



16 February 2012

Preliminary Results for the 12 months ended 31 December 2011 (Unaudited)

Based on IFRS and expressed in US Dollars (US\$)

African Barrick Gold plc (“ABG”) reports full year 2011 results

> Strong earnings growth supports trebling of proposed final dividend

Financial Highlights

- Revenue of US\$1,218 million, up 25% on 2010.
- EBITDA² of US\$544 million, up 30% on 2010.
- Record cash margin² of US\$895 per ounce, an increase of 33% on 2010.
- Net profit attributable to owners of US\$275 million, with EPS of US67.0 cents, up 26% on 2010.
- Operational cash flow of US\$498 million, an increase of 44% on 2010.
- Cash position of US\$584 million as at 31 December 2011.
- Proposed final dividend of US13.1 cents per share; total dividend for 2011 of US16.3 cents per share, up 208% on 2010.

Operational Highlights

- Attributable gold sales¹ for the year of 699,539 ounces (Group sales¹ of 724,574 ounces), a 3% decrease on 2010.
- Attributable gold production¹ of 688,278 ounces (Group production¹ of 713,508 ounces), 2% below 2010 production.
- Increase in full year production at Bulyanhulu, Buzwagi and Tulawaka, with lower production at North Mara due to the planned focus on waste stripping.
- Cash costs² of US\$692 per ounce, an increase of 22% on 2010 due principally to a combination of industry cost inflation, increased diesel usage and higher headcount.
- Launch of the ABG Development (Maendeleo) Fund, the largest community development fund in Tanzania.
- Highly successful drilling campaign at Nyanzaga led to a fourfold increase in the in-pit Mineral Resource at the Tusker deposit to 3.5Moz Au Indicated and 0.6Moz Au Inferred.

Commenting on the results CEO Greg Hawkins said: “The underlying performance of each of our assets has improved over the year with three of the four mines achieving production increases, despite the impact of the unreliable power situation in Tanzania. Our strategic investment in exploration has led to a fourfold increase of the resource at Nyanzaga and as a result our total resource base now stands at over 31Moz. The capacity of our assets to generate strong cashflows has again been demonstrated and this is reflected in our decision to treble our dividend payout over 2010 and to set out our dividend policy for future years. In 2012, we expect to produce between 675,000-725,000 ounces of gold at a cash cost of between US\$790-860 per ounce sold, whilst also continuing to advance our portfolio of growth projects and assess other opportunities to expand our asset base.”

African Barrick Gold plc	Three months ended 31 December			Year ended 31 December		
	2011	2010	% change	2011	2010	% change
(Unaudited)						
Attributable Gold Production (ounces) ¹	160,020	179,730	-11%	688,278	700,934	-2%
Attributable Gold Sold (ounces) ¹	158,869	201,298	-21%	699,539	724,083	-3%
Attributable Cash cost (\$/ounce) ²	779	603	29%	692	569	22%
Average realised gold price (\$/ounce) ²	1,655	1,394	19%	1,587	1,240	28%
(in \$'000)						
Revenue	285,198	309,522	-8%	1,217,915	975,021	25%
EBITDA ²	114,912	133,650	-14%	544,091	419,167	30%
Cash generated from operating activities	159,621	125,305	27%	498,323	345,141	44%
Net profit attributable to owners	52,683	79,005	-33%	274,895	218,103	26%
Basic earnings per share (EPS) (cents)	12.8	19.3	-34%	67.0	53.2	26%
Dividend per share (cents)	13.1	3.7	254%	16.3	5.3	208%
Operating cash flow per share (cents)	38.9	30.6	27%	121.5	84.2	44%

¹ Group production and sold ounces consolidate 100% of Tulawaka's production and sales base. Attributable production and sold ounces reflect equity ounces which exclude 30% of Tulawaka's production and sales base.

² Cash costs per ounce sold, average realised gold price, EBITDA and cash margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to “Non-IFRS measures” on page 31 for the definitions of each measure.

CEO Statement

Positive performances at Bulyanhulu, Buzwagi and Tulawaka were able to largely offset the planned reduction at North Mara due to the waste stripping programme and delivered production of 688,278 ounces of gold, marginally below our guidance for the year, at a cash cost of US\$692 per ounce. The higher average realised gold price helped us to deliver strong financial results, achieving record revenues of US\$1,218 million, generating cash margins of US\$895 per ounce, operating cash flow of US\$498 million, and ending 2011 with a net cash balance of US\$584 million. The importance we place on shareholder returns is demonstrated by the Directors recommending a final dividend of US\$13.1 cents per Ordinary Share, in addition to the US\$3.2 cents per Ordinary Share that we paid in September, while also setting out our future dividend policy. Our commitment to exploration has continued to bear fruit with a fourfold increase in the in-pit resource at the Tusker deposit at Nyanzaga to over 4.0Moz and in tandem with our wider exploration efforts we have grown our total resource base by 17% to over 31.5Moz, of which 17.1Moz are in the reserve category.

The power situation in Tanzania impacted our operations throughout the year, resulting in an overall reduction in production of approximately 40,000 ounces in 2011. The impacts of power outages were predominantly felt at Buzwagi, where unreliable power negated the operational turnaround and contributed to the SAG mill motor failure in May. We have taken steps to address this, firstly in July with the installation of 5 MW of spinning power and then in December with a further 16 MW of back-up diesel power providing full redundancy to this operation. We anticipate that the sporadic interruptions in power supply will continue into 2012 and we will continue to monitor this during the course of the forthcoming year. In addition, we aim to finalise the installation of full back-up power at all of our mine sites by the end of Q2 2012, which when completed, is expected to significantly mitigate the effects of future power outages on production levels.

Addressing costs through optimisation

The rapid increase in the price of gold and the number of new projects coming on-stream across Africa has introduced considerable inflationary cost pressures across our industry. In particular, competition for skilled labour has intensified which has led to increasing levels of wage inflation and significant movements in skilled personnel across the mining industry generally, both of which must be monitored on an on-going basis in order to assess potential impacts on our business and operations.

One of our key focuses in 2012 is to further increase our localisation efforts to reduce reliance on international labour. This should enable us to reduce a significant element of our cost base, will continue to develop the technical skill sets in the Tanzanian gold mining industry and will help us to mitigate fluctuations in personnel turnover.

We also continue to invest in continual improvement programmes at each of the mines to optimise productivity. These include the revamping of the hoisting schedule at Bulyanhulu, de-bottlenecking the North Mara process plant, and the redesigned flotation circuit at Buzwagi.

Expanding our existing resources

We have continued to evaluate a number of organic expansion opportunities throughout the year, with a view to developing those key projects which could expand our existing reserves and resources, a key element of our strategy for the development of our business. We focused much of the budget on Nyanzaga, our key greenfield project, on a number of targets at our North Mara mine and on our major brownfield projects.

Nyanzaga has continued to deliver positive drill results, which underpinned the significantly upgraded in-pit resource announced in January 2012. We are now aiming to move the project towards pre-feasibility, increasing its potential to become our fifth mine in Tanzania.

At North Mara, the progression of land acquisitions around the Gokona pit has meant that we have the potential to increase the open pit reserve ounces by approximately 300Koz through an additional lateral cut back of the open pit, although this would have the effect of reducing the 2010 underground resource by approximately 150Koz. Further investigation is required but the potential addition of the lower cost open pit ounces is a positive for the overall North Mara mine, while we believe the potential for an underground operation remains intact.

At Bulyanhulu we continue to rehabilitate the decline to the Upper East Zone and plan to initiate a test stope in Q3 2012 ahead of seeking Board approval for the project. Subject to their approval, our expectation remains for initial production from the project around the end of 2014. In addition, following the announcement of the mineral resource contained within our tailings facility at Bulyanhulu, the feasibility study for production from this resource is close to completion.

During 2011 we twice extended the mine life at Tulawaka, currently to the end of 2012. The project continues to outperform the original underground feasibility study and generate healthy cashflows. We will continue to explore in the East Zone and have recently begun the process of opening the West Pit Extension in order to provide supplemental mill feed and are confident we can further extend the mine life.

Elsewhere, we are looking at options for the Golden Ridge project and we continue to assess several early stage prospects in our portfolio. The feasibility work conducted at Golden Ridge during 2011 focused on the opportunity to truck the ore to Buzwagi, and whilst generating positive returns, the project did not pass our internal returns threshold. We are currently analysing alternative ways of developing the resource. .

We also continue to evaluate other opportunities across Africa to supplement our organic growth plans and to diversify our asset base. Our balance sheet strength provides significant flexibility from which to leverage our operational expertise.

Responsible mining

We have strengthened our commitment to Tanzania throughout the year, notably with the launch of the ABG Development (Maendeleo) Fund, the largest community development fund of its kind in Tanzania, and our secondary listing on the Dar es Salaam Stock Exchange. The site intrusion at North Mara in May served to highlight the importance of promoting social and economic integration in all local communities in which we operate. We are committed to effective dialogue with all stakeholders in the Mara region in order to create an environment which allows for better co-existence and which provides for improved law, order and safety for all concerned. We have made encouraging progress in improving relationships in the Mara region during the last six months of the year and have introduced a number of initiatives to promote further integration within local communities. We will continue to develop projects that support our developing sustainability programme as a part of our approach to responsible mining. To support our commitments and targets in this regard we have recently appointed a Senior Director of Environment and Community Relations to further enhance and support the existing experience of our specialist teams.

As regards our employees, it is deeply regretful that we had one fatality at Bulyanhulu, during the year. Our target for all employees to go home safely every day remains our top priority.

Taxation

Given the prevailing industry backdrop and current level of profitability of the mining sector we have pro-actively engaged with the Tanzanian government and other stakeholders to ensure we make a contribution commensurate with the financial performance of our business. To that end we have reached settlement with the Tanzanian Revenue Authority over US\$126 million of indirect taxes owed to us and we paid income tax this year amounting to US\$39 million, on top of the royalties we have always paid and the indirect taxation we bring to the country in the form of payroll and other taxes. We will continue to work with the relevant authorities in order to consider ABG's overall tax status in Tanzania so as to ensure we achieve the optimum long-term structure for our Company and all of our stakeholders.

Final Dividend and Policy

The Directors are pleased to recommend the payment of a final dividend of US13.1 cents per Ordinary Share. This represents a total dividend of US16.3 cents for 2011, an increase of 208% over the previous year and indicative of our confidence in the health of our business going forward. Subject to the shareholders approving this recommendation at the AGM, the final dividend will be paid on 25 May 2012 to shareholders on the register at 4 May 2012. The ex-dividend date is 2 May 2012. 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 2012. Currency elections must be made by return of currency election forms. The deadline for the return of currency election forms is 8 May 2012.

With respect to dividend payments in future years, the Board has approved the following policy: Subject to the capital requirements and cashflows of the Company and provided that there are distributable reserves available to the Company for this purpose, it is the Board's intention to declare an annual dividend of between 15 and 30 percent of profits after tax and minority interests each year. It is expected that this will be payable in the approximate proportion of one third as an interim dividend and two thirds as a final dividend, dependent on the performance of the Company being in line with the Board's expectations.

Outlook

Our focus for 2011 was to continue to build on the foundations of 2010 and to have stable and consistent operational delivery. We have made significant progress in this respect despite the headwinds we faced, primarily from the unreliable power situation in Tanzania as well as the more generalised industry cost pressures. As a result of our continued capital investment and the recruitment of further operational expertise, we enter 2012 from a position of strength, having further enhanced our platform for future growth.

We are aiming to develop the business further through the following key objectives for 2012:

- achieving attributable group production between 675,000-725,000 ounces;
- maintaining total cash cost of between US\$790-860 per ounce sold; and direct cash operating cost of between US\$740–US\$810 per ounce sold;
- increasing group throughput and recoveries;
- completing feasibility studies at our brownfield projects;
- achieving growth in our overall resource base;
- improving further our safety record;
- continuing the development of our sustainability practices; and
- continuing our focus on opportunities for strategic acquisitions to expand our footprint throughout Africa.

Given the mine sequencing at each of our operations together with the forecast grade profiles it is our expectation that our production is likely to be split 45:55 between the first and second halves of the year, with correspondingly higher cash costs in the first half of the year and lower in the second. At a mine level, our expectation is for broadly similar production levels to

2011 at our Bulyanhulu, Buzwagi and Tulawaka operations, with higher production expected at North Mara in the second half of the year, with the completion of the waste stripping programme and access to higher grade material.

During 2012, we expect to see additional cost pressures at Buzwagi as we will be mining close to the reserve grade of 1.5g/t, which will necessitate mining and processing significantly higher levels of ore in order to maintain production rates.

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

Greg Hawkins, Chief Executive Officer

For further information, please visit our website: www.africanbarrickgold.com or contact:

African Barrick Gold plc

+44 (0)207 129 7150

Greg Hawkins, Chief Executive Officer

Kevin Jennings, Chief Financial Officer

Andrew Wray, Head of Corporate Development & Investor Relations

RLM Finsbury

+44 (0)207 251 3801

Charles Chichester

About ABG

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

We aim to achieve this by:

- driving operating efficiencies to optimise production from our existing asset base;
- growing through near mine expansion and development of advanced-stage projects; and
- organic greenfield growth and acquisitions in Africa.

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

ABG is a UK public company with its headquarters in London. We are listed on the Main Market of the London Stock Exchange under the symbol ABG and have a secondary listing on the Dar es Salaam Stock Exchange. Historically and prior to our initial public offering (IPO), our operations comprised the Tanzanian gold mining business of Barrick Gold Corporation (Barrick), our majority shareholder. ABG reports in US dollars in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report.

Presentation and conference call

A presentation will be held for analysts and investors on 16 February 2012 at 9.30 am London time. A dial in facility will be available as follows:

Participant dial in: +44 (0)203 003 2666 / +1 866 966 5335

Password: ABG

There will be a replay facility available until 23 February 2012. Access details are as follows:

Replay number: +44 (0)208 196 1998

Replay PIN: 5738153#

In addition, there will be a conference call for analysts and investors based in North America at 2:00 pm GMT, with access details as follows:

Participant dial in: +44 (0)203 003 2666

Password: ABG

There will be a replay facility available until Thursday 23 February 2012, with access details as follows:

Dial in: +44 (0)208 196 1998

Replay PIN: 4803684#

African Barrick Gold preliminary results for the twelve months ended 31 December 2011

FORWARD- LOOKING STATEMENTS

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

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

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



LSE: ABG

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Key Statistics

African Barrick Gold plc (Unaudited)	Three months ended 31 December		Year ended 31 December	
	2011	2010	2011	2010
Operating results				
Tonnes mined (thousands of tonnes)	10,546	9,794	45,053	40,016
Ore tonnes mined (thousands of tonnes)	1,658	2,091	7,013	7,970
Ore tonnes processed (thousands of tonnes)	1,729	2,023	7,409	7,706
Process recovery rate (percent)	87.3%	87.0%	87.7%	86.1%
Head grade (grams per tonne)	3.3	3.2	3.3	3.3
Attributable gold production (ounces) ¹	160,020	179,730	688,278	700,934
Attributable gold sold (ounces) ¹	158,869	201,298	699,539	724,083
Copper production (thousands of pounds)	2,889	3,760	14,875	14,093
Copper sold (thousands of pounds)	3,224	4,604	15,069	13,370
Cash cost per tonne milled ²	72	62	65	55
Per ounce sold data (\$/ounce)				
Average spot gold price ³	1,688	1,367	1,572	1,225
Average realised gold price ²	1,655	1,394	1,587	1,240
Cash cost ²	779	603	692	569
Amortisation and other costs ²	219	138	184	147
Total production costs ²	998	741	876	716
Cash margin ²	876	791	895	671
Average realised copper price (\$/lb)	3.11	3.93	3.82	3.54

(Unaudited)	Three months ended 31 December		Year ended 31 December	
	2011	2010	2011	2010
Financial results (in \$'000)				
Revenue	285,198	309,522	1,217,915	975,021
Cost of sales	(177,455)	(175,267)	(704,114)	(589,039)
Gross profit	107,743	134,255	513,801	385,982
Corporate administration	(16,075)	(9,083)	(50,505)	(35,436)
Exploration and evaluation costs	(7,389)	(6,251)	(30,339)	(14,861)
Corporate social responsibility expenses ⁵	(2,119)	(2,357)	(7,376)	(3,467)
Other charges ⁵	(4,386)	(11,390)	(15,639)	(22,566)
Profit before net finance cost	77,774	105,174	409,942	309,652
Finance income	313	174	1,484	1,202
Finance expense	(2,408)	(448)	(8,725)	(1,777)
Profit before taxation	75,679	104,900	402,701	309,077
Tax expense	(20,595)	(23,429)	(117,924)	(86,471)
Net profit	55,084	81,471	284,777	222,606
Attributed to:				
- Non-controlling interests	2,401	2,466	9,882	4,503
- Owners of the parent	52,683	79,005	274,895	218,103

(Unaudited)	Three months ended 31 December		Year ended 31 December	
	2011	2010	2011	2010
Other Financial information				
(in \$'000 except per ounce and per share figures)				
Cash and cash equivalents	584,154	401,012	584,154	401,012
Cash generated from operating activities	159,621	125,305	498,323	345,141
Capital expenditure ⁴	117,061	77,328	345,235	224,391
EBITDA ²	114,912	133,650	544,091	419,167
Basic earnings per share (cents)	12.8	19.3	67.0	53.2
Operational cash flow per share (cents)	38.9	30.6	121.5	84.2
Equity	2,798,704	2,543,085	2,798,704	2,543,085

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

2 Cash cost per tonne milled, average realised gold price, cash cost per ounce sold, amortisation and other costs per ounce sold, total production cost per ounce sold, EBITDA and cash margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 31 for definitions.

