

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 Siguiri 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
-

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)	
Headline earnings	
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	
Adjusted headline earnings	
254	
286	
368	
282	
Cash operating profit	
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
Total assets
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.

Part III: Information on AngloGold

1.

HISTORY

AngloGold was incorporated on 29 May 1944 in South Africa as Vaal Reefs Exploration and Mining Company Limited. AngloGold, as it conducts business today, was formed in June 1998 through the consolidation of the gold interests of Anglo American Corporation and its associated companies into a single, focused, independent, global gold company. Vaal Reefs Exploration and Mining Company Limited, the vehicle for the consolidation, changed its name to AngloGold Limited, effective 30 March 1998. AngloGold then acquired, in share-for-share exchanges pursuant to various South African schemes of arrangement, all of the issued share capital of various participating South African companies and, in certain private transactions, share interests in other gold mining companies.

2.

OVERVIEW

For the year ended 31 December 2003 AngloGold produced approximately 5.6 million ounces of gold. Headquartered in Johannesburg, South Africa, AngloGold has a global presence with 19 operations comprising open-pit and underground mines and surface metallurgical plants in eight countries (Argentina, Australia, Brazil, Mali, Namibia, South Africa, Tanzania and the United States of America), supported by extensive yet focused exploration activities in 11 countries. As at 31 December 2003, AngloGold had Proved and Probable Ore Reserves of approximately 63.1 million ounces on an attributable basis.

AngloGold's main product is gold. An insignificant portion of its revenue is derived from the sales of silver, uranium oxide and sulphuric acid. AngloGold sells its products on world markets.

The operations and geographical areas in which AngloGold currently operates and conducts exploration activities, as well as the sold and/or closed operations described in this document, are shown in the diagram below.

Reserves

The following table sets out AngloGold's Proved and Probable Ore Reserves as of 31 December 2003 in metric units. The information on Proved and Probable Ore Reserves refers to AngloGold's attributable interest. Ore Reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code"), together with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the "SAMREC Code") for the South African operations, and the requirements of the SEC's Industry Guide 7.

Accordingly, as of the date of reporting, all reserves are planned to be mined out under the life of mine plans within the period of AngloGold's existing rights to mine, or assured renewals. In addition, as of the date of reporting, with the exception of Geita Ridge 8 and the Moab extension where the required permits and government approvals are anticipated following the required submissions having been made, all Ore Reserves are covered by required permits and governmental approvals.

AngloGold has standard procedures for the estimation of Ore Reserves.

In the case of its underground mines, the procedure is as follows: Firstly, gold content and tonnage are estimated for in situ mineralised material at a mining operation. This mineralised material is not necessarily economically viable. Exclusions on the grounds of safety (for example, stability pillars, shaft pillars) are then defined. Grade and tonnage curves specific for each of the deposits, in conjunction with the cost structure, yield, mine call factor and Ore Reserves of the operation and gold price estimates are used to determine an optimal mining mix. This process facilitates the determination of the average grade to be mined by each operation. This grade is then applied to the grade-tonnage curves, which in turn facilitates the determination of the cut-off grade and Ore Reserves tonnage for the operation. A full mine design is carried out on the blocks of mineralised material, excluding large mining areas that do not meet the cut-off grade criterion. This mining plan is reviewed to ensure that it satisfies the economic criterion and practical limitations of access and timing. If the review process is positive then the mineralised material (with dilution) included in the mining plan is declared and published as the Ore Reserves for that operation.

In the case of surface, open-pit mines the procedure is as follows: Revenue and costs are calculated for each mining block within a three-dimensional model of the orebody using assumed values for gold price, operating costs, metallurgical recoveries and slope angles. An optimisation process is then applied to determine all the blocks combined within the model that make a positive contribution under these assumptions. Within this process, a cut off grade is applied which determines the ore blocks to be treated and included in the Ore Reserves. These blocks are scheduled with consideration being given to practical mining considerations and limitations. Scheduled ore blocks that are classified as Proved or Probable constitute the Ore Reserve.

The Ore Reserve estimates in this document include Ore Reserves below current infrastructure in the case of certain South African mines. However, these Ore Reserves have been determined based upon completed feasibility studies. In respect of AngloGold's South African assets, Ore Reserves were determined assuming a gold price of US\$350 per ounce and an exchange rate of ZAR7.00 = US\$1.00. This compares with a gold price of US\$325 per ounce and an exchange rate of ZAR10.50 = US\$1.00 as at 31 December 2002.

In respect of East and West Africa, Ore Reserves were determined assuming a gold price of US\$350 per ounce.

In respect of assets in South America, Ore Reserves were determined assuming a gold price of US\$350 per ounce, with the exceptions of Cerro Vanguardia, as well as Engenho D'Agua and Corrego Do Sitio, as part of Morro Velho, where Ore Reserves were determined at US\$325 per ounce).

Ore Reserves for Cripple Creek and Victor in North America were determined at US\$325 per ounce.

Ore Reserves at AngloGold's Australian assets were determined assuming a gold price of US\$234 per ounce and at an exchange rate of A\$1.00 = US\$0.55 for Boddington (based upon the gold price and exchange rate assumed for the 2000 feasibility study) and assuming a gold price of US\$350 per ounce and an exchange rate of A\$1.00 = US\$0.63 for Sunrise Dam.

**Anticipated
Category
Contained
Life of Mine
of Ore
Tonnes
Grade
gold
Mine
(years)
(1)**

**Reserves
(2)**

**(millions)
g/t (million oz)**

South African operations

West Wits

Mponeng

(3)

15

Proved

2.8

8.74

0.8

Probable

22.8

9.01

6.6

Total

25.6

8.98

7.4

Savuka

3

Proved

0.4

6.79

0.1

Probable

1.1

6.76

0.3

Total

1.5

6.77

0.3

TauTona

(3)

12

Proved

1.6

13.11

0.7

Probable

16.3

11.21

5.9

Total

17.9

11.38

6.5

Western Ultra Deep Levels

(4)

Proved

-

-

-

Probable

-

-

-

Total

-

-

-

Vaal River

Great Noligwa

9

Proved

4.0

9.46

1.2

Probable

14.9

9.16

4.4

Total

18.8

9.22

5.6

Kopanang

13

Proved

3.4

6.94

0.8

Probable

19.8

7.19

4.6

Total

23.2

7.15

5.3

Moab Khotsong

(3)(5)

20

Proved

-

-

-

Probable

18.8

13.93

8.4

Total

18.9

13.93

8.4

Tau Lekoa

13

Proved

7.4

5.05

1.2

Probable

20.6

3.99

2.6

Total

28.0

4.27

3.8

Surface

Ergo

1

Proved

29.4

0.38

0.4

Probable

-

-

-

Total

29.4

0.38

0.4

Vaal River Surface

19

Proved

5.8

0.59

0.1
Probable
153.6
0.56
2.8
Total
159.3
0.56
2.9
West Wits Surface
Proved
-
-
-
Probable
-
-
-
Total
-
-
-
38

**Anticipated
Category
Contained
Life of Mine
of Ore
Tonnes
Grade
gold
Mine
(years)
(1)**

**Reserves
(2)
(millions)**

g/t (million oz)

East and West African operations

Geita (50%)

(6)

16

Proved

14.2

3.30

1.5

Probable

21.1

4.17

2.8

Total

35.3

3.82

4.3

Morila (40%)

(6)

9

Proved

4.4

3.55

0.5

Probable

5.9

3.88

0.7

Total

10.3

3.74

1.2

Navachab

10

Proved

1.3

1.38

0.1
Probable
10.1
1.81
0.6
Total
11.4
1.76
0.6
Sadiola (38%)
(6)
10
Proved
2.5
1.93
0.2
Probable
7.7
3.53
0.9
Total
10.2
3.14
1.0
Yatela (40%)
(6)
5
Proved
0.9
1.12
0.0
Probable
3.4
3.84
0.4
Total
4.3
3.25
0.4
South American operations
Cerro Vanguardia (92.5%)
(6)
8
Proved
6.7
7.34
1.6
Probable
0.5
10.16
0.2

Total

7.2

7.56

1.8

Morro Velho

15

Proved

2.3

7.84

0.6

Probable

5.2

7.01

1.2

Total

7.5

7.27

1.7

Serra Grande (50%)

(6)

11

Proved

1.6

6.17

0.3

Probable

0.6

7.59

0.1

Total

2.3

6.55

0.5

North American operations

Cripple Creek & Victor

12

Proved

53.9

1.26

2.2

Probable

64.7

0.87

1.8

Total

118.6

1.04

4.0

Australian operations

Boddington (33.33%)

(6)(7)

20
Proved
41.5
0.94
1.3
(from 2007)
Probable
88.4
0.84
2.4
Total
129.9
0.87
3.6
Sunrise Dam
12
Proved
5.4
4.16
0.7
Probable
16.9
4.33
2.3
Total
22.2
4.29
3.1
Tanami (40%)
(8)
Proved
-
-
-
Probable
-
-
-
Total
-
-
-
TOTAL
Proved
189.5
2.31
14.1
Probable
492.4
3.09
49.0

Total

681.9

2.88

63.1

NB: Rounding of figures may result in computational discrepancies.

39

Notes:

(1)

Anticipated Life of Mine is expressed in years from 2004 (or year of start-up where relevant and indicated as such) based upon AngloGold's current business plan for each operation. These business plans include the mining of Ore Reserves and may include the conversion of Mineral Resources to Ore Reserves as well as the extension of Mineral Resources as a result of further brownfields exploration, where AngloGold deems this appropriate in accordance with past experience. The life of mine is an estimate used for business planning purposes and is subject to material change due to future geological information or economic conditions.

(2)

Ore Reserves include marginally economic and diluting materials delivered for treatment and allow for losses that may occur during mining.

(3)

Probable Ore Reserves include Ore Reserves below current infrastructure, which have been based upon completed feasibility studies.

(4)

The southerly down-dip extension of Mponeng, Elandsrand (Harmony Gold Mining Company Limited) and Driefontein (Gold Fields Limited), with a mining depths limit of 4,500 metres below surface.

(5)

Mine is still in the development stage with initial mining having only recently commenced in November 2003.

(6)

Ore Reserves attributable to AngloGold's percentage interest shown.

(7)

The Ore Reserves associated with the Boddington Expansion have been based on the feasibility study completed in 2000 and assume a gold price of US\$234 per ounce and an exchange rate of A\$1.00 = US\$0.55.

(8)

No Ore Reserves shown as the mine has been permanently closed.

The Ore Reserves as at 31 December 2003, show a year-on-year decrease of some 9.2 million ounces from 72.3 million ounces as at 31 December 2002 to 63.1 million ounces. The reduction in Ore Reserves is after a depletion of 6.3 million ounces (being the reduction in ore delivered to the relevant metallurgical plant at each mine during 2003 and the corresponding reduction in the applicable Ore Reserve).

The principal changes in AngloGold's Ore Reserves for 31 December 2003 compared with those published as at 31 December 2002, for reasons other than depletion, are as follows:

- an increase of 1.0 million ounces at Sunrise Dam due to new modelling techniques, additional drilling and a new underground design;
- a decrease of 1.7 million ounces at the Mponeng mine due to the exclusion of the Carbon Leader Reef below 120 level project (0.8 million ounces), which resulted in a shorter life of mine at Mponeng which also lead to a reduction in some Ore Reserves in the Ventersdorp Contact Reef below 120 level project (1.5 million ounces). This reduction was offset by increases in Ore Reserves elsewhere at Mponeng (an addition of 0.6 million ounces). The lower rand per kilogram gold price at the end of 2003 resulted in the Carbon Leader below 120 level Project no longer being feasible and consequently it has now been excluded from Ore Reserves as at 31 December 2003. The Project is currently the subject of a revised feasibility study. A weakening of the rand against the US dollar could also result in additional Ore Reserves being included and as a result of the revised feasibility study the Ore Reserves could be further amended;
- a decrease of 0.5 million ounces at the Great Nologwa mine due the assumption of a lower mine call factor and due to updates to the geological model which resulted in lower gold values;
- a decrease of 0.5 million ounces at the Moab Khotsong mine due to updates to the geological model which resulted in lower gold values;

.
an increase of 0.9 million ounces at the TauTona mine partially as a result of the purchase of an area of Gold Fields Limited's Driefontein gold mine;

.
a decrease of 2.2 million ounces at the Savuka mine due to updates to the geological model which resulted in lower gold values as well as due to changes in economic factors which rendered the mining of a considerable proportion of the Mineral Resource being considered no longer feasible to be mined economically;

.
an increase of 0.3 million ounces at Tau Lekoa due to the assumption of a higher mine call factor, as well as extensions of the Ore Reserve due to exploration in new mining areas;

.
an increase of 0.6 million ounces of the Vaal River Surface Ore Reserves, due to the inclusion of the Mizpah plant and the South Tailings facility;

.
a decrease of 0.2 million ounces at Cerro Vanguardia due to changes in the pit designs resulting from higher waste mining costs and reduced slope angles;

.
a decrease of 0.3 million ounces due to the sale of AngloGold's interest in the Jerritt Canyon Joint Venture in North America during 2003; and

.
a decrease of 0.7 million ounces due to the sale of Amapari in Brazil during May 2003.

40

3.**GENERAL DESCRIPTION OF OPERATIONS****3.1 South African Operations**

AngloGold's South Africa region includes seven underground operations located in two geographic areas on the Witwatersrand Basin:

- the West Wits area, near Carletonville, straddling the North West and Gauteng provinces (comprising Mponeng, Savuka and TauTona); and
- the Vaal River area, near Orkney, in the North West Province and Free State Province (comprising Great Nologwa, Kopanang, Tau Lekoa and Moab Khotsong).

In addition, a surface metallurgical reclamation operation, Ergo, is located near Johannesburg in Gauteng Province.

West Wits Operations

The West Wits operations comprise the Mponeng, Savuka and TauTona underground mines (previously reported as Western Deep Levels). Savuka and TauTona share a processing plant, whereas Mponeng has its own individual processing plant. These operations comprise crushers, mills, CIP and zinc precipitation and smelting facilities.

Operating Results for West Wits Operations**Mponeng****Savuka****TauTona****2000**

Recovered grade (g/t)

8.05

8.39

11.30

Gold production (000 oz)

402

272

599

Total cash cost (US\$/oz)

238

247

172

Total production costs (US\$/oz)

267

262

184

Capital expenditure (US\$ million)

28.9

1.0

5.9

2001

Recovered grade (g/t)

7.71

7.97

11.94

Gold production (000 oz)

366

240

622

Total cash cost (US\$/oz)

223

248

154
 Total production costs (US\$/oz)
 275
 262
 166
 Capital expenditure (US\$ million)
 29.4
 0.4
 7.2
2002
 Recovered grade (g/t)
 8.63
 7.07
 11.66
 Gold production (000 oz)
 466
 236
 643
 Total cash cost (US\$/oz)
 178
 245
 132
 Total production costs (US\$/oz)
 230
 258
 143
 Capital expenditure (US\$ million)
 33.0
 5.7
 10.9
2003
 Recovered grade (g/t)
 8.96
 5.81
 12.09
 Gold production (000 oz)
 499
 187
 646
 Total cash cost (US\$/oz)
 247
 448
 194
 Total production costs (US\$/oz)
 285
 474
 207
 Capital expenditure (US\$ million)
 55.0
 14.0
 65.0

On 30 July 2003, the AngloGold Board approved three organic growth projects, which will extend the life of TauTona. These projects, having a total capital expenditure of ZAR1.2 billion, are anticipated to yield 2.1 million ounces over the next ten years and are expected to be funded from AngloGold's existing resources and from the financing facilities of AngloGold from time to time. These projects supplement the

41

ZAR432 million TauTona expansion project that was approved in April 2001 and is anticipated to yield 2.3 million ounces between 2004 and 2015. Another project in the West Wits operations is the ZAR1.3 billion Mponeng deepening project that is anticipated to yield 4.2 million ounces between 2004 and 2016. Currently under consideration is the Mponeng VCR 120 to 125 level project, which at a projected capital cost of ZAR805 million is anticipated to yield 1.9 million ounces from 2009.

On 18 September 2003, AngloGold announced that agreement had been reached with Gold Fields Limited regarding the acquisition by AngloGold of a portion of the mining area of Gold Fields' Driefontein mine adjacent to TauTona, known as 1C11, for a cash consideration of ZAR315 million. This acquisition will extend and allow for the further optimisation of TauTona's remaining life of mine plan.

Vaal River Operations

AngloGold's Vaal River operations are located in the original Vaal Reefs mining area of the Witwatersrand Basin, and comprise three underground operating mines, Great Nologwa, Kopanang and Tau Lekoa and a developing underground mine, Moab Khotsong. The Vaal River complex also has four gold plants, one uranium plant and one sulphuric acid plant. The Vaal River processing plants include crushers, mills, CIP and electro-winning facilities and are able to treat between 180,000 and 420,000 tonnes of ore per month. Although the Vaal River operations produce uranium oxide as a by-product of gold production, the value is not significant relative to the value of gold produced. The Vaal River operations include the Moab Khotsong mine, where production has only recently commenced. The Moab Khotsong mine is expected to be developed at a total capital cost of ZAR4.2 billion (with commercial production expected to be achieved in 2006) and is anticipated to produce in excess of 4 million ounces over the estimated remaining life of Moab Khotsong Phase 1. This excludes the Moab Khotsong Phase 2 project currently under consideration, which at a projected capital cost of ZAR1.68 billion is anticipated to yield 4.5 million ounces from 2012.

The Vaal River surface project at a projected capital cost of ZAR182 million is anticipated to yield 1.1 million ounces from 2004.

Another project currently under consideration in the Vaal River area is the Tau Lekoa above 900 level project, which at a projected capital cost of ZAR70 million is anticipated to yield 200,000 ounces from 2008.

Operating Results for Vaal River Operations

Great

Kopanang

Tau Lekoa

Moab

Nologwa

Khotsong

(1)

2000

Recovered grade (g/t)

12.32

7.04

4.98

-

Gold production (000 oz)

971

481

315

-

Total cash cost (US\$/oz)

144

215

216

-

Total production costs (US\$/oz)

152
 231
 244
 -
 Capital expenditure (US\$ million)
 3.0
 5.2
 3.0
 45.5
2001
 Recovered grade (g/t)
 12.34
 7.40
 4.42
 -
 Gold production (000 oz)
 1,004
 494
 286
 -
 Total cash cost (US\$/oz)
 122
 178
 203
 -
 Total production costs (US\$/oz)
 130
 195
 231
 -
 Capital expenditure (US\$ million)
 1.2
 2.8
 2.2
 43.2
2002
 Recovered grade (g/t)
 11.02
 7.23
 4.45
 -
 Gold production (000 oz)
 880
 511
 311
 -
 Total cash cost (US\$/oz)
 124
 165
 192
 -

Total production costs (US\$/oz)

135

183

227

-

Capital expenditure (US\$ million)

11.5

8.5

1.5

35.8

42

**Great
Kopanang
Tau Lekoa
Moab
Noligwa
Khotsong**

(1)

2003

Recovered grade (g/t)

10.57

7.07

4.24

-

Gold production (000 oz)

812

497

322

-

Total cash cost (US\$/oz)

218

266

294

-

Total production costs (US\$/oz)

233

283

328

-

Capital expenditure (US\$ million)

22.0

12.0

7.0

67.0

Note:

(1) Commenced production during 2003. All expenses will be capitalised until commercial production is reached.

Ergo Operations

AngloGold's Ergo operations re-treat tailings dams and sand to recover gold and produce sulphuric acid using a secondary process. These tailings dams are located on the East Rand of the Witwatersrand. Since 1987, material has been treated through two CIL plants, believed to be two of the largest of their kind in the world. Ergo can only profitably treat tailings dams if they exceed a certain grade and, as a result of the expected rate of depletion of the higher grade material available, the operation is not expected to continue past its current estimated end of life in early 2005.

Operating Results for Ergo**2000****2001****2002****2003**

Recovered grade (g/t)

0.24

0.25

0.25

0.20
Gold production (000 oz)
321
332
264
203
Total cash cost (US\$/oz)
242
215
184
349
Total production costs (US\$/oz)
279
229
218
373
Capital expenditure (US\$ million)
0.2
0.1
0.2
-
3.2

East and West African Operations

AngloGold's East and West African operations comprise five operations, located in three African countries other than South Africa. All of these operations are currently open-pit operations. However, AngloGold intends to commence some limited underground mining at Geita in due course. These are the Morila, Sadiola Hill and Yatela mines in Mali in West Africa, the Navachab mine in Namibia on the south-western coast of Africa and the Geita mine in Tanzania.

Morila (attributable 40 per cent)

On 3 July 2000, AngloGold acquired a 40 per cent interest in the Morila project in Mali, from Randgold. The transaction involved the purchase by AngloGold from Randgold Resources (Morila) Limited of half of Randgold's 80 per cent interest in Societe des Mines de Morila S.A. ("Morila"). As a result, AngloGold and Randgold each hold a 40 per cent indirect interest in the Morila Joint Venture, with 20 per cent being held by the Malian Government. Under the joint venture agreement, AngloGold is the operator of the mine. This mine is situated some 180 kilometres by road, southeast of Bamako, the capital city of Mali (600 kilometres south east of Sadiola).

Operating Results for Morila**2000****(1)****2001****2002****2003**

Recovered grade (g/t)

8.81

6.87

11.96

7.56

Gold production (000 oz) 100%

142

631

1,052

795

Gold production (000 oz) 40%

57

252

421

318

Total cash cost (US\$/oz)

88

103

74

108

Total production costs (US\$/oz)

154

177

142

179

Capital expenditure (US\$ million) 100%

37.5

28.5

17.0

11.6

Capital expenditure (US\$ million) 40%

15.0

11.4

6.8

4.6

Note:

(1) AngloGold acquired its interest in the Morila mine effective 3 July 2000. Figures stated are for the period from 18 October 2000, the date the Morila mine started to produce gold.

Sadiola (attributable 38 per cent)

AngloGold has a 38 per cent interest in, and manages, the Sadiola mine within the Sadiola exploitation area in Western Mali. The joint venture partners are IAMGOLD, a Canadian listed company (38 per cent), the Government of Mali (18 per cent), and the International Finance Corporation ("IFC") (6 per cent). The mine is situated 77 kilometres south of Kayes. Construction commenced at the Sadiola open-pit operations in 1994 and full production was achieved by June 1997.

Operating Results for Sadiola**2000****2001****2002****2003**

Recovered grade (g/t)

3.56

3.13

2.96

2.77

Gold production (000 oz) 100%

612

536

480

452

Gold production (000 oz) 38%

232

204

182

172

Total cash cost (US\$/oz)

114

131

163

210

Total production costs (US\$/oz)

169

196

241

275

Capital expenditure (US\$ million) 100%

10.0

16.0

16.5

10.4

Capital expenditure (US\$ million) 38%

3.8

6.0

6.3

3.9

Yatela (attributable 40 per cent)

As part of the consolidation of Anglo American Corporation's gold mining interests, AngloGold acquired a 50 per cent interest in Sadiola Exploration Limited, which held the prospecting rights in the Sadiola region. Together with joint owner, IAMGOLD, exploration was performed and a feasibility study conducted at the Yatela deposit site, located some 25 kilometres north of Sadiola and approximately 50 kilometres south-south-west of the town of Kayes. The success of the feasibility study led to the formation of a company, Societe d'Exploitation des Mines d'Or de Yatela S.A., in which AngloGold and IAMGOLD each hold an effective 40 per cent interest, with the Government of Mali holding 20 per cent.

In February 2000, the AngloGold Board approved capital expenditure of US\$76 million for the development of this heap leach and open-pit operation. Construction and mining progressed exceptionally well at Yatela, with the mine being officially opened by Aboubacary Coulibaly, the Malian Minister of Mines, on 8 September 2001. The ore

treatment plant was commissioned in the first quarter, with mining production ahead of schedule. The first gold was produced on 9 May 2001. Production build- up under operational management and a team of permanent employees commenced at the end of the second quarter of 2001.

44

Operating Results for Yatela

2000

(1)

2001

2002

2003

Recovered grade (g/t)

-

4.36

3.60

2.84

Gold production (000 oz) 100%

-

131

269

218

Gold production (000 oz) 40%

-

52

107

87

Total cash cost (US\$/oz)

-

149

175

235

Total production costs (US\$/oz)

-

207

221

334

Capital expenditure (US\$ million) 100%

48.0

18.3

8.9

13.8

Capital expenditure (US\$ million) 40%

19.2

7.3

3.6

5.5

Note:

(1) The first gold was produced on 9 May 2001 and attributable production and total cash cost reflects the third and fourth quarters of 2001 only.

Navachab

AngloGold holds a 100 per cent interest in the Navachab open-pit gold mine located near Karibib in Namibia, which has been in production since 1990.

Operating Results for Navachab

2000

2001

2002**2003**

Recovered grade (g/t)

1.82

2.04

1.93

1.75

Gold production (000 oz)

77

87

85

73

Total cash cost (US\$/oz)

189

164

147

274

Total production costs (US\$/oz)

213

177

162

296

Capital expenditure (US\$ million)

0.1

0.5

2.1

2.2

Geita (attributable 50 per cent; remaining 50 per cent owned by Ashanti)

On 15 December 2000, AngloGold acquired a 50 per cent interest in the Geita project in Tanzania from Ashanti. This is currently entirely an open-pit operation. In due course some limited underground mining operations may be established. Under the joint venture agreement, the Geita Joint Venture is presently governed by a committee which has equal representation from both partners, with equal voting rights and neither side has a casting vote. After the Merger is completed, Geita will be wholly-owned and operated by AngloGold Ashanti and will be 100 per cent attributable to AngloGold Ashanti.

Operating Results for Geita**2000****(1)****2001****2002****2003**

Recovered grade (g/t)

2.65

3.70

3.62

3.60

Gold production (000 oz) 100%

177

546

579

662

Gold production (000 oz) 50%

88
273
290
331
Total cash cost (US\$/oz)
156
147
175
183
Total production costs (US\$/oz)
200
194
223
223
Capital expenditure (US\$ million) 100%
31.1
15.8
17.4
20.0
Capital expenditure (US\$ million) 50%
15.1
7.9
8.7
10.0

Note:

(1) AngloGold acquired its interest in the Geita mine effective 15 December 2000. Figures stated are for the 12 months ended 31 December 2000 and only the assets and liabilities are reflected in AngloGold's consolidated balance sheet as at 31 December 2000.

45

3.3**North American Operations**

AngloGold completed the acquisition of its North American operations from Minorco effective 1 January 1999. At that time these comprised two operations, Cripple Creek & Victor in Colorado and Jerritt Canyon in Nevada. On 3 June 2003, AngloGold together with its partner in the Jerritt Canyon Joint Venture announced that they had entered into a purchase and sale agreement with Queenstake for their entire interests in the Jerritt Canyon Joint Venture. Under the agreement, Queenstake paid the Jerritt Canyon Joint Venture US\$1.5 million in cash and 32 million shares of Queenstake on closing, with US\$6 million in deferred payment payable over the period 30 June 2005 to 30 September 2006 at the rate of US\$1 million per quarter, with additional royalty payments of up to US\$4 million, which royalty payment will commence from 30 June 2005 and will be determined based upon a percentage of gold sales less refining charges, refining penalties, certain taxes, transport and royalties payable to the United States Government. The percentage used to determine such royalty payments will depend upon the then prevailing gold price. Queenstake also accepted full closure and reclamation and other liabilities. The transaction closed on 2 July 2003. AngloGold owned a 70 per cent interest in the Jerritt Canyon Joint Venture. AngloGold sold its entire equity interest in Queenstake during November 2003 for a cash consideration of US\$9.4 million.

Cripple Creek & Victor (attributable 67 per cent with 100 per cent interest in production)

AngloGold (Colorado) Corp., a subsidiary of AngloGold North America Inc., owns 67 per cent of Cripple Creek & Victor Gold Mining Company ("CC&V"), in the Cripple Creek mining district, southwest of Colorado Springs in Colorado. The other 33 per cent of CC&V is held by Golden Cycle Gold Corporation ("Golden Cycle"). AngloGold is manager of the operation. AngloGold is currently entitled to receive 100 per cent of the cash flows from the operation until a loan, extended to the joint venture by AngloGold North America Inc., is repaid. CC&V is a low-cost, low-grade open-pit operation. AngloGold believes that good potential exists for the discovery of future mineral deposits and the establishment of these deposits as Ore Reserves.

CC&V began the establishment of the Cresson orebody in May 1994. Establishment was completed by December 1994 and production from the Cresson mine commenced in the first quarter of 1995. The expansion of the Cresson mine, which was approved by the AngloGold Board, began during the first quarter of 2001 and was completed in the third quarter of 2002. The ore is treated using a valley heap leach process with gold in solution being recovered by activated carbon followed by a smelting process. This expansion has doubled the crushing rate at the Cresson mine to 18 million tonnes per annum and increased the total leach pad capacity to 235 million tonnes.

Gold production has been below target levels during the years 2001 through 2003, due to haul truck and crusher commissioning problems and unfavourable leach pad chemistry. All three factors improved in the second half of 2003 and such improvement has continued into the first quarter of 2004. The haul truck fleet and crusher are now both meeting production targets. The leach pad pH level was negatively affected by placing alkaline consuming historic waste dump ore on the leach pad with insufficient lime addition in 2001. Lime addition rates were increased substantially and ammonia was added during 2003 to correct the problem. The pH levels returned to a normal range in the second half of 2003.

Operating Results for CC&V**2000****2001****2002****2003**

Recovered grade (g/t)

0.78

0.76

0.82

0.67

Gold production (000 oz)

248

214

225

283

Total cash cost (US\$/oz)

190

187

187

199

Total production costs (US\$/oz)

292

277

306

310

Capital expenditure (US\$ million)

20.3

82.2

66.2

23.9

3.4

South American Operations

AngloGold's South American operations and joint ventures were acquired as part of the Minorco transaction effective 1 January 1999 and are located in Brazil and Argentina. In 2003, 100 per cent of AngloGold's interest in the Amapari Project was sold.

46

Operations in Brazil comprise the wholly-owned Mineracao Morro Velho ("Morro Velho") mines and a 50 per cent interest in the Mineracao Serra Grande ("Serra Grande") mines. In July 2002, AngloGold acquired from Perez Companc International SA an additional 46.25 per cent of the equity, as well as the total loan assignment, of Cerro Vanguardia SA, a company conducting gold mining operations in Argentina, thereby increasing its interest in Cerro Vanguardia to 92.5 per cent. The net consideration paid for the interest was US\$97 million. The remaining 7.5 per cent interest in Cerro Vanguardia is held by the Santa Cruz Province.

On 19 May 2003, AngloGold entered into a purchase and sale agreement with Eike Fuhrken Batista and EBX Empreendimentos Ltda (EBX) for the sale of AngloGold's entire interests in Amapari to EBX. Under the agreement, EBX paid US\$3.0 million on closing and is obligated to pay US\$7.7 million in August 2004 and US\$7.5 million in December 2005.

Morro Velho

Through its wholly-owned subsidiary, Morro Velho, AngloGold has mining rights over 29,500 hectares in the state of Minas Gerais, in south-eastern Brazil. The Morro Velho complex is located in Nova Lima near the city of Belo Horizonte.

Ore from the Cuiaba underground operation and the Engenho D'Agua open-pit is treated at the Queiroz Plant. Ore from the Corrego do Sitio mine is processed by a heap leach facility. Mina Velha closed in 2003 and Engenho D'Agua is due to close in 2004. Future production will be sourced from the low-cost Cuiaba underground mine and from Corrego do Sitio mine (heap leach), where production commenced in the fourth quarter of 2002. The Cuiaba expansion project, currently under consideration, is anticipated to yield approximately 2.2 million ounces from 2006, at a projected capital cost of US\$109 million.

Operating Results for Morro Velho

2000

2001

2002

2003

Recovered grade (g/t)

6.79

6.63

6.71

6.66

Gold production (000 oz)

211

209

205

228

Total cash cost (US\$/oz)

134

127

131

141

Total production costs (US\$/oz)

183

197

193

199

Capital expenditure (US\$ million)

10.5

9.9

16.7

25.4

Serra Grande (attributable 50 per cent)

AngloGold owns a 50 per cent interest in and manages the Serra Grande joint venture. Kinross Gold Corporation Inc. owns the remaining 50 per cent. Under the terms of the Serra Grande joint venture agreement, AngloGold has the right to appoint some of the management of the Serra Grande joint venture and has the right to a maximum of 50 per cent of the earnings accrued and dividends paid by Serra Grande. Serra Grande controls, or has an interest in approximately 15,300 hectares in and around the Crixas mining district in the north-western areas of the Goias State, located in the central part of Brazil. The property includes two operating underground mines.

Operating Results for Serra Grande

2000

2001

2002

2003

Recovered grade (g/t)

8.15

8.08

7.84

7.88

Gold production (000 oz) 100%

193

192

187

189

Gold production (000 oz) 50%

96

96

94

95

Total cash cost (US\$/oz)

112

107

100

109

Total production costs (US\$/oz)

171

166

158

163

Capital expenditure (US\$ million) 100%

5.4

5.7

6.1

6.7

Capital expenditure (US\$ million) 50%

2.7

2.9

3.0

3.3

47

Cerro Vanguardia (attributable 92.5 per cent)

The Cerro Vanguardia ("CVSA") operation is located to the north-west of Puerto San Julian in the Province of Santa Cruz, Argentina. CVSA owns the right to exploit the deposit for 40 years based on the Usufruct Agreement signed in December 1996. The operation, which was constructed at a total cost of US\$270 million, was commissioned in the fourth quarter of 1998. The mine is currently an entirely open-pit operation. Some limited underground mining operations may also be established in due course.

Operating Results for CVSA**2000****(1)****2001****(1)****2002****2003**

Recovered grade (g/t)

11.22

10.51

9.49

7.15

Gold production (000 oz) 100%

285

292

261

226

Gold production (000 oz) (92.5%)

264

271

241

209

Total cash cost (US\$/oz)

146

133

104

143

Total production costs (US\$/oz)

229

218

203

261

Capital expenditure (US\$ million) 100%

1.6

10.0

3.0

10.3

Capital expenditure (US\$ million) (92.5%)

1.5

9.3

2.8

9.5

Note:

(1) 2000 and 2001 are based on 92.5 per cent holdings for comparative purposes, despite AngloGold's holding being only

46.25 per cent at this time. AngloGold acquired its additional 46.25 per cent interest in Cerro Vanguardia in July 2002.

3.5

Australian Operations

Acquired at the end of 1999, the Australian operations (formerly Acacia Resources) comprise:

.
the Sunrise Dam mine (AngloGold's interest is 100 per cent);

.
the Boddington gold mine (AngloGold's interest is 33.33 per cent), which is now closed and on care and maintenance pending the proposed Boddington expansion project;

.
the Union Reefs gold mine (AngloGold's interest is 100 per cent) that stopped producing and was closed in 2003. AngloGold has announced that it has entered into an agreement to sell Union Reefs to Greater Pacific Gold Limited. It is anticipated that this sale will be completed during the first half of 2004;

.
the Tanami mine (AngloGold's interest is 40 per cent), where certain assets were leased to a third party for ore processing, after the mine closed during the third quarter of 2001; and

.
the Western Tanami Project, which includes the Coyote Prospect, which was sold to Tanami Gold NL with effect from 16 January 2004.

Sunrise Dam

Sunrise Dam gold mine lies some 220 kilometres north-northeast of Kalgoorlie and 55 kilometres south of Laverton in Western Australia. Gold production began in March 1997. AngloGold acquired Sunrise Dam as part of Acacia in 1999. Ore is mined by open-pit methods using contract mining and treated in a conventional gravity and leach process plant. The current throughput capacity of the operation is 3.4 million tonnes per annum as a result of expansions completed in 2001 and 2002. This mine is currently an entirely open-pit operation. In July 2003 the Board of Directors of AngloGold approved the Sunrise Dam underground feasibility study and trial mining project. This project, if successful, will lead to the establishment of an underground mining operation at Sunrise Dam to extend the life of this operation. The Sunrise Dam underground project is anticipated to yield 1.3 million ounces from 2004 and is anticipated to require capital expenditure of US\$72 million.

48

Operating Results for Sunrise Dam**2000****2001****2002****2003**

Recovered grade (g/t)

3.87

3.81

3.49

3.12

Gold production (000 oz)

225

295

382

358

Total cash cost (US\$/oz)

172

153

177

228

Total production costs (US\$/oz)

229

201

227

295

Capital expenditure (US\$ million)

26.8

37.9

25.7

19.6

Boddington (attributable 33.33 per cent)

Boddington gold mine, which closed at the end of 2001, was an open-pit operation approximately 100 kilometres south east of Perth. Formerly operated by Worsley Alumina, since September 2002 it has been operated by the Boddington Gold Mine Management Company under the direction of the Boddington joint venture partners, namely AngloGold (33.33 per cent), Newmont Boddington (44.44 per cent) and Newcrest Operations (22.22 per cent). The plant was placed on care and maintenance pending commencement of the Boddington expansion project. The feasibility study for the Boddington expansion project, or Wandoo project, has been completed and is currently under review by the joint venture partners. The Boddington expansion project, which would involve the establishment of a large scale open-pit operation to exploit the deeper Ore Reserves below the previously mined oxide open-pits, is anticipated to yield 3.6 million ounces of attributable gold production to AngloGold. The project is anticipated to be developed at an attributable capital expenditure of US\$150 million.

Union Reefs

Union Reefs open-pit gold operations lie some 160 kilometres south-east of Darwin between the townships of Pine Creek and Adelaide River in the Northern Territory. Following the extraction of the entire Ore Reserve, mining operations at the mine were completed in July 2003. Processing of low grade stockpiles continued until the final mill shutdown on 3 October 2003. Since that time clean up operations and preparation of the plant for care and maintenance and possible sale have been undertaken. On 14 November 2003, AngloGold announced that it had entered into a purchase and sale agreement with Greater Pacific Gold Ltd (GPG) for the sale of the Union Reefs mine and its associated assets and tenements. It is anticipated that this transaction will be completed in the first half of 2004.

Tanami

The Tanami open-pit gold operations are located in the Tanami desert, 650 kilometres north-west of Alice Springs in the Northern Territory. Mining operations, of which 40 per cent were attributable to AngloGold, ceased during the third quarter of 2001. Since 2002, the gold recovery plant at the Tanami operations was leased to Newmont Mining Corporation under a three year arrangement which would have resulted in annual revenues to AngloGold of at least A\$2 million.

On 24 November 2003, AngloGold announced that it had agreed to sell its 100 per cent interest in the Western Tanami Project to Tanami Gold NL for a consideration made up of an immediate cash deposit of A\$0.25 million, the payment of A\$3.75 million in cash and the issue of 25 million ordinary shares in Tanami Gold NL on 16 January 2004, the payment of A\$5 million in cash within 120 days of that date, and the payment of a royalty from future gold production, if any, from the Western Tanami Project. The Western Tanami Project comprises an established exploration camp and associated equipment, a number of Exploration Licences/Exploration Licence Application in northern Western Australia and includes the Coyote gold deposit.

3.6

Research and Development

AngloGold is committed to research and development of new mining techniques, metallurgical processes and engineering systems, in line with its strategic objective of operational excellence. This objective encompasses improved safety and a contemporary workplace involving less manual labour and improved productivity. These objectives determine the selection of projects. These projects involve independent

49

research institutions (Council for Scientific and Industrial Research, Miningtek, Mintek and Centre for Mining, Technologies and Equipment), tertiary education institutions, consultants and suppliers of equipment, so as to utilise the best skills available. AngloGold is well advanced with testing incremental new production technologies, all of which are expected to contribute to lower costs, improved safety and better margins, thereby growing earnings. To this end, AngloGold's Technical Development Services has been refocused to concentrate on technology transfer, and is now known as AngloGold Mining Technologies. A number of major programmes continued in 2003 ranging from exploration, mining and metallurgy to developing new industrial applications for gold. Technology transfer is a priority, with workshops held in-house to capitalise on the depth and spread of technical expertise.

