

ANGLOGOLD LTD  
Form 6-K  
March 05, 2004





**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 6-K**  
**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 or 15d-16 OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**Report on Form 6-K dated**  
**5 MARCH 2004**  
AngloGold Limited

**(Name of Registrant)**

11 Diagonal Street  
Johannesburg, 2001  
(P O Box 62117)  
Marshalltown, 2107  
South Africa

**(Address of Principal Executive Offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

**Form 20-F:**

Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:

No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes:

No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:

No:

Enclosures:

ANGLOGOLD LISTINGS PARTICULARS





**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, attorney, accountant, fund manager or other independent professional adviser duly authorised under the UK Financial Services and Markets Act 2000 if you are a resident in the United Kingdom or, if not, another appropriately authorised independent professional adviser.**

The distribution of this document in jurisdictions other than Australia, France, Ghana, South Africa, the UK, the US and Zimbabwe may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

A copy of this document which comprises listing particulars relating to AngloGold and has been prepared and published in accordance with the UK Listing Rules made under section 74 of the UK Financial Services and Markets Act 2000, has been delivered to the Registrar of Companies in England and Wales for registration as required by section 83 of the UK Financial Services and Markets Act 2000.

Applications have been made to the UKLA and to the LSE for the New AngloGold Ashanti Shares to be admitted to the Official List of the UKLA and for trading on the LSE's market for listed securities. In addition, application will be made for (a) the New AngloGold Ashanti Shares to be listed on the JSE and Euronext Paris and (b) the New AngloGold Ashanti ADSs to be listed on the NYSE. It is expected that admission of the New AngloGold Ashanti Shares to the Official List of the UKLA will become effective and that dealings in the New AngloGold Ashanti Shares on the LSE, the JSE, the ASX (after conversion to CDIs) and Euronext Paris and dealings in the New AngloGold Ashanti ADSs on the NYSE will commence on or about 27 April 2004.

The GSE has granted permission to AngloGold to list the AngloGold Ashanti Shares and the AngloGold Ashanti GhDSs on the First List of the GSE. The GSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed or contained in this document. Admission to the First List of the GSE is not to be taken as an indication of the merits of AngloGold Ashanti or of the AngloGold Ashanti Shares or the AngloGold Ashanti GhDSs. It is expected that dealings in the AngloGold Ashanti Shares and the AngloGold Ashanti GhDSs on the GSE will commence on or about 27 April 2004.

**ANGLOGOLD LIMITED**

*(Incorporated in the Republic of South Africa  
with registration number 1944/017354/06)*

to be renamed

**AngloGold Ashanti Limited**

**Listing Particulars**

relating to the recommended proposal for the Merger of

**AngloGold Limited**

and

**Ashanti Goldfields Company Limited**

by means of a Scheme of Arrangement

under section 231 of the Ghana Companies Code, 1963 (Act 179), as amended

The date of this document is: 3 March 2004





UBS Limited and First Africa Group Holdings (Pty) Ltd are acting for AngloGold in connection with the Merger and are not acting for any person other than AngloGold and will not be responsible to any person other than AngloGold for providing the protections afforded to their respective clients or for providing advice in connection with the Merger. CIBC World Markets plc, which is regulated in the UK by the Financial Services Authority, is acting for Ashanti in connection with the Merger and is not acting for any person other than Ashanti and will not be responsible to any person other than Ashanti for providing the protections afforded to its clients or for providing advice in connection with the Merger.

The New AngloGold Ashanti Shares to be issued pursuant to the Scheme have not been, and are not required to be, registered under (a) the US Securities Act in reliance upon the exemption from the registration requirements provided by section 3(a)(10) thereof or (b) the securities laws of any state of the United States. Neither the SEC nor any state securities commission in the United States or any other US regulatory authority has approved or disapproved of these securities or passed upon the accuracy or adequacy of this document and any representation to the contrary is a criminal offence in the United States.

The Ghanaian Securities and Exchange Commission has been notified of the Merger pursuant to its mandate under section 9(b) of Securities Industry Law, 1993 (PNDCL 33), as amended, to maintain surveillance over activities in securities to ensure orderly, fair and equitable dealings in securities.

**If you have any questions about the documents contained in this mailing or about any other matter related to the Merger, please call Bondholder Communications Group on +44 (0) 20 7236 0788 (in the United Kingdom), Merban Stockbrokers Limited on +233 (0) 21 251134 (in Ghana), Bondholder Communications Group on +1 888 385 2663 (Toll Free for US) or Imara Edwards Securities on +263 4 790090 in Zimbabwe. For legal reasons, these helplines will not be able to provide advice on the merits of the Merger itself or give financial advice.**

This document does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale or distribution of the New AngloGold Ashanti Shares to be issued pursuant to the Scheme in any jurisdiction in which such offer or sale is not permitted.

This document has been prepared for the purposes of complying with English law and the UK Listing Rules made under section 74 of the UK Financial Services and Markets Act 2000 and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.





1

**ANGLOGOLD COMPANY INFORMATION AND ADVISERS**

**AngloGold Registered Office**

11 Diagonal Street  
Johannesburg 2001  
PO Box 62117  
Marshalltown 2107  
South Africa  
Telephone: +27 11 637 6000  
Fax: +27 11 637 6624

**Registrars of AngloGold**

**In Ghana**

**In South Africa**

**In the United Kingdom**

**In Australia**

NTHC Limited  
Computershare Limited  
Computershare Investor  
Computershare Investor  
Martco House  
Ground Floor  
Services PLC  
Services Pty Limited  
1st Floor, Okai Mensah Link  
70 Marshall Street  
PO Box 82  
Level 2, 45 St George's Terrace  
(off Kwame Nkrumah Avenue)  
Johannesburg 2001  
The Pavilions  
Perth, WA 6000  
PO Box KIA 9563  
PO Box 61051  
Bridgwater Road  
GPO Box D182 Perth WA 6840  
Adabraka, Accra  
Marshalltown 2107  
Bristol BS99 7NH  
Australia  
Ghana  
South Africa  
England  
Telephone: +61 8 9323 2000  
Telephone: +233 021 238492-3  
Telephone: +27 11 370 7700  
Telephone: +44 870 702 0001  
Fax: +61 8 9323 2033  
Fax: +233 021 229975  
Fax: +27 11 688 7719  
Fax: +44 870 703 6119

**Financial Advisers and Sponsors to AngloGold**

**Lead GSE Sponsoring Broker**  
**Lead Financial Adviser and UKLA Sponsor**  
**Financial Adviser**

Merban Stockbrokers Limited  
UBS Limited  
First Africa Group Holdings (Pty) Ltd  
Merchant Bank (Gh) Limited  
1 Finsbury Avenue  
West Block, Ground Floor  
Head Office Annex  
London EC2M 2PP  
South West Building  
57 Examination Road  
United Kingdom  
Dunkeld Crescent, Albury Road  
North Ridge  
Dunkeld West 2196  
PO Box 401  
Johannesburg  
Accra  
South Africa  
Ghana

**Legal Advisers to AngloGold**  
**In the United States**  
**and the United Kingdom**  
**In Ghana**  
**and Lead Legal Adviser**  
**In South Africa**  
**In Zimbabwe**

JLD Legal Consultancy Services  
Shearman & Sterling LLP  
Taback and Associates (Pty) Limited  
Kantor and Immerman  
#865A/3 Kanda Highway  
Broadgate West  
First Floor, 21 West Street  
McDonald House  
North Ridge, Accra  
9 Appold Street  
Houghton 2198  
10 Selous Avenue  
PO Box GP 178, Accra  
London EC2A 2AP  
Johannesburg  
PO Box 19  
Ghana  
United Kingdom  
South Africa  
Harare  
Zimbabwe

**Depositaries of AngloGold**

**Auditors of AngloGold**

**GhDS Depository**

**ADS Depository**

Ernst & Young

NTHC Limited

The Bank of New York

Wanderers Office Park

Martco House

One Wall Street

52 Corlett Drive

1st Floor, Okai Mensah Link

New York, New York 10286

Illovo

(off Kwame Nkrumah Avenue)

United States

Johannesburg 2196

PO Box KIA 9563

South Africa

Adabraka, Accra

Registered Accountants and Auditors

Ghana

Chartered Accountants (S.A.)





**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

**(1)**

**Time**

**Date**

**Latest date and time for holders of Ashanti Depositary Securities to surrender to the relevant depositary their Ashanti Depositary Securities for conversion into Ashanti Shares to attend and vote at the Ashanti meetings (if so desired)**

4:30 p.m.

31 March 2004

**Latest date and time for lodging Voting Instruction Forms**

4:30 p.m.

2 April 2004

**Latest time for receipt of BLUE form of proxy for the Scheme Meeting**

**(2)**

3:00 p.m.

6 April 2004

**Latest time for receipt of YELLOW form of proxy for Ashanti Extraordinary General Meeting**

**(2)**

3:00 p.m.

6 April 2004

Voting Record Time for Scheme Meeting

4.30 p.m.

6 April 2004

**Scheme Meeting**

11:00 a.m.

7 April 2004

**Ashanti Extraordinary General Meeting**

**(3)**

11:30 a.m.

7 April 2004

AngloGold General Meeting

11:00 a.m.

Johannesburg time

8 April 2004

Election Return Time

4.30 p.m.

21 April 2004

Court Hearing to confirm the Scheme

**(4)**

11:00 a.m.

23 April 2004

Last day of dealings in Ashanti Shares

**(5)**

23 April 2004

Record Time

**(5)**

4:30 p.m.

23 April 2004

Effective Date of the Scheme and Merger

**(5)**

26 April 2004

Commencement of dealings in New AngloGold Ashanti Securities

(5)

27 April 2004

Expected despatch of AngloGold Ashanti Securities and cash in lieu of fractional shares, if any

(5)

On or before

10 May 2004

**Notes:**

(1) All references to time set out above are references to Accra time (GMT) unless otherwise stated.

(2) If the BLUE form of proxy for the Scheme Meeting is not returned by this time, it may be handed to the chairman of the Scheme Meeting

before the start of the meeting and will still be valid. However, in the case of the YELLOW form of proxy for the Extraordinary General Meeting, it will be invalid unless it is lodged with the relevant registrar so as to be received no later than the time shown above.

(3) Or, if later, immediately after conclusion or adjournment of the Scheme Meeting.

(4) The Court Hearing will be held at the High Court of Ghana in Accra, Ghana on 23 April 2004, at 11:00 a.m. (GMT). If the date changes,

the date of all subsequent steps, including the Effective Date set out above, will be affected.

(5) These dates are indicative only and will depend, *inter alia*, on the date upon which the High Court confirms the Scheme.

Ashanti Securityholders will be kept advised of the progress of the Scheme and of any significant changes to the expected timetable of the Merger by announcements through the news services of the GSE, the LSE (through a Regulatory Information Service), the NYSE and ZSE as well as through publication in *The Daily Graphic*, *The Business and Financial Times* and *The Ghanaian Times* (Ghana), *The Wall Street Journal* (United States), *The Financial Times* (United Kingdom), *The Herald* (Zimbabwe) and *Business Report* (South Africa), or in such other manner as the High Court may direct.

If the scheduled date of the hearing of the High Court is changed, Ashanti will give at least five business days' notice thereof by delivering a press release for immediate dissemination through the news services of the GSE, the LSE (through a Regulatory Information Service), the NYSE and ZSE and by publication of such notice in *The Daily Graphic*, *The Business and Financial Times*, *The Ghanaian Times*, *The Wall Street Journal*, *The Financial Times*, *The Herald* and *Business Report*, or in such other manner as the High Court may direct. If the scheduled date of the hearing of the High Court is changed by more than seven days, Ashanti will also post notice of the date of the rescheduled hearing of the High Court to holders of Ashanti Shares (and to the relevant depositaries for the Ashanti ADIs, Ashanti GDSs and Ashanti ZDRs for delivery to the holders thereof).

**An announcement will be made once the Merger becomes effective.**

2





**TABLE OF CONTENTS**

*Page*

**PRESENTATION OF INFORMATION**

5  
**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**  
6

**DEFINITIONS**

7

**Part I:**

**Overview of the Merger**

14

1.

Introduction

14

2.

Description of Agreements

15

**Part II:**

**Overview of AngloGold Ashanti**

17

1.

Introduction

17

2.

Benefits of the Merger

17

3.

Prospects

18

4.

Board of Directors

20

5.

Stock Exchange Listings

21

6.

Selected Financial Information Relating to AngloGold

21

7.

Selected Financial Information Relating to Ashanti

23

8.

Risk Factors Relating to AngloGold and AngloGold Ashanti

24

**Part III:**

**Information on AngloGold**

36

1.

History

36

2.

Overview

36

3.

General Description of Operations

41

4.

AngloGold's Rights to Mine and Title to Properties

51

5.

Discussion of AngloGold's Financial Results and Results of Operations

55

6.

Dividends and Dividend Policy

66

**Part IV:**

**Information on Ashanti**

68

1.

History

68

2.

Overview

68

3.

General Description of Operations

70

4.

Ashanti's Rights to Mine and Title to Properties

73

5.

Summary Discussion of Results

79

**Part V:**

**Financial Information on AngloGold**

84

1.

Financial Information on AngloGold for the three financial years ended and as at 31 December 2002

84

2.