3 Reflects the London PM fix price.

4 Includes non-cash reclamation asset adjustments and finance lease purchases during the year. It excludes the acquisition of Tusker Gold Limited in 2010.

5 Restated to separately disclose corporate social responsibility expenses on the face of the income statement.

Operating Review

The underlying performance of each of our assets has improved over the year with three of our four mines achieving production increases. However, the stability of power supply created a number of challenges to production through the year, which ultimately led to a reduction of approximately 40,000 ounces in 2011 against plan. As such, whilst we made significant strides in improving each of our assets, we ended the year with attributable production of 688,278 ounces, 2% below 2010.

Our cash costs for the year saw a 22% increase over 2010 to US\$692 per ounce sold. The increase was primarily due to wide ranging inflationary pressures principally on labour due to increased competition across the industry for skilled personnel and increased staffing levels, energy, due to higher oil prices and increased usage especially in back-up power generation, increased consumables and contract services costs, as well as lower than expected capitalised costs and a lower production base. Cash costs of US\$65 per tonne milled for the year have increased from the 2010 amount of US\$55 per tonne, primarily as a result of the above and a decrease in tonnes milled from Buzwagi due to power related issues and an increased proportion of ore from the underground at Tulawaka.

We continued to reduce our gold product inventory levels and as a result sold 699,539 gold ounces for the year, 2% above production.

We mined 45.1 million tonnes for the year, compared to 40.0 million in 2010. The increase was primarily driven by the focus on waste stripping at the Gokona and Nyabirama open pits at North Mara, in order to access high-grade ore from 2012 and Buzwagi which entered Stage 2 of the mine plan.

Tonnes of ore processed for the year totalled 7.4 million, a 4% decrease on 2010 levels (7.7 million tonnes). The decrease in tonnes milled was predominantly driven by reduced throughput at Buzwagi due to the failure of the semi-autogenous grinding ("SAG") mill motor, frequent power interruptions and power enforced shutdowns for maintenance.

The average grade for the year of 3.3 grams per tonne was in line with the prior year period. The increase in grades at Tulawaka and Buzwagi were offset by lower grades from Bulyanhulu and North Mara due to planned mine sequencing.

Our copper production for the year of 14.9 million pounds represented a 6% increase on 2010 (14.1 million pounds), which reflects improved concentrate recoveries at Buzwagi due to process plant enhancements.

Bulyanhulu delivered another year of higher production, exceeding the prior year amount by 2,161 ounces mainly driven by increased ore tonnes hoisted and milled. This was partially offset by a lower processing grade of 8.5g/t (9.2g/t in 2010), mainly due to mine sequencing impacting on the mining grade and blockages in the paste fill lines limiting access to primary stopes. Cash costs per ounce sold increased from US\$539 per ounce sold to US\$610 driven by the increase in direct mining costs.

It was deeply regrettable that we suffered an employee fatality at Bulyanhulu as a result of a rock fall in March. We continue to place great importance on sending every employee home safely every day and instigated a thorough investigation into the incident to prevent future occurrences.

As a result of the waste stripping programme in the Gokona and Nyabirama pits, North Mara delivered production in-line with management's expectations but 20% lower than 2010. During the second half of the year tonnes mined were lower than planned as a result of potentially acid forming ("PAF") waste dumping constraints. Provisional permits have now been granted and construction of further PAF dumps is underway to alleviate the constraint. Cash cost per ounce sold increased as expected to US\$810 per ounce from US\$472 per ounce when compared to 2010 as a result of the reduced production base and increased direct mining costs.

Mining operations at North Mara were overshadowed by events relating to the illegal site intrusion in May, when approximately 1,500 intruders, many of whom were armed, stormed the ore stockpile. In addition to working with the Tanzanian police force as part of their investigations, we have undertaken our own investigation into this incident. Both investigations are ongoing. To date, preliminary findings from the police work have led to a number of arrests of individuals suspected of having been involved in provoking or organising the incident as well as other illegal activities in the area. We also continue to review and implement a number of measures to address key legacy issues, many of which pre-date Barrick's and subsequently ABC's ownership of the operation, in order to promote effective dialogue with the surrounding communities and support dialogue on wider law and order considerations in the region. These enhancements to our existing programmes are already delivering tangible improvements and we expect to achieve further progress over the course of 2012.

Buzwagi's production for the year was 6% higher than the prior year period, although it was around 35,000 ounces below management's expectation as a result of the national grid reliability issues. The lower than expected production for the year was primarily driven by the decrease in ore tonnes milled as a result of plant downtime due to the SAG mill motor failure, a direct result of increased power disruptions, and further power related unplanned maintenance and critical component replacement.

To help mitigate interruptions to power supply, we installed 21 MW of back-up power at Buzwagi during the year. Although the addition of back-up power at a cost of \$19.3 million will have an ongoing impact on operating costs, we continue to believe that the benefits of continuous power significantly outweigh the cost. We continue to see the positive effects of the operational turnaround at Buzwagi due to investment in the process plant, expansion of the mining fleet, optimisation of the drill and blast and load and haul, stringent security measures, and ongoing training programmes and are confident that we are well positioned as we enter 2012.

Tulawaka has continued its good performance with production increasing 40% year-on-year mainly driven by the increased underground grade delivered. As the stockpiles from the exhausted open pit run down, we began the process of opening the West Pit Extension in the fourth quarter to provide supplemental mill feed to the high grade underground ore to enable the mill to run at optimal levels.

Looking forward, we believe that we are well positioned to deliver on the potential of the Company's asset base as we enter 2012. This year, our focus will remain on achieving operational excellence in order to deliver stable and profitable production levels.

Bulyanhulu

Key statistics

Bulyanhulu (Unaudited)		Three months ended 31 December		Year ended 31 December	
		2011	2010	2011	2010
Underground ore tonnes hoisted	Kt	254	275	1,048	958
Ore milled	Kt	241	271	1,056	954
Head grade	g/t	9.1	8.6	8.5	9.2
Mill recovery	%	91.5%	91.7%	91.2%	92.2%
Gold ounces produced	oz	64,433	68,619	262,034	259,873
Gold ounces sold	oz	65,132	84,785	269,981	262,442
Cash cost/ounces sold	\$/oz	671	530	610	539
Cash cost per tonne milled	\$/t	181	165	156	148
Copper produced	Klbs	1,617	2,100	7,675	7,958
Copper sold	Klbs	1,786	2,799	7,716	7,896
Capital expenditure	\$(000)	29,765	23,412	95,432	80,539

Operating performance

Bulyanhulu delivered positive results in 2011, hitting key production targets for the year.

Gold production for the year was 262,034 ounces, 1% higher than the prior year's total of 259,873 ounces mainly due to a 9% increase in ore tonnes hoisted and an 11% improvement in mill throughput, partially offset by a reduction in head grade.

Head grade of 8.5g/t was lower than the prior year (9.2g/t) as a result of mine sequencing which resulted in increased tonnes from lower grade zones together with blockages in paste fill lines limiting access to primary long hole stopes. The lower mined grade together with lower recoveries in the CIL circuit led to a lower recovery rate of 91.2%.

Gold ounces sold for the year were 269,981 ounces, which was 3% higher than the production figure and also 3% higher than 2010. The increase in sales was due to improved working capital management, combined with an increase in the production base of 2,161 ounces.

Copper production for the year of 7.7 million pounds was 4% lower than that of the same period in 2010. This was mainly due to lower recoveries as the result of operational issues experienced in the flotation plant.

Cash costs for the year of US\$610 per ounce sold were 13% higher than the prior year of US\$539. Inflationary pressures on costs were widely felt as a result of the high gold price environment, principally in labour, from both increased staffing levels and increased salaries as a result of competition for skilled labour, and energy, reflective of higher levels of mining and milling activity. Consumables and maintenance also saw increases due to increased activity levels and inflationary pressure while sales related costs were higher due to higher revenue. Increased co-product revenue, driven by increased realised copper prices partially offset the increase.

Cash costs per tonne milled increased to US\$156 in 2011 (US\$148 in 2010) as a result of the costs outlined above.

Capital expenditure for the year of US\$95.4 million was 18% higher than the prior year of US\$80.5 million. The key areas of capital investments include capitalised underground development expenditure (US\$32.7 million), ventilation equipment (US\$4.4 million), business optimisation systems (US\$4.2 million), expansion of the power generation capacity (US\$4.0 million), workshop construction (US\$2.0 million), tailings storage facility expansion (US\$1.7 million), shaft dewatering system (US\$1.3 million), expansion of the process plant (US\$1.1 million) and various other investments in mine equipment. Included in total capital expenditure is a non-cash reclamation adjustment which amounted to US\$13.3 million.

Buzwagi

Key statistics

Buzwagi (Unaudited)		Three months ended 31 December		Year ended 31 December	
		2011	2010	2011	2010
Tonnes mined	Kt	6,205	4,510	21,534	18,848
Ore tonnes mined	Kt	797	1,167	3,545	4,285
Ore milled	Kt	642	904	2,993	3,553
Head grade	g/t	2.1	1.9	2.3	2.0
Mill recovery	%	87.4%	81.6%	88.0%	81.0%
Gold ounces produced	oz	37,916	44,257	196,541	186,019
Gold ounces sold	oz	38,547	45,706	200,518	198,221
Cash cost/ounces sold	\$/oz	870	869	691	685
Cash cost per tonne milled	\$/t	52	44	46	38
Copper produced	Klbs	1,272	1,660	7,201	6,135
Copper sold	Klbs	1,438	1,804	7,353	5,473
Capital expenditure	\$(000)	27,774	12,641	83,203	29,781

Operating performance

Despite an increase in production, 2011 has been a frustrating year at Buzwagi as the impact of power disruptions masked the operational improvements at the mine. Gold production increased to 196,541 ounces compared to 186,019 ounces in the previous year, a direct result of higher grades and a step up in recoveries to 88%, but mill throughput was down by 16% mainly due to the impact of power outages and resulting unplanned maintenance and critical component replacement. The SAG mill motor failure in May, and power related maintenance and critical plant replacements, a result of the frequent restarts caused by continuing interruptions to electricity supply, had a significant impact on milling capacity. We estimate these power disruptions and related issues led to a loss of production of approximately 35,000 ounces for the year. The installation of 5 MW of spinning power in July had a positive impact but it was not until the installation of a further 16 MW of back-up power at the beginning of December that full redundancy was provided for the mill.

Gold ounces sold increased by 1% to 200,518 ounces from 198,221 ounces, exceeding production by 2% due to the increased production levels.

Copper production for the year of 7.2 million pounds was 17% above the prior year's production. This was mainly due to the improvements made to the plant increasing recoveries for the current year.

Cash costs for the year were US\$691 per ounce sold compared to US\$685 in 2010. Cash costs have been affected by increased labour costs, due to inflationary increases and increased headcount, specifically in the security and mine production areas, with increased mining activity leading to increased consumable, maintenance and energy costs. Energy costs were also impacted by the installation of diesel back-up power and increased mining fleet. The increases were partially offset by increased capitalised stripping costs due to the waste stripping undertaken, increased co-product revenue as a result of increased copper production, up 17% on 2010, increased realised copper pricing and the increased production base.

Cash costs per tonne milled increased to US\$46 in 2011 from US\$38 in 2010. The increase in costs was primarily due to the key factors explained above and the impact of the shutdown from the SAG mill motor failure and power outages and related issues.

During 2012 we expect to see additional cost pressures as we will be mining close to the reserve grade of the mine of 1.5g/t which will necessitate mining and processing significantly higher levels of ore in order to maintain production rates.

Capital expenditure for the year was US\$83.2 million compared to US\$29.8 million in 2010. Capital investment in 2011 was primarily focused on back-up power generation (US\$19.3 million), capitalised waste stripping (US\$15.6 million), mining equipment (US\$13.7 million), security infrastructure (US\$5.0 million) and process enhancements (US\$4.1 million). Included in total capital expenditure is a non-cash reclamation adjustment which amounted to US\$9.7 million.

North Mara

Key statistics

North Mara (Unaudited)		Three months ended 31 December		Year ended 31 December	
		2011	2010	2011	2010
Tonnes mined	Kt	3,591	4,969	21,808	20,106
Ore tonnes mined	Kt	549	610	2,254	2,624
Ore milled	Kt	773	765	3,070	2,860
Head grade	g/t	2.1	2.6	2.1	2.8
Mill recovery	%	78.9%	84.7%	80.6%	82.9%
Gold ounces produced	oz	41,704	54,973	170,832	212,947
Gold ounces sold	oz	40,000	57,300	170,625	218,684
Cash cost/ounces sold	\$/oz	867	459	810	472
Cash cost per tonne milled	\$/t	45	34	45	36
Capital expenditure	\$(000)	37,832	31,506	123,146	91,442

Operating performance

The focus for North Mara in 2011 was a planned and substantial waste stripping programme in both the Gokona and Nyabirama pits in order to open up higher grade zones for future years. Due to the waste strip, a substantial portion of mill throughput has come from low grade stockpiles, which has led to an expected reduction in gold production and an associated increase in cash costs per ounce. As a result of the waste stripping, the total tonnes mined increased by 8% on 2010 and the ore tonnes mined decreased by 14%. Towards the latter part of the year, waste stripping activities were slowed down due to capacity constraints at the PAF waste dumps. Provisional permits have now been granted and construction of further PAF dumps is underway to alleviate the constraint. As a result, we expect to complete the bulk of the waste strip programme by mid 2012, following which we expect to see a substantial improvement in head grade.

Gold production for the year was 170,832 ounces, down significantly on 2010 but in line with expectations. De-bottlenecking of the mill allowed for a 7% increase in throughput which partially offset the expected reduction in grade from 2.8g/t in the prior year to 2.1g/t. Gold ounces sold amounted to 170,625 ounces for the year, in line with production and down 22% compared to 2010, reflecting the decline in production.

Cash costs for the year were US\$810 per ounce sold compared to US\$472 in the prior year period. The increase in cost was primarily driven by the lower production base, higher labour costs due to inflationary pressures and an increase in headcount, increased energy costs as a result of increased back-up power usage, especially in November and December due to the failure of the grid transformer resulting in the mine being solely run on diesel power, and increased contractor services costs.

Cash costs per tonne milled increased to US\$45 in 2011 from US\$36 in 2010, mainly as a result of the increased cost profile.

Capital expenditure for the year totalled US\$123.1 million, 35% higher than the US\$91.4 million in the prior year. Key capital expenditure included capitalised waste stripping mainly relating to the Gokona and Nyabirama pits (US\$26.4 million), expansion of the gold plant (US\$21.3 million), capitalised drilling (US\$14.3 million), investment in the water treatment plant (US\$8.4 million), tailings storage facility expansion (US\$4.9 million) and the upgrade to the crushing circuit (US\$2.1 million). Included in capital expenditure is a non-cash reclamation adjustment which amounted to US\$18.8 million.

As reported during the year, approximately 1,500 intruders, many of whom were armed, stormed the ore stockpile in May. This resulted in a confrontation between the Tanzanian police force and the intruders, during which a number of intruders and police officers were injured. Police reports state that five intruders were also killed during the confrontation. We have made the re-engagement of the communities surrounding the mine a key objective since the incident. Core to this is the development and progression of our Co-Existence Plan for the mine, which aims to solidify community trust and credibility by fulfilling all outstanding legacy commitments, and to develop longer-term sustainability programmes in the region.

Significant progress has been made in addressing outstanding issues relating to the discharge of the Environmental Protection Order ("EPO") at North Mara. The Tanzanian Environmental Authority has recently confirmed our compliance with all requirements under the EPO, further to the construction of the water treatment plant. Commissioning of the plant is now underway and we expect to complete this process during the first half of 2012.

Tulawaka

Key statistics

Tulawaka (reflected as 70%) (Unaudited)		Three months ended 31 December		Year ended 31 December	
		2011	2010	2011	2010
Underground ore tonnes hoisted	Kt	38	39	144	103
Open pit ore tonnes mined	Kt	20	-	22	-
Open pit waste tonnes mined	Kt	437	-	497	-
Ore milled	Kt	73	82	291	340
Head grade	g/t	7.1	4.8	6.6	4.1
Mill recovery	%	95.7%	93.2%	95.1%	93.2%
Gold ounces produced	oz	15,967	11,881	58,871	42,094
Gold ounces sold	oz	15,190	13,507	58,415	44,736
Cash cost/ounces sold	\$/oz	781	779	727	709
Cash cost per tonne milled	\$/t	162	128	146	93
Capital expenditure (100%)	\$(000)	14,262	4,788	31,652	15,513

Operating performance

Tulawaka continued to outperform expectations, both in regards to production and cash costs, and we have been able to extend the mine life twice in 2011, through to the end of 2012. Due to the further life of mine extension, the mine's management team has been able to re-focus on production and has been able to deliver a 40% uplift in ounces on 2010 at a comparable cash cost. We continue to invest in exploration drilling and hope to be in a position later this year to make a commitment to further mine life extensions.

The mine's attributable gold production for the year was 58,871 ounces compared to the 42,094 ounces achieved in 2010. The increased gold production level resulted from an increased proportion of the mill feed coming from higher grade ore from the underground and less lower grade material from the stockpiles than in 2010. In the fourth quarter the West Pit Extension was progressed in order to provide incremental mill feed in place of the existing low grade stockpiles to supplement production from the underground operation. Gold ounces sold were broadly in-line with production and up 31% on 2010 reflecting the increased production.