3.7

Global Exploration

AngloGold's global exploration strategy seeks both to extend the life of existing operations (through brownfields exploration) and to establish new mines (through greenfields exploration). This strategy is achieved through cost-effective, focused exploration in geological terrains most likely to host significant gold deposits. The more isolated the prospect is from existing operations, the less existing infrastructure development or the higher the country and other risks associated with the project, the more significant the deposit must be to meet AngloGold's investment criteria.

During 2003, the exploration focus continued in countries in which AngloGold already has operations, namely in Argentina, Australia, Brazil, Tanzania, Mali, Namibia, South Africa and the United States. In addition, exploration was pursued in highly prospective areas in Alaska, Canada, Mongolia and Peru. Exploration spending for 2003 amounted to US\$64 million and, of this total, US\$38 million was expensed in 2003.

AngloGold's highly focused greenfields exploration programme targets the addition of some 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, southern Mali, Mongolia, Peru and the United States.

3.8

Gold Marketing

AngloGold is committed to developing the market for gold and its marketing programme aims to increase the desirability of its product, to sustain and grow demand for gold and to deregulate the market in key economies. As a company, AngloGold aims to extract value from gold wherever possible throughout the gold value chain.

During 2003, AngloGold spent some US\$19 million on gold marketing initiatives, of which 55 per cent was spent through the World Gold Council ("WGC"). WGC underwent a major restructuring during the year and has allocated increased resources to support the market for gold investment purposes.

Independently of its support for the WGC, AngloGold is active in a number of other marketing projects in support of gold, and AngloGold remains the only gold company in the world that has committed this level of resources to marketing the metal it produces. These initiatives include a 26.6 per cent interest in South Africa's largest jewellery manufacturer, Oro Africa.

3.9

Employees

The average number of employees in the AngloGold group over the last three financial years ended 31 December 2003 is as follows:

2001

(1)

2002

(2)

2003

(3)

South Africa

(4)

53,982

39,547

40,520

East and West Africa

(4)
1,365
2,022
2,454
North America
(4)
808
869
708
South America
(4)
1,755
2,109
2,578
Australia
(4)
503
394
339
Administration and other employees
(5)
11,967
8,156
8,840
Total
70,380
53,097
55,439
50

Notes:

(1) During 2001, AngloGold sold its interests in the Elandsrand and Deelkraal mines in South Africa, and the Tanami mine in Australia was closed.

(2) During 2002, AngloGold sold its interests in its Free State Operations in South Africa, and the Boddington mine in Australia was placed on care and maintenance pending the Boddington Expansion Project.

(3) During 2003, AngloGold sold its interests in the Jerritt Canyon Joint Venture, the Amapari Project and the Union Reefs mine in Australia was closed and subsequently sold. During 2003, AngloGold also purchased a portion of the Driefontein mining area.

(4) Excludes employees at metallurgical plants, shared business services, corporate office and health services.

(5) Employees at metallurgical plants, shared business services, corporate office and health services.

4.

ANGLOGOLD'S RIGHTS TO MINE AND TITLE TO PROPERTIES

AngloGold currently holds all necessary leases and licences to cover exploration and mining activities.

AngloGold'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.

South Africa

Currently, South African property law provides for the ownership of mineral rights by private individuals, including companies. It is possible for one person to own the surface of a property and for another to own the mineral rights. Mineral rights can be divided into the different minerals, each capable of separate ownership so that, for example, one person can own the coal rights, another the precious metals rights and a third the diamond rights. An owner of mineral rights can lease them, mortgage them or dispose of them at will. The South African government is also an owner of mineral rights and is treated in the same manner as a private individual. Currently, AngloGold owns the surface rights of areas deemed to be critical to its operations in South Africa as well as the mineral rights to all of its mining areas and possesses all required mining authorisations to conduct its operations.

Rights to mine in South Africa are derived from mining authorisations granted by the State over mineral rights in the name of the holder of those rights pursuant to the Minerals Act No. 50 of 1991. To obtain a mining authorisation, the miner must first show that it has the capacity to mine, and the ability to rehabilitate the environment and comply with safety and other requirements. An environmental rehabilitation plan must be filed and approved by various government departments covering the restoration of the surface areas of the mine, the prevention of water and dust pollution and the removal of structures not required for other purposes. Previously, mining rights were held under leases issued by the State under the terms of which a mining lease payment was made to the State as an effective resource tax. Lease payments are now made only where the State owns the mineral rights. All South African operations have indefinite mining licences under the current legislation.

AngloGold has submitted all required environmental rehabilitation plans relating to its operations to the South African authorities. All these plans have been approved.

In October 2002 the President of South Africa assented to the MPRDA, which was passed by the Parliament of South Africa in June 2002. It will come into operation on a date to be proclaimed by the President, which is expected to be during the first half of 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 from the State of South Africa. AngloGold owns substantially all the mineral rights for which it holds mining authorisations.

The MPRDA will vest custodianship of South Africa's mineral resources 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 acquire new rights.

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 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
51

authorities. These comments have 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 1 January 2009, which date is the final date for the conversion of old order to new order mining rights under the MPRDA. At present, the South African government has not made public its plans to publish an amended draft Mineral and Petroleum Royalty Bill 2003.

Further details of the MPRDA and the draft Mineral and Petroleum Royalty Bill 2003 are given in paragraph 8 of Part II of this document.

Mali

Mineral rights in Mali are governed by the Mining Act and Regulations promulgated in 1991. Exploration is carried out under permits granted by Ministerial Decree following application to the National Director of Geology and Mines from the Ministry of Mines, Energy and Water conveying exclusive title to conduct exploration. The permit is valid for a three-year period and renewable twice. The company applying for such a permit must provide proof of technical and financial capabilities.

An exploitation permit is required in order to mine a deposit located within the exploration area. This permit grants exclusive title to mine for a maximum period of 30 years (inclusive of renewals) and is granted by the head of State following application to the National Director of Mines.

Both permits referred to above include a Mining Convention (convention d'etablissement) covering exploration, mining, treatment and marketing in a comprehensive document. This outlines the general conditions with regard to exploration (work programme, fiscal and customs regime) and exploitation (formation of a local limited liability company and mining company, State shareholdings, the fiscal and customs regime during construction and exploitation phases, exchange controls, marketing of the product, accounting regime, training programmes for local labour, protection of the environment, reclamation, safety, hygiene, and settlement of disputes).

Application for an exploration permit is submitted to the National Director of Mines based on various documents, including applicant identification, locations, receipts for payment of fixed rights and surface fees and articles of association, together with a draft mining convention. An inter-ministerial committee examines the applications and one company is retained to do the exploration. This company then negotiates a draft of the Mining Convention and the Minister of Mines grants the exploration permit by an in-house decree published in the Malian Gazette.

Once an economically viable deposit has been identified, an application for an exploitation permit is submitted to the national director of mines. This application must be made prior to the expiry of the exploration permit. The application document also contains a map and coordinates, a receipt for payment of fixed rights and surface fees and a summary of technical and financial capabilities. The exploitation title is granted following a thorough investigation. AngloGold has complied with all applicable requirements and the relevant permits have been issued.

Morila, Sadiola and Yatela have 30-year permits which expire in 2029, 2024 and 2030, respectively.

Namibia

Mineral rights in Namibia vest in the State. In order to prospect or mine, the Ministry of Minerals and Energy initially grants a prospecting licence and on presentation of a feasibility study, a mining licence is then granted taking into account the abilities of the company, including mining, financial and technical capabilities, rehabilitation programmes and payment of royalties. The relevant licence has been granted to AngloGold in respect of its mining and prospecting activities in Namibia. AngloGold's current 15-year licence expires in 2018.

Tanzania

On 15 December 2000, AngloGold acquired a 50 per cent interest in the Geita project in Tanzania from Ashanti. Under the joint venture agreement, the Geita Joint Venture is governed by a committee which has equal representation from both partners, with equal voting rights and neither side has a casting vote. After the Merger is completed, Geita will be wholly owned and operated by AngloGold Ashanti and will be 100 per cent attributable to AngloGold Ashanti.

Mineral rights in the United Republic of Tanzania are governed by the Mining Act of 1998 (the "Mining Act") and property in and control over minerals are vested in the State of Tanzania. Prospecting for the mining of minerals, except petroleum, may only be conducted under authority of a mineral right granted by the Minister of Mines and Energy under the Mining Act. The three types of mineral rights most often encountered, which are also those applicable to AngloGold, are:

- mining licences;

- prospecting licences; and

- retention licences.

A prospecting licence grants the holder thereof the exclusive right to prospect in the area covered by the licence for minerals to which the licence applies for a period of three years. Thereafter, the licence is renewable for two further periods of two years each. A company applying for a prospecting licence must, *inter alia*, state the financial and technical resources available to it. On each renewal of a prospecting licence, 50 per cent of the area covered by the licence must be relinquished. Mining is carried out through either a mining licence or a special mining licence, both of which confer on the holder thereof the exclusive right to conduct mining operations in or on the area covered by the licence. A mining licence is granted for a period of 10 years and is renewable for a further period of 10 years. A special mining licence is granted for a period of 25 years and is renewable for a further period of 25 years. If the holder of a prospecting licence has identified a mineral deposit within the prospecting area which is potentially of commercial significance, but it cannot be developed immediately by reason of technical constraints, adverse market conditions or other economic factors of a temporary character, it can apply for a retention licence which will entitle the holder thereof to apply for a special mining licence when it sees fit to proceed with mining operations. A retention licence is valid for a period of five years and is thereafter renewable for a single period of five years. A mineral right may be freely assigned by the holder thereof to another person, except for a mining licence, which must have the approval of the Ministry to be assigned. However, this approval requirement for the assignment of a mining licence will not apply if the mining licence is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations. A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts. AngloGold has complied with all applicable requirements, and the relevant licences have been issued for 25 years and expire in 2024.

United States

Mineral rights, as well as surface rights, in the United States of America are owned by private parties, State governments and the federal government. Most lands prospective for precious metals exploration, development and mining are owned by the federal government and are obtained through a system of self-initiated mining claim location pursuant to the Federal Mining Law of 1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining activities, regardless of whether they are situated on privately or publicly owned lands, are regulated by a myriad of federal, state and local laws, regulations, rules and ordinances, which address matters including environmental protection, mitigation and reclamation. Authorisations and permits setting forth the activities and restrictions pertaining thereto are issued by the responsible governmental agencies at all phases of mining activities.

The Cripple Creek & Victor Gold Mining Company joint venture is almost entirely comprised of company owned patented mining claims for public lands, with a small percentage of private and State lands being leased and the balance owned. The total area of control is approximately 7,100 acres. Patented claims vest ownership in the holder, including the right to mine for an indefinite tenure. All life-of-mine reserves are within these property controls. The mining and reclamation permits issued by the State of Colorado are life-of-mine permits.

South America

In Brazil, Mine Manifests (mining titles granted in 1936) and Mining Decrees (mining titles presently granted via a decree signed by the Minister of Mines and Energy) are valid for an undetermined period - until depletion of reserves - provided that the mining title holder complies with present Brazilian mining legislation, as well as with those

requirements set out by the Departamento Nacional de Pesquisa Mineral (DNPM) who acts as
53

inspecting entity for mining activities. The difference between a Mine Manifest and a Mining Decree consists in the legal nature of these two mining titles, since it is much more difficult and complicated for the Public Administration to extinct a Mine Manifest than a Mining Decree, although, in practice, it is possible to cancel or become extinct if the abandonment of the mining practices is formally proven. All of AngloGold's operations in Brazil have indefinite mining licences.

According to Argentinean Mining Legislation, mines are purchased by virtue of legal licence granted by competent authority under the provisions of the Mining Code. Regarding those provisions, anyone who owns a mining licence can make use of it as any other property under Argentinean legislation within the special dispositions of the Argentinean Mining Code. The usual ways used in Argentina to transfer rights over mining licences are: to sell the licence; to lease it; or to assign the rights under such a licence by a beneficial interest or Usufruct Agreement. The current licence in respect of CVSA expires in 2036.

Australia

In Australia, with few exceptions, all onshore mineral rights are reserved to the government of the relevant State or Territory. Exploration for, and mining of, minerals is regulated by the general mining legislation of each respective State or Territory and controlled by the relevant State or Territory mining ministry. Where native title has not been extinguished, native title legislation may apply to the grant of tenure and some subsequent administrative processes. Federal and State Aboriginal heritage legislation also operate to protect special sites and areas from disturbance and to date there has not been any adverse impact on any of AngloGold's operating properties.

AngloGold's operating properties are located in the State of Western Australia and the Northern Territory. The most common forms of tenure are exploration and prospecting licences, mining leases and general purpose leases. In most Australian states, if the holder of an exploration licence establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration licence has a priority right against all others to apply for a mining lease which gives the holder exclusive mining rights with respect to minerals on the property. It is possible for one person to own the surface of the property and for another to own the mineral rights. Typically the maximum initial term of a mining lease is 21 years, and the holder has the right to renew the lease for a further period of 21 years. Subsequent renewals are subject to the discretion of the respective State or Territory's minister responsible for mining rights. Mining leases can only be assigned with the consent of the relevant minister.

Government royalties are payable as specified in the relevant legislation in each State or Territory. A general purpose lease may also be granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating machinery and plant in connection with mining operations, depositing or treating minerals or tailings and using the land for any other specified purpose directly connected with mining operations.

AngloGold owns the mineral rights and has 21-year term mining leases with rights of renewal to all of its mining areas in Australia, including its proportionate share of joint venture operations, and both it and its joint venture partners are fully authorised to conduct operations in accordance with relevant laws and regulations. The mining leases cover the current life of mines at AngloGold's operations in Australia.

Royalty Payments

Following are royalty payments and related rates for the three years ended 31 December 2003:

Region

2001

2002

2003

US\$ million

North America

1

2

2

South America

(1)

3

4

6

Australia

2

3

3

South Africa

-

-

-

East and West Africa

11

16

16

Total

17

25

27

Note:

(1) Data for the year 2001 is based on a 92.5 per cent holding in Cerro Vanguardia for comparative purposes, despite AngloGold's holding being only 46.25 per cent for that year. AngloGold acquired its additional 46.25 per cent interest in Cerro Vanguardia in July 2002.

The above royalty payments are included, as applicable, in the determination of total cash costs for AngloGold's operations as included in Part III of this document.

54

5. DISCUSSION OF ANGLOGOLD'S FINANCIAL RESULTS AND RESULTS OF OPERATIONS

5.1

Comparison of Operating Performance in 2001, 2002 and 2003

The following table presents operating data for the AngloGold group for the three-year period ended 31 December 2003:

Operating data for AngloGold

Year ended 31 December

2001

2002

2003

(audited)

(audited) (unaudited)

Gold production (thousand ounces)

6,983

5,939

5,616

Total cash costs (US\$/oz)

178

161

229

Total production costs (US\$/oz)

213

203

272

Capital expenditure (million US dollars)

298

271

363

Gold production

For the year ended 31 December 2003, AngloGold's total gold production decreased by 323,000 ounces or 5 per cent, to 5,616,000 ounces from 5,939,000 ounces produced in 2002.

Gold production from operations located in South Africa decreased by 4 per cent from 3,412,000 ounces produced in 2002 to 3,281,000 ounces in 2003. This is attributable to lower stoping widths, lower reef developments, lower vamping and lower grades at Great Nologwa, lower volumes at Savuka and a dwindling reserve tonnage base at Ergo. Gold production in East and West Africa decreased by 10 per cent from 1,085,000 ounces in 2002 to 981,000 ounces in 2003, mainly due to the reduction in gold grade primarily at Morila. Gold production in the North American region decreased by 16 per cent from 462,000 ounces in 2002 to 390,000 ounces in 2003, primarily due to the sale of AngloGold's 70 per cent interest in the Jerritt Canyon Joint Venture with effect from 30 June 2003. Production at Cripple Creek & Victor increased by 58,000 ounces, due to additional product from expanded processing facilities, as a result of the completion of the expansion project at the Cresson mine in the third quarter of 2002. South America's production increased from 478,000 ounces in 2002 to 532,000 ounces in 2003, due to the additional 46.25 per cent interest acquired by AngloGold in Cerro Vanguardia in July 2002, as well as increased production at Morro Velho. The Australian operations produced 432,000 ounces of gold during 2003, compared with 502,000 ounces in 2002, as a result of the closure of Union Reefs and lower production at Sunrise Dam due to lower grades.

For the year ended 31 December 2002, AngloGold's total gold production decreased by 1,044,000 ounces, or about 15 per cent, to 5,939,000 ounces from 6,983,000 ounces produced in 2001.

Gold production from operations located in South Africa decreased by 27 per cent from 4,670,000 ounces produced in 2001 to 3,412,000 ounces in 2002. This reduction was largely due to the sale of AngloGold's Free State operations, effective 1 January 2002. Gold production in East and West Africa increased by 25 per cent or 217,000 ounces from 868,000 ounces in 2001 to 1,085,000 ounces in 2002, mainly as a result of a 74 per cent increase in recovered grade at

Morila and at Yatela, where the first full year of production was completed in 2002. Gold production in the North American region decreased by 7 per cent from 496,000 ounces in 2001 to 462,000 ounces in 2002, due to adverse weather conditions, the completion of the Cortez tolling agreement and lower recovery at Jerritt Canyon. South American operations recorded increased gold production of 478,000 ounces in 2002, compared with 441,000 ounces in 2001, as a result of the additional interest acquired in Cerro Vanguardia. The Australian operations produced 502,000 ounces of gold in 2002, compared with 508,000 ounces in 2001, due to the closure of operations at Boddington and Tanami, partially offset by a 29 per cent increase in production at Sunrise Dam, achieved due to the second mill upgrade completed in 2002.

A more detailed review of gold production at each of AngloGold's operations is provided in paragraph 3 of this Part III.

55

Total cash costs and total production costs

The total cash cost for the year ended 31 December 2003 was US\$229 per ounce, 42 per cent higher than cash costs of US\$161 per ounce recorded in 2002. This change was mainly due to a combination of stronger local currencies against the US dollar in most operating regions and lower ore grade in several of these regions. Stronger currencies increased total cash costs by US\$47 per ounce and lower ore grade increased total cash costs by a further US\$17 per ounce.

Total cash costs for the South African, Australian and East and West African regions increased by 60 per cent, 26 per cent and 36 per cent, respectively, in 2003, compared with 2002. The increases in total cash costs at the South African and Australian operations were mainly due to the strengthening of the South African rand and the Australian dollar against the US dollar (based on the average exchange rates of the rand against the US dollar of ZAR7.55 and ZAR10.48 and of the Australian dollar against the US dollar of A\$1.54 and A\$1.84, during the years ended 31 December 2003 and 2002, respectively). East and West African operations recorded higher total cash costs in 2003, mainly due to lower recovered grades achieved at all operations compared with 2002.

The total cash cost for the year ended 31 December 2002 was US\$161 per ounce, 10 per cent, lower than cash costs of US\$178 per ounce recorded in 2001. This reduction was largely a result of the weakening of the local currencies in the countries in which AngloGold operates against the US dollar.

Total production costs per ounce increased to US\$272 in 2003 from US\$203 per ounce in 2002 and US\$213 per ounce in 2001.

A more detailed review of total cash costs and total production costs at each of AngloGold's operations is provided in paragraph 3 of this Part III.

Capital expenditure

Total capital expenditure during the year ended 31 December 2003 was US\$363 million, compared with US\$271 million in 2002, which represents a US\$92 million, or 34 per cent, increase in capital expenditure on a group level.

In South Africa, capital expenditure increased from US\$112 million spent in 2002 to US\$246 million in 2003, mainly due to the Moab Khotsoeng and Mponeng shaft deepening projects, the acquisition of a portion of the Driefontein mining area, known as 1C11, from Gold Fields Limited and the strengthening of the rand against the US dollar.

Capital expenditure in the North American and Australian regions, decreased from US\$74 million and US\$31 million spent in 2002, to US\$27 million and US\$21 million, respectively, in 2003. The decrease in North America was mainly due to the completion of the Cresson mine expansion in the third quarter of 2002. East and West African and South American regions recorded capital expenditure of US\$26 million and US\$43 million in 2003, compared with US\$27 million and US\$27 million in 2002, respectively.

Total capital expenditure during the year ended 31 December 2002 was US\$271 million, compared with US\$298 million in 2001, representing a US\$27 million, or 9 per cent, decrease in capital expenditure on a group level.

5.2

Financial Review

5.2.1 Financial performance in 2003 compared with 2002

Revenues

Revenues from product sales and other income increased to US\$2,116 million in 2003 from US\$1,847 million in 2002, representing a 15 per cent increase, mainly due to the higher unit price of gold which offset the lower gold production in all operating regions except South America. Most product sales consisted of US dollar-denominated gold sales.

Gold income

Gold income increased to US\$2,029 million in 2003 from US\$1,761 million in 2002, representing a 15 per cent increase, mainly due to a US\$60 per ounce, or 20 per cent, increase in the received

gold price of US\$363 per ounce, partly offset by a 5 per cent reduction in gold production to 5,616,000 ounces. The average spot price of gold for 2003 was US\$363 per ounce, compared with US\$310 per ounce in 2002.

Gold income from the South African operations increased to US\$1,179 million from US\$930 million in 2002. This increase was mainly the result of a US\$78 per ounce improvement in the received gold price to US\$372 per ounce, partially offset by lower gold production. Gold income derived from East and West African operations increased to US\$338 million in 2003 from US\$329 million in 2002. Gold income from North America, South America and Australia amounted to US\$128 million, US\$227 million and US\$157 million in 2003, compared with US\$152 million, US\$195 million and US\$155 million, respectively, in 2002.

Cost of sales

Cost of sales increased to US\$1,526 million in 2003 from US\$1,203 million in 2002, representing a 27 per cent increase. This increase was a result of the strengthening of local currencies against the US dollar in most of the countries in which AngloGold operates and lower gold grade ore mined or recovered at certain operations.

Operating profit

Operating profit decreased to US\$622 million in 2003 from US\$650 million in 2002, representing a 4 per cent decrease. Adjusted operating profit, which excludes unrealised gains on non-hedge derivatives, decreased 12 per cent to US\$559 million from US\$638 million in 2002.

Profit before exceptional items

In 2003, profit before exceptional items was US\$490 million, compared to US\$553 million in 2002. Corporate and other administration expenses increased by US\$11 million, to US\$36 million in 2003 from US\$25 million in 2002. Market development costs amounted to US\$19 million for 2003, of which 55 per cent was paid to the World Gold Council. Total exploration expenditure was US\$64 million (2002: US\$51 million), of which US\$38 million (2002: US\$28 million) was expensed. Interest received increased by US\$2 million to US\$38 million, mainly as a result of an improved gold price and improved cash position. Other net expenses amounted to US\$15 million for 2003 and included, amongst other items, foreign exchange losses on transactions other than sales, income from associates, growth in the Environmental Trust Fund and other provisions. Finance costs increased by US\$5 million to US\$49 million, mainly due to the interest on the corporate bond issued in 2003, partly offset by lower Libor rates applicable to several of the loans. Included in the expenses for 2003 are marked-to-market effects of financial instruments in the amount of US\$6 million (2002: nil). Expenses for 2003 also include abnormal items in the amount of US\$19 million, compared to US\$10 million in 2002.

Net profit

Net profit for 2003 decreased to US\$312 million from US\$332 million in 2002. This decrease was mainly due to the items included in profit before exceptional items mentioned above, adjusted for amortisation of goodwill of US\$29 million (2002: US\$28 million), impairment of mining assets of US\$44 million (2002: nil), profit on disposal of assets and subsidiaries of US\$10 million (2002: loss of US\$13 million) and profit on disposal of investments of US\$45 million (2002: nil). The impairment of mining assets includes the impairment of various exploration assets in Australia (US\$9 million), Savuka assets in South Africa (US\$34 million) and mining equipment in South America (US\$1 million). A loss on the disposal of the Free State assets of US\$13 million was recognised in 2002 and a profit on the sale of the Jerritt Canyon Joint Venture (US\$10 million) in 2003. The profit on sale of investments includes a profit on the sale of East African Gold Mines of US\$25 million, a profit on the sale of Randgold Resources Limited of US\$17 million and a profit on the sale of shares in Queenstake of US\$3 million. The loss on the sale of the Amapari project was offset by the profit on the sale of the helicopter at the Vaal River operations. Taxation decreased in line with lower earnings, whilst the minorities interest was US\$18 million, compared to US\$15 million in 2002.

5.2.2 Financial performance in 2002 compared with 2001

Revenues

Revenues from product sales and other income decreased to US\$1,847 million in 2002 from US\$2,121 million in 2001, representing a 13 per cent reduction, mainly as a result of lower gold production from South Africa, largely due to the sale of the Free State assets effective January 2002 and a reduction in gold production from Ergo following the closure of the Daggafontein plant in December 2001. These were partially offset by a higher unit price of gold and increase in revenues from East and West Africa, as a result of an increase in revenue from Morila due to an unusually high increase in recovered grade, an increase in revenue from Yatela where gold production commenced in the third quarter of 2001 and an increase in revenue from South America, due to revenues attributable to the additional 46.25 per cent interest in the Cerro Vanguardia mine that AngloGold acquired during the third quarter of 2002.

Gold income

Gold income decreased to US\$1,761 million in 2002 from US\$2,041 million in 2001, representing a 14 per cent decrease, mainly due to a reduction of 1,044,000 ounces in gold produced (for the reasons stated above), partly offset by an increase in the received gold price by US\$16 per ounce to US\$303 per ounce in 2002. The average spot price of gold for 2002 was US\$310 per ounce, compared to US\$272 per ounce in 2001.

Cost of sales

Cost of sales decreased to US\$1,203 million in 2002 from US\$1,519 million in 2001, representing a 21 per cent decrease, mainly as a result of lower total cash costs, reduced retrenchment costs and favourable inventory movement. Total cash costs were lower both on a per ounce and on an absolute basis, as a result of lower gold production. Retrenchment costs decreased by US\$19 million, as most of the costs associated with the Free State operations were incurred in 2001. The increase in inventory levels in 2002 compared to 2001 was mainly due to the increase in gold in process in the North American region, as a result of ongoing problems with extracting gold from the heap leach pad resulting in a build up of inventory.

Operating profit

Operating profit increased to US\$650 million in 2002 from US\$517 million in 2001, representing a 26 per cent increase. This was mainly due to a 6 per cent increase in the received US dollar gold price and a weaker average South African rand/US dollar exchange rate. Adjusted operating profit, excluding unrealised gains on non-hedge derivatives, increased 21 per cent from US\$527 million to US\$638 million in 2002.

Profit before exceptional items

In 2002, profit before exceptional items was US\$553 million, compared to US\$400 million in 2001. Corporate and other administration expenses increased by US\$3 million to US\$25 million. Market development costs amounted to US\$17 million for the year of which some 73 per cent was paid to the World Gold Council. Total exploration expenditure was US\$51 million (2001: US\$44 million) of which US\$28 million (2001: US\$26 million) was expensed. Interest received increased to US\$36 million in 2002 from US\$20 million in 2001, mainly as a result of the improved gold price, improved cash position with the sale of shares acquired in the aborted bid of Normandy and the proceeds from the Free State sale. Other net expenses amounted to US\$9 million for 2002 and included, amongst other items, foreign exchange losses on transactions other than sales and post-retirement medical expenses relating to mines sold. Finance costs decreased by US\$28 million to US\$44 million, due to lower interest rates and the rearrangement of loan facilities. The proceeds on the sale of the Normandy investment were utilised to repay debt. An abnormal item relating to the settlement of a legal claim in the amount of US\$10 million was also included in 2002.

Net profit

Net profit for 2002 increased to US\$332 million from US\$245 million in 2001. This increase was mainly due to the items included in profit before exceptional items mentioned above, adjusted for amortisation of goodwill of US\$28 million (2001: US\$29 million), impairment of mining assets in 2001 of US\$1 million, a loss on disposal of the Free State assets of US\$13 million which was recognised in 2002, compared to a loss of US\$4 million, recognised in respect of the sale of assets at the Deelkraal and Elandsrand mines in 2001. The taxation charge increased by US\$54 million to US\$165 million in 2002, due mainly to an increase in earnings. The effective tax rate was 32 per cent in 2002 compared to 30 per cent in 2001. The share of earnings of minorities increased to US\$15 million in 2002, compared to US\$8 million in 2001. This was due to the increase of minorities in Cerro Vanguardia from 3.75 per cent to 7.5 per cent.

5.3**Liquidity and capital resources*****Operating activities***

Net cash inflow from operating activities was US\$453 million in 2003, 25 per cent lower than the amount of US\$605 million recorded in 2002. The decrease in net cash inflow from operating activities over 2002 is mainly the result of a working capital outflow of US\$71 million and a decrease in AngloGold's profitability due to higher unit cash costs per ounce, partially offset by higher received gold price during 2003 compared with 2002.

Net cash inflow from operating activities was US\$605 million in 2002, 21 per cent higher than the 2001 amount of US\$500 million. Cash generated from operations was derived from profits on ordinary activities before taxation of US\$512 million adjusted for changes in working capital and non-cash flow items. The most significant non-cash flow item was amortisation of mining assets of US\$245 million. Cash generated from operations was US\$758 million and interest received was US\$32 million. Payments to outside stakeholders for finance costs amounted to US\$40 million and mining and normal taxes were US\$131 million. The resultant net increase in cash from operating activities was mainly due to the increase in AngloGold's profitability.

Investing activities

Investing activities in 2003 resulted in a net cash outflow of US\$316 million compared with a net cash outflow of US\$99 million in 2002. This increase in cash outflows was the net result of increased capital expenditure of US\$363 million, compared with US\$271 million in 2002, as a result of major capital projects, including Moab Khotsong, the Mponeng deepening project and four projects at TauTona mine, including the purchase of the mining area of Gold Fields Limited's Driefontein mine known as 1C11. The proceeds of US\$56 million were the result of the sale of the investments in East African Gold Mines and RandGold Resources and shares in Queenstake Resources. Acquisition of subsidiaries reflects the acquisition of Rand Refinery which was previously accounted for as an associate. The disposal of subsidiaries includes the sale of a 70 per cent interest in Jerritt Canyon, which was sold to Queenstake Resources USA Inc. The consideration of US\$12 million received for the sale was paid in the form of US\$1.5 million in cash and 32 million shares of Queenstake common stock valued at US\$5 million and US\$6 million in deferred payments. AngloGold sold its entire equity interest in Queenstake during November 2003 for a cash consideration of US\$9.4 million after expenses.

Investing activities in 2002 resulted in a net cash outflow of US\$99 million compared with an outflow of US\$148 million in 2001. This decrease in cash outflows was the net result of acquisitions and disposals of operations and investments and lower capital expenditure. The disposals include the net cash consideration of US\$140 million received for the disposal of the Free State assets and proceeds of US\$158 million received from the sale of Normandy shares in 2002 and the sale of Deelkraal and Elandsrand to Harmony Gold Mining Company Limited for an amount of US\$109 million in 2001. The effect of cash received from these transactions on cash used in investing activities in 2002 was partially offset by the acquisition of an additional 46.25 per cent interest in the Cerro Vanguardia mine in Argentina in July 2002 for a net cash consideration of US\$97 million (US\$8 million cash acquired as part of this acquisition). In 2002, US\$34 million (2001: US\$3 million) was paid for acquiring cash investments of which the major portion related to the Normandy investment.

Additional cash outflows for investing activities during 2002 included capital expenditure in the amount of US\$271 million compared with US\$298 million in 2001. The main part of total capital expenditure in 2002 relates to the following capital projects: Moab Khotsong US\$36 million; Mponeng US\$33 million; TauTona US\$11 million; Cripple Creek & Victor Expansion US\$66 million; and Sunrise Dam Project US\$26 million.

Financing activities

Net cash used in financing activities decreased by US\$260 million to an outflow of US\$107 million in 2003 from an outflow of US\$367 million in 2002. This net decrease in cash used in financing activities was the result of lower borrowings repaid, partly offset by lower borrowings drawn. Repayments comprised normal scheduled payments in terms of loan facilities and the repayment of US\$30 million under the US\$400 million unsecured loan facility. No further drawings or repayments were made in 2003 under the US\$600 million borrowing facility which AngloGold entered into in 2002. In addition, on 21 August 2003, AngloGold issued a senior unsecured fixed rate corporate bond in an aggregate principal amount of ZAR2 billion, with coupons payable at a rate of 10.5 per cent per annum. The bond will be repayable on 28 August 2008 and is listed on the Bond Exchange of South Africa.

During 2003, AngloGold issued 514,320 AngloGold Shares, of which 508,020 AngloGold Shares were issued pursuant to AngloGold's Share Incentive Scheme and 6,300 AngloGold Shares were issued in terms of the Acacia Employee Option Plan. Proceeds from the above issuances amounted to US\$10 million in 2003.

Dividends paid increased to US\$314 million in 2003 from US\$260 million in 2002 (including minorities). AngloGold declares interim dividends at the time of announcing its interim results and declares and pays final dividends in the following year based on the previous year's results. Dividends declared (excluding minorities) for 2003 amounted to US\$220 million (99 US cents per share) compared with US\$325 million in 2002 (146 US cents per share). Over the same periods, adjusted headline earnings, which excludes unrealised non-hedge derivatives, decreased to US\$282 million (127 US cents per share) in 2003 from US\$368 million (166 US cents per share) in 2002.

Net cash used in financing activities increased by US\$69 million to US\$367 million in 2002 from US\$298 million in 2001. This net increase in cash used in financing activities in 2002 was the result of the repayment of US\$654 million of maturing debt, including US\$121 million to Credit Agricole and US\$355 million on the matured unsecured syndicated loan facility, with the balance comprising normal scheduled payments in terms of other loan agreements. Furthermore, US\$585 million was drawn and US\$120 million was repaid under the US\$600 million unsecured syndicated borrowing facility which AngloGold entered into in February 2002 and US\$175 million was drawn and US\$128 million was repaid under the existing US\$400 million unsecured syndicated loan facility during 2002. In addition, on 14 October 2002, a new loan facility of A\$50 million was arranged with the Australia and New Zealand Banking Group Limited for AngloGold. At 31 December 2002, A\$15 million (US\$9 million) had been drawn under this facility.

During 2002, AngloGold issued 7,353,906 AngloGold Shares of which 478,720 AngloGold Shares were issued pursuant to the AngloGold Share Incentive Scheme, 66,598 AngloGold Shares were issued in terms of the Acacia Employee Option Plan, 278,196 AngloGold Shares were issued as part of the odd-lot offer by AngloGold, 6,403,236 AngloGold Shares were issued in terms of the Normandy offer and 127,156 AngloGold Shares were issued in respect of the top-up facility in terms of the Normandy offer in 2001. Proceeds from the above issuances amounted to US\$18 million in 2002.

Dividends paid increased to US\$260 million in 2002 from US\$167 million in 2001 (including minorities). Dividends declared (excluding minorities) for 2002 amounted to US\$325 million (146 US cents per share), compared with US\$190 million (87 US cents per share) in 2001. Over the same periods, adjusted headline earnings, which excludes unrealised non-hedge derivatives, of US\$368 million (166 US cents per share) for 2002, compared with US\$286 million (133 US cents per share) in 2001.

Off-balance sheet items

Commodity based contracts ("normal purchase or normal sale") that meet the requirements of IAS 39 are not recognised on the balance sheet, but are recognised in earnings when they are settled by physical delivery. No provision has been made for unaccrued future rehabilitation obligations.

Liquidity

AngloGold's cash and cash equivalents increased to US\$505 million at 31 December 2003 compared with US\$413 million at 31 December 2002 and US\$191 million at 31 December 2001. In accordance with South African Reserve Bank regulations, cash generated by South African operations is held in South African rand. At 31 December 2003 approximately 28 per cent of AngloGold's cash and cash equivalents was held in US dollars, 62 per cent was held in South African rand, 1 per cent in Australian dollars and 9 per cent in other currencies.

Short-term debt. AngloGold's short-term debt increased to US\$351 million at 31 December 2003 from US\$84 million at 31 December 2002 and US\$637 million at 31 December 2001. The amount of short-term debt at 31 December 2003 is the portion of long-term debt that falls due in 2004. Included in the short-term debt at 31 December 2003 was the drawn portion of a US\$400 million US dollar-based syndicated loan facility, repayable in May 2004, a loan of US\$10 million repayable in monthly instalments commencing March 2004 and terminating in September 2004 and a US dollar-based syndicated project finance loan terminating in December 2004.

Long-term debt. AngloGold's long-term debt decreased to US\$807 million at 31 December 2003, compared to US\$842 million at 31 December 2002 and US\$350 million at 31 December 2001.

As at 31 December 2003, AngloGold had US\$465 million drawn under its US\$600 million syndicated loan facility (this facility is repayable in February 2005 and is US dollar-based; interest is charged at Libor plus 0.7 per cent per annum) and US\$232 million drawn under its US\$400 million syndicated loan facility (this facility is repayable in May 2004 and is US dollar-based; interest is charged at Libor plus 0.75 per cent per annum). AngloGold intends to use part of the proceeds of the offering of the Convertible Bonds to refinance amounts drawn under these facilities. In addition, AngloGold has entered into a number of other secured and unsecured debt facilities denominated in various currencies.

The Morila project finance facility is secured by a fixed and floating charge over the respective project assets, the hedging contracts and major project contracts and a pledge over the shares in the project company. The Geita project finance facility is secured by a pledge over the shares in the project company. The Cerro Vanguardia project finance loan is secured by a fixed and floating charge over the project assets, the major project contracts and a pledge over the shares in the project company. The Investec loan is guaranteed by AngloGold Limited. The equipment financed by the Senstar Capital Corporation secured loans, the secured Rolls Royce loan and the secured Kudu Finance Company loan, is used as security for those loans.

On 21 August 2003, AngloGold issued a senior unsecured fixed rate corporate bond of an aggregate principal amount of ZAR2 billion, with semi-annual coupons payable at a rate of 10.5 per cent per annum. The bond will be repayable on 28 August 2008, subject to early redemption at AngloGold's option. The bonds are listed on the Bond Exchange of South Africa.

As at 31 December 2003, AngloGold's total long-term debt, including its short-term portion maturing within 2004, was made up as follows:

At 31 December 2003**US\$ million**

Unsecured loans

1,069

Secured loans

89

Total debt

1,158

Less: Short-term maturities

(351)

Long-term debt

807

61

Debt repayments are scheduled as follows:

Amounts falling due

US\$ million

Within one year

351

Between one and two years

482

Between two and five years

320

After five years

5

Total

1,158

AngloGold currently expects to repay debt maturing in 2004 from existing cash resources, cash generated by operations, other debt facilities and the proceeds of the offering of the Convertible Bonds.

At 31 December 2003 the currencies in which the borrowings were denominated were as follows:

At 31 December 2003

US\$ million

Australian dollars

7

South African rand

308

United States dollars

843

Total

1,158

Repayments of short-term and long-term borrowings amounted to US\$125 million and US\$40 million, respectively, in 2003.

At 31 December 2003 AngloGold had the following undrawn borrowing facilities:

At 31 December 2003

US\$ million

Syndicated loan (US\$400 million) - US dollar

(1)

168

Syndicated loan (US\$600 million) - US dollar

(2)

135

Australia and New Zealand Banking Group Limited - Australian dollar

30

Total

333

Notes:

(1) Expires May 2004.

