anglogold

REPORT TO SHAREHOLDERS 1998

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ANGLOGOLD LIMITED
(Incorporated in the Republic of South Africa)
(Registration No. 05/17354/06)

Certain forward-looking statements

Certain statements contained in this document, including without limitation, those concerning: (i) the economic outlook for the gold mining industry, (ii) expectations regarding gold prices and production, (iii) the completion and commencement of commercial operations of certain of the company's exploration and production projects, and (iv) the company's liquidity and capital resources and expenditure, contain certain forward-looking statements concerning the company's operations, economic performance and financial condition. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic and market conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in gold prices and exchange rates, and (v) business and operational risk management.

Contents

In this document, $ refers to US dollars unless otherwise stated.

Bobby Godsell at the launch of the Riches of Africa gold jewellery design competition in South Africa in 1998. The purpose is to provide a showcase for design talent, to enhance the technical skills of craftsmen and to stimulate growth in the local gold jewellery industry.

Marketing

As a leading gold company, AngloGold believes that it has real responsibilities for the health of the market place for gold, and intends to play a positive role in improving gold's position in world markets. Whilst AngloGold's commitment to this objective has in the past been realised through the agency of the World Gold Council, from 1999 the company intends to undertake an active market development role in its own name, as well as in partnership with other organisations wherever this will be to the advantage of gold. Although still at an early stage of developing this initiative, we have already undertaken a number of commitments.These include the establishment and the sponsorship of a gold jewellery design competition in South Africa; the launch and sponsorship of a gold design competition in Asia which will go beyond jewellery design; and the sponsorship of gold jewellery design award events for India and of publicity for gold during the 1999 Dubai Shopping Festival. In addition, we have initiated market research into gold consumer issues for the years ahead, and will take further initiatives once findings of this research become available.

Jewellery by J Friedman.

AngloGold's primary listing is on the Johannesburg Stock Exchange. The company is also listed on the London, Paris, Brussels and New York stock exchanges.

Graeme Williams

Financial review

The past year saw gold production decline by 10 per cent to 215,4 tonnes (6.9 million ounces) against a planned reduction of 17 per cent. Despite this, gold revenue improved marginally to R12 003 million as the received price of gold rose by 9 per cent to R58 636 per kilogram. This was achieved in part by the devaluation of the rand and the success of the hedging programme where the increase in the price received was 2 per cent higher than the increase in the rand spot price of gold.

Notwithstanding the fall in production, cash costs per kilogram produced decreased by 2 per cent to R40 439 per kilogram. Aided by a 20 per cent devaluation of the rand against the dollar, this resulted in an 18 per cent reduction in cash costs to $229 per ounce. The disposal of marginal shafts and increased labour productivity were the main reasons for the decline. There was a corresponding 37 per cent increase in gold operating profit.

Gross capital expenditure amounted to R948 million, while the sale of shafts realised R403 million, leading to net capital expenditure of R545 million. This is 40 per cent or R362 million less than in 1997.

Expenditure on exploration amounted to R204 million and income from associates to R221 million. This, together with other net expenditure of R132 million, resulted in a 29 per cent increase in profit before tax. Taxation more than doubled to R886 million due to the higher operating profit and the capital recoupment from the sale of shafts, leaving profit after tax 12 per cent higher at R2 215 million. After deducting the lower appropriation for capital expenditure, available profit totalled R1 661 million, 20 per cent up on 1997.

An interim dividend of 750 cents per share and a final dividend of 800 cents per share were declared for the year.

On an International Accounting Standards (IAS) basis, the operating margin rose from 5 per cent to 20 per cent while return on total capital employed increased from 7 per cent to 21 per cent. This enabled the group to generate cash flow from operations of R2 786 million. This was primarily applied to the paying of R615 million in tax, a gross reinvestment in new projects of R948 million, and in dividend payments of R1 414 million. After taking account of other activities and movements in working capital, cash resources increased by R154 million to R1 318 million.

For an explanation of the differences between the accounting bases used, please refer to page 69.