Unaudited Results of AngloGold Limited for the year ended and as at 31 December 2003

123

3





*Page*

**Part VI:**

**Financial Information on Ashanti**

141

1. Financial Information on Ashanti for the three financial years ended and as at 31 December 2003

141

**Part VII:**

**IFRS Reconciliation in Relation to Ashanti Financial Information**

170

1. Discussion of the Qualitative Differences Between UK GAAP and IFRS

170

2. IFRS Reconciliation Statement

170

**Part VIII: Unaudited Pro Forma Financial Information Relating to AngloGold Ashanti**

182

**Part IX:**

**Additional Information**

191

1. Responsibility

191

2. Directors of AngloGold Ashanti

191

3. Interests of AngloGold Directors

194

4. Service Agreements and Emoluments of AngloGold Directors

196

5. Substantial Shareholdings

198

6. Description of AngloGold Ashanti Shares and Share Capital

199

7. Summary of Memorandum and Articles of Association of AngloGold

202

8. Share Incentive Scheme and Option Plan

207

9. Exchange Controls and Other Limitations Affecting AngloGold Ashanti and AngloGold Ashanti Securityholders

209

10. Post-Merger Taxation

210

11. Working Capital

217

12. Material Contracts

218

13. Litigation

218

14. Expenses

219

15. Summary of the Transaction Agreement

219

16. Principal Subsidiaries and Other Principal Undertakings of AngloGold

221	
17. Principal Investments by AngloGold in Other Undertakings and Disposals of Principal Assets	
222	
18. Principal Establishments of AngloGold	
223	
19. Patents, Licences and Processes	
223	
20. Description of AngloGold Ashanti ADSs and AngloGold Ashanti GhDSs	
223	
21. Golden Share	
236	
22. Miscellaneous	
236	
23. Additional Information	
237	
24. Documents Available for Inspection	
238	
4	





## **PRESENTATION OF INFORMATION**

### **IFRS Financial Statements**

As a company incorporated in South Africa, AngloGold prepares audited consolidated full-year financial statements and unaudited consolidated quarterly financial statements in accordance with IFRS and SA GAAP. These financial statements are distributed to shareholders and are submitted to the JSE, as well as the LSE, the NYSE, the ASX, Euronext Paris and Euronext Brussels and are submitted to the SEC on Form 6-K. The financial information for AngloGold prepared in accordance with IFRS included in this document has been extracted without material adjustment from the audited consolidated financial statements of AngloGold for the years ended and as at 31 December 2000, 2001 and 2002 and the unaudited consolidated financial statements for the year ended and as at 31 December 2003, reviewed by Ernst & Young in accordance with SAAS 910.

### **UK GAAP Financial Statements**

Ashanti prepares its financial statements in accordance with UK GAAP. The financial information for Ashanti included in this document has been extracted without material adjustment from the audited consolidated financial statements of Ashanti for the years ended and as at 31 December 2001, 2002 and 2003 (subject to restatement of the financial information for the year ended 31 December 2001 for the adoption of FRS 19 as described in Part VI of this document), in each case prepared in accordance with UK GAAP. UK GAAP differs in certain respects from IFRS. For a conversion of the consolidated financial information of Ashanti for the three years ended 31 December 2003 from UK GAAP to IFRS as applied by AngloGold and a general discussion of the qualitative differences between UK GAAP and IFRS, see Part VII of this document.

### **US GAAP Financial Statements**

AngloGold also prepares audited consolidated full-year financial statements under US GAAP, and Ashanti reconciles the shareholders' funds and the profit/loss attributable to shareholders from UK GAAP to US GAAP. These US GAAP financial statements and US GAAP reconciled financial statements are included in AngloGold's and Ashanti's respective annual reports on Form 20-F, filed with the SEC. Unaudited consolidated pro forma financial information of AngloGold prepared under US GAAP to show the effects of the Merger assuming that the Merger took place on 1 January 2003 for purposes of the income statement for the year ended 31 December 2003 and on 31 December 2003 for purposes of the balance sheet as at 31 December 2003 has been furnished by AngloGold to the SEC under Form 6-K.

AngloGold's and Ashanti's respective filings with the SEC of annual reports on Form 20-F and reports under Form 6-K are available to the public for inspection and copying. See paragraph 23 of Part IX of this document.

### **Currency**

AngloGold presents its consolidated financial statements in US dollars. In 2001, AngloGold changed its presentation currency from South African rand to US dollars since a significant proportion of its sales revenues is realised in US dollars. Ashanti earns all of its revenues in US dollars and the majority of Ashanti's transactions are in US dollars or based on US dollars. As a result, Ashanti also prepares its financial statements in US dollars. Unless otherwise specified, financial information for AngloGold and Ashanti presented in this document is expressed in US dollars.





**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This document contains "forward-looking information" within the meaning of Section 27A of the US Securities Act and Section 21E of the US Securities Exchange Act. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including without limitation, those concerning: the economic outlook for the gold mining industry; expectations regarding gold prices and production; growth prospects and outlook of the Combined Group's operations, individually or in the aggregate, including the completion or commencement of the Combined Group's exploration and production projects; the Combined Group's liquidity and capital resources and capital expenditure; the timing, fulfilment of conditions, tax treatment and completion of the Merger; the value of the consideration to be received upon completion of the Merger, expectations regarding production and costs savings at AngloGold's and the Combined Group operations and their respective operating and financial performance and synergies and other benefits anticipated from the Merger. These forward-looking statements are not based on historical facts, but rather reflect AngloGold's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or other similar words and phrases. Similarly, statements that describe AngloGold's or AngloGold Ashanti's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause AngloGold's or the Combined Group's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although AngloGold believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

The risk factors described in this document beginning at paragraph 8 of Part II of this document could affect AngloGold's or AngloGold Ashanti's future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all of the important factors that could cause AngloGold's or AngloGold Ashanti's actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. You should review carefully all information included or referenced in this document. The forward-looking statements included in this document are made only as at the date of this document. Neither AngloGold nor AngloGold Ashanti undertakes any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events except as required by law or by any appropriate regulatory authority. All subsequent written and oral forward-looking statements attributable to AngloGold or AngloGold Ashanti or any person acting on their behalf are qualified by the cautionary statements in this paragraph.





## DEFINITIONS

"A\$" or "Australian dollar"

Australian dollar, the official currency of Australia

"AA plc"

Anglo American plc, a public limited company incorporated in England and Wales with registered number 3564138

"adjusted headline earnings"

headline earnings before unrealised non-hedge derivatives and marked- to-market of debt financial instruments;

adjusted headline earnings is a non-GAAP measure of financial performance

"adjusted operating profits"

operating profits adjusted to exclude unrealised non-hedge derivatives; adjusted operating profits is a non-GAAP measure of financial performance

"AngloGold"

AngloGold Limited, a company incorporated with limited liability under the laws of South Africa with registration number 1944/017354/06

"AngloGold ADSs"

the American depositary shares of AngloGold, each of which represents one AngloGold Share deposited with The Bank of New York, as depositary for the AngloGold ADSs

"AngloGold Ashanti"

AngloGold following the Merger

"AngloGold Ashanti ADSs"

AngloGold ADSs and New AngloGold Ashanti ADSs, each of which will represent one AngloGold Ashanti Share deposited with The Bank of New York, as depositary for the AngloGold Ashanti ADSs

"AngloGold Ashanti ADS"

the depositary agreement for the AngloGold Ashanti ADSs, amongst

Depositary Agreement"

AngloGold Ashanti, The Bank of New York, as depositary, and the holders of AngloGold Ashanti ADSs, dated as of 26 June 1998, as amended

"AngloGold Ashanti GhDS"

the depositary agreement for the AngloGold Ashanti GhDSs, to be entered

Depositary Agreement"

into amongst AngloGold Ashanti, NTHC Limited, as depositary, and Barclays Bank Ghana Limited, as custodian

"AngloGold Ashanti GhDSs"

the new Ghanaian depositary shares of AngloGold Ashanti, 100 of which will represent one AngloGold Ashanti Share deposited with NTHC Limited, as depositary for the AngloGold Ashanti GhDSs, required to be issued pursuant to the Scheme

"AngloGold Ashanti Securities"

AngloGold Ashanti Shares, AngloGold Ashanti ADSs, AngloGold Ashanti CDIs and AngloGold Ashanti GhDSs, or, as the context requires, any one of them

"AngloGold Ashanti Shareholders"

holders of AngloGold Ashanti Shares

"AngloGold Ashanti Shares"

the ordinary shares with a par value of ZAR0.25 each in the capital of AngloGold Ashanti

"AngloGold Board"

the board of directors of AngloGold

"AngloGold CDIs" or after the

AngloGold Clearing House Electronic Subregister System (or CHES)

Effective Date "AngloGold

Depositary Interests, five of which represent one AngloGold Share, which

Ashanti CDIs"

after the Effective Date will become AngloGold Ashanti CDIs, five of which will represent one AngloGold Ashanti Share

"AngloGold Directors"

the directors of AngloGold, whose names are set out in paragraph 2.1 of Part IX of this document

"AngloGold Group"

AngloGold and its subsidiary undertakings

7





"AngloGold Securityholders"

holders of AngloGold Shares, AngloGold ADSs or AngloGold CDIs

"AngloGold Shares"

the ordinary shares with a par value of ZAR0.25 each in the capital of AngloGold

"AngloGold Shareholders"

holders of AngloGold Shares

"Ashanti"

Ashanti Goldfields Company Limited, a company incorporated with limited liability under the laws of Ghana with registered number 7094

"Ashanti ADIs"

the interests in Ashanti Shares that are settled and traded within CREST as depositary interests

"Ashanti Board"

the board of directors of Ashanti

"Ashanti Directors"

the directors of Ashanti, whose names are set out in paragraph 2.6 of Part IX of this document

"Ashanti Extraordinary

the extraordinary general meeting of Ashanti Shareholders convened for

General Meeting"

11:30 a.m. on 7 April 2004 (or, if later, immediately after the conclusion or adjournment of the Scheme Meeting) at Len Clay Stadium, Obuasi, Ghana, including any adjournment thereof

"Ashanti GDSs"

the global depositary securities of Ashanti, each of which represents one Ashanti Share deposited with The Bank of New York (or such other person as may from time to time be appointed), acting in its capacity as depositary for the Ashanti GDSs

"Ashanti Group"

Ashanti and its subsidiary undertakings

"Ashanti Scheme Document"

the scheme document sent by Ashanti to Ashanti Securityholders in connection with the Scheme Meeting

"Ashanti Securities"

the Ashanti Shares, Ashanti ADIs, Ashanti GDSs and Ashanti ZDRs or, as the context requires, any one of them

"Ashanti Securityholders"

holders of Ashanti Shares, Ashanti ADIs, Ashanti GDSs or Ashanti ZDRs

"Ashanti Shareholders"

holders of Ashanti Shares

"Ashanti Shares"

the ordinary shares of no par value in the capital of Ashanti

"Ashanti ZDRs"

Zimbabwe depositary receipts of Ashanti, each of which represents one one-hundredth of an Ashanti Share deposited with Temple Assets (Private) Limited of 3rd floor, Unity Court, 64 Kwame Nkrumah Avenue, Harare, Zimbabwe (or such other person as may be appointed from time to time), acting in its capacity as depositary for the Ashanti ZDRs

"ASX"

the Australian Stock Exchange Limited

"Bondholders"

holders of Convertible Bonds

"Bond Trustee"

Law Debenture Trust Limited acting in its capacity as trustee of the Convertible Bonds

"Carbon-in-leach" or "CIL"

a process in which gold is leached from a slurry of gold ore with cyanide in agitated tanks and absorbed onto carbon granules in the same circuit; the carbon granules are separated from the slurry and treated separately to remove the gold





"Carbon-in-pulp" or "CIP"

a process in which gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks; the leached slurry then passes into the CIP circuit where carbon granules are mixed with the slurry and gold is absorbed onto the carbon; the granules are separated from the slurry and treated separately to remove the gold

"cash operating costs

a measure of the average cost of producing an ounce of gold, calculated by (cash operating costs per ounce)" dividing the total working costs in a period by the total gold production over the same period; cash operating costs (cash operating costs per ounce) are non- GAAP measures of financial performance

"cash operating profit"

adjusted operating profit plus amortisation of mining assets; cash operating profit is a non-GAAP measure of financial performance

"Combined Group"

AngloGold Ashanti and its subsidiary undertakings following the Merger

"Companies Code"

the Ghana Companies Code, 1963 (Act 179), as amended

"contained gold"

the total gold content of the orebody (tonnes multiplied by grade), irrespective of economic potential and without deduction for mining and processing losses prior to recovery

"Convertible Bonds"

the US\$1,000,000,000 2,375 per cent Guaranteed Convertible Bonds due 2009 issued by AngloGold Holdings plc, a wholly-owned subsidiary of AngloGold, convertible into AngloGold ADSs and unconditionally and irrevocably guaranteed by AngloGold

"CREST"

the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI No 2001/3755)) in respect of which CRESTCo Limited, a limited liability company incorporated in England and Wales with registered number 2878738, is the operator (as defined in such regulations), being a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by way of written instrument

"depletion"

the decrease in quantity of ore in a deposit or property resulting from extraction or production

"dilution"

rock that is of necessity moved along with ore in the mining process, consequently lowering the grade of ore

"Effective Date"

the date on which the Scheme becomes effective in accordance with its terms

"Existing Obuasi Mine"

the existing mine above 50 level at Obuasi mine

"Ghana"

the Republic of Ghana

"Golden Share"

the special rights redeemable preference share of no par value of Ashanti and held by the Government, further details of which are contained in paragraph 21 of Part IX of this document