(2) Expires February 2005.

AngloGold had no other committed lines of credit as at 31 December 2003. In October 2002, AngloGold arranged a loan facility of A\$50 million with the Australia and New Zealand Banking Group Limited. This facility, originally repayable by September 2003, was extended to September 2004. The undrawn portion of this facility as at 31 December 2003 was A\$40 million.

AngloGold's acquisitions during the past three years, including the acquisition of an additional 46.25 per cent interest in Cerro Vanguardia in 2002, were financed with debt. As a result of the increase in cash to US\$505 million as at 31 December 2003 from US\$413 million as at 31 December 2002 resulting from operating, investing and financing

activities, AngloGold reported total net indebtedness of US\$653 million at 31 December 2003, compared with US\$513 million at 31 December 2002.

In February 2004, AngloGold Holdings plc, a wholly owned subsidiary of AngloGold, raised approximately US\$991 million (net of commissions and expenses) through the issue of the Convertible Bonds. The proceeds of such issue, after payment of managers' commissions and other expenses relating thereto, will be used by AngloGold to refinance amounts outstanding under AngloGold's credit facilities and to meet transaction costs in connection with the Merger and for general corporate purposes, including planned capital expenditure.

AngloGold expects net capital expenditure to be US\$477 million for 2004, excluding Ashanti's capital expenditure for the same year which is expected to be US\$119 million. AngloGold expects to finance this expenditure from existing cash resources, cash generated by operations, its debt facilities and the proceeds of the Convertible Bonds offering.

The costs, charges and expenses of, and incidental to, the Merger are estimated to amount to approximately US\$85 million. Included in this amount are US\$5 million which AngloGold has agreed to pay to the Government promptly after the completion of the Merger. In consideration for the various regulatory undertakings to be received by AngloGold pursuant

62

to the Stability Agreement, AngloGold has further agreed to issue 2,658,000 New AngloGold Ashanti Shares and to pay the Government an additional US\$5 million in cash. These latter amounts are not included in the estimated transaction costs of the Merger of US\$85 million.

On 31 December 2003, Geita Gold Mining Limited made a distribution of US\$30 million in partial repayment of outstanding shareholder loans. AngloGold agreed that US\$15 million of the distribution that would otherwise have been payable to AngloGold should instead be paid directly to Ashanti. Following this repayment, the total principal amount of shareholder loans including accrued interest owed to Ashanti was US\$14.1 million. On 3 February 2004, AngloGold Geita Holdings Limited, a subsidiary of AngloGold, agreed to purchase this residual shareholder loan at par value.

In the event the Merger is consummated, AngloGold will be obliged to repay all of the outstanding MENs, together with interest thereon.

5.4

Hedging

Hedge levels

AngloGold employs hedging as an element of its risk management strategy. On 30 July 2003, AngloGold's hedging policy was changed from a target level of forward-price commitments equal to 50 per cent of five years production hedged to a targeted level of 30 per cent of the next five years' production hedged. AngloGold may put new forward-pricing contracts in place where the gold price and operating circumstances make this necessary or prudent. The absolute level of AngloGold's gold hedges has decreased considerably over the last two years. This is as a result of:

- the sale of mining assets and the resultant reduction of the hedge in line with reduced production;
- a more favourable outlook on gold prices; and
- the higher profit margin, requiring less price certainty.

A summary of the hedge position as at 31 December 2000, 2001, 2002 and 2003 is as follows. The "years of production hedged" is calculated as the hedge net delta position at year-end divided by the annual production for that year.

Hedge

Annual Production

Years of

As at 31 December

Net Delta

for Year

Production

kg's

kg's

Hedge

2000

554,701

225,295

2.46

2001

453,192

217,203

2.08

2002

319,723

184,711

1.73

2003

267,131

174,668

1.53

While AngloGold may reduce its net delta hedge position further in line with a positive price outlook, it will continue to actively manage the hedge in order to protect margins and to ensure its ability to service debt requirements.

Following the Merger, the combined hedge book of AngloGold and Ashanti will equate to approximately 40 per cent of five years of production, exceeding AngloGold's targeted hedge level of 30 per cent. As operating and market factors remain favourable and market conditions allow, AngloGold expects to manage the combined hedge position to bring it in line with its current policy.

Hedge performance

The following table provides a summary of the average received gold price for AngloGold and the average spot gold price over the last five years. The table provides an indication of past hedge performance.

Sales

Price Received

Spot Price

thousand

US dollar

US dollar

Year

ounces

per ounce

per ounce

1999

7,004

315

278

2000

7,241

308

285

2001

7,004

287

271

2002

5,941

303

310

2003

5,613

363

363

63

Edgar Filing: ANGLOGOLD LTD - Form 6-K

The total net delta tonnage of the AngloGold gold hedge on 31 December 2003 was 8.59 million ounces or 267.1 tonnes of gold. The marked-to-market value of all hedge transactions making up the hedge positions was a negative US\$663.7 million as at 31 December 2003. These values were based on a gold price of US\$415.75 per ounce, exchange rates of ZAR/US\$6.6376 and A\$/US\$0.7525 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are in no way predictive of the future value of the hedge position nor of future impact on the revenue of AngloGold. The marked-to-market represents the current profit/loss value of the hedge book at market prices and rates available at that time.

The table below indicates AngloGold's gold hedge position at a weighted average settlement price as at 31 December 2003.

Year

2004

2005

2006

2007

2008

2009 -

Total

2013

US DOLLAR GOLD

Forward contracts

Amount (kg)

18,374

26,576

19,862

18,974

15,801

10,078

109,665

US\$ per oz

US\$315

US\$324

US\$333

US\$337

US\$352

US\$360

US\$334

Put options purchased

Amount (kg)

5,772

2,624

4,918

728

14,042

US\$ per oz

US\$382

US\$363

US\$363

US\$292

US\$367

*Delta (kg)

1,703
 637
 1,102
 49
 3,491
 Put options sold
 Amount (kg)
 13,997
 2,799
 4,354
 21,150
 US\$ per oz
 US\$362
 US\$345
 US\$339
 US\$355
 *Delta (kg)
 2,800
 441
 681
 3,922
 Call options purchased
 Amount (kg)
 7,112
 7,112
 US\$ per oz
 US\$330
 US\$330
 *Delta (kg)
 6,990
 6,990
 Call options sold
 Amount (kg)
 14,413
 18,227
 16,547
 14,308
 14,183
 40,061
 117,739
 US\$ per oz
 US\$376
 US\$338
 US\$346
 US\$336
 US\$347
 US\$369
 US\$355
 *Delta (kg)
 10,973
 15,419

13,564
 12,201
 11,911
 33,244
 97,312

RAND GOLD

Forward contracts

Amount (kg)

6,249

8,145

4,500

2,830

2,799

933

25,456

Rand per kg

R73,930

R119,409

R96,436

R118,197

R120,662

R116,335 R104,074

Put options purchased Amount (kg)

933

2,808

2,808

6,549

Rand per kg

R99,346

R95,511

R95,511

R96,057

*Delta (kg)

614

964

721

2,299

Put options sold

Amount (kg)

2,333

1,400

1,400

5,133

Rand per kg

R89,250

R88,414

R88,414

R88,794

*Delta (kg)

1,061

364

280
1,705
Call options purchased Amount (kg)
Rand per kg
*Delta (kg)
Call options sold
Amount (kg)
4,679
5,620
5,621
1,493
2,986
8,958
29,357
Rand per kg
R118,661
R130,321
R131,389
R173,119
R187,586
R216,522 R162,971
*Delta (kg)
384
1,694
2,188
294
615
2,396
7,571
64

Year

2004

2005

2006

2007

2008

2009 -

Total

2013

A DOLLAR GOLD

Forward contracts

Amount (kg)

8,279

6,221

9,331

8,398

3,110

10,233

45,572

A\$ per oz

A\$533

A\$680

A\$661

A\$633

A\$647

A\$651

A\$632

Put options purchased Amount (kg)

A\$ per oz

*Delta (kg)

Put options sold

Amount (kg)

A\$ per oz

*Delta (kg)

Call options purchased Amount (kg)

3,110

6,221

3,732

3,110

8,087

24,260

A\$ per oz

A\$724

A\$673

A\$668

A\$680

A\$710

A\$692

*Delta (kg)

714

2,985

2,013

1,843

4,996

12,551

Call options sold

Amount (kg)

933

933

A\$ per oz

A\$506

A\$506

*Delta (kg)

933

933

Delta (kg)

36,658

58,137

47,322

40,733

32,393

51,888

267,131

Total net gold:

Delta (oz)

1,178,572

1,869,146

1,521,446

1,309,585

1,041,466

1,668,226 8,588,441

Hedge delta as a percentage of current production levels (%)

23%

36%

28%

23%

18%

6%

15%

*The Delta of a derivative instrument is the change in price of the instrument for a change in price of the underlying asset; this can

be practically interpreted as the amount of gold that would need to be bought and sold in order to neutralise the change in the marked-to-market value of the hedge position for a small change in the price of gold. This is calculated using the Black Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2003.

Gold borrowing cost associated with

Amount (oz)

175,000

200,000

300,000

270,000

100,000

350,000

forward contracts

(1)

Interest rate %

0.1%

0.5%

0.8%

1.0%

1.2%

1.4%

Gold lease rate swaps

(2)

Amount (oz)

923,301

638,363

702,507

758,678

441,000

299,000

Interest rate %

1.5%

1.4%

1.5%

1.8%

1.8%

2.0%

Notes:

(1) The Australian dollar denominated gold forward contract prices are shown on a net basis where the final price of the contract

is determined by the cost of borrowing gold over the full duration of the contract. The net prices shown in the table above have been adjusted to take account of the total expected future cost of all accumulated costs incurred to date and the expected future borrowing cost based on prevailing market prices at the financial statement date. The amount shown under "Gold borrowing cost associated with forward contracts" in the table above is the face value of the borrowing amount and the period in which it matures. The interest rates shown are the future market rates prevailing at the time of the financial statement.

(2) The gold lease rate swaps are contracts where the company receives a fixed percentage of the outstanding amount in gold and

pays a floating market determined percentage in gold, quarterly in arrears. The amount shown in the table above is the number of ounces outstanding at the beginning of each period. The interest rate shown is the weighted average fixed rate that the company will receive for that period.

As at 31 December 2003 none of the hedging positions reported in the above table are governed by "right-to-break" clauses.

Foreign exchange price risk protection agreements

AngloGold periodically enters into forward exchange and currency option contracts to hedge certain recorded transactions, firm commitments and other anticipated transactions denominated in foreign currencies. The objective of AngloGold's foreign currency hedging activities is to protect AngloGold from the risk that the eventual cash flows resulting from transactions denominated in US dollars will be adversely affected by changes in exchange rates. There can be no assurances that these activities will be successful.

The following table indicates AngloGold's currency hedge position at 31 December 2003:

Year
2004
2005
2006
2007
2008
2009 -
Total
2013

RAND US DOLLAR (000)

Forward contracts
 Amount (US\$)
 Rand per US\$
 Put options purchased
 Amount (US\$)
 35,000
 35,000
 Rand per US\$
 ZAR7.20
 ZAR7.20
 *Delta (US\$)
 27,689
 27,689
 Put options sold
 Amount (US\$)
 35,000
 35,000
 Rand per US\$
 ZAR6.74
 ZAR6.74
 *Delta (US\$)
 17,417
 17,417
 Call options purchased
 Amount (US\$)
 Rand per US\$
 *Delta (US\$)
 Call options sold
 Amount (US\$)
 50,000
 50,000
 Rand per US\$
 ZAR7.21
 ZAR7.21
 *Delta (US\$)
 14,318
 14,318

AUS DOLLAR (000)

Forward contracts
 Amount (US\$)

29,275
 29,267
 58,542
 US\$ per A\$
 US\$0.59
 US\$0.55
 US\$0.57
 Put options purchased
 Amount (US\$)
 10,000
 10,000
 US\$ per A\$
 US\$0.63
 US\$0.63
 *Delta (US\$)
 9,269
 9,269
 Put options sold
 Amount (US\$)
 10,000
 10,000
 US\$ per A\$
 US\$0.68
 US\$0.68
 *Delta (US\$)
 7,491
 7,491
 Call options purchased
 Amount (US\$)
 US\$ per A\$
 *Delta (US\$)
 Call options sold
 Amount (US\$)
 20,000
 20,000
 US\$ per A\$
 US\$0.60
 US\$0.60
 *Delta (US\$)
 582
 582

Note:

*The Delta of a derivative instrument is the change in price of the instrument for a change in price of the underlying asset; this can be practically interpreted as the amount of gold that would need to be bought or sold in order to neutralise the change in the marked-to-market value of the hedge position for a small change in the price of gold. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2003.

6.

DIVIDENDS AND DIVIDEND POLICY

AngloGold may declare dividends at the discretion of the AngloGold Board or shareholders of AngloGold at a general meeting. Historically, AngloGold has paid dividends twice a year and declared all dividends in South African rand.

The interim dividend has typically been declared to qualifying shareholders in July of each year and the final dividend has typically been declared in January of each year. Dividends declared to foreign shareholders are not subject to approval by the SARB. Dividends are freely transferable to foreign shareholders from both trading and non-trading profits earned in South Africa by publicly listed companies. There are no withholding taxes on dividends paid by AngloGold to its shareholders.

Qualifying shareholders receive dividends if and when declared by the AngloGold Board out of legally available funds. Following the completion of the Merger, AngloGold Ashanti expects to continue to pay dividends in accordance with its existing dividend policy where dividends are determined based upon the full payment of free cash available after consideration of capital expenditure and financing requirements. Dividend payments have historically represented a significant fraction of earnings. Therefore, because cash generated and capital expenditure and financing requirements may fluctuate, there can be no assurance that dividends

66

will be paid in the future or as to the particular amounts that will be paid from year to year. The payments of future dividends will depend upon the AngloGold Ashanti Board's ongoing assessment of AngloGold Ashanti's financial condition, including its cash needs, future earnings, prospects and other factors.

Dividends paid to registered holders of AngloGold ADSs are currently paid in US dollars converted from South African rand by The Bank of New York as the AngloGold ADS Depositary. Dividends payable to shareholders resident in Ghana, as declared in South African rand, will be paid in cedis. The amount paid in cedis will depend upon the ruling exchange rate on the date that the currency is converted for payment by AngloGold Ashanti's registrar (or depositary agent in the case of AngloGold Ashanti GhDSs) in Ghana.

Ashanti Shareholders will be entitled to receive all dividends declared by AngloGold Ashanti with a registration date after the Effective Date. However, the Merger will not be implemented prior to the registration date for the payment of AngloGold's final dividend for 2003. Consequently, Ashanti Shareholders will not be entitled to receive AngloGold's final dividend for 2003.

For the fiscal year 2003, AngloGold declared an aggregate cash dividend of ZAR7.10 per AngloGold Share (approximately US\$0.99 per AngloGold ADS). The dividend declared for 2003 currently equates to a dividend yield of approximately 2.5 per cent based on the average share price of AngloGold ADSs traded on the NYSE for the preceding 12 months.

The table below sets forth the dividends paid by AngloGold in each of the five completed financial years of AngloGold immediately preceding the date of publication of this document.

AngloGold Dividends

(1)

Fiscal Year

Dividend per AngloGold ADS

Dividend per AngloGold Share

2003

(2)

US\$0.99

ZAR7.10

2002

US\$1.46

ZAR13.50

2001

US\$0.87

ZAR9.00

2000

US\$0.91

ZAR7.00

1999

US\$1.58

ZAR10.00

Notes:

(1) Dividends adjusted to give effect to the two-for-one split of AngloGold Shares on 24 December 2002.

(2) The final dividend of ZAR3.35 (or US\$0.48) for 2003 was declared on 29 January 2004 and was paid on 27 February 2004 to holders

of record on 20 February 2004. Ashanti Securityholders will not be entitled to receive this final dividend.

Part IV: Information on Ashanti

1.

HISTORY

In 1897, an English company named Ashanti Goldfields Corporation Limited ("AGCL") was founded and began to develop a mining concession in the area of Ashanti's current operations at Obuasi. Several years later, underground mining began at the site and has continued to the present. In 1969, AGCL became a wholly-owned subsidiary of Lonrho Plc, now called Lonmin, a UK listed company which at the time had interests in mining, hotels and general trade in Africa. Following the Lonmin acquisition in 1969, the Government acquired 20 per cent of AGCL from Lonmin in exchange for the Government's agreement to extend the term of the AGCL mining lease over the concession area.

By legislation enacted in 1972, the Government formed Ashanti to take over the assets, business and functions formerly carried out by AGCL. The Government then held an interest in 55 per cent of Ashanti's outstanding shares, with Lonmin holding the remaining 45 per cent.

In 1994, as part of its divestiture policy, the Government sold part of its holding in Ashanti in a global offering. In connection with that offering, Ashanti was reorganised as a Ghanaian public limited company. The Government also retained its "Golden Share" in Ashanti, a special rights redeemable preference share, pursuant to which the consent of the Government is required, amongst other things, for certain significant transactions. As at 27 February 2004 (being the latest practicable date prior to the publication of this document), the Government owned approximately 16.8 per cent and Lonmin owned approximately 27.4 per cent of Ashanti Shares.

In 1996, Ashanti expanded its operations through the acquisition of companies holding interests in the Ayanfuri, Bibiani, Iduapriem, Siguiri, and Freda-Rebecca properties, which were already or were subsequently developed as mines, and acquired an interest in what was then the Geita exploration concession in Tanzania. In 1998, Ashanti acquired SAMAX Gold Inc., the principal asset of which was the remaining interest in the Geita exploration concession adjacent to Ashanti's existing licence area. In 1999 and 2000, Ashanti developed the Geita mine and in 2000 sold a 50 per cent equity interest in it to AngloGold. In 2000, Ashanti acquired its interest in the Teberebie mine, which is adjacent to the Iduapriem mine.

Through the period from the end of 1999 to June 2002, commencing with a sharp rise in the price of gold which led initially to a liquidity crisis, Ashanti undertook a financial restructuring with its banks, hedge counterparties and noteholders.

2.

OVERVIEW

Ashanti is engaged in the mining and processing of gold ores and the exploration and development of gold properties in Africa and in hedging activities in connection with its gold production. Ashanti has interests in major gold mines in Ghana, Guinea, Tanzania and Zimbabwe. In 2003, Ashanti's attributable gold production was 1.53 million ounces. As at 31 December 2003, Ashanti had Proved and Probable Ore Reserves of approximately 20.7 million ounces on an attributable basis.

Ashanti occupies a position of strategic significance within the Ghanaian economy. It is a major contributor of foreign exchange earnings to Ghana, Guinea, Tanzania and Zimbabwe. In addition, Ashanti is the largest company listed on the GSE and a major employer, particularly in the Ashanti region of Ghana.

Reserves

The following table sets out Ashanti's Proved and Probable Ore Reserves as reported by Ashanti in its annual accounts for the year ended 31 December 2003. The information on Proved and Probable reserves refers to Ashanti's attributable interest. The reserves have been estimated in compliance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code"), are reported in accordance with the requirements of the SEC Industry Guide 7 and do not take into account metallurgical losses. The principles applied to the determination of the reserves as reported by Ashanti are set out below.

Cut-off grades are applied to geological data when assessing mineralised material in order to ensure that material never likely to be economic is not included in the reserves. The tonnage, grade and contained gold profiles for each deposit are interrogated at various cut-off grades to enable the engineers to clearly

understand the characteristics of the mineralisation and to focus on developing exploitation strategies that will optimise the net present value of the deposits. The cut off grade that Ashanti has chosen for reporting purposes is the lowest grade that can be exploited at break even for the highest envisaged gold price.

Classification of Proved and Probable reserves is based on a number of criteria including drill density, geological continuity, integrity of the data, ore accessibility and economic parameters.

The costs used in evaluating the economic operating profile for each ore block are based on actual costs incurred in the operation over the past year adjusted wherever appropriate for any inflation and exchange rate variances forecast for the coming year or cost decreases due to productivity improvements. Where new projects are concerned, the costs are based on actual materials prices, labour costs and engineering feasibility design parameters and are benchmarked wherever practical with similar operations elsewhere within the Ashanti Group or with peer operators nationally or internationally.

The grade estimate is inclusive of adjustments for mining dilution and ore losses during mining.

Future metal prices used for estimating purposes are decided upon by Ashanti, based on information taken from internationally respected gold price analysts. For economic studies and the determination of cut-off grades, Ashanti assumed a gold price of US\$350 per ounce.

Location

Anticipated

Category of

Tonnes

Grade

Contained

Life of Mine

reserves

(millions)

(g/t)

gold

(years)

(1)

(million oz)

Existing mine

18

above 50 level Obuasi Deeps

Greater than 25 years from 2015

Underground

Proved

4.2

7.5

1.0

Probable

33.5

8.4

9.0

Total

37.7

8.3

10.1

Surface

Proved

2.6

2.7

0.2

Probable

-

-

-

Total

2.6

2.7

0.2

Tailings

Proved

12.7

1.9

0.8

Probable

3.8

2.0

0.2

Total

16.4

1.9

1.0

Sub-total

Proved

19.5

3.2

2.0

Probable

37.3

7.8

9.3

Total

56.8

6.2

11.3

Other locations

Iduapriem (80%)

(2)

10

Proved

39.4

1.6

2.0

Teberebie (90%)

Probable

9.7

1.7

0.5

Total

49.1

1.7

2.6

Bibiani underground

4 years from 2005

Proved

-

-

-

Probable

1.2

4.6

0.2

Total

1.2

4.6

0.2

Bibiani surface

1

Proved

2.6

1.9

0.2

Probable

1.3

2.9

0.1

Total

3.9

2.2

0.3

Bibiani tailings

7

Proved

4.4

1.1

0.1

Probable

0.4

1.0

0.0

Total

4.8

1.1

0.1

69

Location	Anticipated	Category of	Tonnes	Grade	Contained	Life of Mine	Ore Reserves (millions)
							(g/t)
							gold
							(years)
							(1)
							(million oz)
							Siguiri (85%)
							(2)
							9
							Proved
							10.5
							1.2
							0.4
							Probable
							33.4
							1.2
							1.2
							Total
							43.9
							1.2
							1.6
							Freda-Rebecca
							4
							Proved
							3.1
							2.5
							0.2
							Probable
							1.0
							2.5
							0.1
							Total
							4.1
							2.5
							0.3
							Geita (50%)
							(2)
							16
							Proved
							14.2
							3.3
							1.5
							Probable
							21.1

4.2
 2.8
Total
35.3
3.8
4.3
TOTAL
 (2)
 Proved
 93.7
 2.1
 6.5
 Probable
 105.4
 4.2
 14.2
Total
199.1
3.2
20.7

NB: Rounding of figures may result in computational discrepancies.

Notes:

(1) Anticipated Life of Mine is expressed in years from 2004 (or year of start-up where relevant and indicated as such) based upon

Ashanti's current business plan for each operation (with the exception of Obuasi Deeps, which anticipated life of mine is based upon AngloGold's preliminary scoping studies). These business plans assume the mining of Ore Reserves and may include the conversion of Mineral Resources to Ore Reserves as well as the extension of Mineral Resources as a result of further brownfields exploration, where deemed appropriate by Ashanti based upon past experience (with the exception of Obuasi Deeps which is based upon AngloGold's preliminary scoping studies). The life of mine is an estimate used for business planning purposes and is subject to material change due to future geological information or economic conditions.

(2) Reserves attributable to Ashanti's percentage interest shown.

3.

GENERAL DESCRIPTION OF OPERATIONS

3.1

Overview

The gold mining operations of Ashanti are located at Obuasi, Bibiani and Iduapriem in Ghana, Siguiiri in Guinea, Geita in Tanzania and Freda-Rebecca in Zimbabwe.

Obuasi. Ashanti's oldest mine and largest reserve is located at Obuasi in the Ashanti region of Ghana. Ashanti has a 100 per cent interest in the Obuasi mine. Gold mining has been conducted at this site for over 100 years and during that period, records show that Obuasi has to date produced approximately 28 million ounces of gold. Most production at Obuasi is from its underground mine, but there is also production from open pit and tailings retreatment operations. The Obuasi mine site has separate sulphide, oxide and tailings treatment plants. Obuasi produced 513,163 ounces of gold, principally from underground operations, in the year ended 31 December 2003, compared with 537,219 ounces for the year ended 31 December 2002.

Bibiani. The Bibiani open-pit mine is located in the Western Region of Ghana, 90 kilometres west of Kumasi. Ashanti acquired Bibiani in 1996 when it acquired International Gold Resources Corporation ("IGR"), a Canadian-listed company, and Ghana Libyan Arab Mining Company Limited ("GLAMCO"). Ashanti has a 100 per cent interest in the Bibiani mine. Gold production for the year ended 31 December 2003 was 212,716 ounces compared with 242,432 ounces for the year ended 31 December 2002. The main open-pit operations are scheduled to be completed in 2004, once the remaining open-pit Ore Reserve is completely mined out. Development of a decline ramp system for the

exploration and possible development of an underground mining operation at Bibiani has commenced. *Iduapriem/Teberebie (attributable 80/90 per cent)*. The Iduapriem open pit mine, which is owned by Ghanaian Australian Goldfields Limited ("GAG"), is located in the Western Region of Ghana some 70 kilometres north of the coastal city of Takoradi, and 10 kilometres southwest of Tarkwa. Ashanti acquired an 80 per cent interest in the Iduapriem mine in 1996 when it acquired GAG's holding company. In June 2000, Ashanti acquired the entire issued share capital of Pioneer Goldfields Limited, which owns

70

90 per cent of Teberebie Goldfields Limited (being the company which owns the mining lease to the Teberebie open-pit mine located adjacent to Iduapriem). The acquisition of the Teberebie reserves should extend the Iduapriem mine's life to approximately 2012. Ore is treated at these mines by heap leach or CIL methods. In the year ended 31 December 2003, Iduapriem/Teberebie produced 243,533 ounces of gold compared with 185,199 ounces of gold for the year ended 31 December 2002. The higher gold production was due to the increased mill throughput resulting from the upgrade of the processing plant during 2003. Installation of an additional ball mill and a new crusher is anticipated to commence during 2004 which will further increase mill capacity.

Ayanfuri. Ashanti acquired the Ayanfuri mine, located in the Central Region of Ghana in 1996. Ayanfuri had exhausted substantially all of its gold reserves by 31 December 2000. Ashanti is currently implementing a mine closure plan under Obuasi mine management control.

Siguiri (attributable 85 per cent). The Siguiri open-pit gold mine is located in the Siguiri District in the northeast of the Republic of Guinea, West Africa, approximately 850 kilometres from the capital city of Conakry. The nearest important town is Siguiri (approximately 50,000 inhabitants), located on the banks of the Niger River. Ashanti owns 85 per cent of the Siguiri gold mine and the Government of Guinea owns the remaining 15 per cent. Ashanti acquired its interest in Siguiri in 1996. The mine commenced operations in the first quarter of 1998. Production for the year ended 31 December 2003 was 252,795 ounces of gold compared with 269,292 ounces of gold for the year ended 31 December 2002. Between 2000 and 2002, production and cash operating costs were impacted by lower than expected metallurgical recovery from the material stacked during that time as well as by higher haulage and rehandling unit costs as a result of a decision to mine higher grade than planned material further from the mine. Construction of the CIP expansion project, which was suspended during 2003 due to irreconcilable differences with the engineering and construction contractor, was recommenced in the fourth quarter of 2003, following the appointment of a new contractor and the approval of the Ashanti Board in October 2003. This project, at a capital cost currently estimated to be approximately US\$75 million to US\$80 million, is anticipated to be commissioned in the fourth quarter of 2004 to first quarter of 2005.

Geita (attributable 50 per cent). The Geita open-pit mine is situated in north-western Tanzania approximately 90 kilometres from the regional capital of Mwanza and 20 kilometres south of Lake Victoria in an area known as the Lake Victoria Goldfields. The operation is currently owned and operated by Ashanti and AngloGold in a joint venture following the purchase of a 50 per cent interest in the project by AngloGold in December 2000. The mine was commissioned in June 2000 and produced a total of 176,836 ounces of gold during the year 2000. In 2003, the Geita mine produced a total of 661,045 ounces of gold compared with 579,043 ounces for the year ended 31 December 2002. After the Merger is completed, Geita will be wholly-owned and operated by AngloGold Ashanti and will be 100 per cent attributable to AngloGold Ashanti. The Geita mine comprises a crusher, SAG and ball mill grinding circuit, a gravity circuit and a 14-tonne stripping plant.

Freda-Rebecca. Ashanti acquired the Freda-Rebecca mine in 1996. The mine is located at Bindura in Zimbabwe. Ashanti now conducts underground mining operations at Freda-Rebecca as the open-pits were mined out in 1998. The life of mine plan currently projects mining until approximately 2007 at current production rates. In 2003, Freda-Rebecca produced 51,091 ounces of gold compared with 98,255 ounces in 2002.

3.2

Operating Data for Ashanti's Operations

Obuasi

Iduapriem/

Bibiani

Siguiri

(2)

Geita

(3)

Freda

Teberebie

(1)

Rebecca

2001

Recovered grade (g/t)

4.05

1.19

2.90

0.97

3.64

2.85

Total gold production (000 oz)

528

205

253

283

546

103

Attributable gold

production (000 oz)

528

174

253

241

273

103

Cash operating costs (US\$/oz)

192

214

170

220

143

222

Total production costs

(US\$/oz)

271

251

242

294

207

260

Capital expenditure (US\$ million)
 30.1
 3.7
 1.0
 7.0
 7.7
 6.8
2002
 Recovered grade (g/t)
 3.62
 1.54
 2.94
 0.89
 3.62
 2.65
 Total gold production (000 oz)
 537
 185
 242
 270
 579
 98
 Attributable gold
 production (000 oz)
 537
 157
 242
 229
 290
 98
 Cash operating costs (US\$/oz)
 198
 232
 180
 230
 163
 214
 Total production costs
 (US\$/oz)
 270
 287
 239
 324
 235
 251
 Capital expenditure
 (US\$ million)
 35.1
 10.5
 2.9
 9.4

9.2

6.4

2003

Recovered grade (g/t)

3.06

1.46

2.55

0.81

3.60

1.33

Total gold production (000 oz)

513

243

212

252

661

51

Attributable gold

production (000 oz)

513

207

212

214

331

51

Cash operating costs (US\$/oz)

217

240

216

279

170

268

Total production costs

(US\$/oz)

289

281

281

350

232

378

Capital expenditure

(US\$ million)

37.6

12.5

6.4

24.6

16.1

1.1

Notes:

(1) Ashanti owns an 80 per cent interest in Iduapriem and a 90 per cent interest in Teberebie.

(2) Ashanti owns an 85 per cent interest in Siguiri. The Government of Guinea owns the remaining 15 per cent interest at Siguiri.

However, the Government of Guinea's interest is a free carry interest and, as a result, the Government of Guinea does not contribute to capital expenditure in Siguiri.

(3) Ashanti owns a 50 per cent interest in Geita (since 2000).

3.3

Employees

The average number of employees in the Ashanti Group over the last three financial years ended 31 December 2003 is as follows:

2001

2002

2003

Underground mining

4,777

4,602

4,384

Surface mining and processing

2,439

2,425

2,556

Administration

2,973

2,914

2,564

Total

10,189

9,941

9,504

72

4.

ASHANTI'S RIGHTS TO MINE AND TITLE TO PROPERTIES

Ashanti currently holds all necessary leases and licences to cover exploration and mining activities. Further information on these arrangements, and the applicable regulations governing them, is set out below.

Regulations and Leases

Ghana

Mining activities in Ghana are primarily regulated by the Minerals and Mining Law 1986 (P.N.D.C.L. 153), or the Mining Law.

Under the Constitution and the Mining Law, all minerals in Ghana in their natural state are the property of the state and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage being granted under licences or leases.

A licence is required for the export or disposal of such minerals and the Government has a right of pre-emption over all such minerals. The Government shall acquire, without payment, a 10 per cent interest in the rights and obligations of the mineral operations in relation to a mineral right to reconnaissance, prospecting or mining, and shall have the option to acquire a further 20 per cent interest where any mineral is discovered in commercial quantities, on terms agreed between the Government and the holder of the mining lease subject to arbitration if the parties fail to agree.

A licence or lease granting a mineral right is required to reconnoitre or prospect for, or mine, a mineral in Ghana, and the Minister of Energy and Mines has power to negotiate, grant, revoke, suspend or renew any mineral right, subject to a power of disallowance exercisable within 30 days of such grant, revocation, suspension or renewal by the Cabinet. The powers of the Minister of Mines are to be exercised on the advice of the Minerals Commission, which is responsible for regulating and managing the utilisation of natural resources and co-ordinating policies relating to them. The grant of a mining lease by the Minister of Mines is normally subject to parliamentary ratification unless specifically exempted.

A mineral right is deemed a requisite and sufficient authority over the land in respect of which the right is granted, although a separate licence is required for some other activities, including the diversion of water, and additional consents may be required for certain developments. A mineral right or interest therein may not be transferred, assigned or otherwise dealt with in any other manner without the Minister of Mines' prior written approval.

Control of Mining Companies

The Minister of Mines has the power to object to a person becoming or remaining a "shareholder controller", a "majority shareholder controller" or an "indirect controller" of a company which has been granted a mining lease if he considers that the public interest would be prejudiced by the person concerned becoming or remaining such a controller. In this context:

- "shareholder controller" means a person who, either alone or with certain others, is entitled to exercise, or control the exercise of, 20 per cent or more of the voting power at any general meeting of a mining company or of any other company of which it is a subsidiary;
- "majority shareholder controller" means a shareholder controller in whose case the percentage referred to above also exceeds 50 per cent; and
- "indirect controller" means a person in accordance with whose directions or instructions the directors of a mining company, or of another company of which it is a subsidiary, or the shareholder controllers of that mining company are accustomed to act.

A person may not become a shareholder controller, a majority shareholder controller or an indirect controller of a mining company unless he has served written notice on the Minister of Mines of his intention to that effect and the Minister of Mines consents to his becoming such a controller or does not object within a period of six months.

Where a person becomes or continues to be a controller of the relevant description after a notice of objection has been served on him, or is otherwise in contravention of the procedures prescribed by the Mining Law, the Minister of Mines may notify the controller that, until further notice, any specified shares are subject

to restrictions. The relevant restrictions include restrictions on transfer, voting rights, receipt of further shares and distributions. The Minister of Mines may apply to the High Court to order the sale of any shares which are the subject of such a restriction. There is no legal restriction on the foreign ownership of a mining company.

Where a person, either alone or with others, acquires an interest in 5 per cent or more of the voting power of a mining company he is required to notify the Minister of Mines.

A person who is a controller of a mining company must give notice of his ceasing to be such a controller before he disposes of his interest. In addition, the mining company itself has to give notice to the Minister of Mines of the fact that any person has become or ceased to be a controller. Violation of these provisions of the Mining Law is a criminal offence. The law also gives the Minister of Mines power to investigate and report on the ownership and control of any mining company.

The Mining Law also gives the Government the right to acquire a special share in a mining company in order to protect the assets of the relevant company and to reflect and further the intentions of the provisions of the Mining Law relating to control of a mining company. The Government holds such a share in Ashanti, called the Golden Share. Ashanti's Regulations also require the company and its directors to comply with any order made by the Minister of Mines under the provisions of the Mining Law and provide that any action taken by Ashanti or its directors in pursuance of any such order shall be final and conclusive and binding on all persons.

Payments and Allowances

The Mining Law provides that royalties are payable by the holder of a mining lease to the State at rates of between 3 per cent and 12 per cent of total minerals revenue, depending on a formula set out in mineral royalty regulations. The formula is determined by calculating the ratio of revenue minus operating costs, interest and capital allowances to total revenue. A ratio of 30 per cent or lower will attract a royalty of 3 per cent. For every 1 per cent that the ratio exceeds 30 per cent, the amount of the royalty will increase by 0.225 per cent up to a maximum of 12 per cent. The laws of Ghana currently provide for income tax at a rate of 30 per cent. The Mining Law provides for an entitlement to certain specified capital allowances and various additional fiscal and other benefits.

Under the terms of the Stability Agreement summarised in Part I of this document, following implementation of the Merger, the royalties payable by Ashanti with respect to its mining operations in Ghana will be maintained 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. In addition, the corporate tax rate for Ashanti and each of its subsidiaries in Ghana will be fixed at a rate of 30 per cent for a period of 15 years. 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 2002, the Ghanaian tax legislation was changed so that unutilised losses and capital allowances existing at 1 January 2001 can only be carried forwards for five years. If not used by that time they will be lost. Losses and capital allowances incurred after 1 January 2001 can be carried forwards without limit.

Retention of Foreign Earnings

Holders of mining leases have certain limited rights to retain foreign exchange earnings overseas and to use such earnings for the acquisition of machinery and equipment as well as for certain other payments such as debt service payments and dividends. Where the net earnings of a holder of a mining lease are in foreign currency, the holder is permitted to retain not less than 25 per cent of foreign exchange earnings in an external account for acquiring machinery and equipment, spare parts and raw materials as well as for certain other payments, such as dividend and debt service payments. Ashanti's operations in Ghana are permitted to retain between 60 per cent and 80 per cent of its foreign exchange earnings (depending on the operations concerned) in such an account. In addition, Ashanti currently has permission from the Bank of Ghana to retain and use outside Ghana US dollars required to meet payments to Ashanti's hedge counterparties which cannot be met from the cash resources of Ashanti's treasury company.

Under the terms of the Stability Agreement summarised in Part I of this document, following implementation of the Merger, Ashanti and any or all of its subsidiaries in Ghana will be authorised to retain up to 80 per cent of their exportation proceeds in foreign currencies offshore. If such foreign currency is held in a bank account opened in Ghana the Government will guarantee the availability of such foreign currency.

Leases

Mining leases may be applied for either by a prospecting licence holder who has established the existence of minerals in commercial quantities or by others who do not hold such licences, who establish the same to the satisfaction of the Minister of Mines. Mining leases are normally granted for a period not exceeding 30 years and the holder may apply to the Minister of Mines for renewal, on such conditions as the Minister of Mines may determine, for up to another 30 years. They are to have a maximum size (subject to derogation by the President where it is considered to be in the national interest) of 50 km

2

for any grant and 150 km

2

in aggregate.

A holder may apply for an enlargement of the mining area, which, subject to the Mining Law, the Minister of Mines may grant if satisfied that such approval is in the national interest. The rights conferred by mining leases include those to take all reasonable measures on or under the surface to mine the mineral to which the mining lease relates, to erect necessary equipment, plant and buildings, to prospect within the mining area and to stack or dump mineral waste in an approved manner. Reconnaissance and prospecting licences are normally granted for up to 12 months and three years respectively, subject to renewal.

A detailed programme must be submitted for the recruitment and training of Ghanaians with a view to achieving "localisation", being the replacement of expatriate personnel by Ghanaian personnel. In addition, the holder must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economy.

Prior notification to the Minister of Mines is required for ceasing, suspending or curtailing production. Approval to such actions may be given, subject to conditions determined on the advice of the Minerals Commission.

There are also provisions relating to surrender, suspension and cancellation of mineral rights in certain circumstances.

The Minister of Mines may suspend or cancel a mineral right if, among other things, the holder: fails to make payments under the Mining Law when due; is in breach of any provisions of the Mining Law or of the conditions of the mineral right or the provisions of any other enactment relating to mines and minerals; becomes insolvent or bankrupt; makes a statement to the Minister of Mines in relation to the mineral right which he knows, or ought to have known to be false; or for any reason becomes ineligible to apply for a mineral right under the provision of the Mining Law. Except as otherwise provided in a specific mining lease, all immovable assets of the holder under the mining lease vest in the state on termination, as does all moveable property that is fully depreciated for tax purposes.

