously a director and audit committee chair of a number of publicly listed gold mining companies He holds a Bachelor of Commerce Degree from the University of Toronto, Canada and is a CGA (Canada) and a CPA, CA (Canada)

David Hodgson, age 66
Independent Non-Executive Director

Skills and Experience Mr Hodgson is an independent Non-Executive Director of ABG 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, Montero Mining, Moto Gold Mines Limited, Uranium One Inc and Goliath Gold Mining Limited 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 a BComm (majors in Economics and Business Economics) from UNISA in South Africa He also attended an Advanced Management Program at Harvard University in the USA

Michael Kenyon, age 64
Independent Non-Executive Director

Skills and Experience Mr Kenyon is an independent Non-Executive Director of ABG 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 He has previously been Chairman of the Board of Directors of Troon Ventures Ltd, President and Chief Executive Officer at both Canico Resource Corp and Sutton Resources Ltd, and a Director of Cumberland Resources Ltd He holds a MSc Geology 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

Graham Clow, age 63
Independent Non-Executive Director

Skills and Experience Mr Clow is an independent Non-Executive Director of ABG Mr Clow is currently Chairman and Principal Mining Engineer of RPA Inc He is a senior mining executive with 40 years' experience in all aspects of acquisitions, exploration, feasibility, finance development, construction, operations, and closure Prior to joining RPA, he spent more than 20 years in senior executive and operating positions with publicly listed mining companies and is currently Non-Executive Director of Dominion Diamond Corporation Mr Clow is a former Chairman of the Metal Mining Division of the Canadian Institute of Mining, Metallurgy, and Petroleum ("CIM"), and was a Member of the Committee on Ore Reserve Definitions that established the requirements for Canadian Regulatory Standard NI43-101 for mining companies He is also a Fellow of CIM and has been awarded the Metal Mining Award for contributions to the industry

Steve Lucas, age 59
Independent Non-Executive Director

Skills and Experience Mr Lucas is an independent Non-Executive Director of ABG Mr Lucas is a Chartered Accountant with executive experience in the extractives sector, particularly oil and gas, and the power sector He has worked internationally, including Tanzania, and has expertise in infrastructure finance and treasury

Mr Lucas was Finance Director at National Grid plc from 2002 to 2010 and prior to this he worked for 11 years in progressively more senior positions at Royal Dutch Shell and for six years at BG Group (formerly British Gas) He is currently a Non-Executive Director of Tullow Oil plc, Transocean Ltd and Essar Energy plc From 2004 until 2011 he was a Non-Executive Director of Compass Group plc Mr Lucas holds a BA in Geology from Oxford University

Rachel English, age 51
Independent Non-Executive Director

Skills and Experience Ms English is an independent Non-Executive Director of ABG Ms English is a Fellow of the Institute of Chartered Accountants and previously held senior positions in BG Group and Royal Dutch Shell, with responsibilities spanning finance, corporate strategy, mergers and acquisitions and business development Ms English is a Non-Executive Director of Kuwait Energy plc and the Global Carbon Capture and Storage Institute and was previously a Non-Executive Director of Petropavlovsk plc until 2013 She is also a member of the Audit Committee of the UK's Department for International Development and is a Non-Executive Director of Helios Social Enterprise, which she co-founded to develop renewable energy access projects in rural sub-Saharan Africa Ms English holds an MA in Politics, Philosophy & Economics from Oxford University

Rick McCreary, age 51
Non-Executive Director

Skills and Experience Mr McCreary is a Non-Executive Director of ABG 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 eight years in various areas, including metals marketing, geophysics geological engineering and technology development Mr McCreary holds an MBA in Finance and Strategy from McGill University, and an MSc and BScEng (Hons) in Geological Engineering from Queen's University

Stephen Galbraith, age 42
Non-Executive Director

Skills and Experience Mr Galbraith is a Non-Executive Director of ABG 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 BA in Accountancy from Strathclyde University, is a member of the Institute of Chartered Accountants of Scotland and is a Chartered Financial Analyst Charterholder

BOARD COMPOSITION

As at 31 December 2013, the Board comprised a Non Executive Chairman, one Executive Director and ten Non-Executive Directors, of whom eight were independent

Skills and experience

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

Board appointments are made on a merit basis and measured against objective criteria Generally, we strive to attract a broad mix of individuals in order to create a diverse workgroup to support ABG s culture It is our policy to hire the best candidates for all positions at all levels, irrespective of gender, including candidates for Board appointments That said during the year, we were pleased to appoint Rachel English to the Board, being ABG s first female Director

Boards balance

The Board believes that its current composition and its size is appropriate for the requirements of the Company s business and that the current balance between Executive and Non-Executive, in particular the balance between independent and non-independent Directors, is appropriate for the Company for the time being

Driving performance

Our management team have a wide range of experience across mining and operational environments in order to drive the Company forward.

Andrew Wray, age 50
Chief Financial Officer

Skills and Experience Mr Wray was appointed as CFO in September 2013, having spent three years as Head of Corporate Development and Investor Relations at ABG Previously he was 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 BA (Hons) in Modern Languages from University College London

Katrina White, age 38
General Counsel and Company Secretary

Skills and Experience Ms White joined ABG in December 2010, having previously been 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 LLB (Hons) from the University of Western Australia She is admitted to practice as a barrister and solicitor in Western Australia and the High Court of Australia and the Federal Court of Australia

Peter Spora, age 44
Vice President, Exploration

Skills and Experience Mr Spora joined ABG in March 2010 having previously been 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 BSc in Geology 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, and is a member of the Society of Economic Geologists

Deodatus Mwanyika, age 51
Vice President, Corporate Affairs

Skills and Experience Mr Mwanyika joined ABG in March 2010, having previously been employed by Barrick which he joined in 1999 and where he occupied various managerial positions over 12 years, culminating in his appointment in 2008 as Executive General Manager Tanzania Mr Mwanyika holds an LLB (Hons) from the University of Dar es Salaam and an LLM from the University of Cambridge Mr Mwanyika is a member of the Tanganyika Law Society and the East African Law Society

Jaco Maritz, age 38
Vice President, Finance

Skills and experience Mr Maritz has been the Vice President Finance of the ABG since February 2013, having spent three years as Group Treasurer He has more than 16 years experience in the mining industry and has held a number of financial roles, including Director, Planning & Corporate Finance at Barrick and Audit Manager at PricewaterhouseCoopers Mr Maritz holds a BComm in Accounting Science and a Bachelor of Computations (Hons) in the Theory of Accounting Science from the University of Pretoria Mr Maritz is a Chartered Accountant

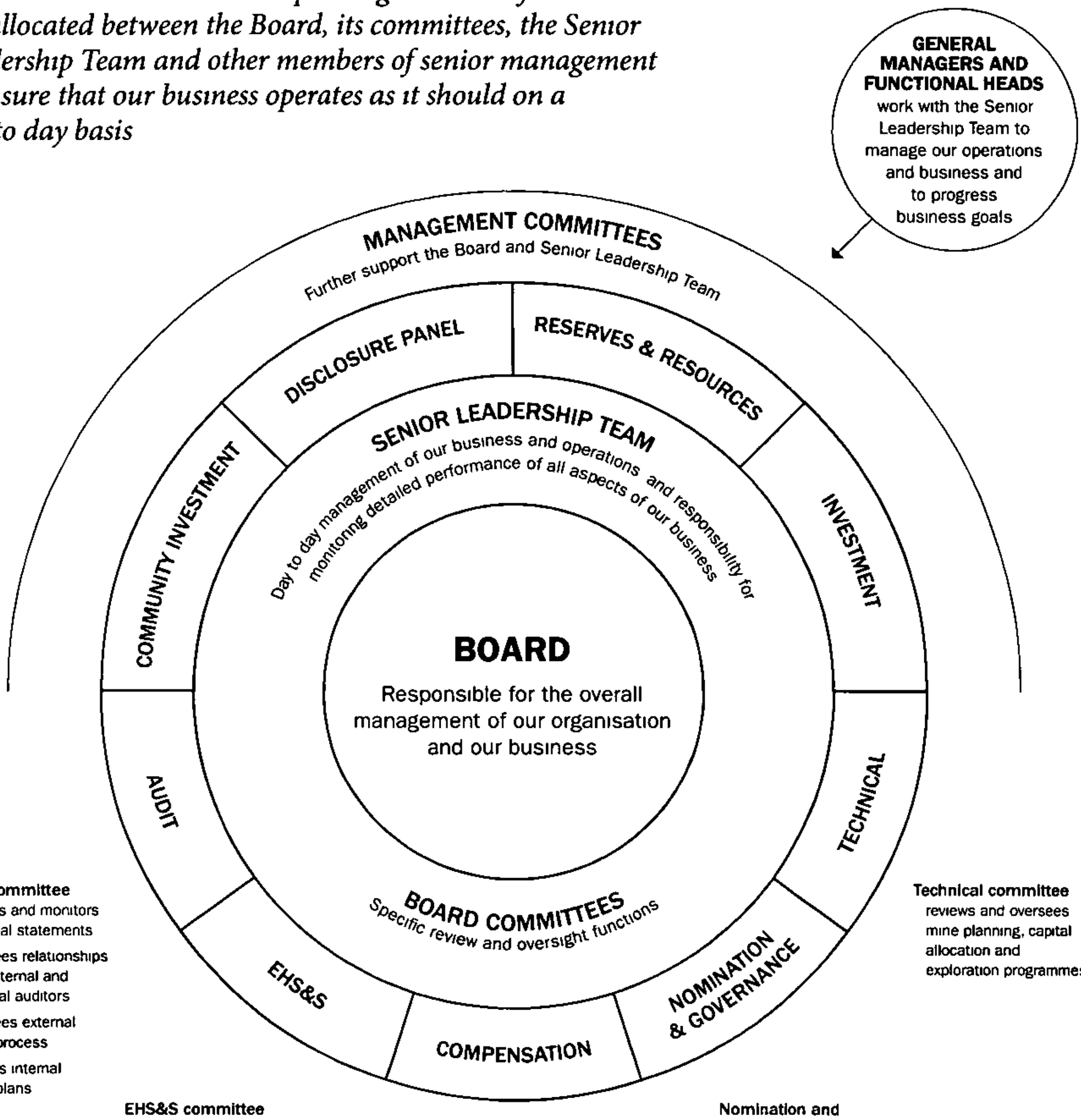
Peter Geleta, age 50
Executive General Manager, Organisational Effectiveness

Skills and Experience Mr Geleta joined ABG in May 2012 and has extensive experience on the African continent having worked across a number of African countries in various operational and corporate roles Prior to joining ABG, he held a number of roles at Barrick, 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

Michelle Ash, age 41
Executive General Manager, Planning and Business Improvement

Skills and Experience Ms Ash joined ABG in December 2013 and has more than 20 years experience in the mining and manufacturing industries in executive, managerial, advisory and consultancy roles Prior to joining ABG, Ms Ash was Head of Alliance Planning and Co-ordination for the BHP Mitsubishi Alliance Prior to this she was General Manager Strategy for MMG where her focus was to develop business and growth strategies She has also held General Manager Operations, Strategy Development and Projects roles in a number of global mining companies Michelle holds a BA (Hons) in Civil Engineering from Melbourne University, a Graduate Diploma of Business from Curtin University, a BA (Hons) in Psychology from Deakin University and an Executive MBA from Melbourne Business School

Responsibilities across our corporate governance framework are allocated between the Board, its committees, the Senior Leadership Team and other members of senior management to ensure that our business operates as it should on a day to day basis



Audit committee
- reviews and monitors financial statements
- oversees relationships with internal and external auditors
- oversees external audit process
- reviews internal audit plans

Technical committee
- reviews and oversees mine planning, capital allocation and exploration programmes

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

Compensation committee
- sets reviews and recommends overall remuneration policy and strategy
- reviews and approves remuneration arrangements for Executive Directors and senior management

Nomination and Governance committee
- makes recommendations to the Board on its composition and that of its committees
- reviews and oversees the formulation and adoption of ABG corporate governance policies and procedures

Board changes during 2013

As previously noted, Mr Tomsett Mr Clow Ms English and Mr Lucas were appointed during the year as additional independent Non-Executive Directors, along with Mr Gordon as the Company's new CEO and sole Executive Director In addition, and as noted in the 2012 Annual Report, Mr Jennings the Company's former CFO, and Mr Pannell, the Company's former Acting Chairman, decided not to stand for re-election at the 2013 AGM in order to pursue other interests, and therefore left the Company in April 2013 Mr Hawkins, the Company s former CEO, also left the Company in August 2013

Retirement and re-election

Directors appointed by the Board since the 2013 AGM are required to offer themselves for re-election by the shareholders at the 2014 AGM under the Company's Articles of Association and we are mindful of requirements for annual re-election under the UK Corporate Governance Code Save for David Hodgson who has recently decided to step down from the Board, all remaining 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 and the specifications as regards each role are defined in accordance with this ABG's 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, Mr Tomsett assumed the position of Senior Independent Director ("SID") in April 2013 in accordance with UK Corporate Governance Code requirements The responsibilities and duties of the SID are determined in accordance with the requirements of the UK Corporate Governance Code In particular the SID is required to

- act as a sounding board for the Chairman,
- act as an intermediary for other directors, when necessary,
- ensure that an annual appraisal of the Chairman is conducted by the Non-Executive Directors without the Chairman present,
- be available to shareholders for discussion purposes, in cases where contact between such shareholders and the Chairman and/or CEO has been ineffective or is otherwise inappropriate

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

ABG BUSINESS MANAGEMENT FRAMEWORK

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 and employee 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

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 2013 Five meetings were held in person at the Company's London offices, and three meetings were held by teleconference Details of individual attendance are provided below Meetings included a formal strategy review with senior management From time to time, the Board schedules meetings so as to allow for a meeting to be held in Tanzania if appropriate, in order to provide for further access to 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 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

Board and committee attendance

	Board meetings		Audit committee		Compensation committee		Nomination and Governance committee		EHS&S committee		Technical 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
Current directors												
Kelvin Dushnisky	8	8	–	–	5	5	3	3	1	2	–	–
Brad Gordon*	3	3	–	–	–	–	–	–	–	–	–	–
Peter Tomsett*	5	5	3	3	3	3	1	1	–	–	–	–
Ambassador Juma V Mwapachu	8	8	–	–	–	–	3	3	4	4	–	–
Andre Falzon	8	8	5	5	4	4	–	–	–	–	–	–
David Hodgson	7	8	–	–	1	2	–	–	4	4	2	2
Michael Kenyon	8	8	4	4	5	5	–	–	–	–	2	2
Graham Clow*	5	5	–	–	–	–	–	–	2	2	2	2
Steve Lucas*	1	1	–	–	1	1	–	–	–	–	–	–
Rachel English*	2	2	1	1	–	–	–	–	–	–	–	–
Rick McCreary	7	8	–	–	–	–	–	–	2	2	2	2
Stephen Galbraith	8	8	–	–	–	–	–	–	–	–	–	–
*Former directors***												
Derek Pannell	2	2	1	2	–	–	2	2	1	2	–	–
Greg Hawkins	4	4	–	–	–	–	–	–	–	–	–	–
Kevin Jennings	3	3	–	–	–	–	–	–	–	–	–	–

* Appointed during the year

** Resigned/retired during the year Appointment and resignation dates are provided on page 84

Summary of the Board's work in 2013

The Board focused on the following areas in 2013

- Reviewing and monitoring the implementation of the Operational Review
- Operational and financial performance reviews
- Corporate governance structures and compliance review
- Capital project and exploration project reviews
- Corporate organisational structure review
- Mine planning reviews

As part of strategy and growth reviews, the Board commenced a further evaluation process of all of the Company's growth projects to ensure a prioritisation of projects that will drive profitable returns and production levels As regards asset optimisation and cost control reviews the Board continued to monitor and review management plans as regards life of mine planning for all of ABG's operations All of the above will continue to be focus areas in 2014 in addition to providing oversight to management's plans for the implementation of further cost and capital discipline controls and matters relevant to the ongoing organisational restructuring

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 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 review of this Annual 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 team also arrange ABG operational site tours for members of the analyst community, as and when appropriate

Majority shareholder

Barrick is the Group majority shareholder, holding approximately 74% of ABG 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

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 2014 AGM will be held on 24 April 2014 at 2 00 pm (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, EHS&S and Nomination and Governance 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 Annual 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

Certain other members of ABG s senior management team hold interests under Barrick's restricted stock unit plan as a result of prior employment within the Barrick Group These interests were acquired prior to joining ABG 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

The Board reviews conflicts of interest on a periodic basis and maintains a record of all declared conflicts

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

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 2013

Generally, ABG seeks to apply the provisions of the UK Corporate Governance Code wherever possible and for the reporting year it is the Board's view that ABG has applied and complied with the Main Principles of the UK Corporate Governance Code and its detailed principles, save that the position of SID was vacant until Mr Tomsett s assumption of this role in April 2013, Mr Dushnisky was not independent on appointment as Chairman and that an external search consultancy was not used in connection with this appointment Given Mr Dushnisky's experience within the mining sector, his skill set and his familiarity with the operating and geographical environment in which the Company's assets are located, the Board believes his appointment to be in the best interests of the Company and, furthermore, did not view the need to use any external search consultant in the circumstances In addition, the balance of independent and non-independent Directors required under the UK Corporate Governance Code applies from April 2013 onwards, following the appointment of Mr Tomsett and Mr Clow

Lastly, the latest edition of the UK Corporate Governance Code requires that the Board provides a fair, balanced and understandable assessment of ABG's position and prospects in its external reporting The 2013 Annual Report and Accounts is the first Annual Report and Accounts prepared under this obligation Accordingly, the Directors were responsible for its preparation and approval and consider the Annual Report and Accounts for 2013, taken as a whole, to be fair, balanced and understandable and believe that this provides the information necessary for shareholders to assess the ABG s performance, business model and strategy

ABG's external auditors have reviewed those parts of this statement, which they are 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

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 2014.

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

COMMITTEE EVALUATION FOCUS

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

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 2014

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 2014

KEY PERFORMANCE TARGETS AND ACTIONS FOR 2014

Progression of strategic aims and development of further strategic goals and objectives

Progression of organisational restructuring

Further enhancement of cost and capital discipline controls

Review of requirements for ABG s compliance, risk and governance environment

KEY PERFORMANCE TARGETS AND ACTIONS FOR 2014

Assessment of terms of reference, effectiveness of members' skills, experience and qualifications

Work plans and actions for 2014 individually set by each committee

Audit committee

Andre Falzon,
Committee chairman

Membership

	Meetings attended	Percentage of meetings attended
Andre Falzon (Chair)	5	100%
Peter Tomsett	3	60%
Rachel English	1	20%

Introduction

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), which together provides me with the relevant financial experience required for my position under applicable corporate governance standards As part of overall committee reviews during the year, Michael Kenyon and Derek Pannell retired from the committee and were replaced by Rachel English and Peter Tomsett Details of members' experience and qualifications are provided on pages 40 and 41 of the Governance report Our terms of reference require us to meet at least four times a year, and in 2013 we met five times The Chief Executive Officer, Chief Financial Officer, the Head of Risk and Internal Audit, members of the Company's finance and treasury function 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

- Ms English was appointed at the end of the year and Mr Tomsett was appointed mid-year therefore, their respective attendance reflects their time of appointment

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

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

Activities in 2013 and plans for 2014

Our activities during the year were wide ranging, comprising in particular the following

- Reviewing committee composition based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of changes introduced by the most recent edition of the UK Corporate Governance Code
- Reviewing the external auditors terms of engagement, plans, 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 and recommending the appointment of Andrew Wray as Chief Financial Officer
- Review succession planning for direct reports to the Chief Financial Officer and the Head of Internal Audit
- Reviewing enterprise risk registers, tax disputes and other litigation
- Reviewing whistleblowing arrangements to support reporting requirements under ABG s Code of Conduct and Anti-Fraud and Anti-Corruption policies

In 2014, the committee will continue to focus on all of the above matters, these being core to its remit of responsibilities

Significant issues considered by the committee in 2013

In addition to carrying out the activities referred to above, we reviewed and considered the following in the context of significant issues relating to ABG s financial statements

- **Impairment calculations and assessments** as a result of the significant movements in the gold price across the year and the related sensitivities of the carrying value of ABG's Cash Generating Units ("CGUs") to gold price movements, particularly in the context of Buzwagi and North Mara, management has been required to consider impairment testing of all Company assets throughout the year, particularly at the time of the Company's 2013 half-year report, and for purposes of the annual impairment review conducted at year end On a gross basis, and before taking into account the impact of deferred tax, the total impairment charge for 2013 amounted to US$690 5 million at Buzwagi, US$307 3 million at North Mara, US$46 6 million relating to Nyanzaga and US$16 7 million at Tulawaka The committee has reviewed and examined key assumptions used by management for impairment testing, in particular the long term average gold price used, and the factors relevant to this selection, such as the Company's operating cash cost levels, the basis on which these assumptions were made and related factors underpinning relevant mine planning, budgets and forecasts Views and contributions of the external auditors as regards the impairment testing procedures and key assumptions used formed part of the committee's review of all impairment test calculations The committee also relied on reviews undertaken by the Technical committee as regards matters falling within its remit of responsibilities Following these reviews, the committee satisfied itself that key assumptions used to ascertain the carrying value of the Company s CGUs had been appropriately reviewed and challenged and were therefore sufficiently robust for use The committee also reviewed the disclosure contained in this Annual Report and, in particular, the disclosure contained in the notes to the consolidated financial statements as regards impairment in order to satisfy itself of the accuracy and suitability of the disclosures so made

- **Indirect tax recoverability** as part of ongoing monitoring and review of taxation matters, we have reviewed the status recoverability and classification of the Company s indirect tax receivables relating to VAT charged on imports and the domestic supply of goods and services In this regard, we have received reports from management on the status of discussions and negotiations of such matters between management and the Tanzanian Revenue Authority ("TRA"), we have reviewed management s ongoing calculations of amounts so outstanding, the procedure established to recover refunds and amounts due under the escrow account established to fund refunds due in respect of portions of the receivable, the audit process followed to confirm such refunds, and the overall time frame for the receipt of such refunds against amounts outstanding under the receivable from time to time The committee has also taken into account the views and contributions of the external auditors as regards recoverability and classification of relevant indirect tax receivables Based on the foregoing, the committee has satisfied itself that the Company's indirect tax receivables are recoverable and appropriately classified in the circumstances and is satisfied with the suitability of the related disclosures contained in this Annual Report

- **Deferred tax** a number of tax assessments have been raised by the TRA in prior years which have been challenged by members of the ABG Group We have reviewed the basis of these assessments and discussed with management their views as to why the assessments are incorrect, along with the status of appeals and recent correspondence with the TRA We also discussed these matters with the external auditors Based on this review the committee concluded that the Company had sufficiently provided for any uncertain tax positions and that any material contingent liabilities had been adequately disclosed In addition, the committee reviewed the amount of deferred tax recognised with respect to losses incurred in previous periods and was comfortable with the amounts recognised

- **Inventory level assessments** as part of ongoing cost control and inventory management reviews the committee has reviewed and scrutinised management s inventory level maintenance processes existing inventory carrying values and the approach taken to ascertain write-downs, particularly as regards inventory at Tulawaka and Buzwagi Management reported to the committee on the procedures undertaken to determine and monitor inventory levels across the Group and overall supply chain procedures required to achieve optimal inventory levels In addition, management reported to the committee on all adjustments required to be made to inventory calculations, something which was further expanded through discussions with the external auditors as regards their analysis and treatment of these issues Based on this process the committee is satisfied that management's position and presentation of the Company s inventory and related costs are suitable in the circumstances

- **Going concern review** in addition to the matters stated above, all of which are relevant to the Board s assessment of ABG s position as a going concern – the statement relating to which is provided at page 33 – the committee also reviewed other matters relevant to ABG s liquidity, namely the ongoing availability of net cash balances, ABG s hedging strategy and policy, and the availability of funds under existing credit facilities Management reported to the committee on each of these matters and was questioned accordingly In this regard, the committee has also taken into account the views of the external auditors in order to satisfy itself of the position taken by the Board as regards to the appropriateness of the going concern assumption contained in this Annual Report

- **Fair, balanced and understandable review** at the request of the Board the committee has also reviewed the narrative content of the Annual Report in order to make a recommendation that the report satisfies revised narrative reporting requirements in that the Annual Report, when taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company s performance, business model and strategy In this regard the committee has taken advice from the company secretariat and the Company's legal function to satisfy itself of the relevant legal and regulatory framework underpinning this disclosure standard

Internal and external audit reviews

As regards internal audit throughout the year the committee received regular reports on matters under review by the internal audit function and has reviewed such matters and raised questions with the Head of Risk and Internal Audit accordingly We also reviewed the internal audit charter, mandate and performance in order to assess ongoing effectiveness, following which the committee concluded that the internal audit function remains effective and performs in accordance with requirements of the business

As regards external audit, we have assessed the effectiveness of the external audit process via responses to surveys received from the Chief Financial Officer, members of the finance and treasury function, and in particular members of the Company's financial reporting team and the company secretariat The survey comprised a range of factors including the following

- Progress achieved against the agreed external audit plan
- Competence with which the external auditors handled key accounting and audit judgements and communication of the same between management, the committee and the external audit team
- Compliance with relevant regulatory, ethical and professional guidance on rotation of lead audit partners
- Qualifications, expertise, resources and the external auditor s own assessment of their quality control procedures
- The stability and continuity provided to the business as a result of the continued appointment of PricewaterhouseCoopers LLP ("PwC") as external auditors

Based on this assessment, the committee concluded that the external auditors remain effective and we will be recommending the re-appointment of the external auditors at the forthcoming AGM in light of this assessment As regards external audit tender considerations, PwC have acted as external auditors for the ABG Group since its listing on the London Stock Exchange in March 2010 We continue to monitor developments and best practice in this area and are mindful of guidance published during the year by the Financial Reporting Council, the findings contained in the Competition Commission's final report on its market investigation into the supply of statutory audit services to large companies in the UK, and ongoing developments in a wider European context as regards audit tendering requirements Going forward the committee intends to put the audit services out to tender at least once every 10 years, to enable the committee to compare the quality of effectiveness of the services provided by the incumbent auditor with those of other audit firms In respect of such tender, the committee will oversee the selection process and ensure that all tendering firms have such access to information and individuals as is necessary for the duration of the tendering process As regards non-audit services provided by the external auditors, the committee reviews the status of all non audit services on a quarterly basis and is required to consider, and where appropriate provide prior approval for, the provision of all non audit work by the external auditors to ensure that any such work can be conducted without adversely affecting auditor independence Generally, any such non-audit work is limited to matters relating to taxation, this being directly relevant to the financial assessment and external audit of the Company Non-audit services will not be approved in instances where the related fee would have a material bearing on the level of work required to be undertaken for the external audit itself, in order to ensure that auditor objectivity and independence is safeguarded In addition to this, senior members of the external audit team and the lead audit partner rotate periodically and at least every five years in line with PwC s internal policies on independence As a company we also maintain a strict discipline on the recruitment of any former employees of the external auditors to ensure independence is not undermined in this regard

EHS&S committee

Ambassador Mwapachu,
Committee chairman

Membership

	Meetings attended	Percentage of meetings attended
Ambassador Mwapachu (Chair)	4	100%
David Hodgson	4	100%
Graham Clow	2	50%
Rachel English	0	0%

Introduction

I assumed the role of chairman of the committee this year following the Board's review of the composition of all of its committees, in light of my wide-ranging experience within Africa generally and David Hodgson's assumption of the role of chairman of the Technical committee David Hodgson, Graham Clow and Rachel English act as the other members of the committee following the retirement of Kelvin Dushnisky, Rick McCreary and Derek Pannell from the committee during the year Details of members' experience and qualifications are provided on pages 40 and 41 of the Governance report Our terms of reference require us to meet at least twice a year, and in 2013 we met four times The Chief Executive Officer and those involved in the Company's environmental, health, safety and security ("EHS&S") and corporate social responsibility ("CSR") functions also attend committee meetings on a regular basis to discuss matters within our remit of responsibilities

- Ms English was appointed at the end of the year and Mr Clow was appointed mid-year therefore, their respective attendance reflects their time of appointment In this regard no meetings of the committee were held following Ms English s appointment

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

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, CSR and security matters, reviewing the effectiveness of Group 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

Activities in 2013 and plans for 2014

Our activities during the year were wide ranging, and comprised the following in particular

- Reviewing committee composition, based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of ongoing developments within the Company's business and operating environment
- Reviewing ABG s EHS&S and CSR strategies 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
- Reviewing and monitoring the status of occupational, health and safety targets and systems
- Identifying and reviewing specific focus areas in the context of performance and strategic reviews, including ABG s community relations and community investment strategy and approach, ABG's environmental and permit management approach, ABG's security strategy and management systems and controls, ABG's strategy as regards artisanal and small-scale miners and the development of alternative livelihoods, ABG s government relations and public relations approach, and stakeholder engagement strategies

We also received regular updates and reports on progress made as regards ABG Maendeleo Fund initiatives and we reviewed management s plans to address certain operational requirements having a CSR nexus, such as land acquisition and resettlement and the Tulawaka closure In 2014, the committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities

Nomination and Governance committee

Kelvin Dushnisky,
Committee chairman

Membership

	Meetings attended	Percentage of Meetings attended
Kelvin Dushnisky (Chair)	3	100%
Ambassador Mwapachu	3	100%
Peter Tomsett*	1	33%

Introduction

I assumed the role of chairman of the committee this year, following the departure of Derek Pannell Ambassador Mwapachu and Peter Tomsett act as the other members of the committee Details of members' experience and qualifications are provided on pages 40 and 41 of the Governance report Our terms of reference require us to meet at least twice a year, and in 2013 we met three times The Chief Executive Officer and external advisers also attend committee meetings to discuss matters within our remit of responsibilities