"Government"

the Government of Ghana

"Government Support Deed"

a deed of agreement, dated 4 December 2003, entered into between AngloGold and the Government pursuant to which the Government agreed, amongst other things, to vote in favour of the Scheme in its capacity as a shareholder of Ashanti

"grade"

the quantity of gold contained within a unit weight of gold-bearing material generally expressed in grams per metric tonne (g/t) and reflected on a delivered-to-mill basis

"GSE"

the Ghana Stock Exchange







"High Court"

the High Court of Ghana

"IFRS"

International Financial Reporting Standards, formerly referred to as International Accounting Standards (IAS)

"in situ deposit"

reserves still in the ground

"JSE"

the JSE Securities Exchange South Africa

"Listing Particulars"

the listing particulars relating to AngloGold prepared in accordance with the UK Listing Rules and Part VI of the UK Financial Services and Markets Act 2000, as they may be supplemented or amended from time to time

"Lonmin"

Lonmin Plc, a public limited company incorporated in England and Wales with registered number 00103002

"Lonmin Support Deed"

a deed of agreement, dated 4 August 2003, as amended on 17 October 2003, entered into between AngloGold and Lonmin pursuant to which Lonmin agreed, amongst other things, to vote in favour of the Scheme in its capacity as a shareholder of Ashanti

"LSE"

the London Stock Exchange plc

"MENS"

US\$75 million unsecured mandatorily exchangeable notes of Ashanti Capital (Second) Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Ashanti with registered number 115822, exchangeable for Ashanti Shares and guaranteed by Ashanti and issued pursuant to a deed poll dated 27 June 2002 executed by Ashanti and Ashanti Capital (Second) Limited

"Merger"

the proposed merger to be effected by the Scheme as described in the Transaction Agreement

"metallurgical plant"

a processing plant erected to treat ore and extract gold

"mine call factor"

the ratio, expressed as a percentage, of the total quantity of recovered and unrecovered mineral product after processing to the amount of mineral product estimated to be contained in the ore based on sampling

"mineral deposit"

a mineralised body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metal; this material or deposit does not qualify as a reserve until a comprehensive evaluation, based on costs, grade, recoveries and other factors, demonstrates economic feasibility and consequently, although the potential exists, there is no assurance that this mineral deposit will ever become an ore reserve

"Mineral Resources"

mineralisation which has been identified and estimated through exploration and sampling and within which Ore Reserves may be defined by the consideration and application of technical, economic, legal, environmental, social and governmental factors

"MPRDA"

the South African Mineral and Petroleum Resources Development Act, 2002

"New AngloGold Ashanti ADSs"

the new American depository shares of AngloGold Ashanti, each of which will represent one New AngloGold Ashanti Share deposited with The Bank of New York, as depository for the AngloGold Ashanti ADSs, required to be issued pursuant to the Scheme

"New AngloGold Ashanti Shares"

the new ordinary shares with a par value of ZAR0.25 each in the capital of AngloGold Ashanti required to be allotted and issued by AngloGold Ashanti pursuant to the Scheme and pursuant to the Stability Agreement





"non-GAAP measure"

a measure of financial performance otherwise than in accordance with IFRS or UK GAAP

"NYSE"

the New York Stock Exchange, Inc.

"Obuasi Deeps"

the potential deep-level mining development below 50 level at the Obuasi mine

"Official List"

the official list maintained by the UK Listing Authority

"Ore Reserves" or "reserves"

that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination

"ounce"

used in imperial statistics; a troy ounce is equal to 31.1035 grams

"Parliament"

the Parliament of Ghana

"Probable (indicated) reserves"

reserves for which quantity and grade and/or quality are computed from information similar to that used for Proved (measured) reserves, but the sites for inspection, sampling and measurement are further apart or are otherwise less adequately spaced; the degree of assurance, although lower than that for Proved (measured) reserves, is high enough to assume continuity between points of observation

"Proved (measured) reserves"

reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geological character is so well defined that size, shape, depth and mineral content of reserves are well established

"Queenstake"

Queenstake Resources USA Inc.

"Randgold"

Randgold Resources Limited, a public limited company incorporated in Jersey with registered number 62686

"reclamation"

reclaiming, monitoring or pumping of slimes using high-pressure water cannons from the dumps to the metallurgical plants for processing

"recovered grade"

the function of processing plant feed grade multiplied by metallurgical recovery

"reef"

a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold

"refining"

the final purification process of a metal or mineral

"Registrar of Companies"

the Registrar of Companies in Ghana appointed in accordance with section 328 of the Companies Code

"rehabilitation"

the process of restoring mined land to allow an appropriate post-mining use; rehabilitation standards are determined amongst others by the South African Department of Minerals and Energy, the US Bureau of Land Management, the US Environmental Protection Agency, and the Australian Minerals Industry Code for Environmental Management, and address ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues

"SAAS"

South African Auditing Standard (or Standards)

"SAG"

Semi Autogenous Grinding, a method of grinding where ore in the mill is used as part or all of the grinding medium





"SA GAAP"

generally accepted accounting practice in South Africa

"SARB"

South African Reserve Bank

"Scheme"

the scheme of arrangement under section 231 of the Companies Code set out in the Ashanti Scheme Document in its present form or with or subject to any modification, addition or condition which the High Court may approve or impose and, if detrimental to AngloGold, to which AngloGold consents

"Scheme Meeting"

the meeting of Ashanti Shareholders convened by order of the High Court pursuant to section 231 of the Companies Code to consider and, if thought fit, approve the Scheme, including any adjournment thereof

"SEC"

the US Securities and Exchange Commission

"SDRT"

stamp duty reserve tax

"Share Exchange Ratio"

an exchange ratio of 0.29 New AngloGold Ashanti Shares, 0.29 New AngloGold Ashanti ADSs or, for Ghanaian residents only, 29 AngloGold Ashanti GhDSs for every Ashanti Share held

"South Africa"

the Republic of South Africa

"South African Common

the South African Common Monetary Area, including the Kingdom of Lesotho, Monetary Area"

the Kingdom of Swaziland, South Africa and the Republic of Namibia

"Stability Agreement"

the agreement entered into between the Government and AngloGold, concerning certain fiscal and regulatory undertakings regarding the Combined Group and its operations in Ghana upon implementation of the Merger, as approved by Parliament on 18 February 2004

"STRATE"

Share Transactions Totally Electronic, an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, which is managed by STRATE Limited, a company incorporated under the laws of South Africa with registration number 1998/022242/06

"subsidiary undertaking"

has the meaning given to that term in the UK Companies Act 1985, as amended

"tailings"

finely ground rock of low residual value from which valuable minerals have been extracted

"tailings dam (slimes dam)"

dams or dumps created from tailings

"tonnage"

quantities where the tonne is an appropriate unit of measure; typically used to measure resources and reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled; reflected on a delivered-to-mill basis

"tonne"

used in metric statistics and equal to 1,000 kilograms

"total cash costs

total cash costs include site costs for all mining, processing, administration, (total cash costs per ounce)"

royalties and production taxes, as well as contributions from by-products but are exclusive of depreciation, depletion and amortisation, rehabilitation, employment severance costs, corporate administration costs, capital costs and exploration costs; total cash costs per ounce is the attributable total cash costs divided by the attributable ounces of gold produced; total cash costs (total cash costs per ounce) are non-GAAP measures of financial performance







"total production costs

a measure of the average cost of producing an ounce of gold, calculated by (total production costs per ounce)" dividing the production costs (attributable production costs for AngloGold) in a period by the gold production (attributable gold production for AngloGold) over the same period; total production costs represent total cash costs (cash operating costs for Ashanti), plus depreciation, depletion and amortisation, employee severance costs and rehabilitation and other non-cash costs; total production costs (total production costs per ounce) are non-GAAP measures of financial performance

"Transaction Agreement"

the transaction agreement entered into between AngloGold and Ashanti dated 4 August 2003 and amended on 2 September 2003, 23 September 2003, 29 October 2003, 13 November 2003 and 12 December 2003, relating to the Merger

"UK GAAP"

accounting principles generally accepted in the United Kingdom

"UK Listing Authority" or "UKLA"

the UK Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000, including where the context so permits, any committee, employee, officer or servant to whom any function of the UK Listing Authority may for the time being be delegated

"UK Listing Rules"

the rules and regulations made by the UK Listing Authority under Part VI of the UK Financial Services and Markets Act 2000, as amended from time to time

"United Kingdom" or "UK"

the United Kingdom of Great Britain and Northern Ireland

"United States" or "US"

the United States of America, its territories and possessions, any state of the United States or the District of Columbia and all areas subject to its jurisdiction

"US cents"

United States cents, being a sub-division of the US dollar

"US\$" or "US dollar"

United States dollar, the official currency of the United States

"US GAAP"

generally accepted accounting principles in the United States

"US Securities Act"

the US Securities Act of 1933, as amended

"US Securities Exchange Act"

the US Securities Exchange Act of 1934, as amended

"waste"

material that contains insufficient mineralisation for consideration for future treatment and, as such, is discarded

"yield"

the amount of valuable mineral or metal recovered from each unit mass of ore expressed as ounces per short ton or grams per metric tonne

"ZAR" or "South African rand"

the official currency of South Africa

"Zimbabwe"

the Republic of Zimbabwe

"ZSE"

the Zimbabwe Stock Exchange

13





## Part I: Overview of the Merger

### 1.

#### INTRODUCTION

On 16 May 2003, AngloGold and Ashanti confirmed that they were in discussions regarding a proposed merger of the two companies and on 4 August 2003 the companies announced that they had agreed the terms of a recommended merger at an exchange ratio of 0.26 New AngloGold Ashanti Shares, 0.26 New AngloGold Ashanti ADSs or, for Ghanaian residents only, 26 AngloGold Ashanti GhDSs, for every Ashanti Share or Ashanti GDS, and that they had entered into the Transaction Agreement. On the same date, AngloGold entered into the Lonmin Support Deed, pursuant to which Lonmin agreed, amongst other things, to vote its Ashanti Shares in favour of the Merger.

Following the announcement of these agreements, Ashanti announced on 8 August 2003 that it had received a merger proposal from Randgold. After further discussions with AngloGold and detailed, careful consideration of the Randgold proposal, and following the increase by AngloGold in the offer consideration to 0.29 New AngloGold Ashanti Shares, 0.29 New AngloGold Ashanti ADSs or, for Ghanaian residents only, 29 AngloGold Ashanti GhDSs, for every Ashanti Share or Ashanti GDS, the Ashanti Board announced on 14 October 2003 that it was recommending an improved final merger offer from AngloGold.

Following receipt of a revised proposal from Randgold on 24 October 2003, the Ashanti Board announced on 27 October 2003 that it had unanimously resolved to continue to recommend AngloGold's improved final merger offer. On 28 October 2003, the Government announced its support for the Merger as well as the principal terms of a stability undertaking which the Government intended to enter into with AngloGold. On 12 December 2003, AngloGold and the Government entered into the Government Support Deed, pursuant to which the Government agreed, amongst other things, to vote its Ashanti Shares in favour of the Merger. Following the approval by Parliament of the terms of the Stability Agreement on 18 February 2004, AngloGold and the Government entered into the Stability Agreement. The Merger is to be effected by means of a Ghanaian Scheme of Arrangement under section 231 of the Companies Code, which requires the approval of not less than three-fourths of the votes cast by Ashanti Shareholders present and entitled to vote either in person or by proxy at a Court-convened shareholder meeting and the confirmation of the High Court of Ghana. Under the terms of the Merger, Ashanti Securityholders will receive for every Ashanti Share or Ashanti GDS 0.29 New AngloGold Ashanti Shares or 0.29 New AngloGold Ashanti ADSs. Ashanti Shareholders resident in Ghana will, unless they elect otherwise, receive AngloGold Ashanti GhDSs, 100 of which will represent one AngloGold Ashanti Share, in exchange for their Ashanti Shares on the basis of 29 AngloGold Ashanti GhDSs for every Ashanti Share.

Following the Merger, Ashanti will become a private company within the meaning of the Companies Code and a wholly-owned subsidiary of AngloGold Ashanti and the Ashanti Securities will cease to be listed on the GSE, the LSE, the NYSE and the ZSE. AngloGold has agreed to convene a general meeting of its shareholders to consider a special resolution to change its name to AngloGold Ashanti Limited as of completion of the Merger. This special resolution to approve the change of name will need to be passed at a general meeting of AngloGold at which shareholders holding in aggregate not less than one-fourth of the total votes of all of the shareholders entitled to vote thereat are present in person or by proxy, and the resolution will need to be approved on a show of hands, by no less than three-fourths of the AngloGold shareholders entitled to vote on a show of hands at the meeting who are present in person or by proxy or, where a poll has been demanded, by no less than three-fourths of the total votes that AngloGold shareholders present in person or by proxy are entitled to cast. The board of directors of AngloGold has recommended that AngloGold Shareholders vote in favour of this special resolution. AngloGold has received an undertaking from its largest shareholder, AA plc, which currently holds approximately 54 per cent of AngloGold's issued share capital, to vote its AngloGold Shares in favour of this special resolution.

