

AngloGold Limited
(Registration number 1944/017354/06)
(Incorporated in the Republic of South Africa)
("AngloGold")

Sale of AngloGold's Free State assets

1. INTRODUCTION

The Board of Directors of AngloGold ("the Board") is pleased to announce that agreement has been reached with African Rainbow Minerals (Proprietary) Limited ("ARM") and Harmony Gold Mining Company Limited ("Harmony") for the sale by AngloGold of its entire interests in the gold mining operations comprising the Bambanani, Joel, Matjhabeng and Tshepong mines, as well as their related infrastructure, assets and associated liabilities ("the transaction"). These assets are located in the Free State goldfields, Free State Province, South Africa and are therefore commonly referred to as the Free State assets. ARM and Harmony ("the Joint Venture") will hold equal joint venture interests in the Free State assets upon the implementation of the transaction. The terms and conditions of the transaction are set out below.

2. RATIONALE FOR THE TRANSACTION

It is the strategic objective of AngloGold to develop, acquire and operate long-life, low-cost, world-class gold mining assets. Consequently, in recent years, AngloGold has closed or sold certain operations approaching the end of their profitable lives to operators who are focussed on, and therefore better suited to, operating and extracting value from such assets. Similarly, AngloGold has also disposed of under-performing assets with the objective of realising cash proceeds and freeing up capital and management resources, which can be more profitably applied to its remaining assets to the maximum benefit of AngloGold's shareholders.

AngloGold has previously sold certain of its assets in the Free State and Vaal River goldfields to, amongst others, ARM and Harmony and, most recently, has sold the Elandsrand and Deelkraal mines to Harmony.

Simultaneously, AngloGold has continued to acquire and develop world-class, low-cost, surface and shallow underground assets, has reduced its mining and geographical risk and has focussed upon improving the operational performance of its remaining assets.

AngloGold has previously announced its intention to close the Joel and Matjhabeng mines in the Free State. The Bambanani mine is a mature asset with a medium-term remaining life. Therefore, the sale of these Free State assets is consistent with AngloGold's strategy outlined above. Although, the Tshepong mine is a long-life, low-cost, world-class asset, it is inextricably linked to the remaining Free State assets and would have to be sold as part of a transaction involving all of AngloGold's Free State assets.

AngloGold has long advocated further consolidation in the South African gold mining industry in the interests of ensuring the optimal extraction of value from these assets to the benefit of all of the industry's beneficiaries. ARM and Harmony already own and operate assets in the Free State goldfields, certain of which were acquired from AngloGold. The acquisition of the Free State assets will result in ARM and Harmony becoming the principal operators in a substantially consolidated Free State goldfields region.

The transaction will allow for meaningful participation by previously disadvantaged groupings in both the ownership and the management of a substantial gold mining asset.

The transaction will result in a reduction in AngloGold's total cash cost of production and enhance its profitability, thereby increasing its competitiveness as a global gold producer.

3. OVERVIEW OF THE FREE STATE ASSETS

The Free State assets comprise:

- the gold mining operations known as the Bambanani, Joel, Matjhabeng and Tshepong mines, including their respective underground mine infrastructure, mineral rights and mining leases (“the Free State mines”);
- all surface infrastructure and equipment related to the Free State mines including all mining equipment, all metallurgical plants, all surface rights, all on-mine surface infrastructure, all commercial and residential properties and the Ernest Oppenheimer Hospital and all assets and equipment used in such hospital (“the related assets”);
- all employees of the Free State mines and the related assets unless otherwise agreed with ARM and Harmony;
- all immovable property and all movable property, including vehicles and equipment, used primarily in or by the Free State mines or the related assets;
- all shares in Jeannette Gold Mines Limited owned either directly or indirectly by AngloGold;
- all other mineral rights in the Free State goldfields presently owned by AngloGold;
- all stock in trade, including gold in process and consumable and capital stores which relate directly to the Free State mines or the related assets; and
- all liabilities which relate to either the Free State mines or the related assets.