* Mr Tomsett was appointed mid-year therefore his attendance reflects his time of appointment

Key responsibilities

We play a leading role in reviewing the structure, size and composition of the Board and in reviewing prospective new Board appointments and succession planning requirements We also have primary responsibility for making recommendations to the Board on the composition of Board committees and we manage recommendations for the retirement and replacement of Directors As mentioned in my introduction to the Governance report, the Board has recently taken the decision to expand our remit of responsibilities to include the delegation of authority for the oversight and determination of ABG's corporate governance policies and procedures This requires not only a review of ABG's compliance with applicable corporate governance standards but also includes delegated authority to monitor and review independence requirements and the Company's practices and procedures as regards the management of actual and/or potential conflicts of interest

Activities in 2013 and plans for 2014

Our activities during the year were wide ranging, and comprised the following in particular

- Reviewing committee composition based on succession planning, skill set and qualification requirements
- Reviewing our terms of reference and our remit of responsibilities in light of ongoing developments within the Company's business and operating environment and developments within a corporate governance context
- Reviewing the Board's structure, size and composition in the context of the Company's strategic and business objectives and identifying candidates and making recommendations as regards new independent Non-Executive Director appointments
- Assisting in the recruitment process for the Company s new CEO
- Monitoring and reviewing the Company's procedures for Board appointments and the reappointment of Directors in accordance with the Board assessment and skills matrix
- Reviewing key regulatory and other developments relevant to the committee s role and responsibilities

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

NOMINATION AND GOVERNANCE COMMITTEE CONTINUED

The committee also provided oversight and review of the Board and Board committees annual performance and effectiveness evaluations, an overview of which is provided on page 48 In 2014, the committee will continue to focus on the majority of the above matters, these being core to its remit of responsibilities In addition to this, the committee will monitor the execution of action items from all performance and effectiveness evaluations, and we will also conduct appropriate corporate governance policy and procedure reviews throughout the year

Generally, we assess all Board appointments on merit and against objective criteria As regards diversity whilst the Company has not adopted a formal policy, we base all recruitment on the premise that we strive 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 Above all, we aim to hire all individuals on the basis of the best candidate for all positions, at all levels, including Board and senior management positions, irrespective of gender

Save for appointments made by Barrick under nomination rights contained in the Relationship Agreement, Board appointments are made on the basis of pre-determined job descriptions which include, as regards independent Non-Executive Directors, estimates of time commitment requirements From a recruitment and candidate search perspective, our existing Directors provide access to a wide network of potential Board appointment candidates, particularly within the extractive industry, as a result of their collective experience and standing within the extractive sector In addition to this, we look to retain external search consultants to assist us in identifying potential candidates for Board positions, when appropriate to do so This year we retained Egon Zehnder to provide assistance as regards the recruitment process used for Brad Gordon, and Russell Reynolds Associates to provide assistance in the identification and recruitment of new independent Non-Executive Directors Neither firm has any other connection with the Company As previously explained in earlier sections of the Governance report, in light of my existing knowledge and experience with the Company and its operations the Board did not feel it appropriate to use an external search agency in connection with my appointment as Chairman

Technical committee

David Hodgson,
Committee chairman

Membership

	Meetings attended	Percentage of Meetings attended
David Hodgson (Chair)	2	100%
Rick McCreary	2	100%
Michael Kenyon	2	100%
Graham Clow	2	100%

Introduction

I act as the chairman of the committee, with Rick McCreary, Michael Kenyon and Graham Clow acting as the other members Details of members' experience and qualifications are provided on pages 40 and 41 of the Governance report Our terms of reference require us to meet at least twice a year, and in 2013 we met twice The Chief Executive Officer and individuals involved in the Company's technical, operational and geology functions also attend committee meetings on a regular basis to discuss matters within our remit of responsibilities

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

Key responsibilities

The Board took the decision to form the committee during the latter half of 2012 in order to provide further assistance and oversight for the review of the Company s planning and capital allocation procedures, reserves and resources estimates and matters relating to ABG's exploration programmes

Activities in 2013 and plans for 2014

Our activities during the year comprised the following in particular

- Reviewing the Group's mine planning processes
- Reviewing life of mine plans in particular the new life of mine plans adopted for Buzwagi and North Mara
- Reviewing existing capital applications for the Group s ongoing capital projects
- Reviewing the Group's reserves and resources estimates and, in particular, the annual reserves and resources estimate published as part of this Annual Report
- In collaboration with the Audit committee and the Board as a whole, reviewing relevant assumptions and technical considerations for Group impairment tests and impairment calculations
- Reviewing ABG s exploration programme and making recommendations as regards the priority of projects and programmes
- Conducting a site review of all of ABG's operations

Where relevant and appropriate the committee has made recommendations to the Board in respect of the above As noted above, all members of the committee participated in a site visit of ABG's operations during the year as part of the committee's activities In 2014, the committee will continue to focus on the above matters, these being core to its remit of responsibilities, under the guidance of Graham Clow who will act as chairman of the committee following my departure from the Board at the forthcoming AGM

Enhancing compensation structures

Michael Kenyon,
Committee chairman

Dear Shareholders,
On behalf of the Board I am pleased to present the Directors' Remuneration Report for the financial year ending 31 December 2013

Company performance in 2013 has been strong overall, in terms of the progression of the business and the achievement of a number of key operational and financial performance targets Key performance highlights include achieving annual attributable gold production of 641,931 ounces of gold, 7% higher than the upper end of ABG's 2013 production guidance range, at annual cash cost per ounce sold of US$827, being 10% lower than the lower end of our cash cost guidance range set for the year, and achieving a year on year AISC reduction of 14% whilst achieving a total reportable injury frequency rate of 0 68 for the year, an 18% reduction on 2012 We also continued to see good progress in wider areas relating to responsible mining initiatives

As part of our ongoing review of compensation practices, during the year we decided to adopt the following to better align the interests of Executive Directors with shareholder interests and expectations

Executive Director Shareholding guidelines – we have adopted shareholding guidelines that require individuals to build up a shareholding equal to two times base salary over a five-year period

Changes to the assessment of TSR performance condition for Long-Term Incentive Plan ("LTIP") awards – this year we have taken the decision to discontinue the practice of assessing the Company's TSR performance, applicable to the vesting of Executive Director LTIP awards, against the weighted mean TSR of our comparator group Going forward, we have decided that vesting will be based on outperformance of the unweighted median TSR in order to simplify current practices, enhance transparency and better align our approach with UK market practice This change also requires TSR performance to be at least equal to that of the applicable comparator group in order to receive any payment under LTIP awards

Changing the TSR comparator group for operation of the LTIP – in addition to enhancing the operation of the TSR performance condition during the year we decided to change the comparator group relevant for the assessment of the TSR performance condition Going forward, vesting of Executive Director LTIP awards will be determined by reference to the constituents of the Euromoney Global Gold Index This decision was taken to provide further objectivity to the TSR assessment and to address wider considerations applicable to the performance of participants in the gold mining industry

Change of control – change of control provisions have been removed from Executive Director service contracts and, going forward, will not be used for such service agreements

Directors' Remuneration Policy

In addition to conducting a general review of compensation practices during the year, the committee also considered the recruitment arrangements for Brad Gordon, the Company's new CEO, the appropriate package for Andrew Wray s assumption of the role of CFO, and the remuneration package for Michelle Ash, who was recruited during the year to act as ABG s Executive General Manager for Planning and Business Improvement The committee also reviewed the exit arrangements for Greg Hawkins following his stepping down as CEO, details of which have been provided as part of the 2013 Annual Report on Remuneration

As regards significant decisions for 2014, in light of the ongoing implementation and deepening of the Operational Review, and in particular the ongoing efforts to streamline our organisational structure and the impact that this will likely continue to have on the wider ABG workforce, we have taken the view that it would be inappropriate for the CEO and all other members of the Senior Leadership Team to receive salary increases for 2014 We have also decided to maintain the current level of maximum opportunities available to members of the Senior Leadership Team ("SLT") under performance-related incentive plans (Short-Term Incentive plan, Long-Term Incentive Plan and Stock Option Plan), whilst enhancing the targets used to assess applicable performance metrics, particularly the targets used to assess performance metrics applied to the assessment of awards under the Short Term Incentive plan These efforts and decisions reflect the Board's increasing expectations of management and our continued development of practices which promote pay for performance In this regard, it is important to note that all of the decisions we have taken regarding plans for the structure of senior management remuneration in 2014 have received the full support of the SLT as a whole, reflecting their ongoing dedication to business improvement and their commitment and focus on driving existing operational and cost control initiatives further

As required under the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the remaining content of this Remuneration Report is divided into the Directors Remuneration Policy (pages 57 to 64) and the Annual Report on Remuneration for 2013 (pages 65 to 75) The Directors Remuneration Policy will be put to shareholders for approval in a binding vote at the forthcoming AGM and will come into effect immediately following such approval Save for the developments referred to above, the proposed policy remains largely consistent with that operated for 2013 and approved at the 2012 AGM

ABG's approach to Directors' remuneration

ABG's approach to Directors remuneration aims to attract, motivate and retain individuals of the calibre and with the talent necessary to manage our strategic and business objectives, to lead our workforce and operations and drive our Company and business forward in a challenging and complex operating environment and industry, in order to deliver sustainable shareholder returns We aim to achieve this by offering competitive packages benchmarked against general market practice within the global mining industry, based on an ethos of pay for performance and without rewarding for failure

To achieve this we have formulated our Directors Remuneration Policy ("Remuneration Policy") on the basis of the following objectives

- Remaining competitive with international gold mining, general mining and FTSE listed companies of a similar size and complexity
- Aligning the interests of Directors, and in particular Executive Directors, with the short and long-term interests of shareholders
- Linking executive remuneration to the performance of the Company and, where appropriate, the individual
- Achieving an appropriate balance between fixed and performance-related pay
- Incorporating performance metrics that support and promote the progression of the key performance indicators used to monitor performance across the wider business
- Setting challenging performance targets that reward delivery and success
- Reinforcing key business imperatives and strategy
- Reflecting developments affecting the ABG Group's wider workforce

In defining our Remuneration Policy we have taken into account advice received from external consultants and external legal counsel, best practice guidelines on executive remuneration issued by institutional bodies, such as the Association of British Insurers, and have also taken into account feedback from our shareholders, notably in the context of their voting at AGMs In addition, whilst we do not consult employees on the formulation of the Remuneration Policy, we do take into account wider developments as regards our compensation practices for our wider employee base This is particularly the case when determining salary increases for the CEO and the Senior Leadership Team as part of overall annual salary reviews For example, in 2013 the average salary increase across the Group was 8% compared to 3% for the CEO

Implementing our Remuneration Policy

We structure remuneration packages using a mixture of fixed and performance-related components We have also adopted shareholding guidelines to ensure alignment between Executive Directors, Non-Executive Directors and shareholders

Fixed components of remuneration packages for Executive Directors comprise base salary, pension and taxable benefits Performance-related components are delivered via the following performance-incentive plans

Short-Term Incentive ("STI") – a cash-based annual bonus incentive designed to focus executives on the delivery of key short term operational objectives in order to reinforce business priorities for each financial year This incentive scheme is measured on the basis of Company-wide performance and, where appropriate, individual performance Performance metrics are set on an annual basis, reflecting wider key performance indicators used across our business and strategic objectives set for the Company The targets for the performance metrics vary from year to year and take into account ongoing business needs and priorities when setting appropriate base, target and stretch thresholds

Long-Term Incentive Plan ("LTIP") – a long term incentive plan that provides for the award of conditional shares, share options and restricted stock units, but that is primarily used to grant restricted stock units ("RSUs") Awards made to Executive Directors vest on the basis of TSR performance condition(s) (share price and dividends), assessed over a three-year performance period Historically, the TSR performance condition was assessed on the basis of the Company's relative TSR performance against the weighted mean TSR of a comparator group of companies consisting of international gold miners Going forward, the Company will assess TSR performance on outperformance of the unweighted median TSR against the constituents of the Euromoney Global Gold Index The LTIP aims to reward long-term decision making and performance that delivers long-term shareholder value and returns The Compensation committee considers that relative TSR is an appropriate performance measure for the LTIP because it captures objectively the shareholder return delivered over the long term and is less sensitive to short term changes in the gold price than many alternative measures commonly used in LTIPs

Stock Option Plan ("SOP") – a stock option plan pursuant to which options are granted over Company shares on a nil-cost basis and with an exercise price equal to the fair market value at the date of grant Grants vest in equal parts over four years and expire seven years from the date of grant The application of a performance condition to SOP awards is discretionary in order to ensure that SOP awards can be used for retention and recruitment purposes, in addition to incentive purposes This incentive arrangement aims to reward long term decision making and performance that delivers shareholder value and returns over the long term and also provides a basis on which executives can build a stake in the Company, further aligning interests between management and shareholders

The proportion of Executive Director total remuneration that is performance-related is significant for target performance in order to drive a culture of pay for performance The performance targets set for any given year are set at such a level as to be stretching but achievable, with regard to the particular strategic priorities and economic and industry developments for the year in question Further details of fixed and performance-related components of our Remuneration Policy are provided in the Summary Table of Executive Directors' Remuneration Policy In addition to the above elements of remuneration, the Compensation committee may consider it appropriate to grant incentive awards under a different structure in order to facilitate the recruitment of an individual, exercising the discretion available under Listing Rule 9 4 2 R The Compensation committee also retains various discretions in order to assess Executive Director exit and severance arrangements when necessary, in order to ensure that any severance and exit arrangements entered into by the Company with exiting individuals are fair and reasonable in the circumstances Further information regarding our approach to Executive Director recruitment is provided at pages 61 to 62 and further information as regards our approach to determining Executive Director exit arrangements is provided at pages 62 to 63

Our Remuneration Policy as regards Non-Executive Directors is based on the payment of appointment fees, comprised of a base fee and additional fees for the role of Senior Independent Director, Board committee chair and committee membership fees Independent Non-Executive Directors may also make elections to receive deferred share units ("DSUs") under the Company's Deferred Share Unit Plan ("DSU Plan") in lieu of all or part of the annual fees, details of which are provided on pages 63 and 64 Non-Executive Directors are not eligible to participate in the STI, LTIP or SOP

Use of Remuneration Policy across the ABG workforce

In general, we apply our Remuneration Policy to Executive Directors and all members of the Senior Leadership Team alike to ensure that all key individuals involved in the day to day management and oversight of the Company are appropriately awarded and motivated to drive the Company forward All members of the SLT are eligible for awards under the STI, LTIP and SOP and their performance targets are the same as, or cascaded from, the targets set for the Executive Directors In addition, certain LTIP awards may be made to members of the SLT on a time-only vesting basis to assist with retention The Compensation committee reviews and approves the individual remuneration packages for all members of the SLT to ensure they are appropriate in the circumstances The committee also reviews and approves all annual base salary increases and annual incentive awards made for these individuals for the same purpose The reward framework at other senior executive levels also focuses heavily on performance-related remuneration In addition to the SLT key senior employees participate in the LTIP, including mine General Managers and members of their respective mine management teams, departmental and functional heads, and individuals who are otherwise identified as high potential/performing employees for business performance and succession planning purposes By adopting this approach, the Company seeks to promote the alignment of individual interests with those of shareholders in order to drive the business forward

Within the wider workforce, there is alignment on overall ABG Group targets under the annual bonus plan this is then supported by relevant team and individual targets to focus colleagues on key deliverables in their area of the business The specific bonus framework varies by job level and scope, as appropriate

SUMMARY TABLE FOR EXECUTIVE DIRECTORS' REMUNERATION POLICY

Fixed remuneration

	Base salary	Pension	Benefits
Purpose	To provide an 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	To help provide for an appropriate retirement benefit	To provide benefits which are competitive in the market in which the individual is employed
Operation	Reviewed annually, with any adjustments effective 1 January and made at the discretion of the Compensation committee Salaries are benchmarked against international gold mining, general mining and FTSE listed companies of similar size and complexity The Compensation committee also takes into account corporate and individual performance and experience, general market conditions, and salary increases applied within the Company as a whole	Executive Directors receive contributions into a personal pension scheme of their choice, or a cash supplement of commensurate value The Group does not operate any defined benefit schemes	Executive Directors receive benefits, which usually include the provision of a company car or cash alternative, health and life insurance, liability insurance, fitness club membership and professional membership, however, the Compensation committee retains discretion to approve any other form of benefit that it deems appropriate to award depending on individual circumstances For example, relocation allowances and international transfer related benefits are often provided for, when required, in line with general industry practices for the recruitment of international employees
Opportunity	To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy It is not anticipated that salary increases for Executive Directors will exceed those of the wider workforce over the period during which this Remuneration Policy is effective Where increases are awarded in excess of the wider employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration	Executive Directors receive contributions or an equivalent cash supplement equal to a percentage of gross base salary in line with market norms at the relevant point in time	The value of benefits will generally be assessed on the basis of market norms at the relevant point in time The Compensation committee retains the discretion to approve a higher total cost of benefits in exceptional circumstances (e g relocation) or in circumstances where factors outside the Company's control have changed materially (e g increases in medical coverage inflation)
Performance measures	Not applicable	Not applicable	Not applicable

Short-Term Incentive (STI)

Purpose	To reinforce the delivery of key short-term operational objectives on an annual basis in order to promote performance as regards business priorities for each financial year in the context of individual and Company performance
Operation	Performance measure weightings and targets are set at the start of the year and weighted to reflect business priorities At the end of the year, the Compensation committee determines the extent to which targets have been achieved, taking into account Company-wide performance and the individual performance of each Executive Director STI payments are delivered in cash, clawback provisions apply to any STI payment made to an Executive Director in the event of individual misconduct or financial misstatement/misreporting
Opportunity	The STI provides Executive Directors with an annual bonus opportunity in the range of 0% to 150% of base salary, with target bonus opportunity of 75% of base salary
Performance measures	Bonus outcomes are assessed by the Compensation committee on a scorecard assessment, based on the achievement of the targets set for each performance measure and the committee's broad assessment of Company performance Performance measures are based on challenging budget and stretch targets for Company-wide financial and operational performance and, where appropriate, individual performance Performance measures may include financial, operational, growth production, cost and capital expenditure control and sustainability metrics Performance measures are selected annually to reflect key strategic initiatives and matters underpinning the key financial and non-financial performance indicators used to manage performance across the ABG Group Performance measures will be weighted appropriately each year according to the business plan Weightings of performance measures may vary, typically up to 10% and 50%, with the range of performance required under each measure calibrated to reflect the Company's annual published guidance range, particularly as regards production, cash costs and capital expenditure For threshold performance, the STI is anticipated to be 75% of Executive Director base salary, unless otherwise determined by the Compensation committee Whilst performance measures, weightings and targets for any given year will not be disclosed on a prospective basis due to commercial sensitivities, the Compensation committee aims to provide such details retrospectively as part of the Annual Report on Remuneration, unless ongoing commercial sensitivities discourage such disclosures

Long-Term Incentive Plan (LTIP)

Purpose	To reinforce an enterprise culture that promotes and protects shareholders' long-term interests so as to reward long-term decision making and performance that support the delivery of shareholder returns and drive shareholder value over the long term
Operation	Awards of conditional shares, options or restricted stock units ("RSUs") may be granted annually, with the maximum value that may be awarded to each Executive Director defined as a percentage of base salary at the date of grant Vesting is based on ABG's corporate performance over a three-year period There is no retest provision Clawback provisions are included in the LTIP for Executive Directors, whereby an award is subject to clawback for one year from the vesting date (or exercise date, if relevant) in the event of exceptional circumstances of individual misconduct or financial misstatement/misreporting
Opportunity	The LTIP permits a maximum award with a value equal to 200% of base salary at the time of grant to be made each year under normal circumstances The Committee may exceed this limit in exceptional circumstances only Such circumstances would include, for example, specific recruitment or retention scenarios The exercise of this discretion would be assessed in each case on the circumstances in question LTIP awards granted for annual incentive purposes are ordinarily granted at a target level equal to 150% of base salary at the time of grant Maximum performance, which will be assessed as 35% outperformance of the unweighted median TSR over the performance period going forward, can deliver vesting of up to 2x the target value of the award, i e an award with a value of 150% of base salary at the time of grant would, if maximum performance were achieved, vest at a value equal to 300% at the time of vesting Additional RSUs are credited to reflect dividends paid on ABG Ordinary Shares prior to the vesting date Such RSUs are subject to the same vesting provisions as the underlying awards
Performance measures	Subject to continued employment and ABG's relative TSR performance over a three-year performance period when compared to the constituents of the Euromoney Global Gold Index TSR performance must be at least equal to that of the TSR comparator group in order to receive any payment under LTIP awards, at which level 50% of the target award will vest If no entitlement has been earned at the end of a three-year performance period, awards will lapse The Compensation committee reviews the comparator group of international gold miners against which TSR performance is measured from time to time to ensure it remains appropriate The Compensation committee has the discretion to determine the treatment of comparators in the event of their delisting or otherwise in any event which, in the opinion of the committee compromises the suitability of a company as a comparator for ABG Additionally, the committee may, at its discretion, reduce the number of awards vesting in the event that the achievement against the performance condition is not a genuine reflection of the underlying performance of the Company More generally, the performance measures applied to LTIP awards are reviewed periodically to ensure they remain aligned with shareholder interests and, in this regard the committee retains discretion to employ performance measures other than TSR to the LTIP in order to allow for performance assessments to evolve over time

Share Option Plan (SOP)

Purpose	To reinforce an enterprise culture that promotes and protects shareholders' long term interests, so as to reward long-term decision making and performance that support the delivery of shareholder returns and drive shareholder value over the long term
Operation	Whilst the LTIP is expected to be used as the main long-term incentive for Executive Directors going forward, the committee retains the ability to grant stock options under the SOP where appropriate, such as in recruitment or retention scenarios The Compensation committee will set a vesting period for SOP awards appropriate to the circumstances at the time of grant Historically, this has included vesting in equal parts over four years or vesting after three years All awards expire seven years from the date of grant There are no clawback provisions included under the SOP
Opportunity	The SOP permits a maximum share option award with a value equal to 200% of base salary at the time of grant to be made each year under normal circumstances The committee may exceed this limit in exceptional circumstances only Such circumstances would include, for example, specific recruitment or retention scenarios The exercise of this discretion would be assessed in each case on the circumstances in question In the event that a stock option award was used for annual incentive purposes, such awards would ordinarily be granted at a target level equal to 150% of base salary at the time of grant In this regard, the committee would look to use an appropriate valuation model for example, the Black-Scholes model, for purposes of ascertaining the fair value of any award made
Performance measures	The Compensation committee determines the performance metrics applying to share option awards as appropriate to the circumstances at the time of grant, based on the purpose of making such award, i e whether for recruitment, retention or as a matter of annual performance incentive Generally, in the event that the committee were to grant an SOP award as an incentive, it would look to apply an appropriate performance condition

Shareholding guidelines

Purpose	To align the interests of Executive Directors with shareholders through the building up of a significant shareholding in the Company
Operation	Executive Directors are required to establish a minimum shareholding holding equivalent to two times base salary over a period of five years Shareholding requirements may be satisfied by interests under LTIP awards
Performance measures	Not applicable

Pay-for-performance scenario analysis

The chart below provides an estimate of the potential future reward opportunity for the Chief Executive Officer, and the potential split between the different elements of remuneration under three different performance scenarios Minimum, On-target and Maximum

Potential reward opportunities are based on the Remuneration Policy applied to the latest base salary The STI and LTIP are based on the level of maximum opportunities applied in 2014 Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant and the projected value excludes the impact of share price movement

The minimum scenario reflects base salary, pension and benefits (i e fixed remuneration) which are the only elements of the Chief Executive Officer s remuneration package not linked to performance

The on-target scenario reflects fixed remuneration as above, plus target STI (75% of salary) and target vesting of the LTIP (150% of salary)

The maximum scenario reflects fixed remuneration, plus maximum payout under all incentives (150% of salary under the STI and full vesting of an LTIP award at maximum performance, which would be equal to 300% for an award granted at target of 150% of base salary)

Use of Compensation committee discretions

Generally, it is not possible for any remuneration policy to pre-empt every possible scenario and for this reason the Compensation committee has been provided with the ability to apply various discretions and judgements in order to ensure the achievement of fair outcomes and to maintain the flexibility required to balance the interests of individuals and those of the Company For example, the Compensation committee may be required to exercise discretion when determining whether or not the outcomes of performance measures and targets applicable to incentive plans are fair in context, or if realities encourage the use of upward or downward adjustments By means of illustration, this may be the case as a result of the impact of wider socio-economic or political factors or market-wide developments that were generally unforeseeable or remote at the time of setting performance measures, but nonetheless occur during a performance period It is for such reasons that the Compensation committee retains a number of discretions for the operation of all incentive schemes (STI, LTIP and SOP) including, but not limited to, the ability to determine the following

- Scheme participants
- The timing of grant and size of awards
- Appropriate treatment of vesting of awards in the context of restructurings and/or takeovers
- Appropriate adjustments to awards in the event of variations to the Company s share capital
- Absent specific bad leaver scenarios, the ability to determine and designate leavers as good leavers in order to determine appropriate treatment of awards in exit scenarios
- Treatment, size and grant of awards in a recruitment context
- The application, scope, weighting and targets for applicable performance measures and performance conditions from time to time, including any amendments to existing performance measures/conditions and related targets

Whilst it may not be possible to give an exhaustive list of Compensation committee discretions, the exercise of discretions and the rationale underpinning their use, if any, will generally be provided in context, as part of the Annual Report on Remuneration

Approach to recruitment of Executive Directors

When determining the remuneration package for a new Executive Director the Compensation committee aims to offer a package that is sufficiently competitive, to attract motivate and retain candidates of the calibre and experience required to run our business This will generally be determined in each case not only in the context of the skills required for a position and those of each candidate, but will also be determined on the basis of recruitment trends within the global mining industry and any additional considerations relevant to the recruitment of executives in the FTSE, and other markets outside of London In addition our approach to recruitment will also depend on whether we use external recruitment or internal promotion routes

External recruitment

In determining appropriate remuneration for an external candidate, the Compensation committee will take into consideration all relevant factors (including quantum, the nature of remuneration and the jurisdiction the candidate was recruited from) to ensure that arrangements are in the best interests of the Company and its shareholders For such purposes, the Compensation committee may make use of all of the existing components of the Remuneration Policy as follows

	Component	Approach	Maximum annual grant value
Fixed remuneration	Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of two to three years subject to their development in the role	N/A
	Pension	New appointees will receive pension contributions or an equivalent cash supplement, which is equivalent to that received by existing executives and in line with market norms	
	Benefits	New appointees will be eligible to receive benefits which may include (but are not limited to) the provision of a company car or cash alternative, private medical insurance and any necessary relocation expenses	
Variable remuneration	STI	The STI described in the Summary Table of Executive Directors Remuneration Policy will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year Targets for the individual element will be tailored towards the executive	150% of salary
	LTIP	New appointees will be granted awards under the LTIP on the same terms as other executives, as described in the Summary Table of Executive Directors' Remuneration Policy	200% of salary
	SOP	New appointees may be granted awards under the SOP, as described in the Summary Table of Executive Directors' Remuneration Policy	200% of salary

* Based on target level award can be higher in circumstances deemed by the Committee to be exceptional, i e where it is necessary to buy out incentive arrangements or make offers equivalent to sign-on bonuses

The Compensation committee may also make an award under one of the Company s incentive plan outlined above in respect of a new appointment to buy out incentive arrangements forfeited on leaving a previous employer In doing so, the committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the term remaining to their vesting In addition, where candidates are recruited from overseas, the Committee may be required to consider additional benefits received in the home jurisdiction or arrange for a form of substitution of such benefits in addition to the payment of suitable relocation allowances The Compensation committee may also consider it appropriate to grant an award under a structure not included in the Remuneration Policy, exercising the discretion available under Listing Rule 9 4 2 R where necessary Such an award would include, for example, a sign-on payment The recruitment package used to appoint Brad Gordon is outlined in the Annual Report on Remuneration

Internal promotion
In cases of appointing a new Executive Director by way of internal promotion, the Committee will be consistent with the policy used for external appointees detailed above Where an individual has contractual commitments made prior to his or her promotion to Executive Director level, the Company will continue to honour these arrangements even in instances where they would not otherwise be consistent with the prevailing Remuneration Policy at the time of appointment

Approach to Executive Director exit arrangements
Executive Director service contracts, including arrangements for early termination, are carefully considered by the Compensation committee and are designed to recruit, retain and motivate directors of the quality required to manage the Company The committee considers that appointments of an indefinite term and with a notice period of one year to be appropriate The service contract used for the Company's current CEO being the sole Executive Director at present, provides for compensation of 12 months' salary in the event of early termination The Company has the discretion to pay such compensation in instalments, requiring the Executive Director to mitigate loss (i e by gaining new employment) over the relevant period, or in a lump sum If notice to terminate is served by either the Executive Director or the Company, the Executive Director can continue to receive basic salary, benefits and pension for the duration of his/her notice period during which the Company may require the individual to continue to fulfil his/her current duties or may assign a period of garden leave, depending on the circumstances in question The service contract used for any new hire would be based on similar terms The CEO's service contract is available for inspection at the Company's registered office

Generally, in an exit scenario the Company will honour all contractual entitlements, this being a matter required by the operation of law, and for individuals who relocated from overseas, reasonable relocation costs will be considered as appropriate in the circumstances

