



August 3, 2000

1. AngloGold

AngloGold is a young company, with much older roots.

The roots of our company are to be found in the company created by Ernest Oppenheimer in 1917 in order to raise money for what was then considered deep level mining in the Witwatersrand East Rand. Deep level mining at that time was considered mining below 800 feet (when fully developed Geita will be mining at below 1 200 feet).

It is interesting to remember that Ernest Oppenheimer raised money for this deep level mining from London and New York. Considering that the assets were in Africa, Oppenheimer wanted to call this new company either the Anglo African or the American African Corporation. The inclusion of African was fiercely resisted by the Northern Hemisphere investors. And so Africa's largest multi-national company was born as the Anglo American Corporation. Clearly Afro pessimism has long roots!

Much more recently, Anglo American decided to combine all its African gold interests into a single listed vehicle, combining mines, exploration and technical services. So, in early 1998, AngloGold was born. Anglo American remains the controlling shareholder of AngloGold, holding slightly in excess of 50% of our shares. I am very pleased indeed that the Chairman of Anglo, Julian Ogilvie Thompson, and AngloGold's Chairman, and Ernest Oppenheimer's grandson, Nicky Oppenheimer, are present today.

Since its creation, AngloGold has substantially restructured its South African operations, reduced cash costs by over \$100 an ounce, and is in the process of modernizing both the infrastructure, mining technology and in particular the skills base of the 80,000 people who work there.

AngloGold is also pursuing a strategy of globalisation. This strategy started in Africa with the acquisitions of interests in the Sadiola Hill mine in Mali, and the Navachab mine in Namibia. Then we acquired mines in the United States, Brazil and Argentina; thereafter, interests in four gold mines in Australia. And most recently our interest in the Morila mine in Mali and Geita.

Africa is our strongest area of growth. When Morila, Geita and the new Yatela mine in Mali are in full production these African operations will be the second largest source of gold production in the company after South Africa, and will be producing some of the company's most profitable ounces.

AngloGold is determined to become a gold company in the broadest sense. We want to do more than merely produce gold. We have already made an investment with two partners a brand new e commerce business, which will provide both business to consumer and business to business opportunities to sell and trade a broad range of gold related products. More recently, we have made an investment in a South African jewellery manufacturing business.

2. Ashanti

We are delighted to be sharing today's celebration with Ashanti. We regard Ashanti and AngloGold as the continent's two leading gold companies. Ashanti has played a key role in developing gold mining in both West and East Africa. Today's opening, and the three-month early pouring of Geita's first gold is clear evidence of the competence of the Ashanti team. Sam Jonah has played a key role in putting our continent on to the world map, and I'm both pleased and proud to be his partner. When we agreed to become partners here in Geita we also entered into a broader strategic alliance to seek opportunities to work together throughout Africa, including in our home countries.

3. Tanzania

AngloGold, and before it, Anglo American, have for some years regarded Tanzania as one of the most gold prospective countries in the world. Our experience in exploring, and now joint venturing an important mine, has been hugely positive. The Tanzanian government clearly values its mining industry. It has created a policy, tax and regulatory environment attractive to mining investors. We look forward to a long and productive relationship with both the government and people of Tanzania.

4. Africa's Gold agenda

Finally, permit me a few thoughts on the vital, shared interests that unite our continent, Africa, with our product, gold.

In today's global economy all countries on all continents must compete or perish. We have experience enough to realise that we can expect neither charity nor favours in the global market place. And the rules of the game we must play have been written by those already long on the field. Developing nations such as Tanzania, Ghana and South Africa enter the game late, with at least a few players short and with the other side having already put goals on their scoreboard. At best we can insist that the referee behave fairly.

To compete, we must find those industries and areas of economic activity where developing nations such as our own have some leverage. I am convinced that the gold industry is just one such area. More than half of the annual world gold production comes from developing nations. Most of the future prospective gold mines are to be found in developing countries. This is an industry where gold producers such as Tanzania, Ghana and South Africa can indeed compete.

However one key characteristic makes gold different from any other mineral or commodity. Over many decades major developed nations have accumulated very large amounts of gold bullion. This gold, held

in the Central Banks of developed nations, as well as in international institutions such as the International Monetary Fund, constitutes some 15 years of new mine production. This large inventory overhangs our market, and concerns about the rapid disposal of this gold have created negative sentiment about, and low prices for, gold.