Following the transaction the only assets which AngloGold will retain in the Free State goldfields will be its Technical Development Services Division and those assets which are part of its wholly owned subsidiary, ISS International Limited.

For the nine months ended 30 September 2001, the Free State assets produced 908,000 ounces of gold at a total cash cost of US\$229 per ounce, resulting in earnings before interest, tax, depreciation and amortisation (“EBITDA”) of R322 million (US\$40 million). This compares to AngloGold’s total production, total cash costs and EBITDA, for the same period of 5,264,000 ounces, US\$184 per ounce and R3,920 million (US\$483 million) respectively. The book value of the Free State assets, as at 30 September 2001, is R2,700 million (US\$299 million).

4. STRUCTURE AND TERMS OF THE TRANSACTION

AngloGold will sell the Free State assets to a wholly owned subsidiary of AngloGold (“New Freegold”) for a consideration of R2,200 million (“the initial sale”). AngloGold has applied to the Commissioner of the South African Revenue Services (“the Commissioner”) for the necessary exemption to allow the initial sale to be considered as a scheme of rationalisation in terms of section 39 of the Taxation Laws Amendment Act (“the section 39 relief”). The consequences, amongst others, of this step will be that the initial sale will:

- be exempt from stamp and transfer duties;
- be exempt from value added tax; and
- not attract any recoupment tax in the hands of AngloGold.

AngloGold will then sell its entire interests in the ordinary share capital of, and any claims on loan account against, New Freegold, to the Joint Venture for a cash consideration of R2,200 million which cash consideration will be payable as follows:

- R1,800 million on 1 January 2002; and
- R400 million on 1 January 2005.

The effective date of the transaction is 1 January 2002. However, the transaction is subject to certain conditions, as discussed in paragraph 5 below. The date on which all conditions will be satisfied is referred to as the implementation date.

New Freegold will assume all liabilities associated with the Free State assets from the effective date, which liabilities include:

- all employee related liabilities, in accordance with the provisions of section 197 of the Labour Relations Act, 1995; and
- all environmental rehabilitation liabilities.

AngloGold will remain liable for all health-care related liabilities for those persons who became continuation and widowed members of AngloGold's health-care programmes prior to the effective date.

On the implementation date AngloGold will transfer control of a dedicated environmental rehabilitation trust fund, with cash resources equivalent to the cost of the environmental rehabilitation liability in respect of the Free State assets as at the effective date, to New Freegold.

New Freegold will repay AngloGold for the value of all consumable stores relating to the Free State assets and acquired as part of the transaction in 12 equal monthly instalments commencing 31 January 2002.

AngloGold will continue to manage the Free State assets up until the effective date. All profits and losses in this period will be for AngloGold's account.

The Joint Venture will manage the Free State assets from the effective date. All profits and losses from the effective date will be for the account of New Freegold. However, should the conditions as set out in paragraph 5 below not be satisfied, these profits and losses as well as the management of the Free State assets will revert to AngloGold.

5. CONDITIONS PRECEDENT

The transaction is subject to, amongst others, the fulfilment of the following suspensive conditions:

- the conclusion of a "black hole" due diligence by the Joint Venture and its advisers to the reasonable satisfaction of the Joint Venture and its advisers by 7 December 2001;
- the conclusion of the formal transaction agreements by 15 December 2001 or such later date as agreed between AngloGold and the Joint Venture;
- the Commissioner granting the section 39 relief by 31 December 2001;
- approval for the transaction in terms of the Competition Act, 1998, by 31 March 2002 or such later date as agreed between AngloGold and the Joint Venture;
- the obtaining of all necessary board and shareholder approvals by 31 March 2002 or such later date as agreed between AngloGold and the Joint Venture; and
- the consent of the Minister of Minerals and Energy to the cession of all mining leases relating to the Free State mines to New Freegold, the granting of a temporary mining authorisation in terms of section 10 of the Minerals Act, 1991, to New Freegold in respect of the Free State mines and the granting of all necessary permits to New Freegold in terms of the Nuclear Energy Act, 1999, by 31 March 2002 or such later date as agreed between AngloGold and the Joint Venture.