**The Ashanti Board considers the terms of the Merger to be in the best interests of Ashanti Securityholders as a whole and of Ashanti. The Ashanti Board recommends that all Ashanti Securityholders vote in favour of the resolutions to be proposed at the Scheme Meeting and the Ashanti Extraordinary General Meeting, as the Ashanti Directors intend to do in respect of their own respective beneficial holdings, which amount in aggregate to 90,716 Ashanti Shares (representing 0.07 per cent of the issued ordinary share capital of Ashanti).**





**Chester Crocker, Lynda Chalker and Edward Haslam, being directors of Ashanti, have not taken part in the deliberations of the Ashanti Board relating to the recommendation of the Merger. Chester Crocker and Lynda Chalker have, or companies in which they have an interest have, entered into commercial contracts with AngloGold, its subsidiaries or its parent, AA plc. Edward Haslam did not participate because he is an executive director of Ashanti's largest shareholder, Lonmin, which has given an undertaking to AngloGold to support the Merger.**

**2.**

## **DESCRIPTION OF AGREEMENTS**

*Transaction Agreement.* The Transaction Agreement sets out the terms and conditions subject to which the Merger is to be effected and contains customary undertakings, representations, covenants, conditions and termination provisions. The Merger is, among other things, conditional upon the approval of the Scheme by Ashanti Shareholders and the confirmation of the Scheme by the High Court. If AngloGold wrongfully terminates the Transaction Agreement in breach of its obligations to complete the Merger, it will be committed to pay Ashanti US\$75 million to compensate it for the damages Ashanti will have suffered as a result of the breach. If Ashanti wrongfully terminates the Transaction Agreement in breach of its obligations, it will be liable for all damages incurred by AngloGold, which, in that event, will not be subject to any cap. In either case, no payment will be made unless there has been a determination by the High Court of England that a breach of the Transaction Agreement has occurred. If the resolution to approve the Scheme is not passed by Ashanti Shareholders at the Scheme Meeting, then either AngloGold or Ashanti would be entitled to terminate the Transaction Agreement and would not, in the absence of any breach of any other obligations under the Transaction Agreement, be liable to pay any charges thereunder.

More details of the Transaction Agreement are set out in paragraph 15 of Part IX of this document.

*Shareholder Support Deeds.* AngloGold has entered into the Lonmin Support Deed and the Government Support Deed with Lonmin and the Government, respectively, the two major shareholders of Ashanti who together own 44.2 per cent of Ashanti's issued ordinary share capital, pursuant to which Lonmin and the Government have, amongst other undertakings, agreed to vote their Ashanti Shares in favour of the Merger.

Under the Government Support Deed, AngloGold has agreed that the Government will be able to recommend two Ghanaian citizens to the AngloGold Board, and AngloGold will appoint such persons as non-executive directors of AngloGold Ashanti upon the Merger becoming effective (subject to such persons being acceptable to the AngloGold Board and to Ashanti in accordance with the relevant applicable company laws). As at 27 February 2004 (being the latest practicable date prior to publication of this document), AngloGold has not received any recommendation from the Government in relation to such appointments.

In connection with the Merger, AngloGold has, pursuant to a registration rights agreement, granted registration rights to Lonmin in order to allow Lonmin to sell publicly in the United States the New AngloGold Ashanti Shares that it receives in the Merger in an orderly manner following the completion of the Merger. Without these registration rights, the sale of New AngloGold Ashanti Shares by Lonmin in the United States would be subject to certain resale restrictions.

*Stability Agreement.* AngloGold and the Government have also agreed the terms of a stability agreement (the "Stability Agreement") to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti will operate in Ghana upon the implementation of the Merger. The Stability Agreement was executed by AngloGold and the Government following the approval of its terms by Parliament on 18 February 2004.

Under the Stability Agreement, the Government has agreed to:

- extend the term of the mining lease relating to the Obuasi mine until 2054 on its existing terms;
- maintain the royalties payable by Ashanti with respect to its mining operations in Ghana at a rate of 3 per cent per annum of the total revenue from minerals obtained by Ashanti from such mining operations for a period of 15 years;
- maintain the corporate tax rate for Ashanti and to fix it for each of its subsidiaries in Ghana at a rate of 30 per cent for a period of 15 years;
- confirm that the rights of the Government of Ghana with respect to the Golden Share apply solely to Ashanti's assets and operations in Ghana; and





- authorise Ashanti and any or all of its subsidiaries in Ghana to retain up to 80 per cent of their exportation proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana to guarantee the availability of such foreign currency.

The Government has also agreed that Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the Effective Date.

In consideration of these agreements and undertakings, AngloGold has agreed to issue to the Government 2,658,000 New AngloGold Ashanti Shares and to pay to the Government US\$5 million in cash, promptly after the implementation of the Merger. AngloGold has also agreed to pay to the Government, on the Effective Date, US\$5 million in cash towards the transaction costs incurred by the Government in its role as regulator of Ashanti.

In consideration of the agreements and undertakings contained in the Stability Agreement, AngloGold will also:

- commit to recapitalisation of the Existing Obuasi Mine as well as to undertake further exploration with regard to Obuasi Deeps. AngloGold Ashanti proposes to spend US\$220 million on the Existing Obuasi Mine over the five year period commencing 1 January 2004. This amount of US\$220 million includes the amount of US\$110 million in real terms which AngloGold intends to spend over the next five years on underground equipment, infrastructure and environmental and planning systems for the Existing Obuasi Mine as referred to in paragraph 2 of Part II of this document. With regard to Obuasi Deeps, by 31 December 2008 AngloGold Ashanti will conclude the required exploration programme and feasibility studies, at an estimated cost of US\$44 million. Thereafter, if viable, development of Obuasi Deeps may proceed with preliminary scoping studies indicating an amount of US\$570 million to be spent over the life of mine;
- for a period of two years, not implement any new retrenchment programmes in Ghana (excluding individual dismissals from time to time) and to continue to apply Ashanti's existing and approved retrenchment programmes;
- establish and/or maintain a community trust in Ghana to which AngloGold Ashanti will contribute a total amount of 1 per cent of its profits generated in Ghana; and
- implement programmes pertaining to training, Malaria control and improvement of health, safety and working conditions.

The Stability Agreement will terminate automatically should the 2,658,000 AngloGold Ashanti Shares not be issued to the Government or the amount of US\$5 million not be paid to the Government within three business days of the implementation of the Merger. The Stability Agreement will also automatically terminate upon the termination of the Government Support Deed.

In the event that after Parliament approves the Stability Agreement: (i) the Transaction Agreement is terminated by the mutual written consent of AngloGold and Ashanti or (ii) AngloGold wrongfully terminates the Transaction Agreement, AngloGold has agreed to promptly pay to the Government US\$15 million in cash. The obligation to pay this amount would not be triggered if the resolution to approve the Scheme is not passed by Ashanti Shareholders at the Scheme Meeting.

Details of the rights attaching to the Golden Share are set out in paragraph 21 of Part IX of this document.





## Part II: Overview of AngloGold Ashanti

### 1.

#### INTRODUCTION

AngloGold Ashanti will be a growth focused, leading global gold producer. It will have one of the largest gold Ore Reserves bases in the industry, a significant and well diversified production base, and the financial and technical resources to maximise organic growth from the existing asset base as well as to capitalise on further acquisition opportunities.

### 2.

#### BENEFITS OF THE MERGER

The AngloGold Directors and the Ashanti Directors believe that the Merger will allow the holders of AngloGold Securities and Ashanti Securities to benefit from the establishment of a global leader in the gold industry and they expect that the Merger will produce a Combined Group with the following attributes:

- **Growth/upside potential**

- an enhanced production profile is expected from existing brownfields opportunities;
- AngloGold's proven ability in the development of deep-level projects should maximise the opportunity for the development of deep-level underground mining at Obuasi Deeps, where a scoping study has been undertaken to review the mine's potential down to 100 level as well as alternative production rates, infrastructure options and operating and capital cost projections;
- a dedicated project team will undertake a feasibility study regarding Obuasi Deeps with anticipated expenditure for exploration and feasibility studies of US\$44 million over the next five years. Including this amount, the total capital expenditure for Obuasi Deeps is estimated to be US\$570 million in real terms over the expected life of mine;
- AngloGold Ashanti intends to invest US\$110 million in real terms over the next five years on underground equipment, infrastructure and environmental and planning systems for the Existing Obuasi Mine. This amount is in addition to capital expenditure already planned by Ashanti and is in addition to the US\$44 million to be spent upon exploration for Obuasi Deeps as referred to above. Under the Stability Agreement, AngloGold Ashanti proposes to spend US\$220 million on the Existing Obuasi Mine over the next five years, which amount includes the US\$110 million mentioned immediately above. AngloGold management anticipates that these initiatives will improve underground working conditions and mine planning, thereby increasing efficiencies with the objective of reducing anticipated cash operating costs at Obuasi by an estimated US\$20 per ounce in real terms over the next five years;
- AngloGold Ashanti intends to accelerate its exploration programmes, particularly at Obuasi and at Siguiri;
- AngloGold Ashanti will have land positions in some of the most prospective regions in the world; and
- AngloGold's stronger balance sheet, combined with its proven capital raising capability, will ensure the funding of the above development projects at Obuasi and, in 2004, the CIP installation at Siguiri.
- **Synergies** - the Merger is expected to generate tangible pre-tax synergy benefits of approximately US\$15 million per annum, before transaction expenses, expected from the first full year after completion, due to anticipated:
  - reduced financing costs - Ashanti's cost of funds is generally higher than that of AngloGold. Refinancing of certain of Ashanti's existing financing arrangements is expected to yield savings of approximately US\$3 million per annum;
  - reduced administrative and procurement costs - These savings are expected to result in savings of approximately US\$9 million per annum. They are principally expected to arise from two sources. First, the integration of corporate, general administration, sales and marketing activities of AngloGold and Ashanti. Secondly, AngloGold has developed globally coordinated procurement strategies and infrastructure, the use of which by Ashanti, in particular in relation to the Obuasi, Bibiani, Iduapriem/Teberebie and Siguiri mines, is expected to result in cost savings;
  - consolidation of ownership of the Geita mine in Tanzania; and
  - breadth of technical capabilities to ensure the optimal development of organic growth opportunities - AngloGold has a broader technical and financial skills base and therefore does not outsource these functions to the extent which Ashanti does presently. The reduced need for such outsourcing by Ashanti following the Merger is expected to result in savings of approximately US\$3 million per annum.







- **Scale** - AngloGold Ashanti will have the production base, ore reserves and financial resources which are anticipated to generate future value.
- Ore Reserves - 83.8 million ounces of attributable Proved and Probable Ore Reserves based on AngloGold's and Ashanti's Proved and Probable Ore Reserves as at 31 December 2003 (which Ore Reserves were already adjusted for the sale by AngloGold of Amapari, the Western Tanami assets and its 70 per cent interest in the Jerritt Canyon Joint Venture during 2003, as well as the closure in 2003 of Union Reefs. This represents approximately a 33 per cent increase in AngloGold's Proved and Probable Ore Reserves as at 31 December 2003;
- Production - reinforces AngloGold's position as one of the world's largest gold producers with 2003 combined gold production of 6.9 million ounces (adjusted for the sale during 2003 by AngloGold of its 70 per cent interest in the Jerritt Canyon Joint Venture as well as the closure of Union Reefs in 2003), a 28 per cent increase in AngloGold's attributable production level for the year ended 31 December 2003 similarly adjusted for the sale of Jerritt Canyon and the closure of Union Reefs; and
- US\$980 million cash operating profit, on a 2003 pro forma basis (as extracted without material adjustment from the unaudited pro forma financial information relating to AngloGold Ashanti set out in Part VIII of this document).
- **Operating strength** - AngloGold Ashanti will have a portfolio of long-life, low-cost assets and different orebody types in the key gold producing regions.
- Cash operating costs - total cash costs of US\$230 per ounce on a 2003 pro forma basis (as extracted without material adjustment from the unaudited pro forma financial information relating to AngloGold Ashanti set out in Part VIII of this document);
- Long-life assets - six operations in five countries with combined Ore Reserves of 41.2 million ounces have current life of mine plans of 15 years or longer; and
- Diversification - well diversified asset portfolio comprising a balance of open-pit and underground production from a total of 24 operations (following the sale during 2003 by AngloGold of its interests in the Jerritt Canyon Joint Venture, as well as the closure in 2003 of Union Reefs) operations distributed across 11 countries in the principal gold producing regions of the world.
- **Investment appeal** - AngloGold Ashanti is anticipated to have the growth potential, size, liquidity and dividend yield to enhance appeal to the investment community.
- Increased size - combined market capitalisation of approximately US\$11.3 billion (based on the closing price of an AngloGold ADS on the NYSE on 27 February 2004, the last practicable trading day prior to the publication of this document, and the issued ordinary share capital of each of AngloGold and Ashanti as at such date), meriting greater attention from major global generalist and specialist investment institutions; and
- Share trading liquidity - increased liquidity, particularly in North America, which represents some two-thirds of AngloGold and Ashanti's combined share turnover.

### 3.

#### PROSPECTS

This section, which considers the prospects for AngloGold Ashanti upon the implementation of the Merger, should be read in conjunction with paragraph 2 above which considers the benefits of the Merger.

*Outlook.* AngloGold anticipates that its attributable production in 2004, on a standalone basis, would decrease to around 5.3 million ounces, following the closure and sale in 2003 by AngloGold of Union Reefs and its 70 per cent interest in the Jerritt Canyon Joint Venture. In 2003, Union Reefs and Jerritt Canyon collectively contributed 180,000 ounces towards AngloGold's attributable production of approximately 5.6 million ounces. Ashanti, on the other hand, anticipates that its operations will achieve production in 2004 broadly in line with the performance recorded in 2003. AngloGold Ashanti expects to achieve attributable production of around 6.6 million ounces for 2004, on the assumption that the Merger is completed during April 2004.