Summary of results – Appropriation basis

Rand/Metric

			Percentage change 1998/1997	1998	1997
Gold					
Underground operations					
Area mined	– m²	– 000	–21	**4 441**	5 642
Tonnes milled	– 000	– reef	–22	**23 140**	29 654
		– waste	+5	**384**	367
		– total	–22	**23 524**	30 021
Yield	– g/t	– reef	+14	**8,23**	7,23
		– waste	+17	**1,60**	1,37
		– average	+13	**8,12**	7,16
Gold produced	– kg	– reef	–11	**190 456**	214 432
		– waste	+22	**615**	503
		– total	–11	**191 071**	214 935
Productivity					
g/employee		– target	+22	**174**	143
		– actual	+31	**181**	138
m²/employee		– target	+19	**4,41**	3,71
		– actual	+16	**4,16**	3,58
Surface and dump reclamation					
Tonnes treated		– 000	–3	**57 511**	59 581
Yield		– g/t	–	**0,30**	0,30
Gold produced		– kg	–6	**17 025**	18 142
Open-pit operations					
Tonnes mined		– 000	+32	**7 527**	5 714
Volume mined (bcm)		– 000	+25	**3 392**	2 704
Stripping ratio		– t(mined–treated)/t treated	+21	**1,63**	1,35
Tonnes treated		– 000	+18	**2 863**	2 428
Yield		– g/t	–	**2,54**	2,53
Gold produced		– kg	+19	**7 281**	6 141
Total					
Gold produced		– kg	–10	**215 377**	239 218
Revenue		– R/kg sold (excluding accelerated hedge)	+8	**57 049**	52 614
		– R/kg sold (including accelerated hedge)	+9	**58 636**	53 931
Cash costs		– $/oz produced	–18	**229**	279
		– R/kg produced	–2	**40 439**	41 188
		– R/t milled	–3	**104**	107
Uranium oxide					
Tonnes treated		– 000	–19	**2 576**	3 177
Yield		– kg/t	+35	**0,35**	0,26
Production		– kg	+9	**891 000**	816 444
Cost of production		– R/kg	–6	**75**	80
Sales		– kg	–14	**1 508 794**	1 749 000
Financial results (R million)					
Gold		– revenue	+1	**12 002,9**	11 911,7
		– cost of sales	–8	**8 886,9**	9 634,6
		– operating profit	+37	**3 116,0**	2 277,1
Uranium and acid profit			+18	**99,0**	84,2
Exploration costs			+100	**203,5**	–
Corporate administration costs			–10	**294,6**	326,2
Research and development			+100	**27,1**	–
Income from associates			+96	**220,7**	112,4
Other income – net			–26	**189,6**	256,0
Profit before taxation			+29	**3 100,1**	2 403,5
Taxation			+111	**885,6**	419,3
Profit after taxation			+12	**2 214,5**	1 984,2
Appropriation for capital expenditure			–8	**553,7**	599,1
Available profit			+20	**1 660,8**	1 385,1
Earnings		– cents per share	+20	**1 697**	1 416
Dividends		– cents per share	+36	**1 550**	1 136
		– R million	+36	**1 515,3**	1 111,3
Capital expenditure		– mining direct	–9	**883,1**	971,2
		– other	+69	**64,6**	38,2
		– recoupments	+291	**(402,8)**	(103,0)
Net capital expenditure			–40	**544,9**	906,4