6. EFFECTS OF THE TRANSACTION ON ANGLOGOLD

On 5 September 2001, AngloGold announced that it was to make an offer for the entire issued share capital ("the offer") of Normandy Mining Limited ("Normandy"). The offer to Normandy

shareholders other than those located in the United States and Canada opened on Tuesday, 6 November 2001 and to Normandy shareholders located in the United States and Canada on Friday, 9 November 2001. The earliest closing date of the offer is Friday, 14 December 2001. Consequently, because the acquisition of Normandy is incomplete, the effects of the Freegold transaction on AngloGold set out below consider the impact on AngloGold including and excluding Normandy.

6.1 Impact upon production, reserves and other technical factors

The impact of the transaction in relation to the acquisition by AngloGold (excluding Deelkraal and Elandsrand) of Normandy is set out in the following table:

	Excluding sale of Free State assets		Assuming sale of Free State assets	
	Prior to acquisition of Normandy	After acquisition of Normandy	Prior to acquisition of Normandy	After acquisition of Normandy
Total gold production for 12 months ended 30 June 2001 ('000 ounces)	6,889 ^a	9,354 ^a	5,587 ^a	8,052 ^a
Proportion of gold production from South Africa	67% ^b	50% ^b	60% ^b	42% ^b
Proportion of gold production from shallow underground and surface operations	40% ^b	56% ^b	48% ^b	64% ^b
Proportion of EBITDA from South Africa	49% ^c	34% ^c	45% ^c	31% ^c
Proportion of EBITDA from shallow underground and surface operations	56% ^c	70% ^c	58% ^c	72% ^c
Total gold reserves ('000 ounces)	80,200 ^d	106,646 ^d	67,800 ^d	94,246 ^d
Proportion of gold reserves in South Africa	69.7% ^d	52.4% ^d	64.2% ^d	46.2% ^d
Total gold resources ('000 ounces)	373,500 ^e	432,813 ^e	306,000 ^e	365,313 ^e
Total unit cash costs (US\$/ounce)	188 ^f	179 ^f	179 ^f	171 ^f

Notes:

- Determined on a pro forma basis, using publicly available information for Normandy and AngloGold and excluding production from Elandsrand and Deelkraal but including a full year of production from Normandy's Midas (Ken Snyder) mine.
- Determined on a pro forma basis, using publicly available information for Normandy and AngloGold, based on production for AngloGold (excluding Elandsrand and Deelkraal) and Normandy for the six months ended 30 June 2001.
- Determined on a pro forma basis in accordance with International Accounting Standards, using publicly available information for Normandy and AngloGold, based upon EBITDA for AngloGold (excluding Elandsrand and Deelkraal) and for Normandy for the six months ended 30 June 2001.
- Determined on a pro forma basis, using publicly available reserve information as published by AngloGold as at 31 December 2000 (excluding Elandsrand and Deelkraal) and as published by Normandy as at 30 June 2001.

- e. Determined on a pro forma basis, using publicly available resource information (measured, indicated and inferred) as published by AngloGold as at 31 December 2000 (excluding Elandsrand and Deelkraal) and as published by Normandy as at 30 June 2001.
- f. Determined on a pro forma basis, in accordance with International Accounting Standards, using publicly available information as published by Normandy and AngloGold (excluding Elandsrand and Deelkraal) for the six months ended 30 June 2001.

6.2 Financial impacts of the transaction

The table below shows the per share effects of the sale of the Free State assets for the nine months ended 30 September 2001. The financial effects are determined in accordance with International Accounting Standards.