Cash costs for the year were US\$727 per ounce sold compared to US\$709 in the prior year. This cost increase was mainly due to the increase in mining activity which resulted in increased headcount, maintenance and contracted services as well as higher sales related costs driven by higher revenue. The cost increases were almost totally offset by the increased ounces produced and increased capitalised costs associated with deferred stripping and underground development.

Cash costs per tonne milled increased to US\$146 in 2011 from US\$93 in 2010, primarily as a result of the higher cost of underground mining and a lower mill throughput due to the higher grind index associated with higher head grade.

Capital expenditure for the year totalled US\$31.7 million compared to US\$15.5 million for the previous year. Expenditure was focused on increased investment to extend the mine life and includes capitalised underground development (US\$6.5 million) security infrastructure (US\$3.7 million), drilling costs (US\$2.8 million), capitalised open pit stripping costs (US\$2.5 million) and additional mining equipment. Included in capital expenditure is a non-cash reclamation adjustment which amounted to US\$11.0 million.

Exploration and Development Review

2011 Highlights

- Continued successful drilling intercepts at the Nyanzaga project have resulted in a significant uplift in the previously declared mineral resource estimate for the Tusker deposit. The updated in-pit resource is in excess of 4Moz consisting of 3.48Moz at 1.47g/t Au Indicated and 598Koz at 2.05g/t Au Inferred, representing a fourfold increase in the previously declared resource of 313Koz Indicated and 650Koz Inferred.
- Exploration drilling at Tulawaka continued to demonstrate the potential to extend the mine life beyond 2012.
- Advanced exploration and resource development drilling around the Gokona pit at North Mara has the potential to increase the open pit reserve by 300Koz with an updated resource for the Underground due in 2012.
- Initial resource declared at Golden Ridge in 2011, current resource of 677Koz Au Indicated and 93Koz Au Inferred.
- Advanced exploration drilling beneath the planned final Nyabirama open pit has identified high grade zones likely to be amenable to mining.
- Initial deep exploration drilling at the Dett prospect (65km west of North Mara) has indicated the potential for a large vertical lower grade mineralised system.
- Indicated resource of 315Koz at 1.23g/t declared from Bulyanhulu Tailings.

During 2011, US\$48.1 million (including capitalised exploration expenditure of US\$17.8 million) was spent on exploration and evaluation activities leading to a total resource addition of 3.5Moz for US\$13.7 per ounce, thereby maintaining our solid track record of delivering high quality, low cost resource ounces.

Key achievements during the year included the declaration of an updated in-pit resource in excess of 4Moz for the Tusker-Kilimani deposit at the Nyanzaga project, indicating this deposit has the potential to become ABG's fifth stand-alone operation in Tanzania. We also declared an initial resource at Golden Ridge and further extended the mine life at Tulwaka through to the end of 2012, with the potential for further extensions. In addition, we are able to declare a resource from the Bulyanhulu Tailings, which underpins the CIL Expansion project.

We made positive progress on feasibility studies at three key projects: Gokona Underground, Bulyanhulu Upper East Zone and the Tulawaka East Zone Underground extension, and commenced a new feasibility study looking at expanding the CIL capacity to reprocess the tailings at Bulyanhulu. Further to this, we initiated scoping studies after successful drilling at Nyanzaga and Nyabirama Underground and continue to assess the best method to develop the resource at Golden Ridge. In addition to the major development projects we continued to advance regional exploration programmes in Tanzania.

During 2011, ABG reviewed further opportunities for regional expansion throughout Africa. We are continuing to undertake exploration and evaluation work in a number of countries, assessing the potential for projects that would be accretive to our business through enhancing our growth profile, strengthening our project pipeline, and adding strategically important geographic diversification.

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

ABG's commitment to exploration continues, and for 2012 our exploration budget remains strong, with budgeted total exploration expenditure, both expensed and capitalised, of US\$35 million.

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

- to continue to drive our strategy of organic growth through near mine exploration and resource expansion;
- to optimise our existing assets through the identification and delineation of high quality stand-alone and satellite deposits; and
- to progress regional exploration in order to evaluate new opportunities throughout Africa through partnerships and acquisitions.

Organic Growth Projects

Brownfield Projects

North Mara - Gokona Underground

This project is focused on developing underground resources beneath the planned final Gokona and Nyabigena open pits. The objective is to bring high grade underground resources into production in order to provide increased flexibility to mining operations from the ability to mine ore from multiple sources as well as extending the life of mine at North Mara.

Deep diamond drilling in and around the current Gokona underground resource area was completed early in 2011. This drill programme was successful at extending known higher-grade mineralised zones to at least 600 metres below the currently

African Barrick Gold preliminary results for the twelve months ended 31 December 2011

planned final open pit depth. Based on the positive results of the programme, ABG commenced a significant resource drill-out programme in Q2 2011 aimed at expanding the total underground resource to greater than one million ounces. By year-end 2011 we had completed 65 holes for approximately 28,174 metres of reverse circulation and diamond drilling. The infill drill programme is 50% complete, and is expected to be finalised by the end of Q2 2012. These additional drilling results will also be incorporated during the mid year Resource and Reserve evaluation which is expected to increase the overall underground potential.

The Gokona Underground Feasibility Study was successfully completed during Q4 2011 and was based on the 2010 year-end resource. At the same time, during the latter part of 2011 we were able to progress land acquisitions around the Gokona pit and remove a western side road constraint. This provides the potential to increase the open pit reserve ounces by approximately 300Koz through an additional lateral cut back of the open pit, subject to waste dumping constraints and permitting. If implemented, this would provide additional near term production in excess of that anticipated from the underground project. It would, however, have the effect of reducing the underground resource by approximately 150Koz, but the potential addition of the lower cost open pit ounces is a positive for the overall North Mara mine. Should the extended Gokona Open Pit cut back prove the more favourable option, then the underground project feasibility will need to be recalculated so as to provide for a revised portal position, the successful 2011/12 drilling programme, mining design and infrastructure requirements. While this will lead to some delay in accessing underground production, with the evaluation likely to be concluded by Q4 2012 we remain confident that the project will continue to be viable and our production profile would be enhanced by both the additional open pit ounces as well as the underground project.

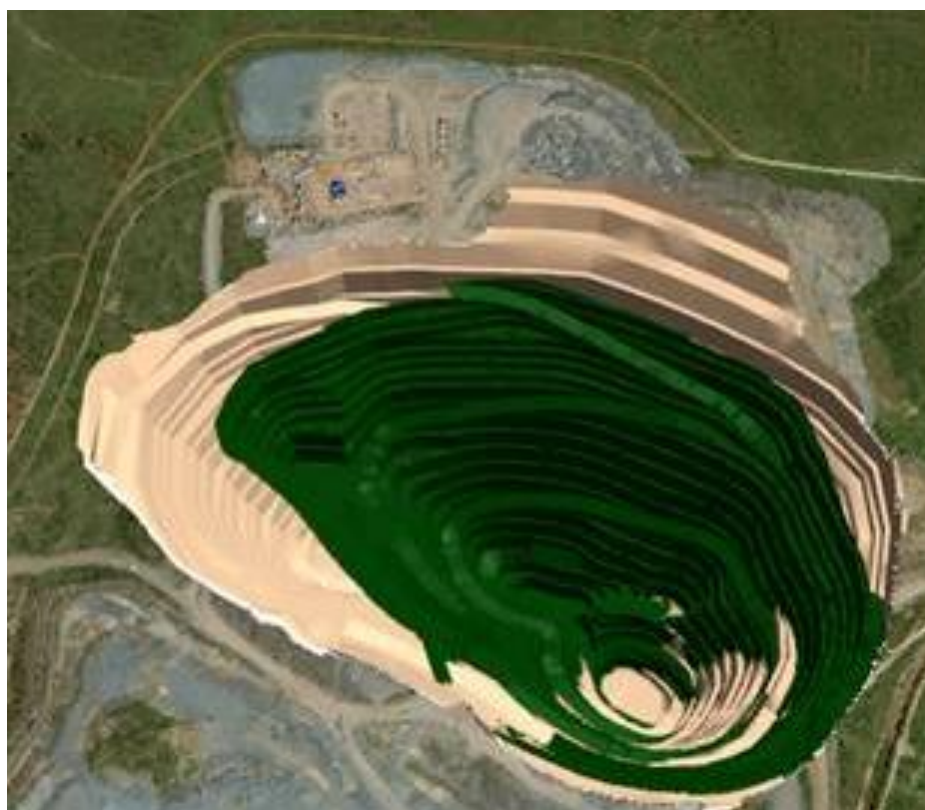


Figure – Preliminary revised pit design for Cut 3 at Gokona

North Mara – Nyabirama Deeps

The Nyabirama Deeps programme is aimed at defining underground or push-back ounce potential from areas previously not able to be drilled from the open pit or during early exploration drilling. Infill drilling is targeting the addition of at least 700Koz of material into the Nyabirama resource base. The current reverse circulation and diamond core drilling programme is approximately 80% complete with 86 holes completed for 30,181 metres in 2011, and the remainder of the programme is anticipated to be completed during early 2012.

Results from the drilling to date have returned intercepts showing multiple zones of higher grade mineralisation, potentially amenable to underground mining, including some wider zones (>10 metres) with grades > 5g/t gold. We are very encouraged by the progress of this programme to date and expect to initiate an underground feasibility study on the Nyabirama Deeps area during 2012.

North Mara – Gokona Corridor

In addition to the underground targets at North Mara, we are also undertaking significant additional exploration elsewhere around the mine, particularly along the Gokona Corridor where historically very little effective drilling has been completed outside the immediate mine area.

For this reason, during 2011 we completed a reverse circulation scout drilling programme along this corridor to test for additional gold deposits. The scout drilling has been successful at identifying favourable rock types and alteration similar to those observed at the Gokona and Nyabigena deposits. Several areas of anomalous gold geochemistry have been identified; warranting more extensive and deeper drilling in order to more fully understand the source of the anomalous gold and test for satellite or stand-alone opportunities. In 2012, a programme of 18,500 metres of reverse circulation and diamond core drilling has been budgeted to test identified gold anomalies.

Tulawaka East Zone Underground Extension

We were able to successfully extend the mine life twice at Tulawaka in 2011, through to the end of 2012; and our ongoing drilling programmes are focused on extending this further. Much of the focus in 2011 was on the East Zone Underground extensions where we continued to extend the known high-grade mineralised shoots below 7-Level, down to 12-Level, indicating potential to extend the mine life further. Drilling to date indicates that existing mineralised zones continue to at least 180 metres below the floor of Tulawaka’s now-completed open pit.

A second portal into the Tulawaka East Zone Underground is anticipated to commence in Q1 2012 to further assist with access sites for additional resource expansion drilling and increase production from gold ore in this part of the underground. We expect to continue drill programmes throughout 2012, which will focus on extensions of mineralisation below the eastern end of the final open pit. In this way, we will be able to assess the possible significant expansion of our current resource base to add further reserves and extend the mine life through an exclusively underground operation.

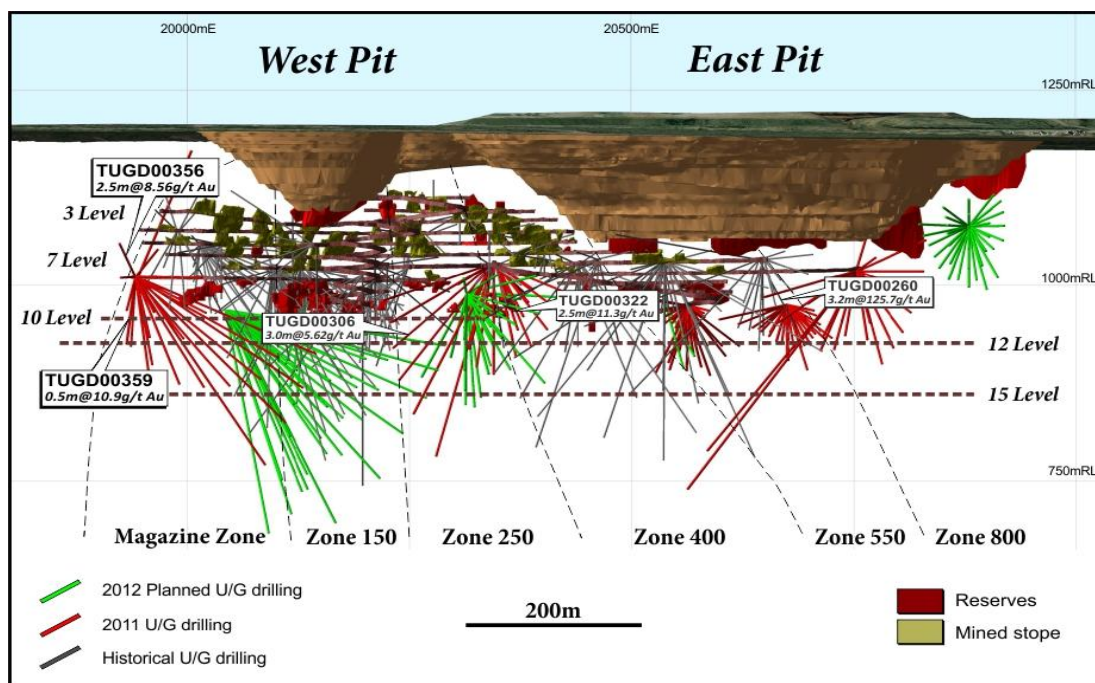


Figure – Tulawaka East Zone long section showing better intersections from drilling below 7Level

Tulawaka Surface Deposits

In 2011, we also tested the Mojamoja and West Zone prospects which lie approximately 4 kilometres northwest of the Tulawaka plant, and ABG is looking at the potential to delineate further open pit resources to be trucked to the plant. The current infill programme is aimed at delineating additional resources between the two previously drilled areas and was completed in January 2012.

Golden Ridge

Located close to several of our existing mines, the Golden Ridge project represents an opportunity for ABG to exploit a satellite gold deposit that is potentially amenable to trucking to and processing at one of ABG’s current operations. Feasibility work during 2011 focused on the opportunity to truck the Golden Ridge ore to Buzwagi, and whilst generating positive returns, the project did not pass our internal returns threshold.

As a result, we are analysing several alternatives for developing the resource at the Golden Ridge project, with initial analysis suggesting that utilising the expanded process plant at Bulyanhulu could be a viable option. The feasibility study will be reworked during the course of 2012 to establish the viability of these options.

During 2011, ABG’s exploration team also completed a programme of infill reverse circulation drilling and metallurgical test-work diamond drilling. Elements of this programme confirmed the width and tenor of mineralisation in the main zone and indicated the potential for further exploration drilling to target higher-grade areas.

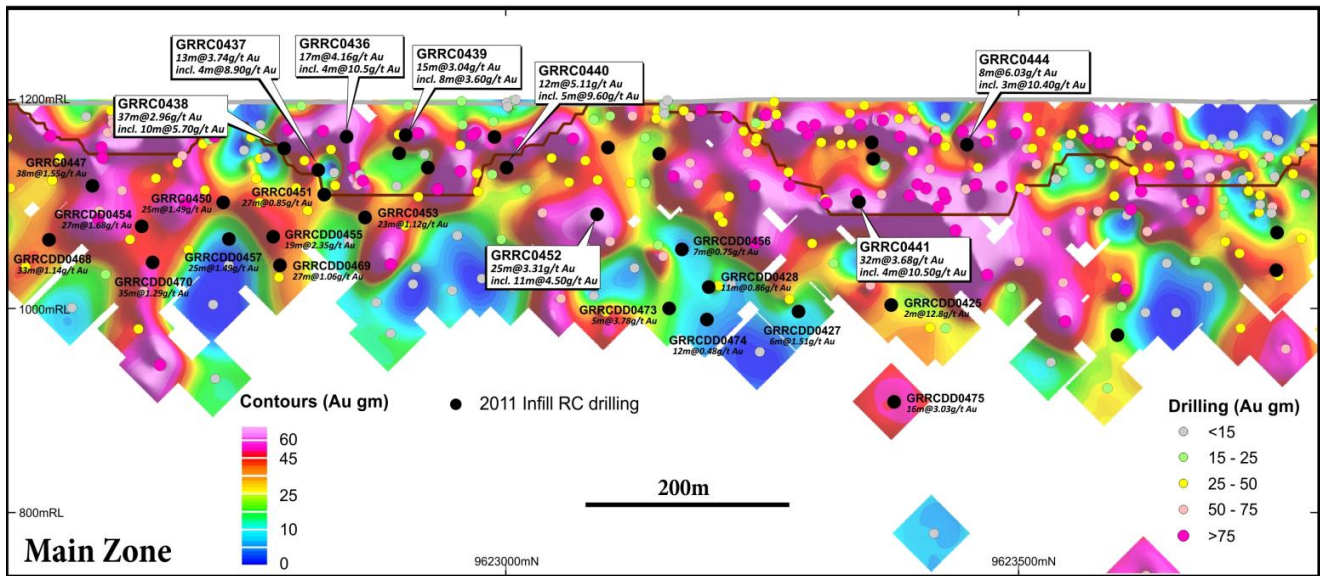


Figure – Golden Ridge long section showing recent drill holes

Bulyanhulu Upper East Zone

The Bulyanhulu Upper East Zone is approximately 2.5 kilometres east of the main Bulyanhulu shaft and contains approximately 1Moz ounces of gold at 10g/t Au within Reefs 1 and 2. The mineralisation in the Bulyanhulu Upper East Zone is included in current reserves, but it was not scheduled for mining until later in the mine life. A feasibility study to bring forward the mining of the area has been positively completed, with work continuing on the geotechnical and metallurgical drill testwork. A test stope to validate the planned mining method will be instigated in Q3 2012. If this confirms our expectations, Board approval will be sought for the project.