Summary of results – Appropriation basis

Dollar/Imperial

		Percentage* change 1998/1997	1998	1997
Gold				
Underground operations				
Area mined – ft^2	– 000	–21	47 802	60 730
Tons milled – 000	– reef	–22	25 508	32 688
	– waste	+5	423	404
	– total	–22	25 931	33 092
Yield – oz/t	– reef	+14	0.240	0.211
	– waste	+17	0.047	0.040
	– average	+13	0.237	0.209
Gold produced – oz – 000	– reef	–11	6 123	6 894
	– waste	+22	20	17
	– total	–11	6 143	6 911
Productivity				
oz/employee	– target	+22	5.59	4.60
	– actual	+31	5.82	4.44
ft^2/employee	– target	+19	47.47	39.93
	– actual	+16	44.78	38.53
Surface and dump reclamation				
Tons treated	– 000	–3	63 395	65 677
Yield	– oz/t	–	0.009	0.009
Gold produced	– oz (000)	–6	547	583
Open-pit operations				
Tons mined	– 000	+32	8 297	6 298
Volume mined (bcy)	– 000	+25	4 437	3 537
Stripping ratio	– t(mined–treated)/t treated	+21	1.63	1.35
Tons treated	– 000	+18	3 156	2 676
Yield	– oz/t	–	0.074	0.074
Gold produced	– oz (000)	+19	234	197
Total				
Gold produced	– oz (000)	–10	6 924	7 691
Revenue	– $/oz sold (excluding accelerated hedge)	–14	316	368
	– $/oz sold (including accelerated hedge)	–14	326	377
Cash costs	– $/oz produced	–18	229	279
	– $/t milled	–19	17	21
Total costs	– $/oz produced	–18	265	323
Exchange rate	– Rand/dollar	+20	5.49	4.59
Uranium oxide				
Tons treated	– 000	–19	2 840	3 502
Yield	– lb/t	+35	0.69	0.51
Production	– lb	+9	1 964 320	1 799 952
Cost of production	– $/lb	–23	6.33	8.18
Sales	– lb	–14	3 326 323	3 855 887
Financial results ($ million)				
Gold	– revenue	–16	2 184.6	2 593.5
	– cost of sales	–23	1 624.9	2 097.3
	– operating profit	+13	559.7	496.2
Uranium and acid profit		–	17.9	17.9
Exploration costs		+100	36.8	–
Corporate administration costs		–23	53.3	69.5
Research and development		+100	4.7	–
Income from associates		+69	40.3	23.9
Other income – net		–55	27.3	61.0
Profit before taxation		+4	550.4	529.5
Taxation		+75	159.1	91.1
Profit after taxation		–11	391.3	438.4
Appropriation for capital expenditure		–22	101.6	130.3
Available profit		–6	289.7	308.1
Earnings	– cents per share	–6	296	315
Dividends	– cents per share	+9	263	241
	– $ million	+9	256.6	236.1
Capital expenditure	– mining direct	–23	160.4	209.1
	– other	+37	11.5	8.4
	– recoupments	+225	(73.2)	(22.5)
Net capital expenditure		–49	98.7	195.0

* Excludes exchange fluctuations

Summary of results – Amortisation basis

Dollar/Imperial

			Percentage* change 1998/1997	1998	1997
Gold					
Underground operations					
Area mined	– ft^2	– 000	–21	**47 802**	60 730
Tons milled	– 000	– reef	–22	**25 508**	32 688
		– waste	+5	**423**	404
		– total	–22	**25 931**	33 092
Yield	– oz/t	– reef	+14	**0.240**	0.211
		– waste	+17	**0.047**	0.040
		– average	+13	**0.237**	0.209
Gold produced – oz	– 000	– reef	–11	**6 123**	6 894
		– waste	+22	**20**	17
		– total	–11	**6 143**	6 911
Productivity					
oz/employee		– target	+22	**5.59**	4.60
		– actual	+31	**5.82**	4.44
ft^2/employee		– target	+19	**47.47**	39.93
		– actual	+16	**44.78**	38.53
Surface and dump reclamation					
Tons treated		– 000	–3	**63 395**	65 677
Yield		– oz/t	–	**0.009**	0.009
Gold produced		– oz (000)	–6	**547**	583
Open-pit operations					
Tons mined		– 000	+32	**8 297**	6 298
Volume mined (bcy)		– 000	+25	**4 437**	3 537
Stripping ratio		– t(mined–treated)/t treated	+21	**1.63**	1.35
Tons treated		– 000	+18	**3 156**	2 676
Yield		– oz/t	–	**0.074**	0.074
Gold produced		– oz (000)	+19	**234**	197
Total					
Gold produced		– oz (000)	–10	**6 924**	7 691
Revenue		– $/oz sold (excluding accelerated hedge)	–5	**316**	334
		– $/oz sold (including accelerated hedge)	–5	**326**	342
Cash costs		– $/oz produced	–18	**229**	279
		– $/t milled	–19	**17**	21
Total costs		– $/oz produced	–18	**265**	323
Uranium oxide					
Tons treated		– 000	–19	**2 840**	3 502
Yield		– lb/t	+35	**0.69**	0.51
Production		– lb	+9	**1 964 320**	1 799 952
Cost of production		– $/lb	–23	**6.33**	8.18
Sales		– lb	–14	**3 326 323**	3 855 887
Financial results ($ million)					
Gold		– revenue	–16	**2 184.6**	2 593.5
		– cost of sales	–29	**1 768.4**	2 476.5
		– operating profit	+256	**416.2**	117.0
Uranium and acid profit			–	**17.9**	17.9
Exploration costs			+100	**36.8**	–
Corporate administration costs			–23	**53.3**	69.5
Research and development			+100	**4.7**	–
Income from associates			+42	**68.4**	48.2
Other income – net			–46	**36.6**	67.7
Profit before taxation			+145	**444.3**	181.3
Taxation			–1 019	**126.8**	(13.8)
Transfer to non-distributable reserve			–100	**–**	15.9
Net earnings			+77	**317.5**	179.2
Earnings		– cents per share	+77	**324**	183
Dividends		– cents per share	+9	**263**	241
		– $ million	+9	**256.6**	236.1
Capital expenditure		– mining direct	–23	**160.4**	209.1
		– other	+37	**11.5**	8.4
		– recoupments	+225	**(73.2)**	(22.5)
Net capital expenditure			–49	**98.7**	195.0