	Prior to the acquisition of Normandy		
	Historical (Base)	After the transaction	% Change
Amounts in Rands per share			
Net asset value (1)	99.36	95.81	(4)
Net asset value (excluding goodwill) (1)	69.09	65.54	(5)
EBITDA (2)	36.61	33.60	(8)
Basic earnings (3)	12.00	8.39	(30)
Diluted earnings (4)	11.84	9.82	(30)
Headline earnings (5)	14.06	13.99	-
Headline earnings before unrealised gain/(loss) on hedging activities (6)	15.04	14.99	-
Weighted average number of shares in issue	107,080,120	107,080,120	
Weighted average diluted number of shares in issue	108,544,987	108,544,987	
Number of shares in issue	107,181,237	107,181,237	
Amounts in US dollars per share			
Net asset value (1)	10.99	10.60	(4)
Net asset value (excluding goodwill) (1)	7.64	7.4	(5)
EBITDA (2)	4.51	4.13	(8)
Basic earnings (3) 1	1.48	1.21	(30)
Diluted earnings (4)	1.46	1.20	(30)
Headline earnings (5)	1.74	1.71	-
Headline earnings before unrealised gain/(loss) on hedging activities (6)	1.85	1.82	-
Total unit cash costs (US\$/ounce)	184	175	5
Total unit production costs (US\$/ounce)	220	210	5

Notes:

1. Computed by dividing shareholders' equity by the number of shares in issue.
2. EBITDA is the earnings before exceptional items, net interest, realised and unrealised gain/(loss) on hedging activities, taxation, depreciation and amortisation. The EBITDA per share computation has been based on the weighted average number of shares in issue.
3. The "after the effects" basic earnings per share is after exceptional items of R599 million (US\$ 74 million) and unrealised losses on hedging activities of R107 million (US\$12 million), net of taxation. Included in the R599 million is an exceptional loss on the sale of the Free State assets of R380 million (US\$ 48million). The basic earnings per share is computed by dividing net profit by the weighted average number of shares in issue.
4. The "after the effects" diluted earnings per share is after exceptional items of R599 million (US\$ 74 million) and unrealised losses on hedging activities of R107 million (US\$12 million), net of taxation. Included in the R599 million is an exceptional loss on the sale of the Free State assets of R380 million (US\$ 48million). The diluted earnings per share is computed by dividing net profit by the weighted average diluted number of shares in issue.
5. The "after the effects" headline earnings per share is before exceptional items of R599 million (US\$ 74 million) . Included in the R599 million is an exceptional loss on the sale of the Free State assets of R380 million (US\$ 48 million). Headline earnings removes items of an exceptional nature and goodwill amortisation from the calculation of earnings per share. Headline earnings per share is computed by dividing headline earnings by the weighted average number of shares in issue.
6. Computed by dividing headline earnings before unrealised gain/(loss) on hedging activities by the weighted average number of shares in issue.

The table below shows the pro forma per share effects of the transaction for the six months ended 30 June 2001. These financial effects are based on the consolidated pro forma income statement and balance sheet, as detailed in Annexure 2 of the circular to AngloGold members related 26 October 2001. The financial effects are determined in accordance with International Accounting Standards.

	After the acquisition of Normandy (1)		
	Pro forma	After the transaction	% Change
Amounts in Rands per share			
Net asset value (2)	163.55	161.10	(2)
Net asset value (excluding goodwill) (2)	126.45	124.00	(2)
EBITDA (3)	24.29	22.80	(6)
Basic earnings (4)	(8.66)	(11.30)	(30)
Diluted earnings (5)	(8.57)	(11.18)	(30)
Headline earnings (6)	(0.44)	(0.47)	(7)
Headline earnings before unrealised gain/(loss) on hedging activities (7)	7.29	7.27	-
Weighted average number of shares in issue (8)	145,873,659	145,873,659	
Weighted average diluted number of shares in issue (9)	147,377,109	147,377,109	
Number of shares in issue (10)	155,140,649	155,140,649	
Amounts in US dollars per share			
Net asset value (2)	19.80	19.50	(2)
Net asset value (excluding goodwill) (2)	15.29	14.99	(2)
EBITDA (3)	3.06	2.88	(6)
Basic earnings (4)	(1.12)	(1.45)	(30)
Diluted earnings (5)	(1.11)	(1.44)	(30)
Headline earnings (6)	(0.06)	(0.06)	-
Headline earnings before unrealised gain/(loss) on hedging activities (7)	0.91	0.91	-
Total unit cash costs (US\$/ounce)	180	172	4
Total unit production costs (US\$/ounce)	224	217	3