The treatment of incentive arrangements in exit scenarios are considered on a case-by-case basis, taking into account the relevant contractual terms of the individual, the circumstances of the exit and any applicable duty to mitigate Generally, the payment of incentives as part of exit arrangements is determined on the basis of good leaver/bad leaver and change of control scenarios Summary termination, termination for gross misconduct or gross negligence or termination in circumstances which would justify summary termination are all examples of bad leaver scenarios Good leavers include individuals who have left the Company as a result of retirement, injury, disability or death In addition, the Compensation committee retains the discretion to determine any leaver that is not a bad leaver as a good leaver This discretion is viewed as necessary by the Company given the vast range of scenarios in which an individual may leave the Company where conduct is not at issue The availability of this discretion is particularly key in exit scenarios in which an individual's performance *per se* is not at issue Whilst it is not possible to provide an exhaustive list of such scenarios, examples would include circumstances in which the Board determines a need to change the Company's strategic direction or focus, or is required to review Board and management composition generally, as a result of operational or market developments, or other developments in the business, such as entry into new markets or a restructuring of the business In any event, when exercising such discretion the Compensation committee would always recognise and take into account the balance of shareholder interests and those of the departing individual

The table below summarises how the variable incentives are typically treated in specific circumstances, subject to the exercise of the discretions generally described above

Event	Timing of vesting	Calculation of vesting/payment
Short-Term Incentive		
Any event	No automatic eligibility for payment	The committee may exercise discretion to award a bonus for the performance year Such discretion would generally only be used in good leaver scenarios If an award is made, the award will be made on a pro-rata basis for the period of time served to the agreed termination date Any STI payment would be subject to applicable STI performance measure and target assessments for the year in question
RSUs and Stock Options		
Resignation	Awards lapse	Not applicable
Retirement, injury, disability, death or any other leaver determined by the committee to be a good leaver	As set out in the vesting schedule determined at grant	Vesting of RSUs is calculated based on performance to the end of the relevant performance period with awards pro-rated to reflect time employed Note the committee may exercise discretion to waive time pro-rating of award Stock Options vest in full subject to the vesting schedule determined at grant Any Stock Options which remain unexercised six months from the vesting date will lapse
Change of control (not including internal reorganisations)	Date of change of control	The committee determines whether and to what extent outstanding RSUs and Stock Options vest based on all relevant facts and matters including performance, time elapsed since grant and the interests of ABG s shareholders Alternatively ABG awards may be exchanged for new equivalent awards in the acquirer where appropriate Any Stock Options which remain unexercised six months from the vesting date will lapse

The treatment of exit arrangements for Greg Hawkins is outlined in the Annual Report on Remuneration on page 73

Executive Director external appointments

It is the Board s policy to allow Executive Directors to accept non-executive directorships of other quoted companies for which they would normally be allowed to retain fees Any such directorships must be formally approved by the Chairman of the Board Currently, no such positions are held by the Company s sole Executive Director

Approach to Non-Executive Director remuneration

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 and Governance committee Their appointment is for an initial term of three years, subject to annual re-election by shareholders at each AGM in accordance with the requirements of the UK Corporate Governance Code Upon the recommendation of the Nomination and Governance committee, they may be re-appointed for two additional terms of three years, subject to their continuing to satisfy requirements for continuing appointment and, 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 All letters of appointment for Non-Executive Directors are available for inspection at the Company's registered office

Non-Executive Director remuneration primarily focuses on the payment of fees As noted above Non-Executive Directors are not entitled to participate in any of the incentive plans available to Executive Directors However Non-Executive Directors may participate in the Company s DSU Plan This plan, which was established in 2012 provides Non-Executive Directors with the option to 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 by the Company 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 Director compensation structures remain flexible and competitive against our global peers Elections under the plan are made annually usually in April of each year In addition, to align Non Executive Director interests with shareholders, the Company has adopted Non-Executive Director shareholding guidelines for its independent Non-Executive Directors, which require relevant individuals to acquire a minimum shareholding equivalent to their annual base fee within two years from election to the Board which may be satisfied through the purchase of ABG Ordinary Shares or by electing to waive base fees for DSUs Details as regards current outstanding awards under the DSU Plan and ABG Ordinary Shares currently held by Non-Executive Directors are provided in the Annual Report on Remuneration on page 74

Further details of the Remuneration Policy for Non-Executive Directors are set out in the table below

Fees

Purpose	To attract and retain candidates with the required skill and experience to form part of the Board and to ensure fees paid to the Non-Executive Directors are competitive and comparable with other companies of equivalent size and complexity operating within the global mining industry
Operation	The base fee for Non-Executive Directors is reviewed annually, with any adjustments effective 1 April each year Fees payable to the Chairman are determined by the Compensation committee, while the base fee and any other fee payable to the other Non-Executive Directors are determined by the Board In addition to the base fee, additional fees are payable for acting as Senior Independent Director and as chair of any of the Board s committees (Audit, Compensation, EHS&S, Nomination and Governance and Technical) and for individual membership of such committees These additional fees are also reviewed annually, with any adjustment effective 1 April each year In the event that the Board requires the formation of an additional Board committee, as with the Transaction committee in 2012, fees for the chair and membership of such committee will be determined by the Board at the time No base fee or fee for membership of Board committees is payable to Non-Executive Directors appointed by Barrick pursuant to the nomination rights contained in the Relationship Agreement Non-Executive Director fee levels are benchmarked against international gold mining, general mining and FTSE listed companies of similar size and complexity Time commitment, responsibility, and technical skills required to make a valuable contribution to an effective Board are taken into account when reviewing fee levels
Opportunity	Non-Executive Director fee increases are set in response to the outcome of the annual fee review Fees for the year ending 31 December 2013 are set out in the Annual Report on Remuneration The maximum aggregate annual fee for all Directors provided in the Company's Articles of Association is £3,000,000
Performance measures	Not applicable

Deferred Share Unit Plan (DSU Plan)

Purpose	To ensure ABG non-executive compensation structures remain flexible and competitive against global peers
Operation	Non-Executive Directors can elect to waive some or all of their annual fees in return for a deferred right to a cash payment under the DSU Plan The value of additional DSUs is credited to reflect dividends paid on ABG Ordinary Shares over the period of participation Cash payments become payable only after a participant ceases to hold office with the Company
Opportunity	Non Executive Directors can waive up to 100% of their annual fee
Performance measures	Cash payments are calculated by reference to the fair market value of ABG s Ordinary Shares at the time of payment and remain subject to market fluctuations in ABG's share price until payment Awards lapse in the event that an individual is summarily terminated for (i) breach of contract, (ii) breach of Director s duties, or (iii) misconduct, or if an individual resigns in circumstances justifying summary termination

Approach to recruitment of Non-Executive Directors

In the case of hiring or appointing a new Non-Executive Director, the Board will utilise the Remuneration Policy as set out above A base fee which is aligned with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director or as chair of any of the Board's committees and for individual membership of such committees Non Executive Directors would also be eligible to waive some or all of their annual fees in return for a deferred right to a cash payment under the DSU Plan, further details of which can be found below

Approach to Non-Executive Director exit arrangements

As regards Non Executive Director resignation, retirement or termination, base fee and any additional fees would be payable to the resignation/retirement/termination date and treatment of any awards under the DSU Plan would be as follows

DSU Plan

Event	Timing of vesting	Calculation of vesting/payment
Retirement, injury, disability, death	On leaving office	Save in the case of certain circumstances , DSU awards vest in full on leaving office, whereby the relevant cash payment made in respect of awards is determined by reference to the fair market value of an ABG Ordinary Share at the time of payment
Change of control (not including internal reorganisations)	On leaving office	

* Summary termination or termination for gross misconduct or termination in circumstances which would justify summary termination

Annual Report on Remuneration for 2013

Compensation committee membership in 2013

As of 31 December 2013, the Compensation committee comprised four Non Executive Directors of whom three are independent

- Michael Kenyon (chairman)
- Kelvin Dushnisky
- Peter Tomsett
- Steve Lucas

David Hodgson and Andre Falzon stepped down from the committee during the year In addition, the following individuals attended meetings by invitation during the year and provided advice to the committee to enable it to make informed decisions

- Brad Gordon, Chief Executive Officer
- Peter Geleta, Executive General Manager Organisational Effectiveness
- Katrina White, General Counsel and Company Secretary

Greg Hawkins also attended meetings of the committee prior to stepping down as CEO in August 2013 No Director is present when his or her own remuneration is being determined The Compensation committee met five times during the year and details of members' attendance at meetings are provided in the Governance report on page 45 An overview of committee activities during the year is provided as part of the committee chairman's introduction to this report

Advisers

Kepler Associates ("Kepler") was appointed by the Compensation committee in 2010 and retained during the year The Compensation committee evaluates the support provided by its advisers annually and is comfortable that the Kepler team provides independent remuneration advice to the committee and does not have any connections with the Company that may impair its independence Kepler is a founding member and signatory of the Code of Conduct for Remuneration Consultants, details of which can be found at www remunerationconsultantsgroup com In 2013, Kepler provided independent advice on trends and developments, reporting regulations, revisions to the LTIP TSR performance condition, the recruitment package for Brad Gordon, the exit package for Greg Hawkins and benchmarking data for selected senior executives Kepler does not advise the Company on any issues outside of compensation and governance thereof Kepler's total fees for the provision of remuneration services in 2013 were £115,135 on the basis of time and materials The committee also received legal advice from Travers Smith LLP as regards certain remuneration practices during the year and the legal aspects to the structure of the Remuneration Policy, the total fees for which equalled £17,564

Details of Directors' service contracts and letters of appointment

As at 31 December 2013, Directors' current appointments are as follows

	Date of current service contract or letter of appointment	Unexpired term as at 31 December 2013
Executive Director		
Brad Gordon	21 Aug-13	–
Non-Executive Directors		
Kelvin Dushnisky	6-Jun-12	1 year 8 months
Peter Tomsett	26-Apr-13	2 years 4 months
Ambassador Juma V Mwapachu	14-Jul-11	7 months
Andre Falzon	26-Apr-13	2 years 4 months
David Hodgson	19-Oct-11	10 months
Michael Kenyon	26-Apr-13	2 years 4 months
Graham Clow	26-Apr-13	2 years 4 months
Steve Lucas	24-Oct-13	2 years 10 months
Rachel English	24-Oct-13	2 years 10 months
Rick McCreary	19-Jul-12	1 year 7 months
Stephen Galbraith	26-Apr-13	2 years 4 months

Single total figure of remuneration for Directors (audited)

The table below sets out a single figure for the total remuneration received by each Director for the year ending 31 December 2013

	Salary/fees[e]		Taxable benefits[f]		STI[g]	
	2013 £	2012 £	2013 £	2012 £	2013 £	2012 £
Current Directors						
Executive						
Brad Gordon[a]	**154,744**	–	**189,770**	–	**113,170**	–
Non-Executive						
Kelvin Dushnisky	–	–	–	–	–	–
Peter Tomsett[b]	**115,000**	–	–	–	–	–
Ambassador Juma V Mwapachu	**87,500**	65,000	–	–	–	–
Andre Falzon	**96,250**	85,000	–	–	–	–
David Hodgson	**94,500**	96,000	–	–	–	–
Michael Kenyon	**109,350**	116,600	–	–	–	–
Graham Clow[b]	**74,375**	–	–	–	–	–
Steve Lucas[c]	**15,487**	–	–	–	–	–
Rachel English[c]	**16,455**	–	–	–	–	–
Rick McCreary	–	–	–	–	–	–
Stephen Galbraith	–	–	–	–	–	–
Former Directors						
Derek Pannell[d]	**47,753**	165,890	–	–	–	–
Greg Hawkins[a]	**490,000**	475,000	**57,012**	385,790	**444,675**	302,813
Kevin Jennings[d]	**146,770**	359,700	**17,831**	127,710	–	256,286

Notes

(a) Greg Hawkins stepped down from the position of CEO and Brad Gordon assumed the role of CEO and sole Executive Director on 21 August 2013 Further details regarding Brad Gordon s appointment arrangements are provided on pages 70 and 71 Further details regarding Greg Hawkins exit arrangements are provided on page 73 As regards payments to Greg Hawkins £446 725 of the total figure presented was paid in respect of salary, taxable benefits and pension for the period 1 January 2013 to 31 August 2013 £725 504 of the total figure presented was paid in respect of salary taxable benefits and pension for the period 1 September 2013 to 31 December 2013

(b) Peter Tomsett and Graham Clow were appointed to the Board on 26 April 2013

(c) Steve Lucas and Rachel English were appointed to the Board on 24 October 2013

(d) Derek Pannell and Kevin Jennings retired from their position as Directors at the Company s 2013 AGM held on 18 April 2013

(e) Non-Executive Director fees payable include all base fees paid in respect of the appointment as a Non-Executive Director and additional fees payable in respect of appointments as SID chair and/or members of Board committees An overview of fees payable for 2013 is provided on page 68 In addition Non-Executive Directors can elect to waive all or some of their annual fees in return for a deferred right to receive a cash payment on leaving the Company pursuant to the terms of the Company s DSU Plan Further details of this plan are provided on pages 63 and 64 Details as regards DSU elections made during the year are explained in note (j) below Non-Executive Directors appointed pursuant to Barrick s nomination rights under the Relationship Agreement (Kelvin Dushnisky, Rick McCreary and Stephen Galbraith) do not receive any fees in respect of their appointment

LTIs(h)		Pension		Total(i)	
2013 £	2012 £	2013 £	2012 £	2013 £	2012 £
-	–	34,212	–	491,896	–
-	–	-	–	-	–
-	–	-	-	115,000	-
-	–	-	–	87,500	65,000
-	-	-	–	96,250	85,000
-	–	-	–	94,500	96 000
-	–	-	–	109,350	116 600
-	–	-	–	74,375	–
-	–	-	–	15,487	–
-	–	-	–	16,455	–
-	–	-	-	-	–
-	–	-	–	-	–
-	–	-	-	47,753	165,890
58,042	–	122,500	118,750	1,172,229	1,282,353
-	–	64,421	89,925	229,022	833,621

(f) Taxable benefits include car allowance, private medical insurance RSU-related payments and certain relocation expenses A further breakdown of taxable benefits received for 2013 is provided below

	Car allowance	Relocation	Medical	Other	Total
Brad Gordon	11,362	174,822	3,586	–	189,770
Greg Hawkins	19,600	–	3,896	33,516	57,012
Kevin Jennings	13,239	–	4,592	–	17 831

(g) This represents the short-term incentive payable in cash for annual performance Details as regards the performance assessment applicable to 2013 STI awards are provided on page 69

(h) This represents LTIP awards and SOP awards vested during the year Further details as regards LTIP vesting and SOP vesting during the year are provided on page 73

(i) Certain independent Non-Executive Directors elected to covert a proportion of their annual fee for 2013 into DSUs, pursuant to the terms of the Company's DSU Plan as follows Michael Kenyon elected to convert an amount of approximately £43,750 of the total of his fee for 2013 into DSUs Peter Tomsett elected to convert an amount of approximately £115,000 of the total of his fee for 2013 into DSUs, Andre Falzon elected to convert an amount of approximately £10,047 of the total of his fee for 2013 into DSUs, David Hodgson elected to convert an amount of approximately £47,500 of the total of his fee for 2013 into DSUs, Graham Clow elected to convert an amount of approximately £42,500 of the total of his fee for 2013 into DSUs

Executive Director salaries

The following table shows Executive Director salaries for 2013 and 2012 and those payable for 2014

	2014 salary	2013 salary	2012 salary
Brad Gordon[a]	£425,000	–	–
Greg Hawkins[a]	–	£490,000	£475,000
Kevin Jennings[b]	–	£370,000	£359,700

(a) Greg Hawkins stepped down from the position of CEO and Brad Gordon assumed the role of CEO and sole Executive Director on 21 August 2013

(b) Kevin Jennings retired from his position as CFO and as a Director at the Company's 2013 AGM held on 18 April 2013

As mentioned in the committee chairman's introduction to this report, the committee has decided not to increase salaries payable to the CEO and other members of the SLT for 2014

Non-Executive Director fees

For year ending 31 December 2013, no fees were paid to Non-Executive Directors, including the Chairman, appointed by Barrick pursuant to its nomination rights under the Relationship Agreement Fees paid to independent Non-Executive Directors were paid as follows

Fee Component	Amount (per annum)
Base fee	£75,000
Senior Independent Director fee	£25,000
Chair of Audit committee fee	£20,000
Chair of Compensation committee, EHS&S committee, Technical committee and Nomination and Governance committee fee	£15,000
Board committee membership fee	£5,000

Non Executive Director fees for 2014 will be reviewed prior to the 2014 AGM and will apply as of 1 April 2014

Executive Directors' Short-Term Incentive awards

For the year ending 31 December 2013, Executive Director awards were earned on the basis of Company-wide performance, this being representative of the overall leadership, management and performance of an individual holding this position Company-wide performance measures for 2013 were set on the basis of performance measures underpinning the key performance indicators that are used to chart the progress of Company performance against our strategy and objectives For the 2013 STI, the committee decided to focus on four broad performance areas production, costs, safety and specific strategic initiatives, each of which was allocated specific weightings The performance areas were further subdivided into specific performance measures, assessed on the basis of individual weightings and in line with a range of performance targets to provide for threshold, target and maximum performance, as outlined in the table below

2013 STI Scorecard assessment

				Performance						
				Threshold		Target	Max			
	Measure	Relevance to Company strategy	Weighting (individual)	0%	75%	100%	150%	200%	Actual	Overall scorecard rating
Production (25% weighting overall)	Ounces of gold produced (Oz)	Expand/grow	25 0%	540,000	560,000	580,000	600,000	615,000	641,931	50%
Costs (25% weighting overall)	Cash costs (US$/Oz)	Optimise	12 5%	962	944	926	910	877	872	25%
	AISC (US$/Oz)	Optimise	12 5%	1,650	1,600	1,557	1,428	1,393	1,361	25%
Safety (10% weighting overall)	TRIFR	Responsible mining	5 0%	0 91	0 83	0 75	0 67	0 61	0 68	5%
	Critical Standards Rating (% implemented)	Responsible mining	5 0%	60%	70%	80%	90%	100%	80%	5%
Strategic initiatives (40% weighting overall)	Operational review (% cost saving on 2012)	Optimise	10 0%	0%	5%	10%	15%	20%	10%	10%
	Organisational redesign	Optimise	10 0%	5	4	3	2	1	4	7 5%
	Government Relations & SLTO	Responsible mining	10 0%	5	4	3	2	1	4	7 5%
	Rating delivery of Bulyanhulu projects (%)	Expand and grow	10 0%	85%	90%	100%	105%	110%	85%	0%
Total vesting (% of salary)				Sum product of weightings and vesting percentages x target bonus (75% salary)						**135%**

Overall, the Company performed well against performance targets in 2013, achieving annual attributable gold production of 641 931 ounces, being 7% higher than the upper end of the Company's 2013 production guidance range, at annual cash cost per ounce sold of US$827 per ounce, being 10% lower than the lower end of the cash cost guidance range set for the year, whilst achieving a year on year AISC reduction of 14% We were also successful in progressing the Operational Review, achieving overall savings of US$129 million against a target of over US$100 million by the end of 2013 We also saw strong results in our safety performance, achieving a total reportable injury frequency rate ("TRIFR") of 0 68, representing an 18% improvement on 2012 In addition, we continued to see the progression of key matters in the context of other responsible mining initiatives On this basis, the Company achieved over target performance for the year assessed as 135%, which has been reflected in STI awards for the year Brad Gordon received an award of £113,170, equal to 135% of base salary, assessed on a pro-rata basis since his appointment as CEO in August 2013 In addition, an amount of £444,675 was awarded to Greg Hawkins given his contribution to 2013 performance as part of overall exit arrangements Further details as regards these payments are provided on page 73 For 2014 the CEO s STI opportunity will remain at 75% of base salary for target performance with a maximum opportunity of 150% of base salary for maximum performance Broadly, performance measures for 2014 will continue to focus on production, costs, safety and specific strategic initiatives Further details of 2014 performance measures, weightings and targets will be provided as part of the 2014 Annual Report on Remuneration

Executive Directors' interests under the LTIP (audited)

As at 31 December 2013 the following awards were outstanding under the LTIP

Award date	Shares over which awards held as of 01 Jan-13	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 on 31-Dec-13
Brad Gordon						
21-Aug-13	–	795,036	£1 60	20-Aug-16	20-Aug-16	795 036
Greg Hawkins						
30-Nov-11	93,105	–	£4 97	29-Nov-14	29-Nov-14	97,587
13-Feb-13	–	235 099	£3 02	12-Feb-16	12-Feb-16	246,513

As explained in the Remuneration Policy, RSU incentive awards are generally granted at target level (150% of salary) at the date of grant If maximum performance is achieved over the performance period, the TSR performance condition operates so as to deliver up to two times the value of the initial award at the date of vesting For all awards, additional RSUs are granted to reflect dividends paid on ABG Ordinary Shares prior to the vesting date As part of his recruitment package Brad Gordon received an RSU award equal to 795,036 ABG Ordinary Shares on 21 August 2013, with a fair value equal to 300% of his base salary at the time of grant The market price of ABG Ordinary Shares at the time of this award was £1 60, assessed on the basis of the average of middle market quotations from the Daily Official List of the LSE for the day of grant and the following 2 dealing days The end of the applicable performance period and the vesting date of the award is 20 August 2016 This award is subject to the satisfaction of the TSR performance condition applicable at the time of making the award, this being the assessment of the Company's TSR on a weighted mean average against the comparator group

The comparator group for awards made to Brad Gordon in 2013 is comprised of the following

Agnico-Eagle Mines Ltd	IAMGOLD Corp
AngloGold Ashanti Ltd	Kinross Gold Corporation
Buenaventura Mining Company	New Gold Inc
Centamin plc	Petropavlovsk PLC
Centerra Gold Inc	Randgold Resources Ltd
Eldorado Gold Corp	Semafo Inc
Gold Fields Ltd	Yamana Gold Inc
Harmony Gold Mining Co Ltd	

* Translation into English

For purposes of assessing performance against the comparator group, TSR will be assessed over the performance period on a weighted median basis, as follows

ABG s TSR % outperformance of comparator group weighted mean over three years	% of target level of award
+20%	200%
0%	100%
-12 5%	50%
Below 12 5%	0%

Where performance is between the above levels, the percentage of target level of award is determined on a proportionate basis

The ongoing treatment of RSU awards made to Greg Hawkins following his departure as CEO in August 2013 is outlined below on page 73

Kevin Jennings the Company s former CFO, previously held awards under the LTIP, however, all awards lapsed at the time of his departure from the Company (April 2013) and no amounts in respect of these awards remain payable

GOVERNANCE

Executive Directors' interests under the SOP (audited)

As at 31 December 2013 the following awards were outstanding under the SOP

Award date	Shares over which awards held as of 01 Jan-13	Shares over which awards granted during the year	Exercise price	Exercised/ lapsed during the year	Market price at the date of exercise	Expiry date	Earliest vesting date	Final vesting date	Shares over which awards held on 31-Dec-13
Brad Gordon									
21-Aug-13	–	841,308	£1 60	–	N/A	20-Aug-20	20-Aug-14	20-Aug-17	841,308
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	28-Nov-18	29-Nov-12	29-Nov-15	135,202

As part of his recruitment package Brad Gordon received a stock option award equal to 841,308 ABG Ordinary Shares on 21 August 2013, representing an award with a fair market value equal to 1 year of base salary (£425,000) The fair market value of the award was ascertained using the Monte Carlo Simulation valuation (31 5% of the market value of an ABG Ordinary Share at the time of grant) The market price of ABG Ordinary Shares at the time of this award was £1 60, assessed on the basis of the average of middle market quotations from the Daily Official List of the LSE for the day of grant and the following 2 dealing days The award vests in equal parts over 4 years and expires 7 years from the date of grant Vesting is subject to the satisfaction of the TSR performance condition outlined above for the RSU awards made to Mr Gordon in 2013

Subsequent to year end, stock option held by Greg Hawkins have been waived and cancelled as part of exit arrangements

Kevin Jennings, the Company's former CFO, previously held awards under the SOP However, all awards lapsed at the time of his departure from the Company (April 2013) and are no longer exercisable

Directors' interests in options under the Barrick Share Option Plan (audited)

Award date	Shares over which awards held as at 01 Jan-13	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-13
Rick McCreary									
26-Apr-11	88,595	–	US$51 86	N/A	N/A	25-Apr-18	26-Apr-12	26-Apr-15	88,595
14-Feb-12	33,276	–	US$48 45	N/A	N/A	13-Feb-19	14-Feb-13	14-Feb-16	33,276
12 Feb-13	54,193	–	US$32 30	N/A	N/A	11 Feb-20	12-Feb-14	12-Feb-17	54,193
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
12 Feb-13	113,685	–	US$32 30	N/A	N/A	11 Feb-20	12-Feb-14	12-Feb-17	113,685
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

Barrick stock option awards vest in equal parts over 4 years and expire 7 years from the date of grant subject to continued employment, commensurate with competitive practice in North America

Kevin Jennings, the Company's former CFO, previously held awards under Barrick's Share Option Plan However, these awards expired or otherwise lapsed in connection with his departure from ABG (April 2013) and are no longer exercisable

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from the prior year compared to the average percentage change in remuneration for SLT members Given that the Company operates across a number of diverse economies with pay levels and structures reflecting local market conditions the Compensation committee believes that using the SLT as a subset for purposes of comparing CEO pay against wider employee pay provides a more meaningful comparison than using pay data for all employees

The CEO's remuneration includes base salary, taxable benefit and STI payments and for 2013 includes the sum of payments made to Brad Gordon and Greg Hawkins SLT data is based on a consistent set of employees i e the same individuals appear in the 2012 and 2013 populations

	CEO			SLT members		
	2013 £	2012 £	% change 2012 2013	2013 £	2012 £	% change 2012 2013
Base salary	425,000	475,000	(11%)	259,314	250,133	4%
Taxable benefits	189,770	385,790	(51%)	90,773	90,148	1%
Annual bonus	339,510*	302,813	12%	144,717	152 293	(5%)
Total	**943,898**	**1,163,603**	**(18%)**	**494,803**	**492,574**	**0%**

* Annualised bonus

Relative importance of spend on pay

The table below shows shareholder distributions (i e dividends) and total employee pay expenditure for the financial years ended 31 December 2012 and 31 December 2013, along with the percentage change in both Further details of the Company's economic contribution including the economic value we add by paying our employees, governments, suppliers, shareholders, contractors and communities, is included in the corporate responsibility review of this Annual Report

	2013 (£ 000)	2012 (£ 000)	% change 2012-2013
Shareholder distributions	36,360	46,750	-22%
Total employee expenditure	144,121	159,475	-10%

Comparison of Company performance

The following graph shows ABG's TSR performance for the period from the IPO to 31 December 2013 (calculated in accordance with the regulations) against the FTSE 350 and ABG s LTIP comparator group 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 The table below details the Chief Executive's "single figure" remuneration over the same period

CEO remuneration

	Individual	2010	2011	2012	2013
CEO single figure of remuneration (£'000)	Greg Hawkins	£774	£936	£1,282	**£1,171**
	Brad Gordon	N/A	N/A	N/A	**£317**
STI payout as % of maximum opportunity	Greg Hawkins	90%	75%	64%	**135%**
	Brad Gordon	N/A	N/A	N/A	**135%**
RSU vesting as % of maximum opportunity	Greg Hawkins	N/A	N/A	N/A	**88%**
	Brad Gordon	N/A	N/A	N/A	**N/A**
Option vesting as % of maximum opportunity	Greg Hawkins	N/A	100%	100%	**N/A**
	Brad Gordon	N/A	N/A	N/A	**N/A**

Executive Director exit arrangements (audited)

In August 2013 it was decided that Greg Hawkins would step down from his position as CEO as part of ongoing operational reviews and refocusing of strategic plans for the Company's operations Due to a number of commercial sensitivities the Board took the decision to place Greg on garden leave for his notice period, in accordance with the flexibilities provided to address exit arrangements under Executive Director service contracts Given the restrictions placed on individuals in garden leave scenarios Mr Hawkins will continue to receive a monthly salary and the benefits afforded under his service contract as regards permanent health insurance, life assurance, and either the use of a company car or the payment of a car allowance, until such time as his period of garden leave is discontinued In addition to this, the exit arrangements for Mr Hawkins also provide for the following

In recognition of Mr Hawkins contribution to the Company since its listing and Mr Hawkins contribution to 2013 performance, exit arrangements provide for a payment of £444 675, representative of the STI payable for 2013 in light of Company-wide performance, the assessment of which is further explained on page 69

Outstanding LTIP awards have been determined on a good leaver basis to allow for vesting in accordance with existing vesting schedules, subject to satisfaction of applicable performance conditions at the end of each performance period

Relocation arrangements up to a maximum amount of £100,000, given his status as an international employee and country of origin and the payment of certain legal fees in relation to the execution of exit arrangements

As part of the agreement reached with Mr Hawkins, all of his outstanding stock options have been waived and cancelled following year end and are no longer exercisable As regards the STI-equivalent payment this amount will remain subject to clawback in the event of the exceptional circumstances of individual misconduct or financial misstatement/misreporting

As regards Mr Hawkins' outstanding LTIP awards, these will continue to subsist, subject to being pro-rated to reflect time of employment during the relevant performance periods Vesting will be assessed against the TSR performance condition in place at the time the awards were granted The applicable TSR performance condition provides for the assessment of the Company's TSR performance on a weighted mean average against a comparator group of international gold mining companies The comparator group and basis of assessment under the structure of this performance condition is as follows

Comparators	
Agnico-Eagle Mines Ltd	IAMGOLD Corp
AngloGold Ashanti Ltd	Kinross Gold Corporation
Buenaventura Mining Company	Petropavlovsk PLC
Centamin plc	Polyus Gold International Limited
Centerra Gold Inc	Randgold Resources Ltd
Eldorado Gold Corp	Semafo Inc
Gold Fields Ltd	Yamana Gold Inc
Harmony Gold Mining Co Ltd	Zijin Gold Mining Group Co Ltd