AngloGold will implement a change in the accounting treatment of Ore Reserve development expenditure with effect from 1 January 2004. Previously, a portion of this expenditure was expensed in the period that such expenditure was incurred. In line with many major gold producers, from 2004 AngloGold will capitalise Ore Reserve development expenditure and amortise it, using the units of production method, over the life of the relevant mining area to which such expenditure applies. This treatment will be extended to include Ashanti's operations upon the completion of the Merger.







Assuming that the US dollar exchange rates of the currencies in the countries where AngloGold operates remain in 2004 at levels similar to the average exchange rates in 2003, and allowing for the change in treatment of Ore Reserve development expenditure outlined above, AngloGold's total cash operating costs in US dollars per ounce are anticipated to increase marginally in 2004 relative to 2003. Ashanti's cash operating costs are expected to be broadly in line with those achieved in 2003, increasing in line with inflation. It is therefore anticipated that AngloGold Ashanti's total cash operating costs will be marginally higher in 2004 than that achieved by AngloGold in 2003. For AngloGold, capital expenditure for 2004 is expected to be higher than in 2003, primarily as a result of the inclusion of Ore Reserve development expenditure as discussed above. In the case of Ashanti, AngloGold is committed to the recapitalisation of the Existing Obuasi Mine, as well as continuing and accelerating the exploration at Obuasi Deeps. AngloGold Ashanti is also committed to the completion of the CIP project at Siguiri. Total attributable capital expenditure for the Combined Group for 2004 is anticipated to be approximately US\$600 million. Upon the implementation of the Merger, AngloGold Ashanti's primary focus will be to integrate the operations and activities of the two companies so as to achieve both the short and long term benefits of the Merger as set out in paragraph 2 above. Furthermore, as a gold mining company, AngloGold Ashanti is subject to the risks which impact upon the gold mining industry generally and specifically the operations of AngloGold Ashanti, as set out in paragraph 8 below. Therefore, whilst AngloGold Ashanti views its prospects for 2004 with confidence, the uncertainty associated with such risks, including risks related to short-term integration issues in 2004, may have an impact upon the operating and financial performance of AngloGold Ashanti in 2004, as well as the Growth Opportunities described further below.

*Growth opportunities.* In addition to continuously monitoring and evaluating prospective acquisitions, including the Merger, AngloGold Ashanti's management has identified a number of medium to long-term organic growth opportunities. In South Africa, approved projects include:

- the Mponeng deepening project (at a projected capital cost of ZAR1.3 billion, which is anticipated to yield 4.0 million ounces between 2004 and 2016);
- the development of the Moab Khotsong mine (at a projected capital cost of ZAR4.2 billion) where initial mining commenced in November 2003, and commercial production is expected to be achieved in 2006, and which is anticipated to yield in excess of 4.0 million ounces over the course of Phase 1;
- four projects at TauTona mine (at an aggregate projected capital cost of ZAR1.6 billion and which are anticipated to yield 4.1 million ounces over the next 11 years), in particular, the TauTona expansion project, the TauTona carbon leader below 120 level project and the TauTona VCR pillar and Area A projects; and
- the Vaal River surface project, which at a projected capital cost of ZAR182 million is anticipated to yield 1.1 million ounces from 2004.

In the United States the Cripple Creek & Victor Expansion was approved and has been fully commissioned. In addition, a number of other projects are under consideration. These include the Cuiaba expansion project in Brazil, the Moab Khotsong Phase 2 and the Mponeng VCR 120 to 125 level projects in South Africa, as well as the Sunrise Dam underground project and the Boddington expansion project in Australia.

Prior to the implementation of the Merger, Ashanti approved, and AngloGold has committed to completing, the CIP expansion project at Siguiri. This project is anticipated to be commissioned in the fourth quarter of 2004 or in the first quarter of 2005 at a capital cost currently estimated to be approximately US\$75 million to US\$80 million. AngloGold Ashanti anticipates that this project will yield approximately 2.3 million ounces from 2005 to 2012.

One of the principal growth opportunities identified as a result of the Merger relates to the Existing Obuasi Mine and the potential associated with Obuasi Deeps. The investment of US\$220 million in the Existing Obuasi Mine over the next five years to 31 December 2008 is anticipated by AngloGold Ashanti to improve underground working conditions and increase efficiency. While the main benefit of this investment is anticipated by AngloGold Ashanti to be a reduction in operating costs and therefore improved profitability, it is possible that the investment may also result in a marginal increase in gold production. Obuasi Deeps is anticipated to contain a substantial ore deposit. Limited drilling to date has given some indication of the potential of this ore deposit. Over the next five years, AngloGold Ashanti will focus on an intensive exploration programme and undertaking feasibility studies, which, it is anticipated, will prove the potential of this ore deposit leading to the establishment of a long-life, high margin, operation. Obuasi Deeps, if viable, is





anticipated by AngloGold Ashanti to be a deep level mining operation and to come into production from 2015. However, limited mining of the upper portion of Obuasi Deeps may be possible sooner. In addition to Obuasi Deeps, exploration will also continue with the Existing Obuasi Mine with the objective of extending the Mineral Resources. AngloGold Ashanti will also continue brownfields and greenfields exploration in accordance with its global exploration strategy. Exploration will continue in the countries in which AngloGold already has operations, namely in Argentina, Australia, Brazil, Tanzania, Mali, Namibia, South Africa and the United States. AngloGold's greenfields exploration programme targets the addition of approximately 13 million new ounces to AngloGold's production between 2007 and 2020, at a discovery cost of below US\$30 per ounce. This programme comprises projects in Australia, Canada, Mali, Mongolia, Peru and the United States.

In addition to the exploration at Obuasi outlined above, brownfields exploration will also continue at and in the vicinity of Ashanti's other operations. In particular at the Siguiiri mine in Guinea, exploration will continue on the newly-identified mineralised shear structure, which strikes north-south between the Kosise and Soloni pits. At the Geita mine in Tanzania, exploration will be continued with the objective of converting the large Mineral Resource into Ore Reserves. Limited greenfields exploration is also planned at the Kilo Concession 40 in the Democratic Republic of the Congo, following an improvement in the security situation in that country during the latter part of 2003. Should security continue to improve and further exploration justify additional expenditure, this exploration effort will be increased.

#### **4.**

#### **BOARD OF DIRECTORS**

Following completion of the Merger, Russell Edey, the current Chairman of AngloGold, will continue to be Chairman of AngloGold Ashanti. Sam Jonah, the current Chief Executive of Ashanti, will, in addition to joining the board of AngloGold Ashanti, play a leading role in the executive management of AngloGold Ashanti in the position of President. In this new position, Mr Jonah will share responsibility with AngloGold Ashanti's CEO, Bobby Godsell, for strategy formulation, the identification and development of new business opportunities and managing AngloGold Ashanti's relationships with governments, securityholders and other stakeholders. Mr Jonah will join a five-person Executive Committee of AngloGold Ashanti, to be chaired by Mr Godsell. The existing directors of AngloGold and the AngloGold executive team will otherwise continue in their current roles in AngloGold Ashanti.

The members of the AngloGold Ashanti Board following the Effective Date will be:

Robert (Bobby) M. Godsell

Executive director and chief executive officer

Sam Esson Jonah\*

Executive director, president

Jonathan G. Best

Executive director, finance

David (Dave) L. Hodgson

Executive director and chief operating officer

Kelvin H. Williams

Executive director, marketing

Russell P. Edey

Non-executive director and chairman

Dr Thokoana J. (James) Motlatsi

Non-executive director and deputy chairman

Frank B. Arisman

Non-executive director

Elisabeth le R. Bradley

Non-executive director

Colin B. Brayshaw

Non-executive director

Anthony (Tony) W. Lea

Non-executive director

William (Bill) A. Nairn

Non-executive director

Julian Ogilvie Thompson

Non-executive director

Nicholas F. Oppenheimer

Non-executive director

Anthony (Tony) J. Trahar

Non-executive director

David D. Barber

Alternate director

Arthur H. (Harry) Calver

Alternate director

Peter G. Whitcutt

Alternate director

\*Sam Jonah is to be appointed to the AngloGold Board on the Effective Date.

20





Under the Government Support Deed, the Government will be entitled to recommend two Ghanaian citizens to the AngloGold Board and AngloGold will appoint such persons as non-executive directors of AngloGold Ashanti upon the Merger becoming effective (subject to such persons being acceptable to the AngloGold Board and to Ashanti in accordance with the relevant applicable company laws). As at 27 February 2004 (being the latest practicable date prior to publication of this document), AngloGold has not received any recommendation from the Government in relation to such appointments.

See paragraph 2 of Part IX of this document for more information on the AngloGold Directors and on Sam Jonah.

**5.**

**STOCK EXCHANGE LISTINGS**

AngloGold Shares are listed and traded on the JSE under the symbol "ANG", the ASX in the form of AngloGold CDIs under the symbol "AGG", Euronext Paris under the symbol "VA," and are traded on the LSE under the symbol "AGD" and are quoted on Euronext Brussels in the form of unsponsored International Depositary Receipts (IDRs) under the symbol "ANG BB". AngloGold ADSs are listed and traded on the NYSE under the symbol "AU".

Applications have been made to the UKLA and the LSE, and will be made to the JSE and Euronext Paris for the New AngloGold Ashanti Shares to be listed and traded and to the NYSE to list the New AngloGold Ashanti ADSs to be issued to Ashanti Securityholders pursuant to the Merger. The GSE has granted permission to AngloGold Ashanti to list the New AngloGold Ashanti Shares and the AngloGold Ashanti GhDSs.

**6.**

**SELECTED FINANCIAL INFORMATION RELATING TO ANGLOGOLD**

The selected consolidated financial information relating to AngloGold set forth below for the years ended and as at 31 December 2000, 2001, 2002 and 2003 should be read in conjunction with AngloGold's consolidated financial statements and the notes thereto prepared in accordance with IFRS. The selected consolidated financial information for the years ended and as at 31 December 2000, 2001 and 2002 has been extracted without material adjustment from AngloGold's audited consolidated financial statements prepared in accordance with IFRS. The selected consolidated financial information for the year ended and as at 31 December 2003 has been extracted without material adjustment from AngloGold's unaudited consolidated financial statements prepared in accordance with IFRS and reviewed by Ernst & Young in accordance with SAAS 910.

A summary discussion of AngloGold's financial results is set out in paragraph 5 of Part III of this document. The consolidated financial statements of AngloGold are set out in full in Part V of this document.

**Year ended 31 December**

**2000**

**2001**

**2002**

**2003**

**Consolidated statement of income (US\$ millions)**

**(audited)**

**(unaudited)**

Gold income

2,208

2,041

1,761

2,029

Cost of sales

(1,740)

(1,519)

(1,203)

(1,526)

468

522

558

503

Non-hedge derivatives

-

(5)

92

119

**Operating profit**

468

517

650

622

Corporate administration and other expenses

(33)

(22)

(25)

(36)

Market development costs

(12)

(16)

(17)

(19)

Exploration costs

(44)

(26)

(28)

(38)

Interest received

37

20

36

38

Other net income/(expenses)

18

(1)

(9)

(15)

Finance costs

(69)

(72)

(44)

(49)

Marked-to-market of debt financial instruments

-

-

-

6

Abnormal items

-

-

(10)

(19)

21





**Year ended 31 December**

**2000**

**2001**

**2002**

**2003**

**Profit before exceptional items**

365

400

553

490

Amortisation of goodwill

(20)

(29)

(28)

(29)

Impairment of mining assets

(93)

(1)

-

(44)

(Loss)/Profit on disposal of assets and subsidiaries

-

(4)

(13)

10

Profit on disposal of investments

-

-

-

45

Other

(1)

(2)

-

-

**Profit on ordinary activities before taxation**

251

364

512

472

Taxation

(73)

(111)

(165)

(142)

**Profit on ordinary activities after taxation**

178

253

347

330

Minority interest

(12)  
(8)  
(15)  
(17)

Minority interest in abnormal items

-  
-  
-

(1)

**Net profit**

166  
245  
332  
312

**Adjusted operating profit**

The operating profit has been adjusted by the following to arrive at adjusted operating profit:

Operating profit

468  
517  
650  
622

Unrealised non-hedge derivatives

-  
10

(12)  
(63)

Adjusted operating profit

468  
527  
638  
559

**Headline earnings**

The net profit has been adjusted by the following to arrive at headline earnings and adjusted headline earnings:

Net profit

166  
245  
332  
312

Amortisation of goodwill

20  
29  
28  
29

Impairment of mining assets

93  
1

-  
44

Loss/(Profit) on disposal of assets and subsidiaries

-  
4

13	
(10)	
Profit on disposal of investments	
-	
-	
(45)	
Other	
1	
2	
-	
-	
Taxation on exceptional items	
(26)	
-	
3	
(12)	
<b>Headline earnings</b>	
254	
281	
376	
318	
Unrealised non-hedge derivatives	
-	
10	
(12)	
(63)	
Marked-to-market of debt financial instruments	
-	
-	
-	
(6)	
Deferred tax on unrealised non-hedge derivatives	
-	
(5)	
4	
33	
<b>Adjusted headline earnings</b>	
254	
286	
368	
282	
<b>Cash operating profit</b>	
The adjusted operating profit has been adjusted by the following to arrive at the cash operating profit:	
Adjusted operating profit	
468	
527	
638	
559	
Amortisation of mining assets	
217	

220

245

232

Cash operating profit

685

747

883

791

22





**Year ended 31 December**

**2000**

**2001**

**2002**

**2003**

**(audited)**

**(unaudited)**

**Other financial data**

Earnings per share **US cents**

Basic

78

114

150

140

Diluted

76

114

149

139

Headline

119

131

169

143

Adjusted headline

119

133

166

127

Dividend declared per share

91

87

146

99

Net asset value per share

(1)

679

519

648

730

Net tangible assets per share

(2)

491

338

480

545

**Consolidated balance sheet data (US\$ millions)**

Mining assets

2,661

2,057

2,280

2,764
Goodwill
403
389
374
412
Other non-current assets
124
206
193
264
Other current assets
442
456
704
912
Cash and cash equivalents
195
191
413
505
<b>Total assets</b>
3,825
3,299
3,964
4,857
Shareholders' equity
1,453
1,117
1,443
1,628
Minority interest
28
30
40
53
Other non-current liabilities
726
510
1,078
1,136
Provisions
283
215
234
275
Deferred tax
553
286
402
598

Current liabilities

782

1,141

767

1,167

**Total liabilities and shareholders' equity**

3,825

3,299

3,964

4,857

Shares in issue at year end

214,042,174

215,268,116

222,622,022

223,136,342

Net asset value

1,453

1,117

1,443

1,628

**Notes:**

(1)

Net asset value per share is calculated as shareholders' equity divided by the number of ordinary shares in issue for all periods presented.