Moveable property that is not fully depreciated is to be offered to the state at the depreciated cost.

The holder must exercise his rights subject to such limitations relating to surface rights as the Minister of Mines may prescribe. Subject to the proper conduct of the mining operations, the holder must affect as little as possible the interest of any lawful occupier, whose grazing rights are retained but who is precluded from erecting any building without the consent of the holder (or, if such consent is unreasonably withheld, without the consent of the Minister).

An owner or occupier of any land subject to a mineral right may apply to the holder for compensation and the amount of the compensation shall, subject to the approval of the land valuation board, be determined by agreement between the parties concerned (or, if they are unable to reach agreement, by the Minister of Mines in consultation with the land valuation board). The land valuation board has in the past increased amounts of compensation payable to owners and occupiers.

The holder, in the exercise of his rights, is required to have due regard to the effect of the mineral operations on the environment and is to take such steps as may be necessary to prevent pollution of the environment as a result of such operations. A range of activities and breaches of the Mining Law including obstructing the Government from exercising its pre-emption right and conducting mining, prospecting or related activities otherwise than in accordance with the Mining Law, constitute offences punishable by fine or imprisonment. The maximum fine is 500,000 cedis (at current exchange rate, approximately US\$56), and the maximum term of imprisonment is two years.

Proposed amendment to Mining Law

A bill has been drafted which, if enacted, will replace and repeal the existing Minerals and Mining Law 1986 and all other regulations under it. The bill may never be enacted or, if enacted, might be enacted with substantial modifications to the current draft bill. For the most part the bill consolidates with modifications the existing law. The key material modifications to the current regime proposed in the current draft are:

- the right of the government to acquire a 10 per cent "free carried" interest in a mining company is to be amended so that in future it will be acquired on terms prescribed or on terms to be agreed; the bill does not currently prescribe any terms. In addition the right of the government to acquire a further 20 per cent interest in the rights and obligations of the mineral operations in relation to mineral rights is to be deleted;
- there are provisions for stability agreements to be entered into by the Minister of Mines, on behalf of the Republic, with approval of parliament to ensure that the holders of mining rights are not adversely affected by changes in law for a period of 15 years and for development agreements to be entered into with approval of parliament between the Minister of Mines, on behalf of the Republic, and a mining company where the proposed investment is greater than US\$500 million to deal with, in addition to matters relating to environmental liabilities; the exercise of discretion and settlement of disputes;
- the bill sets out the compensation principles for disturbance of an owner's surface rights;
- the bill states that royalties are payable by the holder of a mining lease at a rate, set on a sliding scale, of between 4 per cent and 6 per cent of gold revenue produced from mining operations to replace the existing rate payable in accordance with the Minerals and Mining Law, 1986, as amended, set on a sliding scale, of between 3 per cent and 12 per cent for gold produced from its mining operations; and
- the right of the government to be issued with a special share in a mining company still exists although the consent of the special shareholder will only be required for the disposal of mining lease and/or material assets, which are situated in Ghana.

Mining Properties

Obuasi Mining Lease

Ashanti's current mining lease for the Obuasi area was granted by the Government on 5 March 1994. It grants to Ashanti the mining rights to land with an area of approximately 334 square kilometres in the Amansie East and Adansi West districts of the Ashanti region for a term of 30 years from the date of the agreement. In addition, the application for a mining lease over the adjacent 140 square kilometres has also been granted resulting in the total area under mining lease conditions increasing to 474 square kilometres (the "Obuasi Lease Area"). Under the terms of the Stability Agreement summarised in Part I of this document, following implementation of the Merger, the term of the mining lease relating to the Obuasi mine will be extended until 2054.

Ashanti may, not less than one year before expiry of the relevant lease, apply for an extension and if Ashanti is not in default at the time it shall be entitled to an extension upon such terms and conditions as the parties may then agree. The Government also granted to Ashanti the exclusive rights to work, develop and produce gold in the Obuasi Lease Area (including the processing, storing and transportation of ore and materials) together with the rights and powers reasonably incidental thereto subject to the provision of the relevant lease for that term.

Ashanti is required to pay to the Government rent (subject to review every five years, when the rent may be increased by up to 20 per cent) at the rate of approximately US\$5 per square kilometre and such royalties as are prescribed by legislation, including royalties on timber felled within the Obuasi Lease Area. Ashanti is required to pay tax and effect foreign exchange transactions in accordance with the laws of Ghana.

Upon the termination or expiration of the agreement, immovable assets in the lease area and all other appurtenances in pits, trenches and boreholes shall become the property of the Government without charge. All materials, supplies, vehicles and other moveable assets that are fully depreciated for tax purposes shall become the property of the Government without charge. Other such property shall be offered to the Government at the depreciated value within 60 days. If the Government does not accept the offer within a period of 60 days Ashanti may sell, remove or otherwise dispose of the property during a period of 180 days after expiry of the offer. All such property not sold, removed or otherwise disposed of shall become the property

of the Government without charge. Upon termination or expiry of the agreement, Ashanti shall leave the Obuasi Lease Area and everything therein in a good and safe condition and, unless the Chief Inspector of Mines otherwise directs, shall take all reasonable measures to leave the surface of the Lease Area in good and usable condition.

The agreement is not assignable in whole or in part by Ashanti without the consent of the Government. The Government may impose such conditions precedent to the giving of consent as it may deem appropriate in the circumstances. No assignment however may relieve Ashanti of its obligations under the agreement except to the extent that such obligations are actually assumed by the assignee. When new laws and conditions coming into existence subsequent to the date of the agreement unfairly affect the interests of either party to the agreement, the agreement may be renegotiated at the request of the unfairly affected party. The agreement is governed by and construed in accordance with the laws. Security over the Obuasi mining lease has been granted to the lenders under the enlarged revolving credit facility by way of a fixed charge over the Obuasi mining lease. The Government (acting through the Ministry of Mines) granted its consent to the creation of such security pursuant to section 19 of the Mining Law, on 21 June 2002.

Ayanfuri Mining Leases

Ashanti has title to the Ayanfuri and Nanankaw mining leases covering an aggregate area of 100 square kilometres, granted on 7 June 1994 for a period of 10 years. The terms and conditions of the leases are consistent with similar leases granted by the Government as detailed in the discussion above of the Obuasi mining lease.

Bibiani Mining Lease

Bibiani has title to a 50 square kilometre mining lease for a period of 30 years to 18 May 2027. The terms and conditions of the lease are consistent with similar leases granted by the Government as detailed in the discussion above of the Obuasi mining lease. With effect from 1 October 2001, the Bibiani mining lease was transferred to Ashanti from Ashanti Goldfields (Bibiani) Limited. Security over the Bibiani mining lease has been granted to the lenders under the enlarged revolving credit facility by way of a fixed charge over the Bibiani mining lease. The Government (acting through the Ministry of Mines) granted its consent to the creation of such security pursuant to section 19 of the Mining Law, on 21 June 2002.

Iduapriem Mining Lease

Ashanti has title to the 33 km

2

Iduapriem mining lease granted on 19 April 1989 for a period of 30 years.

The terms and conditions of the lease are consistent with similar leases granted by the Government, as detailed in the discussion above of the Obuasi mining lease.

Teberobie Mining Leases

Teberobie has two leases, one granted in February 1998 for a term of 30 years and another granted in June 1992 for a term of 26 years. The terms and conditions of these leases are consistent with similar leases granted by the Government, as detailed in the discussion above of the Obuasi mining lease.

Zimbabwe

All rights to minerals in Zimbabwe are vested in the President of Zimbabwe. Issues relating to the acquisition of mining rights and operation of mines falls under the jurisdiction of the Ministry of Mines, Environment and Tourism and are regulated by the Mines and Minerals Act, 1996.

Applications for the acquisition of mining and exploration rights must be made through the office of the Mining Commissioner. The application must be made by a company registered in Zimbabwe which may be foreign owned.

All gold extracted in Zimbabwe has by law to be delivered to Fidelity Refinery, a section of the Reserve Bank of Zimbabwe where gold is further smelted and refined.

The holder of a mining lease may abandon his holding by applying in writing to the Mining Commissioner and obtaining a certificate of abandonment. Forfeiture may be enforced by the Mining Commissioner if the owner fails to obtain an annual inspection certificate which certifies that the owner has met certain production and development criteria.

Environmental issues are subject to the Environment Act which requires among other things that an Environmental Impact Assessment be undertaken on the commencement of new mining projects. At the termination of the lease the owner has the right to freely dispose of his assets and to obtain a quitance certificate from the Mining Commissioner.

Freda-Rebecca Mining Leases

Ashanti has a mining lease for its Freda-Rebecca operation. The application was originally approved in 1994 and is renewed on an annual basis with no specific term though it may be terminated by the Government of Zimbabwe if Ashanti fails to obtain an annual inspection certificate from the Mining Commissioner certifying that Ashanti has met production and development criteria.

Guinea

In Guinea, all mineral substances are the property of the state. Mining activities are primarily regulated by the Mining Code, 1995. The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying permit, small-scale mining licence, mining prospecting licence, mining licence or mining concession. The holders of mining titles are guaranteed the right to dispose freely of their assets and to organise their enterprises as they wish, the freedom to engage and discharge staff in accordance with the regulations in force, free movement of their staff and their products throughout Guinea and freedom to dispose of their products in international markets.

Siguiri Mining Leases

Ashanti's Guinea subsidiary, Societe Ashanti Goldfields de Guinee S.A. or SAG, has title to the Siguiri mining concession area which was granted on 11 November 1993 for a period of 25 years. The agreement provides for an eventual extension/renegotiation after 23 years for such periods as may be required to exhaust economic ore reserves. The original area granted encompassed 8,384 square kilometres which Ashanti's subsidiary was required to reduce to five or fewer single blocks of not less than 250 square kilometres per block totalling not more than 1,500 square kilometres by 11 November 1996. The retrocession actually reduced the Siguiri concession area to four blocks totalling 1,495 square kilometres.

SAG has the exclusive right to explore and mine in the remaining Siguiri concession area for a further 22-year period from 11 November 1996 under conditions detailed in a Convention de Base predating the new Guinea Mining Code. Key elements in the Convention de Base are:

- the Government of Guinea holds a 15 per cent free-carried or non-contributory interest: a royalty of 3 per cent is payable on the value of gold exported; a local development tax of 0.4 per cent is payable on the gross sales revenues; salaries of expatriate employees are subject to a 10 per cent income tax; mining goods imported into Guinea are exempt from all import taxes and duties for the first two years of commercial production; and
- SAG is committed to adopt and progressively implement a plan for effective rehabilitation of the mining areas disturbed or affected by operations.

The Convention de Base is subject to early termination if both parties formally and expressly agree to do so, if all project activities are voluntarily suspended for a continuous period of eight months or are permanently abandoned by Ashanti's subsidiary, or if Ashanti's subsidiary goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

The net outstanding balance of VAT recoverable by Ashanti from the Government of Guinea but not yet repaid was approximately equivalent to US\$6 million as at 31 December 2003. The Convention de Base provides for exemptions in respect of withholding and other taxes. However, the Government of Guinea has demanded approximately US\$11.3 million from SAG for withholding and other taxes, which demand SAG is contesting.

Tanzania

A special mining licence of 114 square kilometres for the development of the Geita mine was issued by the Minister for Energy and Minerals of Tanzania in June 1999, expiring in 2024. The mine is now the subject of a joint venture in which Ashanti has a 50 per cent interest.

For further information relating to the rights to mine and title in respect of Geita, please refer to paragraph 4 of Part III of this document.

Exploration Properties

In general, the exact conditions of the tenements of Ashanti's exploration properties vary depending on the country in which the tenement is located and the historical background to the tenement application. Generally, however, the tenements extend to Ashanti (or Ashanti's joint venture partner) the right to explore for gold (and other minerals) for a period of time which may or may not be renewable during which time Ashanti is able to establish the existence or not of economic mineralisation, and to complete any feasibility studies, obtain any environmental approvals and to submit an application for a mining lease.

Royalty Payments

Following are royalty payments and related rates for the three years ended 31 December 2003:

Year ended 31 December

2003

2002

2001

Royalties

Royalties

Royalties

Country

Property

US\$m

Rate

US\$m

Rate

US\$m

Rate

Ghana

Obuasi

6.0

3.0%

5.0

3.0%

4.3

3.0%

Ghana

Ayanfuri

0

N/A

0

N/A

0.1

3.0%

Ghana

Iduapriem

2.7

3.0%

1.7

3.0%

1.7

3.0%

Ghana

Bibiani

2.3

3.0%

2.3

3.0%

2.1

3.0%

Guinea

Siguiri

3.0

3.4%

2.9

3.4%

2.6

3.4%

Tanzania

Geita

3.6

3.0%

2.7

3.0%

2.2

3.0%

Total**17.6****14.6****13.0**

The above royalty payments are not included, as applicable, in the determination of cash operating costs for Ashanti's operations as included in Part IV of this document.

5.**SUMMARY DISCUSSION OF RESULTS****5.1****Operating Review**

For the year ended 31 December 2003, Ashanti reported total attributable gold production of 1.53 million ounces as compared to 1.55 million attributable ounces produced in the year ended 31 December 2002. Production was only marginally lower in 2003 as compared with 2002 with increased production from the Iduapriem/Teberebie and Geita mines, following the commissioning of the plant capacity upgrade projects at both mines, partially offsetting lower production at the Obuasi and Siguiri mines (impacted by lower grades and lower metallurgical recoveries). Operating difficulties continued to impact adversely on production at the Freda Rebecca mine.

Total cash operating costs for 2003 at US\$222 per ounce were 11.5 per cent higher than the US\$199 per ounce recorded in 2002 due to rising fuel prices, increases in power costs and wages, rising costs of reagents and the appreciation in currencies of countries from which Ashanti sources its major imports.

Ashanti's capital investment in its operations increased from US\$64.5 million in 2002 to US\$83.0 million in 2003.

The principal expenditure in 2003 included:

- US\$37.6 million in respect of the underground development and plant at the Obuasi mine;
- US\$12.5 million on the Iduapriem/Teberebie mine, primarily in respect of the completion of CIL plant expansion;
- US\$24.6 million on the existing heap leach operations and the new CIP project at the Siguiri mine; and
- US\$6.4 million on the Bibiani mine, primarily in respect of the underground development.

Summary Operating Data

The following table presents summary consolidated operating data for Ashanti for the three years ended 31 December 2003:

Operating data for Ashanti**Year ended 31 December****2001****2002****2003**

Gold production (thousand ounces) (including that attributable to minorities)

1,657

1,622

1,603

Cash operating costs (US\$/oz)

190

199

222

Total production costs (US\$/oz)

253

262

282

Capital expenditure (million US dollars)

49.6

64.5

83.0

5.2**Financial Review**

Higher spot prices enabled Ashanti to achieve total revenue in 2003 of US\$564.9 million (2002: US\$552.2 million) despite the anticipated fall in the release of deferred hedging income and marginally lower production. The average gold price realised during the year was higher at US\$352 per ounce (2002: US\$340 per ounce).

Spot revenue amounted to US\$586.8 million (2002: US\$506.4 million). Hedging income was negative US\$21.9 million (2002: positive US\$45.8 million) due both to higher spot prices and a reduction in deferred hedging income released. Cash paid during 2003 on close-outs of maturing hedge contracts amounted to US\$34.8 million (2002: cash received US\$11.5 million) and US\$12.9 million (2002: US\$34.3 million) was released from previously closed-out hedging contracts (deferred hedging income). Cash operating costs for 2003 were 11.5 per cent higher at US\$222 per ounce due to rising fuel prices, increases in power costs and wages, rising costs of reagents and the appreciation in currencies of countries from which Ashanti sources its major imports.

Total costs before exceptional items, but including depreciation and amortisation, amounted to US\$487.9 million (2002: US\$457.7 million). Total costs per ounce increased by US\$22 per ounce, from US\$282 per ounce in 2002 to US\$304 per ounce in 2003 mainly due to the increase in cash operating costs referred to above.

Ashanti's 2003 earnings before exceptional items were US\$24.9 million lower at US\$54.8 million (2002: US\$79.7 million). The reduction in earnings is primarily due to the following factors, partially mitigated by higher spot prices:

- 18,098 ounces reduction in production as compared to 2002;
- 11.5 per cent increase in annual cash operating costs per ounce; and
- US\$21.4 million reduction in the release of deferred hedging income.

Earnings after net exceptional charges of US\$5.6 million were US\$49.2 million for 2003 (2002: US\$56.2 million).

Basic earnings per share before and after exceptional items for 2003 were US\$0.43 (2002: US\$0.67) and US\$0.38 (2002: US\$0.47) respectively.

5.3**Liquidity, Capital Resources and Going Concern**

During 2003, Ashanti reduced its gross debt level by US\$14.6 million, from US\$256.9 million as at 31 December 2002 to US\$242.3 million as at 31 December 2003. This reduction is after consolidating interest accrued of US\$7.2

million into the Iduapriem/Teberebie project finance loans.

80

Ashanti's gross debt analysis as at 31 December 2003, was as follows:

US\$

Million

US\$200 million Revolving Credit Facility ("RCF")

139.0

Iduapriem/Teberebie project finance loans

24.3

Other loans and overdrafts

7.5

Less: Deferred loan fees

(3.5)

167.3

Mandatorily Exchangeable Notes ("MENs")

75.0

Ashanti Group's gross debt as at 31 December 2003

242.3

The above schedule excludes Ashanti's 50 per cent share of the Geita project finance loan which fell from US\$102.8 million (Ashanti's share US\$51.4 million) as at 31 December 2002 to US\$66.2 million (Ashanti's share US\$33.1 million) as at 31 December 2003, following Geita's strong performance during the second half of the year.

The Ashanti Group's net debt level as at 31 December 2003 was lower at US\$169.5 million (2002: US\$215.6 million) following the distribution of US\$30.0 million received from Geita and the Ashanti Group's debt repayments.

As at 31 December 2003, Ashanti had headroom of US\$21.0 million under its US\$200 million Revolving Credit Facility.

In June 2002, Ashanti issued US\$75 million of MENs. The MENs will mandatorily exchange into ordinary shares of Ashanti when Ashanti effects a rights issue. Ashanti agreed with its banks and the holders of the MENs to complete the rights issue prior to 28 December 2003. It was intended that as part of the rights issue Ashanti would raise additional funds to fund completion of the Siguiiri CIP expansion project.

As a consequence of entering into the Transaction Agreement, Ashanti had to delay completing the rights issue. Since the MENs will become repayable on the Merger being completed, Ashanti has secured agreement of its banks and the holders of the MENs to delay the timeframe for completion of the rights issue until 28 December 2004.

Given the delay in the rights issue, the postponement/cancellation of the Siguiiri CIP expansion project was considered by Ashanti. However, following discussions with AngloGold, Ashanti decided to continue with the Siguiiri CIP expansion project, notwithstanding the substantial increase in the anticipated capital cost of this project. The increased capital expenditure required for this project, together with the reduced cash inflows received by the Ashanti Group due to poorer operating performance in 2003 as compared to 2002, led to Ashanti seeking alternative sources of financing to fund its cash requirements until the consummation of the Merger.

With the agreement of AngloGold, a US\$30.0 million distribution paid by the Geita mine on 31 December 2003 was paid in full to Ashanti. AngloGold also agreed to provide an additional US\$14.1 million to Ashanti by purchasing at face value the residual intercompany loan provided by the Ashanti Group in respect of the Geita joint venture. In addition, AngloGold agreed to provide an unsecured loan facility of up to US\$20.0 million to Ashanti. These arrangements are not conditional on the Merger completing.

Ashanti considers that these arrangements, together with the undrawn amounts under its revolving credit facility, are sufficient to enable it to meet its cash requirements in the period prior to the Merger becoming effective, currently anticipated to be around April 2004. If the Merger is not completed, or if there is a substantial delay in completing the Merger, Ashanti will need to proceed with its rights issue or review alternative forms of financing. If the Merger is not completed and alternative forms of financing cannot be implemented, then there will be uncertainty as to whether the Ashanti Group will be able to continue as a going concern.

Having taken into account the progress which AngloGold and Ashanti achieved in relation to the Merger, the financial support being provided by AngloGold and other relevant factors, the directors of Ashanti formed the judgement that, at the time of approving Ashanti's 2003 financial statements, the going concern basis was appropriate for the preparation of those financial statements.

5.4

Hedging

The table below shows all forward and option positions that Ashanti had as at 31 December 2003:

2004

2005

2006

2007

2008

2009

2010

2011

2012

2013

Totals

Forward Sales

(ounces)

655,764

677,246

566,250

507,450

400,450

413,450

383,450

324,250

292,500

214,500 4,435,310

(US\$/ounce)

357

352

358

360

369

362

366

373

378

369

362

Calls:

Sold (ounces)

496,180

480,478

182,006

173,826

218,410

70,970

28,250

28,250

-

- 1,668,370

(US\$/ounce)

341
 350
 368
 357
 365
 368
 350
 350
 -
 -
 353
Bought
(ounces)
 101,880
 134,000
 49,432
 64,396
 -
 -
 -
 -
 -
 -
 349,708
(US\$/ounce)
 359
 352
 370
 361
 -
 -
 -
 -
 -
 -
 359
Sub-total (ounces)
 394,300
 336,478
 132,574
 109,430
 218,410
 70,970
 28,250
 28,250
 -
 - 1,318,662
Summary: Protected
 655,764
 677,246
 566,250

507,450
 400,450
 413,450
 383,450
 324,250
 292,500
 214,500 4,435,310

(ounces)

Committed (ounces)

1,050,064 1,013,724
 698,824
 616,880
 618,860
 484,420
 411,700
 352,500
 292,500
 214,500 5,753,972

Lease Rate

Swap (ounces)

546,000
 468,000 1,245,000 1,267,000 1,084,000
 826,000
 568,000
 310,000
 130,000

Total committed ounces as a percentage of total forecast production (excluding Geita for the period of the project finance, 2004 - 2007)

45%

Deferred Hedging Income

11

11

Forward Sales

A total of 4.44 million ounces have been sold forward at an average price of US\$362 per ounce.

Call Options

Ashanti has sold 1.67 million ounces of call options at an average strike price US\$353 per ounce. As a partial offset, Ashanti has bought 0.35 million ounces of call options at an average strike price of US\$359 per ounce.

Gold Lease Rate Swaps

As at 31 December 2003, a maximum of 1.27 million ounces of Ashanti's hedged production will be exposed to the floating three months' lease rate at any one time.

The lease rate swaps can be broken down into the following types (under all of these contracts Ashanti received a certain lease rate income, which can be regarded as compensation for the lease rate exposure that Ashanti takes on).

Description

Volume

Fixed Rate

(ozs)

(%)

Ashanti pays a quarterly floating rate and receives a quarterly

1,361,000

1.80

weighted average fixed rate of 1.80%

Ashanti pays a quarterly floating rate and receives a fixed

320,000

2.00

amount of dollars at maturity. The quarterly amount is rolled until maturity of each forward contract. The fixed amount for each contract is calculated using the formula:

Volume x Years to Maturity x 302 x 2.00%

The next rate set is in 2006

Total

1,681,000

82

Marked-to-market Valuations

On 31 December 2003, the portfolio had a negative marked-to-market value of US\$532.14 million. This valuation was based on a spot price of US\$417 per ounce and the then prevailing applicable US interest rates, gold forward rates, volatilities and guidelines provided by the Risk Management Committee of the Ashanti Board. The delta at that time was 5.3 million ounces. This implies that a US\$1 increase in the price of gold would have a US\$5.3 million negative impact (approximate) on the marked-to-market valuation of the hedge book. Movements in US interest rates, gold lease rates, volatilities and time will also have a sizeable impact on the marked-to-market. All these variables can change significantly over short time periods and can consequently materially affect the marked-to-market valuation. The approximate breakdown by type of the marked-to-market valuation at 31 December 2003 was as follows:

US\$m

Forward contracts

(400.82)

European Call options (net sold)

(124.76)

Lease rate swaps

(6.56)

Total**(532.14)****Geita Hedging**

The table below shows Ashanti's portion of hedging commitments for Geita as at 31 December 2003. This represents half of Geita's hedge commitments.

2004**2005****2006****2007****Total**

Forward Sales (ounces)

195,299

174,828

94,576

120,938

585,641

(US\$/ounce)

289

294

296

298

293

Puts:

Bought

(ounces)

25,586

24,350

18,115

23,390

91,441

(US\$/ounce)

291

291

291

292

291

Summary:

Protected

(ounces)

220,885

199,178

112,691

144,328

677,082

Committed

(ounces)

195,299

174,828

94,576

120,938

585,641

Lease Rate Swap

116,774

76,301

41,420

-

-

Marked-to-market Valuation

On 31 December 2003, the Geita portfolio had a negative marked-to-market value of US\$154.9 million (Ashanti's portion: negative US\$77.45 million). This valuation was based on a spot price of US\$417 per ounce and the then prevailing US interest rates, gold forward rates, volatilities and guidelines provided by the Risk Management Committee of the Ashanti Board.

83

Part V: Financial Information on AngloGold

1.

FINANCIAL INFORMATION ON ANGLOGOLD FOR THE THREE FINANCIAL YEARS ENDED AND AS AT 31 DECEMBER 2002

The financial information contained in this paragraph 1 of Part V of this document has been extracted without material adjustment from the audited consolidated accounts of AngloGold for the three financial years ended and as at 31 December 2002. This financial information does not constitute statutory accounts within the meaning of section 240 of the UK Companies Act 1985.

An unqualified audit report has been given in respect of the accounts for each of the three financial years ended 31 December 2002.

Ernst & Young, Registered Accountants and Auditors, of Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg 2196, South Africa, were the auditors of AngloGold in respect of each of the three financial years ended and as at 31 December 2002 and are currently the auditors of AngloGold.

84

ANGLOGOLD LIMITED
GROUP INCOME STATEMENT

for the years ended 31 December

Figures in million

Notes

2002

2001

2000*

US Dollars

Revenue

3

1,847

2,121

2,299

Gold income

2, 3

1,761

2,041

2,208

Cost of sales

4

(1,203)

(1,519)

(1,740)

558

522

468

Non-hedge derivatives

92

(5)

-

Operating profit*

650

517

468

Corporate administration and other expenses

(25)

(22)

(33)

Market development costs

(17)

(16)

(12)

Exploration costs

5

(28)

(26)

(44)

Investment income

6

43

26	
45	
Other net (expense)/income	
7	
(16)	
(7)	
10	
Finance costs	
8	
(44)	
(72)	
(69)	
Abnormal item - settlement of claim	
(10)	
-	
-	
Profit before exceptional items	
9	
553	
400	
365	
Amortisation of goodwill	
15	
(28)	
(29)	
(20)	
Impairment of mining assets	
-	
(1)	
(93)	
Loss on disposal of mines	
31	
(13)	
(4)	
-	
Other	
-	
(2)	
(1)	
Profit on ordinary activities before taxation	
512	
364	
251	
Taxation	
11	
(165)	
(111)	
(73)	
Profit on ordinary activities after taxation	
347	
253	

178
Minority interest
(15)
(8)
(12)
Net profit
332
245
166
Adjusted operating profit*
Operating profit
650
517
468
Unrealised non-hedged derivatives
(12)
10
-
Adjusted operating profit
2
638
527
468
Headline earnings
12
376
281
254
Adjusted headline earnings
12
368
286
254
Earnings per ordinary share (US cents)
12
Basic
150
114
78
Diluted
149
114
76
Headline
169
131
119
Adjusted headline earnings
166
133
119

Dividends declared per ordinary share (US cents)

13

146

87

91

Dividend cover based on adjusted headline earnings

1.1

1.5

1.2

* IAS 39 adopted with effect from 1 January 2001.

85

**ANGLOGOLD LIMITED
GROUP BALANCE SHEET**

As at 31 December

Figures in million

Notes

2002

2001

2000*

US Dollars

ASSETS

Non-current assets

Mining assets

14

2,280

2,057

2,661

Goodwill

15

374

389

403

Investments in associates

16

19

13

20

Other investments

17

23

23

7

AngloGold Environmental Rehabilitation Trust

19

32

38

47

Derivatives

35

64

115

-

Long-term loans

20

55

17

50

2,847

2,652

3,188

Current assets

Derivatives

	35
233	
	128
-	
Trade and other receivables	
	21
255	
	156
	229
Inventories	
	22
216	
	163
	192
Current portion of long-term loans	
	20
-	
	9
	21
Cash and cash equivalents	
	23
413	
	191
	195
1,117	
	647
	637
Total assets	
3,964	
	3,299
	3,825
EQUITY AND LIABILITIES	
Shareholders' equity*	
1,443	
	1,117
	1,453
Minority interests	
40	
	30
	28
1,483	
	1,147
	1,481
Non-current liabilities	
Borrowings	
	25
842	
	350
	710
Debentures	
-	

-	
16	
Provisions	
26	
234	
215	
283	
Deferred taxation	
27	
402	
286	
553	
Derivatives	
35	
236	
160	
-	
1,714	
1,011	
1,562	
Current liabilities	
Derivatives	
35	
302	
250	
-	
Trade and other payables	
28	
250	
206	
315	
Current portion of borrowings	
25	
84	
637	
430	
Taxation	
131	
48	
37	
767	
1,141	
782	
Total equity and liabilities	
3,964	
3,299	
3,825	

*

Shareholders' equity is analysed in the statement of changes in shareholders' equity.

** IAS 39 adopted with effect from 1 January 2001.

ANGLOGOLD LIMITED
GROUP CASH FLOW STATEMENT

for the years ended 31 December

Figures in million

Notes

2002

2001

2000*

US Dollars

Cash flows from operating activities

Cash receipts from customers

1,808

2,153

2,247

Cash paid to suppliers and employees

(1,050)

(1,480)

(1,644)

Cash generated from operations

30

758

673

603

Interest received

32

20

37

Environmental contributions and expenditure

(16)

(10)

(9)

Dividends received from associates

16

2

1

2

Finance costs

(40)

(73)

(76)

Mining and normal taxation paid

(131)

(111)

(104)

Net cash inflow from operating activities

605

500

453

Cash flows from investing activities

Capital expenditure

14

- to expand operations
(176)
(219)
(159)
- to maintain operations
(95)
(79)
(145)
Proceeds from disposal of mining assets
1
6
8
Net proceeds from disposal of mines
31
140
109
-
Proceeds
164
109
-
Contractual obligations
(24)
-
-
Associate acquired
16
-
(1)
(7)
Investments acquired
(34)
(3)
(1)
Proceeds from sale of investments
158
-
5
Acquisitions and disposals of subsidiaries and joint ventures
31
(97)
-
(345)
Loans advanced
(5)
(4)
(8)
Repayment of loans advanced
17
43
19

Net cash outflow from investing activities
(91)
 (148)
 (633)
Cash flows from financing activities
 Proceeds from issue of share capital
18
 7
 2
 Share issue expenses
(11)
 -
 (3)
 Proceeds from borrowings
798
 276
 373
 Repayment of borrowings
(912)
 (414)
 (112)
 Dividends paid
(260)
 (167)
 (310)
 Net cash outflow from financing activities
(367)
 (298)
 (50)
 Net increase/(decrease) in cash and cash equivalents
147
 54
 (230)
 Translation
75
 (58)
 (68)
 Cash and cash equivalents at beginning of year
191
 195
 493
 Cash and cash equivalents at end of year
413
 191
 195
 87

ANGLOGOLD LIMITED

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 31 December

**Non-
Foreign
Other
Ordinary
distribu-
currency
compre-
Share-
share
Share
table
trans-
hensive
Retained
holders'**

Figures in million

**capital
premium
reserves*
lation
income**
earnings
equity**

US Dollars

Balance at 31 December 1999

9

1,267

25

5

-

559

1,865

Net profit

166

166

Dividends (note 13)

(310)

(310)

Ordinary shares issued

-

17

17

Share issue expenses written-off

(3)

(3)

Translation

(2)

(238)

(5)	
38	
(75)	
(282)	
Balance at 31 December 2000	
7	
1,043	
20	
43	
-	
340	
1,453	
Effect of adoption of IAS 39	
49	
(25)	
24	
Net profit	
245	
245	
Dividends (note 13)	
(167)	
(167)	
Ordinary shares issued	
22	
22	
Net gain on cash flow hedges removed from equity and reported in income	
(1)	
(1)	
Net loss on cash flow hedges	
(283)	
(283)	
Deferred taxation on cash flow hedges	
112	
112	
Transfer from non-distributable reserves	
(1)	
1	
-	
Translation	
(3)	
(388)	
(7)	
207	
35	
(132)	
(288)	
Balance at 31 December 2001	
4	
677	
12	
250	

(88)
262
1,117
Net profit
332
332
Dividends (note 13)
(251)
(251)
Ordinary shares issued
-
140
140
Net loss on cash flow hedges removed from equity and reported in income
61
61
Net loss on cash flow hedges
(105)
(105)
Deferred taxation on cash flow hedges
(29)
(29)
Net gain on available-for-sale financial assets
7
7
Acquisition of shares
(3)
(3)
Transfer from non-distributable reserves
(1)
1
-
Translation
3
296
5
(207)
(28)
105
174
Balance at 31 December 2002
7
1,113
16
43
(185)
449
1,443
Notes:
*

Non-distributable reserves comprise a surplus on disposal of company shares US\$16m.

** Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges until the underlying transaction occurs, upon which the gains or losses are recognised in earnings.

88

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS

for the years ended 31 December

1.

ACCOUNTING POLICIES

The financial statements are prepared according to the historical cost accounting convention, as modified by the revaluation of certain financial instruments to fair value. The group's accounting policies as set out below are consistent in all material respects with those applied in the previous years. These accounting policies conform with International Accounting Standards (IAS) and South African Statements of Generally Accepted Accounting Practice. AngloGold presents its consolidated financial statements in US Dollars. The group's presentation currency is US Dollars since the majority of its sales are in US Dollars. The measurement currency depends on where the subsidiary operates.

The following method of translation has been used:

- equity items other than net profit at the closing rate on each balance sheet date;
- assets and liabilities at the closing rate on each balance sheet date;
- income, expenses and cash flows at the average exchange rate; and
- resulting exchange differences are included in equity.

Basis of consolidation

The group financial statements incorporate the financial statements of the company, its subsidiaries and its proportionate interest in joint ventures.

The financial statements of subsidiaries and joint ventures are prepared for the same reporting period as the holding company, using the same accounting policies.

Where an investment in a subsidiary or a joint venture is acquired or disposed of during the financial year, its results are included from, or to the date control became, or ceased to be effective.

All inter-group transactions and balances are eliminated on consolidation. Unearned profits that arise between group entities are eliminated.

Foreign entities

Assets and liabilities (both monetary and non-monetary) of foreign entities are translated at the closing rate. Income statement items are translated at an average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve.

Acquisition and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources is amortised on a systematic basis which recognises the depletion of resources over the lesser of the life of the mine or 20 years.

The unamortised balance is reviewed on a regular basis and, if impairment in the value has occurred, it is written off in the period in which the circumstances are identified.

Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Joint ventures

A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one or more other venturers under a contractual arrangement. The group's interest in a jointly controlled entity is accounted for by proportionate consolidation.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Associates

The equity method of accounting is used for an investment over which the group exercises significant influence and normally owns between 20 per cent and 50 per cent of the voting equity. Associates are equity accounted from the effective dates of acquisition to the effective dates of disposal.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial statements. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to a nominal amount. Thereafter, losses are accounted for only insofar as the group is committed to providing financial support to such associates.

The carrying values of the investments in associates represent the cost of each investment, including unamortised goodwill, the share of post-acquisition retained earnings and losses and any other movements in reserves. The carrying value of associates is reviewed on a regular basis and if any impairment in value has occurred, it is written off in the period in which these circumstances are identified.

Mining assets

Mining assets are recorded at cost less accumulated amortisation and impairments. Cost includes pre-production expenditure incurred during the development of a mine and the present value of future decommissioning costs. Cost also includes finance charges capitalised during the construction period where such costs are financed by borrowings.

Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies and to expand the capacity of a mine. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred. Mine development costs are amortised using the units-of-production method based on estimated proved and probable mineral reserves. Amortisation is first charged on new mining ventures from the date it is capable of commercial production.

Proved and probable mineral reserves reflect estimated economically recoverable quantities which can be recovered in future from known mineral deposits.

Stripping costs incurred during the production phase to remove additional waste ore are deferred and charged to operating costs on the basis of the average life-of-mine stripping ratio.

The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined.

The average life of the mine ratio is recalculated annually in the light of additional knowledge and changes in estimates.

The cost of the "excess stripping" is capitalised as mine development costs when the actual stripping ratio exceeds the average life-of-mine stripping ratio. When the actual stripping ratio is below the average life of the mine ratio, sufficient previously capitalised costs are expensed to increase the cost up to the average. Thus, under this method, the cost of stripping in any period will be reflective of the average stripping rates for the orebody as a whole.

Mine infrastructure

Plant, equipment and buildings are amortised using the lesser of their useful life or units-of-production method based on estimated proved and probable mineral reserves.

Land

Land is not depreciated.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Mineral rights, dumps and ore reserves

Mineral rights are amortised using the units-of-production method based on estimated proved and probable mineral reserves.

Dumps are amortised over the period of treatment.

Ore reserves are measured mining resources which, when proved and probable, are transferred to mine development costs and amortised from the date on which commercial production begins.

If the recoverable amount of any of the above assets is less than the carrying value, an allowance is made for the impairment in value.

Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Other borrowing costs are expensed as incurred.

Leased assets

Assets subject to finance leases are capitalised at cost with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in interest paid, and the capital repayment, which reduces the liability to the lessor.

Operating lease rentals are charged against operating profits in a systematic manner related to the period of use of the assets concerned.

Research and exploration expenditure

Research and exploration expenditure is expensed in the year in which it is incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure is capitalised.

Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Inventories

Inventories are valued at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost is determined on the following bases:

- gold in process is valued at the average total production cost at the relevant stage of production;
- gold on hand is valued on an average total production cost method;
- ore stockpiles are valued at the average moving cost of treating and processing the ore;
- by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method; and
- consumable stores are valued at average cost.

Provisions

Provisions are recognised when the group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

The group operates a defined benefit pension plan and post retirement medical aid benefit plans, and a number of defined contribution pension plans.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Defined benefit plans

The cost of providing benefits to the group's defined pension and post-retirement benefit plans are determined using the projected unit credit actuarial valuation method. Actuarial gains and losses arising in the defined benefit plans are recognised as income or expense when the cumulative unrecognised gains or losses for each individual plan exceed the greater of 10 per cent of the defined benefit obligation and 10 per cent of the fair value of plan AngloGold assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans. Where the fair value of the plan assets exceeds the present value of the obligation, the resulting net asset is not recognised in respect of South African plans due to requirements under the Surplus Distribution legislation.

Defined contribution plans

Contributions to defined contribution plans in respect of services during that year are recognised as an expense in that year.

Environmental expenditure

Long-term environmental obligations comprising decommissioning and restoration are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements.

Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced.

Decommissioning costs are provided for at the present value of the expenditures expected to settle the obligation, using estimated cashflows based on current prices. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains from the expected disposal of assets are not taken into account when determining the provision.

Restoration costs

The provision for restoration represents the cost for restoring site damage after the commencement of production. Increases in the provision are charged to the income statement as a cost of production.

Gross restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cashflows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on estimated proved and probable mineral reserves. Expenditure on ongoing restoration costs is brought to account when incurred.

Environmental rehabilitation trust

Annual contributions are made to the AngloGold Environmental Rehabilitation Trust, created in accordance with South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The funds that have been paid into the trust fund plus the growth in the trust fund are shown as an asset on the balance sheet.

