

PRESS RELEASE

REPORT SHOWS LONG TERM BENEFITS OF GOLD MINING TO DEVELOPING ECONOMIES

- **First ever study analysing the long term benefits of gold mining over entire lifecycle**
- **Gold has provided significant improvement to Tanzania's economy, with major contributions still to come**
- **Government reforms of mining law found to be common denominator in mining's contribution to positive economic development**

London, 14 September 2009: Large-scale gold production has been found to be a major factor in bolstering the economies of developing countries, according to a key report issued today by the World Gold Council (WGC) in partnership with the International Council on Mining & Metals (ICMM) and Oxford Policy Management.

The new report, *'The Golden Building Block: gold mining and the transformation of developing economies'*, authored by Maureen Upton, Sustainability Advisor to World Gold Council, considers the macroeconomic benefits of gold production in developing countries. The report takes into account the well-debated resource curse theories, and examines evidence of actual contributions through an in-depth case study of Tanzania and the effects of gold mining on its economy over a 40-year period.

The report also reviews case studies undertaken within the ICMM's Resource Endowment initiative, analysing the costs and benefits of mineral extraction in Chile, Ghana, Peru and Tanzania. The final section seeks to provide observations on policy approaches and conditions likely to positively impact the economic contribution of gold mining more generally across other developing countries.

Aram Shishmanian, Chief Executive Officer of the World Gold Council, said today:

"Tanzania provides the perfect test case to conduct such a comprehensive assessment of both gold mining's contribution to date and its potential future contributions to the economy over the life cycle to mine closure. The findings of the study uncovered that the most significant contribution that gold mining provides to Tanzania's economy is its effect on foreign direct investment (FDI) which has been enabled by the mining law reforms introduced over the past 12 years."

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The Tanzania case study employs a life-cycle assessment (LCA) of gold mines over their entire lifespan, from construction to closure, crucially utilising WGC's unique, private access into the world's largest producers' data for nearly all major gold mines in the country. The definitive study, undertaken in the spring of 2009 collaboratively by World Gold Council and Oxford Policy Management for the ICMM, is the first of its kind, as the approach ensures that long-term benefits are captured, by way of both historical data and projections through to mine closure in a key producing country.

Capturing some 120 specific metrics across the planned 40-year operating period of large-scale gold mining in the country (1995-2034) from World Gold Council members Barrick Gold Corporation, AngloGold Ashanti and IAMGOLD, the aggregated figures were used to present to some 14 different Tanzanian government officials at an ICMM Workshop in May 2009.

Commenting on the report, Anthony Hodge, President, International Council on Mining and Metals, said:

"ICMM welcomes the publication of this report. In our work to date, we have found that collaborative approaches involving companies, communities, governments, inter-governmental organizations, and NGOs are the key to attaining socio-economic benefits for developing economies. In Tanzania in particular, this was found to be a crucial need."

The gold mining industry in Tanzania has benefited from reforms to mining laws introduced since 1997. The findings of the study uncovered that the most significant contribution that gold mining provides to Tanzania's economy is its effect on foreign direct investment (FDI). In the early 1990's, prior to large-scale gold mining, Tanzania would have appeared near the bottom of rankings of African countries as a destination for FDI. Today however, the country is now in the upper-middle rankings, with over US\$2 billion (nearly two thirds) of the surge in FDI after 1998 shown to have come from the five gold mines surveyed in the LCA alone.

Contrary to critics' views that the gold mining industry in Tanzania provides relatively low tax receipts, the study showed that the two producers surveyed, Barrick and AngloGold Ashanti, are currently among the highest single taxpayers in the country. In addition, export earnings from gold mining are already US\$770 million, but are estimated to more than double by 2016. Job creation, although not typically among the greatest benefits of large-scale mining due to its capital-intensive nature, is in fact an important direct benefit of gold mining in Tanzania, with the industry employing more than the country's utility sectors combined, including gas, electricity and water, with the resulting wages injected in to the Tanzanian economy an equally important metric.

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Notes to Editors:

World Gold Council

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