(2)

Net tangible asset per share is calculated as shareholders' equity less goodwill divided by the number of ordinary shares in issue for all periods presented.

**7.**

**SELECTED FINANCIAL INFORMATION RELATING TO ASHANTI**

The selected consolidated financial information relating to Ashanti set forth below for the years ended and as at 31 December 2001, 2002 and 2003 should be read in conjunction with Ashanti's consolidated financial statements and the notes thereto prepared in accordance with UK GAAP. The selected consolidated financial information set forth below for the years ended and as at 31 December 2001, 2002 and 2003 has been extracted without material adjustment from Ashanti's consolidated financial statements, prepared in accordance with UK GAAP (subject to restatement of the financial information for the year ended 31 December 2001 for the adoption of FRS 19) and audited by Deloitte & Touche, as set out in Part VI of this document.

A summary discussion of Ashanti's financial results is set out in paragraph 5 of Part IV of this document. The consolidated financial information relating to Ashanti is set out in full in Part VI of this document.

23





**Year ended 31 December**

**2001**

**2002**

**2003**

**(restated)**

**(5)**

**(audited)**

**(audited)**

**(in US\$ millions, except dividend**

**and per share numbers)**

**Profit and Loss Account Data**

**(1)**

Amounts in accordance with UK GAAP:

Group revenue

(2)

477.7

467.5

456.9

Total revenue

554.4

552.2

564.9

Group operating profit

(2)

76.6

66.4

25.2

Operating profit

96.8

74.3

56.5

Profit attributable to shareholders

59.9

56.2

49.2

Earnings per share

(3)

0.53

0.47

0.38

Diluted earnings per share

0.52

0.44

0.37

Dividends per share - (US\$)

(4)

-

-

-

**As at 31 December**

**2001**

**2002**

**2003**

**(restated)**

**(5)**

**(audited)**

**(audited)**

**(in US\$ millions, except dividend  
and per share numbers)**

**Balance Sheet Data**

**(1)**

Amounts in accordance with UK GAAP:

Total assets

(2)

897.7

884.5

913.7

Long-term borrowings

(2)

300.6

254.2

217.4

Net assets

349.1

447.5

508.7

Equity shareholders' funds

347.1

446.3

506.3

Stated capital

545.2

588.2

599.0

Number of ordinary shares as adjusted to  
reflect changes in capital (million shares)

112.1

119.1

128.5

**Notes:**

(1)

The consolidated financial statements of Ashanti are prepared in accordance with UK GAAP, which differs in certain significant respects from IFRS. See Part VII of this document.

(2)

Group figures exclude Ashanti's 50 per cent interest in the Geita joint venture which is accounted for using the gross equity method of accounting.

(3)

Based on profit after tax and minority interests and weighted average number of shares outstanding of 112.1 million shares for the year ended 31 December 2001, 119.1 million for the year ended 31 December 2002, and 128.5 million shares for the year ended 31 December 2003.

(4)

No interim or final dividend was paid in respect of the years ended 31 December 2001, 2002 or 2003.

(5)

Amounts presented for comparative periods in accordance with UK GAAP have been restated for the adoption of Financial Reporting Standard 19, Deferred Tax ("FRS 19"). The restated deferred tax assets were US\$6.9 million as at 31 December 2001.

**8.**

**RISK FACTORS RELATING TO ANGLOGOLD AND ANGLOGOLD ASHANTI**

**This paragraph 8 describes some of the risks that could materially affect AngloGold and, following the Merger, AngloGold Ashanti. Additional risk factors not presently known to AngloGold or that AngloGold currently deems immaterial could later turn out to be material to AngloGold and AngloGold Ashanti.**

The risk factors set forth in this document have been organised into three categories:

- risks related to the gold mining industry generally;
- risks related to AngloGold Ashanti's operations; and
- risks related to AngloGold Ashanti Securities.

24





**Risks related to the gold mining industry generally**

*The profitability of AngloGold's and Ashanti's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.*

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond AngloGold's or Ashanti's control, including:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold use in jewellery, for industrial uses and for investment;
- changes in the supply of gold from production, disinvestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected gold sales by central banks;
- gold sales by gold producers in forward transactions;
- global or regional political or economic events; and
- costs of gold production in major gold-producing nations, such as South Africa, the US and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above- ground stocks of the metal, in comparison to other commodities, these factors typically do not affect the price in the same manner or degree as the supply of and demand for other commodities tend to affect their market price.

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in US dollars, for gold per ounce, on the London Bullion Market:

**Year**

**High**

**Low**

**Average**

1994	396	370	384
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	314	273	287
1999	340	252	278
2000			

317  
262  
279  
2001  
298  
253  
271  
2002  
347  
278  
310  
2003  
417  
320  
364

*Source of Data:* Metals Week, Reuters and London Bullion Market Association.

On 27 February 2004, the afternoon fixing price of gold on the London Bullion Market was US\$395.85 per ounce. If revenue from gold sales falls below the cost of production for an extended period, AngloGold Ashanti may experience losses and be forced to curtail or suspend some or all of its capital projects and/or operations and change its past dividend payment policies. In addition, AngloGold Ashanti would have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves. However, AngloGold's current average total cash costs and total production costs are significantly below the prevailing gold price.

25





*The use of hedging instruments to protect against low gold prices and exchange rate movements may prevent AngloGold Ashanti from realising all potential gains resulting from subsequent gold price increases in the future.*

Both AngloGold and Ashanti currently use hedging instruments to fix the selling price of a portion of their respective anticipated gold production and to protect their revenues against unfavourable gold price and exchange rate movements. While the use of these instruments may protect against a drop in gold prices and exchange rate movements, it will only do so for a limited period of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent AngloGold Ashanti from realising the positive impact on income from any subsequent favourable increase in the price of gold on the portion of production covered by the hedge and of any subsequent favourable exchange rate movements. As at 31 December 2003, AngloGold's and Ashanti's hedge books had a net delta of 8.6 million and 5.9 million ounces, respectively. As at 31 December 2003, AngloGold's and Ashanti's hedge books had negative marked-to-market valuations of US\$663.7 million and US\$609.6 million, respectively, including in each case, AngloGold's and Ashanti's respective 50 per cent interests in the US\$154.9 million negative marked-to-market value of the Geita hedge book.

*If the negative marked-to-market value of the Geita hedgebook exceeds a specified level, AngloGold Ashanti will not be able to receive any cash from the Geita joint venture.*

The Geita joint venture also engages in hedging transactions with respect to production from the Geita mine. This hedging is carried out on a margin-free basis. However, if at any time the aggregate marked-to-market value of the Geita hedge book exceeds negative US\$165.38 million, AngloGold Ashanti will be restricted from receiving cash from the joint venture until the marked-to-market negative value reduces below that threshold. The hedging arrangements also provide for events of default and termination that could result in early closeouts or a default of Geita's US\$66.25 million project finance facility. The threshold of US\$ 165.38 million will increase during the life of the Geita project finance facility as principal repayments under the facility are made and additional coverage becomes available under AngloGold Ashanti's political risk insurance.

*Gold companies face many risks related to their operations (including their exploration and development activities) that may affect their cash flows and overall profitability.*

*Uncertainty and cost of mineral exploration and acquisitions.* Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to:

- establish Ore Reserves through drilling and metallurgical and other testing techniques;
- determine metal content and metallurgical recovery processes to extract metal from the ore; and
- construct, renovate or expand mining and process facilities.

Once gold mineralisation is discovered it can take several years to determine whether Ore Reserves exist. During this time the economic feasibility of production may change.

AngloGold considers from time to time the acquisition of Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metal prices and projected economic returns, and evaluations of existing or potential liabilities associated with the property and its operations. Other than historical operating results, all of these parameters may differ significantly from AngloGold's estimates and assumptions. In addition, there is intense competition for attractive properties.

As a result of these uncertainties, the exploration programmes and acquisitions engaged in by AngloGold Ashanti following the Merger may not result in the expansion or replacement of the current production of AngloGold or Ashanti with new Ore Reserves or operations. This could adversely affect AngloGold Ashanti's ongoing business and financial position.

*Development risks.* AngloGold Ashanti's profitability will depend, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from the current estimates of AngloGold and Ashanti. The development of AngloGold Ashanti's mining projects following the Merger may be subject to unexpected problems and delays.





AngloGold's decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new development, on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore;
- anticipated capital expenditure and cash operating costs; and
- the anticipated return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. These uncertainties include, in addition to those discussed immediately above:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labour, power, water and transportation facilities;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to obtain necessary environmental and other governmental permits, and the timing of those permits; and
- the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Accordingly, AngloGold Ashanti's future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

*Ore Reserve estimation risks.* The Ore Reserves described in this document are the best estimates of AngloGold's and Ashanti's current management as of the dates stated and are reported in accordance with the requirements of the SEC's Industry Guide 7. In Australia and South Africa, AngloGold is legally required to publicly report Ore Reserves and Mineral Resources in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code") and the South African Code for Reporting of Mineral Resources and Ore Reserves (the "SAMREC Code").

Ashanti reports its Mineral Resources and Ore Reserves in accordance with the JORC Code and presents its Ore Reserves and Mineral Resources in compliance with the UKLA Listing Rules.

Both AngloGold and Ashanti undertake annual revisions to their respective Mineral Resource and Ore Reserve estimates based upon actual exploration and production results, depletion, new information and fluctuations in production and economic parameters. These factors may result in reductions in its Ore Reserve estimates, which could adversely impact upon the life of mine plans and consequently the total value of AngloGold Ashanti's mining asset base and, as a result, have a negative impact upon the market price of AngloGold Ashanti Securities.

*Mining industry risks.* Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business. These events include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
- industrial accidents;
- underground fires;
- labour disputes;
- unexpected geological formations;
- unanticipated ground and water conditions;
- fall of ground accidents;
- failure of mining pit slopes and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- seismic activity; and
- other natural phenomena, such as floods or inclement weather conditions.





The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage and potential legal liabilities. As a result, AngloGold Ashanti's operations could be affected and, if such effects were material, its financial position could be adversely impacted to a significant extent. Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, AngloGold uses sophisticated seismic and rock mechanics technologies. AngloGold has had some success with these technologies in identifying the possible location of future seismic activity and in the development of mine layouts, support layouts and technologies and mining methods to ameliorate seismic risk. Despite these programmes and their success to date, seismic events have in the past caused and may in the future cause employee injury and death and may cause substantial damage to AngloGold Ashanti's operations both within South Africa and elsewhere, which could have an adverse impact on the future results of AngloGold Ashanti's operations and, consequently, its financial condition.

*Gold mining operations are subject to extensive health and safety laws and regulations.*

Gold mining operations are subject to a variety of mine health and safety laws and regulations depending upon the jurisdiction in which they are located. These laws and regulations are formulated to improve and to protect the safety and health of employees.

In complying with the mine health and safety laws and regulations to which AngloGold's operations are subject, AngloGold has dedicated resources in an attempt to achieve and to ensure the application of international best practice in the management of health across its operations, including medical surveillance systems. These systems and policies have resulted in improvements in its safety performance. AngloGold intends to implement such systems and policies, where required, across Ashanti's operations since the countries in which Ashanti operates do not currently have fully developed systems of health and safety laws and regulations.

If these laws and regulations were to change and, if as a result, material additional expenditure was required to comply with such new laws and regulations, it could adversely affect AngloGold Ashanti's financial position.

*Gold mining companies are subject to extensive environmental laws and regulations.*

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on gold producers' ability to conduct their operations. The cost of AngloGold's compliance with environmental laws and regulations has been significant in the past.

Pursuant to environmental laws and regulations, gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially.