* For the February 2013 RSU award the comparator group also includes New Gold Inc , and excludes Zijin Gold Mining Group Co Ltd and Polyus Gold International Limited

ABG s TSR % outperformance of comparator group weighted mean over three years	% of interests transferred
+20%	200%
0%	100%
-12 5%	50%
Below -12 5%	0%

* Where performance is between the above levels the percentage of RSUs to be transferred is determined on a proportionate basis

To date, one RSU award granted to Greg Hawkins in November 2010 has vested Over the relevant three-year performance period, the Company's TSR was 59 9% which was 4% below the weighted mean of the 2010 comparator group As a result 88% of the original interests awarded were due to vest based on performance, further details of which are provided below

	RSUs held	RSUs cancelled	RSUs vesting	Interests vesting	Date vested	Market price on vesting	Value
Greg Hawkins	75,014	39 901	35 113	88%	24-Nov-2013	£1 65	£58,042

Directors' interests in ABG Ordinary Shares and shareholding requirements (audited)

As noted in the Remuneration Policy, Executive Directors are required to acquire a minimum holding in ABG Ordinary Shares equivalent to two times base salary over a period of five years For these purposes, LTIP awards are taken into account but stock options awards made under the SOP are not taken into account when assessing whether or not shareholding requirements have been satisfied Independent Non-Executive Directors are required to acquire a minimum holding equivalent to their annual base fee within two years of election to the Board, which may be satisfied via the acquisition of ABG Ordinary Shares or by electing to waive base fees for DSUs under the ABG DSU Plan The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2013 along with the form of their interests in ABG Ordinary Shares

	Shares held	Options held		RSUs held	DSUs held			
	Owned outright or vested	Vested but not exercised	Unvested and subject to performance condition[a]	Unvested and subject to performance condition[a]	Unvested[b]	Shareholding requirement % salary/fee	Current shareholding % salary fee[c]	Requirement met?[e]
Executive Director								
Brad Gordon	–	–	841,308[d]	795,036[d]	–	200%	>200%	Yes
Non-Executive Directors								
Kelvin Dushnisky	–	–	–	–	–	N/A	N/A	N/A
Peter Tomsett	–	–	–	–	73,577	100%	159%	Yes
Ambassador Juma V Mwapachu	–	–	–	–	–	100%	0%	No
Andre Falzon	9,000	–	–	–	11 427	100%	104%	Yes
David Hodgson	13,000	–	–	–	48,798	100%	198%	Yes
Michael Kenyon	–	–	–	–	36,056	100%	167%	Yes
Graham Clow	–	–	–	–	27 607	100%	60%	No
Steve Lucas	–	–	–	–	–	100%	0%	No
Rachel English	–	–	–	–	–	100%	0%	No
Rick McCreary	–	–	–	–	–	N/A	N/A	N/A
Stephen Galbraith	–	–	–	–	–	N/A	N/A	N/A

Notes

(a) RSUs and stock option awards vest subject to a relative TSR performance condition

(b) The Company s DSU Plan for Non-Executive Directors provides Non-Executive Directors with the option to 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 ABG s Ordinary Shares at the time of payment and remain subject to market fluctuations in the context of ABG s share price until the time of payment

(c) Based on ABG s share price at the time of acquiring shares and/or electing to receive DSUs and/or receiving RSU awards

(d) Consists of options awarded and RSUs awarded on recruitment which vest subject to a relative TSR performance condition

(e) Graham Clow Steve Lucas and Rachel English were appointed during the year and therefore have approximately 18 to 24 months to satisfy shareholding requirements

Greg Hawkins Kevin Jennings and Derek Pannell held interests in 20 000 44,000 and 20,000 ABG Ordinary Shares respectively prior to their respective departures from the Board Mr Pannell also held DSUs which vested subsequent to his departure There have been no other changes in Directors' shareholdings between 31 December 2013 and 11 March 2014

Summary of shareholder voting at the 2013 AGM

The following table shows the results of the advisory vote on the 2012 Remuneration Report at the 2013 AGM

	Total number of votes	% of votes cast
For	306,288,212	82 9%
Against	62,956,279	17 1%
Total votes cast (excluding withheld votes)	**369,244,491**	**100 0%**
Votes withheld	48,939	0 01%
Total votes cast (including withheld votes)	**369,293,430**	

Whilst the level of support remains broadly unchanged from the 2012 AGM, the Compensation committee recognises that there were two key areas of concern for shareholders the deviation of ABG's long-term incentive structures from typical UK practice, and changes made to Executive Director service contracts in 2012 As explained above, and as part of the committee chairman's introduction to this report on page 56, both of these areas of concern have been addressed as a result of changes made to the structure of the TSR performance condition applicable to the vesting of RSU awards going forward, and the removal of change of control provisions from Executive Director service contracts

Approval of Directors' Remuneration report

The Directors' Remuneration report has been approved by the Board and signed on its behalf by

Michael Kenyon,
Compensation committee chairman

Responsible 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 role within our organisation

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 appropriate, 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 46

2013 risk review

Generally, the overall makeup of our principal risks has not significantly changed from 2012 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 changes affecting the majority shareholding and variations to production and cost estimates from the 2013 principal risks table as these risks are no longer viewed as principal risks to our business By the same token, we have maintained a medium risk rating for health and safety risks this year, comparable to that of 2012, given our controls and procedures in this area In addition

- **Risks relating to reserves and resources estimates** whilst it will never be possible to give assurances or certainty as regards reserves and resources estimates due to the varying nature and various factors which can impact such estimates, as a result of the improvements we have introduced, and will continue to implement as regards mine planning and cost controls this year, we believe that we have reduced certain exposures in this context when compared to our position at the end of 2012, particularly as regards exposure to variations to production and cost estimates
- **Risks relating to increases in operating costs and capital expenditure** whilst cost control pressures remain a key focus for our industry and for ABG as a company, as a result of progress made in the implementation of the Operational Review in the context of cost controls and increased enhancements to capital discipline, and our continuing focus on identifying further measures within core mining areas to deepen the effects of this review we believe that we have reduced our exposure to this risk when compared to our position at the end of 2012
- **Risks relating to commodity prices** whilst we continue to take a range of actions to mitigate our exposure to commodity pricing risks, and in particular our exposure to fluctuations in the price of copper, silver and diesel given the ongoing uncertainty and global trends affecting the gold price and the impact that this may have on our financial performance, we have taken the view that our exposure to this risk has increased when compared to our position at the end of 2012
- **Risks relating to political, legal and regulatory developments** whilst we maintain an active dialogue with the Tanzanian government on matters relating to our business, and are committed to furthering and deepening our engagement in this regard, we are mindful of overall political developments affecting the mining industry in Africa and the potential impact that the forthcoming Tanzanian 2015 elections may have on our operating environment, such that we have taken a cautionary view on this risk and assessed our exposure as having increased when compared to our position at the end of 2012
- **Risks relating to taxation reviews** again, whilst we maintain an active dialogue with the Tanzanian Revenue Authority and the Ministry of Finance on outstanding tax assessments and unresolved tax disputes, particularly in the context of VAT relief and have made good progress this year in reaching an agreement on the treatment of VAT payments made in the context of ABG Group imports, we are mindful of the effects that delays in recovering outstanding VAT refunds may have on ABG s financial condition, such that we have taken a cautionary view on this risk and assessed our exposure to taxation risks as having increased when compared to our position at the end of 2012
- **Risk relating to utilities supply** whilst electricity supply continues to be an issue across Tanzania, we have made a number of investments in power generation capabilities, such that we have capacity for the self generation of power to maintain critical systems across all ABG mine sites Therefore, we believe that we have reduced our exposure to this risk when compared to our position at the end of 2012
- **Risks relating to security, trespass and vandalism** we have continued to strengthen our security systems throughout the year and refine our security plans, whilst also making progress with community relations initiatives to enhance relationships with local communities Coupled with the commencement of a strategic review of our security management procedures, which aims to enhance alignment between our security model and operational requirements, we believe we are taking steps to reduce our exposure to this risk when compared to our position at the end of 2012

We have also added a new principal risk this year relating to the potential impact that our organisational restructuring may have on the delivery of key operational support services and certain elements of our internal controls environment, something we will seek to mitigate through the development of ongoing change control procedures and by maintaining the existing management structures for key functions within our internal controls framework

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 ABG Group 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 Strategic report

Risk	Key management responsibility
STRATEGIC RISKS	
Single country risk All of the ABG Group's revenue is derived from production at its three operations in Tanzania In order to ensure continued growth, the Group needs to identify new resources and development opportunities through exploration and acquisition targets This is particularly the case in the context of the identification of potential growth opportunities in other territories, something which is required to strengthen the business through geographic diversification in order to mitigate the effects that significant in-country developments could have on our operations and business	Vice President, Exploration
Reserves and resources estimates The ABG Group's stated mineral reserves and resources are estimates based on a range of assumptions, including geological, metallurgical and technical factors, such that no assurances can be given that the anticipated tonnages or grades will be achieved	Chief Executive Officer, Executive General Manager Planning and Business Improvement and General Managers
FINANCIAL RISKS	
Commodity prices ABG s financial performance is highly dependent on the price of gold and, to a lesser extent, the price of copper and silver Fluctuations in the pricing of these commodities, which are largely attributable to factors beyond ABG s control, will likely have a corresponding impact on ABG's financial condition, particularly in the context of rapid pricing fluctuations	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 ABG s financial condition In addition, industry cost pressures, particularly as regards labour, capital equipment and energy, affect ABG's ability to manage operating costs and capital expenditure	Chief Financial Officer and Vice President, Finance

Mitigation/comment	Progress made in 2013	Potential impact	Change from 2012	Further information
ABG assesses a wide range of potential growth opportunities to build on its existing portfolio particularly acquisition and development opportunities outside Tanzania to maximise growth potential and to help mitigate the effects that significant developments in Tanzania could have on our business	Continuing evaluation of corporate development opportunities across Africa Progression of exploration programmes across the West Kenya Joint Venture Project	High		A review of exploration activities is set out in the Exploration review
ABG seeks to manage the varying nature of reserve and resource estimates through our life of mine planning procedures, periodic reviews of such estimates and production targets and by ensuring that our reserves and resources estimates are calculated and reported in accordance with the requirements of NI 43-101 of the Canadian Institute of Mining and Metallurgy and Petroleum	Review of life of mine plans for all operations and introduction of new life of mine plans for Buzwagi and North Mara Completion of review of mining methods used at our operations and opportunities to enhance these methods, particularly at Bulyanhulu	High		Details of the ABG Group's reserves and resources are set out in the reserves and resources statement for 2013 Details of enhancements made to life of mine planning during the year are provided as part of the Chief Executive Officer s report
ABG s strategic objective is to provide maximum exposure to the price of gold and as such, a no-gold-hedging policy has been adopted ABG has entered into hedging arrangements for certain operating cost exposures (copper, silver and diesel) to mitigate the impact of pricing fluctuations for such commodities We also monitor our exposure to commodity price fluctuations as part of financial and treasury planning and controls procedures	Entry into hedging facilities for copper, silver and diesel Ongoing review of commodity price fluctuations as part of financial management controls	High		Further information is set out in the market overview provided as part of the Financial review
ABG management continuously monitors factors which could impact operational costs and capital expenditure and we seek to manage such factors through the ongoing implementation of cost controls, particularly in the context of the Operational Review ABG maintains a conservative balance sheet and strict cash flow planning processes to mitigate liquidity risks It also has a commercial credit facility to support general working capital purposes, which remains undrawn	Implementation of Operational Review Availability of revolving credit facility for working capital purposes	High		Further information is set out in the Financial review generally and information as regards progress made under the Operational Review is set out in the Chief Executive Officer s report.

Risk	Key management responsibility
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 ABG's ability to conduct its business is dependent on stable and consistent interpretation and application of laws and regulations applicable to mining activities and its operations, particularly in Tanzania Changes to existing applicable laws and regulations a more stringent application or interpretation of applicable law and regulation or inconsistencies and irregularities in the interpretation of applicable law and regulation by relevant government authorities could adversely affect the progression of ABG's operations and development projects ABG's operations and financial condition will also be adversely affected 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, and 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 position may be adversely affected in the event of the introduction of revised royalty or corporate tax regimes in Tanzania that go beyond the fiscal stability agreements contained in the Mineral Development Agreements applicable to the ABG Group s operations In addition, ABG has a number of ongoing discussions with the Tanzanian Revenue Authority and Ministry of Finance as regards certain outstanding tax assessments and unresolved tax disputes, particularly in the context of VAT relief ABG's financial condition continues to be impacted as a result of the ongoing nature of these discussions and may be further adversely affected if we do not achieve a successful resolution to these discussions	Chief Financial Officer and Vice President, Finance
Utilities supply	
Power stoppages fluctuations and disruptions in electrical power supply or other utilities impact the ABG Group s ability to operate continuously and can also result in increased costs, particularly as regards power supply costs, due to the need to use alternative power sources in order to mitigate the impact of electricity shortages In addition, alternative power sources may not be available something which may also impact production at ABG's operations	Chief Executive Officer, Executive General Manager Planning and Business Improvement and General Managers
Community relations	
A failure to adequately engage or manage relations with local communities and stakeholders affects ABG s social licence to operate and can have a direct and negative impact on ABG's ability to operate at its existing operations	Chief Executive Officer, Executive General Manager Organisational Effectiveness, General Counsel, Vice President, Corporate Affairs and General Managers
Land acquisitions	
Progression of mining activities at certain ABG operations is dependent upon the ABG Group's ability to complete additional land acquisitions required to support life of mine plans successfully and in a timely manner 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 Executive General Manager Planning and Business Improvement, Vice President Corporate Affairs and General Counsel

Mitigation/comment	Progress made in 2013	Potential impact	Change from 2012	Further information
ABG management 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 ABG management 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	Enhancement of Governmental and regulatory engagement and dialogue Lifting of Environmental Protection Order at North Mara Establishment of escrow arrangements to safeguard VAT refunds on imports	High		Further information is provided as part of the Strategic report
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 To date, we have negotiated and agreed a memorandum of understanding for the treatment of certain outstanding indirect tax refunds in respect of fuel levies and VAT and, more recently, we have agreed to the use of an escrow arrangement in order to safeguard the recoverability of VAT refunds on imports	Establishment of an escrow arrangement to safeguard VAT refunds due on imports and the receipt of refunds pursuant to such arrangements	High		Further information is provided as part of the Financial review
ABG has made a number of investments in power generation capabilities, such that we have capacity for the self generation of power to maintain critical systems across sites We also seek to employ practices for alternative power use in order to provide for cost saving efficiencies whenever possible	Ongoing discussions with TANESCO as regards power supply initiatives Ongoing review of alternate power supplies	High		Further information on the status of power supply is provided as part of this Risk management review
ABG looks to progress a range of community relations initiatives notably through the investments made by the ABG Maendeleo Fund, in order to progress and maintain relationships with local communities	Progression of social management plans for ABG operations Progression of funding initiatives under the ABG Maendeleo Fund	High		Details of the ABG Group s community relations activities and community investments are set out in the Corporate responsibility review
ABG seeks to address issues relating to land acquisition in collaboration with the Tanzanian Government and relevant legal authorities The assessment of land footprint requirements also forms part of life of mine planning activities	Progression of land acquisitions at North Mara and Bulyanhulu	High		A discussion of land acquisition activities is provided as part of the Strategic report

Risk	Key management responsibility
OPERATIONAL RISKS	
Loss of critical processes The ABG Group's mining, processing, development and exploration activities depend on the continuous availability of its operational infrastructure, in addition to reliable utilities and water supplies and access to roads Any failure or unavailability of operational infrastructure, for example, through equipment failure or disruption, could adversely affect production output and/or impact exploration and development activities Deficiencies in core supply chain availability could also adversely affect the ABG Group's operations	Chief Executive Officer, Executive General Manager Planning and Business Improvement and General Managers
Environmental hazards and rehabilitation The ABG Group's operations are subject to environmental hazards as a result of the processes and chemicals used in its extraction and production methods ABG 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, should they occur	Chief Executive Officer, Executive General Manager Organisational Effectiveness, General Counsel and General Managers
Employee, contractor and industrial relations ABG s business significantly depends upon its ability to attract and retain skilled employees and to maintain good relations generally with its employees and employee representative groups, such as trade unions A loss in skilled employees and/or a breakdown in employee relations could result in a decrease in production levels and/or increased costs and/or general disruptions to operations, which could have a material adverse effect on ABG s business, 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	Executive General Manager Organisational Effectiveness
Security, trespass and vandalism ABG faces certain risks in dealing with fraud and corruption and wider security related matters relating to trespass, theft and vandalism and unauthorised small scale mining in proximity to its operations and on specific areas covered by ABG's exploration and mining licences, all of which may have an adverse effect upon ABG's operations and financial condition	Chief Executive Officer, Executive General Manager Organisational Effectiveness and General Counsel
Organisational restructuring ABG's organisational restructuring (including the transfer of certain support functions from South Africa to Tanzania) and related transitional periods, may negatively impact the delivery of key operational support services and could also result in deteriorations in certain financial and operational controls	Chief Financial Officer Executive General Manager Planning and Business Improvement and Executive General Manager Organisational Effectiveness

Mitigation/comment	Progress made in 2013	Potential impact	Change from 2012	Further information
Management assesses the critical components of ABG s operational infrastructure on a continuous basis In addition, part of the Operational Review has examined opportunities to enhance existing supply chain management practices in the context of improving overall management of inventory levels, including appropriate critical supply levels	• Further upgrades to inventory management procedures as part of the Operational Review	High		Further discussion regarding inventory management improvements is provided as part of the Strategic report
ABG uses a number of environmental management systems and controls across its business and operations to provide for appropriate environmental practices, including the adoption of specific environmental management plans for each of our operations and the use of environmental and social impact assessments for potential projects ABG also monitors mining and operational activities against key international standards, such as the International Cyanide Code and assesses remediation and rehabilitation costs on an annual basis	Initial certification of Buzwagi under the International Cyanide Code Lifting of the Environmental Protection Order at North Mara	High		Details of the ABG Group's environmental performance for the year are set out in the Corporate responsibility review
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 relations and employee consultation initiatives	High		Further details on employment practices and related initiatives are provided in the Corporate responsibility review
ABG's existing security management system provides for a number of measures that protect employees assets and operations Measures include the ongoing development of security personnel, and the implementation and, where appropriate, upgrading of security infrastructure, such as perimeter fencing, surveillance equipment and security checks and procedures As part of ongoing operational reviews ABG will review opportunities to enhance and progress its security management procedures for improved alignment with operational requirements Where appropriate, ABG also works in collaboration with local law enforcement to address security-related threats and concerns	Further upgrades to security infrastructure Increased training of security personnel across all operations Commencement of strategic review of security management procedures	High		Further information on security developments and initiatives can be found in the Corporate responsibility review
ABG is in the process of establishing specific change management procedures for use in implementing the organisational restructuring and will also maintain its current management structures for financial reporting, treasury, planning and internal audit these being key elements of ABG's internal controls and risk management framework	Ongoing development of procedures and controls to support the implementation of ongoing organisational restructuring	High		Further information as regards this risk is provided as part of this Risk management review

The information contained in this section of the Annual Report is required to be produced by law, the Listing Rules and the Disclosure and Transparency Rules In addition, disclosures elsewhere in this Annual Report, notably in the Strategic report, the Governance report and the Directors' Report are cross-referenced and incorporated by reference, where appropriate. Together, they fulfil the combined requirements of applicable company law and regulation

Legal form of the Company

ABG is a public listed company incorporated in England and Wales with the registered number 7123187 It conducts limited business activities itself and trades principally through its subsidiaries and subsidiary undertakings in various jurisdictions Further information as regards ABG s subsidiaries is provided on page 103 in Note 1 to the consolidated financial statements

Strategic report

The requirements of sections 414A to E of the Companies Act 2006 as regards the production of a strategic report are satisfied in the Strategic report contained at pages 1 to 37 which is incorporated by reference in this section The Strategic report provides an overview of the development and performance of ABG s business for the financial year ending 31 December 2013 and also provides information relevant to future developments in the business

In addition, for purposes of compliance with the Disclosure and Transparency Rules, the required content for the Management report can be found in the Strategic report and the Directors' report

Directors

The names and biographies of the Directors serving as at 31 December 2013 are provided on pages 40 and 41

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

	Date of appointment	Date of termination
Kelvin Dushnisky	6 June 2012	N/A
Brad Gordon	21 August 2013	N/A
Peter Tomsett	26 April 2013	N/A
Ambassador Juma V Mwapachu	14 July 2011	N/A
Andre Falzon	15 February 2010	N/A
David Hodgson	19 October 2011	N/A
Michael Kenyon	15 February 2010	N/A
Graham Clow	26 April 2013	N/A
Steve Lucas	24 October 2013	N/A
Rachel English	24 October 2013	N/A
Rick McCreary	19 July 2012	N/A
Stephen Galbraith	19 January 2010	N/A

Save for David Hodgson, who has recently decided to step down from the Board all remaining Directors above will put themselves forward for re-election at the forthcoming AGM Details of Director re-election requirements are provided on page 44 As noted as part of the Strategic and the Governance reports, Derek Pannell (appointed 15 February 2010) and Kevin Jennings appointed (12 January 2010), retired from their position as Directors at the Company's 2013 AGM held on 18 April 2013 Greg Hawkins (appointed 15 February 2010) stepped down from his position as a Director effective 21 August 2013

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, which 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

Global GHG emissions data for period 1 January 2013 to 31 December 2013

According to the GHG Protocol developed by the World Business Council for Sustainable Development and the World Resources Institute GHG emissions are classified as either direct or indirect, and from there are divided further into Scope 1, Scope 2 and Scope 3 emissions Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity but that occur at sources owned or controlled by another entity Each scope is classified as follows

- Scope 1 emissions direct emissions from sources owned or operated by our Company
- Scope 2 emissions indirect emissions attributable to our Company due to its consumption of purchased electricity, notably our consumption of electricity from TANESCO
- Scope 3 emissions all other indirect emissions associated with activities that support or supply our Company s operations

For 2013, we have calculated ABG's Scope 1 and Scope 2 emissions footprint on the basis of carbon dioxide emissions only and will look to measure and report on other greenhouse gases in future reporting years Going forward, we will also look at opportunities to monitor and calculate Scope 3 emissions

	Total tonnes of CO_2	Percentage of total emissions
Scope 1 emissions	258,096	70%
Scope 2 emissions	111,223	30%
Total	**369,319**	**100%**

Directors' interests

Details of the interests of Directors and their connected persons in ABG's Ordinary 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 provided in the Directors Remuneration report

Employees

Information relating to employees is contained on page 121 in Note 9 to the consolidated financial statements and the Corporate responsibility review 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 US1 0 cent per share was paid to shareholders on 23 September 2013 The Directors recommend the payment of a final dividend of US2 0 cents per Ordinary Share This represents a total dividend of US3 0 cents for 2013 Subject to the shareholders approving this recommendation at the AGM, the final dividend will be paid on 23 May 2014 to shareholders on the register at 2 May 2014 The ex-dividend date is 30 April 2014 ABG will declare the final dividend in US dollars Unless a shareholder has elected or elects to receive dividends in US dollars, dividends will be paid in pounds sterling with the US dollar amount being converted into pounds sterling at exchange rates prevailing on or around 9 May 2014 Currency elections must be made by return of currency election forms The deadline for the return of currency election forms is 6 May 2014

Annual General Meeting

ABG's AGM will be held on 24 April 2014 at 2 00 pm (UK time) The notice of AGM and all accompanying details of business to be conducted there are included in a separate document accompanying this Annual 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 and be represented by a proxy Access to all documents which are required to be made available by the Companies Act 2006 or the Articles of Association will be made available to the meeting

Share capital

As at 31 December 2013, ABG s issued share capital comprised 410,085,499 Ordinary Shares of 10 pence each The voting rights of all ABG Ordinary 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 131 in Note 25 to the consolidated financial statements

Major shareholdings

The following persons as at 11 March 2014 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 Sona (Cayman) Ltd	45,258,970	11 04
PDG Bank Limited	37,378,450	9 11
M&G Investment Management	22,847,043	5 57
Total	**285,093,993**	**69 52**

* 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 46

Political and charitable donations

ABG does not make political donations Information as regards ABG's social and community contributions for the year is provided as part of our Corporate responsibility and Financial reviews

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 2013 the ABG Group had an average of 54 creditor days compared to 59 creditor days in 2012

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, 31 and 33 to the consolidated financial statements contained on pages 94 to 144 of this Annual 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 ABG entered into a Services Agreement with Barrick in February 2010, 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, analogous events or a change of control

Relationship Agreement see page 46 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 pages 33 and 136 and Note 31 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

Certain employment contracts for members of the Companys Senior Leadership Team, excluding the current CEO, contain change of control provisions, which provide entitlements to severance payments in the event of being dismissed without cause or resigning for good reason in the 12 months following a change of control Any payment made under these arrangements would replace the entitlement to receive payment under applicable contractual notice periods in each case Special provisions also allow the early exercise of awards made under ABG s Stock Option Plan ("SOP") 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 46 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 was 100% owned and operated by Pangea Minerals Limited, the economic interest in the mine was divided between Pangea Goldfields Inc, an ABG Group company, ("PGI") and MDN Inc ("MDN") under a joint venture agreement on a 70 30 basis In addition, the agreement required PGI to pay MDN an amount equal to 30% of the net cash generated by the Tulawaka mine, less any applicable withholding The obligations under this agreement remain outstanding pending completion of certain post-completion matters relating to the sale of Tulawaka

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

Tulawaka sale and purchase agreement the terms of the sale of Tulawaka to STAMICO are provided for under a sale and purchase agreement between certain ABG subsidiaries and STAMICO The agreement provides for the disposal of Tulawaka for consideration of US$4 5 million and the grant of a 2% net smelter royalty on future production in excess of 500 000 ounces, capped at US$500,000 As part of the agreement, STAMICO has taken ownership and management of the rehabilitation fund established as part of the closure plan for the mine, in return for the assumption of all remaining past and future closure and rehabilitation liabilities for Tulawaka, and has indemnified the other parties to the agreement in relation to these liabilities This has resulted in a one-off cash payment by ABG to STAMICO of the balance of the rehabilitation fund, less the transaction consideration on completion, equal to US$11 6 million The agreement also contains customary provisions as regards seller representations and warranties and tax indemnities Given the materiality of the Tulawaka disposal to the Group, the Directors view this agreement as material to ABG s business

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 33 of this Annual Report

Corporate governance compliance
The statement on compliance with the UK Corporate Governance Code for the reporting period is contained on page 47 of this Annual Report

Articles of Association
The Companys 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 or her in respect of that share with interest and expenses (if any) have been paid to ABG or if (s)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 twelve 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 Board 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 2013 AGM

(i) The Directors were granted authority to allot new shares (or grant rights to subscribe for or convert securities into shares) up to a nominal value of £13,532 821 equivalent to approximately 33% of the total issued ordinary share capital of ABG, exclusive of treasury shares, at the time of passing the resolution In addition to this, the Directors were also granted authority to allot additional new shares (or grant rights to subscribe for or convert any security into shares) up to a further nominal amount of £13,532,821, but only in connection with a rights issue

(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 46

Related party transactions

Details of related party transactions undertaken during the year are contained in Note 36 on page 143 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 38 on page 144 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 him or herself 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 95 as part of the consolidated financial statements for the Independent Auditors report

Under applicable UK law, the Directors are responsible for preparing the Annual Report, the consolidated financial statements and parent company 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
- 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 comply with the Companies Act 2006 and, as regards the ABG Group's consolidated financial statements, Article 4 of the IAS Regulations They are also responsible for taking such steps as are reasonably open to them to safeguard 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 Companys 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
- 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 Strategic report, and the Directors' report

The Strategic report and the Directors report have been approved by the Board and signed on its behalf by

Katrina White,
Company Secretary

Mineral reserves and mineral resources estimates contained in this Annual Report have been calculated as at 31 December 2013 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, General Manager Technical Services, Ray Swanson, Mineral Resource Manager, and Samuel Eshun, Chief Mine Planning Engineer 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$1 300 00 per ounce a silver price of US$21 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 ABG mines have been calculated using an assumed long term average gold price of US$1,500 00 per ounce, a silver price of US$24 00 per ounce and a copper price of US$3 50 per pound Resources have been estimated using varying cut-off grades, depending on the type of mine or project, its maturity and ore types at each property Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and any other relevant new information and therefore these can vary from year to year Resource estimates can also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly the conversion to ore reserves In addition, estimates of inferred mineral resources may not form the basis of an economic analysis and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category Therefore, investors are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category Likewise, investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded to mineral reserves Tulawaka mineral reserves and resources are stated as ABG s 70% attributable portion

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

Mine		2013			2012		
		Tonnes ('000s)	Grade Au (g/t)	Ounce ('000s)	Tonnes (000s)	Grade Au (g/t)	Ounce ('000s)
Bulyanhulu - Underground	Proven and probable	29,610	9 530	9,072	28,990	11 335	10,564
	Mineral Resource	10,225	10 653	3,502	10,672	9 675	3,320
	Inferred	6,632	12 877	2,745	8,465	11 949	3,252
Bulyanhulu - Tailings	Proven and probable	7,974	1 229	315	7,974	1 229	315
	Mineral Resource	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-
Buzwagi	Proven and probable	24,105	1 445	1,120	63,333	1 325	2,697
	Mineral Resource	49,109	1 291	2,038	14,875	1 019	487
	Inferred	7,173	1 183	273	7,211	1 101	255
North Mara	Proven and probable	21,710	3 169	2,212	34,207	2 739	3,012
	Mineral Resource	25,266	3 316	2,694	19,117	3 921	2,410
	Inferred	735	2 730	65	1,077	3 663	127
Tulawaka (70%)	Proven and probable	-	-	-	29	16 814	16
	Mineral Resource	-	-	-	663	6 580	140
	Inferred	-	-	-	129	4 671	19
Total	**Proven and probable**	**83,399**	**4 743**	**12,719**	134,533	3 839	16,604
	Mineral Resource	**84,600**	**3 027**	**8,233**	45 327	4 362	6 357
	Inferred	**14,540**	**6 595**	**3,083**	16,882	6 731	3,654