* Excludes exchange fluctuations

Summary of results – Amortisation basis

Rand/Metric

			Percentage change 1998/1997	1998	1997
Gold					
Underground operations					
Area mined	– m²	– 000	**–21**	**4 441**	5 642
Tonnes milled	– 000	– reef	**–22**	**23 140**	29 654
		– waste	**+5**	**384**	367
		– total	**–22**	**23 524**	30 021
Yield	– g/t	– reef	**+14**	**8,23**	7,23
		– waste	**+17**	**1,60**	1,37
		– average	**+13**	**8,12**	7,16
Gold produced	– kg	– reef	**–11**	**190 456**	214 432
		– waste	**+22**	**615**	503
		– total	**–11**	**191 071**	214 935
Productivity					
g/employee		– target	**+22**	**174**	143
		– actual	**+31**	**181**	138
m²/employee		– target	**+19**	**4,41**	3,71
		– actual	**+16**	**4,16**	3,58
Surface and dump reclamation					
Tonnes treated		– 000	**–3**	**57 511**	59 581
Yield		– g/t	**–**	**0,30**	0,30
Gold produced		– kg	**–6**	**17 025**	18 142
Open-pit operations					
Tonnes mined		– 000	**+32**	**7 527**	5 714
Volume mined (bcm)		– 000	**+25**	**3 392**	2 704
Stripping ratio		– t(mined–treated)/t treated	**+21**	**1,63**	1,35
Tonnes treated		– 000	**+18**	**2 863**	2 428
Yield		– g/t	**–**	**2,54**	2,53
Gold produced		– kg	**+19**	**7 281**	6 141
Total					
Gold produced		– kg	**–10**	**215 377**	239 218
Revenue		– R/kg sold (excluding accelerated hedge)	**+16**	**57 049**	49 341
		– R/kg sold (including accelerated hedge)	**+16**	**58 636**	50 576
Cash costs		– $/oz produced	**–18**	**229**	279
		– R/kg produced	**–2**	**40 439**	41 188
		– R/t milled	**–3**	**104**	107
Total costs		– R/kg	**–2**	**46 844**	47 667
Uranium oxide					
Tonnes treated		– 000	**–19**	**2 576**	3 177
Yield		– kg/t	**+35**	**0,35**	0,26
Production		– kg	**+9**	**891 000**	816 444
Cost of production		– R/kg	**–6**	**75**	80
Sales		– kg	**–14**	**1 508 794**	1 749 000
Financial results (R million)					
Gold		– revenue	**+1**	**12 002,9**	11 911,7
		– cost of sales	**–15**	**9 687,8**	11 387,0
		– operating profit	**+341**	**2 315,1**	524,7
Uranium and acid profit			**+18**	**99,0**	84,2
Exploration costs			**+100**	**203,5**	–
Corporate administration costs			**–10**	**294,6**	326,2
Research and development			**+100**	**27,1**	–
Income from associates			**+63**	**363,7**	222,5
Other income – net			**–53**	**151,4**	318,7
Profit before taxation			**+192**	**2 404,0**	823,9
Taxation			**+1 156**	**693,5**	(65,7)
Transfer to non-distributable reserve			**–100**	**–**	74,7
Net earnings			**+110**	**1 710,5**	814,9
Earnings		– cents per share	**+110**	**1 748**	833
Dividends		– cents per share	**+36**	**1 550**	1 136
		– R million	**+36**	**1 515,3**	1 111,3
Capital expenditure		– mining direct	**–9**	**883,1**	971,2
		– other	**+69**	**64,6**	38,2
		– recoupments	**+291**	**(402,8)**	(103,0)
Net capital expenditure			**–40**	**544,9**	906,4

By the time AngloGold was officially launched in mid-1998, the company's new logo and corporate colours were in evidence at all the operations.

Frans Roux

Review of operations

Operating results

AngloGold now has 14 operations in South Africa, and joint ventures in Mali and Namibia. Once the transaction to acquire Minorco's gold assets has been completed, the company will also have operating interests in Argentina, Brazil and the United States.