Notes:

1. It is assumed for the purposes of the above pro forma calculations that 100% of Normandy shareholders accept the offer by AngloGold of 2.15 shares for each 100 Normandy shares held.
2. Computed by dividing shareholders' equity by the number of shares in issue.
3. EBITDA is the earnings before exceptional items, net interest, realised and unrealised gain/(loss) on hedging activities, taxation, depreciation and amortisation. The EBITDA per share computation has been based on the weighted average number of shares in issue.
4. The "after the effects" basic earnings per share is after exceptional items of R1,580 million (US\$203 million) and unrealized losses on hedging activities of R1,128 million (US\$142 million), net of taxation. Included in the R1,580 million is an exceptional loss on the sale of the Free State assets of R380 million (US\$ 48million). The basic earnings per share is computed by dividing net profit by the weighted average number of shares in issue.
5. The "after the effects" diluted earnings per share is after exceptional items of R1,580 million (US\$203 million) and unrealized losses on hedging activities of R1,128 million (US\$142 million), net of taxation. Included in the R1,580 million is an exceptional loss on the sale of the Free State assets of R380 million (US\$ 48million). The diluted earnings per share is computed by dividing net profit by the weighted average diluted number of shares in issue.
6. The "after the effects" headline earnings per share is before exceptional items of R1,580 million (US\$203 million). Included in the R1,580 million is an exceptional loss on the sale of the Free State assets of R191 million (US\$ 48million). Headline earnings removes items of an exceptional nature and goodwill amortisation from the calculation of earnings per share. Headline earnings per share is computed by dividing headline earnings by the weighted average number of shares in issue.
7. Computed by dividing headline earnings before unrealised gain/(loss) on hedging activities by the weighted average number of shares in issue.
8. The weighted average number of AngloGold shares in issue was 107,041,537 and 1,806,145,187 Normandy shares for the six months ended 30 June 2001. At the ratio of the exchange of 2.15 AngloGold shares for each 100 Normandy shares, the weighted average number of shares in issue for the enlarged group would have been 145,873,659.
9. The weighted average diluted number of AngloGold shares in issue for the six months ended 30 June 2001 was 108,544,987. At the ratio of the exchange of 2.15 AngloGold shares for each 100 Normandy shares, the weighted average diluted number of shares in issue for the enlarged group would have been 147,377,109.
10. The number of shares in issue is based on 107,167,837 AngloGold shares and 2,231,293,599 Normandy shares in issue as at 30 June 2001. At the ratio of the exchange of 2.15 AngloGold shares for each 100 Normandy shares, 47,972,812 shares will be issued to Normandy shareholders giving a total of 155,140,649 AngloGold shares for the enlarged group.

AngloGold believes that the pro forma financial information, as set out, is not entirely indicative of the future financial performance of the enlarged AngloGold.

Shareholders of AngloGold are referred to the AngloGold circular dated 26 October 2001 and Normandy shareholders are referred to the offer documents dated 6 November 2001 and 9 November 2001 for discussions regarding the impact of the

acquisition of Normandy on both historic and future earnings and cash flows of AngloGold.

7. APPLICATION OF THE CASH PROCEEDS OF THE TRANSACTION

AngloGold will apply the cash proceeds of the transaction to the reduction of debt, the settlement of certain liabilities and the completion of major capital projects.

8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

The cautionary announcement dated 10 October 2001 regarding the sale of the Free State assets is hereby withdrawn.

Johannesburg
21 November 2001

Legal Advisers: Tabacks Inc

JSE Sponsor: UBS Warburg