Exploration property gold reserves and resources

Mine		2013			2012		
		Tonnes ('000s)	Grade Au (g/t)	Ounce ('000s)	Tonnes (000s)	Grade Au (g/t)	Ounce (000s)
Tusker (Nyanzaga)	Proven and probable	-	-	-	-	-	-
	Mineral Resource	95,054	1 320	4,034	78,163	1 443	3,627
	Inferred	2,214	0 952	68	13,003	1 912	799
Kilimani (Nyanzaga)	Proven and probable	-	-	-	-	-	-
	Mineral Resource	2,298	0 929	69	3,753	0 998	120
	Inferred	828	0 858	23	1,661	0 992	53
Golden Ridge	Proven and probable	-	-	-	-	-	-
	Mineral Resource	7,944	2 779	710	7,417	2 837	677
	Inferred	1,414	2 268	103	1,221	2 371	93
Total Exploration	**Proven and probable**	**-**	**-**	**-**	-		-
	Mineral Resource	**105,296**	**1 422**	**4,812**	89,333	1 540	4,424
	Inferred	**4,456**	**1 352**	**194**	15,885	1 851	945
Total ABG	**Proven and probable**	**83,399**	**4 743**	**12,719**	134,533	3 839	16,604
	Mineral Resource	**189,895**	**2 137**	**13,046**	134 660	2 490	10 782
	Inferred	**18,995**	**5 365**	**3,276**	32,767	4 365	4,599

Contained copper reported within gold reserves and resources

Mine		2013			2012		
		Tonnes (000s)	Grade Cu (%)	Pounds (000s)	Tonnes (000s)	Grade Cu (%)	Pounds (000s)
Bulyanhulu - Underground	Proven and probable	29 610	0 566	369,616	28,990	0 655	418,703
	Mineral Resource	10,225	0 671	151,237	10,672	0 614	144,480
	Inferred	6,632	0 774	113,174	8,465	0 716	133,681
Bulyanhulu - Tailings	Proven and probable	7,974	0 036	6,329	7,974	0 036	6,329
	Mineral Resource	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-
Buzwagi	Proven and probable	24,105	0 100	53,263	63,333	0 104	144,752
	Mineral Resource	49,109	0 109	118,283	14,875	0 083	27,172
	Inferred	7,173	0 084	13,323	7,211	0 075	11 979
Total	**Proven and probable**	**61,689**	**0 316**	**429,207**	100,297	0 258	569,784
	Mineral Resource	**59,333**	**0 206**	**269,520**	25,547	0 305	171,652
	Inferred	**13,805**	**0 416**	**126,497**	15,676	0 421	145,660

Contained silver reported within gold reserves and resources

		2013			2012		
Mine		Tonnes ('000s)	Grade Ag (g/t)	Ounce (000s)	Tonnes (000s)	Grade Ag (g/t)	Ounce (000s)
Bulyanhulu – Underground	Proven and probable	29,610	8 066	7,679	28,990	9 159	8,537
	Mineral Resource	10,225	8 437	2,773	10,672	8 149	2,796
	Inferred	6,632	12 877	2,745	8,465	9 837	2,677
Bulyanhulu – Tailings	Proven and probable	7,974	3 848	987	7,974	3 848	987
	Mineral Resource	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-
Total	**Proven and probable**	**37,584**	**7 171**	**8,665**	36,964	8 013	9,523
	Mineral Resource	**10,225**	**8 437**	**2,773**	10,672	8 149	2,796
	Inferred	**6,632**	**12 877**	**2,745**	8,465	9 837	2,677

Mine gold reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (Oz)
Bulyanhulu – Underground	Proven	406,786	11 397	149 054
	Probable	29,203,615	9 504	8,923,060
	Total (P+P)	**29,610,401**	**9 530**	**9,072,114**
Bulyanhulu – Tailings	Proven	-	-	-
	Probable	7,974,020	1 229	315,080
	Total (P+P)	**7,974,020**	**1 229**	**315,080**
Buzwagi	Proven	5,518,912	1 036	183,742
	Probable	18,586,132	1 567	936,086
	Total (P+P)	**24,105,044**	**1 445**	**1,119,828**
North Mara	Proven	6,983,021	2 600	583,639
	Probable	14,726,720	3 439	1,628,179
	Total (P+P)	**21,709,741**	**3 169**	**2,211,818**
Total mine gold reserves	Proven	12 908,719	2 208	916,435
	Probable	70,490 487	5 208	11,802,405
	Total (P+P)	**83,399,206**	**4 743**	**12,718,840**

Contained copper reported within gold reserves

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu – Underground	Proven	406,786	0 444	3,978,089
	Probable	29,203,615	0 568	365,637,529
	Total	**29,610,401**	**0 566**	**369,615,618**
Bulyanhulu – Tailings	Proven	-	-	-
	Probable	7,974,020	0 036	6 328 629
	Total	**7,974,020**	**0 036**	**6,328,629**
Buzwagi	Proven	5 518,912	0 068	8,284,153
	Probable	18,586,132	0 110	44,978,892
	Total	**24,105,044**	**0 100**	**53,263,045**
Total copper reported within gold reserves	Proven	5,925,698	0 094	12,262,242
	Probable	55,763,767	0 339	416,945,050
	Total	**61,689,465**	**0 316**	**429,207,292**

Contained silver reported within gold reserves

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (Oz)
Bulyanhulu - Underground	Proven	406,786	9 458	123,697
	Probable	29,203,615	8 047	7,555,133
	Total	**29,610,401**	**8 066**	**7,678,830**
Bulyanhulu - Tailings	Proven	-	-	-
	Probable	7,974,020	3 848	986,514
	Total	**7,974,020**	**3 848**	**986,514**
Total silver reported within gold reserves	Proven	406,786	9 458	123,697
	Probable	37,177,635	7 146	8,541,647
	Total	**37,584,421**	**7 171**	**8,665,344**

Mine gold resource (Measured and Indicated, exclusive of reserves)

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (Oz)
Bulyanhulu - Underground	Measured	-	-	-
	Indicated	10,224,573	10 653	3,501,819
	Total (M+I)	**10,224,573**	**10 653**	**3,501,819**
Bulyanhulu - Tailings	Measured	-	-	-
	Indicated	-	-	-
	Total (M+I)	-	-	-
Buzwagi	Measured	206,116	1 571	10,411
	Indicated	48,902,642	1 290	2,027,649
	Total (M+I)	**49,108,758**	**1 291**	**2,038,060**
North Mara	Measured	3,248,720	3 323	347,132
	Indicated	22 017,500	3 315	2,346,451
	Total (M+I)	**25,266,220**	**3 316**	**2,693,583**
Total mine resource (M+I)	Measured	3,454,836	3 219	357,543
	Indicated	81,144,715	3 019	7 875,919
	Total (M+I)	**84,599,551**	**3 027**	**8,233,462**

Contained copper reported within gold resources

Mine	Classification	Tonnes	Grade Cu (%)	Contained Cu (lbs)
Bulyanhulu - Underground	Measured	-	-	-
	Indicated	10,224,573	0 671	151,236,892
	Total (M+I)	**10,224,573**	**0 671**	**151,236,892**
Bulyanhulu - Tailings	Measured	-	-	-
	Indicated	-	-	-
	Total (M+I)	-	-	-
Buzwagi	Measured	206,116	0 115	522,759
	Indicated	48,902,642	0 109	117,760,545
	Total (M+I)	**49,108,758**	**0 109**	**118,283,304**
Total copper reported within gold resources	Measured	206,116	0 115	522,759
	Indicated	59,127,215	0 206	268,997,437
	Total (M+I)	**59,333,331**	**0 206**	**269,520,196**

Contained silver reported within gold resources

Mine	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (Oz)
Bulyanhulu - Underground	Measured	-	-	-
	Indicated	10,224,573	8 437	2,773,362
	Total (M+I)	**10,224,573**	**8 437**	**2,773,362**
Total silver reported within gold resources	Measured	-	-	-
	Indicated	10,224,573	8 437	2,773,362
	Total (M+I)	**10,224,573**	**8 437**	**2,773,362**

DETAILED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2013

REPORT ON THE GROUP FINANCIAL STATEMENTS

Our opinion

In our opinion the Group financial statements, defined below

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of the Group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The Group financial statements, which are prepared by African Barrick Gold Plc, comprise

- the Consolidated balance sheet as at 31 December 2013,
- the Consolidated income statement and statement of comprehensive income for the year then ended,
- the Consolidated statement of changes in equity and cash flow statement for the year then ended, and
- the notes to the Group financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements These are cross-referenced from the financial statements and are identified as audited

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) 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 Group financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Overview of our audit approach

Materiality

We set certain thresholds for materiality These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements both individually and on the financial statements as a whole

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be US$11 million based on approximately 5% of the three year average profit before tax adjusted for non-recurring impairment charges

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above US$1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons

Overview of the scope of our audit

The Group s assets and operations are primarily located at four mine sites in Tanzania Financial reporting processes related to the activities of these mine sites are undertaken at shared business centres ('SBCs) located in Dar es Salaam and Johannesburg

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each of the four mine sites and the SBCs by us, as the group engagement team and by other PwC network firms operating under our instruction Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole

Accordingly, of the Group s four mine sites, of which one ceased operations during the year, we identified three which, in our view, required an audit of their complete financial information due to their size and their risk characteristics Specific audit procedures on certain balances and transactions were performed at the other reporting units including the SBC's This together with additional procedures performed at the Group level, specifically in relation to the impairment assessment, gave us the evidence we needed for our opinion on the Group financial statements as a whole

Areas of particular audit focus

In preparing the financial statements, the directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain We primarily focused our work in these areas by assessing the directors judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions We obtained audit evidence through testing the effectiveness of controls substantive procedures or a combination of both

We considered the following areas to be those that required particular focus in the current year This is not a complete list of all risks or areas of focus identified by our audit We discussed these areas of focus with the Audit Committee Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 49 to 51

Area of Focus	How the scope of our audit addressed the area of focus
Impairment assessment We focused on this area because the determination of whether or not to book an impairment charge is based on judgements about the future results of each mine and project A pre-tax impairment charge of $907m has been recorded on PP&E at Buzwagi and North Mara, along with $25m of capitalised acquisition and exploration costs at the Nyanzaga Goodwill relating to North Mara and Nyanzaga of $43m was also impaired Long term stock piles and consumables at Buzwagi, North Mara and Tulawaka of $86m were further impaired This gives a total gross impairment charge for the year of $1,061m (Refer also to note 8 to the financial statements)	We evaluated the directors' future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest Board approved budgets and testing the underlying calculations We challenged the directors' key assumptions for the long-term gold price, and the discount rate by assessing the cost of capital for the company and comparable organisations We also performed sensitivity analysis around these key drivers of the cash flow forecasts Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the asset to be impaired, we considered the likelihood of such movement in those key assumptions arising and the overall impact on the recoverability of the remaining unimpaired assets
Fraud in revenue recognition ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition We focused on this area because the timing of revenue recognition and its presentation in the income statement has inherent complexities, including the point when the risks and rewards of ownership transfer to customers (Refer to note 6 to the financial statements)	We evaluated the relevant IT systems and tested the internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements We also tested journal entries posted to revenue accounts to identify unusual or irregular items We also tested the timing of revenue recognition with regard to contractual obligations and in particular the transfer of the risks and rewards of ownership
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider this	We assessed the overall control environment of the Group, including the arrangements for staff to "whistle-blow" inappropriate actions, and interviewed senior management and the Group s internal audit function We examined the significant accounting estimates and judgements relevant to the financial statements for evidence of bias by the directors that may represent a risk of material misstatement due to fraud In particular, we focused on estimates affecting all-in sustaining costs We also tested journal entries
Deferred and indirect taxes The Group has material recognised deferred tax balances which include prior year tax loss assessments that remain in dispute with the Tanzanian Revenue Authority In addition, the Group has recorded significant indirect tax receivables, of which a material amount has not been refunded in a timely manner (Refer also to notes 19 and 23 to the financial statements)	We have reviewed correspondence between management and the Tanzanian Revenue Authority and assessed management's position in relation to the specific matters disputed In relation to deferred tax, we have also assessed the availability of future taxable income to utilise recognised carry forward losses and the reversal of temporary deferred tax differences We also assessed management's assumptions with regard to whether the indirect tax receivable was ultimately recoverable, and whether it should be classified as current or non-current

FINANCIAL STATEMENTS

Going Concern
Under the Listing Rules we are required to review the directors' statement set out on page 89, in relation to going concern We have nothing to report having performed our review

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the Group's financial statements using the going concern basis of accounting The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed As part of our audit we have concluded that the directors' use of the going concern basis is appropriate

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group s ability to continue as a going concern

OPINIONS ON MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements, and
- the information given in the Corporate Governance Statement set out on pages 43 to 47 in the Annual Report with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit We have no exceptions to report arising from this responsibility

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on directors remuneration We have no exceptions to report arising from these responsibilities

Corporate Governance Statement
Under the Companies Act 2006, we are required to report to you if, in our opinion a corporate governance statement has not been prepared by the Parent Company We have no exceptions to report arising from this responsibility

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code (the Code') We have nothing to report having performed our review

On page 89 of the Annual Report as required by the Code Provision C 1 1, the directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group s performance, business model and strategy On page 50, as required by C 3 8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed Under ISAs (UK & Ireland) we are required to report to you if, in our opinion

- the statement given by the directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit, or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee

We have no exceptions to report arising from this responsibility

Other information in the Annual Report
Under ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is

- materially inconsistent with the information in the audited Group financial statements, or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit, or
- is otherwise misleading

We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors
As explained more fully in the Directors' Responsibilities Statement on page 89, 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 ISAs (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

OTHER MATTER

We have reported separately on the parent company financial statements of African Barrick Gold Plc for the year ended 31 December 2013 and on the information in the Remuneration Report that is described as having been audited

Jason Burkitt

Jason Burkitt,
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 March 2014

CONSOLIDATED INCOME STATEMENT

(in thousands of United States dollars except per share amounts)	Notes	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)
Continuing operations			
Revenue	6	929,004	1,011,738
Cost of sales	7	(713,806)	(720,036)
Gross profit		215,198	291,702
Corporate administration		(32,157)	(47,640)
Exploration and evaluation costs	10	(16,927)	(26,752)
Corporate social responsibility expenses		(12,237)	(13,051)
Impairment charges	8	(1,044,310)	-
Other charges	11	(30,424)	(17,071)
(Loss)/profit before net finance expense and taxation		(920,857)	187,188
Finance income	13	1,670	2,056
Finance expense	13	(9,552)	(10,079)
		(7,882)	(8,203)
(Loss)/profit before taxation		(928,739)	179,165
Tax credit/(expense)	14	187,959	(78,693)
Net (loss)/profit from continuing operations		(740,780)	100,472
Discontinued operations			
Net loss from discontinued operations	4	(57,653)	(48,979)
Net (loss)/profit for the year		(798,433)	51,493
Net (loss)/profit attributable to			
Owners of the parent (net (loss)/earnings)			
- Continuing operations		(740,780)	100,472
- Discontinued operations		(40,321)	(37,692)
Non-controlling interests			
- Discontinued operations		(17,332)	(11,287)
(Loss)/earnings per share			
- Basic and diluted (loss)/earnings per share (cents) from continuing operations	15	(180 6)	24 5
- Basic and diluted (loss)/earnings per share (cents) from discontinued operations	15	(9 8)	(9 2)

The notes on pages 103 to 144 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	**For the year ended 31 December 2013**	For the year ended 31 December 2012 (restated)
Net (loss)/profit for the year	(798,433)	51,493
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedges	1,570	363
Total comprehensive (loss)/income for the year	(796,863)	51,856
Attributed to		
- Owners of the parent	(779,531)	63,143
- Non-controlling interests	(17,332)	(11,287)

The notes on pages 103 to 144 are an integral part of these consolidated financial statements

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2013	As at 31 December 2012 (restated)
Assets			
Non-current assets			
Goodwill and intangible assets	22	**211,190**	278,221
Property, plant and equipment	21	**1,280,671**	1,975,040
Deferred tax assets	23	**50,787**	2,399
Non-current portion of inventory	18	**72,689**	115,553
Derivative financial instruments	32	**3,253**	467
Other assets	24	**137,191**	137,565
		1,755,781	2,509,245
Current assets			
Inventories	18	**253,676**	332 232
Trade and other receivables	19	**24,210**	44,227
Derivative financial instruments	32	**1,366**	2,207
Other current assets	19	**113,945**	44,314
Cash and cash equivalents	20	**282,409**	401,348
		675,606	824,328
Assets of disposal group classified as held for sale	4	**596**	-
Total assets		**2,431,983**	3,333,573
Equity and liabilities			
Share capital and share premium	25	**929,199**	929,199
Other reserves		**992,915**	1,826,511
Total owners equity		**1,922,114**	2,755,710
Non-controlling interests		**5,248**	22,580
Total equity		**1,927,362**	2,778,290
Non-current liabilities			
Borrowings	28	**142,000**	-
Deferred tax liabilities	23	**35,862**	175,115
Derivative financial instruments	32	**1,207**	294
Provisions	29	**132,237**	180,548
Other non-current liabilities	30	**10,101**	21,064
		321,407	377,021
Current liabilities			
Trade and other payables	27	**147,896**	169,904
Derivative financial instruments	32	**5,074**	429
Provisions	29	**1,028**	1,040
Other current liabilities	30	**12,456**	6,889
		166,454	178,262
Liabilities of disposal group classified as held for sale	4	**16,760**	-
Total liabilities		**504,621**	555,283
Total equity and liabilities		**2,431,983**	3,333,573

The notes on pages 103 to 144 are an integral part of these consolidated financial statements

The consolidated financial statements on pages 98 to 144 were authorised for issue by the Board of Directors on 11 March 2014 and were signed on its behalf

Bradley Gordon,
Chief Executive Officer

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/ (accumulated losses)	Total owners equity	Total non-controlling interests	Total equity
Balance at 1 January 2012		**62,097**	**867,102**	**1,368,713**	**-**	**2,041**	**461,278**	**2,761,231**	**37,473**	**2,798,704**
Total comprehensive income/(loss) for the year	3	-	-	-	363	-	62,780	63,143	(11,287)	51,856
Stock option grants		-	-	-	-	1,461	-	1,461	-	1,461
Dividends to equity holders of the Company	16	-	-	-	-	-	(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**	**453,933**	**2,755,710**	**22,580**	**2,778,290**
Total comprehensive income/(loss) for the year		-	-	-	1,570	-	(781,101)	(779,531)	(17,332)	(796,863)
Stock option grants		-	-	-	-	476	-	476	-	476
Dividends to equity holders of the Company	16	-	-	-	-	-	(54,541)	(54,541)	-	(54,541)
Balance at 31 December 2013		**62,097**	**867,102**	**1,368,713**	**1,933**	**3,978**	**(381,709)**	**1,922,114**	**5,248**	**1,927,362**

The notes on pages 103 to 144 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 2013	For the year ended 31 December 2012 (restated)
Cash flows from operating activities			
Net (loss)/profit for the year		(798,433)	51,493
Adjustments for			
Taxation (credit)/expense		(187,959)	72,604
Depreciation and amortisation		141,159	168,228
Finance items		7,968	8,203
Impairment charges		1,061,011	44,536
Profit on disposal of property, plant and equipment		(175)	(616)
Working capital adjustments	17	(41,165)	(74,070)
Other non-cash items	17	8,181	3,088
Cash generated from operations before interest and tax		190,587	273,466
Finance income		1,700	2,102
Finance expenses		(5,172)	(6,284)
Income tax paid		-	(551)
Net cash generated by operating activities		187,115	268,733
Cash flows from investing activities			
Purchase of property, plant and equipment		(373,101)	(323,505)
Investments in other assets		(8,289)	(24,473)
Acquisition of subsidiary, net of cash acquired		(588)	(22,039)
Other investing activities	17	(4,872)	(1,468)
Net cash used in investing activities		(386,850)	(371,485)
Cash flows from financing activities			
Loans received		142,000	-
Dividends paid		(54,541)	(70,125)
Distributions to non-controlling interest holders		-	(3,606)
Finance lease instalments		(5,137)	(5,708)
Net cash generated by/(used in) financing activities		82,322	(79,439)
Net decrease in cash and cash equivalents		(117,413)	(182,191)
Net foreign exchange difference		(1,526)	(615)
Cash and cash equivalents at 1 January		401,348	584,154
Cash and cash equivalents at 31 December		282,409	401,348

The notes on pages 103 to 144 are an integral part of these 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 5th Floor, 1 Cavendish Place, London, WIGOQF, United Kingdom

Barrick Gold Corporation ("BGC") currently owns approximately 63 9% of the shares of the Company and is the ultimate parent and controlling party of the Group The financial statements of BGC can be obtained from www barrick com BGC is incorporated in Canada

The consolidated financial statements for the year ended 31 December 2013 were approved for issue by the Board of Directors of the Company on 11 March 2014

The Group's primary business is the mining, processing and sale of gold The Group has three operating mines located in Tanzania The Group also has a portfolio of exploration projects located across Africa

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 December 31 2013	Equity interest at December 31 2012
African Barrick Gold plc	Holding Company	UK		100%	100%
BUK HoldCo Limited	Holding Company	UK	Subsidiary	100%	100%
BUK East Africa Limited	Holding Company	UK	Subsidiary	100%	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%
ABG Exploration (Kenya) Ltd**	Exploration	Kenya	Subsidiary	100%	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%
Nyanzaga Exploration Company Ltd	Exploration	Tanzania	Subsidiary	100%	100%
Barrick Tanzanian Holdings Ltd	Exploration	Cayman Islands	Subsidiary	100%	100%
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%
African Barrick Gold (SA) (Pty) Ltd***	Shared Services	South Africa	Subsidiary	100%	100%
East Africa Gold Mines Ltd	Holding Company	Australia	Subsidiary	100%	100%
Tusker Gold Limited	Holding Company	Australia	Subsidiary	100%	100%
Indago Autan (Proprietary) Ltd*	Holding Company	Australia	Subsidiary	100%	100%
IDG Aurum Tanzania Ltd*	Holding Company	Tanzania	Subsidiary	100%	100%
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 Aviva Mining (Kenya) Ltd to ABG Exploration (Kenya) Ltd

*** The company changed its name during the year from Barrick Africa (Pty) Ltd to African Barrick Gold (SA) (Pty) Ltd

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"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations 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 dollars 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

- Application of IFRIC 20 'Stripping costs in the production phase of a surface mine Refer to Note 3 for a discussion of the change in accounting policy
- Presentation of the results of discontinued operations due to the agreement to transfer Tulawaka mine to STAMICO, the Tanzanian State Mining Corporation Refer to Note 4 for a discussion of the transaction

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

The following new standards and amendments to standards are applicable and were adopted by the Group for the first time for the financial year beginning 1 January 2013

- 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 subsequently reclassifiable to profit or loss Refer to the statement of comprehensive income for disclosure of the required classification
- The accounting policy for stripping costs has been updated to reflect the impact of IFRIC 20, Stripping costs in the production phase of a surface mine Refer to Note 3 for details of the change in accounting policy
- 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 IFRS
- Annual improvements 2011 effective for periods beginning on or after 1 January 2013
- Amendment to IFRS 7, Financial instruments Disclosures' effective for periods beginning on or after 1 January 2013
- Amendment to IAS 12, Income tax' effective for periods beginning on or after 1 January 2013

c) New and amended standards and interpretations not yet adopted

The following standards and amendments to existing standards have been published and are mandatory for the Group s accounting periods beginning on or after 1 January 2014 but are currently not relevant to the Group

- 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 and 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 comprehensive income rather than the income statement is affected unless this creates an accounting mismatch The impact of IFRS 9 is not expected to be material to the Group IFRS 9 is not yet endorsed by the European union
- IFRIC 21, 'Levies , sets out the accounting for an obligation to pay a levy that is not income tax The interpretation addresses the obligating event that gives rise to pay a levy and when a liability should be recognised The impact is not expected to be material to the Group IFRIC 21 is not yet endorsed by the European union and its effective date is for periods beginning after 1 January 2014
- 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 standard is not mandatory for the Group until 1 January 2014, and the impact is not expected to be material
- IFRS 11, Joint arrangements focuses on rights and obligations of the parties to the arrangement rather than its legal form Proportional consolidation of joint arrangements is no longer permitted The standard is not mandatory for the Group until 1 January 2014 and is not expected to have an impact on the Group
- IFRS 12, Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles The standard is not mandatory for the Group until 1 January 2014 The standard is expected to impact the Group with regards to disclosure of restrictions on its ability to access assets

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 is included in the accounting policies and/or notes to the consolidated financial statements, and the key areas are summarised below

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

- Estimates of the quantities of proven and probable gold reserves - Note 2h)
- The capitalisation of production stripping costs - Note 2i)
- The capitalisation of exploration and evaluation expenditures - Notes 2l) and 10
- 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), 21 and 22
- 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 22
- The estimated useful lives of property, plant and equipment and the measurement of depreciation expense - Notes 2o) and 21
- Property, plant and equipment held under finance leases - Notes 2o) and 21
- Recognition of a provision for environmental rehabilitation and the estimation of the rehabilitation costs and timing of expenditure - Notes 2u) and 29
- Whether to recognise a liability for loss contingencies and the amount of any such provision - Notes 2u), 29 and 35
- Whether to recognise a provision for accounts receivable - Notes 2w), 19 and 24
- Recognition of deferred income tax assets, amounts recorded for uncertain tax positions, the measurement of income tax expense and indirect taxes - Notes 2y), 14 and 23
- 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 - Note 18
- Determination of fair value of derivative instruments - Note 32
- Determination of fair value of stock options and cash-settled share based payments - Note 26

e) Basis of consolidation

The consolidated financial statements set out the Group's financial position as at 31 December 2013 and 31 December 2012, 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 "Net 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 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

2 Significant accounting policies continued

The following exchange rates to the US dollar have been applied

	As at 31 December 2013	Average Year ended 31 December 2013
South African rand (US$ ZAR)	10 50	9 63
Tanzanian shilling (US$ TZS)	1,590	1,598
Australian dollar (US$ AUD)	1 12	1 03
UK pound (US$ GBP)	0 60	0 64

	As at 31 December 2012	Average Year ended 31 December 2012
South African rand (US$ ZAR)	8 50	8 20
Tanzanian shilling (US$ TZS)	1 572	1,572
Australian dollar (US$ AUD)	0 96	0 97
UK pound (US$ GBP)	0 62	0 63

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 costs 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 to an identifiable component of the ore body Production phase stripping costs generate a future economic benefit when the related stripping activity (i) improves access to a component of the ore body to be mined in the future (ii) increase 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

Capitalised open mine development costs are depreciated on a units of production basis whereby the denominator is the estimated ounces of gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan in the components of the ore body that have been made more accessible through the stripping activity 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 doré sales

Gold doré 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 doré sales is recognised either at the time of sale to a third party or, in relation to quarter-end settlements, at the time of shipment should the Group have received confirmation of sale to the third party The sales price is based on the gold spot price at the time of sale

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 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, "Mining properties and development costs", respectively

Acquired exploration and evaluation properties

Exploration and evaluation stage properties acquired either as an acquisition of individual assets or as part of a business combination are capitalised as an intangible asset, "Acquired exploration and evaluation properties" Exploration and evaluation stage properties represent interests in properties that do not have mineralised material classified within proven and probable reserves The value of such properties is primarily driven by the nature and amount of mineralised material contained in such properties, including value attributable to the rights to explore or develop i) a property containing mineralised material classified as a measured, indicated or inferred resource, or ii) a prospective greenfield property with significant exploration potential Exploration and evaluation expenditures incurred on such properties subsequent to their acquisition are expensed as incurred until the technical and commercial viability of developing the property has been demonstrated under the same criteria described above for exploration and evaluation expenditures

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

2 Significant accounting policies continued

n) Inventories

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 and measured, indicated and inferred resources acquired as a result of a business combination or asset acquisition Capitalised mine development costs include pre-production stripping costs, production stripping costs that result in a future economic benefit (refer to Note 2l)) 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 2l)) for capitalisation criteria for exploration and evaluation expenditures)

Development costs incurred at underground mines to build new shafts, drifts and ramps that provide physical access to the underground ore are capitalised as incurred These costs can be incurred throughout the life of the underground mine

Plant and equipment

Plant and equipment is recorded at cost, less accumulated depreciation and applicable impairment losses Cost includes all expenditures incurred to prepare an asset for its intended use including the purchase price, brokers' commissions and installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties and borrowing cost

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 assets under construction 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 contain 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, copper and silver extracted from the mine (or pit) in the period as a percentage of the total quantity of material expected to be extracted in current and future periods based on estimates of recoverable proven and probable reserves and, for some mines, mineral resources Such non reserve material may be included in the depreciation calculations where there is a high degree of confidence in its economic extraction and the production of the non reserve material is reflected in the life of mine plan

Development costs that relate to a discrete section of an ore body and which only provide benefit over the life of those reserves are depreciated over the recoverable proven and probable reserves of that discrete section Discrete sections include capitalised underground development costs or production stripping costs incurred for the purposes of providing access to specific ore blocks or areas of the mine and which only provide an economic benefit over the period of mining that ore block or area Development costs incurred which benefit the entire ore body are depreciated over the recoverable proven and probable reserves of the entire ore body

The expected depreciation rates of the major categories of assets are as follows

Mineral properties and development costs	UOP
Plant and equipment	4% - 25%
Underground mobile equipment	14 3% - 20%
Light vehicles and other mobile equipment	33 3% - 50%
Furniture, computer and office equipment	33 3% - 50%

* UOP indicates assets which are depreciated on the basis of units of production ("UOP"), in this case ounces of gold copper and silver produced in a period divided by the total recoverable reserves and resources of gold copper and silver expected to be mined based on the current life of mine plans

Each asset s estimated residual value and useful life are reviewed, and adjusted if appropriate, on an annual basis The estimate of residual value and useful life is based on the physical condition and life limitations of buildings, plant and equipment and the present assessment of economically recoverable reserves of the mine for the mining property and development cost asset. Changes to the estimated residual values or useful lives are accounted for prospectively

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 minorities proportion of the fair values for the assets and liabilities recognised at acquisition

Goodwill that is acquired through business combinations is allocated to cash generating units ("CGUs"), or groups of CGUs that are expected to benefit from the synergies of the business combination Each of the Group's CGUs that has an allocation of goodwill is also an operating segment as defined by IFRS 8 Consequently, goodwill is tested for impairment at the individual CGU level

Goodwill is not amortised, rather it is tested annually for impairment in accordance with accounting policy (Note 2r)) 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, we prepare an estimate of the fair value attributable to the exploration potential, including mineral resources, if any, of that property The fair value of the exploration potential is recorded as an intangible asset (acquired exploration potential) as at the date of acquisition When an exploration stage property moves into development, any acquired exploration intangible asset balance attributable to that property is transferred to non-depreciable mining interests within property, plant and equipment.