Bulyanhulu CIL Expansion

We expect to complete the feasibility study shortly for the expansion of the CIL circuit at Bulyanhulu in order to reprocess the tailings at the mine. We have undertaken drill testing of the tailings dam through 2011. As a result of this, we are able to declare an Indicated resource of 8Mt at 1.23g/t for 315Koz from the Bulyanhulu Tailings, which underpins the project. As well as delivering increased production, the expansion of the CIL circuit will give increased flexibility to the development of the mine as we look to increase the overall production profile over the coming years.

Bulyanhulu Reef 1 and 2 East Open Pit testing

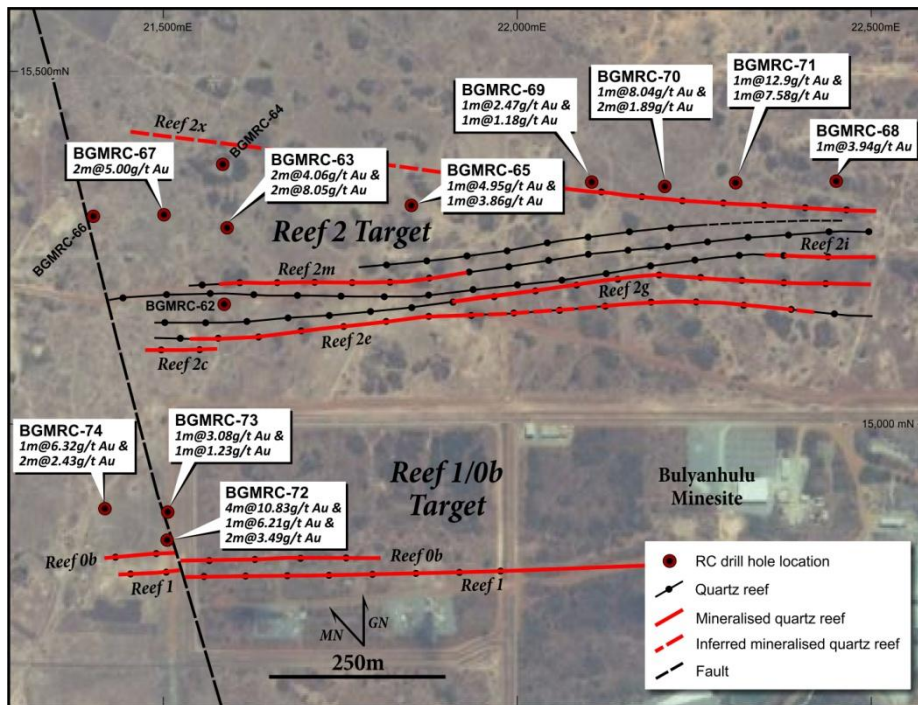
Reverse Circulation drilling was carried out along strike to the east on both Reef 1 and Reef 2 structures through 2011. Some significant results were attained on both structures which warrant a continuation and escalation of the programme in 2012.

The targeting of open pit resources compliments both the proposed Bulyanhulu CIL expansion and the proposed Upper East mining area. Successful delineation and development of open pits in the Reef 1 and 2 East area could provide a means of ingress and service supply for planned Upper East underground workings.

Bulyanhulu Underground Reef 2 Deep Central

The target area is immediately down dip of high grade Reef 2 Reserves. Though there were delays in the drilling programme, approximately 80Koz Inferred have been added to the resource base. This area is within 700 metres of current mine infrastructure, which can be accessed within two years, giving an opportunity to mine shallower ounces.

Utilising drill sites located deep on the Reef 1 footwall provides an opportunity to drill Reef 2 below 3800 mRL; an area which remains essentially untested, allowing for a large area of ground to be targeted for resource and reserve additions. Targeted Reef 2 reserves can be brought into the life of mine plan sooner than the majority of existing Reef 1 reserves, the bulk of which lie below 3800 mRL.



Location of Reef 1/0b and Reef 2 West drill holes with corresponding intercepts (base plan orthophoto image of Bulyanhulu)

Bulyanhulu North-East Pole-Dipole IP

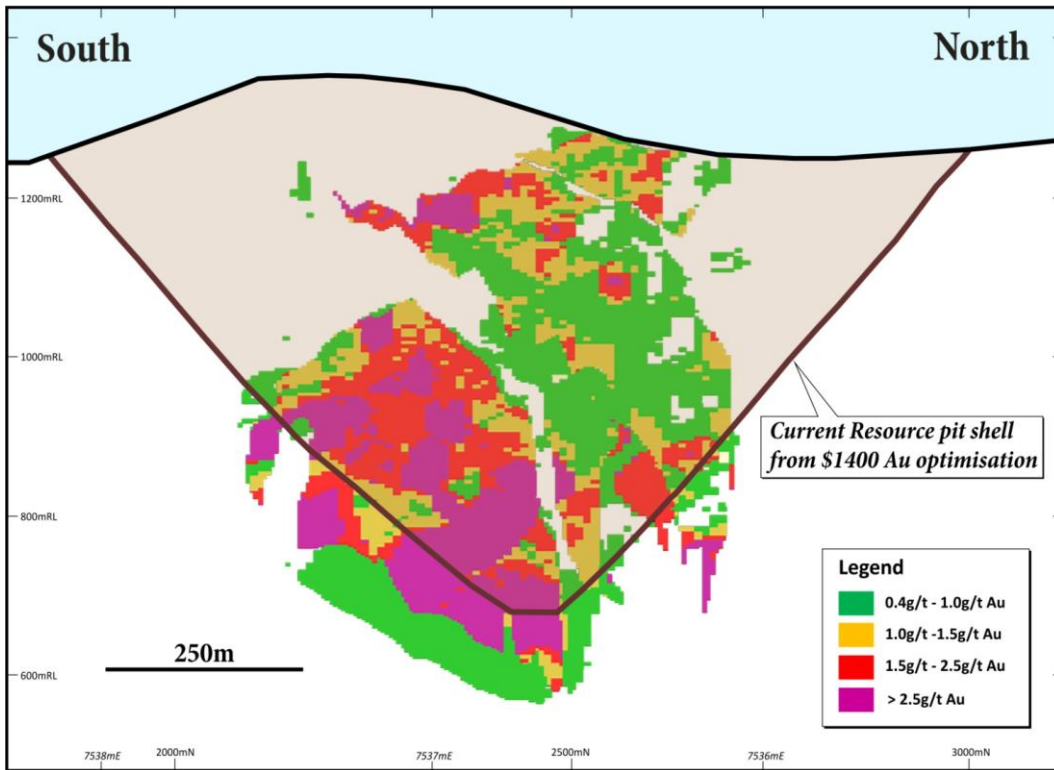
An Induced Polarisation (“IP”)/Resistivity survey was carried out approximately 3.5 kilometres north of Bulyanhulu mine infrastructure. Seven IP/Resistivity anomalies were identified, the largest of which has been selected for drill testing in 2012. This target presents an opportunity for a shallow, potentially open pitable ore source within a short distance of the Bulyanhulu process plant, should drill testing be successful.

Greenfield Projects

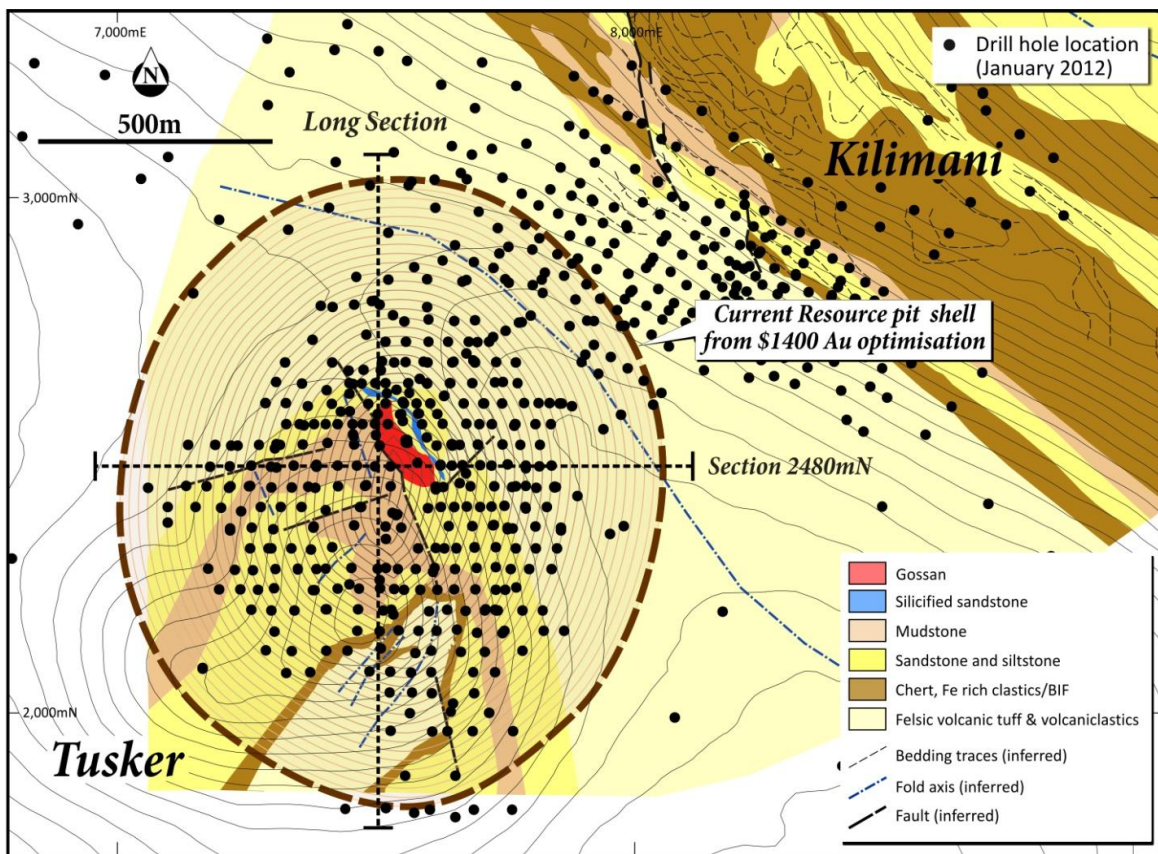
The Nyanzaga project

Since acquiring 100% of the Nyanzaga Project in May 2010, ABG has undertaken an extensive step-out and infill drilling programme at both the Tusker and Kilimani deposits with the aim of extending mineralisation on the northern, western and southern domains of the project. A total of 91,537 metres have been drilled at the project since May 2010, representing an investment of US\$21.7 million. This highly successful programme has extended the known gold mineralisation and delineated additional resources closer to surface and as a result ABG was able to release an updated in-pit resource in excess of 4Moz Au, consisting of 3,481Koz at 1.47g/t Au Indicated and 598Koz at 2.05g/t Au Inferred. This represents a fourfold increase on the previously declared resource of 313Koz Indicated and 650Koz Inferred. The drilling has also identified the potential for further higher grade resource extensions at depth and as a result we are initiating preliminary studies to assess the potential for underground mining.

Further exploration is scheduled to commence in Q1 2012 with the objective of defining the resources at depth at Tusker. At the same time, the scoping study for the project continues, with the current work programme focusing on detailed geotechnical and metallurgical drilling and modelling across the potential Tusker pit area, infrastructure trade-off studies, environmental and social baseline studies and licensing for the project. It is estimated that the scoping study will be completed during Q2 2012. Assuming positive economics from the current desktop level scoping study and approval from the Board we aim to initiate a pre-feasibility study during Q2 2012.



Long Section showing grade distribution in the Main Zone at Tusker



Tusker drill location plan with optimised open pit showing location of cross section and long section through the Tusker deposit.

Dett

The Dett prospect lies in the western part of the Mara-Musoma Greenstone Belt and is located approximately 65 kilometres north east of North Mara gold mine. Any target in this area would be for a stand-alone operation. Historic surface mapping and shallow drilling have outlined a large 4 kilometre by 2 kilometre zone of alteration associated with intercalated intrusions and sediments, and limited deeper drilling to 200 metres vertical showed a low-grade (~0.70g/t) gold mineralised system, associated with copper and molybdenum mineralisation, open in all directions including at depth.

In 2011, the Exploration team reviewed the historical data across the Dett prospect and drilled three wide-spaced diamond holes to test the potential for higher gold grade structures. These holes were drilled to approximately 300 vertical metres, and all holes showed the gold system remained open at depth. DT0007, the best hole of the three drilled, was mineralised almost all the way from top to bottom and intercepted the lower grade envelope of mineralisation, cutting 370 metres at 0.67g/t Au, but importantly this included several zones of the targeted higher grade mineralisation including 20 metres at 1.44g/t Au, 12 metres at 1.77g/t Au, 14 metres at 2.02g/t Au and 23 metres at 1.30g/t Au.

The drilling to date has confirmed ABG's interpretation of the structural controls to mineralisation and further review of the 2011 results will be undertaken in planning for future drill programmes aimed at further validating and extending the higher grade gold zones and investigating the potential of delineating a large >1.0 - 1.5g/t Au mineable resource.

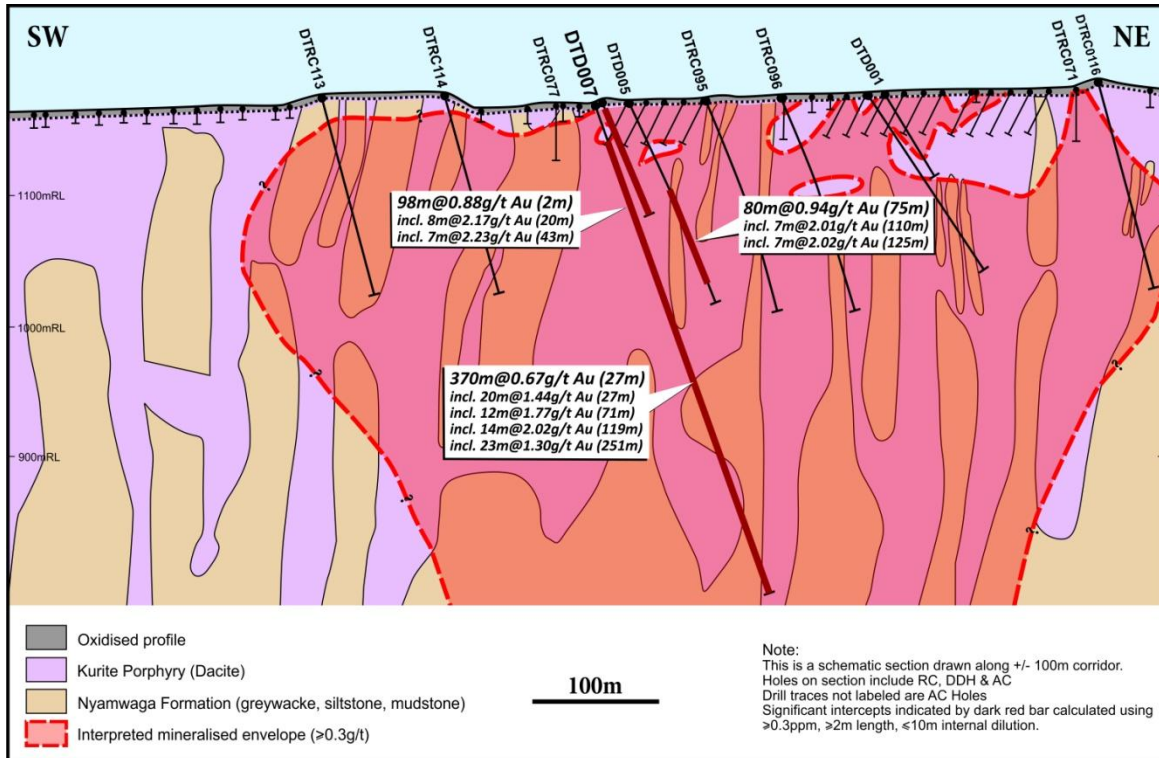


Figure – Dett long section showing recent drill holes

Financial Review

The ABG Group achieved strong financial results over the course of the year with an increase of 26% in net profit attributable to owners and earnings per share. Record gold prices lifted revenue and margins during the year, despite marginally lower production levels, positively impacting Group net profit attributable to owners and EBITDA. This enabled us to fund sustaining and expansionary capital expenditure while generating a further US\$183 million in net cash flow to reach a year-end cash position of US\$584 million. Cash margins per ounce improved to US\$895 in 2011 from US\$671 per ounce in the prior period as we were able to capture most of the increase in the gold price despite industry-wide cost pressures. These cost pressures together with a slightly lower sales and production base meant that cash costs per ounce sold in 2011 increased from US\$569 to US\$692 per ounce sold.

The key finance initiatives during the year were:

- An amicable resolution of indirect tax recoverability through a future tax offset settlement with the Tanzanian Revenue Authority (“TRA”).
- Extension of the US\$150 million undrawn revolving credit facility for a further 24 months with evergreen provisions to maintain financial flexibility going into 2012.
- Rebalancing of working capital requirements focusing on:
 - Shortening the bullion and concentrate sales and receipts cycle, resulting from a factoring arrangement and also leading to a second consecutive year of sales exceeding production.
 - Increasing investment in critical spares and supplies to address the long logistics chain and lead time challenges emerging in the market.
- Focus on input cost management, specifically around foreign currency, oil and co-product revenue hedging.