The environmental rehabilitation obligations in respect of the non South African operations are not funded through an established trust fund. Bank guarantees and reclamation bonds are provided for some of these liabilities.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS (*continued*) for the years ended 31 December

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following criteria must also be present:

- the sale of mining products is recognised when the significant risks and rewards of ownership of the products are transferred to the buyer;
- dividends are recognised when the right to receive payment is established; and
- interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Deferred taxation

Deferred taxation is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at current tax rates.

Financial instruments

Financial instruments recognised on the balance sheet include investments, loans receivable, trade and other receivables, cash and cash equivalents, borrowings, derivatives and trade and other payables.

Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument will be derecognised and a gain or loss recognised when the company loses the contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

Derivatives

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the future planned gold production of its mines.

IAS 39 requires that derivatives be treated as follows:

- Commodity based ("normal purchase or normal sale") contracts that meet the requirements of IAS 39 are recognised in earnings when they are settled by physical delivery.
- Where the conditions in IAS 39 for special hedge accounting are met the derivative is recognised on the balance sheet as either a derivative asset or derivative liability and recorded at fair value. The group enters into cash flow hedges whereby the effective portion of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs, then the gains or losses are recognised in earnings or included in the initial measurement of the asset or liability. The ineffective portion of fair value gains and losses is reported in earnings in the period to which they relate.
- All other derivatives are subsequently measured at their estimated fair value, with the changes in estimated fair value at each reporting date being reported in earnings in the period to which it relates.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information. These estimates are calculated with reference to the market rates using industry standard valuation techniques.

Investments

Listed investments, other than investments in subsidiaries, joint ventures, and associates, are subsequently measured at fair value, which is calculated by reference to the quoted selling price at the close of business on the balance sheet date. Unlisted investments are shown at fair value, or at cost where fair value cannot be reliably measured.

Investments classified as available-for-sale financial assets are subsequently measured at fair value, with changes in fair value recognised in equity (other comprehensive income) in the period in which they arise. These amounts are removed from equity and reported in income when the asset is derecognised or when there is evidence that the asset is impaired.

Long-term loans receivable

Long-term loans receivable are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables

Trade and other receivables originated by the group are subsequently measured at amortised cost less allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are subsequently measured at cost.

Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any evidence of impairment of financial assets. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised in income for the difference between the recoverable amount and the carrying amount.

Financial liabilities

Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities and derivatives are subsequently measured at fair value.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)* for the years ended 31 December

2.

SEGMENTAL INFORMATION

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being mining, extraction and production of gold. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by origin and destination.

Geographical Analysis by Origin

Gold

Adjusted Operating

Average number

income

profit

EBITDA

of employees

2002

2001

2000

2002

2001

2000

2002

2001

2000

2002

2001

2000

US Dollars (m)

South Africa

930

1,298

1,587

389

341

298

373

351

346

46,657

64,881

79,124

East and West Africa

329

250

111

129

87

48

190

134

66
2,276
1,627
849
South America
195
177
173
84
65
69
118
98
96
2,656
2,292
2,388
North America
152
161
165
3
16
19
59
58
53
909
854
718
Australia
155
155
172
33
18
34
55
38
46
599
726
957
1,761
2,041
2,208
638
527
468
795
679

607
53,097
70,380
84,036
Gold Production
(oz 000)
2002
2001
2000
South Africa
3,412
4,670
5,418
East and West Africa
1,085
868
366
South America
478
441
439
North America
462
496
496
Australia
502
508
524
5,939
6,983
7,243
Net operating assets
Total assets
Capital expenditure
2002
2001
2000
2002
2001
2000
2002
2001
2000
US Dollars (m)
South Africa
1,012
858
1,483
1,663
1,283

1,824

112

106

159

East and West Africa

433

448

432

777

721

741

27

34

51

South America

435

302

327

579

465

461

27

23

22

North America

403

338

286

438

381

320

74

93

37

Australia

239

202

224

507

449

479

31

42

35

2,522

2,148

2,752

3,964

3,299

3,825

271

298

304

2002

2001

2000

Figures in million

US Dollars

3.

REVENUE

Revenues consists of the following principal categories: Gold income (note 2)

1,761

2,041

2,208

Sale of uranium, silver and sulphuric acid

50

60

54

Interest receivable (note 6)

36

20

37

1,847

2,121

2,299

95

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

4.

COST OF SALES

Cash operating costs

939

1,226

1,502

Other cash costs

28

29

19

Total cash costs

967

1,255

1,521

Retrenchment costs (note 10)

3

22

17

Rehabilitation and other non-cash costs

12

13

2

Production costs

982

1,290

1,540

Amortisation of mining assets (notes 9, 14 and 30)

245

220

217

Total production costs

1,227

1,510

1,757

Inventory change

(24)

9

(17)

1,203

1,519

1,740

5.

EXPLORATION COSTS

Expenditure incurred during the year

51

44

63

Expenditure transferred to mining assets

(23)

(18)

(19)

28

26

44

6.

INVESTMENT INCOME

Investment income consists of the following principal categories: Interest receivable (notes 3 and 30)

36

20

37

Profit from associates after taxation (notes 16 and 30)

4

1

4

Growth in AngloGold Environmental Rehabilitation Trust (notes 19 and 30)

3

5

4

43

26

45

7.

OTHER NET (EXPENSE) INCOME

Other net (expense)/income consists of the following principal categories: Foreign exchange (loss)/gain on transactions other than sales

(4)

(2)

3

(Loss)/Profit on disposal of assets (note 30)

(3)

(2)

7

Post-retirement medical expenses for disposed mines

(5)

-

-

(12)

(4)

10

Unwinding of decommissioning obligation (notes 26 and 30)

(4)

(3)

-

(16)

(7)

10

8.

FINANCE COSTS

Interest paid on bank loans and overdrafts

36

72

74

Interest paid on debentures

-

1

2

Other

8

-

-

Total interest

44

73

76

Less: Amounts capitalised

-

(1)

(7)

(Note 30)

44

72

69

96

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

9.

PROFIT BEFORE EXCEPTIONAL ITEMS IS ARRIVED AT AFTER TAKING ACCOUNT OF:

Auditors' remuneration

Audit fees

1

1

1

Amortisation of mining assets (notes 4, 14 and 30)

Owned assets

241

217

215

Leased assets

4

3

2

245

220

217

Grants for educational and community development

4

4

4

Operating lease charges

5

4

2

10. EMPLOYEE BENEFITS

Employee benefits including executive directors:

Salaries, wages and other benefits

392

538

787

Healthcare and medical scheme costs

- current medical expenses

23

27

38

- post-retirement medical expenses

5

5

6

Defined contribution pension plans expense

20

35	
55	
Retrenchment costs (note 4)	
3	
22	
17	
Employee benefits included in cost of sales	
443	
627	
903	
Actuarial defined benefit plan expense analysis	
Defined benefit pension plan expense	
- current service cost	
4	
4	
5	
- interest cost	
9	
10	
12	
- expected return on plan assets	
(8)	
(11)	
(5)	
- actuarial (gain)/loss	
(1)	
2	
(7)	
- curtailment, settlement loss	
-	
-	
1	
Defined benefit post-retirement medical expense	
- current service cost	
1	
1	
-	
- interest cost	
7	
11	
9	
- curtailment	
(15)	
-	
-	
(3)	
17	
15	
Actual return on plan assets	
Defined benefit pension plan	
1	

11
5
97

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

US Dollars

11. TAXATION

Current taxation

Mining taxation

32

41

16

Non-mining taxation

83

55

55

Under provision prior year

3

-

-

Secondary tax on companies

6

7

7

Exceptional items (note 12) - recouplements tax on Free State disposal (note 31)

63

-

-

- mining tax on Free State operating loss

(10)

-

-

177

103

78

Deferred taxation

Current

34

13

21

Unrealised non-hedge derivatives (note 12)

4

(5)

-

Exceptional items - disposal of Free State operations (note 12)

(50)

-

-

- impairment (note 12)

-

-

(26)
 (Note 27)
(12)

8
 (5)
165

111
 73

At 31 December 2001 there was unredeemed capital expenditure estimated at US\$298m (2000: US\$417m) which was available for set-off against future taxable income from the mining operations of Joel mine. Joel mine was sold with effect from 1 January 2002, resulting in the unredeemed capital expenditure not being utilised.

The unutilised tax losses of the North American operations which are available for offset against future profits earned in the USA, amount to US\$182m (2001: US\$177m; 2000: US\$220m).

The unutilised tax losses of the South American operations which are available for offset against future profits earned in these countries, amount to US\$86m (2001: US\$49m; 2000: US\$71m).

Analysis of tax losses

Assessed losses utilised during the year

8

Utilised tax losses remaining to be used against future profits can be split into the following periods: Utilisation within one year

4

Utilisation within one and two years

12

Utilisation within two and five years

11

Utilisation in excess of five years

241

268

98

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

11. TAXATION *(continued)***Tax reconciliation**

A reconciliation of the marginal South African tax rate compared with that charged in the income statement is set out in the following table:

%

%

%

Marginal tax rate

46

46

46

Disallowable expenditure

4

5

3

Goodwill amortised

2

2

2

Taxable non-mining income

(3)

(3)

(2)

Amortisation and inventory change

7

12

18

Mining capital allowances

(11)

(10)

(23)

Mining tax formula adjustment

2

(1)

(3)

Dividends received

(5)

(7)

(1)

Foreign income tax allowances

(14)

(7)

(8)

Impairment

-

-

8

Other

4

(7)

(11)

Effective tax rate

32

30

29

US cents per share

12. EARNINGS PER ORDINARY SHARE

Basic

150

114

78

The calculation of basic earnings per ordinary share is based on net profit of US\$332m (2001: US\$245m; 2000: US\$166m) and 221,883,567 (2001: 214,278,892; 2000: 213,925,974) shares being the weighted average number of ordinary shares in issue during the financial year.

Headline

169

131

119

Headline earnings removes items of a capital nature from the calculation of earnings per share.

The calculation of headline earnings per ordinary share is based on headline earnings of US\$376m (2001: US\$281m; 2000: US\$254m) and 221,883,567 (2001: 214,278,892; 2000: 213,925,974) shares being the weighted average number of ordinary shares in issue during the year.

Adjusted headline

166

133

119

This calculation is based on adjusted headline earnings of US\$368m (2001: US\$286m; 2000: US\$254m) and 221,883,567 (2001: 214,278,892; 2000: 213,925,974) shares being the weighted average number of ordinary shares in issue during the financial year.

Diluted

149

114

76

The calculation of diluted earnings per ordinary share is based on net profit of US\$332m (2001: US\$245m; 2000: US\$166m) and 222,899,926 (2001: 214,715,806; 2000: 217,159,574) shares being the diluted number of ordinary shares.

99

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

12. EARNINGS PER ORDINARY SHARE *(continued)*

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

Net profit

332

245

166

Amortisation of goodwill (notes 15, 16 and 30)

28

29

20

Deferred taxation on impairment of mining assets (note 11)

-

-

(26)

Impairment of mining assets

-

1

93

Loss on disposal of mines

13

4

-

Current and deferred taxation on exceptional items - disposal of Free State operations (note 11)

3

-

-

Other comprises the following:

Termination of retirement benefit plans

-

5

1

Debt written off

-

3

-

Reversal of impairment on investments

-

(6)

-

Headline earnings

376

281

254

Unrealised (gain)/loss on non-hedge derivatives

(12)

10

-

Deferred tax on unrealised non-hedge derivatives (note 11)

4

(5)

-

Adjusted headline earnings

368

286

254

The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:

Weighted average number of shares

221,883,567

214,278,892

213,925,974

Dilutive potential of share options

1,016,359

436,914

1,987,600

Debentures in issue

-

-

989,800

Share options - Acacia Employee Option Plan

-

-

256,200

Diluted number of ordinary shares

222,899,926

214,715,806

217,159,574

At a general meeting held on 5 December 2002, a share split was approved by way of a special resolution.

AngloGold's ordinary shares of 50 cents each were sub-divided into ordinary shares of 25 cents each, with effect from the close of business on 24 December 2002. Throughout the annual financial statements presented herein, the number of shares and the calculation of earnings per ordinary shares have been changed to retroactively reflect this change in the number of shares.

13. DIVIDENDS

Ordinary shares No. 91 of 550 SA cents per ordinary share declared on 30 January 2002 and paid on 4 March 2002

(49 US cents per share)

109

86

192

No. 92 of 675 SA cents per ordinary share declared on 30 July 2002 and paid on 30 August 2002

(64 US cents per share).

142

81
118
251
167
310
No. 93 of 675 SA cents per ordinary share was declared on 30 January 2003 and paid on 28 February 2003 (82 US cents per share).
100

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

**Mineral
rights,
Mine
Mine
dumps
development
infra-
and ore**

Figures in million

**costs
structure
reserves**

Land

Total

14. MINING ASSETS

US Dollars

Cost

Balance at beginning of year

1,863

1,185

250

14

3,312

Additions

- expand operations

108

60

8

-

176

- maintain operations

57

38

-

-

95

Fair value adjustment (note 32)

-

-

-

-

-

Acquisition and disposals of
subsidiaries and joint ventures (note 31)

(346)

(28)

29

-

(345)

Transfers and other movements	
10	
(4)	
(3)	
-	
3	
Interest capitalised (note 8)	
-	
-	
-	
-	
Translation	
354	
128	
17	
1	
500	
Balance at end of year	
2,046	
1,379	
301	
15	
3,741	
Accumulated amortisation	
Balance at beginning of year	
638	
594	
23	
-	
1,255	
Amortisation charge for year	
(notes 4, 9 and 30)	
118	
103	
24	
-	
245	
Acquisition and disposals of	
subsidiaries and joint ventures (note 31)	
(160)	
(67)	
(1)	
-	
(228)	
Transfers and other movements	
2	
(10)	
(3)	
-	
(11)	

Translation

117

80

3

-

200

Balance at end of year

715

700

46

-

1,461

Net book value at 31 December 2002

1,331

679

255

15

2,280

Net book value at 31 December 2001

1,225

591

227

14

2,057

Net book value at 31 December 2000

1,587

791

268

15

2,661

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of US\$25m (2001: US\$14m; 2000: US\$3m).

Mining assets with a carrying value of US\$254m (2001: US\$304m; 2000: US\$244m) are encumbered by project finance (note 25).

101

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

15. GOODWILL

Cost

Balance at beginning of year

479

475

276

Fair value adjustment (note 32)

-

30

100

Acquisition and disposals of subsidiaries and joint ventures (note 31)

-

-

143

Transfer

-

(9)

-

Translation

15

(17)

(44)

Balance at end of year

494

479

475

Accumulated amortisation

Balance at beginning of year

90

72

54

Amortisation (notes 12 and 30)

28

29

20

Transfer

-

(9)

-

Translation

2

(2)

(2)

Balance at end of year

	120
	90
	72
Net book value	
	374
	389
	403
16. INVESTMENTS IN ASSOCIATES	
The group has the following associated undertakings:	
- A 53.03% (2001: 48.48%) interest in Rand Refinery Limited, which is involved in the refining of bullion and by-products which are sourced, <i>inter alia</i> , from South Africa and foreign gold producing mining companies. This investment is equity accounted as AngloGold only has significant influence and not control over the financial and operating policies of this company. The year end of Rand Refinery Limited is 30 September.	
Equity accounting is based on the results for the 12 months ended 30 September 2002.	
- A 25.0% (2001: 25.0%) interest in Oro Group (Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year end of Oro Group (Proprietary) Limited is 31 March. Equity accounting is based on the results for the 12 months ended 30 September 2002.	
Carrying value of associates consists of:	
Unlisted shares at cost	
	10
	6
	1
Share of retained earnings brought forward	
	6
	9
	9
Profit after taxation (notes 6 and 30)	
	4
	1
	4
Acquisition	
-	
	1
	7
Dividends	
(2)	
(1)	
(2)	
Translation	
1	
(3)	
	1
Carrying value	
	19
	13
	20
Directors' valuation of unlisted associates	
	19
	13
	20

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

16. INVESTMENTS IN ASSOCIATES *(continued)*

The group's effective share of certain balance sheet items of its associates is as follows:

Non-current assets

10

7

11

Current assets

17

9

12

Total assets

27

16

23

Non-current liabilities

4

3

4

Current liabilities

8

4

5

Total equity and liabilities

12

7

9

Net assets

15

9

14

Reconciliation of the carrying value of investments in associates with net assets:

Net assets

15

9

14

Goodwill

4

4

6

Carrying value

19

13

20

17. OTHER INVESTMENTS

Listed investments

Balance at beginning of year

11

-

-

Additions

152

14

-

Disposals

(158)

-

-

Fair value adjustments

7

-

-

Translation

1

(3)

-

Balance at end of year

13

11

-

Market value of listed investments

13

11

-

Unlisted investments

Balance at beginning of year

6

7

7

Additions

-

-

1

Disposals

(1)

-

(1)

Fair value adjustment

-

-

-

Translation

(1)

(1)

-

Balance at end of year

4	
6	
7	
Directors' valuation of unlisted investments	
4	
6	
7	
Investment properties	
Balance at beginning of year	
6	
-	
-	
Impairment reversal per income statement	
-	
6	
-	
Balance at end of year	
6	
6	
-	
Directors' valuation of investment properties	
6	
6	
-	
Total other investments	
23	
23	
7	
Total valuation (note 35)	
23	
23	
7	
103	

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

18. INTEREST IN JOINT VENTURES

The group's effective share of income, expenses, assets, liabilities and cash flows of joint ventures , which are included in the consolidated financial statements, are as follows:

Income statement

Gold income

312

273

133

Cost of sales

(205)

(166)

(80)

Operating profit

107

107

53

Other net expense

-

(5)

(1)

Investment income

1

2

3

Finance costs

(9)

(20)

(16)

Profit on ordinary activities before taxation

99

84

39

Balance sheet

Non-current assets

505

530

573

Current assets

140

140

110

Total assets

645

670

683	
Shareholders' equity	
460	
479	
425	
Minority interests	
-	
4	
3	
Non-current liabilities Interest-bearing borrowings	
87	
107	
172	
Provisions	
7	
6	
2	
Current liabilities Interest-bearing borrowings	
20	
40	
47	
Other	
71	
34	
34	
Total equity and liabilities	
645	
670	
683	
<i>Cash flow statement</i>	
Cash flows from operating activities	
150	
(261)	
172	
Cash flows from investing activities	
(17)	
(39)	
(150)	
Cash flows from financing activities	
(120)	
314	
(33)	
Net increase/(decrease) in cash and cash equivalents	
13	
14	
(11)	
19. ANGLOGOLD ENVIRONMENTAL REHABILITATION TRUST	
Balance at beginning of year	
38	
47	
45	

Contributions

3

10

9

Additional contribution - Free State disposal

19

-

-

Growth in AngloGold Environmental Rehabilitation Trust (notes 6 and 30)

3

5

4

Funds transferred in respect of Free State disposal (note 31)

(23)

-

-

Additional funds transferred to Free State Environmental Trust Fund

(19)

-

-

Expenditure incurred

-

(3)

-

Translation

11

(21)

(11)

Balance at end of year

32

38

47

104

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

20. LONG-TERM LOANS

Unsecured:

Loans to joint venture partners

13

22

45

Deferred purchase consideration in respect of the sale of the Free State assets

38

-

-

Loan to AngloGold Limited Employees' Share and Debenture Trust

-

-

16

Other

4

4

10

55

26

71

Less: Current portion of long-term loans included in current assets

-

9

21

Total long-term loans (note 35)

55

17

50

21. TRADE AND OTHER RECEIVABLES

Trade debtors

48

45

97

Pre-payments and accrued income

56

49

16

Value-added taxation

26

22

15

Receivable in respect of the sale of the Free State assets

80

-

-

Other debtors

45

40

101

(Note 35)

255

156

229

22. INVENTORIES

At cost:

Gold in process

115

77

75

Gold on hand

3

3

7

Ore stockpiles

26

19

25

By-products

13

14

24

Total metal inventories

157

113

131

Consumable stores at average cost

59

50

61

216

163

192

23. CASH AND CASH EQUIVALENTS

Cash and deposits on call

338

191

168

Money market instruments

75

-

27

(Note 35)

413

191

195

105

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

24. SHARE CAPITAL AND PREMIUM

Share capital

Authorised

400,000,000 ordinary shares of 25 SA cents each

12

8

13

(2001: 200,000,000 ordinary shares of 50 SA cents each. After sub-division 400,000,000 ordinary shares of 25 SA cents each) 2,000,000 A redeemable preference shares of 50 SA cents each

-

-

-

5,000,000 B redeemable preference shares of 1 SA cent each

-

-

-

12

8

13

Issued

222,622,022 ordinary shares of 25 SA cents each (2001: 107,634,058 ordinary shares of 50 SA cents each. After sub-division 215,268,116 shares of 25 SA cents each)

7

4

7

2,000,000 A redeemable preference shares of 50 SA cents each

-

-

-

778,896 B redeemable preference shares of 1 SA cent each

-

-

-

7

4

7

Less: A redeemable preference shares held within the group

-

-

-

7

4

7

Share premium

Total share premium

1,166

730

1,096

Less: Held within the group

(53)

(53)

(53)

1,113

677

1,043

Share capital and premium

1,120

681

1,050

At a general meeting held on 5 December 2002, a share split was approved by way of a special resolution.

AngloGold's ordinary shares of ZAR0.50 each were sub-divided into ordinary shares of ZAR0.25 each, with effect from the close of business on 24 December 2002.

106

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

25. BORROWINGS

Unsecured

Syndicated loan facility (\$600m)

470

-

-

Interest charged at libor plus 0.7% per annum. Loan is repayable in February 2005 and is US dollar-based.

Syndicated loan facility (\$400m)

264

216

-

Interest charged at libor plus 0.75% per annum. Loan is repayable in May 2004 and is US dollar-based.

Banco Europeu para a America Latina-Brussels

10

-

-

Interest charged at libor plus 1.75% per annum. Loan is repayable in monthly instalments commencing March 2004 and terminating in September 2004 and is US dollar-based.

Syndicated loan facility

9

-

-

Interest charged at Bank Bill Swop Reference Rate plus 0.35% per annum. Loan is repayable by September 2003 and is Australian dollar-based.

Santander Bank

8

8

-

Interest charged at libor plus 1.5% per annum. Loan is repayable in June and July 2003 and is US dollar-based.

Itau Bank

6

6

-

Interest charged at libor plus 1.5% per annum. Loan is repayable by September 2003 and is US dollar-based.

HSBC Bamerindus

5

5

5

Interest charged at libor plus 1.3% per annum. Loan is repayable in May 2003 and is US dollar-based.

RMB International (Dublin) Limited

2

6

-

Interest charged at libor plus 0.82% per annum. Loan is of a short-term nature and no dates of repayment are fixed and is US dollar-based.

Government of Mali

2

3

3

Interest charged at libor plus 2% per annum. Loans are repayable in half-yearly instalments terminating in March 2006 and are US dollar-based.

Syndicated loan facility

-

355

361

Credit Agricole

-

121

120

Loans from Anmercosa Finance Limited

-

37

65

Syndicated loan facility

-

20

22

Citibank NA

-

11

11

Bank Boston

-

10

10

Deutsche Bank

-

5

-

Dresdner Bank Luxembourg SA

-

3

113

Banco do Brasil

-

2

2

Economic Development Corporation Limited

-

1

1

Dresdner Bank Gold Loan

-

-

150

J.P. Morgan Gold Loan

-

-

8

Unibanco

-

-

8

Local money market short-term borrowings

-

17

69

Total unsecured borrowings

776

826

948

107

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

25. BORROWINGS *(continued)*

Secured

Geita Syndicated Project finance

51

62

67

Interest charged at libor plus 1.7% per annum. Loan is repayable half-yearly until 2007 and is US dollar-based.

Cerro Vanguardia Syndicated Project finance

54

48

63

Interest charged at libor plus 1.75% per annum. Loan is repayable in half-yearly instalments terminating in December 2004 and is US dollar-based.

Morila Syndicated Project finance

15

26

34

Interest charged at libor plus 2% per annum. Loan is repayable in half-yearly instalments terminating in December 2005 and is US dollar-based.

Senstar Capital Corporation

18

7

4

Interest charged at an average rate of 7.01% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are US dollar-based.

Rolls Royce

8

8

6

Interest is index linked. Loan is repayable in monthly instalments terminating in December 2010 and is US dollar-based.

Investec

3

4

-

Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments terminating in June 2006 and is US dollar-based.

Kudu Finance Company

1

-

-

Interest charged at libor plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is US dollar-based.

Mineral Laboratories of Australia (Pty) Limited

-	
-	
-	
	Interest charged at libor plus 2% per annum. Loan is repayable in monthly instalments terminating in August 2003 and is US dollar-based.
	Sadiola Project Finance
-	
6	
18	
	Total borrowings (note 35)
926	
987	
1,140	
	<i>Less:</i> Current portion of borrowings included in current liabilities
84	
637	
430	
	Total long-term borrowings
842	
350	
710	
	Amounts falling due
	Within one year
84	
637	
430	
	Between one and two years
325	
53	
605	
	Between two and five years
508	
283	
81	
	After five years
9	
14	
24	
	(Note 35)
926	
987	
1,140	
	Currency
	Currencies in which the borrowings are denominated are as follows: Australian dollars
9	
25	
22	
	South African rands
-	
17	
69	

United States dollars

917

945

1,049

926

987

1,140

108

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

25. BORROWINGS *(continued)*

Undrawn Facilities

Undrawn borrowing facilities as at 31 December 2002 are as follows: Syndicated loan (\$400m) - US dollar

138

185

-

Syndicated loan (\$600m) - US dollar

135

-

-

Australia and New Zealand Banking Group Limited - Australian dollar

20

-

-

Syndicated loan - Australian dollar

-

51

75

Deutsche Bank - Australian dollar

-

148

-

Dresdner Bank Luxembourg SA

-

-

130

293

384

205

Morila and Geita Project Finance

Secured by a fixed and floating charge over the project assets (note 14), the hedging contracts and a pledge over the shares in the project company.

Cerro Vanguardia Project Finance

Secured by a fixed and floating charge over the project assets (note 14), the major project contracts and a pledge over the shares in the project company.

Investec

Loan is guaranteed by AngloGold Limited.

The equipment financed by the other secured loans is used as security for those loans.

109

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars**26. PROVISIONS****Post-retirement medical funding** Balance at beginning of year**62**

102

123

Acquisitions and disposals of subsidiaries and joint ventures (note 31)

(3)

(4)

-

Charge to income statement

5

5

-

Less: Utilised during the year**(5)**

(5)

-

Translation

23

(36)

(21)

Balance at end of year

82

62

102

The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants. The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method. The assumptions used in calculating the defined benefit post-retirement medical obligation is as follows:

%

%

%

Discount rate

11.5

11.0

13.5

Expected increase in healthcare costs

9.2

10.0

10.5

Short-term rates ranged from 6.5% to 9.2% and long-term after three years at 5%. The normal retirement age is 60 years (2000: 63 years) and fully eligible age is 55 years. The last valuation was performed as at 31 December 2002.

Environmental rehabilitation obligations

Provision for decommissioning

Balance at beginning of year

44

53

62

Acquisitions and disposals of subsidiaries and joint ventures (note 31)

(10)

(4)

-

Change in estimates

1

10

-

Unwinding of decommissioning obligation (notes 7 and 30)

4

3

-

Prior year adjustment

-

-

1

Translation

8

(18)

(10)

Balance at end of year

47

44

53

Provision for restoration:

Balance at beginning of year

90

112

132

Acquisitions and disposals of subsidiaries and joint ventures (note 31)

(16)

(2)

1

Charge to income statement

15

11

-

Change in estimates

1

-

-

Less: Utilised during the year

(4)

(19)

-

Translation

7

(12)

(21)

Balance at end of year

93

90

112

Other provisions

Balance at beginning of year

19

16

17

Charge to income statement

1

5

-

Less: Utilised during the year

(8)

(2)

-

Translation

-

-

(1)

Balance at end of year

12

19

16

Total provisions

234

215

283

Other provisions include civil claims and medical costs arising from former employees and retirement benefit provisions referred to in note 29.

110

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars

27. DEFERRED TAXATION

Deferred taxation relating to temporary differences is made up as follows:

Deferred taxation liabilities:

Mining assets

509

406

610

Inventories

13

11

17

Other

8

-

8

530

417

635

Deferred taxation assets:

Provisions

68

50

82

Derivatives

59

81

-

Other

1

-

-

128

131

82

Net deferred taxation

402

286

553

The movement on the deferred tax balance is as follows:

Balance at beginning of year

286

553

711

Fair value adjustment (note 32)

-	
34	
(28)	
Income statement charge (note 11)	
(12)	
8	
(5)	
Taxation of other comprehensive income	
40	
(102)	
-	
Effect of adoption of IAS 39	
-	
25	
-	
Acquisitions and disposals of subsidiaries and joint ventures (note 31)	
(4)	
(63)	
-	
Translation	
92	
(169)	
(125)	
Balance at end of year	
402	
286	
553	
28. TRADE AND OTHER PAYABLES	
Trade creditors	
81	
97	
165	
Accruals	
78	
45	
69	
Other creditors	
91	
64	
81	
(Note 35)	
250	
206	
315	
111	

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US Dollars**29. RETIREMENT BENEFITS****South Africa region**

The group has made provision for pension and provident schemes covering substantially all employees. Eligible employees are members of either AngloGold's defined benefit fund or one of the industry-based defined contribution funds.

There is one defined benefit scheme and three defined contribution schemes. The assets of these schemes are held in administered trust funds separated from the group's assets. Scheme assets primarily consist of listed shares, property trust units and fixed income securities.

Defined benefit pension fund

Fair value of fund assets

93

70

91

Present value of fund obligation

100

70

88

Plan (liability)/asset

(7)

-

3

Unrecognised actuarial loss/(gain)

7

-

(3)

Amount recognised in balance sheet

-

-

-

Market value of plan assets

93

70

91

The assumptions used in calculating the above defined benefit pension plan obligation are as follows:

%

%

%

Discount rate

11.5

10.5

12.0

Pension increase

6.1

6.5

8.0

Rate of compensation increase

7.8

7.5

9.0

Expected return on plan assets

11.5

10.5

12.0

A statutory valuation of the defined benefit pension fund was performed as at 31 December 2002, and the Pension Fund was certified by the reporting actuaries as being in a sound financial position, subject to the deficit being funded through increased contributions as advised by the actuaries. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments. Calculations for the Pension Fund's financial position are carried out in years when a statutory valuation is not performed.

Contributions to the various defined contribution retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefits for the year amounted to US\$17m (2001: US\$31m; 2000: US\$45m).

All funds are governed by the Pension Funds Act of 1956, as amended.

East and West Africa region

Namibia (Navachab)

Navachab employees are members of a defined contribution provident fund. The fund is administered by the Old Mutual insurance company. Both the company and the employees make contributions to this fund. AngloGold seconded employees at Navachab remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

112

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS (*continued*) for the years ended 31 December

Mali (Sadiola, Yatela and Morila)

The Malian operations do not have retirement schemes for employees. All employees (local and expatriate) contribute towards the Government social security fund, and the company also makes a contribution towards this fund. On retirement, Malian employees are entitled to a retirement benefit from the Malian Government. Expatriate employees are reimbursed only their contributions to the social security fund. AngloGold seconded employees in Mali remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Tanzania (Geita)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute towards the Government social security fund, and the company also makes a contribution towards this fund. On retirement, employees are entitled to a retirement benefit from the Tanzanian Government. The company makes no contribution towards any retirement schemes for contracted expatriate employees. AngloGold seconded employees in Tanzania remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Australia region

The region contributes to the Australian Retirement Fund for the provision of benefits to employees and their dependants on retirement, disability, death, resignation or retrenchment. The fund is a multi-industry national fund with defined contribution arrangements. Contribution rates by the operation on behalf of employees varies, with minimum contributions meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements.

North America region

The AngloGold North America Inc. Retirement Plan and the AngloGold North America Inc. Retiree Medical Plan were incorporated during 1999 with the purchase of the Minorco assets.

Retirement Plan - Substantially all AngloGold North America employees at 31 December 1999 were covered by the AngloGold North America Inc. Retirement Plan (the "Plan"), a non-contributory defined benefit plan. With effect from 31 December 1999, the benefits of the Plan participants were frozen and the Plan was terminated during 2000. Curtailment accounting was applied to the Plan at 31 December 1999 and the liability was extinguished at 31 December 2000 with the termination of the Plan and related distribution of Plan assets to participants. At 31 December 2001, all the Plan assets had been distributed and the Plan has filed its final termination forms with the Federal Government in 2002.

Post-retirement benefits - AngloGold North America provides health care and life insurance benefits for certain retired employees under the AngloGold North America Retiree Medical Plan (the "Retiree Medical Plan"). This Plan is not funded. With effect 31 December 1999, no additional employees were eligible to receive post-retirement benefits under the Retiree Medical Plan. Curtailment accounting was applied at 31 December 1999.

The Retiree Medical Plan was last evaluated by independent actuaries in December 2002 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold North America under the Retiree Medical Plan. The evaluation of the Retiree Medical Plan reflected liabilities of US\$2m (2001: US\$2m; 2000: US\$nil). The Retiree Medical Plan is an unfunded plan. The Retiree Medical Plan is evaluated on an annual basis using the projected benefit method.

The cost of providing benefits under the Retirement Plan and the Retiree Medical Plan was insignificant in 2002, 2001 and 2000.

Defined Contribution Plan - AngloGold North America sponsors a 401(k) savings plan whereby employees may contribute up to 17 per cent of their salary, of which up to 5 per cent is matched at a rate of 150 per cent by AngloGold North America. AngloGold North America's contributions were US\$2m (2001: US\$2m; 2000: US\$2m) during the year.

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Supplemental Employee Retirement Plan - Certain former employees of Minorco (USA) Inc. were covered under the Minorco (USA) Inc. Supplemental Employee Retirement Plan (the "SERP"), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in 2002 who took into account reasonable long-term estimates of inflation, and mortality rates in determining the obligations of AngloGold North America under the SERP. This evaluation of the SERP reflected Plan liabilities of US\$1m (2001: US\$1m; 2000: US\$1m). The SERP is an unfunded plan. The SERP is evaluated on an annual basis using the projected benefit method. The cost of providing benefits under the SERP for the year was nominal.

South America region

The AngloGold South America region operates a number of defined contribution arrangements for their employees. These arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan) and are embodied in a pension plan entity, Fundambras Sociedade de Previdencia Privada, which is responsible for administering the funds and making arrangements to pay the benefits. On conversion of the defined benefit fund to the defined contribution fund on 30 November 1998, an actuarial liability of US\$6m was calculated. This liability is annually revised by the Mercer, the plans actuary, and provided for under other provisions which as at 31 December 2002 amounted to US\$3m.

In December 2001, contributions started to be made to a new PGBL fund, a defined contribution plan similar to the American 401 (k) type of plan, administered by Bradesco Previdencia e Seguros. The transfer of funds from Fundambras to the PGBL requires approval from governmental SPC agency (still in process) and is conditional to the full funding of the actuarial liability.

2002

2001

2000

Figures in million

US dollars**30. CASH GENERATED FROM OPERATIONS**

Profit on ordinary activities before taxation

512

364

251

Adjusted for:

Non-cash movements

(19)

31

1

Amortisation of mining assets (notes 4, 9 and 14)

245

220

217

Interest receivable (note 6)

(36)

(20)

(37)

Profit from associates after taxation (notes 6 and 16)

(4)

(1)

(4)

Growth in AngloGold Environmental Rehabilitation Trust (notes 6 and 19)

(3)

(5)

(4)	
Loss/(Profit) on disposal of assets (note 7)	
3	
2	
(7)	
Unwinding of decommissioning obligation (notes 7 and 26)	
4	
3	
-	
Other provisions	
1	
-	
-	
Finance costs (note 8)	
44	
72	
69	
Movement on non-hedge derivatives	
(16)	
(12)	
-	
Amortisation of goodwill (notes 12, 15)	
28	
29	
20	
Debt written off	
-	
3	
-	
Impairment of mining assets	
-	
1	
93	
Reversal of impairments on investments	
-	
(6)	
-	
Loss on disposal of mines	
8	
4	
-	
Termination of retirement benefit plans	
-	
5	
1	
Movements in working capital	
(9)	
(17)	
3	
758	
673	

603

Movements in working capital: (Increase)/Decrease in trade and other receivables

(5)

65

4

(Increase)/Decrease in inventories

(54)

22

4

Increase/(Decrease) in trade and other payables

50

(104)

(5)

(9)

(17)

3

114

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

2002

2001

2000

Figures in million

US dollars

31. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

Acquisitions and disposals can be summarised as follows:

Mining assets (note 14)

117

156

(311)

Environmental Trust Fund (note 19)

23

-

-

Trade and other receivables

11

-

(5)

Inventories

-

7

(6)

Cash and cash equivalents

(8)

-

(3)

Minority interests

4

-

-

Borrowings

38

-

101

Provisions (note 26)

(29)

(10)

1

Deferred taxation (note 27)

(4)

(63)

-

Trade and other payables

(15)

(5)

18

Carrying value

	137
	85
	(205)
Goodwill	
-	
-	
(143)	
Loss on disposal of mines	
(13)	
(4)	
-	
Net sale/(purchase) consideration	
124	
81	
(348)	
Recoupments taxation (note 11)	
(63)	
28	
-	
Deferred sale consideration	
(26)	
-	
-	
Cash and cash equivalents	
8	
-	
3	
Net cash flow on disposals/(acquisition)	
43	
109	
(345)	
Net cash flow on disposals/(acquisition)	
can be summarised as follows:	
43	
109	
(345)	
Purchase of additional interest in Cerro Vanguardia	
(97)	
-	
-	
Sales consideration of Free State assets and Stone & Allied	
140	
-	
-	
Sale of Elandsrand, Deelkraal and Vaal River shaft No 2	
-	
109	
-	
Acquisition of Morila and Geita	
-	
-	

(345)

Cerro

Morila and

Vanguardia

Geita

Acquisition comprises the following:

Mining assets (note 14)

128

311

Trade and other receivables

15

5

Inventories

7

6

Cash and cash equivalents

8

3

Minority interests

(4)

-

Borrowings

(38)

(101)

Provisions (note 26)

(3)

(1)

Deferred taxation (note 27)

4

-

Trade and other payables

(12)

(18)

Carrying value

105

205

Goodwill

-

143

Purchase consideration

105

348

Cash and cash equivalents

(8)

(3)

Net cash flow on acquisition

97

345

115

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Free State

Elandsrand,

and

Deelkraal and

Stone &

Vaal River

Allied

shaft no 2

31. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND

JOINT VENTURES *(continued)*

Disposals comprise the following:

Mining assets (note 14)

245

156

Environmental Trust Fund (note 19)

23

-

Trade and other receivables

26

-

Inventories

7

7

Provisions (note 26)

(32)

(10)

Deferred taxation (note 27)

-

(63)

Trade and other payables

(27)

(5)

Carrying value

242

85

Loss on disposal of mines

(13)

(4)

Sale consideration

229

81

Recoupments taxation (note 11)

(63)

28

Deferred sale consideration

(26)

-

Net cash flow on disposals

140

109

During July 2002, an agreement was concluded with Perez Companac International to acquire its entire 46.25 per cent equity interest in Cerro Vanguardia SA, including a loan for a consideration of US\$105m.

The Free State assets were disposed to a joint venture between Harmony Gold Mining Company Limited and African Rainbow Minerals Gold Limited with effect 1 January 2002 for a net consideration of US\$229m including tax payable by AngloGold and net of contractual obligations pursuant to the sale.