Impairment testing and the reversal of impairments are conducted in accordance with accounting policy (Note 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 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 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

2 Significant accounting policies continued

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 dispose ("FVLCD") 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 FVLCD 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, FVLCD 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 FVLCD Costs attributable to the sale of a CGU are not considered significant

The expected future cash flows utilised in the NPV model are derived from estimates of projected future revenues, future cash costs of production and capital expenditures contained in the life of mine ("LOM") plan for each CGU, which are updated on an annual basis 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 FVLCD, 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 FVLCD of a CGU considers the NPV multiples observed on comparable companies These observed multiples are primarily derived from research analyst reports and take into consideration the following, i) estimate of underlying NPV prepared by the analyst, ii) estimate of target market capitalisation prepared by the analyst, iii) market capitalisation on the date of the analyst report, and iv) market capitalisation on the date of the impairment test The NPV multiple applied also takes into consideration the remaining economic life of the CGU For CGUs with a remaining economic life of five years or less, an NPV multiple on the lower end of the observed multiple range is utilised For other CGUs, the median observed NPV multiple is utilised

The VIU of a CGU is generally lower than its FVLCD due primarily to the application of a market multiple to the underlying NPV of a CGU when determining its FVLCD Consequently the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD

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 stock 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)

Share-based payments

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

Long-term incentive plans

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 RSU's 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 RSU's) 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

2 Significant accounting policies continued

each period, with a corresponding charge to the compensation expense Compensation expenses recognised for RSUs incorporate an estimate for expected forfeiture rates The expected forfeiture is estimated based on historical forfeiture rates of the Group pre-IPO and expectations of future forfeiture rates Adjustments to compensation expense are recognised in periods where the actual forfeiture rate differs from the expected rate

Legacy RSU plan
Historically, the Barrick Group has maintained a Restricted Share Unit ("RSU") plan for selected 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

LTIP deferred share units
Under the Deferred Share Unit ("DSU") plan, the Non Executive Directors can elect to receive all or 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 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 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 either

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 32 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 charges 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 income statement within "other 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 charges

(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 prepayment 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

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost using the effective interest rate method

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

2. Significant accounting policies continued

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 third party smelting, refining and transportation 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 finance 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 Change in accounting policy

During October 2011, the International Accounting Standards Board issued IFRIC 20, Stripping costs in the production phase of a surface mine The interpretation applies to waste removal costs incurred in surface mining activity during the production phase of a mine and addresses the recognition of production stripping costs as an asset, initial measurement of the stripping activity asset and the subsequent measurement of the stripping activity asset

The stripping cost accounting policy has been changed to align with the requirements of IFRIC 20 Stripping costs are now capitalised if the stripping activity provides economic benefit to an identifiable component of the ore body Depreciation of capitalised costs for the components is calculated over the reserves of the ore body that have been made accessible through the stripping activity The previous accounting policies required accounting for stripping costs by reference to ore reserves from each separate pit, where the revised policy requires accounting for each identifiable component of the ore body

IFRIC 20 is applicable for annual periods beginning on or after 1 January 2013 The application of IFRIC 20 resulted in the restatement of 2012 results The impact on the consolidated income statement, consolidated balance sheet and consolidated cash flow statement for the year ended 31 December 2012 is set out below

(in thousands of United States dollars)	Restated[1]	Previously reported	Variance
Consolidated income statement			
Net adjustments			
Direct mining costs	**576,070**	581,483	(5,413)
Depreciation and amortisation[2]	**159,446**	158,883	563
Tax expense	**72,604**	71,063	1,541
Total	**808,120**	811,429	(3,309)
Consolidated balance sheet			
Net adjustments			
Mineral properties and mine development costs	**819,063**	807,947	11,116
Inventory	**447,785**	454,051	(6,266)
Deferred tax liabilities	**175,114**	173,574	1,540
Consolidated cash flow statement			
Cash flows provided by operating activities	**268,733**	257,903	10,830
Cash flows used in investing activities	**(371,485)**	(360,655)	(10,830)

1 Represents values for the total Group including discontinued operations

2 Depreciation and amortisation includes the depreciation component of the cost of inventory sold

4 Discontinued operations and disposal group assets and liabilities held for sale

On 15 November 2013, ABG announced that an agreement was reached with STAMICO the Tanzanian State Mining Corporation, whereby STAMICO will acquire the Tulawaka Gold Mine ("Tulawaka") and certain exploration licenses surrounding Tulawaka for consideration of US$4 5 million and the grant of a 2% net smelter royalty on future production in excess of 500,000 ounces capped at US$500,000

As part of the agreement, STAMICO will take ownership and management of the rehabilitation fund established as part of the closure plan for the mine, in return for the assumption of all remaining past and future closure and rehabilitation liabilities for Tulawaka, and will indemnify the other parties to the agreement in relation to these liabilities. This has resulted in a cash payment of US$11 6 million in February 2014 by ABG to STAMICO for the balance of the rehabilitation fund less the transaction consideration

Tulawaka is 100% owned by the Tulawaka Joint Venture, in which ABG holds a 70% economic interest through a wholly owned subsidiary, with MDN Inc holding the remaining 30% of the Joint Venture Production at Tulawaka ceased in Q2 2013

The financial results of Tulawaka have been presented as discontinued operations in the consolidated financial statements The comparative results in the consolidated income statement have been presented as if Tulawaka had been discontinued from the start of the comparative period The assets and liabilities that are to be sold to STAMICO have been presented as held for sale

4. Discontinued operations and disposal group assets and liabilities held for sale continued

Below is a summary of the results of Tulawaka for the year ended 31 December

(in thousands of United States dollars)	2013	2012
Results of discontinued operations		
Revenue	**13,514**	75,601
Cost of sales	**(30,368)**	(77,823)
Gross loss	**(16,854)**	(2,222)
Corporate administration	**(1,311)**	(3,928)
Exploration and evaluation costs	**-**	(2,208)
Corporate social responsibility expenses[1]	**(3,259)**	(1,394)
Impairment charges	**(16,701)**	(44,536)
Other charges[2]	**(19,442)**	(600)
Loss before net finance expense and taxation	**(57,567)**	(54,888)
Finance income	**30**	46
Finance expense	**(116)**	(226)
Loss before taxation	**(57,653)**	(55,068)
Tax credit	**-**	6,089
Net loss for the year	**(57,653)**	(48,979)

Below is a summary of cash flows from discontinued operations for year ended 31 December

(in thousands of United States dollars)	2013	2012
Operating cash flows	**(31,811)**	5,104
Investing cash flows	**(8,702)**	(22,400)
Financing cash flows	**-**	-
Total cash flows	**(40,513)**	(17,296)

Below is a summary of Tulawaka s assets and liabilities at 31 December classified as disposal group held for sale

(in thousands of United States dollars)	2013
Property, plant and equipment	**239**
Inventories	**357**
Disposal group assets held for sale	**596**
Provisions	**16,760**
Disposal group liabilities held for sale	**16,760**
Net assets and liabilities of disposal group held for sale	**(16,164)**

1 Corporate social responsibility expenses relate to projects supported from the ABG Maendeleo Fund

2 Included in other charges are non-operational costs incurred since the cessation of operations of US$18 1 million

5. 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, Bulyanhulu gold mine, Buzwagi gold mine, a separate Corporate and Exploration segment, which primarily consists of costs related to other charges and corporate social responsibility expenses as well as discontinued operations (Tulawaka gold mine)

Segment results and carrying values include items directly attributable to the segment as well as those that can be allocated on a reasonable basis Segment carrying values are disclosed and calculated as shareholders equity after adding back debt and inter-company liabilities, and subtracting cash and inter-company assets Segment liabilities are not reported since they are not considered by the CODM as material to segment performance Capital expenditures comprise additions to property, plant and equipment The Group has also included segment cash costs per ounce sold and all-in sustaining cost per ounce sold (non-IFRS financial performance measures)

Segment information for the reportable operating segments of the Group for the years ended 31 December 2013 and 31 December 2012 is set out below

	For the year ended 31 December 2013						
(in thousands of United States dollars)	North Mara	Bulyanhulu	Buzwagi	Other	Continuing operations	Discontinued operations[7]	Total
Gold revenue	364,574	262,539	258 879	-	885,992	13,483	899,475
Co-product revenue	819	16,882	25,311	-	43,012	31	43,043
Total segment revenue	**365,393**	**279,421**	**284,190**	**-**	**929,004**	**13,514**	**942,518**
Segment cash operating cost[1]	(172,894)	(190,647)	(202,286)	-	(565,827)	(20,527)	(586,354)
Corporate administration and exploration	(13,026)	(14,661)	(20,976)	(421)	(49,084)	(1,311)	(50,395)
Other charges and corporate social responsibility expenses	(11,961)	(5,827)	(4,730)	(20,143)	(42,661)	(22,701)	(65,362)
EBITDA[2]	**167,512**	**68,286**	**56,198**	**(20,564)**	**271,432**	**(31,025)**	**240,407**
Impairment charges	(307,259)	-	(690,478)	(46,573)	(1,044,310)	(16,701)	(1,061,011)
Depreciation and amortisation[8]	(68,565)	(35,867)	(39,906)	(3,641)	(147,979)	(9,841)	(157,820)
EBIT[2]	**(208,312)**	**32,419**	**(674,186)**	**(70,778)**	**(920,857)**	**(57,567)**	**(978,424)**
Finance income					1,670	30	1 700
Finance expense					(9,552)	(116)	(9,668)
Loss before taxation					**(928,739)**	**(57,653)**	**(986,392)**
Tax credit					187,959	-	187,959
Net loss for the year					**(740,780)**	**(57,653)**	**(798,433)**
Capital expenditure							
Sustaining	38,386	25,193	31,589	690	95,858	583	96,441
Expansionary	949	114,912	-	1,608	117,469	-	117,469
Capitalised development	65,594	45,428	60 136	-	171,158	-	171,158
Reclamation asset reduction	(11,271)	(10,044)	(9,230)	-	(30,545)	(195)	(30 740)
Total capital expenditure	**93,658**	**175,489**	**82,495**	**2,298**	**353,940**	**388**	**354,328**
Segmental cash operating cost	172,894	190,647	202,286	-	565,827	20,527	586,354
Deduct co-product revenue	(819)	(16,882)	(25,311)	-	(43,012)	(31)	(43,043)
Total cash costs	172,075	173,765	176,975	-	522,815	20,496	543,311
Sold ounces[3]	260,945	195,304	187,348	-	643,597	8,778	652,375
Cash cost per ounce sold[2]	**659**	**890**	**945**	**-**	**812**	**2,335**	**833**
Attributable to outside interests[4]							(6)
Total attributable cash cost per ounce sold[2]							**827**
Cash cost per ounce sold[2]	**659**	**890**	**945**	**-**	**812**	**2,335**	**833**
Corporate administration charges	38	72	51	(2)	50	149	51
Rehabilitation - accretion and depreciation	29	7	15	-	18	86	19
Mine site exploration costs	12	3	2	-	6	6	6
Corporate social responsibility expenses	31	6	4	3	19	371	24
Capitalised stripping/UG development	251	233	321	-	266	-	262
Sustaining capital expenditure	207	133	168	1	175	66	173
Attributable to outside interests[4]							(6)
All-in sustaining cost per ounce sold[2]	**1,227**	**1,344**	**1,506**	**2**	**1,346**	**3,013**	**1,362**
Segment carrying value[6,2]	**367,326**	**1,116,142**	**253,344**	**81,005**	**1,817,817**	**10,489**	**1,828,306**

1 The CODM 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 162 for definitions

3 Reflects 100% of ounces sold

4 Reflects the adjustment for non-controlling interest at Tulawaka

5 2012 restated due to the adoption of IFRIC 20

6 Segment carrying values are calculated as shareholders equity after adding back debt and inter-company liabilities, and subtracting cash and inter-company assets and include outside shareholder s interest.

7 Represents Tulawaka which has been discontinued

8 Depreciation and amortisation includes the depreciation component of the cost of inventory sold

5 Segment reporting continued

	For the year ended 31 December 2012 (restated)						
(in thousands of United States dollars)	North Mara	Bulyanhulu	Buzwagi	Other	Continuing operations	Discontinued operations[7]	Total
Gold revenue	310,549	393 347	259,954	-	963,850	75,458	1,039,308
Co product revenue	549	24,311	23,028	-	47,888	143	48,031
Total segment revenue	**311,098**	**417,658**	**282,982**	**-**	**1,011,738**	**75,601**	**1,087,339**
Segment cash operating cost[1 5]	(178,419)	(213,350)	(188,652)	-	(580 421)	(57,992)	(638,413)
Corporate administration and exploration	(20,276)	(19,848)	(33,906)	(361)	(74,391)	(6,136)	(80,527)
Other charges and corporate social	(12,920)	40	(4,944)	(12,299)	(30,123)	(1,994)	(32,117)
EBITDA[2]	**99,483**	**184,500**	**55,480**	**(12,660)**	**326,803**	**9 479**	**336,282**
Impairment charges	-	-	-	-	-	(44,536)	(44,536)
Depreciation and amortisation[5 8]	(55,272)	(33,064)	(47,636)	(3,643)	(139,615)	(19,831)	(159,446)
EBIT[2]	**44,211**	**151,436**	**7,844**	**(16,303)**	**187,188**	**(54,888)**	**132,300**
Finance income					2,056	46	2,102
Finance expense					(10,079)	(226)	(10,305)
Profit/(loss) before taxation					**179,165**	**(55,068)**	**124,097**
Tax (credit)/expense[5]					(78,693)	6,089	(72,604)
Net profit/(loss) for the year					**100,472**	**(48,979)**	**51,493**
Capital expenditure							
Sustaining	47,759	35,193	56,441	8,988	148,381	13,157	161,538
Expansionary	10,091	36,814	62	-	46 967	2,922	49,889
Capitalised development[5]	28,139	45,605	39,456	-	113,200	7 258	120,458
Reclamation asset addition/(reduction)	7,540	(43)	10,494	-	17,991	1,251	19 242
Total capital expenditure	**93,529**	**117,569**	**106,453**	**8,988**	**326,539**	**24,588**	**351,127**
Segmental cash operating cost	178,419	213 350	188,652	-	580,421	57,992	638,413
Deduct. co-product revenue	(549)	(24 311)	(23,028)	-	(47,888)	(143)	(48,031)
Total cash costs	177,870	189 039	165,624	-	532,533	57,849	590,382
Sold ounces[3]	186,600	235,410	155,322	-	577 332	45,600	622,932
Cash cost per ounce sold[2]	**953**	**803**	**1,066**	**-**	**922**	**1,269**	**948**
Attributable to outside interests[4]							(7)
Total attributable cash cost per ounce sold[2]							**941**
Cash cost per ounce sold[2]	**953**	**803**	**1,066**	**-**	**922**	**1,269**	**948**
Corporate administration charges	78	75	78	6	83	86	85
Rehabilitation - accretion and depreciation	48	10	23	-	26	134	34
Mine site exploration costs	31	9	6	-	16	48	18
Corporate social responsibility expenses	39	5	8	6	23	31	24
Capitalised stripping/UG development	151	194	254	-	196	159	198
Sustaining capital expenditure	393	149	363	10	295	289	302
Attributable to outside interests[4]							(24)
All-in sustaining cost per ounce sold[2]	**1,693**	**1,245**	**1,798**	**22**	**1,561**	**2,016**	**1,585**
Segment carrying value[6 2]	**573,980**	**978,045**	**721,296**	**119,086**	**2,392,407**	**11,043**	**2,403,450**

1 The CODM 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 162 for definitions
3 Reflects 100% of ounces sold
4 Reflects the adjustment for non-controlling interest at Tulawaka
5 2012 restated due to the adoption of IFRIC 20
6 Segment carrying values are calculated as shareholders equity after adding back debt and inter-company liabilities and subtracting cash and inter-company assets and include outside shareholder s interest
7 Represents Tulawaka which has been discontinued
8 Depreciation and amortisation includes the depreciation component of the cost of inventory sold

6 Revenue

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[3]
Gold doré sales	**659,760**	634,363
Gold concentrate sales[1]	**226,231**	329,487
Copper concentrate sales[1]	**37,539**	41,123
Silver sales	**5,474**	6,765
Total	**929,004**	1,011,738

1 Concentrate sales includes provisional price adjustments to the accounts receivable balance due to changes in market gold, silver and copper prices prior to final settlement as follows $12 2 million for the year ended 31 December 2013 ($3 7 million for the year ended 31 December 2012)

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[3]
Revenue by location of customer[2]		
Europe		
Switzerland	**257,914**	492,460
Germany	**73,126**	114,471
Asia		
India	**403,956**	143,796
China	**117,099**	162,140
Japan	**76,909**	98,871
Total revenue	**929,004**	1,011,738

2 Revenue by location of customer is determined based on the country to which the gold is delivered

3 Restated due to the classification of Tulawaka as a discontinued operation Refer to Note 4

Included in revenues for the year ended 31 December 2013 are revenues of approximately $681 million (2012 $856 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

7 Cost of sales

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[3]
Direct mining costs	**508,166**	521,338
Third-party smelting costs	**16,790**	18,005
Depreciation[1]	**147,979**	139,615
Royalty expense	**40,871**	41,078
Total[2]	**713,806**	720,036

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

2 Cost of sales less depreciation equals cash operating costs

3 Restated due to the classification of Tulawaka as a discontinued operation and the application of IFRIC 20 Refer to Note 3 and 4

8. Impairment charges

In accordance with IAS 36 'Impairment of assets' and IAS 38 Intangible Assets a review for impairment of goodwill is undertaken annually or at any time an indicator of impairment is considered to exist and in accordance with IAS 16 'Property, plant and equipment a review for impairment of long-lived assets is undertaken at any time an indicator of impairment is considered to exist. The prevailing gold price fell significantly during the second quarter of 2013 due to macro-economic factors mainly as a result of positive economic news from the United States of America This forced a review of the gold price outlook used for long-term planning and reserve estimation Management expect weak investment demand to drive continued volatility and hold gold prices to an average of US$1,300 per ounce a price that we consider a market participant would use to calculate the carrying value of our assets Given the impact of the lower gold price outlook and the impact on the reserves, life of mine plans and margins of the operating mines, operating performance was reassessed in order to ensure optimised returns and cash flows for each cash generating unit. Cash generating units are determined on the same basis as operating segments Refer to Note 5 for further details

At Bulyanhulu, goodwill and property, plant and equipment was reviewed for impairment due to a reduction in total reserves The impairment review did not indicate a need for impairment because the recoverable amount was calculated as higher than the carrying values

As reported in the consolidated financial statements for the year ended 31 December 2012, Buzwagi s cost structure combined with the grade profile made it most susceptible to changes in the gold price At Buzwagi, in June 2013 the mine plan was re-engineered to substantially reduce the amount of waste movement required and optimise the grade of the mine This resulted in a reduction of reserve life, but drove a significant improvement in all-in sustaining cost per ounce sold[1] and set the mine up to deliver positive cash flows for the next five years As a result of the changes a mid year post-tax impairment was recorded to long-lived assets at Buzwagi of US$677 5 million and supplies inventory of US$13 0 million (2012 no impairment charge)

At North Mara, several changes were made to the plan during the year which will substantially reduce the strip ratio, volume of material to be moved and ultimate footprint of the asset. In June 2013, the mine plan was re-engineered to remove uneconomic ounces from Nyabirama Stage 5 and Gokona Stage 4 and to improve the overall return from the mine Further to this, in October it was decided to defer Gokona Cut 3, which contains 628koz of North Mara s reserve base, whilst an underground feasibility study into the alternative of mining of this reserve is finalised ABG is confident that the outcome of the underground study will be positive and together with the other changes made will ensure strong free cash flow generation for North Mara together with an optimised footprint to alleviate some of the other pressures encountered at the mine The reserve base has also been adjusted in line with the lower gold price assumption at 31 December 2013 The impact of the deferral of Gokona Stage 3 combined with the updated reserve estimates resulted in a year end post tax impairment of US$96 3 million in addition to the mid year post-tax impairment to goodwill of US$21 million and long-lived assets of US$152 9 million (2012 no impairment charge)

At Tulawaka, a review of the supplies balance on hand at the end of June 2013 prompted a supplies inventory impairment of US$16 7 million

At 30 June 2013, the recoverable amount for Nyanzaga was calculated on a fair value less cost to dispose basis, using a comparable enterprise value for companies holding similar assets to arrive at a value per ounce Given the volatility in the market and the lack of comparable transactions in the current gold price environment, the value of this exploration asset is highly judgemental Due to the valuation being below the carrying value, mid year impairments was recorded relating to goodwill and acquired exploration potential intangible asset that arose on the acquisition of Tusker Gold Ltd of US$22 0 million and subsequent investment in the asset of US$24 6 million

The review compared the recoverable amount of assets for the cash generating units ("CGU") to the carrying value of the CGU s including goodwill 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 dispose ("FVLCD") The FVLCD 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, FVLCD is derived using discounted cash flow techniques (NPV of expected future cash flows of a CGU), which incorporate market participant assumptions Cost to dispose is based on management's best estimates of future selling costs at the time of calculating FVLCD Costs attributable to the disposal 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 The Group's LOM plans reflect proven and probable reserves and are based on detailed research, analysis and modelling to optimise the internal rate of return for each CGU FVLCD measurements are defined as level three fair value measurements as they are valued using unobservable inputs

The discount rate applied to calculate the 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

The VIU of a CGU is generally lower than its FVLCD, due primarily to the fact that the optimisation of the mine plans has been taken into account when determining its FVLCD Consequently, the recoverable amount of a CGU for impairment testing purposes is determined based on its FVLCD

On a gross basis, and before taking into account the impact of deferred tax, the total impairment charge amounted to US$690 5 million at Buzwagi, US$307 3 million at North Mara, US$46 6 million relating to Nyanzaga and US$16 7 million at Tulawaka

1 Non-IFRS financial performance measure with no standard meaning under IFRS Refer to "Non-IFRS measures" on page 162 for definitions

The key economic assumptions used in the reviews at 30 June and 31 December 2013 were

	For the year ended 31 December 2013	For the year ended 31 December 2012
Gold price per ounce (applied to all periods)	US$1,300	US$1,700
South African Rand (US$ ZAR)	8 75	8 00
Tanzanian Shilling (US$ TZS)	1,600	1,600
Long-term oil price per barrel	US$120	US$90
Discount rate	5%	4 16%-5 66%
NPV multiples	1 00	0 90-1 30

For purposes of testing for impairment of non-current assets, a reasonably possible change in the key assumptions used to estimate the recoverable amount for GGU s could result in an additional impairment charge The carrying value of the net assets relating to North Mara are most sensitive to changes in key assumptions in respect of gold price and a US$100 per ounce decrease in isolation, would lead to an additional impairment at North Mara of US$99 0 million At the same time a similar decrease would not result in an impairment at Buzwagi However, should the gold price decline further, the mines would again be reassessed in order to optimise returns and cash flows

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Buzwagi	690,478	-
North Mara	307,259	-
Tulawaka[1]	16,701	44,536
Tusker/Nyanzaga	46,573	-
Gross impairment charge	1,061,011	44,536
Comprising		
Impairment of goodwill	43,069	13,805
Impairment of intangible assets	24,550	-
Impairment of property, plant and equipment	906 822	30,731
Impairment of non-current inventory	47,830	-
Impairment of supplies inventory	38,740	-
Gross impairment charge	1,061,011	44,536
Deferred income tax	(238,008)	-
Impairment charge, net of tax	823,003	44,536

1 Included in the loss from discontinued operations

9 Employee benefits

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Wages and salaries	126,483	142,100
Other employee benefits[1]	91,076	92,445
Stock based compensation charge[2]	(1,377)	4,668
Total	216,182	239,213

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 26

Average number of employees per month	For the year ended 31 December 2013	For the year ended 31 December 2012
Operations	4,898	5,230
Exploration	49	80
Administration	283	358
Total average headcount	5,230	5,668

10 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 2013	For the year ended 31 December 2012 (restated)[2]
Expensed during the year		
North Mara	3,099	5,814
Buzwagi	366	967
Bulyanhulu	656	2,215
Other[1]	12,806	17,756
Total expensed	16,927	26,752
Capitalised during the year		
North Mara	410	5,259
Bulyanhulu	1,945	5,191
Nyanzaga	1,608	3,241
Total capitalised	3,963	13,691
Total	20,890	40,443

1 Included in "other" are the exploration activities conducted through ABG Exploration Africa Limited and ABG Exploration Kenya Limited All primary greenfield exploration and evaluation activities are conducted in these companies

2 Restated due to the classification of Tulawaka as a discontinued operation Refer to Note 4 Previously total exploration and evaluation for 2012 amounted to US$45 5 million

11. Other charges

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[1]
Other expenses		
Operational Review costs (including retrenchment cost)	13,305	-
Discounting of indirect tax receivables	1,375	4,185
Unrealised non-hedge derivative losses	7,203	1,719
Bad debt expense	1,369	65
Disallowed indirect taxes	1,463	2,952
Legal costs	3,138	1,655
CNG-related costs (residual)	3,246	6,378
Government levies and charges	2,387	-
Other	3,617	4,547
Total	37,103	21,501
Other income		
Profit on disposal of property, plant and equipment	(99)	(660)
Insurance theft claim	(2,958)	-
Foreign exchange gains	(3,622)	(3,770)
Total	(6,679)	(4,430)
Total other charges	30,424	17,071

1 Restated due to the classification of Tulawaka as a discontinued operation Refer to note 4

12. Auditors' remuneration

During the year the Group (including its subsidiaries) obtained the following services from the Company's auditors

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Audit fees		
Fees payable to the Company's auditors and its associates for the audit of the parent company and consolidated financial statements	392	396
Fees payable to the Company's auditors and its associates for other services		
Audit of the Company's subsidiaries	442	489
Audit related assurance services	329	360
Other assurance services	125	100
Tax compliance services	128	214
Other services	-	12
Total	1,416	1,571

13. Finance income and finance expenses

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[3]
Interest on time deposits	937	1,185
Other	733	871
Total	1,670	2,056

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[3]
Unwinding of discount[1]	4,468	3,949
Revolving credit facility charges[2]	3,050	3,014
Interest on CIL facility	2,413	-
Interest on finance leases	658	841
Bank charges	756	1,062
Other	620	1,213
	11,965	10,079
Capitalised during the year	(2,413)	-
Total	9,552	10,079

1 The unwinding of discount is calculated on the environmental rehabilitation provision

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

3 Restated due to the classification of Tulawaka as a discontinued operation Refer to Note 4

14. Tax (credit)/expense

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[1]
Current tax		
Current tax on profits for the year	-	-
Adjustments in respect of prior years	40	120
Total current tax	40	120
Deferred tax		
Origination and reversal of temporary differences[1]	(187,999)	78,573
Total deferred tax	(187,999)	78,573
Income tax expense	(187,959)	78,693

1 2012 restated due to the application of IFRIC 20 Refer to Note 3 for a discussion of the change in accounting policy

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 2013	For the year ended 31 December 2012 (restated)[1]
(Loss)/profit before tax	(928,739)	179,165
Tax calculated at domestic tax rates applicable to profits in the respective countries	(292,917)	55,025
Tax effects of		
(Non-taxable income)/Expenses not deductible for tax purposes	13,111	1,333
Tax losses for which no deferred income tax asset was recognised	84,904	18,831
Prior year adjustments	5,572	6,691
Effect of tax rates in foreign jurisdictions	1,371	(3 187)
Tax charge	(187,959)	78,693

1 2012 restated due to the application of IFRIC 20 Refer to Note 3 for a discussion of the change in accounting policy

Tax periods remain open to review by the Tanzanian Revenue Authority ("TRA") in respect of income taxes for five years following the date of the filing of the corporate tax return, during which time the authorities have the right to raise additional tax assessments including penalties and interest. Under certain circumstances the reviews may cover longer periods Because a number of tax periods remain open to review by tax authorities, there is a risk that transactions that have not been challenged in the past by the authorities may be challenged by them in the future, and this may result in the raising of additional tax assessments plus penalties and interest.