The following review provides a detailed analysis of our consolidated 2011 results and the main factors affecting financial performance. It should be read in conjunction with the financial statements and accompanying notes on pages 34 to 51.

1. Market overview

The key external drivers of our financial results are commodity prices, exchange rates and the price of oil. Their impact in 2011 and our positioning going into 2012 are set out below.

Commodity prices

Gold prices have a significant impact on ABG’s operating earnings and its ability to generate cash flows. In 2011 the price of gold reached an all-time high, trading in a range of US\$1,308 to US\$1,921 per ounce and closing at US\$1,531 per ounce. Gold prices averaged US\$1,572 per ounce, a new annual average record and a US\$347 per ounce improvement on the US\$1,225 per ounce average in the prior year period.

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

Gold prices also continue to be influenced by negative long-term trends in global gold mine production, the impact of central bank gold purchases and investor interest in owning gold. In 2011, central banks purchased an estimated 430 metric tonnes of gold, and investor interest led holdings by major global exchange traded funds to increase by 10Moz in the year to total 77Moz at the end of the period. Historically, gold has been viewed as a reliable store of value in times of financial uncertainty and inflation and as a de facto global currency. Investor interest in gold as an asset class has increased greatly as a result of this.

ABG also produces copper as a co-product that is recognised as part of revenue. Copper prices traded in a wide range of US\$3.08 to US\$4.60 per pound and averaged US\$4.00 per pound (compared to US\$3.42 per pound in 2010). Copper’s fall during the second half of 2011 occurred mainly due to uncertainty regarding the global economic recovery, and slightly softer demand from emerging markets, especially China. We expect copper to benefit as the US domestic recovery accelerates and the effects of the European financial crisis become clearer. Copper prices will likely also be boosted by a resurgence of Asian demand, and by the limited availability of scrap metal and lower production levels of mines and smelters.

Utilising option collar strategies, we have put in place floor protection on approximately 74% of our expected copper production for 2012 at an average floor price of US\$3.34 per pound and an average ceiling price of US\$4.84 per pound.

Currency exchange rates

A portion of the Company’s costs are incurred in currencies other than US dollars. The exposure relating to other currencies is approximately 25% of the Company’s total expenditure of which the main contributing currencies are the Tanzanian shilling and the South African rand. In 2011 the shilling and the rand declined significantly against the US dollar as investors shunned riskier assets in favour of US dollar denominated investments.

Using collar option strategies, we have put in place ceiling protection on approximately 75% and 13% of our expected rand expenditure for 2012 and 2013 respectively, at a average ceiling prices of R8.10 and R9.10 respectively.

Fuel

During 2011, Brent crude oil traded between US\$94 and US\$123 per barrel and averaged US\$109 per barrel. We consume approximately 450 thousand barrels of diesel fuel annually across all our mines. Diesel fuel is refined from crude oil and is therefore subject to the same price volatility affecting crude oil prices. Volatility in crude prices has a significant direct and indirect impact on our production costs.

Using 3-way option strategies, we have put in place ceiling protection on approximately 50% and 22% of our expected oil exposure for 2012 and 2013 respectively. The hedges cap our oil exposure at US\$110 per barrel should oil trade between US\$110 and US\$130 per barrel and US\$110 and US\$135 per barrel for 2012 and 2013 respectively. Should the price of oil fall, we will participate in the lower price to a floor of US\$85 and US\$77 per barrel for 2012 and 2013 respectively.

2. Revenue

Revenue for the year of US\$1,217.9 million was 25% higher than the prior year period of US\$975.0 million. The year-on-year attributable gold sales volume decreased by 24,544 ounces but revenue benefited from the higher average realised gold prices. The decrease in sales ounces was primarily due to the lower production base as well as excess concentrate ounces on hand sold in 2010. The average realised gold price was US\$1,587 per ounce in 2011 compared to US\$1,240 per ounce in 2010. Gold revenue amounted to US\$1,150.0 million compared to US\$921.3 million in 2010.

Co-product revenue included in total revenue amounted to US\$67.9 million for the year and increased by 26% from the prior year (US\$53.7 million). The increase in the production of gold/copper concentrate at Buzwagi contributed to the increase in copper sales volumes. The increased 2011 average realised copper price of US\$3.82 per pound compared to the prior year of US\$3.54 per pound further drove co-product revenue.

3. Cost of sales

Cost of sales was US\$704.1 million for the year ended 31 December 2011, representing an increase of 20% from the prior year period of US\$589.0 million. The key aspects that impacted cost of sales during the year were (i) the higher inflationary environment that increased the cost of both international and national labour, the higher cost of renewing contractor services and significant increases in commodity inputs for key operating consumables; (ii) increased fuel usage, driven by the higher level of open pit mining, which also led to additional maintenance hours, and mine contractor services; and (iii) continuing power disruptions leading to higher maintenance costs as a result of plant equipment failure due to wear and increased fuel usage to provide self generated back-up power.

Revenue related costs such as royalties, third party smelting and refining fees increased by US\$7.6 million following the rising trend in metal prices and concentrate volume. Depreciation and amortisation was US\$134.1 million for the year representing an increase of 22% from the prior year period (US\$109.5 million). This increase was driven by a higher capital investment base employed and depreciated in 2011 and increased capital spending during 2011.

The change in inventories related predominantly to the higher ore stockpile valuation as a result of increased mining costs allocated to stockpiles specifically at North Mara and Buzwagi.

The table below provides a breakdown of cost of sales:

African Barrick Gold plc (US\$'000)	Three months ended		Year ended	
	31 December		31 December	
	2011	2010	2011	2010
(Unaudited)				
Cost of Sales				
Direct mining expenses	140,284	121,365	531,481	437,420
Change in inventories	(14,397)	11,431	(21,016)	(9,753)
Direct mining costs	125,887	132,796	510,465	427,667
Third party smelting and refining fees	4,984	4,696	21,400	20,308
Royalty expense	9,445	9,299	38,100	31,549
Depreciation and amortisation	37,139	28,476	134,149	109,515
Total	177,455	175,267	704,114	589,039

The consolidated direct mining expenses totalled US\$531.5 million for the year. This represents an increase of 22% from the prior year of US\$437.4 million. The key reasons for the increase can be attributed to an overall increase in the operating costs of operations. A detailed breakdown of direct mining expenses is shown in the table below.

African Barrick Gold plc (US\$'000)	Three months ended		Year ended	
	31 December		31 December	
	2011	2010	2011	2010
Direct mining costs				
Labour	43,502	40,495	168,781	139,594
Energy and fuel	30,674	20,992	105,201	81,381
Consumables	24,395	22,217	93,646	82,841
Maintenance	22,147	15,384	79,491	64,441
Contracted services	25,050	22,150	99,414	81,873
General administration costs	19,806	21,148	71,614	72,272
Capitalised mining costs	(25,290)	(21,021)	(86,666)	(84,982)
Total direct mining costs	140,284	121,365	531,481	437,420

Individual cost components comprised:

- Labour costs, which were 21% higher in 2011, driven by a 16% increase in headcount together with increased remuneration levels in a competitive market for personnel. The increase in headcount was driven by additional security and management resources at Buzwagi; the labour intensive nature of conventional mining methods used at Bulyanhulu; and the life of mine extension at Tulawaka.
- Energy and diesel fuel expenses account for all electricity, diesel fuel and oil/lubricant expenditures. The 29% increase over the year was driven by Buzwagi and North Mara due to higher open pit mining activities and the use of diesel spinning and back-up generated power in order to ensure stable and consistent power supply because of the difficulties in sourcing from the national power grid. The increased mining and milling activity at Bulyanhulu and greater underground activity and production at Tulawaka also increased energy costs. The cost per barrel of Brent crude oil, the key input of diesel, rose from an average of US\$86 in 2010 to US\$109 in 2011, also contributing to higher energy costs.
- Consumable costs increased 13% mainly due to the increased mining activity, resulting in greater explosives and tyre consumption, together with the overall inflationary increases in consumables.
- Maintenance costs rose 23% primarily driven by plant and heavy equipment breakdowns at Buzwagi. In addition, Tulawaka costs rose due to the overhaul of the existing underground mining equipment in line with the extension of its life of mine. At North Mara and Bulyanhulu, increased mining activities resulted in higher maintenance costs. The inconsistent power supply caused greater wear on plant machinery, increasing required plant maintenance and critical component replacements specifically at Buzwagi and Bulyanhulu. Also, North Mara's maintenance costs increased during the second half of the year due to the transition from a maintenance and repairs contractor ("MARC") to an owner maintenance model.
- Contracted services increased 21%, mainly as a result of: (i) increased drilling activity at North Mara; (ii) the open pit mining for the West Pit extension at Tulawaka which commenced towards the latter part of the year and; (iii) increased MARC costs at Buzwagi.

- General and administrative costs decreased 1%, as additional security costs at Buzwagi were offset by decreased warehousing and logistic costs. 2010 was adversely affected by stock related adjustments.
- Capitalised direct mining costs were 2% higher and consisted of capitalised operating costs to reflect deferred stripping at North Mara, Buzwagi and to a lesser extent Tulawaka as well as underground mine development at Bulyanhulu and Tulawaka.

4. Corporate administration

Corporate administration expenses totalled US\$50.5 million for the year ended 31 December 2011. This equated to a 43% increase from the prior year period of US\$35.4 million. Corporate administration comprise of the expenses associated with maintaining the Dar es Salaam, Johannesburg and London offices. Costs include salaries, office rent, consulting, legal, audit fees and investor relations expenses. The increase is mainly due to the increased headcount in order to run an effective centralisation model and publicly listed company combined with inflationary increases compared to 2010; increased costs from the London office which was not fully functional until mid year 2010; continuous improvement costs of US\$6.8 million; legal costs driven by a number of ongoing cases and the TRA settlement; and increased aviation and travel costs.

5. Exploration and evaluation costs

Exploration and evaluation costs are incurred to advance the exploration at our greenfield projects. For 2011, US\$30.3 million was incurred, 103% higher than the US\$14.9 million spent in 2010 and reflective of our increased commitment to exploration. The key focus areas for the year were exploration and step out drilling at Nyanzaga of US\$15.1 million, US\$2.2 million at Golden Ridge to perform metallurgical sampling and resource modelling, US\$4.5 million along the corridor surrounding North Mara and US\$0.3 million at Tulawaka area to test satellite open pit opportunities.

Where it is probable that resources at adjacent reserve areas will be converted into reserves, the expenditure is capitalised. During 2011 an amount of US\$17.8 million of exploration costs were capitalised compared to US\$12.2 million in 2010. Capitalised costs predominantly relate to the Gokona and Nyabirama underground drilling projects at North Mara and Tulawaka underground drilling.

6. Corporate social responsibility expenses

Corporate social responsibility expenses incurred amounted to US\$7.4 million for the year compared to the prior year of US\$3.5 million. The increase has been driven by site focused projects, and larger contributions to general community projects funded from the new ABG Development (Maendeleo) Fund, which was set up in September 2011.

7. Other charges

Other charges amounted to US\$15.6 million for the year, 31% down from the 2010 amount of US\$22.6 million. Other charges comprise mostly of foreign exchange gains and losses, gains and losses on disposals, unrealised gains and losses on derivative contracts, asset write downs and certain provision movements. The main contributors to the expense were: (i) foreign exchange losses of US\$6.0 million (US\$7.9 million in 2010) from the continued devaluation of the Tanzanian shilling against the US dollar impairing the TZS denominated assets on the balance sheet; (ii) disallowed indirect tax claims of US\$7.1 million as agreed to in the memorandum of settlement with the TRA; (iii) write downs relating to obsolete construction inventory at Buzwagi of US\$1.6 million; (iv) severance costs of US\$1.6 million; (v) historical construction supplies related write downs of US\$3.0 million; and (vi) asset write downs of US\$1.3 million. This was offset by ABC's entry into zero cost collar contracts as part of a programme to protect it against copper market volatility, which resulted in an unrealised mark-to-market revaluation gain of US\$7.9 million compared to a loss of US\$3.7 million in the prior year.

8. Finance expense and income

The finance expense increased to US\$8.7 million for the year, compared to US\$1.8 million in 2010. The key drivers were full year finance expenses of US\$4.6 million relating to the US\$150 million revolving credit facility agreement closed during the fourth quarter of 2010; increased accretion expenses relating to the discounting of the environmental reclamation liability and interest payable on finance leases. Currently, ABG has no external debt.

Finance income relates predominantly to interest charged on non-current receivables and interest received on time deposits.

9. Taxation matters

The taxation expense increased to US\$117.9 million for the year, compared to US\$86.5 million in 2010. The 2011 expense consists of deferred tax of US\$79.1 million and current corporate income taxes of US\$38.8 million. The higher tax expense was driven by increased profits before tax, predominantly due to higher revenue. Corporate income taxes include a prior year adjustment of US\$28.7 million relating to the corporate tax liability agreed per the Memorandum of Settlement with the Tanzanian Revenue Authority ("TRA"). This was fully offset by a corresponding adjustment to deferred tax income. The effective tax rate in 2011 amounted to 29% compared to 30% in 2010.

During the year, we executed a binding Memorandum of Settlement with the TRA to address the treatment of certain outstanding indirect tax refunds in respect of fuel levies and value added taxation. The terms of the Memorandum of Settlement allow ABG to offset income tax payable against outstanding refunds for VAT and fuel levies. This has resulted in Tulawaka having a US\$38.8 million corporate tax liability, as at 31 December 2011, which is offset against amounts owed to ABG, leaving a net discounted receivable of US\$80.1 million as part of the settlement. As part of ongoing arrangements, an escrow account has been agreed with regular reconciliations in order to prevent future fuel tax refunds accruing.

10. Net profit for the period

As a result of the factors discussed above, net profit for the year ended 31 December 2011 was US\$284.8 million. This represents an increase of 28% from the prior year period (US\$222.6 million). The key driver was increased revenue as a result of record gold prices during the year, slightly offset by lower sales ounces. This was partially offset by increases in our cost base as well as increased taxation due to the increased profit before tax.

11. Key financial performance indicators and reconciliations

Cash Costs

With respect to our cash costs for the year, we saw a 22% increase over 2010 to US\$692 per ounce sold from US\$569 per ounce sold. Refer to the operational overview on page 9 and cost of sales explanations as part of the financial review detailing the year-on-year change.

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

African Barrick Gold plc (US\$'000 except for total ounces sold)	Three months ended 31 December		Year ended 31 December	
	2011	2010	2011	2010
Total cost of sales	177,455	175,267	704,114	589,039
Deduct: Depreciation and amortisation	(37,139)	(28,476)	(134,149)	(109,515)
Deduct: Co-product revenue	(11,479)	(20,821)	(67,890)	(53,719)
Total cash costs	128,837	125,970	502,075	425,805
Total ounces sold ¹	165,379	207,087	724,574	743,256
Cash cost per ounce sold	779	608	693	573
Equity ounce adjustment ²	0	(5)	(1)	(4)
Attributable cash cost per ounce sold	779	603	692	569

¹Reflects 100% of ounces sold.

²Reflects the adjustment for non-controlling interests at Tulawaka.

EBITDA

EBITDA for the year ended 31 December 2011 increased by 30% to US\$544.1 million compared to the prior year period (US\$419.2 million) as a result of record gold prices supported further by increased co-product revenue. This was partly offset by an increase in the direct mining cost base predominantly driven by increased direct mining costs across all sites, as well as increased revenue related costs such as royalties, smelting, refining and transport costs. Note that EBITDA includes the impact of other charges totaling US\$15.6 million. A reconciliation between net profit for the period and EBITDA is presented below:

(US\$000)	For the three months ended 31 December		For the year ended 31 December	
	2011	2010	2011	2010
Net profit for the period	55,084	81,471	284,777	222,606
Plus income tax expense	20,595	23,429	117,924	86,471
Plus depreciation and amortisation	37,139	28,476	134,149	109,515
Plus finance expense	2,408	448	8,725	1,777
Less finance income	(313)	(174)	(1,484)	(1,202)
EBITDA	114,912	133,650	544,091	419,167

Basic earnings per share

Earnings per share for the year ended 31 December 2011 amounted to US67.0 cents, an increase of 26% from the prior year period of US53.2 cents. The increase was driven by higher net profit for the year and there was no change in the underlying issued shares.

12. Cash flow summary

(US\$000)	For the three months ended 31 December		For the year ended 31 December	
	2011	2010	2011	2010
Cash flow from operating activities	159,621	125,305	498,323	345,141
Cash used in investing activities	(96,167)	(68,491)	(281,532)	(275,555)
Cash (used in)/ generated by financing activities	(4,377)	32	(32,682)	261,978
Increase in cash	59,077	56,846	184,109	331,564
Foreign exchange difference on cash	(210)	(278)	(967)	(278)
Opening cash balance	525,287	344,444	401,012	69,726
Closing cash balance	584,154	401,012	584,154	401,012

Cash flow from operating activities was US\$498.3 million for the year, an increase of US\$153.2 million. The increase primarily related to increased EBITDA partially offset by the increase in working capital. The working capital movement related to: increased investment in supplies inventory of US\$75.3 million in order to address the availability concerns of critical spares and consumable inventory impacted by long lead times; an increase in ore inventory of US\$21.6 million which was primarily driven by higher mining costs; offset by an increase in trade and other payables of US\$42.0 million mainly due to timing differences in payments and increased capital and supplies cost; and a reduction in trade receivables (US\$29.4 million) driven by the factoring arrangement and finished gold inventory.