AngloGold currently expenses rehabilitation costs as incurred and provides for the anticipated costs of compliance on a unit of production basis over the operating life of the mine. Other environmental liabilities are accrued when they are known, probable and can be reasonably estimated. AngloGold Ashanti intends to continue to follow this policy following the Merger. AngloGold also intends to introduce its environmental controls and procedures, where required, across Ashanti's operations in order to align Ashanti's environmental controls and procedures with its own.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. Moreover, the countries in which Ashanti operates do not currently have fully developed systems of environmental regulation. If AngloGold Ashanti's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations following the Merger, AngloGold Ashanti's expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its results of operations and financial position. For a discussion of the estimated cost of the future environmental rehabilitation obligations with respect thereto, see Note 26 "Provisions for environmental rehabilitation obligations" of the audited financial statements of AngloGold included in Part V of this document. Additionally, for a discussion of the effects of the MPRDA with respect to the additional responsibilities imposed





on mining companies in South Africa in respect of the environment and rehabilitation, see "*Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on AngloGold Ashanti's financial position*" below.

**Risks related to AngloGold Ashanti's operations**

*AngloGold faces and, following the Merger, AngloGold Ashanti will continue to face, many risks related to its operations that may affect its cash flows and overall profitability.*

*If the development of the deep-level ore deposits at the Obuasi mine is not economically feasible, there may be a material negative impact on AngloGold Ashanti's operations and financial performance in the long-term.*

A key aspect of the rationale for the Merger is the development of the deep-level ore deposits at the Obuasi mine, which ore deposits are currently referred to as Obuasi Deeps. This development could potentially extend the life of this mine to well beyond 2040. In furtherance of this goal, AngloGold plans to invest approximately US\$44 million over the next five years on further exploration and necessary feasibility studies. Depending upon these results, the full development of Obuasi Deeps may proceed towards the end of this five year period, but could take several years to complete. Initial scoping studies have indicated that the development of Obuasi Deeps will require an estimated capital expenditure of US\$570 million in real terms over the anticipated life of the mine.

In the event that, as a result of this further exploration and upon the completion of these feasibility studies, AngloGold determines that the development of Obuasi Deeps is not economically feasible such determination may have a material negative impact on AngloGold Ashanti's operations and financial performance in the long-term. The funding of the development of Obuasi Deeps will only proceed if it is determined to be economically feasible.

In addition, if the feasibility study indicates that the development of Obuasi Deeps is economically feasible, the actual economic returns and the actual costs of development may differ significantly from the assumptions and estimates used in preliminary scoping studies completed to date as well as in the feasibility studies completed following further exploration. This could have a negative impact on AngloGold's return on its investment in Obuasi Deeps and, as a result, AngloGold Ashanti's long-term profitability following the Merger.

*Benefits from integration of Ashanti's operations with AngloGold's may not be achieved to the extent or within the time period that is currently anticipated, and AngloGold Ashanti may encounter costs and difficulties in integrating their operations, which would reduce or delay the realisation of increased revenues, cost savings and operational benefits.*

Following the Merger, AngloGold intends to integrate its operations with those of Ashanti. Its goal in integrating these operations is to increase revenues and earnings and achieve cost savings through enhanced growth opportunities and synergies. AngloGold may encounter unanticipated costs and difficulties integrating its operations with Ashanti's operations and fail to achieve the cost savings, synergies and enhanced growth opportunities that it expects.

AngloGold expects to incur costs, for example, in the introduction of its environmental and health and safety controls and procedures at Ashanti's mining operations to align these with its own. Other possible costs include the need to implement, integrate and harmonise various business-specific operating procedures and systems, as well as company-wide financial, accounting, information and other systems. These costs may be higher than AngloGold currently anticipates.

In addition, the need to deal with integration issues could also divert management's attention from day-to-day business.

*Foreign exchange fluctuations could have a material impact on AngloGold Ashanti's operating results and financial position following the Merger.*

Since June 2002, the weakening of the US dollar against the South African rand, and, to a lesser extent, the Brazilian real, the Argentinean peso and the Australian dollar has negatively impacted AngloGold's profitability. Conversely, in certain prior years, the devaluation of these local currencies against the US dollar has had a significant positive effect on the profitability of its operations. Typically, revenues are derived in US dollars and production costs are largely incurred in the relevant local currency. In 2003 and 2002, AngloGold derived approximately 77 and 73 per cent, respectively, of its gold income from these countries and approximately 79 and 74 per cent, respectively, of production costs in these local currencies. In 2003, the weakening of the





US dollar against these local currencies accounted for nearly US\$47 per ounce, or 69 per cent of the total increase in total cash costs compared to a decrease in 2002 of US\$24 per ounce. In addition, production costs in South African rand, Brazilian reals, Argentinean pesos and Australian dollars were only modestly offset by the effect of exchange rate movements on the price of imports denominated in US dollars as imported products comprise a small proportion of production costs in each of these countries. AngloGold's and Ashanti's product, gold, is principally a US dollar-priced commodity, and most of AngloGold's and Ashanti's revenues are realised in US dollars. The weakening of the US dollar, without a corresponding increase in the US dollar price of gold, against these local currencies results in lower revenues and higher production costs in US dollar terms. Conversely, the strengthening of the US dollar, without a corresponding decrease in the US dollar price of gold, against these local currencies yields higher revenues and lower production costs in US dollar terms. If material, these exchange rate movements may have an adverse impact on AngloGold Ashanti's operating results following the Merger. For example, due to the strengthening of the South African rand against the US dollar, production costs at AngloGold's South African operations increased in US dollar terms during the second half of 2002 compared to the first half. This trend continued in 2003 due to the continued weakening of the US dollar relative to currencies in many of the countries in which AngloGold operates. These impacts have been partially offset in 2003 by the increase in the US dollar price of gold, which increase has been partially a function of US dollar weakness.

To a lesser extent, mainly as a result of its hedging instruments, a small proportion of AngloGold's revenues are denominated in South African rand and Australian dollars, which may partially offset the effect of the US dollar's strength or weakness on AngloGold's profitability. This benefit may, however, be diluted in AngloGold Ashanti as a greater proportion of Ashanti's revenues and costs are US dollar denominated.

In addition, due to its global operations and local foreign exchange regulations, some of AngloGold's funds are held in local currencies, such as the South African rand and Australian dollar. The US dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may affect the overall financial position of AngloGold Ashanti.

*Inflation may have a negative impact on the results of operations of AngloGold Ashanti.*

Most of AngloGold's and Ashanti's operations are located in countries that have historically experienced high rates of inflation. AngloGold's and Ashanti's operations have not been materially adversely affected by inflation in recent years. However, because AngloGold and Ashanti are unable to control the market price at which they sell the gold they produce (except to the extent that they enter into forward sales and other derivative contracts), it is possible that significantly higher future inflation in the countries in which AngloGold Ashanti operates may result in an increase in future operational costs in local currencies, which without a concurrent devaluation of the local currency of operations against the US dollar or an increase in the US dollar price of gold, could have a material adverse effect upon AngloGold Ashanti's results of operations and financial condition.

While none of the specific operations of AngloGold or Ashanti are currently materially adversely affected by inflation, significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued or reduced or rationalised at higher cost mines.

*Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on AngloGold Ashanti's financial position.*

AngloGold's and Ashanti's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of AngloGold's mineral reserves and deposits are located in South Africa.

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which was passed by the Parliament of South Africa in June 2002. It will take effect on a date to be proclaimed by the President, which is expected to be during 2004. Until then the existing regulatory regime for mineral rights will remain in place whereby the holder of mineral rights is entitled to mine on obtaining a mining authorisation. AngloGold owns substantially all the mineral rights for which it holds mining authorisations.

The MPRDA vests custodianship of South Africa's mineral rights in the State, which will issue prospecting rights or mining rights to applicants in the future. The existing common law prospecting, mining and mineral rights will cease to exist, but transitional arrangements are provided in order to give holders of existing rights the opportunity to convert their current rights into new rights.





Where AngloGold or, following the Merger, AngloGold Ashanti, holds mineral rights and mining authorisations and is conducting mining operations on the date on which the MPRDA comes into effect, it will be able, within five years from the date of effectiveness of the MPRDA to submit the old rights and authorisations for conversion to new mining rights. AngloGold or, following the Merger, AngloGold Ashanti, will need to submit a mining work programme and thereby substantiate the area and period of the new rights, and also to comply with the requirements of the Charter as described below. A similar procedure applies where it holds prospecting rights and a prospecting permit and is conducting prospecting operations, but AngloGold or, following the Merger, AngloGold Ashanti, must apply for conversion to new prospecting rights within two years from the date of effectiveness of the MPRDA for which purpose a prospecting work programme must be submitted. Where AngloGold holds unused rights, however, AngloGold or, following the Merger, AngloGold Ashanti will have one year to apply for new prospecting rights or mining rights, the requirements in regard to which are more stringent than for conversion, requiring, for example, non-concentration of resources, fair competition, non-exclusionary effects, and proof of financial and technical ability. Even where new rights are obtained under the MPRDA, these rights will not be equivalent to the existing rights. The area covered by the new rights may be reduced by the State if it finds that the prospecting or mining work programme submitted by an applicant does not substantiate the need to retain the area covered by the old rights. The duration of the new rights will no longer be perpetual but rather, in the case of new mining rights, for a maximum of 30 years with renewals of up to 30 years each and, in the case of prospecting rights, up to five years with one renewal of up to three years. The MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition, and non-exclusion of others. In addition, the new rights will only be transferable subject to the approval of the Minister of Minerals and Energy. Mining or prospecting must commence within one year or 120 days, respectively, of the mining right or prospecting right becoming effective, and must be conducted continuously and actively thereafter.

The new rights can be suspended or cancelled by the Minister of Minerals and Energy on breach or, in the case of a mining right, on non-optimal mining in accordance with the mining work programme.

The new rights will be subject to a State royalty calculated on gross revenue as proposed in the draft Mineral and Petroleum Royalty Bill, 2003, which was released in March 2003 for comment, and which proposes a royalty payment of three per cent of gross revenue per annum, payable quarterly, in the case of gold. As proposed, royalty payments will commence upon the conversion and granting of a new mining right. AngloGold and other members of the South African mining community have submitted comments on the draft bill to the relevant authorities. These comments included recommendations for a profit based, rather than a revenue based, royalty and in order not to delay the conversion of mineral rights from old to new order mining rights, that the proposed royalty should only become payable from a fixed date being five years after the MPRDA takes effect, which date is the final date for the conversion of old order to new order mining rights under the MPRDA. In addition, a reduction in the royalty rate from that proposed in the draft Mineral and Petroleum Royalty Bill has been proposed. On 18 February 2004, in the Budget Speech for the 2004 fiscal year, the South African Minister of Finance proposed several refinements to the draft Mineral and Petroleum Royalty Bill. These include a delay in the introduction of the royalty to five years after the introduction of the MPRDA and confirmation of the South African government's preference for a revenue based royalty. It was further indicated that the royalty regime would take cognisance of the mining sector's diverse production and profitability dynamics with differential rates to apply to marginal mining operations. The introduction of the proposed royalty will have an adverse impact upon AngloGold's profitability as currently no royalty is payable. The MPRDA calls for a Charter to be developed by the Minister of Minerals and Energy within six months of commencement of the Act, the content of which has largely been agreed with mining industry representatives (including AngloGold), and with representatives of other stakeholders. The Charter's stated objectives include the:

- expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;
- expansion of the skills base of such persons;
- promotion of employment and advancement of the social and economic welfare of mining communities; and
- promotion of beneficiation, or the crushing and separation of ore into valuable substances or waste within South Africa.





The Charter requires that each mining company achieve 15 per cent ownership by historically disadvantaged South Africans of its South African mining assets within five years and 26 per cent ownership within ten years. It contemplates that this will be achieved by, amongst other things, disposals of assets by mining companies to historically disadvantaged persons on a willing seller - willing buyer basis at fair market value. In addition, the Charter requires mining companies to formulate plans for achieving employment equity at management level with a view to achieving 40 per cent participation by historically disadvantaged persons in management and 10 per cent participation by women in the mining industry, each within five years. When considering applications for the conversion of existing rights, the State will take a "scorecard" approach, evaluating the commitments of each company to the different facets of promoting the objectives of the Charter. The draft scorecard was published by the South African government in February 2003.

AngloGold fully supports the principle that the mining industry and the wider South African economy have to find ways of dealing with the legacy of the country's history in a manner that promotes economic development and growth. AngloGold has made progress in adjusting the ownership structure of its South African mining assets and the composition of its management consistent with the Charter's spirit. It believes that it is well placed to meet the Charter's targets in accordance with the scorecard.

AngloGold has completed a number of asset sales to companies owned by historically disadvantaged persons in the past four years, which meet the requirements of the Charter and the scorecard. According to AngloGold's estimates based on operating data for the twelve months ended 30 September 2003, these transactions transfer 22.4 per cent of its attributable units of production in South Africa to historically disadvantaged persons. However, AngloGold would expect the State to conduct its own assessment of these transfers when it submits its conversions or applications for acquisition of new rights to replace its existing rights. In addition, it is continuing to evaluate alternative ways in which to achieve the objectives of the Charter through, for example, forms of broad-based equity ownership by historically disadvantaged entities, groups or individuals, including employee share ownership and empowerment unit trusts.