15 (Loss)/earnings per share

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

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 2013 and 31 December 2012, earnings per share have been calculated as follows

(in thousands of United States dollars, except per share amounts)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[1]
(Loss/earnings		
Net (loss)/profit from continuing operations attributable to owners of the parent	(740,780)	100,472
Net (loss)/profit from discontinued operations attributable to owners of the parent	(40,321)	(37,692)
Weighted average number of Ordinary Shares in issue	410,085,499	410,085,499
Adjusted for dilutive effect of stock options	-	-
Weighted average number of Ordinary Shares for diluted earnings per share	410,085,499	410,085,499

1 2012 restated due to the application of IFRIC 20 Refer to Note 3 for a discussion of the change in accounting policy

	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)
(Loss)/earnings per share		
Basic and dilutive (loss)/earnings per share from continuing operations (cents)	(180 6)	24 5
Basic and dilutive (loss)/earnings per share from discontinued operations (cents)	(9 8)	(9 2)

16 Dividend

The final dividend declared in respect of the year ended 31 December 2012 of US$50 44 million (US12 3 cents per share) and the 2013 interim dividend of US$4 1 million (US0 1 cents per share) were paid during 2013 and recognised in the financial statements Refer to Note 39 for details of the final dividend declared subsequent to year end

17. 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 2013	For the year ended 31 December 2012
Trade receivables	20,017	(14,368)
Inventories[1]	34,493	(52,815)
Other current assets[2]	(57,855)	(21,259)
Other liabilities[3]	(2,177)	1,157
Trade and other payables[4]	(32,057)	8,257
Other working capital items[5]	(3,586)	4,958
Total	(41,165)	(74,070)

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

2 During 2012 the Tanzanian Government abolished the VAT relief practice resulting in a build-up in VAT receivables from the Government in 2013

3 The other liabilities adjustment includes the movement in both other current and other non-current liabilities

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 as well as cash movements on derivative financial instruments

Other non-cash items

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Adjustments for non-cash income statement items		
Foreign exchange gains	(5,287)	(4,958)
Discounting of indirect tax receivables	1,375	4 185
Provision added	524	6
Unrealised losses on derivatives	8,773	1,719
Stock option expense	476	1,461
Other non-cash items	794	60
Exchange loss on revaluation of cash balances	1,526	615
Total	8,181	3,088

b) Investing cash flows – other items

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Proceeds on sale of property plant and equipment	175	4,607
Other long-term receivables	802	746
Village housing receivable	(6)	70
Rehabilitation expenditure	(5,843)	(297)
Settlement of long-term liabilities	-	(6,594)
Total	(4,872)	(1,468)

18 Inventories

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012 (restated)[2]
Raw materials		
Ore in stockpiles	**12,545**	19,416
Mine operating supplies	**208,289**	258,214
Gold in process	**12,773**	30,031
Finished products		
Gold doré/bullion	**16,356**	19,389
Gold copper and silver concentrate	**3,713**	5,182
Total current portion of inventory	**253,676**	332,232
Non-current ore in stockpiles[1]	**72,689**	115,553
Total	**326,365**	447,785

1 During 2013 US$76 7 million (2012 US$115 5 million) of ore at Buzwagi and North Mara was classified as long-term following management s assessment that these stock piles will be processed after 2013

2 Restated due to the application of IFRIC 20 Refer to Note 3

The cost of inventories recognised as an expense and included in the cost of sales amount to US$282 9 million (2012 US$198 5 million) During the year supplies inventory and ore stockpiles to the value of US$86 million was written down due to impairment reviews that was performed (refer to Note 8)

19 Trade and other receivables and other current assets

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Trade and other receivables		
Amounts due from dore and concentrate sales	**16,204**	33,103
Other receivables[1]	**10,102**	12,079
Due from related parties	**37**	393
Less Provision for doubtful debt on other receivables	**(2,133)**	(1,348)
Total	**24,210**	44,227

1 Other receivables relates to employee and supplier backcharge related receivables

Trade receivables other than concentrate receivables are non-interest bearing and are generally on 30-90-day terms Concentrate receivables are generally on 60-120-day terms depending on the terms per contract Trade receivables are amounts due from customers in the ordinary course of business If collection is expected in one year or less, they are classified as current assets If not, they are presented as non-current assets The carrying value of trade receivables recorded in the financial statements represents the maximum exposure to credit risk The Group does not hold any collateral as security Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Current portion of indirect tax receivables[2]	**95,033**	26,023
Other receivables and advance payments[3]	**18,912**	18,291
Total	**113,945**	44,314

2 The total indirect tax receivable is US$159 8 million of which US$64 7 million is included in non-current assets This receivable is due from the Tanzanian Revenue Authority and it is anticipated to be offset against future corporation tax payments To reflect the time value of money the long-term portion of this receivable has been discounted at a rate of 5% (2012 5%)

3 Other receivables and advance payments relate to prepayments for insurance income taxes and social security fund contributions

20 Cash and cash equivalents

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Cash at bank and on hand	**136,714**	186,530
Money market funds	**145,695**	214,818
Total	**282,409**	401,348

21. Property, plant and equipment

For the year ended 31 December 2013 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
At 1 January 2013, net of accumulated depreciation	945,118	819,063	210,859	1,975,040
Additions	-	-	354 328	354,328
Disposals/write-downs	(477)	-	-	(477)
Impairments[2]	(582,669)	(287,276)	(36,877)	(906,822)
Depreciation	(84,350)	(56,809)	-	(141 159)
Transfers between categories	18,677	121,427	(140,104)	-
Reclassification to disposal group assets held for sale	-	(239)	-	(239)
At 31 December 2013	**296,299**	**596,166**	**388,206**	**1,280,671**
At 1 January 2013				
Cost	1,475,374	1,250,088	210,859	2,936,321
Accumulated depreciation	(530,256)	(431 025)	-	(961,281)
Net carrying amount	**945,118**	**819,063**	**210,859**	**1,975,040**
At 31 December 2013				
Cost	1,397,456	1,315 918	425,083	3 138,457
Accumulated depreciation and impairment	(1 101,157)	(719,752)	(36,877)	(1,857,786)
Net carrying amount	**296,299**	**596,166**	**388,206**	**1,280,671**

For the year ended 31 December 2012 (restated) (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	-	-	351,127	351,127
Disposals/write-downs	(4,028)	-	-	(4,028)
Impairments[2]	(16,714)	(14,017)	-	(30 731)
Depreciation	(99,359)	(65,216)	-	(164,575)
Transfers between categories	170,350	132,777	(303,127)	-
At 31 December 2012	**945,118**	**819,063**	**210,859**	**1,975,040**
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	1,250,088	210,859	2,936,321
Accumulated depreciation and impairment	(530,256)	(431,025)	-	(961,281)
Net carrying amount	**945,118**	**819,063**	**210,859**	**1,975,040**

1 Assets under construction represents (a) sustaining capital expenditures incurred constructing property plant and equipment related to operating mines and advance deposits made towards the purchase of property, plant and equipment, 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 long lived assets at Buzwagi North Mara and Tulawaka Refer to Note 8 for further details

Leases

Property, plant and equipment include 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 and spinning power generators leased 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 leases have been classified as finance leases

Property, plant and equipment also includes five drill rigs purchased under short term finance leases

The following amounts were included in property, plant and equipment where the Group is a lessee under a finance lease

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Cost - capitalised finance leases	70,764	68,846
Accumulated depreciation	(16,430)	(14,603)
Net carrying amount	54,334	54,243

22 Goodwill and intangible assets

For the year ended 31 December 2013 (in thousands of United States dollars)	Goodwill	Acquired exploration and evaluation properties	Total
At 1 January, net of accumulated impairment	170,831	107,390	278,221
Additions[1]	136	452	588
Impairment[2]	(43,069)	(24,550)	(67,619)
At 31 December 2013	**127,898**	**83,292**	**211,190**
At 31 December 2013			
Cost	401,250	107,842	509,092
Accumulated impairment	(273,352)	(24,550)	(297,902)
Net carrying amount	**127,898**	**83,292**	**211,190**

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	178,420	80 093	258,513
Additions	6,216	27,297	33,513
Impairment	(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**

1 Additions to acquired exploration and evaluation properties and goodwill relate to additional costs related to the final valuation of the acquisition of African Barrick Gold Exploration (Kenya) Ltd

2 The annual impairment review resulted in an impairment of US$21 million to goodwill in North Mara and US$22 million and US$24 6 million to goodwill and acquired exploration and evaluation properties in Tusker/Nyanzaga respectively (2012 US$13 8 million impairment to goodwill in Tulawaka) The key assumptions to which the calculation of fair value less costs to dispose for all CGUs are most sensitive are described in Note 8 Refer to Note 8 for further details

22. Goodwill and intangible assets continued

Goodwill and accumulated impairment losses by operating segments

For the year ended 31 December 2013 (in thousands of United States dollars)	North Mara	Bulyanhulu	Discontinued operations	Other	Total
At 1 January 2013	21,046	121,546	-	28,239	170,831
Impairments	(21 046)	-	-	(22,023)	(43,069)
Additions	-	-	-	136	136
At 31 December 2013	-	**121,546**	-	**6,352**	**127,898**
Cost	237,524	121,546	13 805	28,375	401,250
Accumulated impairments	(237,524)	-	(13,805)	(22,023)	(273,352)

For the year ended 31 December 2012 (in thousands of United States dollars)	North Mara	Bulyanhulu	Discontinued operations	Other	Total
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)

23. 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 2013	As at 31 December 2012
Tax losses	**254,711**	335,677
Total	**254,711**	335,677

The above tax losses which translate into deferred tax assets of approximately US$85million (2012 US$98 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 classification	Assets		Liabilities		Net	
(in thousands of United States dollars)	2013	2012	2013	2012	2013	2012
Property, plant and equipment[1]	-	-	**297,421**	500,331	**297,421**	500,331
Provisions	**(11,756)**	(11,244)	-	-	**(11,756)**	(11,244)
Interest deferrals	**(22,960)**	(19,494)	**286**	562	**(22,674)**	(18,932)
Tusker acquisition	-	-	**7,340**	17,313	**7,340**	17,313
Aviva acquisition	-	-	**4,565**	6,216	**4,565**	6,216
Tax loss carry-forwards	**(289,821)**	(320,968)	-	-	**(289,821)**	(320,968)
Net deferred tax (assets)/liabilities	**(324,537)**	(351,706)	**309,612**	524,422	**(14,925)**	172,716

Legal entities	Assets		Liabilities		Net	
(in thousands of United States dollars)	2013	2012	2013	2012	2013	2012
North Mara Gold Mine Ltd[1]	-	-	**10,098**	54,381	**10,098**	54,381
Bulyanhulu Gold Mine Ltd	-	(383)	**13,594**	-	**13,594**	(383)
Pangea Minerals Ltd[1]	**(48,066)**	-	-	98,925	**(48,066)**	98,925
Other	**(2,721)**	(2,016)	**12,170**	21,809	**9,449**	19,793
Net deferred tax (assets)/liabilities	**(50,787)**	(2,399)	**35,862**	175,115	**(14,925)**	172,716

1 2012 restated due to the application of IFRIC 20 Refer to Note 3 for a discussion of the change in accounting policy

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$327 million (2012 US$134 million)

24. Other assets

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Amounts due from government[1]	**19,436**	23,426
Operating lease prepayments – TANESCO powerlines	**2,648**	2,512
Prepayments – Acquisition of rights over leasehold land[2]	**49,389**	37,248
Non-current portion of indirect tax receivable[3]	**64,791**	72,655
Village housing	**257**	250
Deferred finance charges	**670**	1,474
Total	**137,191**	137,565

1 Included in this amount are amounts receivable from the Tanzanian Social Security Fund of US$13 7 million (2012 US$7 3 million) as well as amounts due from TANESCO of US$9 4 million (2012 US$10 6 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% (2012 5%) This resulted in a discounting charge of US$1 4 million (2012 US$4 2 million) to the income statement

25 Share capital and share premium

	Number	£'000	Share capital US$ 000	Share premium US$ 000
At 1 January 2012	410,085,499	41,009	62,097	867 102
At 31 December 2012	410,085,499	41,009	62,097	867,102
At 31 December 2013	**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

26 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 between April 2017 and August 2020 718,805 of the options granted were exercisable at 31 December 2013 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

	2013		2012	
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**	**1,703,128**	524	1,710,628
Granted	**160**	**841,308**	-	-
Forfeited	**518**	**(275,909)**	-	-
Expired	**533**	**(241,321)**	568	(7,500)
At 31 December	**373**	**2,027,206**	524	1,703,128

26. Stock based compensation continued

A summary of the awards of the Group s equity-settled stock options at 31 December 2013 is presented below

	Number	Weighted average exercise price in pence per share	Weighted average remaining contractual life in years	Weighted average fair value in pence per share
Awards made in 2012				
None				
Awards made in 2013				
21 August	841 308	160	6 6	51

The fair value of each award on the day of grant was estimated using a Monte Carlo simulation The expected future volatility has been determined by reference to the historical volatility The key assumptions used in the valuation are noted in the following table

	Risk-free interest rate %	Expected volatility %	Dividend yield %	Option lifetime Years
Awards made in 2013				
21 August	1 68	50	1 65	7

The options granted are subject to performance conditions which are based on the assessment of the Company's Total Shareholder Return on a weighted mean average against a specified comparator group as described on page 70 of the remuneration report

b) LTIP – Restricted Share Units

Included in other non-current liabilities are RSUs with a fair value of US$0 8 million as at 31 December 2013 (2012 US$2 2 million)

(in thousands of United States dollars)	Number of RSUs	Fair value US$ 000
At 1 January 2012	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**
Settled for cash	(126,793)	(346)
Forfeited	(194,214)	(359)
Granted	1,474,902	122
Credits for dividends	43,261	66
Change in value	-	(888)
At 31 December 2013	**1,798,573**	**824**

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 ("PRSUs")

Included in other non-current liabilities are PRSUs with a fair value of US$1 8 million as at 31 December 2013 (2012 US$2 5 million)

(in thousands of United States dollars)	Number of PRSUs	Fair value US$ 000
At 1 January 2012	534,907	402
Credits for dividends	15,217	39
Change in value	-	2,105
At 31 December 2012	**550,124**	**2,546**
Forfeited	(443,758)	(621)
Granted	3,215,067	951
Credits for dividends	61,791	71
Change in value	-	(1,125)
At 31 December 2013	**3,383,224**	**1,822**

d) LTIP - Deferred Share Units

Included in other non-current liabilities are DSUs with a fair value of US$0 2 million as at 31 December 2013 (2012 US$0 3 million)

(in thousands of United States dollars)	Number of DSUs	Fair value US$ 000
At 1 January 2012	-	-
Granted	48,283	260
Credits for dividends	272	1
At 31 December 2012	**48,555**	**261**
Granted	153,508	131
Credits for dividends	6,993	8
Change in value	-	(187)
At 31 December 2013	**209,056**	**213**

27 Trade and other payables

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Trade payables	**60,811**	83,038
Accrued expenses	**41,066**	43,377
Payroll-related payables	**29,559**	26 539
Contract retentions	**390**	414
Royalty payable	**1,759**	3,771
Trade payables to related parties	**14,311**	12,765
Total	**147,896**	169,904

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

28 Borrowings

At the beginning of the year, a US$142 million facility was put in place to fund the bulk of the costs of the construction of one of ABG s key growth projects, the Bulyanhulu CIL Expansion project ("the Project") The facility is collateralised by the Project, and has a term of seven years with a spread over LIBOR of 250 basis points The interest rate has been fixed at 3 6% through the use of an interest rate swap The seven year facility is repayable in equal instalments over the term of the Facility, after a two-year repayments holiday period The full facility of US$142 million was drawn at the end of the year Interest accrued to the value of US$0 7 million was included in accounts payable at year end Interest incurred on the borrowings as well as hedging losses have been capitalised as an asset.

29 Provisions

	Rehabilitation[1]		Other[2]		Total	
(in thousands of United States dollars)	**2013**	2012	**2013**	2012	**2013**	2012
At 1 January	**180,548**	157,582	**1,040**	1,034	**181,588**	158,616
Change in estimate	**(30,740)**	19,242	**524**	6	**(30,216)**	19,248
Utilised during the year	**(5,843)**	(297)	**-**	-	**(5,843)**	(297)
Unwinding of discount	**4,496**	4,021	**-**	-	**4,496**	4,021
Reclassification to disposal group liabilities held for sale	**(16,760)**	-	**-**	-	**(16,760)**	-
At 31 December	**131,701**	180,548	**1,564**	1,040	**133,265**	181,588
Current portion	**-**	-	**(1,028)**	(1,040)	**(1,028)**	(1,040)
Non-current portion	**131,701**	180,548	**536**	-	**132,237**	180,548

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

29. Provisions continued

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 ABG prepares estimates of the timing and amount of expected cash flows when an obligation is incurred and updates 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 year ABG assesses cost estimates and other assumptions used in the valuation of the rehabilitation provision at each mineral property 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

30 Other liabilities

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Finance lease liabilities	**10,914**	14,133
Employee benefit share-based liabilities	**2,859**	5,036
Other	**8,784**	8,784
Total	**22,557**	27,953
Current portion	**12,456**	6,889
Non-current portion	**10,101**	21,064

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.

	As at 31 December 2013	As at 31 December 2012
Gross finance lease liabilities - minimum lease payments		
- No later than 1 year	**11,307**	4,645
- Between 1 and 3 years	**-**	10,487
	11,307	15,132
Future finance charges on finance leases	**(393)**	(999)
Present value of finance lease liabilities	**10,914**	14,133

Present value of finance lease liabilities	As at 31 December 2013	As at 31 December 2012
- No later than 1 year	**10,914**	4,030
- Between 1 and 3 years	**-**	10,103
Present value of finance lease liabilities	**10,914**	14,133

31. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value 2013	Carrying value 2012	Fair value 2013	Fair value 2012
Cash and cash equivalents	**282,409**	401,348	**282,409**	401,348
Trade and other receivables	**24,210**	44,227	**24,210**	44,227
Derivative financial instruments	**4,619**	2 674	**4,619**	2,674
Total other assets excluding prepayments[1]	**182,382**	122,290	**182,382**	122,290
Total financial assets	**493,620**	570,539	**493,620**	570,539
Less Current financial assets				
Cash and cash equivalents	**282,409**	401,348	**282,409**	401,348
Trade and other receivables	**24,210**	44,227	**24,210**	44,227
Derivative financial instruments	**1,366**	2,207	**1,366**	2,207
Other current assets excluding prepayments	**106,176**	36,772	**106,176**	36,772
Total other non-current financial assets	79,459	85,985	79,459	85,985

1 Prepayments are excluded from other assets in the analysis as it is not a financial instrument

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 19 and Note 24

(in thousands of United States dollars)	31 December 2013 Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Cash and cash equivalents	282,409	-	-	282,409
Trade and other receivables	24,210	-	-	24,210
Derivative financial instruments	-	1,428	3,191	4,619
Total other assets excluding prepayments	182,382	-	-	182,382
Total financial assets	**489,001**	**1,428**	**3,191**	**493,620**

(in thousands of United States dollars)	31 December 2012 Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Assets as per balance sheet				
Cash and cash equivalents	401,348	-	-	401,348
Trade and other receivables	44,227	-	-	44 227
Derivative financial instruments	-	1,220	1,454	2 674
Total other assets excluding prepayments	122,290	-	-	122,290
Total financial assets	**567,865**	**1,220**	**1,454**	**570,539**

b) Financial liabilities

(in thousands of Unites States dollars)	Carrying value 2013	Carrying value 2012	Fair value 2013	Fair value 2012
Derivative financial instruments	**6,281**	723	**6,281**	723
Trade and other payables	**147,896**	169,904	**147,896**	169,904
Other liabilities	**22,557**	27,953	**22,557**	27,953
Borrowings	**142,000**	-	**142,000**	-
Total	**318,734**	198,580	**318,734**	198,580
Less Current financial liabilities				
Derivative financial instruments	**(5,074)**	(429)	**(5,074)**	(429)
Trade and other payables	**(147,896)**	(169,904)	**(147,896)**	(169,904)
Other current liabilities	**(12,456)**	(6,889)	**(12,456)**	(6,889)
Total non-current portion of financial liabilities	**153,308**	21,358	**153,308**	21,358

31. Financial assets and liabilities continued

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

	31 December 2013			
(in thousands of United States dollars)	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Derivative financial instruments	4,311	1,970	-	6,281
Trade and other payables	-	-	147,896	147,896
Other liabilities	-	-	22,557	22,557
Borrowings	-	-	142,000	142,000
Total financial liabilities	**4,311**	**1,970**	**312,453**	**318,734**

	31 December 2012			
(in thousands of United States dollars)	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Liabilities as per balance sheet				
Derivative financial instruments	723	-	-	723
Trade and other payables	-	-	169 904	169,904
Other liabilities	-	-	27,953	27,953
Total financial liabilities	**723**	**-**	**197,857**	**198,580**

Revolving credit facility

The Group has a revolving credit facility in place for a maximum aggregate amount of US$150 million which was negotiated on 24 November 2010, with a syndicate of commercial banks, led by Citibank 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 and when drawn the spread over LIBOR will be 350 basis points During 2013, the term of the facility was successfully extended to 2016 at a maximum aggregate amount of US$150 million At 31 December 2013, 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

32 Derivatives financial instruments

The table below analyses financial instruments carried at fair value, by valuation method The Group has derivative financial instruments in the form of economic and cash flow hedging contracts which are all defined as level two instruments as they are valued using inputs other than quoted prices that are observable for the assets or liabilities The following tables present the Group s assets and liabilities that are measured at fair value at 31 December 2013 and 31 December 2012

For the year ended 31 December 2013	Assets		Liabilities	
(in thousands of United States dollars)	Current	Non-current	Current	Non-current
Currency contracts Designated as cash flow hedges	-	-	-	353
Interest contracts Designated as cash flow hedges	-	3,191	1,168	449
Currency contracts Not designated as hedges	158	3	3,666	387
Commodity contracts Not designated as hedges	1,208	59	240	18
Total	**1,366**	**3,253**	**5,074**	**1,207**

For the year ended 31 December 2012	Assets		Liabilities	
(in thousands of United States dollars)	Current	Non-current	Current	Non-current
Currency contracts Designated as cash flow hedges	1,238	216	-	-
Currency contracts Not designated as hedges	368	51	494	145
Commodity contracts Not designated as hedges	601	200	(65)	149
Total	**2,207**	**467**	**429**	**294**

33 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 2013 the price ranged from US$1,189 to US$1,693 per ounce, with an average market price of US$1,411 per ounce (2012 US$1,669 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

	Effect on profit after tax	
Gain associated with 10% increase from year-end price (in thousands of United States dollars)	**For the year ended 31 December 2013**	For the year ended 31 December 2012
Gold	**60,445**	69,841

Co-product prices

In 2013, the copper price ranged from US$3 01 to US$3 74 per pound, with an average market price of US$3 32 per pound (2012 US$3 61 per pound) and closing at US$3 35 per pound

In 2013, the silver price ranged from US$18 49 to US$32 26 per ounce with an average market price of US$24 per ounce

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

In January 2013 we changed our hedging strategy to forwards, due to collars having become too expensive combined with the impact of a weakening copper price We took out forwards for 7 million pounds at an average forward rate of US$3 72/pound maturing in 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

We entered into new zero-cost collar contracts in H2 of 2013 as a result of improved pricing to manage the impact of the copper price fluctuations, these will mature in 2014 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 2013, the Group had 8,426 thousand pounds of copper collar contracts outstanding containing purchased put and call options with an average strike price of US$3 12 per pound and US$3 41 per pound respectively (2012 no copper collar contracts outstanding) These will all mature in 2014

33 Financial risk management continued

At 31 December 2013, the Group had no silver collar contracts outstanding (2012 24 000 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)

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 2013, oil prices traded between US$98 and US$119 per barrel with an average market price of US$109 (2012 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 2013 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

	Effect on profit after tax	
Gain/loss associated with US$10 decrease/increase from year-end price (in thousands of United States dollars)	**For the year ended 31 December 2013**	For the year ended 31 December 2012
Oil	**4,239**	4,231

During the year, the Group added 250,000 barrels of Brent oil collar contracts for calendar year 2013 consisting 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 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 2013, the Group had a total 144,000 barrels of Brent crude oil net purchase options outstanding All of the contracts mature in 2014 Each contract consists of sold put options and bought call options with average strike prices of US$88 per barrel and US$105 per barrel respectively

These contracts are treated as accounting hedges in accordance with IAS39 Hedged items are identified as the first stated quantity of forecasted consumption purchased in a future month Hedge effectiveness is assessed using linear regression utilising the concept of the hypothetical derivative method The effective portion of changes in intrinsic value of the commodity contracts is recorded in other comprehensive income until the forecasted expenditure impacts earnings

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 2013 the Group entered into rand/US dollar collar contracts to manage the impact of currency fluctuations on rand denominated operating and capital expenditures In 2013, the rand traded between R8 46 and R10 53 per US dollar, and averaged R9 63 per US dollar (2012 R8 20 per US dollar)

During 2012 the Group added R475 million of rand collar contracts for 2013 and 2014 with purchased put and sold call options with average strike prices of R8 70 and R9 59 respectively In 2013 and R8 90 and R9 80 respectively in 2014 (up to April 2014) to hedge forecasted rand denominated capital spend in 2013 and part of 2014 In 2013 no new contracts were entered on forecasted lower rand denominated capital expenditure The transactions are economic hedges, and do not qualify for hedge accounting treatment Changes in the fair value of these options have been capitalised to the cost of the Bulyanhulu CIL Process plant asset in 2013 and will continue to be capitalised until the plant is brought into operation where after they will be recorded as a component of other income/expense in the income statement

During 2012 as well as during the year the Group added US$69 million of rand collar contracts to hedge forecasted rand denominated operating expenditures in 2013 The 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 2013, the Group had US$114 million of rand collar contracts outstanding containing purchased put and sold call options with average strike prices of R9 57 and R11 06 respectively in 2014 and R10 43 and R12 80 respectively in 2015 (2012 US$57 million of rand collar contracts with purchased put and sold call options with average strike prices of R8 31 and R9 26 respectively) These contracts mature in 2014 and 2015 The 2014 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/expenses in the income statement The 2015 contracts were booked with rand nominal values and therefore act as a hedge against variability in the rand/US dollar exchange range over the period These contracts are treated as accounting hedges in accordance with IAS39 Hedged items are identified as the first stated quantity of rand spent during the month Hedge effectiveness will be assessed using linear regression 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 impacts occurs

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 2013	As at 31 December 2012
Indirect tax receivables (denominated in Tanzanian shillings)	159,824	98,678
Total	**159,824**	**98,678**

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 (in thousands of United States dollars)	Effect on profit after tax — For the year ended 31 December 2013	For the year ended 31 December 2012
US dollar strengthens by 10% to the Tanzanian shilling		
Increase in total indirect tax receivables	17,758	10,964
US dollar weakens by 10% to the Tanzanian shilling		
Decrease in total indirect tax receivables	(14,529)	(8,971)

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 During the year, the Group entered into an Export Credit Insurance Company ("ECIC") backed seven year term loan facility of US$142 million to fund the construction of the CIL Process plant at Bulyanhulu As at 31 December 2013 the loan is fully drawn Interest is payable on the loan at LIBOR plus 250 basis points 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

In 2013 the Group entered into interest rate swap contracts to hedge the interest on the ECIC backed loan for the Buly CIL Process plant. The terms of the interest rate swap contracts fix this at 3 59% versus the floating rate of LIBOR plus 2 50% These contracts are treated as accounting hedges in accordance with IAS39 Hedged items are identified as the first stated quantity of rand spent during the month Hedge effectiveness will be assessed using linear regression 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 impacts occurs For 2013, these gains or losses have been capitalised against the Bulyanhulu CIL Process plant asset and will continue to be capitalised until the plant is brought into operation

33 Financial risk management continued

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 who 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 to 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 primarily held in United States dollars Cash and cash equivalents in other foreign currencies are maintained for operational requirements As at 31 December 2014 the Group has money market investments of US$145 6 million All of the funds have at least a "BBB+" rating from Standard and Poor s The Group also has US$136 7 million in cash at bank on hand with credit ratings ranging from "A-1" to "A-2"

With respect to other receivables, the most significant debtor is the Tanzanian Revenue Authority ("TRA") Following the abolishment of Government Notices regarding VAT relief and fuel duty exemption for mining companies in 2009, ABG signed a Memorandum of Settlement during 2011 with the TRA to address the treatment of the certain outstanding indirect tax refunds in respect of fuel levies and VAT that allows ABG to offset income tax payable against outstanding VAT and fuel levy refunds as it becomes payable Also, the Minister of Finance reinstated VAT relief and the fuel exemption followed by an agreement to allow for an escrow facility in respect of fuel and road levies Again through the Finance Act, 2012 issued on 19 October 2012, VAT Relief was abolished Throughout the past year, ABG has been actively involved in discussions with the Tanzanian Government and the TRA to resolve the issue The amendments conflict with certain provisions contained in the Group s existing Mine Development Agreements ("MDAs") which guarantee the fiscal stability of its operations As part of a short-term solution, the Government during the third quarter of 2013, agreed to an escrow arrangement on VAT in relation to imported goods and services, whereby funds are restricted to the repayment of VAT refunds As at 31 December 2013, the discounted amounts due to the Group were approximately US$159 8 million (prior year US$98 7 million) We managed to receive refunds to the value of US$34 6 million during the year under review

Group policies are aimed at minimising losses as a result of a counterparty s failure to honour its obligations Individual exposures are monitored with trade customers subject to credit limits to ensure that the Group s exposure to bad debts is not significant. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each 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$71 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 described in Note 31 The Group does not hold collateral as security for any trade receivables The Group does not grade the credit quality of receivables

a) 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 2013 and 2012 the Group was in a positive net cash position, as disclosed in Note 20 Details of the undrawn revolving credit facility are given in Note 31

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$228 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, including capitalised development costs, have averaged about US$274 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 2013