We cannot ask large holders not to sell. If we want customers to buy our product they must clearly be free to sell. But we can ask customers who are also important national and international public institutions, who have accumulated gold over a very long period (and often, we should note, from what were then colonial territories, and are today emerging market economies) to conduct their sales in a way which does not disrupt gold markets, nor undermine confidence in the future of this metal.

Last year, African governments co-operated with other developing economies in a range of international arenas to ask just this. The IMF decision to raise funds for debt relief in a way which would not require putting gold on open markets, and the agreement between European

Central Banks (subsequently endorsed by others, and thus representing 85% of all Official sector gold holdings) was - in part - the positive consequence of such calls.

Key players in achieving this are here today in the form of both the President of Tanzania, his Ministers, the Minister of Minerals and Energy of South Africa, and the recently retired President of South Africa's National Union of Mineworkers.

Is there not more that gold producing countries can and should do to ensure stability in gold markets? Do we need to wait for another crisis? Over the decades, countries have co-operated to promote their shared economic interests. The orderly and transparent lending and leasing of gold is an example of some of the policy issues which gold producing nations can and should debate and find common purpose. Could not Africa take the lead in convening a gathering of governments and social partners to consider what is needed to ensure both a level playing field and a sound future for this metal, now so much an engine of developing nation prosperity? Developed nations should participate but let Africa lead.

August 3, 2000, Geita, Tanzania

Your Excellency President Benjamin Mkapa, Honorable Ministers from Tanzania, Ghana and South Africa, Honourable Regional Commissioner, Chairman of Ashanti Goldfields Company, Chairman of AngloGold, Chief Executive of AngloGold, Distinguished Guests, Ladies and Gentlemen.

In 1996, Ashanti signalled its intention to become a major player in the global gold industry with the acquisition of Cluff Resources.

The acquisition brought two producing mines - Freda Rebecca in Zimbabwe and Ayanfuri in Ghana - and an exploration project called Geita. Soon after the acquisition, an Ashanti team led by myself visited this very site. At that time, Cluff had spent less than one million US Dollars in one-and-half years to delineate 400,000 ounces in inferred resources. This was achieved by a young couple, Hugh Stuart and Jan and a team of young Tanzanians, under the directorship of Peter Cowley, currently the Managing Director of our exploration wing. We walked the ground, looked around and were very excited.

But Mr. President, if anybody had told me at that time, that three years on, we would be witnessing the commissioning of the second largest gold mine in Africa outside South Africa, a modern staff village and one of the largest processing plants on the continent, even for me, an eternal optimist, that would have been incredible. This Mr. President, is the source of our excitement today.

After spending over US\$12 million on exploration costs, Ashanti has increased Geita's resource base from the original 300,000 ounces to over 12 million ounces and over 5 million ounces have been proved in reserves. It is on this solid foundation that this impressive mine has been built.

Mr. President, the project itself has been completed in record time and at a cost of US\$165 million. Ashanti now has ownership in three of the six largest mines in Africa outside of South Africa, namely; the Obuasi mine in Ghana; the 300,000 ounce per annum recently expanded Siguiri mine in Guinea, and now the 500,000 Geita mine here in Tanzania.

That Ashanti has been able to complete the project in 13 months and done so three months ahead of schedule, is nothing less than a miracle, particularly given the very distressing nine months that Ashanti has had.

Mr. President, mines are made. Without the right enabling environment, a world-class ore body will remain buried in the ground. In my Akan vernacular, we have a saying which says that "What is destined to succeed always attracts the appropriate support." This Ghanaian proverb has a relevant application here for if Ashanti has come this far with this great nation, it

is largely due to the conditions available here, and the support which your Government and its senior officials, as well as the ordinary people of this country, have extended to us.

Mr. President, capital is nomadic and would naturally migrate to wherever greener pastures have been cultivated. Such an environment has certain essential attributes: political stability without which economic activities cannot flourish, respect for the rule of law and property rights as well as an attractive macro-economic policy framework with appropriate incentives for investors. Mr. President, in this beautiful country of yours, the pastures are very green. Thanks to the bold socio-economic reforms which were instituted by the government in 1986, Tanzania is now a model for creating the right environment for foreign direct investment in Africa.