Stone & Allied Industries (O.F.S.) Limited was sold on 1 October 2002 to a group of black entrepreneurs for a consideration of US\$0.5m.

32. SUBSEQUENT CHANGES IN VALUE OF IDENTIFIABLE ASSETS AND LIABILITIES

During 2001, there was a subsequent change to the fair value of assets acquired in Geita Gold Mining Limited (Geita) and Societe des Mines de Morila S.A (Morila) as at 15 December and 3 July 2000, respectively. Subsequent to acquisition, additional evidence and audited financial statements were available to assist with the estimation of amounts assigned to the assets of Geita and Morila which resulted in fair value adjustments.

The fair value adjustments in 2000 relate to Acacia Resources Limited which was acquired during 1999.

2002

2001

2000

Figures in million

US Dollars

Mining assets

-

(2)

(134)

Goodwill (note 15)

-

30

100

Trade and other receivables

-

-

6

Deferred taxation (note 27)

-

(34)

28

Trade and other payables

-

6

-

-

-

-

116

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

33. RELATED PARTIES

Related party transactions are concluded on an arm's length basis. Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below:

2002

2001

2000

Purchases

Amounts

Purchases

Amounts

Purchases

Amounts

from

owed to

from

owed to

from

owed to

related

related

related

related

related

related

parties

parties

parties

parties

parties

parties

US Dollars (m)

With fellow subsidiaries of the Anglo American plc group

Boart Longyear Limited - mining services

9

-

11

1

7

1

Mondi Limited - timber

18

1

15

1

20

-

Scaw Metals - a Division of Anglo Operations Limited - steel and engineering

11

1

13

1

11

-

Shaft Sinkers (Pty) Limited - mining services

-

-

12

1

12

-

With associates

Rand Refinery Limited - gold refinery

2

-

3

-

4

-

2002

2001

2000

Figures in million

US Dollars

34. COMMITMENTS AND CONTINGENCIES

Acquisition of mining assets

Contracted for

107

85

59

Not contracted for

377

502

656

Authorised by the directors

484

587

715

Allocated for:

Expansion of operations

- within one year

166

210

55

- thereafter

176

222

546

342

432

601

Maintenance of operations

- within one year

133

93

4

- thereafter

9

62

110

142

155

114

This expenditure will be financed from existing cash resources and future borrowings.

The group has also given collateral to certain bankers for satisfactory contract performance in relation to exploration and development tenements and mining operations in Australia amounting to US\$17m (2001: US\$7m; 2000: US\$8m).

AngloGold has signed surety in favour of the bankers on the Yatela loan for US\$8m (2001: US\$11m).

AngloGold North America has US\$59m of reclamation bonds with various federal and governmental agencies, to cover potential environmental obligations. These obligations are guaranteed by AngloGold Limited (2001: US\$68m; 2000: US\$58m).

AngloGold has provided a letter of credit for Geita Gold Mining Ltd for US\$19m (2001: Nil, 2000: US\$8m).

Various equipment tax claim guarantees in South America in the amount of US\$7m.

117

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

35. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of both on- and off-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved this risk management process, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures.

Controlling risk in the group

The Executive Committee and the Treasury Committee are responsible for risk management activities within the group. The Treasury Committee, chaired by an independent chairman of the AngloGold Audit Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency and liquidity risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy, counterparty and dealer limits and provides regular and detailed management reports.

Gold price and currency risk

Gold price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of gold. The gold market is predominately priced in US Dollars which exposes the group to the risk that fluctuations in the SA rand/US dollar, Brazilian real/US dollar and Australian dollar/US dollar exchange rates may also have an adverse effect on current or future earnings.

A number of products, including derivatives are used to manage well-defined gold price and foreign exchange risks, that arise out of the group's core business activities. Forward-sales contracts and call and put options are used by the group to protect itself from downward fluctuations in the gold price. These instruments may establish a minimum price for a portion of future production while maintaining the ability to benefit from increases in the gold price for the majority of future gold production.

Net delta open hedge position as at 31 December 2002

The group had the following net forward-pricing commitments outstanding against future production.

Table A: Summary: All open contracts in the group's gold hedge position as at 31 December 2002.

Year 2003**2004****2005****2006****2007****2008-2012****Total****US Dollar/Gold****Forward contracts**

Amount (kg)

15,289

18,056

25,049

19,862

18,974

25,878

123,108

US\$/oz

US\$307

US\$313

US\$325

US\$333

US\$337

US\$355

US\$331

Put options purchased

Amount (kg)

5,808

796

757

563

728

8,652

US\$/oz

US\$352

US\$291

US\$291

US\$291

US\$292

US\$332

*Delta (kg)

2,353

119

129

99

126

2,826

Put options sold

Amount (kg)

12,752

7,465

20,217

US\$/oz

US\$307

US\$317

US\$311

*Delta (kg)

1,837

2,034

3,871

Call options purchased

Amount (kg)

4,555

572

5,127

US\$/oz

US\$351

US\$360

US\$352

*Delta (kg)

2,339

277

2,616

Call options sold

Amount (kg)

18,830

5,829

16,360

14,681

14,308

54,245

124,253

US\$/oz

US\$332

US\$330

US\$322

US\$329

US\$336

US\$363

US\$344

*Delta (kg)

13,150

3,835

11,415

9,983

9,656

35,963

84,002

118

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

35. RISK MANAGEMENT ACTIVITIES *(continued)*

Year 2003

2004

2005

2006

2007

2008-2012

Total

Rand/Gold

Forward contracts

Amount (kg)

15,936

12,476

9,855

6,335

4,541

3,732

52,875

R/kg

R82,931

R98,532

R119,730

R108,426

R114,915

R119,580

R101,860

Put options purchased

Amount (kg)

1,875

1,875

1,875

1,875

7,500

R/kg

R93,602

R93,602

R93,602

R93,602

R93,602

*Delta (kg)

399

322

258

209

1,188

Call options sold

Amount (kg)

6,553

4,688

4,687
4,688
2,986
11,944
35,546
R/kg
R100,140
R115,284
R131,944
R132,647
R173,119
R209,288
R153,424
*Delta (kg)
3,798
2,340
2,259
2,620
1,076
4,900
16,993

A Dollar/Gold

Forward contracts

Amount (kg)

16,392
5,443
6,221
9,331
8,398
13,343
59,128
A\$/oz
A\$544
A\$548
A\$652
A\$644
A\$590
A\$603
A\$591

Call options purchased

Amount (kg)

3,888
3,110
6,221
3,732
11,197
28,148
A\$/oz
A\$701
A\$724
A\$673

A\$668

A\$702

A\$693

*Delta (kg)

1,251

1,368

3,776

2,400

7,469

16,264

Call options sold

Amount (kg)

4,821

4,821

A\$/oz

A\$662

A\$662

*Delta (kg)

2,354

2,354

Total net gold

Delta (kg)

64,243

40,279

53,818

44,663

40,371

76,348

319,722

Delta (oz)

2,065,462

1,295,012

1,730,288

1,435,961

1,297,969

2,454,640

10,279,332

Rand/US Dollar (000)

Call options sold

Amount (US\$)

10,000

10,000

ZAR per US\$

R9.12

R9.12

*Delta (US\$)

1,550

1,550

A Dollar (000)

Forward contracts Amount (US\$)

29,428

29,275

10,847

69,550

US\$ Per A\$

US\$0.59

US\$0.59

US\$0.51

A\$0.58

*The delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the option being exercised. This is calculated using the Black and Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2002.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the group's hedging policy.

Forward sales contracts require the future delivery of gold at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell gold to the put seller at a predetermined price on a pre-determined date.

119

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

35. RISK MANAGEMENT ACTIVITIES *(continued)*

A call option gives the call buyer the right, but not the obligation, to buy gold from the call seller at a predetermined price on a predetermined date.

The marked-to-market value of all hedge transactions making up the hedge position was a negative US\$446.6m (negative R3.81bn) as at 31 December 2002. These values were based on a gold price of US\$345.50/oz, exchange rates of R/US\$8.53 and A\$/US\$0.56 and the prevailing market interest rates and volatilities at the time.

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market related returns while minimising risks. The group is able to actively source financing at competitive rates. The group has sufficient undrawn borrowing facilities available to fund any working capital requirements.

Investment maturity profile**Fixed rate****Floating rate****investment****Effective****investment****Effective****amount****rate****amount****rate****Maturity date****Currency****million****%****million****%**

Less than one year

US\$

80

1.4

119

0.3

ZAR

534

12.0

1,067

11.7

A\$

15

4.0

N\$

51

12.0

35

10.5

FCFA

3,706

3.0

Borrowing maturity profile (note 25)

Between one

Between two

Within one year

and two years

and five years

After five years

Borrowings

Effective Borrowings

Effective Borrowings

Effective Borrowings

Effective

amount

rate

amount

rate

amount

rate

amount

rate

Currency

million

%

million

%

million

%

million

%

US\$

75

3.4

325

2.5

508

2.6

9

5.4

A\$

15

5.3

Interest rate risk

Fixed for less

Fixed for between one

Fixed for greater

than one year

and three years

than three years

Total

Borrowings

Effective Borrowings

Effective Borrowings

Effective borrowings

amount

rate

amount

rate

amount

rate

amount

Currency

million

%

million

%

million

%

million

US\$

893

2.6

6

5.9

18

6.3

917

A\$

15

5.3

15

Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timely. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparts. These counterparts are financial and banking institutions of the highest quality. Where possible, management tries to ensure that netting agreements are in place.

Trade debtors comprise a small group of international companies. No provision for doubtful debts was made as the principal debtors continue to be in a sound financial position.

The group does not generally obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of counterparts. The group believes that no concentration of credit exists.

120

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

Fair value of financial instruments

The estimated fair values of financial instruments are determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the group's financial instruments as at 31 December are as follows:

Type of instrument

2002

2001

Carrying

Carrying

Figures in million US Dollars

amount

Fair value

amount

Fair Value

Investments (note 17)

23

23

23

23

Long-term loans (note 20)

55

55

26

26

Trade and other receivables (note 21)

255

255

156

156

Cash and cash equivalents (note 23)

413

413

191

191

Borrowings (note 25)

926

926

987

987

Trade and other payables (note 28)

250

250

206

206

Derivatives comprise the following

(241)

(447)

(167)

(238)

Forward sale commodity contracts

(151)

(194)

(131)

(124)

Option contracts

(73)

(236)

9

(66)

Foreign exchange contracts

(17)

(17)

(26)

(26)

Foreign exchange option contracts

-

-

(19)

(22)

Derivative maturity profile

The fair value amounts include off balance sheet designated hedges.

2002

Figures in million US Dollars

Total

Assets

Liabilities

Total

(241)

297

(538)

*Less: Amounts to mature within 12 months of
balance sheet date*

69

(233)

302

Amounts to mature thereafter

(172)

64

(236)

2001

Total

Assets

Liabilities

Total

(167)

243

(410)

*Less: Amounts to mature within 12 months of
balance sheet date*

122

(128)

250

Amounts to mature thereafter

(45)

115

(160)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Investments, long-term loans, trade and other receivables, cash and cash equivalents and trade and other payables.

The carrying amounts approximate fair value because of the short-term duration of these instruments.

Borrowings

The existing debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

Derivatives

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates at 31 December 2002.

121

ANGLOGOLD LIMITED - NOTES TO THE GROUP FINANCIAL STATEMENTS *(continued)*

for the years ended 31 December

36. EVENTS AFTER BALANCE SHEET DATE

AngloGold enters into a purchase and sale agreement on Jerritt Canyon Joint Venture.

On 27 February 2003, AngloGold announced that it had entered into a purchase and sale agreement with Queenstake Resources USA Inc. on its interests in the Jerritt Canyon Joint Venture. This follows an unsolicited offer by Queenstake to the Jerritt Canyon Joint Venture partners. AngloGold owns 70 per cent of the joint venture and is the operator and managing partner of the Jerritt Canyon mine. In terms of the agreement, Queenstake will pay the Jerritt Canyon Joint Venture US\$8m on closing, with US\$6m in deferred payments, with additional royalty payments. Queenstake will accept full closure and reclamation and other liabilities. The transaction is expected to close no later than 31 March 2003.

For the year ended 31 December 2002, Jerritt Canyon produced 237,000 attributable ounces of gold at a total cash cost of US\$249/oz.

AngloGold does not expect this sale to have a material impact on the expected gold production for 2003.

122

ANGLOGOLD LIMITED

2.

UNAUDITED RESULTS OF ANGLOGOLD LIMITED FOR THE YEAR ENDED AND AS AT 31 DECEMBER 2003

The following text is the full text of the announcement of AngloGold's unaudited consolidated results for the year ended and as at 31 December 2003, dated 29 January 2004, prepared in accordance with IFRS and reviewed by Ernst & Young (with definitions conformed for insertion in this document).

"Report for the quarter and year ended 31 December 2003

Group results for the quarter

• Adjusted headline earnings

1

increased by 12% to US\$75m

• Adjusted operating profit

2

increased by 1% to US\$137m

• Total cash costs increased by 5% to US\$249/oz impacted by strong local currencies

• Gold production steady at 1.39Moz

• Received gold price

3

of US\$392/oz

and for the year

• Adjusted headline earnings

1

decreased by 23% to US\$282m

• Adjusted operating profit

2

decreased by 12% to US\$559m

• Total cash costs increased by 42% to US\$229/oz impacted by strong local currencies

• Gold production down by 5% to 5.62Moz

• Average dollar gold spot price 17% higher at US\$363/oz, but 16% lower in rand terms at ZAR88,058/kg

• Final dividend declared at ZAR3.35 or 48 US cents per share resulting in a total dividend for 2003 of

ZAR7.10 or 99 US cents per share

Quarter ended

Year ended

Quarter ended

Year ended

December September

December

December

December September

December

December

2003

2003

2003

2002

2003

2003

2003

2002

Unaudited

Unaudited

Reviewed

Audited

Unaudited

Unaudited

Reviewed

Audited

ZAR/Metric

US Dollar/Imperial

Operating review Gold Produced

- kg/oz (000)

43,210

43,240

174,668

184,711

1,389

1,390

5,616

5,939

Price received

3

- ZAR/kg/US\$/oz

84,705

86,619

87,826

101,817

392

364

363

303

Total cash costs

- ZAR/kg/US\$/oz

53,846

56,311

55,442

54,037

249

237

229

161

Total production costs

- ZAR/kg/US\$/oz

65,128

65,502

65,703

68,241

301

275

272

203

Financial review Operating profit

- ZAR/US\$ million

1,060

1,304

4,667

6,784

159

176

622

650

Adjusted operating profit

2

- ZAR/US\$ million

926

1,004

4,229

6,683

137

136

559

638

Net profit

- ZAR/US\$ million

611

729

2,331

3,444

93

97

312

332

Headline earnings

- ZAR/US\$ million

585

674

2,379

3,920

89

90

318

376

Adjusted headline earnings

1

- ZAR/US\$ million

506

497

2,133

3,854

75

67

282

368

Capital expenditure
- ZAR/US\$ million

1,057

661

2,744

2,842

148

88

363

271

Earnings per ordinary share Basic

- cents per share

274

327

1,046

1,552

42

44

140

150

Diluted

- cents per share

273

326

1,042

1,545

42

43

139

149

Headline

- cents per share

263

303

1,068

1,767

40

40

143

169

Adjusted headline earnings

1

- cents per share

227

223

957

1,737

34

30

127

166

Dividends

- cents per share

710

1,350

99

146

Notes:

1.

Headline earnings before unrealised non-hedge derivatives and marked-to-market of debt financial instruments.

2.

Operating profit excluding unrealised non-hedge derivatives.

3.

Price received includes realised non-hedge derivatives.

123

ANGLOGOLD LIMITED

Letter from Chairman and CEO

Dear Shareholder

Steady performance for the December Quarter

AngloGold reports a steady performance for the final quarter of 2003, after the solid results of the previous quarter, at a time when the strong rand is negatively impacting the profits of South African export-oriented producers. Although total cash costs across the company increased by 5 per cent to US\$249/oz, the cash costs of the South African operations, measured in local currency terms, were 1 per cent lower at ZAR60,784/kg, due to improved grades, cost containment and lower inflation. Similarly, unit costs in Australian dollar terms at Sunrise Dam were some 13 per cent lower.

Gold production was virtually unchanged for the quarter at 1.39 million ounces. We are pleased that the steps taken to overcome technical difficulties at Cripple Creek & Victor in Colorado and Cerro Vanguardia in Argentina are beginning to yield results. There were improved production performances at both of those operations, as well as at Geita, although these were offset by the continuing grade decline at Morila and a drop off in performance at Kopanang and Mponeng. Operating profit, adjusted to exclude non-hedge derivatives, was marginally higher this quarter, at US\$137 million. Similarly adjusted headline earnings, including a favourable US\$7 million in abnormal items, were 12% higher at US\$75 million, or 34 US cents per share.

For the year ended 31 December 2003, AngloGold's performance was affected by a combination of stronger currencies in most of the company's operating regions as well as lower ore grade in several of these regions. Unit cash costs were US\$68/oz higher, at US\$229/oz, for the same reasons. Adjusted headline earnings in 2003 were 23 per cent lower than those for the previous year, at US\$282m, or 127 US cents per share.

The gold price reflected the 20 per cent decline in the value of the US dollar against the euro during 2003 the average spot price for 2003, at US\$363/oz, was 17 per cent higher than the average for 2002. Against this background, AngloGold's net delta hedge position was again marginally lower over the fourth quarter, at 8.59 million ounces, illustrating the company's continued faith in the strength of the gold price.

Our mine safety performance for the year 2003 in South Africa was disappointing, after a 16 per cent improvement in the lost time injury frequency rate (LTIFR) during the previous year. The LTIFR for 2003 is virtually unchanged from the 2002 figure, and the fatality frequency rate improved by only 6 per cent. Fatalities in the South Africa region improved by 40% during the second half of 2003 compared to the first half. If we can continue this trend, a step change in our safety performance seems possible.

We also announce that AngloGold proposes to pay a final dividend for the year of ZAR3.35 per share. This gives a total dividend for the year of ZAR7.10, and continues AngloGold's practice of paying to shareholders a high proportion of the company's earnings, once we have provided for our organic growth objectives.

Looking ahead: the making of the African global gold company

There has been substantial progress made in the merger of AngloGold and Ashanti, and we are well on track to create what will be the leading African gold company and one which will effectively compete with its peers globally.

On 12 December 2003, we announced that AngloGold had entered into a support agreement with the Government of Ghana in its role as holder of 16.9 per cent of the share capital of Ashanti Goldfields Company and that it had agreed the terms of a stability agreement concerning certain fiscal and regulatory undertakings, in the Government's role as regulator of Ashanti.

AngloGold has also received confirmation from the US Securities and Exchange Commission (SEC) of the availability of an exemption under Section 3(a)(10) of the US Securities Act of 1933 that will enable the company to issue AngloGold shares relating to the merger of AngloGold and Ashanti without registration in the United States.

Once the required approvals of the Parliament and Government of Ghana have been received, the scheme documents will be finalised and distributed to Ashanti shareholders and we expect the transaction to close during April 2004.

Looking ahead to the rest of 2004 and following the completion of this deal during April, we are anticipating that gold production will increase from 5.6 million ounces to approximately 6.6 million ounces. Assuming an exchange rate of ZAR7.00 to the US dollar, we are expecting unit cash costs to rise to US\$238/oz and capital expenditure to increase to US\$589m.

Russell Edey

Bobby Godsell

Chairman

Chief Executive Officer

29 January 2004

124

ANGLOGOLD LIMITED

Review of the gold market

The final quarter of 2003 saw a strong finish to a good year for the gold price.

The spot price for the metal reached over US\$417/oz during December and touched US\$430/oz in early 2004, although the market has since retraced to around US\$410/oz. The average gold price for 2003 of US\$363/oz was US\$53 or 17 per cent above the average price for 2002. The gold price again mirrored moves in the currency markets, particularly the US dollar exchange rate against the euro, which fell steadily during the fourth quarter to reach an all-time low of US\$1.27 to the euro in December. This reflects a loss in value of almost 20 per cent during 2003. The rand proved as volatile and the currency moved in a range of almost 20 per cent, between ZAR6.07 and ZAR7.28 to the US dollar.

Gold Price Drivers

The primary mover in gold continues to be strong speculator and investor interest in the metal, driven by a number of fundamental economic circumstances. Amongst these circumstances is most certainly the anticipated further decline in the value of the US dollar. These same influences have pushed up prices of base metals and other commodities, although the extent of investor interest in precious metals is relatively high compared with the rest of the metals sector. The quarter again saw higher levels of open positions on the New York Commodity Exchange (Comex), reaching an all-time high of 19 million ounces, or almost 600t, net long in futures and options contracts combined. During the final quarter of 2003, the spot gold price tracked the US dollar/euro exchange rate particularly closely. This exchange rate is valuable as an indicator rather than a determinant of gold price direction, at least in part, because many of the same economic fundamental issues affect the dollar as they do the gold market.

Investment

Investor and speculator interest in gold remained on the rise throughout most of 2003, reflected particularly in the recorded statistics of Comex. Overall open interest and the net open position on that exchange are both at all-time high levels since the exchange commenced trading gold over 20 years ago.

Of particular interest during the final quarter was the launch by the World Gold Council of the Gold Bullion Securities (GBS) product on the London Stock Exchange. The GBS is a gold-backed fund enabling institutional and private investors to invest directly in gold through a traded instrument. This product followed the launch of a similar fund in Australia earlier in 2003, and the World Gold Council continues to work on similar products to offer to investors in other important financial markets elsewhere. This new product very quickly took in purchases amounting to 25t of bullion, and has since established two-way liquidity in the London market.

Physical

Physical demand for gold continued to suffer in the face of a rising gold price.

Whilst gold offtake in jewellery for 2003 was off by 7 per cent year-on-year, in the second half of 2003 alone, demand fell by over 11 per cent compared with 2002. As usual, India responded immediately to higher prices, and much of the expected seasonal demand in that region was negated by the Indian trade's unwillingness to buy gold in a rising market. With the spot price retracement in mid-January, some recovery in seasonal buying might still occur in that market.

However, many other gold jewellery markets have also declined in this period. Lower levels of producer de-hedging added to the reduced demand. After six quarters of material levels of de-hedging, the second half of 2003 saw significantly less activity in this area, notwithstanding the announcement late in 2003 by Barrick Gold Corporation of its intention to cease new hedges, and to reduce its hedge book. Only a substantial increase in implied net investment demand helped to balance the physical market.

On the supply side, mine production for 2003 was just slightly more than that in 2002. However, scrap sales increased again, and at a little less than 1,000t for 2003, now make up almost a quarter of the supply of gold to the current market. Central bank sales of 591t in 2003 reached their highest level in a decade, but there was little negative response in the markets to this level of selling.

The physical market remains important as it provides a floor of support when investment interest weakens and prices soften. Whilst making every effort to encourage investor demand for gold in the current market, attention should also be paid to the health of the wider physical market in the medium and longer term.

ANGLOGOLD LIMITED***Official Sector***

The Washington Agreement on sales of gold by European central banks comes to an end in less than nine months' time. Public statements by a number of senior European central bank officials at the Dubai meetings of the International Monetary Fund in 2003 indicate that there is little doubt that the agreement will be renewed, and good reason to expect that the behaviour of the signatories to this agreement will follow the precedent of the orderly and responsible behaviour of these banks over the past four years.

Currency

Currency markets were again active. The euro gained 11 per cent against the US dollar within the quarter, continuing the trend for this year in which the US dollar has lost 22 per cent against the European currency. Whilst all the evidence points to a strong recovery in the US economy running well into 2004, any benefit that this might have for the US currency is negated by the record levels of budget and current account deficits currently prevailing in the United States, and market commentators and analysts expect the US currency to weaken in the year ahead up to a range of US\$1.35 - US\$1.40 to the euro. The one element that might temper further dollar weakness would be real resistance from European monetary authorities to further strengthening of the euro. This occurred to a degree in mid-January, leading swiftly to a correction in the exchange rate and the weakening in the euro from US\$1.29 back to US\$1.25. However, there are no signs yet of any change to the weaker trend for the US currency.

The rand has seen as much movement as the European currency, but greater volatility. Whilst the first three quarters of 2003 saw a continuation of the rand strengthening against the US dollar, this strength reversed in the final quarter of the year. During this fourth quarter, the South African currency lost more than 20 per cent against the US dollar between its strongest point of ZAR6.07, to its weakest point of ZAR7.28 to the US dollar.

In just over two years, we have seen the rand first lose almost 40 per cent in value against the US dollar, and thereafter recover all of that and more to strengthen by almost 60 per cent against its end-2001 exchange rate.

The rand has strengthened materially more against the US dollar than have either the euro or the Australian dollar, and this occurred particularly during the period in which South African interest rates were either rising sharply, or were at their highs between October 2002 and June 2003. The recent reversal in the direction of the rand value could reflect the end of the impact of high interest rates, as 2003 has seen the South African Reserve Bank cut the local repo rate by 5.5 per cent, from a peak of 13.5 per cent to 8.0 per cent, mostly during the latter months of 2003.

Hedging

As at 31 December 2003, the net delta hedge position of the company was 8.59 million ounces or 267t at a spot price of US\$416/oz. The marked-to-market value of this position as at 31 December 2003 was negative US\$664 million. The relatively small reduction in the level of hedging compared with the level at 30 September 2003 is a result of a higher delta volume consequent on a sharply higher spot price of gold at this quarter-end (US\$416/oz vs US\$383/oz at 30 September 2003). The company continues to manage its hedge positions actively and to reduce overall levels of forward pricing on gold.

Hedge position

As at 31 December 2003, the group had outstanding, the following forward-pricing commitments against future production. The total net delta tonnage of the hedge on this date was 8.59 million ounces or 267.1t (at 30 September 2003: 8.67 million ounces or 269.5t).

The marked-to-market value of all hedge transactions making up the hedge positions was a negative US\$663.7 million (negative ZAR4.4 billion) as at 31 December 2003 (as at 30 September 2003: negative US\$445 million - negative ZAR3.1 billion). These values were based on a gold price of US\$415.75/oz, exchange rates of ZAR/US\$6.6376 and A\$/US\$0.7525 and the prevailing market interest rates and volatilities at the time.

As at 28 January 2004, the marked-to-market value of the hedge book was a negative US\$577.7 million (negative ZAR4.07 billion), based on a gold price of US\$409.25/oz and exchange rates of ZAR/US\$7.04 and A\$/US\$0.7781 and the prevailing market interest rates and volatilities at the time.

ANGLOGOLD LIMITED

These marked-to-market valuations are in no way predictive of the future value of the hedge position or of future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of valuation, at market prices and rates available at the time.

Year**2004****2005****2006****2007****2008****2009-2013****Total****US DOLLAR GOLD**

Forward contracts

Amount (kg)

18,374

26,576

19,862

18,974

15,801

10,078

109,665

US\$ per oz

US\$315

US\$324

US\$333

US\$337

US\$352

US\$360

US\$334

Put options purchased

Amount (kg)

5,772

2,624

4,918

728

14,042

US\$ per oz

US\$382

US\$363

US\$363

US\$292

US\$367

*Delta (kg)

1,703

637

1,102

49

3,491

Put options sold

Amount (kg)

13,997

2,799

4,354

21,150

US\$ per oz

US\$362

US\$345

US\$339

US\$355

*Delta (kg)

2,800

441

681

3,922

Call options purchased

Amount (kg)

7,112

7,112

US\$ per oz

US\$330

US\$330

*Delta (kg)

6,990

6,990

Call options sold

Amount (kg)

14,413

18,227

16,547

14,308

14,183

40,061

117,739

US\$ per oz

US\$376

US\$338

US\$346

US\$336

US\$347

US\$369

US\$355

*Delta (kg)

10,973

15,419

13,564

12,201

11,911

33,244

97,312

ZAR GOLD

Forward contracts

Amount (kg)

6,249

8,145

4,500

2,830

2,799

933

25,456

Rand per kg

ZAR73,930 ZAR119,409

ZAR96,436 ZAR118,197 ZAR120,662 ZAR116,335 ZAR104,074

Put options purchased

Amount (kg)

933

2,808

2,808

6,549

Rand per kg

ZAR99,346

ZAR95,511

ZAR95,511

ZAR96,057

*Delta (kg)

614

964

721

2,299

Put options sold

Amount (kg)

2,333

1,400

1,400

5,133

Rand per kg

ZAR89,250

ZAR88,414

ZAR88,414

ZAR88,794

*Delta (kg)

1,061

364

280

1,705

Call options purchased

Amount (kg)

Rand per kg

*Delta (kg)

Call options sold

Amount (kg)

4,679

5,620

5,621
 1,493
 2,986
 8,958
 29,357

Rand per kg ZAR118,661 ZAR130,321 ZAR131,389 ZAR173,119 ZAR187,586 ZAR216,522 ZAR162,971

*Delta (kg)

384
 1,694
 2,188
 294
 615
 2,396
 7,571

A DOLLAR GOLD

Forward contracts

Amount (kg)

8,279
 6,221
 9,331
 8,398
 3,110
 10,233
 45,572
 A\$ per oz
 A\$533
 A\$680
 A\$661
 A\$633
 A\$647
 A\$651
 A\$632

Put options purchased

Amount (kg)

A\$ per oz
 *Delta (kg)

Put options sold

Amount (kg)

A\$ per oz
 *Delta (kg)

Call options purchased

Amount (kg)

3,110
 6,221
 3,732
 3,110
 8,087
 24,260
 A\$ per oz
 A\$724
 A\$673

A\$668

A\$680

A\$710

A\$692

*Delta (kg)

714

2,985

2,013

1,843

4,996

12,551

Call options sold

Amount (kg)

933

933

A\$ per oz

A\$506

A\$506

*Delta (kg)

933

933

Total net gold:

Delta (kg)

36,658

58,137

47,322

40,733

32,393

51,888

267,131

Delta (oz)

1,178,572

1,869,146

1,521,446

1,309,585

1,041,466

1,668,226

8,588,441

127

ANGLOGOLD LIMITED

The following table indicates the group's currency hedge position at 31 December 2003:

Year

2004

2005

2006

2007

2008

2009-2013

Total

ZAR US DOLLAR (000)

Forward contracts

Amount (US\$) ZAR per US\$

Put options purchased

Amount (US\$)

35,000

35,000

ZAR per US\$

ZAR7.20

ZAR7.20

*Delta (US\$)

27,689

27,689

Put options sold

Amount (US\$)

35,000

35,000

ZAR per US\$

ZAR6.74

ZAR6.74

*Delta (US\$)

17,417

17,417

Call options purchased

Amount (US\$) ZAR per US\$

*Delta (US\$)

Call options sold

Amount (US\$)

50,000

50,000

ZAR per US\$

ZAR7.21

ZAR7.21

*Delta (US\$)

14,318

14,318

AUS DOLLAR (000)

Forward contracts

Amount (US\$)

29,275

29,267

58,542
 US\$ per A\$
 US\$0.59
 US\$0.55
 US\$0.57
 Put options purchased
 Amount (US\$)
 10,000
 10,000
 US\$ per A\$
 US\$0.63
 US\$0.63
 *Delta (US\$)
 9,269
 9,269
 Put options sold
 Amount (US\$)
 10,000
 10,000
 US\$ per A\$
 US\$0.68
 US\$0.68
 *Delta (US\$)
 7,491
 7,491
 Call options purchased
 at 31 December 2003
 Amount (US\$)
 US\$ per A\$
 *Delta (US\$)
 Call options sold
 Amount (US\$)
 20,000
 20,000
 US\$ per A\$
 US\$0.60
 US\$0.60
 *Delta (US\$)
 582
 582

*The Delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the option being exercised. This is calculated using the Black-Scholes option formula with the ruling market prices, interest and volatilities as at .

ANGLOGOLD LIMITED
GROUP INCOME STATEMENT

Quarter ended

Year ended

December

September

December

December

2003

2003

2003

2002

ZAR Million

Notes

Unaudited

Unaudited

Reviewed

Audited

Gold income

3,685

3,735

15,264

18,372

Cost of sales

2

(2,821)

(2,821)

(11,458)

(12,550)

864

914

3,806

5,822

Non-hedge derivatives

196

390

861

962

Operating profit

(

1)

1,060

1,304

4,667

6,784

Corporate administration and other expenses

(60)

(46)

(273)

(258)

Market development costs

(46)	
(29)	
(139)	
(179)	
Exploration costs	
(68)	
(68)	
(283)	
(296)	
Interest receivable	
94	
56	
285	
373	
Other net income/(expense)	
7	
(31)	
(123)	
(91)	
Finance costs	
(145)	
(77)	
(362)	
(464)	
Marked-to-market of debt financial instruments	
32	
7	
38	
-	
Abnormal items	
(122)	
-	
(122)	
(102)	
Profit before exceptional items	
752	
1,116	
3,688	
5,767	
Amortisation of goodwill	
(52)	
(54)	
(221)	
(293)	
Impairment of mining assets	
20	
(252)	
(327)	
-	
Profit/(Loss) on disposal of assets and subsidiaries	
19	

-
75
(145)
Profit on disposal of investments
51
280
331
-
Termination of retirement benefit plans
-
-
-
2
Profit on ordinary activities before taxation
790
1,090
3,546
5,331
Taxation
3
(142)
(334)
(1,080)
(1,730)
Profit on ordinary activities after taxation
648
756
2,466
3,601
Minority interest
(32)
(27)
(130)
(157)
Minority interest in abnormal items
(5)
-
(5)
-
Net profit
611
729
2,331
3,444
Adjusted operating profit
(1)
The operating profit has been adjusted by the following to arrive at adjusted operating profit: Operating profit
1,060
1,304
4,667
6,784

Unrealised non-hedge derivatives

(134)

(300)

(438)

(101)

Adjusted operating profit

926

1,004

4,229

6,683

Headline earnings

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

611

729

2,331

3,444

Amortisation of goodwill

52

54

221

293

Impairment of mining assets

(20)

252

327

-

(Profit)/Loss on disposal of assets and subsidiaries

(19)

-

(75)

145

Profit on disposal of investments

(51)

(280)

(331)

-

Termination of retirement benefit plans

-

-

-

(2)

Taxation on exceptional items

3

12

(81)

(94)

40

Headline earnings

585

674

2,379

3,920
Unrealised non-hedge derivatives and marked-to-market of debt financial instruments
(166)
(307)
(476)
(101)
Deferred tax on unrealised non-hedge derivatives
3
87
130
230
35

Adjusted headline earnings

506
497
2,133
3,854

Earnings per ordinary share (cents)

- Basic

274
327
1,046
1,552

- Diluted

273
326
1,042
1,545

- Headline

263
303
1,068
1,767

- Adjusted headline

227
223
957
1,737

Dividends

- ZARm

1,584
3,005

- cents per share

710
1,350

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

ANGLOGOLD LIMITED
GROUP INCOME STATEMENT

Quarter ended

Year ended

December

September

December

December

2003

2003

2003

2002

US Dollar Million

Notes

Unaudited

Unaudited

Reviewed

Audited

Gold income

547

505

2,029

1,761

Cost of sales

2

(419)

(381)

(1,526)

(1,203)

128

124

503

558

Non-hedge derivatives

31

52

119

92

Operating profit

(1)

159

176

622

650

Corporate administration and other expenses

(9)

(6)

(36)

(25)

Market development costs

(7)

(4)	
(19)	
(17)	
Exploration costs	
(10)	
(9)	
(38)	
(28)	
Interest receivable	
14	
8	
38	
36	
Other net income/(expense)	
1	
(4)	
(15)	
(9)	
Finance costs	
(21)	
(11)	
(49)	
(44)	
Marked-to-market of debt financial instruments	
5	
1	
6	
-	
Abnormal items	
(19)	
-	
(19)	
(10)	
Profit before exceptional items	
113	
151	
490	
553	
Amortisation of goodwill	
(8)	
(7)	
(29)	
(28)	
Impairment of mining assets	
2	
(35)	
(44)	
-	
Profit/(Loss) on disposal of assets and subsidiaries	
3	
-	

10
(13)
Profit on disposal of investments
8
38
45
-
Termination of retirement benefit plans
-
-
-
-
Profit on ordinary activities before taxation
118
147
472
512
Taxation
3
(20)
(46)
(142)
(165)
Profit on ordinary activities after taxation
98
101
330
347
Minority interest
(4)
(4)
(17)
(15)
Minority interest in abnormal items
(1)
-
(1)
-
Net profit
93
97
312
332
Adjusted operating profit
(1)
The operating profit has been adjusted by the following to arrive at adjusted operating profit: Operating profit
159
176
622
650
Unrealised non-hedge derivatives

(22)	
(40)	
(63)	
(12)	
Adjusted operating profit	
137	
136	
559	
638	
Headline earnings	The net profit has been adjusted by the following to arrive at headline earnings: Net profit
93	
97	
312	
332	
Amortisation of goodwill	
8	
7	
29	
28	
Impairment of mining assets	
(2)	
35	
44	
-	
(Profit)/Loss on disposal of assets and subsidiaries	
(3)	
-	
(10)	
13	
Profit on disposal of investments	
(8)	
(38)	
(45)	
-	
Termination of retirement benefit plans	
-	
-	
-	
-	
Taxation on exceptional items	
3	
1	
(11)	
(12)	
3	
Headline earnings	
89	
90	
318	
376	
Unrealised non-hedge derivatives and marked-to-market of debt financial instruments	

(27)
(41)
(69)
(12)

Deferred tax on unrealised non-hedge derivatives

3
13
18
33
4

Adjusted headline earnings

75
67
282
368

Earnings per ordinary share (cents) - Basic

42
44
140
150
- Diluted

42
43
139
149
- Headline

40
40
143
169
- Adjusted headline

34
30
127
166

Dividends

(1)
- US\$m

220
325
- cents per share

99
146

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

(1) Dividends are translated at actual rates on date of payment. The current year is an indicative rate only.