(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	282,409	-	-	-	282 409
Accounts receivable	24,210	-	-	-	24,210
Derivative financial instruments	1,367	416	2,428	860	5,071
Other receivables excluding prepayments[1]	45,191	72 400	64,791	-	182,382
Total	**353,177**	**72,816**	**67,219**	**860**	**494,072**

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 excluding prepayments[1]	30,811	18,824	76,841	-	126,476
Total	**478,593**	**19,291**	**76,841**	**-**	**574,725**

1 Prepayments are excluded from other assets in the analysis as it is not a financial instrument.

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 2013

(in thousands of United States dollars)	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative financial instruments	5,079	1 519	-	-	6,598
Other liabilities	12,456	1,317	8,784	-	22,557
Trade and other payables[1]	147,896	-	-	-	147,896
Borrowings	-	42,600	56,800	42,600	142,000
Total	**165,431**	**45,436**	**65,584**	**42,600**	**319,051**

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 financial instruments	429	294	-	-	723
Other liabilities	6,889	12,280	8,784	-	27,953
Trade and other payables	169,904	-	-	-	169,904
Total	**177,222**	**12,574**	**8,784**	**-**	**198,580**

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

34. Operating lease arrangements

(in thousands of United States dollars)	For the period ended 31 December 2013	For the period ended 31 December 2012
Minimum lease payments under operating leases recognised in income for the year	2,893	2,197
Total	2,893	2,197

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 2013	As at 31 December 2012
Within one year	1,196	4 137
In the second to fifth years inclusive	2,009	7,733
After five years	423	691
Total	3,628	12,561

Operating lease payments relate mainly to rental of office space by regional business units of the Group

35. 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 2013, the Group has the following commitments and/or contingencies

a) Legal contingencies

As at 31 December 2013, the Group was a defendant in approximately 333 lawsuits The plaintiffs are claiming damages and interest thereon for the loss caused by the Group due to one or more of the following unlawful eviction, termination of services, wrongful termination of contracts of service, non-payment for services, defamation, negligence by act or omission in failing to provide a safe working environment, unpaid overtime and public holiday compensation

The total amounts claimed from lawsuits in which specific monetary damages are sought amounted to US$142 8 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 is an appeal by the TRA intended for a tax assessment of US$21 3 million in respect of the acquisition of Tusker Gold Limited The case was awarded in favour of ABG however, the TRA has served a notice of appeal The calculated tax assessment is based on the sales price of the Nyanzaga property of US$71 million multiplied by the tax rate of 30% Management is 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 structure remains the same as prior to the acquisition

Also included in the total amounts claimed is TRA claims to the value of $41 25 million for withholding tax on historic offshore dividend payments paid by ABG plc to its shareholders In addition to the claim, there are six other withholding tax claims which have not been quantified These claims are made on the basis that ABG is resident on Tanzania for tax purposes Management are of the opinion that the claims do not have substance and that it would be successfully defended

b) Tax-related contingencies

i On 26 October 2009, the TRA issued a demand notice against the Group for an amount relating to withholding tax on technical services provided to Bulyanhulu Gold Mine Ltd The claim amounts to US$5 4 million Management is of the opinion that the Group complied with all of the withholding tax requirements, and that there will be no amount payable, therefore no provision has been raised

ii The TRA has issued a number of tax assessments to the Group relating to past taxation years from 2002 onwards The Group believes that these assessments are incorrect and has filed objections to each of them The Group is attempting to resolve these matters by means of discussions with the TRA or through the Tanzanian appeals process During the year under review the Board ruled in favour of BGML in relation to seven of ten issues raised by the TRA in final assessments for the 2000-2006 years under review The TRA filed a notice of intention to appeal against the ruling of the Board, while ABG has filed a counter appeal in respect of BGML to the Appeals Tribunal for all three items that were lost The positions that were ruled against BGML were sufficiently provided for in prior year results and management is of the opinion that open issues 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 special mining licences for Bulyanhulu, Buzwagi, North Mara and Tulawaka mines and mining licences 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 2014 for the remaining special mining licences and mining licences for building materials amount to US$0 65 million (2012 US$0 8 million) Subsequent to year end, the transferal of the Tulawaka special mining licence to STAMICO was approved

d) Purchase commitments

At 31 December 2013, the Group had purchase obligations for supplies and consumables of approximately US$48 million (2012 US$65 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 of approximately US$6 million (2012 US$51 million)

36 Related party balances and transactions

The Group had the following related party balances and transactions during the years ended 31 December 2013, and 31 December 2012 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 2013	For the year ended 31 December 2012
Provision of goods and services	927	273
Purchase of goods and services	(7,329)	(10,177)
Interim dividend payments	(40,306)	(51 822)
Total	**(46,708)**	(61,726)

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 2012
Placer Dome Exploration	-	247
Placer Dome Technical Services	37	37
Other	-	109
Total	**37**	393

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 2013	As at 31 December 2012
Due to holding company		
Barrick Gold Corporation	12,606	11,962
Due to fellow subsidiaries		
BIBC	83	15
Barrick Gold Australia Ltd	768	293
Barrick Gold North America	374	188
Other	480	307
Total	**14,311**	12,765

The payables to Barrick arise mainly from purchase transactions noted above The payables are unsecured and bear no interest

36 Related party balances and transactions continued

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 2013	For the year ended 31 December 2012
Short-term employee benefits	8,034	8,724
Post-employment benefits	1,155	746
Other long-term benefits	3,561	-
Share-based payments	64	1,029
Total	**12,814**	10,499

37. 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 2013 are summarised in the following table The total commitment to exploration expenditure on these licences for 2014 is US$0 65 million

Licenses directly held by ABG

	Active prospecting licences managed by ABG		Active prospecting licences not managed by ABG	
ABG entity as registered title holder	Number of licences	Area in square kilometres	Number of licences	Area in square kilometres
ABG Exploration Limited	123	1,176	22	177
Mkumi Exploration Limited	2	18	-	-
North Mara Gold Mine Limited	14	107	-	-
Nyanzaga Mining Company Limited	11	140	-	-
Pangea Mineral Limited	91	855	10	109
Prime Gold Exploration Limited	3	43	4	49
Sub-Sahara Resources (TZ) Limited	2	15	-	-
Vulcan Resources (Tanzania) Limited	13	217	10	122
Total	**259**	**2,571**	**46**	**457**

Licences indirectly held by ABG

	Number of licences	Area in square kilometres
Managed by ABG	4	31
Not managed by ABG	40	455

38 Post-balance sheet events

A final dividend of US$2 0 cents per share has been proposed, which will result in a total dividend of US$2 0 cents per share for 2013 The final dividend is to be proposed at the Annual General Meeting on 24 April 2014 These financial statements do not reflect this dividend payable

REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

Our opinion

In our opinion the parent company financial statements, defined below

- give a true and fair view of the state of the parent company's affairs as at 31 December 2013 and of the parent company's loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The parent company financial statements, which are prepared by African Barrick Gold Plc, comprise

- the balance sheet as at 31 December 2013
- the income statement and statement of comprehensive income for the year then ended
- the statement of changes in equity and cash flow statement for the year then ended, and
- the notes to the parent company financial statements which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements These are cross-referenced from the financial statements and are identified as audited

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)) 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 parent company financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINIONS ON MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the information given in the Strategic Report and the Directors Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements, and
- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made We have no exceptions to report arising from this responsibility

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is

- materially inconsistent with the information in the audited parent company financial statements, or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Parent Company acquired in the course of performing our audit, or
- is otherwise misleading

We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Directors Responsibilities Statement on page 89, 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 ISAs (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

Other matter

We have reported separately on the Group financial statements of African Barrick Gold Plc for the year ended 31 December 2013

Jason Burkitt (Senior Statutory Auditor),
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

11 March 2014

PARENT COMPANY INCOME STATEMENT

(in thousands of United States dollars)	Notes	For the year ended 31 December 2013	For the year ended 31 December 2012
Corporate administration	3	(9,758)	(12,923)
Project evaluation costs		-	(454)
Other charges		(6,316)	(5,674)
Finance income	4	4	162
Finance expense	4	(6)	(6)
Loss before taxation		(16,076)	(18,895)
Income tax	5	-	-
Net loss for the year		(16,076)	(18,895)

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Net loss for the year	(16,076)	(18,895)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(16,076)	(18,895)

The notes on pages 151 to 161 are an integral part of these financial statements

PARENT COMPANY BALANCE SHEET

(in thousands of United States dollars)	Notes	As at 31 December 2013	As at 31 December 2012
Assets			
Non-current assets			
Property, plant and equipment	7	257	373
Investment in subsidiaries	8	1,324,568	1,346,608
Non-current receivables	18	795,191	772,694
		2,120,016	2,119,675
Current assets			
Other receivables	9	9,936	3,444
Cash and cash equivalents	10	1,771	36,525
		11,707	39,969
Total assets		2,131,723	2,159,644
Equity and liabilities			
Share capital and share premium	11	929,199	929,199
Other reserves		1,151,754	1,221,897
Total equity		2,080,953	2,151,096
Non-current liabilities			
Other non-current liabilities		1,541	2,230
		1,541	2,230
Current liabilities			
Other current liabilities	14	49,229	6 318
		49,229	6,318
Total liabilities		50,770	8,548
Total equity and liabilities		2,131,723	2,159,644

The notes on pages 151 to 161 are an integral part of these financial statements

The financial statements on pages 147 to 161 were authorised for issue by the Board of Directors on 11 March 2014 and were signed on its behalf

Bradley Gordon,
Chief Executive Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(in thousands of United States dollars)	Notes	Share capital	Share premium	Contributed surplus/Other reserves	Stock option reserve	Retained earnings	Total equity
Balance at 1 January 2012		**62,097**	**867,102**	**1,368,774**	**1,977**	**(61,360)**	**2,238,590**
Net loss for the year		-	-	-	-	(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**
Net loss for the year		-	-	-	-	(16,076)	(16,076)
Dividends to shareholders	13	-	-	-	-	(54,541)	(54,541)
Stock options		-	-	-	474	-	474
Balance at 31 December 2013		**62,097**	**867,102**	**1,368,774**	**3,977**	**(220,997)**	**2,080,953**

The notes on pages 151 to 161 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 2013	For the year ended 31 December 2012
Cash flows used in operating activities			
Net loss for the year		(16,076)	(18 895)
Adjustments for			
Depreciation and amortisation	7	144	146
Finance items	4	2	(156)
Working capital adjustments	6	35,612	408
Other	6	171	1,277
Cash generated/(used) by operations before interest and tax		19,853	(17,220)
Finance income		4	162
Finance expense		(6)	(6)
Net cash generated/(used) by operating activities		19,851	(17,064)
Cash flows used in investing activities			
Purchase of property, plant and equipment	7	(28)	(149)
Investment in subsidiary	8	-	(22,039)
Net cash used in investing activities		(28)	(22,188)
Cash flows used in financing activities			
Dividends paid	13	(54,541)	(70,125)
Net cash used in financing activities		(54,541)	(70,125)
Net decrease in cash and equivalents		(34,718)	(109,377)
Net foreign exchange difference		(36)	32
Cash and cash equivalents at 1 January		36,525	145,870
Cash and cash equivalents at 31 December		1,771	36,525

The notes on pages 151 to 161 are an integral part of these 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 5th Floor, 1 Cavendish Place, London, WIGOQF, United Kingdom

Barrick Gold Corporation ("BGC") currently owns approximately 63 9% of the shares of the Company and is the ultimate controlling party of the Group The financial statements of BGC can be obtained from www barrick com

The financial statements for the year ended 31 December 2013 were approved for issue by the Board of Directors of the Company on 11 March 2014

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 are restated accordingly No changes were made to presentational format in the current year

The basis of preparation and accounting policies used in preparing the financial statements are set out below

b) New and amended standards adopted by the Company

The following new standards and amendments to standards are applicable and were adopted by the Company for the first time for the financial year beginning 1 January 2013

- 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 subsequently reclassifiable to profit or loss The adoption had no impact on the Company as it had no other comprehensive income' for the period ended 31 December 2013
- 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 IFRS
- Annual improvements 2011 - effective for periods beginning on or after 1 January 2013
- Amendment to IFRS 7, Financial instruments Disclosures - effective for periods beginning on or after 1 January 2013
- Amendment to IAS 12, Income tax - effective for periods beginning on or after 1 January 2013

c) New and amended standards, and interpretations not yet adopted

The following standards and amendments to existing standards have been published and are mandatory for the Company s accounting periods beginning on or after 1 January 2014, but are currently not relevant to the Company

- 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 and 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 comprehensive income rather than the income statement is affected unless this creates an accounting mismatch The impact of IFRS 9 is not expected to be material to the Company IFRS 9 is not yet endorsed by the European union
- IFRIC 21, Levies sets out the accounting for an obligation to pay a levy that is not income tax The interpretation addresses the obligating event is that gives rise to pay a levy and when a liability should be recognised The impact is not expected to be material to the Company IFRIC 21 is not yet endorsed by the European union and its effective date is for periods beginning after 1 January 2014
- 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 standard is not mandatory for the Company until 1 January 2014, and the impact is not expected to be material
- IFRS 11, Joint arrangements focuses on rights and obligations of the parties to the arrangement rather than its legal form Proportional consolidation of joint arrangements is no longer permitted The standard is not mandatory for the Company until 1 January 2014 and is not expected to have an impact on the Company

2 Significant accounting policies continued

- IFRS 12, Disclosures of interests in other entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements associates structured entities and other off balance sheet vehicles The standard is not mandatory for the Company until 1 January 2014 The standard is expected to impact the Company with regard to disclosure of restrictions on its ability to access assets

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 2013	Average Year ended 31 December 2013	As at 31 December 2012	Average Year ended 31 December 2012
UK pound (US$ GBP)	0 60	0 64	0 62	0 63

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 dispose 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

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 2013	For the year ended 31 December 2012
Salaries	3,023	4,061
Other employee benefits	2,922	2,651
Stock-based compensation	(126)	2,923
Directors fees	466	685
Professional and consultancy fees	2,612	2,936
Foreign exchange gain	(339)	(249)
Travel and administration	1,106	2,012
Net management fees	(2,229)	(3,454)
Depreciation	144	146
Audit fees	392	396
Other	1,787	816
	9,758	12,923

Details of Directors remuneration can be found in the Remuneration report on pages 56 to 75 Details of the auditors remuneration can be found in Note 12 of the Group financial statements

Average number of employees

	For the year ended 31 December 2013	For the year ended 31 December 2012
Administration	11	9
Total average headcount	11	9

4 Finance income and finance expense

a) Finance income

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Interest on time deposits	4	162
Total	4	162

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Bank charges	6	6
Total	6	6

5 Income tax

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Corporation taxes	-	-
Total	-	-

The statutory income tax rate in the United Kingdom is 20% for 2013 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 2013	For the year ended 31 December 2013
Loss before tax	(16,076)	(18,895)
Tax calculated at statutory tax rates	3,215	4,535
Tax effects of		
Expenses not deductible for tax purposes	-	-
Tax losses for which no deferred income tax asset was recognised	(3,215)	(4,535)
Tax charge	-	-

Deferred tax assets have not been recognised in respect of the tax losses amounting to US$56 8 million as at 31 December 2013 (2012 US$40 5 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 2013	For the year ended 31 December 2012
Adjustments for non-cash income statement items		
Foreign exchange gains	(339)	(217)
Exchange (gain)/loss on revaluation of cash balances	36	(32)
Other expenses	474	1,526
Total	171	1,277

Adjustments for working capital items

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Other receivables	(6,949)	(2,794)
Other current liabilities	43,250	2,169
Other non-current liabilities	(689)	1,033
Total	35,612	408

7 Property, plant and equipment

For the year ended 31 December 2013

(in thousands of United States dollars)	Furniture and equipment	Total
At 1 January 2013, net of accumulated depreciation	373	373
Additions	28	28
Depreciation	(144)	(144)
At 31 December 2013	**257**	**257**
At 1 January 2013		
Cost	694	694
Accumulated depreciation	(321)	(321)
Net carrying amount	**373**	**373**
At 31 December 2013, net of accumulated depreciation		
Cost	721	721
Accumulated depreciation	(464)	(464)
Net carrying amount	**257**	**257**

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**

8 Investment in subsidiaries

(in thousands of United States dollars)	For the year ended 31 December 2013	For the year ended 31 December 2012
Opening balance	**1,346,608**	1,324,568
Additions	**-**	22,040
Transfer to non-current receivables[3]	**(22,040)**	-
Closing balance	**1,324,568**	1,346,608

The subsidiaries in which investments are held as at 31 December 2013 are as follows

Company	Principal activity	Country of incorporation	Equity interest 2013	Equity interest 2012
BUK Holdco Ltd[1]	Holding Company	UK	**100%**	100%
1816962 Ontario Inc	Holding Company	Canada	**100%**	100%
ABG Exploration (Kenya) Ltd[2]	Exploration	Kenya	**1%**	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 The company changed its name during the year from Aviva Mining (Kenya) Ltd to ABG Exploration (Kenya) Ltd

3 The investment in ABG Exploration (Kenya) Ltd has been transferred to the related party BUK East Africa Limited (Refer to Note 18d))

9. Other receivables

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Indirect tax receivables	509	348
Advance payments	343	271
Other receivables	201	169
Due from related parties (Note 18)	8,883	2,656
Total	**9,936**	3,444

At 31 December 2013, 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 2013	As at 31 December 2012
Cash at bank and on hand	1,771	14,864
Money market funds	-	21 661
Total	**1,771**	36,525

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 2012	410,085,499	41,009	62,097	867 102
At 31 December 2012	**410,085,499**	**41,009**	**62,097**	**867,102**
At 31 December 2013	**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 between 2017 and 2020 425,785 of the options granted were exercisable at 31 December 2013 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 2013	Options 2013	Average exercise price in pence per share 2012	Options 2012
At 1 January	522	943,006	522	943,006
Granted	160	841,308	-	-
Forfeited	535	(200,793)	-	-
At 31 December	**328**	**1,583,521**	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 2012 of US$50 44 million (US12 3 cents per share) and the 2013 interim dividend of US$4 1 million (US0 1 cents per share) were paid during 2013 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 2013	As at 31 December 2012
Trade and other payables	**1,922**	2,882
Accrued expenses and taxes	**1,888**	1,647
Payables to related parties (Note 18)	**45,419**	1,789
Total	**49,229**	6,318

15. Financial assets and liabilities

a) Financial assets

(in thousands of United States dollars)	Carrying value 2013	Fair value 2013	Carrying value 2012	Fair value 2012
Cash and cash equivalents	**1,771**	**1,771**	36,525	36,525
Other receivables	**9,936**	**9,936**	3,444	3,444
Non-current receivables[1]	**795,191**	**795,191**	772,694	772,694
Total financial assets	**806,898**	**806,898**	812,663	812,663
Less Current financial assets				
Cash and cash equivalents	**(1,771)**	**(1,771)**	(36,525)	(36,525)
Other receivables	**(9,936)**	**(9,936)**	(3,444)	(3,444)
Total non-current portion of receivables	**795,191**	**795,191**	772,694	772,694

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

The Group has a revolving credit facility in place for a maximum aggregate amount of US$150 million which was negotiated on 24 November 2010, with a syndicate of commercial banks, led by Citibank 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 and when drawn the spread over Libor will be 350 basis points During 2013, the term of the facility was successfully extended to 2016 at a maximum aggregate amount of US150 million whereby existing lenders opted to take up US$25 million from lenders who opted not to extend At 31 December 2013, 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.

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 2013 (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	-	1,541	-	-	1,541
Other current liabilities	49,229	-	-	-	49,229
Total	49,229	1,541	-	-	50,770

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

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 2013	For the year ended 31 December 2012
Minimum lease payments under operating leases recognised in income for the period	324	276
Total	324	276

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 2013	As at 31 December 2012
Within one year	282	276
In the second to fifth years inclusive	1,127	1,106
After five years	423	691
Total	1,832	2,073

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 2013	For the year ended 31 December 2012
Management fees	2,229	3,454
Provision of goods and services	1,857	1,005
Purchase of goods and services	(2,092)	(2,085)
Dividends paid	(40,306)	(51,822)
Total	(38,312)	(49,448)

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 2013	As at 31 December 2012
Due from subsidiaries		
Bulyanhulu Gold Mine Ltd	256	363
Pangea Minerals Ltd	725	391
North Mara Gold Mine Ltd	100	260
Barrick Africa (Pty) Ltd	2,860	772
ABG Exploration Africa Limited	11	-
ABG Exploration (Kenya) Ltd	4,922	815
African Barrick (Barbados) Corp Ltd	-	33
Other	9	22
Total	8,883	2,656

The receivables from related parties arise mainly from the provision of goods and services The receivables are unsecured in nature and bear no interest There are no provisions held against receivables from related parties

c) Balances due to related parties

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
Due to Holding Company		
Barrick Gold Corporation	1,210	1,789
Due to fellow subsidiaries		
African Barrick (Barbados) Corp Ltd	44,209	-
Total	45,419	1,789

The payables to Barrick arise mainly from purchase transactions noted above The payables are unsecured and bear no interest. Payables to African Barrick (Barbados) Corp Ltd are interest free and have no fixed repayment terms

d) Balances due from related parties (funding in nature)

(in thousands of United States dollars)	As at 31 December 2013	As at 31 December 2012
BUK Holdco Ltd	772,698	772 694
BUK East Africa Limited	22,493	
Total	795,191	772,694

Amounts due from BUK Holdco Ltd and BUK East Africa Limited 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 of US$2 0 cents per share has been proposed, which will result in a total dividend of US$2 0 cents per share for 2013 The final dividend is to be proposed at the Annual General Meeting on 24 April 2014 These financial statements do not reflect this dividend payable

The following definitions and terms are used throughout this Annual Report In addition, specific terms and definitions relating to mineral reserves and resources can be found on page 90.

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
Articles	the articles of association of the Company
AISC	has the meaning given to it under non-IFRS measures below
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, expressed in grammes per metric tonne
Average realised gold price per ounce sold	has the meaning given to it under non-IFRS measures below
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 under non-IFRS measures below
Cash cost per tonne milled	has the meaning given to it under non-IFRS measures below
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-and-fill	a method of stoping in which ore is removed in slices, or lifts, and then the excavation is filled with rock or other waste material (backfill), before the subsequent slice is extracted
Cut-off grade	the minimum metal grade at which material can be economically mined and processed (used in the calculation of ore reserves), expressed in grammes per metric tonne
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 40 and 41 of this Annual 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	a drilling method that uses a rotating barrel and an annular shaped diamond-impregnated rock-cutting bit to produce cylindrical rock cores and lift such cores to the surface, where they may be collected, examined and assayed
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 under non-IFRS measures below
EPO	Environmental Protection Order
Executive Director(s)	as at year end, the executive director of the Company, Brad Gordon
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	gram 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
Long-hole stoping	a method of underground mining involving the drilling of holes up to 30 meters or longer into an ore bearing zone and then blasting a slice of rock which falls into an open space The broken rock is extracted and the resulting open chamber may or may not be filled with supporting material
Majority Shareholder	Barrick
MDA	a mineral development agreement
MDN	MDN Inc , a company existing under the laws of the Province of Québec
Mill	a plant in which ore is treated and metals are recovered or prepared for smelting, also a revolving drum used for the grinding of ores in preparation for treatment
Moz	million ounces
Mt	million metric tonnes
NGOs	non-governmental organisations
NI 43-101	Canadian National Instrument 43-101
Non-Executive Directors	the Non-Executive Directors of the Company being as at year end Kelvin Dushnisky, Peter Tomsett, Ambassador Juma V Mwapachu Andre Falzon, David Hodgson, Michael Kenyon, Graham Clow, Steve Lucas, Rachel English, Rick McCreary, Stephen Galbraith
Official List	the Official List of the Financial Services Authority
Open pit	a mine where the minerals are mined entirely from the surface Also referred to as open-cut or open-cast mine

Operational cash flow per share	has the meaning given to it under non-IFRS measures below
Operational Review	the operational review undertaken by ABG to enhance operational performance and cost controls
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
Overburden	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)
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
SLT or Senior Leadership Team or Senior Management	the individuals listed on page 42
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 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 September 2012 issued by the UK Financial Reporting Council
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions any state of the United States of America and the District of Columbia
VAT	value-added tax
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 charges 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 cost 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

	Year ended 31 December	
(US$ 000)	2013	2012[1]
Total cost of sales	**713,806**	720,036
Deduct depreciation and amortisation	**(147,979)**	(139,615)
Deduct co-product revenue	**(43,014)**	(47,888)
Total cash cost	**522,813**	532,533
(US$/Oz)		
Total ounces sold[2]	**643,597**	577,332
Cash cost per ounce	**812**	922
Additional contribution from discontinued operations	**15**	19
Attributable cash cost per ounce	**827**	941

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20 and the classification of Tulawaka as a discontinued operation

2 Reflects 100% of ounces sold from continuing operations

All-in sustaining cost (AISC) is a non-IFRS financial measure The measure is in accordance with the World Gold Council s guidance issued in June 2013 It is calculated by taking the aggregate of cash costs, corporate administration costs, reclamation and remediation costs for operating mines, corporate social responsibility expenses, mine exploration and study costs, capitalised stripping and underground development costs and sustaining capital expenditure This is then divided by the total ounces sold A reconciliation between cash cost per ounce sold and AISC is presented below

	Year ended 31 December 2013			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations
Cash cost per ounce sold	890	659	945	812
Corporate administration	72	38	51	50
Rehabilitation	7	29	15	18
Mine exploration	3	12	2	6
CSR expenses	6	31	4	19
Capitalised development	233	251	321	266
Sustaining capital	133	207	168	175
Total continuing operations	1 344	1 277	1,506	1,346
Discontinued operations				16
Total				**1,362**

	Year ended 31 December 2012			
(US$/oz sold)	Bulyanhulu	North Mara	Buzwagi	ABG Group ongoing operations
Cash cost per ounce sold	803	953	1 066	922
Corporate administration	75	78	78	83
Rehabilitation	10	48	23	26
Mine exploration	9	31	6	16
CSR expenses	5	39	8	23
Capitalised development	194	151	254	196
Sustaining capital	149	393	363	296
Total continuing operations	1,245	1,693	1,798	1,561
Discontinued operations				24
Total				**1,585**

AISC is intended to provide additional information for what the total sustaining cost for each ounce sold is, taking into account expenditure incurred in addition to direct mining costs, depreciation and selling costs

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

- Income tax expense,
- Finance expense,
- Finance income
- Depreciation and amortisation, and
- 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

A reconciliation between net profit for the period and EBITDA is presented below

(US$ 000) (Unaudited)	Year ended 31 December 2013	2012[1]
Net(loss)/profit for the period	**(798,433)**	51,493
Plus income tax (credit)/expense	**(187,959)**	72,604
Plus depreciation and amortisation	**157,820**	159,446
Plus Impairment charges/write-offs	**1,061,011**	44,536
Plus finance expense	**9,668**	10,305
Less finance income	**(1,700)**	(2,102)
EBITDA	**240,407**	336,282

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

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 and adjusted earnings per share have been calculated by excluding the following

(US$ 000) (Unaudited)	Year ended 31 December 2013	2012[1]
Net (loss)/earnings	**(781,101)**	62,780
Adjusted for		
Impairment charges	**1,061,011**	44 536
Operational review charges	**13,251**	-
Tulawaka non-operational costs, including de-recognition of deferred tax	**35,418**	-
CNG related costs	**4,145**	6,676
Discounting of indirect taxes	**1,375**	4,185
Prior year Bulyanhulu tax positions recognised	**-**	8,855
Tax impact of the above	**(227,822)**	(18,239)
Adjusted net earnings	**106,277**	108,793

1 Restated for the impact of capitalised stripping due to the adoption of IFRIC 20

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

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 costs per tonne milled are calculated by dividing the aggregate of these costs by total tonnes milled 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 is calculated by dividing the aggregate of these costs by total tonnes milled

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

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 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 34 of this Annual Report Generally the references to "Tax" in this context mean 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

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 85 Shareholders may elect to receive payment of the 2013 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 22 May 2014 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 22 May 2014

If you wish to receive the 2013 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 12 May 2014 Alternatively, direct credit mandate instructions can be updated online at www investorcentre co uk

Currency Election forms can be returned using the pre-paid envelope provided with the materials accompanying this report Elections made after 6 May 2014 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 2013
Preliminary results for 2013	12 February 2014
Annual General Meeting	24 April 2014
Quarterly results Q1 2014	24 April 2014
Payment date for 2013 final dividend	23 May 2014
Half year report 2014	July 2014
Quarterly results Q3 2014	October 2014
Quarterly results Q4 2014	January 2015

MIX
Paper from responsible sources
FSC® C022913

This report has been printed on Heaven 42 The paper has been independently certified according to the rules of the Forest Stewardship Council™ (FSC) All pulps used are mix elemental chlorine free (ECF) and totally chlorine free (TCF) The inks used are all vegetable oil based

Printed at Pureprint Group Limited, ISO14001, FSC certified and CarbonNeutral®

Consultancy, design and production by Black Sun Plc
www blacksunplc com

CONTACT DETAILS

African Barrick Gold plc
5th Floor
No 1 Cavendish Place
London W1G 0QF
United Kingdom

Registered number 7123187

Investor Relations
Giles Blackham
Investor Relations Manager
Phone +44 (0) 207 129 7150
E-mail gblackham@africanbarrickgold com

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Corporate Brokers
J P Morgan Securities Ltd
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

RBC Capital Markets
Thames Court
One Queenhithe
London EC4V 4DE
United Kingdom

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

Legal Advisers
Shearman & Sterling LLP
Broadgate West
9 Appold Street
London EC2A 2AP
United Kingdom

Additional Information
Additional information regarding
ABG can be found on the website

WWW.AFRICANBARRICKGOLD.COM

AFRICAN
BARRICK
GOLD