AngloGold believes that it has made significant progress towards meeting the requirements of the Charter and the scorecard in human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation. It will also reflect these results when it lodges its conversions or applications for acquisition of new rights to replace its existing rights. Its performance under the criteria set by the Charter and the scorecard will be assessed by the State upon the occurrence of such lodgements or applications. Details of the State's methodology for calculating performance in regard to beneficiation have, however, not yet been made public. Failure on the part of AngloGold to comply with the requirements of the Charter and the scorecard could subject AngloGold Ashanti to negative consequences.

AngloGold or, following the Merger, AngloGold Ashanti, may also incur expenses in giving additional effect to the Charter and the scorecard, including costs which it may incur in facilitating the financing of initiatives towards ownership by historically disadvantaged persons as part of the industry-wide commitment to assist such persons in securing ZAR100 billion of financing during the first five years of the Charter's life. There is furthermore no guarantee that any steps AngloGold Ashanti might take to comply with the Charter would ensure that it could successfully acquire new mining rights in place of its existing rights. In addition, the terms of such new rights may not be as favourable to AngloGold or, following the Merger, AngloGold Ashanti, as the terms applicable to its existing rights. Based on present indications, however, AngloGold believes that it should be able successfully to acquire new rights on reasonable terms.

The MPRDA also imposes on mining companies additional responsibilities relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. AngloGold has a policy of evaluating, minimising and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, has undertaken a review of the environmental costs and liabilities associated with its South African operations in light of the new, as well as the existing, environmental requirements. While this examination could result in an increase in AngloGold Ashanti's compliance costs and accruals for environmental remediation following the Merger, it is not certain at this stage whether these costs or liabilities will have a material adverse effect on AngloGold Ashanti's financial condition or results of operations.

*A majority of AngloGold Ashanti's mineral reserves and deposits and mining operations will be located in countries that face political and economic risks.*

The mineral deposits and mining operations of AngloGold and Ashanti are located mainly in African and, to a lesser extent, South American countries. Countries in these regions, to a greater or lesser extent, have experienced political instability and economic uncertainty in the past. More recently, certain of the countries in which AngloGold and Ashanti operate, in particular South Africa and Ghana, have achieved greater political

32





and economic stability. Nevertheless, in some of the countries where AngloGold and Ashanti operate, in particular in Zimbabwe, where Ashanti operates, government policy may be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid and unpredictable change.

Any existing and new mining operations and projects carried out by AngloGold or Ashanti, or, following the Merger, by AngloGold Ashanti, in these countries are and will be subject to various national and local laws, policies and regulations governing the prospecting, developing and mining of mineral reserves, taxation, exchange controls, investment approvals, employee relations and other matters. If, in one or more of these countries, AngloGold Ashanti could not obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal or fiscal regimes or the governing political authorities change materially, its financial position could be adversely affected.

In South Africa, on 18 February 2004, in the Budget Speech for the 2004 fiscal year, the Minister of Finance announced that due to the new regulatory system for the mining rights in terms of the MPRDA and accompanying royalty dispensation under the draft Mineral and Petroleum Royalty Bill, it has become imperative to holistically reassess the current fiscal regime as applicable to the mining and petroleum industries in South Africa, including tax depreciation, rate differentiation for mining sectors, allowable deductions and exemptions from Secondary Tax on Companies in terms of South Africa's income tax regime. Also due for review is the gold mining tax formula, which provides income tax exemption and relief from Secondary Tax on Companies for gold mines despite the existence of profit. The impact of these proposed reviews is unknown at this stage and any material adverse change arising therefrom could have an adverse impact upon the financial position of AngloGold Ashanti.

In certain circumstances, AngloGold is, and, following the Merger, AngloGold Ashanti will be, required to seek the consent of regulators and other governmental authorities before it can undertake significant transactions, such as dispositions of assets. It may not be able to obtain these consents expeditiously or at all.

*Labour disruptions in South Africa and other countries could have an adverse effect on the operating results and financial condition of AngloGold Ashanti.*

As at 31 December 2003, approximately 87 per cent (2002: 88 per cent) of AngloGold's workforce was located in South Africa. More than 75 per cent of the workforce on AngloGold's South African operations is unionised, with the National Union of Mineworkers ("NUM") representing the majority of unionised workers. AngloGold employees in some South American countries are also highly unionised. In the past, trade unions have had a significant impact on AngloGold's collective bargaining process, as well as on social and political reforms, most notably in South Africa. In 1987, the NUM embarked on a three-week industry wide strike in support of a wage demand. Since then AngloGold has not experienced any work stoppages due to wage negotiations. It has become practice to negotiate wages and conditions of employment with the unions every two years, through the Chamber of Mines of South Africa. The most recent settlement negotiation was completed in July 2003, when the parties reached an agreement covering the period from 1 July 2003 to 30 June 2005. Furthermore, AngloGold has instituted a number of processes at both mine and at company level, whereby management and unions interact regularly and address areas of difference as they arise.

Ashanti and its mining contractors also rely to a large degree on a unionised workforce. In 1999, Ashanti experienced strikes at the Obuasi mine in Ghana, and in 2000 at the Freda-Rebecca mine in Zimbabwe, and there is a risk that strikes or other types of conflict with unions or employees may occur in the future.

It is uncertain whether labour disruptions will be used to advocate labour, political or social causes in the future.

Should any labour disruptions occur, if material, they could have an adverse effect on AngloGold Ashanti's results of operations and financial condition.

*AngloGold and Ashanti face certain risks in dealing with HIV/AIDS which may have an adverse effect on AngloGold Ashanti's operations.*

AIDS and tuberculosis (which is exacerbated in the presence of HIV/AIDS) remain the major health care challenges faced by AngloGold's South African operations. A significant portion, approximately 30 per cent, of its South African workforce is believed to be infected with the HIV virus. The exact extent to which Ashanti's workforce is infected is not known. Recently, however, certain members of Ashanti's workforce at the Freda-Rebecca mine agreed to undergo voluntary testing for HIV. Of the persons who participated in this voluntary test, 29 per cent tested positive for HIV.





AngloGold is continuing to develop and implement various programmes aimed at helping those who have been infected with HIV and preventing new infections. On 14 November 2002, AngloGold announced that it had begun implementing a monitored pilot anti-retroviral therapy programme for volunteer employees in South Africa who are infected with HIV. The pilot programme involved offering a triple combination drug regimen, known as a drug cocktail, to 200 Wellness Clinic patients that met the medical eligibility criteria for starting treatment. From April 2003, AngloGold commenced a roll out of the treatment to all eligible employees desiring it.

At this stage, the drug cocktail alone costs approximately US\$70 per participating employee per month. It is not yet possible to develop an accurate cost estimate of the programme in its entirety, given uncertainties such as drug prices and the ultimate rate of employee participation. Based on its estimates, AngloGold believes that the cost of managing and treating the impact of the HIV/AIDS epidemic would be significantly lower than the cost of ignoring it and failing to take measures to manage and treat it.

AngloGold does not expect the cost that AngloGold Ashanti will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect its operations and profitability. Nevertheless, it is not possible to determine with certainty the costs that AngloGold Ashanti may incur in the future in addressing this issue, and consequently, AngloGold Ashanti's operations and profitability could be adversely affected.

*Ashanti's power supplies are unreliable and have on occasion forced Ashanti to halt or curtail activities at its mines. Power fluctuations and power cost increases may have a negative impact on AngloGold Ashanti's profitability following the Merger.*

Substantial portions of Ashanti's mining operations in Ghana are dependent for their electricity supply on hydro-electric power supplied by the Volta River Authority, or VRA, an entity controlled by the Government of Ghana, although Ashanti also has and, following the Merger, AngloGold Ashanti will have access to VRA electricity supply from a recently constructed smaller thermal plant. The VRA's principal electricity generating facility is the Akosombo Dam and, during periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam may be curtailed, as occurred in 1998. In addition, this electricity supply has been subject to voltage fluctuations, which can damage equipment. Other than short-term stand-by generators, which are not sufficient to allow Ashanti or, following the Merger, AngloGold Ashanti, to continue mining operations, there are no means of obtaining alternative power in the event of a supply shortage from the VRA. The VRA also obtains power from neighbouring Cote d'Ivoire, which has recently experienced some political instability and civil unrest. These factors may cause interruptions in power supply or result in increases in the cost of power even if they do not interrupt supply. Ashanti's original agreement with the VRA expired in May 2003 and negotiations with the VRA have been concluded resulting in an increase of 11 per cent in the applicable tariff upon renewal of that agreement.

Ashanti's mining operations in Guinea and Tanzania, and AngloGold's mining operations in Mali, are dependent on power supplied by outside contractors and supplies of fuel being delivered by road. Ashanti's power supply has been disrupted in the past and Ashanti has suffered resulting production losses as a result of equipment failure.

*The occurrence of events for which AngloGold Ashanti is not insured, or for which its insurance is inadequate, may affect its cash flows and overall profitability.*

AngloGold Ashanti will maintain insurance to protect only against catastrophic events which could have a significant adverse impact on its operations and profitability. This insurance will be maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk. However, AngloGold Ashanti's insurance will not cover all potential risks associated with AngloGold Ashanti's business. In addition, AngloGold Ashanti may elect not to have insurance for certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, AngloGold Ashanti may not be able to obtain insurance coverage at acceptable premiums. AngloGold has a captive insurance company, namely AGR Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold, and, upon the implementation of the Merger, will participate at various levels in certain of the insurances maintained by AngloGold Ashanti. The occurrence of events for which AngloGold Ashanti is not insured may adversely affect its cash flows and overall profitability.





*If currently pending securities litigation in the US is resolved against Ashanti, AngloGold Ashanti's business may be harmed if Ashanti is required to pay substantial sums in damages.*

Ashanti is currently subject to litigation, including a consolidated class action lawsuit pending in the US alleging misstatements and non-disclosures in connection with SEC filings and other public statements made in 1999 concerning Ashanti's hedging programme. The damages sought by the plaintiffs have not yet been specified, as is common practice in US litigation at the current stage of the proceedings. The outcome of this litigation may not be known for some time. These matters may adversely affect AngloGold Ashanti's business and financial condition following the Merger if Ashanti is required to pay substantial amounts in damages. For a more detailed description of the class action lawsuit, see paragraph 13 of Part IX of this document.

**Risks related to AngloGold Ashanti Securities**

*Sales of large amounts of AngloGold Securities, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities.*

The market price of the AngloGold Ashanti Securities could fall if large amounts of AngloGold Securities or, following the Merger, AngloGold Ashanti Securities, are sold in the public market, or if there is the perception in the marketplace that such sales could occur. Current AngloGold Securityholders may decide to sell AngloGold Shares or AngloGold ADSs at any time. In addition, current Ashanti Securityholders receiving New AngloGold Ashanti Shares, New AngloGold Ashanti ADSs or AngloGold Ashanti GhDSs in the Merger may not wish to hold AngloGold Ashanti Securities. Lonmin, which currently holds 27.4 per cent of Ashanti's issued share capital, will receive 10,440,000 AngloGold Ashanti Shares in the Merger. AngloGold has entered into a registration rights agreement with Lonmin pursuant to which Lonmin will be entitled to sell its AngloGold Ashanti Shares in the public market immediately following the Effective Date. The Government, which currently holds 16.8 per cent of Ashanti's issued share capital, will receive, in its capacity as an Ashanti Shareholder, 6,373,650 AngloGold Ashanti Shares in the Merger. In addition to these AngloGold Ashanti Shares, the Government will also receive 2,658,000 AngloGold Ashanti Shares upon the completion of the Merger under the terms of the Stability Agreement between the Government and AngloGold. The AngloGold Ashanti Shares that the Government will receive under the Stability Agreement and the AngloGold Ashanti Shares issued in the Merger to Lonmin and the Government will in the aggregate represent approximately 7.4 per cent of AngloGold Ashanti's total issued share capital upon the completion of the Merger. Sales, if substantial, or the perception that these sales may occur and be substantial, could exert downward pressure on the prevailing market prices for the AngloGold Ashanti Securities, causing their market prices to decline.

*Fluctuations in the exchange rate of different currencies may reduce the market value of AngloGold Ashanti Securities received in the Merger, as well as the market value of any dividends or distributions paid by AngloGold Ashanti.*

AngloGold has historically declared all dividends in South African rand. As a result, exchange rate movements may have affected, and, following the completion of the Merger, may continue to affect, respectively, the Australian dollar, the cedi, the British pound, the US dollar and the Zimbabwean dollar value of these dividends, as well as of any other distributions paid by the relevant depositary to investors that hold AngloGold securities. This may reduce the value of AngloGold Ashanti Securities to investors. At the general meeting of its Shareholders held on 5 December 2002, a majority of its shareholders passed a special resolution adopting a new Memorandum and Articles of Association, which, among other things, allows for dividends and distributions to be declared in any currency at the discretion of the AngloGold Board, or Shareholders at a general meeting. If and to the extent AngloGold Ashanti declares dividends and distributions in US dollars, exchange rate movements will not affect the US dollar value of any dividends or distributions. Nevertheless, the Australian dollar, cedi, British pound and Zimbabwean dollar value of any dividend or distribution will continue to be affected and the South African rand value of any dividend or distribution will also be affected. If and to the extent dividends and distributions are declared in South African rand, exchange rate movements will continue to affect the Australian dollar, cedi, British pound, US dollar and Zimbabwean dollar value of these dividends and the Australian dollar, cedi, British pound, US dollar and Zimbabwean dollar market value of AngloGold Ashanti Securities will continue to fluctuate with exchange rate movements.