130

**ANGLOGOLD LIMITED
GROUP BALANCE SHEET**

As at

As at

As at

December

September

December

2003

2003

2002

ZAR million

Reviewed

Unaudited

Audited

ASSETS

Non-current assets

Mining assets

18,427

17,711

19,555

Goodwill

2,749

2,735

3,210

Investments in associates

47

151

165

Other investments

62

174

197

AngloGold Environmental Rehabilitation Trust

352

297

275

Other non-current assets

667

551

466

Derivatives

630

563

549

22,934

22,182

24,417

Current assets

Inventories

2,050

1,781
1,848
Trade and other receivables
1,461
1,316
2,190
Cash and cash equivalents
3,367
3,765
3,544
Current portion of other non-current assets
59
62
3
Derivatives
2,515
2,762
1,996
9,452
9,686
9,581
Total assets
32,386
31,868
33,998
EQUITY AND LIABILITIES
Equity
Shareholders' equity
10,852
10,784
12,375
Minority interests
354
257
347
11,206
11,041
12,722
Non-current liabilities
Borrowings
5,383
5,758
7,219
Provisions
1,832
1,744
2,008
Deferred taxation
3,986
4,011
3,445

Derivatives

2,194

1,647

2,028

13,395

13,160

14,700

Current liabilities

Current portion of borrowings

2,340

2,264

719

Trade and other payables

2,339

2,049

2,145

Taxation

164

267

1,124

Derivatives

2,942

3,087

2,588

7,785

7,667

6,576

Total equity and liabilities

32,386

31,868

33,998

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

131

**ANGLOGOLD LIMITED
GROUP BALANCE SHEET**

As at

As at

As at

December

September

December

2003

2003

2002

US Dollar million

Reviewed

Unaudited

Audited

ASSETS

Non-current assets

Mining assets

2,764

2,552

2,280

Goodwill

412

394

374

Investments in associates

7

22

19

Other investments

9

25

23

AngloGold Environmental Rehabilitation Trust

53

43

32

Other non-current assets

101

79

55

Derivatives

94

81

64

3,440

3,196

2,847

Current assets

Inventories

307

257
216
Trade and other receivables
219
190
255
Cash and cash equivalents
505
542
413
Current portion of other non-current assets
9
9
-
Derivatives
377
398
233
1,417
1,396
1,117
Total assets
4,857
4,592
3,964
EQUITY AND LIABILITIES
Equity
Shareholders' equity
1,628
1,555
1,443
Minority interests
53
37
40
1,681
1,592
1,483
Non-current liabilities
Borrowings
807
830
842
Provisions
275
251
234
Deferred taxation
598
578
402

Derivatives

329

237

236

2,009

1,896

1,714

Current liabilities

Current portion of borrowings

351

326

84

Trade and other payables

350

295

250

Taxation

25

38

131

Derivatives

441

445

302

1,167

1,104

767

Total equity and liabilities

4,857

4,592

3,964

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

132

ANGLOGOLD LIMITED
GROUP CASH FLOW STATEMENT

Quarter ended

Year ended

December

September

December

December

2003

2003

2003

2002

ZAR Million

Unaudited

Unaudited

Reviewed

Audited

Cash flows from operating activities

Cash generated from operations

901

1,043

4,527

8,255

Interest received

84

46

245

331

Environmental and other expenditure

(108)

(41)

(232)

(169)

Dividends received from associates

-

-

9

19

Finance costs

(80)

(67)

(291)

(410)

Recoupment tax received: Free State assets

-

-

681

-

Recoupment tax paid: Free State assets

-

-

(681)
 -
 Taxation paid
 (101)
 (51)
 (780)
 (1,376)
Net cash inflow from operating activities
696
930
3,478
6,650
Cash flows from investing activities
 Capital expenditure
 (1,057)
 (661)
 (2,744)
 (2,842)
 Proceeds from disposal of mining assets
 19
 5
 38
 11
 Net proceeds from disposal of mines
 -
 -
 -
 1,544
 Proceeds
 -
 -
 -
 1,813
 Contractual obligations
 -
 -
 -
 (269)
 Investments acquired
 (5)
 -
 (8)
 (355)
 Proceeds from disposal of investments
 72
 351
 423
 1,829
 Acquisition of subsidiary
 -
 -

-
(979)
Disposal of subsidiary
-
-
8
-
Loans advanced
(122)
(2)
(133)
(51)
Repayment of loans advanced
7
14
29
175
Net cash outflow from investing activities
(1,086)
(293)
(2,387)
(668)
Cash flows from financing activities
Proceeds from issue of share capital
22
21
63
156
Share issue expenses
-
(1)
(2)
(116)
Proceeds from borrowings
347
2,182
2,678
8,599
Repayment of borrowings
(460)
(366)
(1,241)
(9,789)
Dividends paid
(35)
(882)
(2,476)
(2,821)
Net cash (outflow)/inflow from financing activities
(126)
954

(978)

(3,971)

Net (decrease)/increase in cash and cash equivalents

(516)

1,591

113

2,011

Cash in the subsidiary acquired

58

-

58

-

Translation

60

(156)

(348)

(751)

Opening cash and cash equivalents

3,765

2,330

3,544

2,284

Closing cash and cash equivalents

3,367

3,765

3,367

3,544

Cash generated from operations

Profit on ordinary activities before taxation

790

1,090

3,546

5,331

Adjusted for:

Non-cash movements

(63)

(97)

(252)

(187)

Movement on non-hedge derivatives

(98)

(337)

(449)

(132)

Amortisation of mining assets

455

391

1,739

2,566

Interest receivable

(94)

(56)	
(285)	
(373)	
Other net income/(expense)	
(1)	
(3)	
85	
(6)	
Finance costs	
145	
77	
363	
464	
Abnormal items	
122	
-	
122	
-	
Amortisation of goodwill	
52	
54	
221	
293	
Impairment of mining assets	
(20)	
252	
327	
-	
Profit on disposal of investments	
(51)	
(280)	
(331)	
-	
(Profit)/Loss on disposal of assets and subsidiaries	
(19)	
-	
(75)	
92	
Termination of retirement benefit plans	
-	
-	
-	
(2)	
Movement in working capital	
(317)	
(48)	
(484)	
209	
901	
1,043	
4,527	

8,255

Movement in working capital:

(Increase)/Decrease in trade and other receivables

(135)

207

57

488

(Increase)/Decrease in inventories

(219)

(1)

(165)

85

Increase/(Decrease) in trade and other payables

37

(254)

(376)

(364)

(317)

(48)

(484)

209

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

133

ANGLOGOLD LIMITED
GROUP CASH FLOW STATEMENT

Quarter ended

Year ended

December

September

December

December

2003

2003

2003

2002

US Dollar million

Unaudited

Unaudited

Reviewed

Audited

Cash flows from operating activities

Cash generated from operations

136

145

592

758

Interest received

13

6

33

32

Environmental and other expenditure

(15)

(5)

(31)

(16)

Dividends received from associates

-

-

1

2

Finance costs

(13)

(9)

(40)

(40)

Recoupment tax received - Free State assets

-

-

91

-

Recoupment tax paid - Free State assets

-

-

(91)
 -
 Taxation paid
 (20)
 (11)
 (102)
 (131)
Net cash inflow from operating activities
101
126
453
605
Cash flows from investing activities
 Capital expenditure
 (148)
 (88)
 (363)
 (271)
 Proceeds from disposal of mining assets
 3
 1
 6
 1
 Net proceeds from disposal of mines
 -
 -
 -
 140
 Proceeds
 -
 -
 -
 164
 Contractual obligations
 -
 -
 -
 (24)
 Investments acquired
 (1)
 -
 (1)
 (34)
 Proceeds from disposal of investments
 11
 45
 56
 158
 Acquisition of subsidiary
 -
 -

-	
(97)	
Disposal of subsidiary	
-	
-	
1	
-	
Loans advanced	
(16)	
-	
(19)	
(5)	
Repayment of loans advanced	
1	
1	
4	
17	
Net cash outflow from investing activities	
(150)	
(41)	
(316)	
(91)	
Cash flows from financing activities	
Proceeds from issue of share capital	
4	
3	
10	
18	
Share issue expenses	
-	
-	
-	
(11)	
Proceeds from borrowings	
48	
296	
362	
798	
Repayment of borrowings	
(65)	
(48)	
(165)	
(912)	
Dividends paid	
(5)	
(119)	
(314)	
(260)	
Net cash (outflow)/inflow from financing activities	
(18)	
132	

(107)

(367)

Net (decrease)/increase in cash and cash equivalents

(67)

217

30

147

Cash in the subsidiary acquired

9

-

9

-

Translation

21

14

53

75

Opening cash and cash equivalents

542

311

413

191

Closing cash and cash equivalents

505

542

505

413

134

ANGLOGOLD LIMITED

Quarter ended

Year ended

December

September

December

December

2003

2003

2003

2002

US Dollar million

Unaudited

Unaudited

Reviewed

Audited

Cash generated from operations

Profit on ordinary activities before taxation

118

147

472

512

Adjusted for:

Non-cash movements

(9)

(13)

(34)

(17)

Movement on non-hedge derivatives

(17)

(45)

(65)

(16)

Amortisation of mining assets

68

53

232

245

Interest receivable

(14)

(8)

(38)

(36)

Other net income/(expense)

-

(2)

10

(1)

Finance costs

21

11

49
44
Abnormal items
19
-
19
-
Amortisation of goodwill
8
7
29
28
Impairment of mining assets
(2)
35
44
-
Profit on disposal of investments
(8)
(38)
(45)
-
(Profit)/Loss on disposal of assets and subsidiaries
(3)
-
(10)
8
Termination of retirement benefit plans
-
-
-
-
Movement in working capital
(45)
(2)
(71)
(9)
136
145
592
758
Movement in working capital:
(Increase)/Decrease in trade and other receivables
(28)
14
(53)
(5)
(Increase)/Decrease in inventories
(44)
(19)
(87)

(54)

Decrease in trade and other payables

27

3

69

50

(45)

(2)

(71)

(9)

The results have been prepared in accordance with International Financial Reporting Standards (IFRS).

135

ANGLOGOLD LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Ordinary

Non-

Other

share

distribut-

Foreign

compre-

capital and

able

currency

hensive

Retained

premium

reserves translation

income

earnings

Total

ZAR million

Balance at December 2001

8,140

143

2,999

(1,057)

3,132

13,357

Movements on other comprehensive income

(728)

(728)

Net profit

3,444

3,444

Dividends paid

(2,728)

(2,728)

Ordinary shares issued

1,467

1,467

Transfer from non-distributable reserves

(5)

5

-

Translation

(2,640)

202

-

(2,438)

Balance at December 2002

9,607

138

359
(1,583)
3,853
12,375
 Movements on other comprehensive income
 (678)
 (678)
 Net profit
 2,331
 2,331
 Dividends paid
 (2,337)
 (2,337)
 Ordinary shares issued
 61
 61
 Transfer from non-distributable reserves
 -
 -
 Translation
 (1,115)
 214
 1
 (900)
Balance at December 2003
9,668
138
(755)
(2,047)
3,848
10,852
US Dollar million
Balance at December 2001
 681
 12
 250
 (88)
 262
 1,117
 Movements on other comprehensive income
 (74)
 -
 (74)
 Net profit
 332
 332
 Dividends paid
 (251)
 (251)
 Ordinary shares issued
 140

140
Transfer from non-distributable reserves
(1)
1
-
Translation
299
5
(207)
(23)
105
179
Balance at December 2002
1,120
16
43
(185)
449
1,443
Movements on other comprehensive income
(95)
(95)
Net profit
312
312
Dividends paid
(296)
(296)
Ordinary shares issued
10
10
Transfer from non-distributable reserves
-
-
-
-
Translation
320
5
(156)
(27)
112
254
Balance at December 2003
1,450
21
(113)
(307)
577
1,628

The results have been prepared in accordance with International Finance Reporting Standards (IFRS).

1.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the historic cost convention, except for certain financial instruments, which have been stated at fair value. The group's accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2002.

136

ANGLOGOLD LIMITED

The summarised group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and South African Generally Accepted Accounting Practices ("SA GAAP"), in compliance with the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") and in the manner required by the South African Companies Act, 1973, for the preparation of interim financial information. Accordingly, the financial statements do not include all the information and disclosures required by IFRS, SA GAAP and in the manner required by the South African Companies Act, 1973, for annual consolidated financial statements.

2.

COST OF SALES

ZAR million

US Dollar million

Quarter ended

Year ended

Quarter ended

Year ended

Dec

Sept

Dec

Dec

Dec

Sept

Dec

Dec

2003

2003

2003

2002

2003

2003

2003

2002

Unaudited

Unaudited

Reviewed

Audited

Unaudited

Unaudited

Reviewed

Audited

Cash operating costs

2,271

2,395

9,473

9,812

337

324

1,260

939

Other cash costs

61

60

255
291
9
8
34
28
Total cash costs
2,332
2,455
9,728
10,103
346
332
1,294
967
Retrenchment costs
15
7
27
30
2
1
4
3
Rehabilitation and other non-cash costs
33
17
97
119
5
2
13
12
Production costs
2,380
2,479
9,852
10,252
353
335
1,311
982
Amortisation of mining assets
455
391
1,739
2,566
68
53
232
245

Total production costs
2,835
2,870
11,591
12,818
421
388
1,543
1,227
Inventory change
(14)
(49)
(133)
(268)
(2)
(7)
(17)
(24)
2,821
2,821
11,458
12,550
419
381
1,526
1,203
3.
TAXATION
ZAR million
US Dollar million
Quarter ended
Year ended
Quarter ended
Year ended
Dec
Sept
Dec
Dec
Dec
Dec
Sept
Dec
Dec
2003
2003
2003
2002
2003
2003
2003
2002
Unaudited

Unaudited

Reviewed

Audited

Unaudited

Unaudited

Reviewed

Audited

Normal taxation

55

93

545

1,315

8

13

69

124

Deferred taxation

167

192

578

293

25

26

79

39

Deferred tax on unrealised non-hedge derivatives

87

130

230

35

13

18

33

4

Taxation on abnormal item

(179)

-

(179)

47

(27)

-

(27)

(5)

Taxation on exceptional items

112

(81)

(94)

40

1

(11)

(12)

3
142
334
1,080
1,730
20
46
142
165
4.

SHARES

31 December

30 September

31 December

2003

2003

2002

Shares in issue:

Ordinary shares

223,136,342

222,946,842

222,622,022

A redeemable preference shares

2,000,000

2,000,000

2,000,000

B redeemable preference shares

778,896

778,896

778,896

Weighted average number of ordinary shares for the year:

Basic

222,836,574

222,772,159

221,883,567

Diluted

223,717,575

223,817,499

222,899,926

During the quarter ended 31 December 2003, 189,500 ordinary shares were allotted in terms of the AngloGold Share Incentive Scheme and the Acacia Employee Option Plan. All the preference shares are held by a wholly- owned subsidiary company.

137

ANGLOGOLD LIMITED

5.

CAPITAL COMMITMENTS

Orders placed and outstanding on capital contracts at the prevailing rate of exchange:

ZAR million

US Dollar million

31 December 30 September

31 December

31 December 30 September

31 December

2003

2003

2002

2003

2003

2002

650

864

918

98

118

107

6.

EXCHANGE RATES

31 December 30 September

31 December

2003

2003

2002

ZAR/US dollar average for the year

7.55

7.82

10.48

ZAR/US dollar average for the quarter

6.74

7.40

9.62

ZAR/US dollar closing

6.67

6.94

8.58

ZAR/Australian dollar average for the year

4.90

4.94

5.70

ZAR/Australian dollar average for the quarter

4.82

4.88

5.37

ZAR/Australian dollar closing

5.02

4.73

4.80

7.

ATTRIBUTABLE INTEREST

Although AngloGold holds a 66.7% interest in Cripple Creek & Victor Gold Mining Company Limited, it is currently entitled to receive 100% of the cash flow from the operation until the loan, extended to the joint venture by AngloGold North America Inc., is repaid.

8.

ANNOUNCEMENTS:

Since the quarter ended 30 September 2003, AngloGold has made the following announcements:

8.1

Further to the announcements regarding the proposed merger of AngloGold and Ashanti Goldfields Company Limited made by AngloGold on 16 May, 13 June, 4 August, 22 September, 23 September, 15 October, 29 October and 30 October, AngloGold announced on 12 December 2003, the terms and conditions of the Support Deed entered into with the Government of Ghana, whereby the Government agreed to vote its shares in Ashanti in favour of the merger, as well as the definitive terms of a Stability Agreement to be entered into with the Government concerning certain fiscal and regulatory undertakings in its role as regulator of Ashanti. At this time, the previous cautionary announcement was withdrawn.

8.2

On 14 November 2003, AngloGold announced that it had entered into an agreement with Greater Pacific Gold Limited, for the sale of its Union Reefs Gold Mine at Pine Creek, which closed in October 2003, together with the associated assets and tenements. The agreed staged purchase consideration for these assets is A\$6.2m. The effective date of sale has not yet been finalised.

8.3

On 24 November 2003, AngloGold announced the terms and conditions for the sale of the Western Tanami Project to Tanami Gold NL for a staged payment of A\$9m, the receipt of 25m Tanami Gold NL shares and the payment of a royalty, based on production.

Copies of the detailed announcements are available on the AngloGold website: www.anglogold.com.

138

ANGLOGOLD LIMITED

9.

DIVIDEND

The directors have declared a Final Dividend No. 95 of 335 (Final Dividend No. 93: 675) South African cents per ordinary share for the year ended 31 December 2003. In compliance with the requirements of STRATE, the salient dates for payment of the dividend are as follows:

To holders of ordinary shares and to holders of CHESSE Depository Interests (CDIs).

Each CDI represents one-fifth of an ordinary share.

2004

Currency conversion date for UK pounds and Australian dollars

Thursday, 5 February

Last date to trade ordinary shares *cum* dividend

Friday, 13 February

Last date to register transfers of certificated securities *cum* dividend

Friday, 13 February

Ordinary shares trade *ex*-dividend

Monday, 16 February

Record date

Friday, 20 February

Payment date

Friday, 27 February

On the payment date, dividends due to holders of certificated securities on the South African share register will either be electronically transferred to shareholders' bank accounts or, in the absence of suitable mandates, dividend cheques will be posted to such shareholders.

Dividends in respect of dematerialised shareholdings will be credited to shareholders' accounts with the relevant CSDP or broker.

To comply with the further requirements of STRATE, between Monday, 16 February 2004 and Friday, 20 February 2004, both days inclusive, no transfers between the South African, United Kingdom and Australian share registers will be permitted and no ordinary shares pertaining to the South African share register may be dematerialised or rematerialised.

To holders of American Depository Shares.

Each American Depository Share (ADS) represents one ordinary share.

2004

Ex-dividend on New York Stock Exchange

Wednesday, 18 February

Record date

Friday, 20 February

Approximate date for currency conversion

Friday, 27 February

Approximate payment date of dividend

Tuesday, 9 March

Assuming an exchange rate of ZAR7.04/US\$1, the dividend payable on an ADS is equivalent to 48 US cents. This compares with the final dividend of 82.12 US cents per ADS paid on 10 March 2003. However, the actual rate of payment will depend on the exchange rate on the date for currency conversion.

10. The group financial statements for the quarter and year ended 31 December 2003 were authorised for issue in accordance with a resolution of the directors passed on 28 January 2004. AngloGold is a limited liability company incorporated in the Republic of South Africa.

11. The results have been reviewed by AngloGold's auditors, Ernst & Young Registered Accountants and Auditors, Chartered Accountants (SA), and their unmodified review opinion is available for inspection at AngloGold's registered office in South Africa.

By order of the board

R P EDEY

R M GODSELL

Chairman

Chief Executive Officer

29 January 2004

139

ANGLOGOLD LIMITED

Operations at a glance for the quarter ended 31 December 2003

Adjusted

Cash

operating

Price received

1

Production

Total cash costs

operating profit

2

profit

US\$/oz

%

oz

%

US\$/oz

%

US\$m

%

US\$m

%

Variance

4

('000) Variance

4

Variance

4

Variance

4

Variance

4

Great Noligwa

414

8

218

-

232

6

37

-

34

(3)

TauTona

407

14

164

(4)

208

5

31

15
28
12
Geita
5
340
2
117
33
136
(28)
23
92
19
111
Sunrise Dam
425
19
93
9
230
(5)
19
138
12
300
Cerro Vanguardia
5
359
12
58
41
138
(20)
14
100
7
250
Kopanang
415
8
124
(6)
297
14
13
(19)
11
(21)
Mponeng
404

13
119
(8)
293
18
13
(13)
8
(20)
Morro Velho
341
(4)
61
3
144
(1)
12
-
9
-
Cripple Creek
and Victor
(10)
328
76
15
203
(6)
10
(17)
1
(67)
Morila
5
367
5
48
(40)
182
67
9
(53)
4
(71)
Sadiola
5
395
6
50
19
223

14

8

-

5

-

Tau Leko

413

7

80

1

342

8

6

20

(1)

(125)

Serra Grande

5

340

(4)

23

(4)

131

20

6

20

5

25

Yatela

5

395

10

17

(15)

322

29

1

(67)

(2)

(300)

Navachab

393

9

16

(11)

349

15

1

100

1

100

Union Reefs

335
(7)
5
(78)
179
(25)
-

(100)
-

Ergo

395
9
51
13
365
(11)
-

100
-

100

Savuka

405
13
42
(5)
544
12
(9)
(13)
(9)
(13)

Other

27
(68)
11
(57)
5
40

AngloGold Group

392
8
1,389
-
249
5
205
8
137
1

Notes:

1.

Price received includes realised non-hedge derivatives.

2.

Adjusted operating profit plus amortisation of mining assets.

3.

Operating profit excluding unrealised non-hedge derivatives.

4.

Variance December 2003 quarter on September 2003 quarter - Increase/(Decrease).

5.

Attributable."

140

Part VI: Financial Information on Ashanti

1.

FINANCIAL INFORMATION ON ASHANTI FOR THE THREE FINANCIAL YEARS ENDED AND AS AT 31 DECEMBER 2003

The financial information on Ashanti Goldfields Company Limited set out below has been extracted without material adjustment from the audited consolidated accounts of Ashanti for the three financial years ended and as at 31 December 2003, subject to restatement of the profit and loss account, and the reconciliation of movement in shareholders' funds for the year ended 31 December 2001 and the restatement of the balance sheet as at 31 December 2001 in each case for the adoption of FRS 19 as described therein. The financial information does not constitute statutory accounts within the meaning of Section 240 of the UK Companies Act 1985.

An unqualified audit report has been given in respect of the accounts for each of the three financial years ended and as at 31 December 2003.

Deloitte & Touche, Chartered Accountants, of Accra, Ghana, were the auditors of Ashanti in respect of each of the three financial years ended 31 December 2003 and are currently the auditors of Ashanti.

ASHANTI GOLDFIELDS COMPANY LIMITED

GROUP PROFIT AND LOSS ACCOUNTS

For the years ended 31 December

2003

2002

2001

After

Interest

Interest

Interest

exceptional

in joint

in joint

in joint

Total

items

venture

Total

Group

venture

Total

Group

venture

Restated

(1)

Notes

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

Turnover

2

456.9

108.0

564.9

467.5

84.7

552.2

477.7

76.7

554.4

Cash operating costs

5

(300.0)

(56.3)

(356.3)

(275.9)

(47.2)

(323.1)

(276.3)

(38.9)

(315.2)

Other costs

(35.7)

(3.9)

(39.6)

(26.8)

(4.8)

(31.6)

(31.7)

(2.8)

(34.5)

Royalties

(14.0)

(3.6)

(17.6)

(11.9)

(2.7)

(14.6)

(10.8)

(2.2)

(13.0)

Depreciation and amortisation

(82.0)

(12.9)

(94.9)

(75.1)

(13.3)

(88.4)

(82.3)

(12.6)

(94.9)

Refinancing and restructuring costs	
-	
-	
-	
(23.5)	
(8.8)	
(32.3)	
-	
-	
-	
Other income	
-	
-	
-	
12.1	
-	
12.1	
-	
-	
-	
Total costs	
5	
(431.7)	
(76.7)	
(508.4)	
(401.1)	
(76.8)	
(477.9)	
(401.1)	
(56.5)	
(457.6)	
Operating profit	
4	
25.2	
31.3	
56.5	
66.4	
7.9	
74.3	
76.6	
20.2	
96.8	
Share of operating profit of joint venture	
31.3	
7.9	
20.2	
Total operating profit	
4	
56.5	

74.3	
96.8	
Profit on sale of investment	
8.3	
-	
-	
Profit on sale of fixed assets	
4.7	
-	
-	
Profit before interest and taxation	
69.5	
74.3	
96.8	
Net interest payable:	
group	
7	
(9.7)	
(17.5)	
(21.6)	
joint venture	
7	
(4.5)	
(5.1)	
(7.8)	
Profit before taxation	
55.3	
51.7	
67.4	
Tax:	
group	
8	
(0.3)	
(3.0)	
(9.6)	
joint venture	
8	
(4.6)	
6.7	
-	
Profit after taxation	
50.4	
55.4	
57.8	
Minority interests	
(1.2)	
0.8	
2.1	
Profit attributable to shareholders	
49.2	

56.2

59.9

Dividends

9

-

-

-

Retained profit for the year

49.2

56.2

59.9

Basic earnings per share (US\$)

10

0.38

0.47

0.53

Diluted earnings per share (US\$)

10

0.37

0.44

0.52

1. The Group profit and loss account for the year ended 31 December 2001 has been restated for the adoption of FRS No. 19, Deferred tax ("FRS 19").

141

ASHANTI GOLDFIELDS COMPANY LIMITED
GROUP BALANCE SHEET

As at 31 December

2003

2002

2001

Restated*

Notes

US\$m

US\$m

US\$m

Fixed assets

Intangible assets

11

15.4

17.3

18.8

Tangible fixed assets

12

603.4

602.7

612.9

Investments

-

Geita joint venture

13

113.4

91.2

81.7

-

Share of gross assets including intangible

193.2

205.1

190.2

-

Share of creditors and provisions for liabilities and charges

(79.8)

(113.9)

(108.5)

-

Loans to joint venture and other investments

13

1.1

32.6

32.6

733.3

743.8

746.0

Current assets

Stocks

14

68.4
76.6
73.5
Debtors due within one year
15
39.2
14.0
23.0
Debtors due after more than one year
15
-
8.8
-
Cash
16
72.8
41.3
55.2
180.4
140.7
151.7
Creditors: amounts falling due within one year
Creditors
17
(131.3)
(131.1)
(155.0)
Borrowings
18
(24.9)
(2.7)
(25.3)
(156.2)
(133.8)
(180.3)
Net current assets/(liabilities)
24.2
6.9
(28.6)
Total assets <i>less</i> current liabilities
757.5
750.7
717.4
Creditors: amounts falling due after more than one year
Creditors
17
(3.6)
(24.0)
(49.8)
Borrowings
18

(217.4)

(254.2)

(300.6)

Provision for liabilities and charges

20

(27.8)

(25.0)

(17.9)

508.7

447.5

349.1

Capital and reserves

Stated capital

21

599.0

588.2

545.2

Reserves

23

(92.7)

(141.9)

(198.1)

Equity shareholders' funds

506.3

446.3

347.1

Equity minority interests

2.4

1.2

2.0

508.7

447.5

349.1

* The Group balance sheet as at 31 December 2001 has been restated for the adoption of FRS 19 (see note 27).

142

**ASHANTI GOLDFIELDS COMPANY LIMITED
GROUP CASH FLOW STATEMENT**

For the years ended 31 December

2003

2002

2001

Notes

US\$m

US\$m

US\$m

Cash flow from operating activities

24

86.3

95.2

95.4

Returns on investments and servicing of finance

Interest received

0.8

0.8

2.0

Interest paid

(9.1)

(19.6)

(24.4)

**Net cash outflow from returns on investments
and servicing of finance**

(8.3)

(18.8)

(22.4)

Taxation

Tax paid

(1.2)

(2.0)

(2.9)

Capital expenditure and financial investment

Purchase of tangible fixed assets

(83.0)

(64.5)

(49.6)

Proceeds from sale of fixed assets

3.0

-

-

Proceeds from sale of investments

13.3

-

-

Loans repaid by joint venture

30.0

-

-

**Net cash outflow from capital expenditure
and financial investment**

(36.7)

(64.5)

(49.6)

Cash inflow before use of liquid
resources and financing

40.1

9.9

20.5

Management of liquid resources

3.1

6.0

9.7

Cash inflow before financing

43.2

15.9

30.2

Financing

Issue of ordinary shares

10.8

41.8

-

Decrease in debt

(19.4)

(61.0)

(40.6)

Net cash outflow from financing

25

(8.6)

(19.2)

(40.6)

Increase/(decrease) in cash

34.6

(3.3)

(10.4)

**Reconciliation of net cash flow
to movement in net debt**

Increase/(decrease) in cash

34.6

(3.3)

(10.4)

Decrease in liquid resources

(3.1)

(6.0)

(9.7)

31.5

(9.3)

(20.1)

Cash outflow from decrease in debt

19.4

61.0
40.6
Other
(4.8)
3.4
0.9
Movement in net debt
46.1
55.1
21.4
Net debt at 1 January
(215.6)
(270.7)
(292.1)
Net debt at 31 December
26
(169.5)
(215.6)
(270.7)
143

ASHANTI GOLDFIELDS COMPANY LIMITED

Statement of total recognised gains and losses

For the years ended 31 December

2002

2001

Restated*

US\$m

US\$m

Profit/(loss) for the financial year

- group

46.7

47.5

- joint venture

9.5

12.4

Total recognised gains and losses related to the year

56.2

59.9

Prior year adjustment (see note 27)

8.8

-

Total recognised gains and losses since last annual report

65.0

59.9

* The Statement of Total Recognised Gains and Losses and the Reconciliation of Movements in Shareholders' Funds for the years ended 31 December 2002 and 2001 have been restated for the adoption of FRS 19 (see note 27).

Reconciliations of Movements in Shareholders' Funds

For the years ended 31 December

2003

2002

2001

Restated*

US\$m

US\$m

US\$m

Profit for the year

49.2

56.2

59.9

Dividend

-

-

-

49.2

56.2

59.9

New share capital issued

10.8

43.0

0.9

Net additions to shareholders' funds

60.0
99.2
60.8
Opening shareholders' funds as previously stated
446.3
338.3
274.7
Prior year adjustment (see note 27)
-
8.8
11.6
Opening shareholders' funds as restated
446.3
347.1
286.3
Closing shareholders' funds
506.3
446.3
347.1

ASHANTI GOLDFIELDS COMPANY LIMITED**NOTES TO THE GROUP FINANCIAL INFORMATION:****1.****ACCOUNTING POLICIES**

The principal accounting policies adopted by the Group and used in the preparation of the financial statements are set out below. The accounting policies used in preparing the financial statements are consistent with those used by the Group in its financial statements for the years ended 31 December 2003, 31 December 2002 and 31 December 2001 except for deferred tax following the implementation of Financial Reporting Standards (FRS) 19 "Deferred Tax".

Going Concern

In June 2002, Ashanti issued US\$75 million of Mandatorily Exchangeable Notes ("MENs"). The MENs will mandatorily exchange into ordinary shares of Ashanti when Ashanti effects a rights issue. Ashanti agreed with its banks and the holders of the MENs to complete the rights issue prior to 28 December 2003. It was intended that as a part of the rights issue Ashanti would raise additional funds to fund completion of the Siguiri CIP project. During the course of the 2003, Ashanti entered into merger discussions with AngloGold and subsequently entered into a transaction agreement to effect a merger (the "Merger") of Ashanti and AngloGold. As a consequence of entering into the transaction agreement, Ashanti had to delay completing the rights issue. Since the MENs will become repayable on the Merger being completed, Ashanti has secured agreement of its banks and the holders of the MENs to delay the timeframe for completion of the rights issue until 28 December 2004.

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION
(continued)

Given the delay in the rights issue, the postponement/cancellation of the Siguiri CIP project was considered. However, following discussions with AngloGold, Ashanti decided to continue with the Siguiri CIP project, notwithstanding the substantial increase in the anticipated capital cost of this project. The increased capital expenditure required for this project, together with the reduced cash inflows received by the Ashanti Group due to poorer operating performance in 2003 compared to 2002, has led to Ashanti seeking alternative sources of financing to fund its cash requirements until the consummation of the Merger.

With the agreement of AngloGold, a US\$30 million distribution paid by the Geita mine on 31 December 2003 has been paid in full to Ashanti. AngloGold has also agreed to provide an additional US\$14.1 million to Ashanti by purchasing at face value the residual inter-company loan provided by the Ashanti Group in respect of the Geita joint venture. In addition, AngloGold has agreed to provide an unsecured loan facility of up to US\$20 million to Ashanti. These arrangements are not conditional on the Merger completing.

The Ashanti Board considers that these arrangements, together with the undrawn amounts under its revolving credit facility, are sufficient to enable it to meet its cash requirements in the period prior to the Merger becoming effective, currently anticipated to be around April 2004. If the Merger is not completed, or if there is a substantial delay in completing the Merger, Ashanti will need to proceed with its rights issue or review alternative forms of financing. If the Merger is not completed and alternative forms of financing cannot be implemented, then there will be uncertainty as to whether the Ashanti Group will be able to continue as a going concern.

Having taken into account the progress which AngloGold and Ashanti have achieved in relation to the Merger, the financial support being provided by AngloGold and other relevant factors, the Directors of Ashanti have formed the judgement that, at the time of approving these financial statements, it is appropriate to use the going concern basis in preparing these financial statements.

The financial statements do not include any adjustments that might result should the Group be unable to continue as a going concern.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Because the Group earns all its revenue in US dollars and the majority of its transactions are in US dollars, or based on them, the Group's functional and reporting currency is US dollars.

Basis of consolidation

The Group financial statements comprise a consolidation of the results, assets and liabilities of the Company, its subsidiary undertakings and joint ventures. The results and cash flows of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Goodwill

Goodwill arising from the purchase of subsidiary undertakings and interests in joint ventures represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired. Goodwill in accordance with FRS 10 is capitalised and amortised over the life of the underlying mine assets. Prior to 1 January 1998, goodwill was charged to reserves in the year of acquisition.

On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the amount of any goodwill previously charged to reserves or capitalised and not yet charged to the profit and loss account.

Joint ventures

A joint venture is an entity in which Ashanti holds a long-term interest and which is jointly controlled by the Group and one or more ventures under a contractual arrangement. The results of joint ventures are accounted for using the gross equity method of accounting.

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

Transactions in other currencies

Monetary assets and liabilities denominated in currencies other than the US dollar are translated at the rates of exchange ruling at the year end. Transactions denominated in currencies other than US dollars are translated at the rates ruling at the dates of the transactions. All translation differences are taken to the profit and loss account.

Revenue recognition

Sale of bullion is recognised when dore is produced in the gold room. The proceeds from sales of bullion produced prior to the year end but which have not been received are included as 'gold in transit' within cash balances.

Exploration costs

Exploration costs incurred prior to the establishment of a commercially mineable deposit are charged against profits.

Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation. Repairs and maintenance expenditures are charged against profits as incurred. Major improvements and replacements that extend the useful life of an asset are capitalised.

Once it has been established that a commercially mineable deposit exists, mine development costs, including interest costs, are capitalised as tangible fixed assets. Mine development costs consist of those expenditures necessary to gain access to ore bodies prior to production and to extend production in an existing ore body, including costs of removing overburden, constructing underground shaft stations, and extending tunnels.

Tangible fixed assets are depreciated as follows:

Development costs, plant and equipment and processing plants are depreciated over the life of the mine using the unit of production method based on proved and probable reserves, or on a straight-line basis over their estimated useful lives if shorter. Buildings are depreciated on a straight-line basis. Following are the estimated useful lives of assets that are depreciated using the straight-line basis:

Externally purchased software 3 years

Vehicles

5 years

Plant and equipment

5 to 15 years

Buildings

up to 30 years

Estimated useful lives are reviewed on an annual basis in conjunction with the life-of-mine plans. Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. At such time, in accordance with FRS No. 11, *Impairment of fixed assets and goodwill*, ("FRS 11") the net present value of the expected future cash flows attributable to the asset or its disposal value, if higher, is compared to the carrying value and an impairment charge is recorded if necessary.

Stocks

Stocks are valued at the lower of cost and net realisable value (which includes an appropriate proportion of production overheads).

Interest and finance costs

Interest is capitalised in respect of mine developments as part of tangible fixed assets from the time that it has been determined that a commercially mineable deposit exists up to the commencement of production. All other interest costs are charged against profits as incurred.

Front-end fees, commitment fees and other costs associated with the initial loan are deferred and amortised over the life of the loan to give a constant rate of return on the outstanding loan balance.

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

Derivative financial instruments

The Group uses derivative instruments to hedge its exposures to fluctuations in gold prices. In order to protect against the impact of falling gold prices, the Group enters into hedging transactions which provide a minimum price for production and allow the Group to take advantage of increases in gold prices. Instruments are accounted for as a hedge when they have been entered into to manage gold prices and are within limits established by the Board of Directors. Hedging transactions are used as part of the Group's protection and commitment programme. Protected ounces represent future sales of gold for which the future price of gold has been fixed. Committed ounces represent future obligations of the Group to deliver gold at an agreed upon maximum price.

Receipts and payments on interest rate instruments are recognised on an accruals basis over the life of the instrument. Gains or losses on other hedging contracts, including premiums receivable and payable on options are recognised in the profit and loss account as designated production is delivered. In the case of earlier settlement of hedge contracts, gains or losses are deferred and brought into income at the originally designated delivery date.

Deferred taxation

The Group provides for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. Deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Environmental and site restoration obligations

The expected costs of any committed decommissioning or other site restoration programmes incurred during the construction phase, discounted at the weighted average cost of capital, are provided for and capitalised at the beginning of each project and amortised over the life of the mine using the units of production method. Additional provisions are recorded during the production phase as environmental liabilities arise with a corresponding charge to operating results. Such costs are estimated based on studies performed by independent environmental specialists and represent management's best current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations or the terms of respective mining licenses.

Pre-stripping and stripping costs

Pre-stripping costs are the costs of removing overburden to expose ore after it has been determined that a commercially mineable deposit exists. These costs are capitalised as tangible fixed assets and, upon commencement of production, depreciated using the unit of production method based on proved and probable reserves.

Stripping costs incurred during the production phase to remove additional waste are deferred and charged to operating costs on the basis of the average life of mine stripping.

Leased assets

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in borrowings. Operating lease rentals are charged to the profit and loss account in equal amounts over the period of the lease.

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

2.

TURNOVER

2003

2002

2001

US\$m

US\$m

US\$m

Group

Bullion revenue

464.8

416.3

381.7

Cash (paid)/realised on maturing hedging contracts

(20.8)

16.9

39.0

Deferred hedging income

12.9

34.3

57.0

456.9

467.5

477.7

Joint venture

Bullion revenue

122.0

90.1

74.1

Cash (paid)/realised on maturing hedging contracts

(14.0)

(5.4)

2.6

108.0

84.7

76.7

Total

564.9

552.2

554.4

3.

EXCEPTIONAL ITEMS BEFORE TAXATION

2003

2002

2001

US\$m

US\$m

US\$m

Profit on sale of investments (note a.)

8.3

-

-

Profit on sale of fixed assets (note b.)

4.7

-

-

Interest payable (note c.)

2.7

-

-

Other costs (note d.)

(5.4)

-

-

Depreciation and amortisation (note e.)

(15.1)

-

-

Refinancing and restructuring costs (note f.)

-

(23.5)

-

Share of operating loss of joint venture (note g.)

-

(8.8)

-

Other income (note g.)

-

8.8

-

(4.8)**(23.5)**

-

Notes:

a.

Ashanti sold its interest in the Mampon property near Obuasi to Bogoso Gold Limited and Golden Star Resources Limited for a cash consideration of US\$9.5 million and realised a further US\$0.5 million from the debenture held in Birim Goldfields. These resulted in a gain before taxes of US\$8.3 million.

b.

The investment held in the joint venture in respect of the Youga property in Burkina Faso was sold for US\$3.3 million resulting in a gain of US\$2.7 million. Ashanti received insurance proceeds of US\$3.0 million for the Company's damaged aircraft, which has since been scrapped. This resulted in a gain of US\$2.0 million.

c.

The Company re-negotiated the terms of the Kimin loans. In consideration for Ashanti extending the terms of the guarantee currently in place in favour of the lender, it secured a reduction in the amounts owed from US\$7.7 million to US\$5.0 million. This reduction of US\$2.7 million has been recognised as an exceptional gain within interest payable.

d.

During the fourth quarter, 358 workers at the Obuasi mine were made redundant at a cost of US\$5.4 million.

e.

Having reviewed the challenging environment in which the Freda-Rebecca mine operates, Ashanti has recognised an impairment charge of US\$15.1 million.

f.

Costs incurred in refinancing the Group's debt during 2002.

g.

As provided for in the sale and purchase agreement entered into in 2000 in respect of the Geita mine, AngloGold transferred the neighbouring Ridge 8 property to Geita during 2002. The consideration of US\$17.6 million will be left outstanding until the project finance loans are fully repaid by Geita. AngloGold has transferred to Ashanti for no consideration, its 50 per cent share of the receivable which resulted in an exceptional gain of US\$8.8 million. In line with Ashanti's accounting policy on exploration costs, the cost of this property was expensed.