Yet only a decade ago, this country was not attracting its deserved share of investment. Not any more, Mr. President. Indeed, I believe that with the increasing activities going on here in this country, Tanzania will become even more prominent among the world's mineral producers. Today and publicly, Ashanti Goldfields salutes the government of Tanzania for the positive role model it is providing for Africa at a time when this continent has become the scene where international television teams document harrowing stories of war, poverty, human rights abuses and other disasters, some of which are clearly self-inflicted.

Your Excellency, the message we are sending from Geita to the world today is that Africa is not one black homogeneous monolith. In some countries in this continent, and at various levels, many are confronting the future with considerable hope. Tanzania clearly and deservedly belongs to this category.

Mr. President, the project here is a result of a team effort and it is now appropriate for me to recognise just a few who have contributed to make today's event possible. Your Excellency, in spite of the Beijing Conference and its aftermath, we would proceed with ladies first!

At the local level here, Mr. President, the District Commissioner, Mama Halima Hatibu often went out of her way to take on some of the burdens that come with path-finding. In assisting to bring the project to this stage, nothing has been too much or too difficult for her to do. While we bid her farewell from Geita, we warmly welcome her successor, Captain John Chilagati.

I would also wish to recall the contribution of the Honourable Minister for Mines and Energy, Dr Abdallah Kigoda who personally travelled to Ghana at our invitation to establish the basis for a long-lasting relationship between Tanzania and Ashanti. It was he who requested that his technical team, ably led by Mr. Gray Mwakalukwa, the Commissioner for Mineral Resources, as well as key decision-makers and political leaders from this country should follow his trail to continue with the relationship-building with Ashanti.

Mr. President, all these people and many more have played significant roles in making Geita possible; but the biggest possible credit should certainly go to you, Mr. President. All this would not have been possible but for your personal intervention and commitment. Your Excellency, you received me as a son of Africa. You made me feel that this was my home. You graciously received me on three occasions and on each occasion you went out of your way to encourage me to prevail in the task of restoring the golden era of Geita which was blighted over 30 years ago.

Your Excellency, this mine will stand for a long time to come, as a lasting monument to your courage, leadership and the great support you have given to us. But may I venture to say, Mr. President that your well-known support for the mining sector will be needed in even greater measure.

Now that this mine is up and running, calls will undoubtedly be made for the imposition of additional taxes and levies. In the short run, this may make sense, but in the long run, higher taxes would lead only to a loss of investor confidence at a time when we should seize on the

momentum to encourage greater capital flows into this beautiful country. Mr. President, this sector needs your continued encouragement to transform it into the economic powerhouse that it should be.

I would now like to place on record, the contribution of some key members of the Geita team. First our own Uncle Mzee Freddie Mchauru himself. Freddie had known Geita from when it was a producing mine in the sixties. He knew the territory well and of course he had been associated with it during the Cluff exploration days. Freddie had doors opened to us and further directed us on how we could become better guests of Tanzania. We must give him the credit for making us so welcome and so acceptable in this country. Mr. President, in keeping with the Ashanti tradition of immortalising our heroes, we have named the staff village at this mine after him.

Then of course we recognise our own Director, Dr. Hassy Kitine and our brother Mr. Nick Kassum. Their support has been a blessing to all of us.

Now, to the other members of the Ashanti team some of whom deserve special mention. First, there is Trevor Schultz, Ashanti's Chief Operating Officer. Trevor made countless trips to Tanzania to meet with and assure our suppliers that all will be well in due course. His role made it possible for me to concentrate on the resolution of the other major issues facing the company.

I would also want to mention the name of Harry Michael, the Managing Director. Harry's determination knew no bounds. He knew no obstacles and sometimes his unalloyed determination was mistaken for the sort of obstinacy without which perhaps, this project may not have been completed in the manner it was.

Working closely with Harry, was David Renner who actually saw through the project as its Manager from the initial stages through design, construction to commissioning. Mr. President, this is significant to us for, Ashanti achieved a first with Bibiani when a young Ghanaian was selected to take the project from the very beginning through to commissioning and management. He is currently now the Managing Director of the mine and what a fine Managing Director and a mine both have turned out to be. David has followed that trail, and so will many others.

Mr. President, this is a measure with which Ashanti's commitment on empowerment should be judged. We believe that given the encouragement, given the right training, given the opportunity, our Tanzanian brothers and sisters will be capable of emulating these examples. That is what Ashanti stands for and that is what Ashanti has decided to establish here.