Cash flow used in investing activities was US\$281.5 million for the year, an increase of 2% from the prior year of US\$275.6 million. Total cash capital expenditure for the year of US\$273.2 million increased by 39% from the prior year figure of US\$196.4 million driven by both increased sustaining and expansionary capital expenditure.

Cash used in financing activities for the year ended 31 December 2011 of US\$32.7 million decreased from the prior year cash generated of US\$262.0 million. The inflow in 2010 was predominantly funded by ABG's IPO and was further supported by the partial exercise of the over-allotment option. In total the IPO and the over-allotment option proceeds resulted in US\$865.3 million after deduction of transaction costs. This was in part offset by the payment of a special dividend and the repayment of intergroup loans to other members of Barrick Group as part of the Pre-IPO Reorganisation. The 2010 final dividend and interim 2011 dividend totalled US\$28.3 million and was paid during the year. Finance lease instalments amounted to US\$2.2 million and distributions to non-controlling interests amounted to US\$2.2 million.

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

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For the year ended
31 December

(US\$'000)

	2011	2010
Sustaining capital	125,945	102,781
Expansionary capital	63,273	11,485
Capitalised development ³	83,990	82,177
Total cash capital	273,208	196,443
Rehabilitation asset adjustment	52,761	27,948
Non-cash sustaining capital ⁴	19,266	-
Total capital expenditure	345,235	224,391
Other investing capital		
Tusker acquisition ¹	-	72,805
Non-current asset movement ²	8,325	6,307

¹ The Tusker acquisition includes the acquisition of the subsidiary, net of cash for US\$63.1 million and the Tusker stock options settled for US\$9.7 million in total.

² Non-current asset movement relates to the investment in the powerline and land acquisitions reflected as prepaid operating leases; Tanzania Tanesco government receivables; village housing project; and other items.

³ The prior year segment capital expenditure has been restated to separately reflect capitalised development.

⁴ Total non-cash sustaining capital relates to the capital finance lease at Buzwagi for the back-up power generators.

Sustaining capital

Sustaining capital expenditure includes major projects such as investment in the hauling fleet at Buzwagi (US\$9.7 million); investment in continuous improvement systems relating to North Mara; Buzwagi and Bulyanhulu (US\$6.9 million); expansion of the tailings facility and waste dumps at North Mara (US\$6.5 million); ventilation and dewatering systems at Bulyanhulu (US\$5.7 million) and workshop construction at Bulyanhulu (US\$2.0 million).

Expansionary capital

Expansionary capital expenditure major projects such as the gold plant expansion project at North Mara (US\$21.3 million); capitalised exploration drilling (US\$17.8 million), the water treatment plant project at North Mara (US\$8.4 million); Tulawaka extension (US\$8.0 million), Upper East expansion at Bulyanhulu (US\$5.4 million) and North Mara crusher circuit enhancements (US\$2.1 million).

Capitalised development

Capitalised development capital includes major projects such as capitalised deferred stripping for North Mara (US\$26.4 million), Buzwagi (US\$15.6 million) and Tulawaka (US\$2.5 million) and Bulyanhulu and Tulawaka underground development capitalised of US\$32.7 million and US\$6.5 million respectively.

Non-cash capital

Non-cash capital for the year totalled US\$72.0 million consisting of back-up power finance lease assets of US\$19.3 million and reclamation adjustments of US\$52.8 million, compared to US\$27.9 million in 2010. The reclamation adjustments were driven by cost estimate increases for security, contractor fuel rates, contractor equipment rates, additional disturbance caused by the expansion of the mine sites and due to a change in discount rate.

Other investing capital

Included in total investing activities for 2010 was the acquisition of Tusker for US\$63.1 million net of cash. During the year North Mara incurred land purchases totalling US\$7.6 million.

13. Financial position

ABG had year-end cash and cash equivalents of US\$584.2 million (US\$401.0 million in 2010). 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. 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.

Debt remained at zero, as in 2010. On 24 November 2010, the Group concluded negotiations with a syndicate of commercial banks, led by Citibank, for the provision of a revolving credit facility in a maximum aggregate amount of US\$150 million. The facility has been provided to service the general corporate needs of the Group and to fund potential acquisitions. All provisions contained in the credit facility documentation have been negotiated on normal commercial and customary terms for such finance arrangements. The term of the facility has been extended to 2014 and when drawn the spread over LIBOR will be 350 basis points. At 31 December 2011, none of the funds were drawn under the facility.

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Goodwill and intangible assets remained in line with 2010.

The net book value of property, plant and equipment increased from US\$1.6 billion in 2010 to US\$1.8 billion in 2011. The main capital expenditure drivers have been explained in the cash flow used in investing activities section above, and have been offset by depreciation charges of US\$134.1 million.

Total indirect tax receivables, net of a discount provision applied to the non-current portion, decreased from US\$121.2 million in 2010 to US\$85.3 million in 2011. The decrease was mainly due to the impact of the Memorandum of Settlement agreement where the indirect tax receivable was used to offset income tax liabilities of US\$38.8 million relating to Tulawaka.

The net deferred tax position increased from a net deferred tax liability of US\$14.9 million in 2010 to a net deferred tax liability of US\$94.0 million. This was driven by the taxable income generated during 2011 and the prior year adjustment relating to the Tulawaka corporate tax position. Tax losses carried forward have reduced from US\$428.6 million to US\$384.5 million and US\$65 million of deferred tax assets were not recognised as at 31 December 2011.

Net assets attributable to owners of the parent increased from US\$2.5 billion to US\$2.8 billion at 31 December 2011. The increase reflects the current year profit attributable to owners of the parent of US\$274.9 million. This was partially offset by the payment of the final 2010 and interim 2011 dividend of US\$28.3 million to shareholders during 2011.

14. Dividends

An interim dividend of US3.2 cents per share was paid to shareholders on 26 September 2011. The Directors recommend the payment of a final dividend of US13.1 cents per share, subject to the shareholders approving this recommendation at the AGM.

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

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

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

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

16. Going concern statement

The ABG Group's business activities, together with factors likely to affect its future development, performance and position are set out in the operational and financial review sections of this report. The financial position of the ABG Group, its cash flows, liquidity position and borrowing facilities are described in the preceding paragraphs of this financial review.

In assessing the ABG Group's going concern status the Directors have taken into account the above factors, including the financial position of the ABG Group and in particular its significant cash position, the current gold and copper price and market expectations for the same in the medium term, and the ABG Group's capital expenditure and financing plans. After making appropriate enquiries, the Directors consider that ABG and the ABG Group as a whole has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Non-IFRS Measures

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

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

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

Cash costs per ounce sold is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, by-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs. Cash cost is calculated net of co-product revenue.

The presentation of these statistics in this manner allows ABG to monitor and manage those factors that impact production costs on a monthly basis. ABG calculates cash costs based on its equity interest in production from its mines. Cash costs per ounce sold are calculated by dividing the aggregate of these costs by gold ounces sold. Cash costs and cash costs per ounce sold are calculated on a consistent basis for the periods presented. Refer to page 26 as part of the financial review section 11 for a reconciliation of cost of sales to cash costs.

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

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

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently. Refer to page 26 as part of the financial review section 11 for a reconciliation of net profit to EBITDA.

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

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

Cash cost per tonne milled is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, by-product credits, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs. Cash cost is calculated net of co-product revenue. 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 margin is a non-IFRS financial measure. The cash margin is the average realised gold price per ounce less the cash cost per ounce sold.

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

Mining Statistical Information

The following describes certain line items used in the ABG Group's discussion of key performance indicators:

- Open pit material mined – measures in tonnes the total amount of open pit ore and waste mined.
- Underground ore tonnes hoisted – measures in tonnes the total amount of underground ore mined and hoisted.
- Total tonnes mined includes open pit material plus underground ore tonnes hoisted.
- Strip ratio – measures the ratio 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.
- Direct cash operating cost per ounce – measures the total direct cash cost attributable to producing an ounce. It reflects cash costs adjusted to exclude royalties and third party smelting and refining fees on an ounce basis.

Risk Review

Over the course of the year under review, we have made a number of developments in the identification and management of our risk profile in order to focus on the most significant risks and events that could affect our operations, financials and performance. While the overall makeup of our principal risks has not significantly changed from 2010, certain risk profiles have increased 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 also been reviewed as a result of further implementation of controls and other mitigating factors. Overall, ABG's risk and rating as regards exposure to fluctuations in commodity pricing has remained the same despite the continuing movements and fluctuations in the average realised gold price, given the overall strength of our balance sheet, positive cash flows and the processes that we have adopted to continuously assess our exposure to rapid gold price movements. Due to overall industry costs pressures and increased cash costs at our operations, primarily relating to increases in labour, energy and capital equipment costs, we have decided to increase the risk rating applicable to increases in our operating costs and capital expenditure going forward. Further information regarding cash costs and operational cash flow is provided as part of our finance review. We will continue to monitor operating costs vigorously at all of our operations and across our industry generally. In connection with this and as a result of competition for qualified personnel across the mining industry generally we will also continue to monitor our ability to recruit and retain qualified personnel. This will also require continual progression of training and development and employee and industrial relations programmes across our operations.

We have made good progress in increasing power generation capacities at our operations, to help mitigate the effects of stoppages and interruptions. Therefore, although we have experienced intermittent issues in utilities supply throughout the year as a result of ongoing power supply issues throughout Tanzania, our risk rating as regards interruptions in key utilities supplies remains unchanged. We will continue to monitor overall factors that could impact our production and cost estimates, given the overriding importance placed on achieving production and cost estimates for our investor base. In connection with this, further enhancements to life of mine planning will remain a management priority in 2012. In a wider operational context, whilst the operating environment within Tanzania and across Africa generally continues to evolve, we have continued to maintain a good working relationship with the Tanzanian Government and legal policy makers. During 2011, we have achieved a number of positive outcomes as regards our commitments to Tanzania generally, notably through the agreement reached with the Tanzanian Revenue Authority to address the treatment of certain outstanding indirect tax refunds and our secondary listing on the Dar es Salaam Stock Exchange. Therefore our outlook for political and legal risks and taxation reviews remains unchanged.

Risks relating to security, trespass and vandalism are inherent to our operations due to the industry and geographical locations in which we operate. Throughout the year we have continued to strengthen our security systems and further strategically assess our security action plans, notably as part of overall reviews and investigations into the North Mara site intrusion, such that our overall assessment of security risks remains unchanged.

We have also made a number of important steps to progress relationships with local communities and to support our licence to operate, notably with the creation of the ABG Development (Maendeleo) Fund and the progression of a number of community projects. However, the overall achievements of our community relations programmes must also be viewed in the context of stability, and therefore the security incident at North Mara. As a result of this, we have decided to increase the overall impact rating allocated to community relations risks to high; however we do not envisage any change in the likelihood of further community related incidents occurring over the longer term.

Directors

The Directors serving on the Board during the year will be listed in ABG's annual report. A list of current Directors is maintained on ABG's website: www.africanbarrickgold.com

Financial Information
Consolidated Income Statement
(Unaudited)

	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
<hr/> (in thousands of United States dollars) <hr/>			
Revenue		1,217,915	975,021
Cost of sales		(704,114)	(589,039)
Gross profit		513,801	385,982
Corporate administration		(50,505)	(35,436)
Exploration and evaluation costs		(30,339)	(14,861)
Corporate social responsibility expenses (Note 2)		(7,376)	(3,467)
Other charges (Note 2)	5	(15,639)	(22,566)
Profit before net finance expense and taxation		409,942	309,652
Finance income	6	1,484	1,202
Finance expense	6	(8,725)	(1,777)
		(7,241)	(575)
Profit before taxation		402,701	309,077
Tax expense	7	(117,924)	(86,471)
Net profit for the period		284,777	222,606
Net profit attributable to:			
- Non-controlling interests		9,882	4,503
- Owners of the parent		274,895	218,103
		<hr/>	<hr/>
Earnings per share:			
- Basic earnings per share (cents)	8	67.0	53.2
- Diluted earnings per share (cents)	8	67.0	53.2

Consolidated Statement of Comprehensive Income

(Unaudited)	For the year ended 31 December 2011	For the year ended 31 December 2010
<hr/> (in thousands of United States dollars) <hr/>		
Net profit for the period	284,777	222,606
Other comprehensive income for the period	-	-
Total comprehensive income for the period	284,777	222,606
Attributed to:		
- Non-controlling interests	9,882	4,503
- Owners of the parent	274,895	218,103
	<hr/>	<hr/>

The notes on pages 38-51 form an integral part of this financial information.

Consolidated Balance Sheet
(Unaudited)

(in thousands of United States dollars)	Notes	As at 31 December 2011	As at 31 December 2010
ASSETS			
Non-current assets			
Goodwill and intangible assets		258,513	258,513
Property, plant and equipment	9	1,823,247	1,615,118
Deferred tax assets		55,529	121,269
Non-current portion of inventory		78,022	69,122
Derivative financial instruments	11	213	-
Other assets		110,658	104,458
		<u>2,326,182</u>	<u>2,168,480</u>
Current assets			
Inventories		316,947	227,974
Trade and other receivables		29,858	59,214
Derivative financial instruments	11	4,050	-
Other current assets		33,271	70,428
Cash and cash equivalents		584,154	401,012
		<u>968,280</u>	<u>758,628</u>
Total assets		<u>3,294,462</u>	<u>2,927,108</u>
EQUITY AND LIABILITIES			
Share capital and share premium	10	929,199	929,199
Other reserves		1,832,032	1,584,125
Total owners' equity		2,761,231	2,513,324
Non-controlling interests		37,473	29,761
Total equity		<u>2,798,704</u>	<u>2,543,085</u>
Non-current liabilities			
Deferred tax liabilities		149,544	136,185
Derivative financial instruments	11	56	1,754
Provisions		157,582	108,944
Other non-current liabilities		18,988	7,483
		<u>326,170</u>	<u>254,366</u>
Current liabilities			
Trade and other payables		161,916	119,961
Derivative financial instruments	11	58	1,904
Provisions		1,034	4,000
Other current liabilities		6,580	3,792
		<u>169,588</u>	<u>129,657</u>
Total liabilities		<u>495,758</u>	<u>384,023</u>
Total equity and liabilities		<u>3,294,462</u>	<u>2,927,108</u>

The notes on pages 38-51 form an integral part of this financial information.

**Consolidated Statement of Changes in Equity
(Unaudited)**

	Share capital	Share premium	Contributed surplus/Other reserve	Stock option reserve	Retained earnings	Total owners' equity	Total non-controlling interests	Total equity
(in thousands of United States dollars)								
Balance at 1 January 2010	-	-	633,752	-	3,170	636,922	20,493	657,415
Issuance of shares to BGC	1,991	1,989,138	(1,991,129)	-	-	-	-	-
Capital reduction	-	(1,989,138)	1,989,138	-	-	-	-	-
Bonus issue to BGC	43,805	-	(43,805)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	218,103	218,103	4,503	222,606
Special dividends	-	-	(258,680)	-	-	(258,680)	-	(258,680)
Conversion to contributed surplus	-	-	1,039,498	-	-	1,039,498	-	1,039,498
Share issuance	16,301	921,035	-	-	-	937,336	-	937,336
Transaction costs	-	(53,933)	-	-	-	(53,933)	-	(53,933)
Stock option grants	-	-	-	640	-	640	-	640
Interim dividend	-	-	-	-	(6,562)	(6,562)	-	(6,562)
Distributions from non-controlling interests	-	-	-	-	-	-	4,765	4,765
Balance at 31 December 2010	62,097	867,102	1,368,774	640	214,711	2,513,324	29,761	2,543,085
Total comprehensive income for the period	-	-	-	-	274,895	274,895	9,882	284,777
Conversion to contributed surplus	-	-	(61)	-	-	(61)	-	(61)
Dividends to equity holders of the Company	-	-	-	-	(28,328)	(28,328)	-	(28,328)
Stock option grants	-	-	-	1,401	-	1,401	-	1,401
Distributions to non-controlling interests	-	-	-	-	-	-	(2,170)	(2,170)
Balance at 31 December 2011	62,097	867,102	1,368,713	2,041	461,278	2,761,231	37,473	2,798,704

The notes on pages 38-51 form an integral part of this financial information.

Consolidated Statement of Cash Flows (Unaudited)

	Notes	For the year ended 31 December 2011	For the year ended 31 December 2010
(in thousands of United States dollars)			
Cash flows from operating activities			
Net profit for the period		284,777	222,606
Adjustments for:			
Taxation		117,924	86,471
Depreciation and amortisation		135,683	107,072
Finance items		7,241	575
Loss on disposal of property, plant and equipment		179	90
Working capital adjustments		(42,880)	(84,248)
Other non-cash items		(704)	11,785
Cash generated from operations before interest and tax		502,220	344,351
Finance income	6	1,484	1,202
Finance expenses	6	(5,381)	(412)
Income tax paid		-	-
Net cash generated by operating activities		498,323	345,141
Cash flows from investing activities			
Purchase of property, plant and equipment (note 2)		(273,207)	(196,443)
Investments in other assets		(8,645)	(2,592)
Acquisition of subsidiary, net of cash acquired		-	(63,109)
Other investing activities (note 2)		320	(13,411)
Net cash used in investing activities		(281,532)	(275,555)
Cash flows from financing activities			
Repayment of related party debt funding		-	(575,100)
Share issuance - IPO (net of transaction costs)		-	865,366
Increase in contributed surplus		-	231,255
Special dividend		-	(252,981)
Dividends paid		(28,328)	(6,562)
Distributions to non-controlling interest holders		(2,170)	-
Finance lease installments		(2,184)	-
Net cash (used in)/generated by financing activities		(32,682)	261,978
Net increase in cash and equivalents		184,109	331,564
Net foreign exchange difference		(967)	(278)
Cash and cash equivalents at 1 January		401,012	69,726
Cash and cash equivalents at 31 December		584,154	401,012

The notes on pages 38-51 form an integral part of this financial information.