148

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

**4.
OPERATING PROFIT ANALYSIS BY BUSINESS AREA BEFORE EXCEPTIONAL ITEMS
12 months to 31 December 2003**

**Freda-
Hedging
Explora-
Corp.
Geita
Obuasi
Iduapriem
Bibiani
Siguiri
Rebecca
Income
tion
Admin.
Group
(50%)
Total**

Production ozs

513,163

243,533

212,716

252,795

51,091

-

-

- 1,273,298 330,523 1,603,821

US\$ million

Revenue - spot

187.1

89.8

77.6

91.7

18.6

-

-

-

464.8

122.0

586.8

Revenue

- hedging

-

-

-

-

-

(7.9)

-
 -
 (7.9)
 (14.0)
 (21.9)
 187.1
 89.8
 77.6
 91.7
 18.6
 (7.9)
 -
 -
 456.9
 108.0
 564.9
 Cash operating costs
 (111.2)
 (58.5)
 (46.0)
 (70.6)
 (13.7)
 -
 -
 -
 (300.0)
 (56.3)
 (356.3)
 Other costs
 -
 (1.2)
 (0.3)
 (2.3)
 -
 -
 (4.5)
 (22.0)
 (30.3)
 (3.9)
 (34.2)
 Royalties
 (6.0)
 (2.7)
 (2.3)
 (3.0)
 -
 -
 -
 -
 (14.0)
 (3.6)

(17.6)

EBITDA*

69.9

27.4

29.0

15.8

4.9

(7.9)

(4.5)

(22.0)

112.6

44.2

156.8

Depreciation and amortisation

(30.8)

(6.0)

(11.2)

(12.6)

(5.6)

-

-

(0.7)

(66.9)

(12.9)

(79.8)

Operating (loss)/profit

2003

39.1

21.4

17.8

3.2

(0.7)

(7.9)

(4.5)

(22.7)

45.7

31.3

77.0

2002

22.9

4.6

18.2

(3.4)

6.0

51.2

(3.9)

(14.5)

81.1

16.7

97.8

* EBITDA - Earnings before interest, tax, depreciation and amortisation

Costs include audit fees of US\$0.6 million (2002: US\$0.5 million; 2001: US\$0.4 million).

12 months to 31 December 2002

**Freda-
Hedging
Explora-
Corp.
Geita
Obuasi
Iduapriem
Bibiani
Siguiri
Rebecca
Income
tion
Admin.
Group
(50%)
Total**

Production ozs

537,219

185,199

242,432

269,292

98,255

-

-

- 1,332,397 289,522 1,621,919

US\$ million

Revenue - spot

167.8

57.8

76.1

83.9

30.7

-

-

-

416.3

90.1

506.4

Revenue

- hedging

-

-

-

-

51.2

-

-

51.2

(5.4)
 45.8
 167.8
 57.8
 76.1
 83.9
 30.7
 51.2
 -
 -
 467.5
 84.7
 552.2
 Cash operating costs
 (106.4)
 (43.0)
 (43.6)
 (61.9)
 (21.0)
 -
 -
 -
 (275.9)
 (47.2)
 (323.1)
 Other costs
 (0.5)
 (0.9)
 (0.3)
 (4.8)
 -
 -
 (3.8)
 (16.5)
 (26.8)
 (4.8)
 (31.6)
 Royalties
 (5.0)
 (1.7)
 (2.3)
 (2.9)
 -
 -
 -
 (11.9)
 (2.7)
 (14.6)
 Other income
 -

-
-
-
-
-
-
3.3
3.3
-
3.3
EBITDA*
55.9
12.2
29.9
14.3
9.7
51.2
(3.8)
(13.2)
156.2
30.0
186.2
Depreciation and amortisation
(33.0)
(7.6)
(11.7)
(17.7)
(3.7)
-
(0.1)
(1.3)
(75.1)
(13.3)
(88.4)
Operating profit/(loss)
22.9
4.6
18.2
(3.4)
6.0
51.2
(3.9)
(14.5)
81.8
16.7
97.8
149

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

12 months to 31 December 2001

**Idua-
Freda-
Hedging Explora-
Corp.
Geita
Obuasi Ayanfuri
priem
Bibiani
Siguiri
Rebecca
Income
tion
Admin.
Group
(50%)
Total**

Production ozs

528,451

11,517 205,103 253,052 283,199

102,654

-

-

- 1,384,003 272,781

1,656,784

US\$ million

Revenue - spot

143.5

3.1

55.8

68.7

76.6

34.0

-

-

-

381.7

74.1

455.8

Revenue

- hedging

-

-

-

-

-

-

96.0

-

-
96.0
2.6
98.6
143.5
3.1
55.8
68.7
76.6
34.0
96.0
-
-
477.7
76.7
554.4
Cash operating costs
(101.4)
(2.8)
(44.0)
(43.1)
(62.2)
(22.8)
-
-
-
(276.3)
(38.9)
(315.2)
Other costs
-
(1.0)
(0.8)
(2.2)
-
-
-
(6.5)
(21.2)
(31.7)
(2.8)
(34.5)
Royalties
(4.3)
(0.1)
(1.7)
(2.1)
(2.6)
-
-
-

-
(10.8)
(2.2)
(13.0)
EBITDA*
37.8
(0.8)
9.3
21.3
11.8
11.2
96.0
(6.5)
(21.2)
158.9
32.8
191.7
Depreciation and amortisation
(37.5)
(0.5)
(4.9)
(13.8)
(18.6)
(3.9)
-
(1.9)
(1.2)
(82.3)
(12.6)
(94.9)
Operating profit/(loss)
0.3
(1.3)
4.4
7.5
(6.8)
7.3
96.0
(8.4)
(22.4)
76.6
20.2
96.8
5.
RECONCILIATION OF TOTAL COSTS
2003
2002
2001
Cash operating costs
US\$m
US\$m

US\$m	
Obuasi	
111.2	
106.4	
101.4	
Iduapriem	
58.5	
43.0	
44.0	
Bibiani	
46.0	
43.6	
43.1	
Ayanfuri	
-	
-	
2.8	
Siguiri	
70.6	
61.9	
62.2	
Freda-Rebecca	
13.7	
21.0	
22.8	
Geita (50%)	
56.3	
47.2	
38.9	
Total cash operating costs	
356.3	
323.1	
315.2	
Corporate administration cost	
22.0	
16.5	
21.2	
Exploration cost	
4.5	
3.8	
6.5	
Other costs	
7.7	
11.3	
6.8	
Royalties	
17.6	
14.6	
13.0	
Depreciation and amortisation	
79.8	

88.4
 94.9
 Other income
 -
 (12.1)
 -
 Exceptional costs
20.5
 32.3
 -
Total costs
508.4

477.9
 457.6

6.
EMPLOYEES

2003
 2002
 2001
Number
 Number
 Number

The average number of employees of the group during the year was as follows:

Underground mining

4,384
 4,602
 4,777

Surface mining

678
 447
 543

Processing

1,878
 1,978
 1,896

Administration

2,564
 2,914
 2,973

9,504
 9,941
 10,189

Remuneration paid to directors of the Company (excluding amounts paid to Lonmin Plc in respect of Technical Services and the services of Mr S E Jonah) amounted to US\$2.7 million (2002: US\$2.9 million; 2001: US\$2.5 million).

150

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

7.

NET INTEREST PAYABLE

2003

2002

2001

US\$m

US\$m

US\$m

Enlarged Revolving Credit Facility

8.0

5.0

-

Mandatorily Exchangeable Notes

2.2

1.4

-

Revolving Credit Facility

-

3.3

8.0

Exchangeable Notes

-

6.3

12.0

Other loans and finance charges

3.8

3.3

7.0

14.0

19.3

27.0

Interest receivable

(1.6)

(1.8)

(5.4)

12.4

17.5

21.6

Share of interest payable by joint venture

4.5

5.1

7.8

16.9

22.6

29.4

Exceptional gain on re-negotiation of the Kimin loans (note 3(c))

(2.7)

-

-

14.2

22.6

29.4

8.

TAXATION

2003

2002

2001

Restated

US\$m

US\$m

US\$m

Corporate tax

- Current year - group

0.3

0.2

6.6

- joint venture

1.7

0.1

-

- Prior years

- group

(0.8)

(8.5)

8.2

- joint venture

-

0.2

-

Deferred tax

- group

-

11.3

(5.2)

- joint venture

2.9

(7.0)

-

Tax charge/(credit) on profit on ordinary activities

4.1

(3.7)

9.6

Tax on exceptional items

0.8

-

-

4.9

(3.7)

9.6

Deferred tax assets as at 31 December 2003 relating to tax losses have been recognised only to the extent that the latest forecasts indicate that they will be utilised against taxable profits within the immediate future. The total amount of deferred tax assets in respect of tax losses not recognised as at 31 December 2003 amounted to US\$30.8 million (2002: US\$37.2 million; 2001: US\$58.5 million).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures.

Tax reconciliation

The standard rate of tax for the year, based on the Ghanaian tax rate for listed companies, is 30 per cent for 2003, 2002 and 2001. The difference from the standard corporate tax charge to actual tax charge for 2003, 2002 and 2001 is set out in the following reconciliation.

151

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

2003

2002

2001

US\$m

US\$m

US\$m

Profit before tax

55.3

51.7

67.4

Tax on profit on ordinary activities at standard rate

16.6

15.5

20.3

Factors affecting charge for the year

Capital allowances for the period in excess of depreciation

(2.4)

(1.9)

(1.0)

Other short-term timing differences

2.2

0.3

2.5

Tax losses (utilised)/incurred in the year

(17.4)

(3.7)

6.8

Profits arising in foreign jurisdictions with different tax rates

2.3

(12.9)

(29.1)

Group goodwill amortisation and other consolidation adjustments

2.0

3.6

2.2

Capital allowance uplifts

(1.3)

(1.0)

(0.1)

Other permanent differences

-

0.4

5.0

Total actual current year corporate tax charge

2.0

0.3

6.6

9.

DIVIDEND

No dividends were paid or proposed for the year (2002: nil and 2001: nil).

10. EARNINGS PER SHARE

The calculation of earnings per share is based on earnings after tax and minority interests and the weighted average number of shares outstanding during the year of 128.5 million (2002: 119.1 million; 2001: 112.1 million). Earnings per share has been shown before and after exceptional items in order to show the impact of the exceptional items on the underlying results of the business.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares being, warrants (under the agreement with the Company's hedge counterparties), share options (under the Senior Management Share Option Scheme) where the exercise price is less than the average price of the Company's ordinary shares during the periods, and employee share incentive plans where shares are issued free to senior management provided certain criteria are met.

152

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

2003

2002

2001

Before exceptional items

Basic and diluted earnings attributable to ordinary shareholders (US\$m)

54.8

79.7

59.9

Weighted average number of ordinary shares (millions)

128.5

119.1

112.1

Dilutive warrants (millions)

2.3

5.3

0.8

Dilutive share options (millions)

2.1

1.6

0.8

Dilutive employee share incentive plans (millions)

0.8

0.6

0.5

Adjusted weighted average number of ordinary shares (millions)

133.7

126.6

114.2

Basic earnings per share (US\$)

0.43

0.67

0.53

Diluted earnings per share (US\$)

0.41

0.63

0.52

After exceptional items

Basic and diluted earnings attributable to ordinary shareholders (US\$m)

49.2

56.2

59.9

Weighted average number of ordinary shares (millions)

128.5

119.1

112.1

Dilutive warrants (millions)

2.3

5.3

0.8

Dilutive share options (millions)

2.1

1.6

0.8

Dilutive employee incentive share plans (millions)

0.8

0.6

0.5

Adjusted weighted average number of ordinary shares (millions)

133.7

126.6

114.2

Basic earnings per share (US\$)

0.38

0.47

0.53

Diluted earnings per share (US\$)

0.37

0.44

0.52

153

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION*(continued)***11. INTANGIBLE ASSETS****Goodwill**

US\$m

Cost**At 1 January 2001 and 31 December 2001**

21.9

Additions

0.2

At 31 December 2002

22.1

Additions

0.7

Reductions

(1.1)

At 31 December 2003

21.7

Amortisation**At 1 January 2001**

0.4

Charge for the year

2.7

At 31 December 2001

3.1

Charge for the year

1.7

At 31 December 2002

4.8

Charge for the year

1.5

At 31 December 2003

6.3

Net book value**At 31 December 2003**

15.4

At 31 December 2002

17.3

At 31 December 2001

18.8

The additional goodwill relates to contingent consideration of US\$0.7 million (2002: US\$0.2 million; 2001: US\$ nil) which became payable in respect of the acquisition of Pioneer Goldfields Limited (Teberebie mine) in 2000, following increases in the gold price.

The reduction in goodwill is in respect of a re-negotiation of the amount of deferred consideration due in respect of Teberebie.

154

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

12. TANGIBLE FIXED ASSETS

**Mine shafts,
development**

**Assets in
and pre-
Plant and
Processing
the course of
production
equipment**

**plants
Buildings
construction**

Total

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

Cost

At 1 January 2001

800.5

529.4

414.3

90.9

8.5

1,843.6

Additions

29.8

6.4

0.8

0.2

10.1

47.3

Disposals

-

(3.8)

(0.1)

-

-

(3.9)

Transfers

6.0

5.9

4.3

-

(16.2)

-

At 31 December 2001

836.3
537.9
419.3
91.1
2.4
1,887.0
Additions
29.5
11.1
2.4
0.4
21.1
64.5
Disposals
(2.8)
(0.7)
-
(1.4)
-
(4.9)
Transfers
(21.5)
2.3
16.0
13.9
(10.7)
-

At 31 December 2002

841.5
550.6
437.7
104.0
12.8
1,946.6
Additions
26.5
13.0
5.3
0.3
39.3
84.4
Disposals
(1.7)
(12.9)
-
-
-
(14.6)
Transfers
2.8

1.0
 11.9
 -
 (15.7)

At 31 December 2003

869.1
 551.7
 454.9
 104.3
 36.4
 2,016.4

Depreciation

At 1 January 2001

569.8
 339.3
 238.2
 50.5
 -
 1,197.8

Charges

23.1
 28.2
 21.9
 6.4

-
 79.6

Disposals

-
 (3.3)

-
 -
 -

(3.3)

At 31 December 2001

592.9
 364.2
 260.1
 56.9

-
 1,274.1

Charges

19.0
 27.7
 20.2
 6.5

-
 73.4

Disposals

(1.9)
 (0.7)

-
(1.0)
-
(3.6)
At 31 December 2002
610.0
391.2
280.3
62.4
-
1,343.9
Charges
17.3
22.4
21.8
3.9
-
65.4
Provision for impairment
-
1.2
8.0
5.9
-
15.1
Disposals
(0.5)
(10.9)
-
-
-
(11.4)
At 31 December 2003
626.8
403.9
310.1
72.2
-
1,413.0
Net book value
At 31 December 2003
242.3
147.8
144.8
32.1
36.4
603.4
At 31 December 2002
231.5
159.4
157.4

41.6
12.8
602.7
At 31 December 2001
243.4
173.7
159.2
34.2
2.4
612.9
The net book value of tangible fixed assets includes US\$2.1 million (2002: US\$ 3.5 million; 2001: US\$4.1 million) in respect of assets held under finance leases included within buildings.

2003

2002

2001

US\$m

US\$m

US\$m

Group capital commitments

Contracts placed but not provided for

49.3

13.1

2.7

155

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION*(continued)***13. INVESTMENTS**

The Group's investment in joint ventures is in respect of its 50 per cent interest in the Geita mine in Tanzania. This interest is accounted for under the gross equity basis of accounting.

Investment in**Loans to****Other****joint ventures****joint ventures****investments****Total****US\$m****US\$m****US\$m****US\$m**

At 1 January 2001

69.3

31.1

1.5

101.9

Share of retained profit for the year

12.4

-

-

12.4

At 31 December 2001

81.7

31.1

1.5

114.3

Share of retained profit for the year

9.5

-

-

9.5

At 31 December 2002

91.2

31.1

1.5

123.8

Share of retained profit for the year

22.2

-

-

22.2

Loans repaid by joint venture

-

(30.0)

-

(30.0)

Sale of investments

-

-

(1.5)

(1.5)

At 31 December 2003

113.4

1.1

-

114.5

The Group's share of net assets of joint ventures can be analysed as follows:

2003

2002

2001

US\$m

US\$m

US\$m

Intangible assets

50.9

54.8

59.2

Tangible assets

110.4

103.5

103.4

Current assets

31.9

46.8

27.6

Creditors due within one year

(28.3)

(30.5)

(23.9)

Creditors due after more than one year and provisions

(51.5)

(83.4)

(84.6)

Share of net assets

113.4

91.2

81.7

156

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

The principal subsidiary and associated undertakings are:

Company and country of incorporation

Principal

Class of

Interest in

activities

shares held

per cent

Ghana

Ashanti Goldfields (Bibiani) Limited

Gold Mining

Ordinary

No par value

100

Ghanaian-Australian Goldfields Limited

Gold Mining

Ordinary

No par value

80

Teberbie Goldfields Limited

Gold Mining

Ordinary

No par value

90

Guinea

Societe Ashanti Goldfields de Guinee S.A.

Gold Mining

Ordinary

85

Zimbabwe

Ashanti Goldfields Zimbabwe Limited

Gold Mining

Ordinary

100

Isle of Man

Ashanti Treasury Services Limited

Treasury

Ordinary

100

Geita Treasury Services Limited

Treasury

Ordinary

100

Cayman Islands

Ashanti Capital Limited

Financing

Ordinary

100

Ashanti Finance (Cayman) Limited

Financing

Ordinary

100

Ashanti Capital (Second) Limited

Financing

Ordinary

100

United Kingdom

Ashanti Goldfields Services Limited

Holding Company

Ordinary

100

Associated Companies

Geita Gold Mining Limited (Tanzania)

Gold Mining

Ordinary

50

Geita Management Company Limited (Isle of Man)

Treasury

Ordinary

50

14. STOCKS

2003

2002

2001

US\$m

US\$m

US\$m

Mine stores

44.3

51.1

52.6

Ore in stockpiles

17.0

20.1

16.2

Gold in process

7.1

5.4

4.7

68.4

76.6

73.5

157

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

15. DEBTORS

2003

2002

2001

Restated

US\$m

US\$m

US\$m

Due within one year:

Sundry debtors

33.2

10.3

10.8

Prepayments

6.0

3.7

2.4

Deferred expenses

-

-

2.9

Deferred tax

-

-

6.9

39.2

14.0

23.0

Due after more than one year:

Sundry debtors

-

8.8

-

39.2

22.8

23.0

16. CASH

2003

2002

2001

US\$m

US\$m

US\$m

Cash at bank and in hand

52.6

17.1

32.8

Gold and cash in transit

20.2

24.2
 22.4
72.8
 41.3
 55.2

Cash at bank in 2001 includes US\$8.7 million on deposit with Standard Chartered Bank in Ghana as collateral for a loan to Ashanti Goldfields Zimbabwe Limited.

17. CREDITORS

2003

2002
 2001

US\$m

US\$m

US\$m

Amounts falling due within one year:

Trade creditors

36.2

45.2

40.5

Deferred purchase consideration

4.7

3.0

7.3

Accruals and deferred income

90.4

82.9

107.2

131.3

131.1

155.0

Amounts falling due over one year:

Deferred purchase consideration

-

5.8

8.8

Accruals and deferred income

3.6

18.2

41.0

3.6

24.0

49.8

Of the total deferred purchase consideration, US\$4.7 million (2002: US\$8.8 million; 2001: US\$11.3 million) is in respect of the acquisition of Teberebie in 2000. In 2001, US\$4.8 million was due in respect of Golden Shamrock Mines Limited.

Accruals and deferred income of US\$94.0 million includes US\$11.3 million (2002: US\$27.8 million; 2001: US\$65.6 million) in respect of deferred hedging income arising from the early close of hedging contracts.

158

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

18. BORROWINGS

2003

2002

2001

US\$m

US\$m

US\$m

Mandatorily Exchangeable Notes (note a.)

75.0

75.0

-

Enlarged Revolving Credit Facility (note b.)

135.5

144.5

-

Project finance loans (note c.)

24.3

23.4

25.0

5

1

/

2

% Exchangeable Notes

-

-

217.5

Revolving Credit Facility

-

-

55.0

Bank loans and overdrafts

5.4

8.2

21.6

Finance leases

2.1

3.5

4.1

Aviation loans

-

2.3

2.7

242.3

256.9

325.9

Repayments falling due:

Between one and two years

45.1

2.0
267.7
Between two and five years

92.0

136.3

31.9

After five years

80.3

115.9

1.0

After more than one year

217.4

254.2

300.6

Within one year

24.9

2.7

25.3

242.3

256.9

325.9

Notes:

(a)

The US\$75.0 million of Mandatorily Exchangeable Notes ("MENs") are exchangeable into Ordinary Shares on either of the following events:

(i)

the completion date of the first rights issue ("Rights Issue") by the Company undertaken following the date of the MENs Deed Poll; or

(ii)

Ashanti serving a notice of exchange upon the holders of the MENs at any time after the date falling 18 months after the issue of the MENs.

The MENs are exchangeable into Ordinary Shares at an exchange price of the lower of US\$5.40 and the price at which the Company issues Ordinary Shares pursuant to the Rights Issue.

The MENs (if not already exchanged) will be redeemable for cash on the earlier of:

(i)

a takeover offer for the Company, or a scheme of arrangement of the Company, becoming effective; or

(ii)

the date of maturity, being 30 June 2008.

Interest on the MENs is being accrued at the rate of the Enlarged RCF but such interest only becomes payable if the MENs are redeemed for cash following one of the two events above. Any interest accrued will be deemed to be part of the consideration upon conversion of the MENs into equity.

(b)

The Enlarged Revolving Credit Facility ("Enlarged RCF") is stated net of deferred loan fees of US\$3.5 million which is being amortised over the term of the loan. The Enlarged RCF replaced the Revolving Credit Facility outstanding at 31 December 2001. The Enlarged RCF will be repaid in eight semi-annual instalments each of US\$20 million starting 12 months after the first drawdown with a further final instalment of US\$40 million. The term of the loan is five years from 28 June 2002.

The interest rate applicable to the Enlarged RCF increases over the life of the loan. The interest rate is as follows:

(i)

Years 1 and 2 - US dollar London Interbank Offer Rate (US LIBOR) plus 1.75 per cent; and

(ii)

Years 3, 4 and 5 - US LIBOR plus 2.00 per cent.

Financial covenants provide that the ratio of consolidated net debt to consolidated EBITDA (based on the definitions in the Enlarged RCF) is no greater than 2.50:1 for the 12-month period ended on 31 December 2002, decreasing incrementally to 1.50:1 for any 12-month period ending after 30 June 2004 and that the ratio of consolidated EBITDA to consolidated net interest payable (based on the definitions in the Enlarged RCF) is not less than 4.50:1 for the 12-month period ended 31 December 2002, increasing incrementally to 6.00:1 for any 12-month period ending after 30 June 2004.

Additionally, consolidated tangible net worth is not to be less than US\$415.0 million at any time, and consolidated net debt is not to exceed 50 per cent of the consolidated tangible net worth for the periods ending on or before 30 June 2004 and for the relevant periods thereafter shall not exceed 40 per cent of the consolidated tangible net worth. The Enlarged RCF also contains default provisions, including cross-default provisions.

159

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

The lenders under the Enlarged RCF have security over all the hedging contracts entered into by Ashanti Treasury Services Limited and Geita Treasury Services Limited, gold refining and purchasing agreements, insurance contracts, gold in transit and bank accounts. Security has also been granted over substantially all the assets of the Company and Ashanti Goldfields (Bibiani) Limited located in Ghana including the mining leases relating to the Obuasi and Bibiani mines. Ashanti also agreed to use its best endeavours to give security over its shares in Cluff Resources Limited, which owns the Geita mine. In addition, Ashanti has effected a political risk insurance policy, or PRI, of up to US\$131.0 million in relation only to Ghana for the benefit of the lenders who, prior to the closing of syndication, elected to the benefit of PRI. The Group under its Enlarged RCF had undrawn committed borrowing facilities of US\$21.0 million as at 31 December 2003.

(c)

The project finance loans of US\$24.3 million (2002: US\$23.4 million; 2001: US\$25.0 million) are in respect of loans provided to subsidiaries Ghanaian-Australian Goldfields Limited and Teberebie Goldfields Limited and are secured by fixed and floating charges over their respective assets.

19. FINANCIAL INSTRUMENTS

Debtors and creditors arising directly from the Group's operations and gold in transit are excluded from the following disclosures.

Interest rate profile of financial liabilities

The interest rate profile of the Group's financial liabilities at 31 December 2003, 2002 and 2001, which are predominately US dollar denominated were as follows:

Fixed rate borrowings

Weighted

Weighted

average

average

time

Floating rate

Fixed rate

Total gross

interest

for which

borrowings

borrowings

borrowings

rate

period fixed

US\$m

US\$m

US\$m

%

Years

31 December 2003

242.3

-

242.3

-

-

31 December 2002

256.9

-

256.9

-

-

31 December 2001

108.4

217.5

325.9

5.5

1.2

Interest on floating rate borrowings are determined primarily by reference to US LIBOR.

Interest rate profile of financial assets

The interest rate profile of the Group's financial assets at 31 December 2003, 2002 and 2001 which are predominately US dollar denominated were as follows:

Fixed rate

Floating rate

Interest free

Total

US\$m

US\$m

US\$m

US\$m

31 December 2003

-

49.1

3.5

52.6

31 December 2002

-

16.5

0.6

17.1

31 December 2001

-

32.0

0.8

32.8

The financial assets of the Group comprise cash at bank and in hand.

Currency exposures

The Group had no significant currency exposures given that all revenues are US dollar denominated as are the majority of its costs, monetary assets and financial liabilities.

160

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

Fair values of financial assets and liabilities

The fair value of the Group's financial instruments were as follows:

2003

2002

2001

Book

Fair

Book

Fair Book

Fair

value

value

value

value

value

value

US\$m

US\$m

US\$m

US\$m

US\$m

US\$m

Financial instruments held or issued to finance the Group's operations:

Long-term convertible debt

-

-

-

-

217.5

178.4

Long-term borrowings

217.4

217.4

254.2

254.2

83.1

83.1

Short-term borrowings

24.9

24.9

2.7

2.7

25.3

25.3

Cash

52.6

52.6

17.1

17.1

32.8

32.8

Derivative financial instruments to hedge the Group's exposure to gold price risk:

Forwards

-

(400.8)

-

(56.0)

-

117.6

European Put options

-

28.4

-

24.9

-

51.0

European Call options granted

-

(153.2)

-

(102.7)

-

(48.3)

Convertible structures

-

-

-

-

-

10.5

Lease rate swaps

-

(6.6)

-

(16.2)

-

(42.0)

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. The following methods and assumptions were used by the Group in estimating its fair value disclosure for financial instruments:

Cash and other equivalents - The estimated fair value of these financial instruments approximates their carrying values due to their short maturities.

Derivative financial instruments - Market values have been used to determine the fair value of lease rate swaps, call and put options, convertible structures and forward contracts based on estimated amounts the Group would receive or have to pay to terminate the agreements, taking into account the current interest rate environment or current rates for similar options on forward contracts.

Long-term debt - The estimated fair values of the Group's long-term debt are based on current interest rates available to the Group for debt instruments with similar terms and remaining maturities.

161

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION*(continued)***Hedging**

It is the Group's policy to hedge the risk of movements in the gold price using several types of derivative financial instruments.

Gains and losses on instruments used for hedging the gold price are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on the instruments used for hedging and the movements therein, are as follows:

Net Gains/**Gains****Losses****(Losses)****US\$m****US\$m****US\$m**

Unrecognised gains/(losses) on hedges at 1 January 2001

124.5

(4.5)

120.0

Gains arising in previous years recognised in the year

(54.4)

-

(54.4)

Gains/(Losses) arising before 1 January 2001 not recognised in the year

70.1

(4.5)

65.6

Gains/(Losses) arising in the year and not recognised

-

-

-

Unrecognised gains/(losses) on hedges at 31 December 2001

70.1

(4.5)

65.6

Gains/(Losses) expected to be recognised within one year

34.7

-

34.7

Gains/(Losses) expected to be recognised after one year

35.4

(4.5)

30.9

Net Gains/**Gains****Losses****(Losses)****US\$m****US\$m****US\$m**

Unrecognised gains/(losses) on hedges at 1 January 2002

70.1
(4.5)
65.6
Gains arising in previous years recognised in the year
(34.7)
-
(34.7)
Gains/(Losses) arising before 1 January 2002 not recognised in the year
35.4
(4.5)
30.9
Gains/(Losses) arising in the year and not recognised
2.9
(6.0)
(3.1)
Unrecognised gains/(losses) on hedges at 31 December 2002
38.3
(10.5)
27.8
Gains/(Losses) expected to be recognised within one year
20.0
(5.3)
14.7
Gains/(Losses) expected to be recognised after one year
18.3
(5.2)
13.1
**Net Gains/
Gains
Losses
(Losses)
US\$m
US\$m
US\$m**
Unrecognised gains/(losses) at 1 January 2003
38.3
(10.5)
27.8
(Gains)/Losses arising in previous years recognised in the year
(20.0)
5.3
(14.7)
Gains/(Losses) arising before 1 January 2003 not recognised in the year
18.3
(5.2)
13.1
Gains/(Losses) arising in 2003 and not recognised
-
(1.8)
(1.8)
Unrecognised gains/(losses) on hedges at 31 December 2003

18.3

(7.0)

11.3

Gains/(Losses) expected to be recognised within one year

18.3

(7.0)

11.3

162

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION

(continued)

20. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred

Site

tax rehabilitation

Total

US\$m

US\$m

US\$m

At 1 January 2001 Restated

-

14.6

14.6

Charge for the year

-

3.3

3.3

At 31 December 2001 Restated

-

17.9

17.9

Charge for the year

4.4

2.7

7.1

At 31 December 2002

4.4

20.6

25.0

Charge for the year

-

5.6

5.6

Utilised during the year

-

(2.8)

(2.8)

At 31 December 2003

4.4

23.4

27.8

The site rehabilitation provision is expected to be utilised over the next 20 years.

2003

2002

2001

Restated

US\$m

US\$m

US\$m

Deferred tax

Provision for deferred tax consists of the following amounts:

Arising on fixed assets

144.9

141.9

168.4

Other timing differences

(5.1)

(5.3)

(2.3)

Tax losses carried forward

(135.4)

(132.2)

(173.0)

4.4

4.4

(6.9)

The deferred tax assets as at 31 December 2001 of US\$6.9 million is included in debtors (see note 15).

21. STATED CAPITAL

Number of shares

Authorised

200,000,000 ordinary shares of no par value

200,000,000

1 special rights redeemable preference share of no par value

1

200,000,001

Issued

Stated capital

shares

US\$m

Allotted and fully paid

At 1 January 2003:

Ordinary shares of no par value in issue

126,893,915

588.0

Issue of shares at US\$3.00 in respect of the exercise of the warrants

3,593,053

11.0

At 31 December 2003:

Ordinary shares of no par value in issue

130,486,968

599.0

Ordinary shares in treasury

556,987*

-

1 special rights redeemable preference share of no par value

1

-

131,043,956

599.0

* The 556,987 ordinary shares held in treasury do not qualify for dividends and do not have voting rights.

163

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION
(continued)

Based on the prices quoted on the NYSE, the Company's share price traded between a high of US\$14.20 and a low of US\$4.25. As at 31 December 2003, the Company's market capitalisation based on a share price of US\$13.04 on that date was US\$1.70 billion.

The Government holds the special rights redeemable preference share of no par value (the "Golden Share"). The Golden Share is non-voting but the holder is entitled to receive notice of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden Share has a preferential right to return of capital, the value of which will be 1,000 cedis.

The Regulations of the Company provide that certain matters, principally matters affecting the rights of the Golden Share, the winding up of the Company or the disposal of a material part of its assets, shall be deemed to be a variation of the rights attaching to the Golden Share and shall be effective only with the written consent of the holder of the Golden Share.

All of the ordinary shares in issue rank *pari passu* in all respects.

On 30 April 2003, the Company in general meeting passed a special resolution renewing an existing authority to make market purchases of its own shares up to an aggregate of 12,600,000 ordinary shares at a price per share (exclusive of expenses) of not more than 5 per cent above the average of the middle market quotations for the shares taken from the Daily Official List of the LSE for the five business days immediately before the date of purchase. However, the Company did not utilise this authority. The authority for the Company to purchase its own shares will expire on 30 July 2004 or at the conclusion of the Annual General Meeting in 2004 (if it is held).

In November 1999, pursuant to an agreement with the Company's hedge counterparties, a wholly-owned subsidiary, Ashanti Warrants Limited, issued unlisted warrants to subscribe for Mandatorily Exchangeable Securities under which the securityholders have the option of converting the securities into ordinary shares at a conversion price of US\$3 per share. The warrants were issued in three equal tranches with expiry dates of 28 April 2004, 28 October 2004 and 28 April 2005. As at 1 January 2003 there were 5,889,879 outstanding warrants. During 2003, a total of 3,593,053 warrants were exercised at US\$3 leaving 2,296,826 warrants outstanding at 31 December 2003.

The conversion rights of the remaining warrants could give rise to the issue of up to 2,296,826 ordinary shares.

In June 2002, the Group issued US\$75.0 million of MENs which are exchangeable into ordinary shares at an exchange price of the lower of US\$5.40 and the price at which Ashanti's ordinary shares will be issued pursuant to the rights issue. At a price of US\$5.40 this could give rise to an issue of 13.9 million Ashanti ordinary shares. Pursuant to the subscription agreements for the MENs, Ashanti was obliged to use its best efforts to complete a rights issue by 28 December 2003. In light of the proposed merger with AngloGold, Ashanti agreed with Lonmin and the Government that the period to effect the rights issue would be extended to 28 December 2004. On implementation of the merger, the MENs will be redeemed in accordance with the terms.

The AGC Senior Management Share Option Scheme

As at 31 December 2000, options granted to directors and staff over 8,296,772 shares remained outstanding. As part of the review of the Company's remuneration arrangements conducted prior to the Annual General Meeting on 25 April 2001, option holders were invited to cancel all outstanding options voluntarily. The proposal was made on the basis that for every 10 shares then under option a new option would be granted over three shares.

In the case of executive directors and certain members of the Company's senior management, their outstanding "underwater" options were required to be surrendered in order to receive any further awards under the Company's long-term incentive plans.

Options over 5,364,485 shares in respect of other senior management and 508,050 shares in respect of executive directors were cancelled in accordance with the invitation. Options over 2,189,787 shares lapsed. Options over a further 396,716 shares lapsed under the rules of this scheme on 31 December 2002.

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION*(continued)*

Following the cancellation, re-grant and lapsing of options described above, and subsequent award of options on 22 August 2002, the total number of ordinary shares over which executive directors and senior management held options as at 31 December 2003 is as set out below:

Period of exercise**Option****Number of****price ordinary shares of****Code****US\$****no par value**

13 July 2003 - 12 July 2010

A

1.66

40,000

28 August 2003 - 27 August 2010

B

2.55

50,000

3 May 2004 - 2 May 2011 (Replacement Options)

C

2.29

1,445,844

3 May 2004 - 2 May 2011

D

2.29

906,290

22 August 2005 - 21 August 2012

E

4.88

599,560

3,041,694

All options granted on 3 May 2001 were granted with exercise prices of US\$2.29. They ordinarily become exercisable on 3 May 2004 and lapse on 2 May 2011. Options granted on 22 August 2002 were granted with an exercise price of US\$4.88 and ordinarily become exercisable on 22 August 2005 and lapse on 21 August 2012. No options were granted in 2003.

An analysis of options held by directors as at 31 December 2003 using the codes shown above is set out below:

B**C****D****E****Total**

S E Jonah

-

87,000

173,664

79,700

340,364

M Botsio-Phillips

-

13,500

18,760

14,130

46,390

*E D Ofori Atta

-

13,500

16,509

12,430

42,439

*T S Schultz

-

38,415

55,229

39,000

132,644

S Venkatakrisnan

50,000

-

52,828

37,300

140,128

50,000

152,415

316,990

182,560

701,965

*Retired on 31 December 2003.

22. DIRECTORS' INTERESTS

The beneficial interests, including family interests, of the directors holding office at the end of the year in ordinary shares of the Company are set out below:

Shares

Shares under options granted

1 January

31 December

1 January

31 December

2003

2003

2003

2003

M E Beckett

1,873

1,873

-

-

S E Jonah

59,690

64,190

340,364

340,364

T E Anin

53

53

-

-

M Botsio-Phillips

100

2,350

46,390

46,390

L Chalker

-

-

-

-

C A Crocker

-

-

-

-

T Gibian

20,000

20,000

-

-

G E Haslam

-

-

-

-

M P Martineau

-

-

-

-

N J Morrell

-

-

-

-

*E D Ofori Atta

553

2,803

42,439

42,439

*T S Schultz

31,245

20,463

132,644

132,644

S Venkatakrisnan

-
2,250
140,128
140,128
165

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION*(continued)**The AGC 1994 Employee Share Scheme*

The shareholder approved AGC Employee Share Scheme replaced the Performance Share Plan in 2001.

Under the AGC 1994 Employee Share Scheme, executive directors and key employees receive Ashanti's shares for free if specified challenging internal and/or external performance conditions are achieved. For the awards set out under Category `A' below, these targets must be met over the three-year period following the making of the award. Provided those targets are met, the shares are then transferred to participants free of charge at the end of that period. In respect of awards set out under Category `B' below, such targets had to be met before the awards were made after which the shares were awarded and are to be held in trust for three years from the date of award, on expiry of which they will be transferred to participants free of charge. On 22 August 2002, Ashanti issued, 234,571 new Ashanti ordinary shares under this scheme of which 129,871 ordinary shares were awarded to executive directors.

As at 31 December 2003 the following awards have been made to the directors holding office at the end of the year under the AGC 1994 Employee Share Scheme:

Shares awarded under the AGC**1994 Employee Share Scheme****Name****Category `A'****Category `B'**

S E Jonah

-

64,040

M Botsio-Phillips

12,000

9,036

*E D Ofori Atta

10,560

8,000

*T S Schultz

35,328

24,940

S Venkatakrishnan

33,792

23,855

91,680

129,871

*Retired on 31 December 2003.

The final tranche of shares awarded under the Performance Share Plan in July 2000 vested on 4 July 2003.

Participants including directors holding office earned 75 per cent of awards and shares were transferred to them accordingly.

Between 1 January 2004 and 10 February 2004, there were no changes in the above directors' interests.

23. RESERVES**Profit****Non-****and****distributable****loss****share deals****account****account****Total**

US\$m

US\$m

US\$m

At 1 January 2001

(277.0)

19.0

(258.0)

Retained profit for 2001

59.9

-

59.9

At 31 December 2001

(217.1)

19.0

(198.1)

Retained profit for 2002

56.2

-

56.2

At 31 December 2002

(160.9)

19.0

(141.9)

Retained profit for 2003

49.2

-

49.2

At 31 December 2003

(111.7)

19.0

(92.7)

Group reserves as at 1 January 2002 have been restated for the adoption of FRS 19 (see note 27).

In accordance with the Ghana Companies Code 1963 (Act 179), all transactions relating to the purchase and re-issue of the Company's own shares are recorded in a non-distributable share deals account.

Group reserves is after goodwill written off in previous years of US\$476 million (2002: US\$476 million; 2001: US\$476 million) arising on the acquisition of subsidiary undertakings.

166

ASHANTI GOLDFIELDS COMPANY LIMITED - NOTES TO THE GROUP FINANCIAL INFORMATION
(continued)

24. RECONCILIATION OF OPERATING PROFIT BEFORE EXCEPTIONAL OPERATING COSTS TO