We also owe a debt of gratitude to the various teams and indeed the other personnel from Ashanti whose collaboration with their Tanzanian hosts has created such a wonderful mine.

I would particularly like to express in this context, my heart-felt appreciation to the contractors and the suppliers, for their forbearance and for believing and staying with us right to this point. Ashanti is popularly known in Ghana as "the big elephant" and as you know, elephants have long memories. I want to assure all our collaborators that their contributions will never be forgotten by us.

Mr. President, in March this year, we had to take the painful decision to invite participation in the ownership of this great mine. The decision was not taken lightly. Just like in a marriage, a selection of a long-term partner is the most difficult decision one can take especially when you have many attractive suitors.

Mr. President, in AngloGold, we found a company which shared Ashanti's values and our commitment to Africa. AngloGold is an African company and by the way, it just happens also to be the world's biggest gold producer! Their track record demonstrates very clearly that they believe in Africa and are very committed to the development of its gold industry. It is

early days yet, but the signs are there that this partnership would endure. We have already begun planning for how we might expand the Geita mine from processing ore at a rate of 4 million tonnes per annum processing plant to 7 million tonnes per annum.

We at Ashanti, are certainly very excited by the prospects of our partnership with AngloGold, and we think the government and people of Tanzania should be as well. Already a number of factors account for the hope that we believe the project holds out for the ordinary Tanzanian. At the height of the construction, almost 1,400 Tanzanians were employed. Currently, between Ashanti and our mining contractors, nearly 500 Tanzanians are in our employ. Geita town is now booming and it is expected that more spin off businesses will generate additional employment for the people of the area.

Mr. President, we truly believe that the Ashanti experience in other parts of Africa is very relevant here. We seek an active collaboration with the local community because that is a major Ashanti attribute and our strength. In Obuasi, the holistic attitude we have maintained in our operations all these years, has significantly improved the lives of the people in the area. In Siguiri in Guinea, we instituted a credit system which made capital accessible to the local farmers and artisans. This initiative has transformed the lives of the people living around the mine. Our commitment to the protection of the environment has already been attested to in the local press here and by very responsible officials of this great country.

We have also upgraded the 67-kilometre road from Bulyanhulu to Geita to a good all weather road thus ensuring a thoroughfare between Geita and Dar-es-Salaam. In addition, the 22-kilometre water pipe line from Lake Victoria to the mine has provided freely available water to the villages through which it passes. Furthermore, the Geita district hospital has been upgraded by the company which also has embarked on the provision of educational facilities.

With the new all-weather airstrip, it is now possible to fly from Geita to other centres in Tanzania and further on.

This huge project will also be paying significant sums in royalties and taxes to support the economic development of this nation. We plan to produce about 500,00 ounces of gold a year at a cost around US\$180 an ounce and the proceeds should go a long way to improve the balance of payment figures for Tanzania.

The commissioning of Geita must therefore be seen as only the beginning of a true 'golden' age for the Tanzanian economy, and Geita's operation, along with the development and startup of the many other projects currently on the drawing board, should provide the Government treasury, considerable sums in taxes and royalties, as well as critical employment and training opportunities for the people.

We, at Ashanti, are honoured to be part of Tanzania's emerging golden age. Mr. President, you can count on Ashanti and I dare say AngloGold, our veritable partner, on maintaining an active presence in Tanzania for a very, very long time.

Mr. President, 1999 was a trying year for Ashanti. Certainly the last nine months have been a particularly trying time for Ashanti. It has been stressful for the company and for some of us as individuals. As Chief Executive however, I have derived tremendous pride from the fact that in spite of those difficulties, the Ashanti team was ready, willing and able to progress with the establishment of this very fine example of mine development.

Having come this far, let me assure you in return that we will make this project a source of pride to you and that all the efforts you put in; all the encouragement you've given us, will not be in vain. We will not let you down. Ours will be a shining example of what co-operation, partnership between government and the private sector can bring about, working together.

Mr. President, on behalf of my good friend Bobby Godsell, the Chief Executive of AngloGold, I give you my commitment that this partnership would assist in the development of an active

gold mining industry in Tanzania. Your people deserve it; this country deserves it; and you deserve it on account of the excellent leadership you are offering to Tanzania, Africa and the mining world.

Thank you.