Notes to the Financial Information

1. GENERAL INFORMATION

African Barrick Gold plc (the "Company") was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006. It is registered in England and Wales with registered number 7123187.

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ("IPO"). The address of its registered office is 6 St James's Place, London SW1A 1NP, United Kingdom.

Barrick Gold Corporation ("BGC") currently owns approximately 73.9% of the shares of the Company and is the ultimate parent and controlling party of the Group.

In preparation for the IPO, BGC conducted a reorganisation, which was completed on 22 February 2010, whereby the companies comprising the African Regional Business Unit of BGC were reorganised under the Company (The "Pre-IPO Reorganisation"). As such, prior to 22 February 2010, the Company did not control all of the entities (collectively the "Group") it acquired pursuant to the Pre-IPO Reorganisation.

The condensed consolidated financial information for the year ended 31 December 2011 was approved for issue by the Board of Directors of the Company on 15 February 2012. The condensed consolidated financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The condensed consolidated financial information is unaudited.

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

2. BASIS OF PREPARATION OF THE CONDENSED ANNUAL FINANCIAL STATEMENTS

The financial information set out above does not constitute the Group's statutory accounts for the year ended 31 December 2011, but is derived from the Group's full financial accounts, which are in the process of being audited. The Group's full financial accounts will be prepared under International Financial Reporting Standards as adopted by the European Union.

The Company became the holding company for the Group pursuant to the Pre-IPO Reorganisation completed on 22 February 2010, as detailed in Note 1. As this was a reorganisation of businesses under common control, the condensed consolidated financial information for the year ended 31 December 2010 has been prepared on a basis that combines the results and assets and liabilities of each of the companies constituting the Group (the pooling of interest method of accounting).

For the periods prior to the Pre-IPO Reorganisation, consolidated financial statements were not prepared for the Group. The accompanying condensed consolidated financial information presents the results of the Company and its subsidiaries as if the Group has been in existence throughout the period presented and as if the Pre-IPO Reorganisation had occurred as at 1 January 2010.

The condensed consolidated financial information has 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 and loss. The financial statements are presented in US dollars (US\$) and all monetary results are rounded to the nearest US\$'000 except when otherwise indicated.

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

- Corporate social responsibility expenses previously included in other charges have been separately disclosed on the face on the consolidated income statement.
- The movement in the rehabilitation liability previously included in the investing cash flows of the cash flow statement have been reclassified. The movement and the corresponding increase in property, plant and equipment have been excluded from the cash flow statement due to the fact that it is a non-cash movement. The nature of the change is reclassification and does not affect the net cash used in investing activities.
- The segment capital expenditure has been expanded in the current year and restated in the prior year to include expenditure on capitalised development as a separate category. (Note 4)

3. ACCOUNTING POLICIES

This preliminary results announcement is derived from the statutory accounts for the year ended 31 December 2011 which are in the process of being audited, and which have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2010, except as set out below.

a) New and amended standards adopted by the Group

There are no new IFRSs or IFRIC Interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group.

b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below.

- IFRIC 20, "Stripping costs in the production phase of a surface mine". This interpretation addresses the following issues: recognition of production stripping costs as an asset; initial measurement of the stripping activity asset; and subsequent measurement of the stripping activity asset. This interpretation considers when and how to account for the benefit arising from the stripping activity, as well as how to measure these benefits both initially and subsequently. The interpretation is effective from 1 January 2013. The Group is yet to assess the full impact of IFRIC 20.
- Amendments to IFRS 7, "Financial instruments: Disclosures" on derecognition. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The standard is applicable for financial periods starting 1 July 2011 but is available for early adoption subject to EU endorsement. It is not expected to have a material impact on the Group's or parent entity's financial statements.
- Amendment to IFRS 1, "First time adoption", on fixed dates and hyperinflation. These amendments include two changes to IFRS 1, "First-time adoption of IFRS". The first replaces references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendment is applicable from 1 July 2011 but is not expected to have any impact on the Group's or the parent entity's financial statements.
- Amendment to IAS 12, "Income taxes" on deferred tax. IAS 12, "Income taxes", currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, "Investment property". This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, "Income taxes - recovery of revalued non-depreciable assets", will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The amendment is effective from 1 January 2012 but is not expected to have any impact on the Group's or the parent entity's financial statements.
- Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment is effective from 1 July 2012. It is not expected to have a material impact on the Group's or parent entity's financial statements.
- Amendment to IAS 19, "Employee benefits". These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The amendment is effective from 1 January 2013. It is not expected to have a material impact on the Group's or parent entity's financial statements.
- IFRS 9, "Financial instruments". IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is effective from 1 January 2013. The Group is yet to assess IFRS 9's full impact, however initial indications are that the adoption of IFRS 9 will not have a significant impact on the Group's operating results or financial position.
- IFRS 10, "Consolidated financial statements". The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities (an entity that controls one or more other entities) to present consolidated financial statements, defines the principle of control, and establishes controls as the basis for consolidation, sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and sets out the accounting requirements for the preparation of consolidated financial statements. The standard is effective from 1 January 2013. The standard will be applicable to the Group but is not expected to have a material impact on the Group's or parent entity's financial statements.

- IFRS 11, "Joint arrangements". IFRS 11 is a more realistic reflection of joint arrangements focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The standard is effective from 1 January 2013. It is not expected to have a material impact on the Group's or parent entity's financial statements.
- IFRS 12, "Disclosures of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendment is effective from 1 January 2013. It is not expected to have a material impact on the Group's or parent entity's financial statements.
- IFRS 13, "Fair value measurement". IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The amendment is effective from 1 January 2013. The Group is yet to assess IFRS 13's full impact, however initial indications are that the adoption of IFRS 13 will not have a significant impact on the Group's operating results or financial position.
- IAS 27 (revised 2011), "Separate financial statements". IAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The amendment is effective from 1 January 2013 but is not expected to have any impact on the Group's or the parent entity's financial statements.
- IAS 28 (revised 2011), "Associates and joint ventures". IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The amendment is effective from 1 January 2013. It is not expected to have a material impact on the Group's or parent entity's financial statements.

c) 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:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of the income/cost of a highly probable forecast transaction or commitment (cash flow hedge); or
- 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 11. Movements in the hedging reserve are shown in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

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

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

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the 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 fixed assets.

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

(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.

4. SEGMENT REPORTING

The Group has only one primary product produced in a single geographic location, being gold produced in Tanzania. In addition the Group produces copper and silver as a co-product. Reportable operating segments are based on the internal reports provided to the Chief Operating Decision Maker (“CODM”) to evaluate segment performance, decide how to allocate resources and make other operating decisions. After applying the aggregation criteria and quantitative thresholds contained in IFRS 8, the Group’s reportable operating segments were determined to be: North Mara gold mine; Tulawaka gold mine; Bulyanhulu gold mine; Buzwagi gold mine; and a separate Corporate and Exploration segment, which primarily consists of costs related to corporate administration and exploration and evaluation activities (“Other”).

Segment results and assets include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, inventories, other assets and receivables. Capital expenditures comprise additions to property, plant and equipment. Segment liabilities are not reported since they are not considered by the CODM as material to segment performance. The Group has also included segment cash costs.

Segment information for the reportable operating segments of the Group for the years ended, 31 December 2011 and 31 December 2010 is set out below.

(in thousands of United States dollars except references to ounces)	For the year ended 31 December 2011					
	North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	272,026	131,435	429,528	317,036	-	1,150,025
Co-product revenue	917	316	35,509	31,148	-	67,890
Total segment revenue	272,943	131,751	465,037	348,184	-	1,217,915
Segment cash operating cost ¹	(139,204)	(60,952)	(200,072)	(169,737)	(80,844)	(650,809)
Other charges and corporate social responsibility expenses	(5,112)	(2,826)	(8,461)	(12,334)	5,718	(23,015)
EBITDA²	128,627	67,973	256,504	166,113	(75,126)	544,091
Depreciation and amortisation	(34,724)	(17,251)	(32,320)	(46,029)	(3,825)	(134,149)
EBIT²	93,903	50,722	224,184	120,084	(78,951)	409,942
Total segment finance income						1,484
Total segment finance expense						(8,725)
Profit before taxation						402,701
Tax expense						(117,924)
Net profit for the period						284,777
Capital expenditure:						
Sustaining	30,567	3,101	42,749	56,992	11,802	145,211
Expansionary	47,381	8,346	6,626	920	-	63,273
Capitalised development ⁵	26,407	9,252	32,748	15,583	-	83,990
Rehabilitation asset addition	18,791	10,953	13,309	9,708	-	52,761
Total capital expenditure	123,146	31,652	95,432	83,203	11,802	345,235
Cash costs:						
Segmental cash operating cost ¹	139,204	60,952	200,072	169,737	-	569,965
Deduct: Co-product revenue	(917)	(316)	(35,509)	(31,148)	-	(67,890)
Total cash costs	138,287	60,636	164,563	138,589	-	502,075
Sold ounces ³	170,625	83,450	269,981	200,518	-	724,574
Cash cost per ounce sold²	810	727	610	691	-	693
Equity ounce adjustment ⁴						(1)
Attributable cash cost per ounce sold²						692

For the year ended 31 December 2010

(in thousands of United States dollars except references to ounces)	North Mara	Tulawaka	Bulyanhulu	Buzwagi	Other	Total
Gold revenue	268,762	78,499	327,847	246,194	-	921,302
Co-product revenue	804	148	31,977	20,790	-	53,719
Total segment revenue	269,566	78,647	359,824	266,984	-	975,021
Segment cash operating cost ¹	(103,983)	(45,450)	(173,491)	(156,600)	(50,297)	(529,821)
Other charges and corporate social responsibility expenses	(12,743)	5,865	(5,100)	(14,408)	353	(26,033)
EBITDA²	152,840	39,062	181,233	95,976	(49,944)	419,167
Depreciation and amortisation	(28,018)	(10,622)	(28,386)	(39,087)	(3,402)	(109,515)
EBIT²	124,822	28,440	152,847	56,889	(53,346)	309,652
Total segment finance income						1,202
Total segment finance expense						(1,777)
Profit before taxation						309,077
Tax expense						(86,471)
Net profit for the period						222,606
Capital expenditure:						
Sustaining	26,217	5,320	45,284	18,844	7,116	102,781
Expansionary	8,066	2,758	357	304	-	11,485
Capitalised development ⁵	50,977	4,428	26,103	669	-	82,177
Rehabilitation asset addition	6,182	3,007	8,795	9,964	-	27,948
Total capital expenditure	91,442	15,513	80,539	29,781	7,116	224,391
Cash costs:						
Segmental cash operating cost ¹	103,983	45,450	173,491	156,600	-	479,524
Deduct: Co-product revenue	(804)	(148)	(31,977)	(20,790)	-	(53,719)
Total cash costs	103,179	45,302	141,514	135,810	-	425,805
Sold ounces ³	218,684	63,909	262,442	198,221	-	743,256
Cash cost per ounce sold²	472	709	539	685	-	573
Equity ounce adjustment ⁴						(4)
Attributable cash cost per ounce sold²						569

1 The Chief Operating Decision Maker reviews cash operating costs for the four operating mine sites separately from corporate administration costs and exploration costs. Consequently, the Group has reported these costs in this manner.

2 These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non IFRS measures" on page 31 for definitions.

3 Reflects 100% of ounces sold.

4 Reflects the adjustment for non-controlling interests at Tulawaka.

5 The prior year segment capital expenditure has been restated to separately reflect capitalised development.

(in thousands of United States dollars)	As at 31 December 2011	As at 31 December 2010
Segment assets		
North Mara	727,552	603,739
Tulawaka	131,193	104,003
Bulyanhulu	1,128,992	1,109,740
Buzwagi	830,790	724,467
Other	475,935	385,159
Total segment assets	3,294,462	2,927,108

5. OTHER CHARGES

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Other expenses		
Loss on disposal of property, plant and equipment	179	90
Discounting of indirect tax receivables	-	6,808
Severance payments	1,646	-
Foreign exchange losses (net)	6,001	7,863
Unrealised non-hedge derivative losses	-	3,658
Construction and consumable inventory write-down	4,684	-
Bad debt expense	1,098	-
Asset write-downs	1,252	-
Transaction cost associated with listing	-	2,575
Insurance	-	1,840
Buzwagi fuel claim provision	-	2,539
Disallowed indirect taxes	7,123	-
Other	1,696	3,577
Total¹	23,679	28,950
Other income		
Insurance proceeds	-	(4,535)
Unrealised non-hedge derivative gains	(7,901)	-
Other	(139)	(1,849)
Total	(8,040)	(6,384)
Total other charges	15,639	22,566

1 Corporate social responsibility expenses previously included in other charges have been disclosed separately on the face of the consolidated income statement.

6. FINANCE INCOME AND FINANCE EXPENSE**a) Finance income**

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Interest on time deposits	1,030	720
Other	454	482
Total	1,484	1,202

b) Finance expense

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Unwinding of discount ¹	3,344	1,365
Interest on bank overdraft	199	202
Revolving credit facility charges ²	4,570	209
Other	612	1
Total³	8,725	1,777

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 For cash flow purposes unwinding of discount is excluded from the finance expense movement.

7. TAX EXPENSE

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Current tax:		
Current tax on profits for the year	10,162	291
Adjustments in respect of prior years ¹	28,663	-
Total current tax	38,825	291
Deferred tax:		
Origination and reversal of temporary differences	79,099	86,180
Total deferred tax	79,099	86,180
Income tax expense	117,924	86,471

1. During the year, a binding Memorandum of Settlement with the Tanzanian Revenue Authority (TRA) was executed to address the treatment of certain outstanding indirect tax refunds in respect of fuel levies and value added taxation. The terms of the Memorandum of Settlement allow the Group to offset income tax payable against outstanding refunds for VAT and fuel levies. As a result of these changes, PML, which is the taxpaying entity holding Tulawaka and Buzwagi, has agreed to treat both mines as separate tax entities and in the absence of the capital expenditure deduction in Buzwagi, the Tulawaka mine has prior year taxable profits which can be immediately paid by offsetting against the indirect tax receivable balance owing to the Group. This resulted in a corporate tax charge for prior years of US\$28.7 million, which was offset by a corresponding deferred tax income adjustment of US\$28.7 million.

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	
	2011	2010
Profit before taxation	402,701	309,077
Tax calculated at domestic tax rates applicable to profits in the respective countries	114,199	88,186
Tax effects of:		
Non- taxable income	(1,219)	(2,908)
Tax losses for which no deferred income tax asset was recognised	7,302	4,347
Prior year adjustments	(2,391)	(2,201)
Effect of tax rates in foreign jurisdictions	33	(63)
Other	-	(890)
Tax charge	117,924	86,471

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

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

8. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. The Company has dilutive potential Ordinary Shares in the form of stock options. The weighted average number of shares is adjusted for the number of shares granted assuming the exercise of stock options.

At 31 December 2011 and 31 December 2010, earnings per share have been calculated as follows:

(in thousands of United States dollars except number of Ordinary Shares)	For the year ended 31 December	
	2011	2010
Earnings		
Net profit from continuing operations attributable to owners of the parent	274,895	218,103
Weighted average number of Ordinary Shares in issue	410,085,499	410,085,499
Adjusted for dilutive effect of:		
- Stock options	10,606	18,482
Weighted average number of Ordinary Shares for diluted earnings per share	410,096,105	410,103,981
Earnings per share		
Basic earnings per share from continuing operations (cents)	67.0	53.2
Dilutive Earnings per share from continuing operations (cents)	67.0	53.2

9. PROPERTY PLANT AND EQUIPMENT

For the year ended 31 December 2011 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction¹	Total
At 1 January 2011, net of accumulated depreciation	796,999	693,834	124,285	1,615,118
Additions	-	-	345,235	345,235
Disposals/write-downs	(1,423)	-	-	(1,423)
Depreciation	(95,336)	(40,347)	-	(135,683)
Transfers between categories	194,629	112,032	(306,661)	-
At 31 December 2011	894,869	765,519	162,859	1,823,247
At 1 January 2011				
Cost	1,125,072	1,005,279	124,285	2,254,636
Accumulated depreciation	(328,073)	(311,445)	-	(639,518)
Net carrying amount	796,999	693,834	124,285	1,615,118
At 31 December 2011				
Cost	1,316,602	1,117,311	162,859	2,596,772
Accumulated depreciation	(421,733)	(351,792)	-	(773,525)
Net carrying amount	894,869	765,519	162,859	1,823,247

For the year ended 31 December 2010 (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction¹	Total
At 1 January 2010, net of accumulated depreciation	784,122	625,030	88,920	1,498,072
Additions	-	-	224,391	224,391
Disposals/write-downs	(273)	-	-	(273)
Depreciation	(45,839)	(61,233)	-	(107,072)
Transfers between categories	58,989	130,037	(189,026)	-
At 31 December 2010	796,999	693,834	124,285	1,615,118
At 1 January 2010				
Cost	1,067,766	875,242	88,920	2,031,928
Accumulated depreciation	(283,644)	(250,212)	-	(533,856)
Net carrying amount	784,122	625,030	88,920	1,498,072
At 31 December 2010				
Cost	1,125,072	1,005,279	124,285	2,254,636
Accumulated depreciation	(328,073)	(311,445)	-	(639,518)
Net carrying amount	796,999	693,834	124,285	1,615,118

¹ Assets under construction represents (a) sustaining capital expenditures incurred constructing tangible fixed assets related to operating mines and advance deposits made towards the purchase of tangible fixed assets; and (b) expansionary expenditure allocated to a project on a business combination or asset acquisition, and the subsequent costs incurred to develop the mine. Once these assets are ready for their intended use, the balance is transferred to plant and equipment, and/ or mineral properties and mine development costs.

