

COLOMBIA

AMERICAS



AngloGold Ashanti currently has two projects underway in Colombia, at various stages of feasibility study.

- **Gramalote**, a joint venture between AngloGold Ashanti (51%) and B2Gold (49%), lies on the eastern flank of the Cordillera Central, near the towns of Providencia and San Jose del Nus in the municipality of San Roque, in the north-west of the Antioquia Department. It is approximately 230km north-west of Bogota and about 120km north-east of Medellin. B2Gold took over management of the project on 1 January 2020
- **Quebradona**, situated in the Middle Cauca region of Colombia, in the Department of Antioquia, 60km south-west of Medellin. It is a porphyry-related, copper-gold mineralised stock work system, located within the Western Cordillera of Colombia. Five main targets have been identified, of which Nuevo Chaquiro is the most advanced. Until 2019, the project was a joint venture with B2Gold (5.7% and



FEATURES OF THE YEAR

GREENFIELDS PROJECTS

are vital to improving portfolio quality and maintaining long-term optionality

TWO PROJECTS

advance to feasibility stage

4.3MOZ COMBINED

contribution to gold Ore Reserve

38.5MOZ

inclusive gold Mineral Resource and an inclusive copper Mineral Resource of 9,677Mlb as at 31 December 2019

PERFORMANCE 2019

diluting) and AngloGold Ashanti (94.3% and operator). During 2019, the 5% dilution threshold was reached and the parties entered into a royalty agreement in which B2Gold transferred its minority interest in the joint venture to AngloGold Ashanti in exchange for a royalty fee during production

- A third project, **La Colosa**, is currently under force majeure, pending the necessary environmental permitting. It is located approximately 150km west of Bogota, in the Tolima Department. It is a very large, porphyry-style gold deposit discovered by the Colombia greenfields exploration team in 2006. The project, which is 100% owned by AngloGold Ashanti, comprises a singular, large deposit likely to have a Mineral Resource and endowment in excess of 28.33Moz. The prefeasibility study began in 2010 and was formally put on care and maintenance in April 2017. A second-time force majeure, granted pending environmental permits, is expected to be renewed in June 2020 if the conditions associated with the environmental licence permits remain

These greenfields projects make a significant contribution to AngloGold Ashanti's Mineral Resource with the three projects collectively contributing 38.5Moz. Quebradona and Gramalote contribute 4.3Moz to the gold Ore Reserve. Quebradona also has a copper Ore Reserve of 3,068Mlb.

Update on projects

Gramalote

In September 2019, AngloGold Ashanti announced that an agreement had been reached with B2Gold, in terms of which B2Gold would fund an investment and exploration programme in 2020 to the value of \$13.9m, in order to earn back to a 50:50 partnership and assume management of the project effective 1 January 2020. Completion of the feasibility study for Gramalote is targeted for the end of 2020. The project has several key infrastructure advantages including reliable water supply, its close proximity to key infrastructure and a technically capable workforce in country.

As per the agreement, B2Gold assumed management of the Gramalote joint venture on 1 January 2020. On 21 January 2020, B2Gold announced positive results from the updated preliminary economic assessment (PEA) for the Gramalote Ridge deposit, a part of the Gramalote project. The PEA updates and enhances previous studies on the Gramalote project in several areas, which are listed in the announcement (see <https://www.anglogoldashanti.com/investors/announcements/2020> for the updated preliminary economic assessment for the project).

B2Gold is currently completing approximately 42,500m of infill drilling at Gramalote Ridge to convert the existing Inferred Mineral Resource to the Indicated category, and 7,645m geotechnical drilling for site infrastructure. The Gramalote joint venture will continue to advance community resettlement programmes, establish coexistence programmes for small artisanal miners, to work on health, safety and environmental projects and to continue to work with government and local communities on social programmes.

B2Gold, as manager, plans to continue to complete and submit the feasibility work by 31 December 2020. Given the volume of work completed by AngloGold Ashanti over the past several years – including extensive testing programmes, work with local communities and small miners and the high level of engineering performed in 2017 for an internal study – the remaining work required to complete the final feasibility study is not extensive. The main work programme for feasibility is infill drilling to confirm and upgrade the Inferred Mineral Resource to the Indicated category. The budget agreed by the joint-venture partners for the feasibility study is \$37m.

Quebradona project

During the year, AngloGold Ashanti continued with the exploration programme, with the key aim of developing the feasibility study, completing and submitting the environmental and construction licence requests (filled in November 2019), and securing the land required for project implementation. The Quebradona project is an attractive business case of ~8.7Moz gold equivalent, with required capital investment estimated at around ~\$1b and an internal rate of return at approval stage of 15% (meeting our required hurdle rate). The year 2020 will be critical for the project, with an estimated investment of approximately \$64m, targeted at the following key milestones:

- Complete the feasibility study and present it to the board for approval in November 2020
- Obtain the environmental and construction licence by November 2020
- Complete the process of securing the land for project implementation

Sustainability performance

Safety

No fatalities were reported in Colombia and the AIFR for our activities in Colombia was 0 per million hours worked up to December 2019.

Environment

There were no reportable environmental incidents during 2019.

At Gramalote, during 2019, the project continued with the legal obligations of the granted environmental licence. Modifications were made and completed in 2018 to the granted environmental licence and the environmental authorities partially accepted the proposed adjustments. Those adjustments for which approval remains pending are expected to be attended to by the National Environmental Licenses Authority (ANLA) during 2020.

At Quebradona, in order to obtain the required environmental licence, the technical, environmental and social studies were finalised and the environmental impact study was submitted in November 2019 to the ANLA. The environmental licence process is expected to continue with the ANLA in 2020 in order to obtain the licence before year end.

For further information on the work we are doing in Colombia, see the case study, *Quebradona Biodiversity Initiative*, in the <SR>.

Community development

A key aspect to the development of our business in Colombia is obtaining the social and environmental licences to build and operate viable mineral discoveries. Strong engagement – termed socio-political enablement (SPE) – is a business imperative which includes projects aimed at four strategic lines of social intervention: education, culture and sport; community and strengthening of institutions; communication for participation; and operational feasibility of the project. During 2019, these projects were developed for the benefit of more than 2,800 people.

Artisanal and small-scale mining

We seek harmonious co-existence with legal ASM through a two-pronged approach: firstly, by providing direct support for the formalisation of ASM and, secondly, by promoting local enterprise

development, which contributes to creating alternative livelihoods. We also work with country law enforcement agencies, which assist in protecting our mining tenements.

Our approach supports and promotes the formalisation of ASM, which is aligned with the policy framework of the Intergovernmental Forum (IGF) on Mining, Minerals, Metals and Sustainable Development 2013 and its 2017 guidance document to help governments implement strategies to regulate ASM. Successful formalisation requires significant cooperation and collaboration between governments, communities, civil society, the private sector and international bodies. We seek to identify sustainable solutions for the benefit of all stakeholders, in particular host communities where many residents are reliant on ASM-related income. For further information on some of the work being done, see the case study, *Gramalote partners with ASM to formalise mining*, in the **<SR>**.



For further information on AngloGold Ashanti and its work and performance, as a group and in the Americas region, see the **<IR>** and **<SR>** which are available online at www.aga-reports.com.