Leases

Property, plant and equipment includes assets relating to the design and construction costs of power transmission lines and related infrastructure. At completion, ownership was transferred to TANESCO in exchange for amortised repayment in the form of reduced electricity supply charges. No future lease payment obligations are payable under these finance leases.

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

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

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	
	2011	2010
Cost - capitalised finance leases	67,223	46,822
Accumulated depreciation	(7,582)	(4,203)
Net carrying amount	59,641	42,619

10. SHARE CAPITAL

There was no change in share capital or share premium for the year ended 31 December 2011.

11. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivatives as at 31 December 2011 and 31 December 2010 are summarised below.

Summary of derivatives as at 31 December 2011

(in thousands of United States dollars)	Assets		Liabilities		Net Fair value
	Current	Non-current	Current	Non-current	
Commodity contracts: Designated as cash flow hedges	384	-	-	-	384
Commodity contracts: Not designated as hedges	3,109	148	-	21	3,236
Currency contracts: Not designated as hedges	557	65	58	35	529
Total	4,050	213	58	56	4,149

Summary of derivatives as at 31 December 2010

(in thousands of United States dollars)	Assets		Liabilities		Net Fair value
	Current	Non-current	Current	Non-current	
Commodity contracts: Designated as cash flow hedges	-	-	-	-	-
Commodity contracts: Not designated as hedges	-	-	1,904	1,754	(3,658)
Total	-	-	1,904	1,754	(3,658)

Derivative financial instruments designated as cash flow hedges

(in thousands of United States dollars)	Net fair value			
	2011		2010	
	Asset	Liability	Asset	Liability
Fuel option contracts	384	-	-	-
Total fair value	384	-	-	-
Less than 1 year	384	-	-	-
Between 1 and 3 years	-	-	-	-
Total fair value	384	-	-	-

Commodity contracts

During the year, the Group added 220 thousand barrels of Brent oil net purchase options for calendar year 2012. The designated contracts act as a hedge against variability in market prices, in a pre-defined range, on the cost of future fuel purchases over the next year. At 31 December 2011, the Group had 220 thousand barrels of Brent crude oil net purchase options outstanding, consisting of sold put options, bought call options, and sold call options with average strike prices of US\$84.50 per barrel, US\$110 per barrel and US\$130 per barrel respectively. The contracts mature in 2012.

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 the intrinsic value of the commodity contracts is recorded in other comprehensive income until the forecasted expenditure impacts earnings.

Derivative financial instruments not designated as hedges

(in thousands of United States dollars)	Net fair value			
	2011		2010	
	Asset	Liability	Asset	Liability
Copper collar contracts	2,569	-	-	3,658
Silver collar contracts	688	-	-	-
Fuel option contracts	-	21	-	-
Currency collar contracts	622	93	-	-
Total fair value	3,879	114	-	3,658
Less than 1 year	3,666	58	-	1,904
Between 1 and 3 years	213	56	-	1,754
Total fair value	3,879	114	-	3,658

Commodity contracts

During 2011 the Group entered into zero cost collars to manage the impact of copper and silver price fluctuations and option contracts to manage the impact of fuel price fluctuations. The Group does not use such derivative instruments for speculative trading purposes.

These transactions are economic hedges, and do not qualify for hedge accounting treatment for the positions. Changes in the fair value of these options are recorded as a component of other income/expense in the income statement. At 31 December 2011, the Group had 10,582 thousand pounds of copper collar contracts outstanding containing purchased put and sold call options with average strike prices of US\$3.34 per pound and US\$4.84 per pound respectively (2010: 21,826 thousand pounds of collar contracts outstanding containing purchased put and call options with an average strike price of US\$3.25 per pound and US\$4.77 per pound respectively). These contracts mature in 2012.

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

In addition, the Group had 90 thousand barrels of Brent oil option contracts for calendar year 2013. These option contracts did not meet the requirements for hedge accounting however they still economically hedge fuel expenses. These contracts have the same structure as the existing cash flow hedges for 2012 and have strike prices of US\$77, US\$110 and US\$135.

Currency contracts

During the year, currency contracts totalling US\$63 million of US Dollar/South African Rand contracts were entered into to hedge forecasted South African Rand denominated expenditure. 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. The outstanding contracts hedge the variability of the US Dollar amount of those expenditures caused by changes in currency exchange rates, in a pre-defined range, over the next two years. These contracts consist of purchased put options and sold call options with average strike prices of R8.10 and R9.10 respectively. The contracts mature in 2012 and 2013.

Gains/losses on derivative financial instruments

(in thousands of United States dollars)	Amount of gain recognised in OCI		Gain/(loss) recognised in income	
	2011	2010	2011	2010
Gains on cash flow hedges				
Fuel option contracts	-	-	384	-
Gains/(losses) on derivative financial instruments not designated as hedges				
Copper collar contracts	-	-	6,321	(3,658)
Silver collar contracts	-	-	688	-
Fuel option contracts	-	-	(21)	-
Currency collar contracts	-	-	529	-
Total gain/(loss)	-	-	7,901	(3,658)

12. 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 2011, the Group has the following commitments and/or contingencies:

a) Legal contingencies

As at 31 December 2011, the Group was a defendant in approximately 212 lawsuits. The plaintiffs are claiming damages and interest thereon for the loss caused by the Group due to one or more of the following: unlawful eviction, termination of services, wrongful termination of contracts of service, non-payment for services, defamation, negligence by act or omission in failing to provide a safe working environment, unpaid overtime and public holidays compensation.

The total amounts claimed from lawsuits in which specific monetary damages are sought amounted to US\$47 million. The Group's Legal Counsel is defending the Group's current position, and the outcome of the lawsuits cannot presently be determined. However, in the opinion of the Directors and Group's Legal Counsel, no material liabilities are expected to materialise from these lawsuits. Consequently no provision has been set aside against the claims in the books of account.

Included in the total amounts claimed of US\$47 million is a notice received from the tax investigations department informing ABG that the TRA intend to raise a tax assessment of US\$21.3 million in respect of the acquisition of Tusker. 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 share holding 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 of US\$47 million is a claim of US\$2.8 million against North Mara Gold Mine being compensation for uncaused improvements, disturbance and accommodation allowance, rich gold land current value, interest and costs. Management are of the opinion that the defence is likely to succeed.

b) Tax-related contingencies

- i. On 26 October 2009, the TRA issued a demand notice against the Group for an amount relating to withholding tax on technical services provided to Bulyanhulu Gold Mine Ltd. The claim amounts to US\$5.4 million. Management is of the opinion that the Group complied with all of the withholding tax requirements, and that there will be no amount payable. Therefore no provision has been raised.
- ii. The TRA has issued a number of tax assessments to the Group relating to past taxation years from 2002 onwards. The Group believes that these assessments are incorrect and has filed objections to each of them. The Group is attempting to resolve these matters by means of discussions with the TRA. Management is of the opinion that this will not result in any material liabilities to the Group.

c) Exploration and development agreement

Pursuant to agreements with the Government of the United Republic of Tanzania, the Group was issued mining licences for Bulyanhulu, Buzwagi, North Mara and Tulawaka mines. The agreement requires the Group to pay to the Government of Tanzania annual rents of US\$2,000 per annum per square kilometre for as long as the Group holds the mining licences. The total commitment for 2012 based on mineral licences held as at 31 December 2011 is US\$0.8 million (2011: US\$0.3 million).

d) Purchase commitments

At 31 December 2011, the Group had purchase obligations for supplies and consumables of approximately US\$31 million (2010: US\$64 million).

e) Capital commitments

In addition to entering into various operational commitments in the normal course of business, the Group entered into the following commitments for construction activities for capital projects.

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Contracted capital expenditure	32,085	29,323
Total	32,085	29,323

f) Insurance

Insurance coverage is purchased for certain insurable losses, subject to varying deductibles, at the Group's mineral properties including losses such as property damage and business interruption. The Group records losses relating to insurable events as they occur. Proceeds receivable from insurance coverage are recorded at such time as receipt is virtually certain and the amount receivable is fixed or determinable. The following table sets out the effect of the insurance claims:

(in thousands of United States dollars)	For the year ended 31 December	
	2011	2010
Cost of sales	-	(2,100)
Other income	-	(4,535)
Total	-	(6,635)

13. SUBSEQUENT EVENTS

A final dividend of US13.1 cents per share has been proposed, which will result in a total dividend of US16.3 cents per share for 2011. The final dividend is to be proposed at the Annual General Meeting on 19 April 2012. These financial statements do not reflect this dividend payable.

Reserves and Resources

Mineral reserves and mineral resources estimates contained in this report have been calculated as at 31 December 2011 in accordance with National Instrument 43-101 as required by Canadian securities regulatory authorities, unless otherwise stated. Canadian Institute of Mining, Metallurgy and Petroleum (CIM) definitions were followed for mineral reserves and resources. Calculations have been reviewed, verified (including estimation methodology, sampling, analytical and test data) and compiled by ABG personnel under the supervision of ABG Qualified Persons: Nic Schoeman, Director of Technical Services, Richard Adofo, Corporate Manager, Geology and Tisa Chama, Corporate Manager, Mine Planning . However, the figures stated are estimates and no assurances can be given that the indicated quantities of metal will be produced. In addition, totals stated may not add up due to rounding.

Mineral reserves have been calculated using an assumed long-term average gold price of US\$1,200.00 per ounce, a silver price of US\$22.00 per ounce and a copper price of US\$2.75 per pound. Reserve calculations incorporate current and/or expected mine plans and cost levels at each property. Mineral resources have been calculated using an assumed long-term average gold price of US\$1,400.00 per ounce, a silver price of US\$28.00 per ounce and a copper price of US\$3.25 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.

Mine Gold Reserves & Resources		2011			2010		
		Tonnes (000's)	Grade Au (g/t)	Ounce (000's)	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)
Bulyanhulu	Proven and probable	28,189	11.731	10,632	29,342	11.687	11,026
	Mineral Resource	17,766	5.283	3,018	11,062	8.096	2,879
	Inferred	8,318	12.003	3,210	8,814	11.804	3,345
Buzwagi	Proven and probable	61,424	1.476	2,915	55,582	1.619	2,892
	Mineral Resource	35,490	1.124	1,282	18,079	0.971	564
	Inferred	10,299	1.156	383	6,284	1.215	246
North Mara	Proven and probable	35,596	3.045	3,485	27,623	3.194	2,836
	Mineral Resource	15,990	2.800	1,440	18,638	3.059	1,833
	Inferred	1,558	2.557	128	1,859	1.893	113
Tulawaka (70%)	Proven and probable	166	12.018	64	320	6.527	67
	Mineral Resource	613	5.458	108	518	5.405	90
	Inferred	116	5.723	21	93.9	4.976	15
Total	Proven and probable	125,375	4.241	17,095	112,867	4.636	16,821
	Mineral Resource	69,859	2.603	5,847	48,297	3.456	5,367
	Inferred	20,292	5.736	3,742	17,052	6.783	3,719

Exploration Property Gold Reserves & Resources		Tonnes (000's)	Grade Au (g/t)	Ounce (000's)	Tonnes (000's)	Grade Au (g/t)	Ounce (000's)
Nyanzaga	Proven and probable	-	-	-	-	-	-
	Mineral Resource	73,884	1.465	3,481	2,781	3.500	313
	Inferred	9,061	2.054	598	7,690	2.630	650
Golden Ridge	Proven and probable	-	-	-	-	-	-
	Mineral Resource	7,417	2.837	677	-	-	-
	Inferred	1,221	2.371	93	-	-	-
Total Expl	Proven and probable	-	-	-	-	-	-
	Mineral Resource	81,301	1.591	4,157	2,781	3.501	313
	Inferred	10,282	2.092	691	7,690	2.629	650
Total ABG	Proven and probable	125,375	4.241	17,095	112,867	4.636	16,821
	Mineral Resource	151,160	2.059	10,005	51,078	3.459	5,680
	Inferred	30,574	4.511	4,434	24,741	5.492	4,369

Contained Copper Reported within Gold Reserves & Resources		Tonnes (000's)	Grade Cu (%)	Pounds (000's)	Tonnes (000's)	Grade Cu (%)	Pounds (000's)
Bulyanhulu	Proven and probable	28,189	0.669	415,958	29,342	0.662	428,346
	Mineral Resource	17,766	0.315	123,550	11,062	0.541	131,887
	Inferred	8,318	0.717	131,535	8,738	0.745	143,550
Buzwagi	Proven and probable	61,424	0.114	154,082	51,569	0.125	141,687
	Mineral Resource	35,490	0.099	77,090	18,079	0.082	32,828
	Inferred	10,299	0.089	20,119	6,284	0.080	11,019
Total	Proven and probable	89,613	0.289	570,040	80,911	0.320	570,033
	Mineral Resource	53,256	0.171	200,640	29,140	0.256	164,715
	Inferred	18,617	0.369	151,654	15,023	0.467	154,569

Contained Silver Reported within Gold Reserves & Resources		Tonnes (000's)	Grade Ag (g/t)	Ounce (000's)	Tonnes (000's)	Grade Ag (g/t)	Ounce (000's)
Bulyanhulu	Proven and probable	28,189	9.385	8,506	29,342	9.340	8,812
	Mineral Resource	17,766	4.332	2,474	11,062	7.251	2,579
	Inferred	8,318	9.859	2,637	8,738	10.273	2,886

Mine Gold Reserves

Mine	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Proven	1,229,684	10.789	426,557
	Probable	26,959,226	11.774	10,205,349
	Total (P+P)	28,188,910	11.731	10,631,905
Buzwagi	Proven	4,958,253	1.098	174,985
	Probable	56,466,043	1.509	2,739,844
	Total (P+P)	61,424,296	1.476	2,914,829
North Mara	Proven	11,498,697	2.787	1,030,355
	Probable	24,097,170	3.168	2,454,215
	Total (P+P)	35,595,867	3.045	3,484,570
Tulawaka (70%)	Proven	44,035	3.958	5,604
	Probable	121,681	14.934	58,426
	Total (P+P)	165,716	12.018	64,030
Total Mine Gold Reserves	Proven	17,730,669	2.873	1,637,501
	Probable	107,644,119	4.467	15,457,833
	Total (P+P)	125,374,789	4.241	17,095,334

Contained Copper Reported within Gold Reserves

	Classification	Tonnes	Grade Cu (%)	Contained Cu(lbs)
Bulyanhulu	Proven	1,229,684	0.372	10,079,916
	Probable	26,959,226	0.683	405,878,571
	Total	28,188,910	0.669	415,958,486
Buzwagi	Proven	4,958,253	0.069	7,509,867
	Probable	56,466,043	0.118	146,571,979
	Total	61,424,296	0.114	154,081,846
Total Copper Reported within Gold Reserves	Proven	6,187,937	0.129	17,589,783
	Probable	83,425,268	0.300	552,450,549
	Total	89,613,206	0.289	570,040,332

Contained Silver Reported within Gold Reserves

	Classification	Tonnes	Grade Ag (g/t)	Contained Ag (oz)
Bulyanhulu	Proven	1,229,684	7.092	280,366
	Probable	26,959,226	9.490	8,225,333
	Total (P+P)	28,188,910	9.385	8,505,699

Mine Resource (Measured & Indicated, exclusive of Reserves)				
	Classification	Tonnes	Grade Au (g/t)	Contained Au (oz)
Bulyanhulu	Measured	-	-	-
	Indicated	17,765,891	5.283	3,017,771
	Total (M+I)	17,765,891	5.283	3,017,771
Buzwagi	Measured	135,125	1.383	6,008
	Indicated	35,355,056	1.123	1,276,168
	Total (M+I)	35,490,181	1.124	1,282,176
North Mara	Measured	2,727,486	2.101	184,202
	Indicated	13,262,160	2.944	1,255,435
	Total (M+I)	15,989,647	2.800	1,439,638
Tulawaka (70%)	Measured	-	-	-
	Indicated	613,493	5.458	107,654
	Total (M+I)	613,493	5.458	107,654
Total Mine Resource	Measured	2,862,611	2.067	190,210
	Indicated	66,996,601	2.626	5,657,029
	Total (M+I)	69,859,212	2.603	5,847,239

Contained Copper within gold resources				
	Classification	Tonnes	Grade (%)	Pounds
Bulyanhulu	Measured	-	-	-
	Indicated	17,765,891	0.315	123,549,858
	Total (M+I)	17,765,891	0.315	123,549,858
Buzwagi	Measured	135,125	0.103	307,802
	Indicated	35,355,056	0.099	76,782,345
	Total (M+I)	35,490,181	0.099	77,090,147
Total Copper within gold	Measured	135,125	0.103	307,802
	Indicated	53,120,947	0.171	200,332,202
	Total (M+I)	53,256,072	0.171	200,640,005

Contained Silver within gold resources				
	Classification	Tonnes	Grade Ag (g/t)	Contained Au (oz)
Bulyanhulu	Measured	-	-	-
	Indicated	17,765,891	4.332	2,474,388
	Total (M+I)	17,765,891	4.332	2,474,388