Several of the South African mines have been renamed. The mines are Matjhabeng (Western Holdings), Bambanani (Freegold 1), Tshepong (Freegold 2 & 4), Joel (H J Joel), Great Noligwa (Vaal Reefs No. 8 shaft), Kopanang (Vaal Reefs No. 9 shaft), Tau Lekoa (Vaal Reefs No. 10 shaft), Moab Khotsong (Vaal Reefs No.11 shaft), Western Deep Levels (WDL) East, WDL South, WDL West, Elandsrand and Deelkraal.

Short-life shafts – those without the potential to produce gold at R40 000 per kilogram ($204 per ounce) – were sold off. This was done to provide the company with cost-competitive production and thus a secure future.

The crucial aspects in 1998 were:

- Gold output;
- Productivity, calculated according to the square metres worked and the grams produced per total employee costed (TEC); and
- Cash costs measured on a dollar/ounce basis.

Gold production for 1998 decreased by 10 per cent against a planned 17 per cent reduction, from 239 tonnes (7.7 million ounces) in 1997 to 215 tonnes (6.9 million ounces) in 1998. The best improvement in gold production year on year came from WDL East mine which produced 22,5 tonnes (723 000 ounces) of gold in 1998, an increase of 23 per cent. There was a

Karl Schoemaker

AngloGold has two open-pit mines on the African continent: Sadiola in Mali (pictured here) and Navachab in Namibia.

corresponding 23 per cent improvement in terms of grams per TEC: from 225 in 1997 to 276. Great Noligwa mine was another outstanding performer with a 17 per cent increase in production to 33,5 tonnes of gold. Productivity was also up, showing a 16 per cent improvement in terms of grams per TEC, from 219 in 1997 to 255.

The signing of productivity agreements for the South African mining operations on, for example, shift rosters, additional production shifts and other initiatives such as self-directed work teams, led to an improvement in the number of square metres worked per TEC, from 3,58 in 1997 to 4,16 in 1998. Good performances on this front came from Elandsrand mine and Tau Lekoa mine which achieved 6,03 and 5,79 respectively.

At Ergo, material treated (50,7 million tonnes) represented a record throughput for the operation. However, due to lower grades there was a 5 per cent decrease in gold production to 12,3 tonnes (395 000 ounces) in 1998. Productivity targets, both in terms of kilograms of gold produced and tonnes treated per TEC, were achieved.

Sadiola mine enjoyed an outstanding year, its second in production. Compared with the previous year, there was a 32 per cent rise in the gold produced to 5 983 kilograms. An increase in total tonnes mined was in line with longer-term ore generation requirements and was represented by a year on year improvement in both plant throughput (23 per cent) and grade (7 per cent). In the latter part of 1998 the plant capacity was increased to the equivalent of 5,2 million tonnes per annum compared with its original design of 4 million tonnes. This happened without any additional capital expenditure.

As a whole the operations made good progress in containing costs. Cash costs improved by 18 per cent in 1998 from $279 per ounce to $229 per ounce. However, in rand per kilogram terms the improvement was only 2 per cent, to R40 439 per kilogram.

Review of operations

continued

The low-cost producers continued to perform. Great Noligwa achieved cash costs of R28 174 per kilogram ($159 per ounce) and WDL East mine R28 122 per kilogram ($159 per ounce). Cash operating costs, before royalty, decreased by 15 per cent to $104 per ounce at Sadiola. Sadiola's cash costs are expected to increase to $132 per ounce in subsequent years as a result of deepening the open pit and reducing yields to optimise the life of the deposit.

Capital expenditure and projects

Gross capital expenditure amounted to R948 million, R62 million lower than in 1997.

A total of R846 million was spent on the Moab Khotsong, WDL South Deepening, Elandsrand Deepening, Joel Taung North shaft and West Wits Carbon Technology Conversion projects. Other metallurgical and engineering projects absorbed a further R59 million.

At Moab Khotsong, the main shaft was commissioned in the second quarter of 1998. Phase 1 of the pumping facilities and settler dams was also commissioned during the year while the sinking of the main shaft extension to 2 900 metres was completed. The rock/ventilation sub-vertical shaft was sunk and lined to 3 600 metres, with the planned sinking completion date being 30 October 1999. Mid-shaft development was introduced during 1998 to facilitate the early opening up of mineral reserves. Six refrigeration plants were installed and commissioned and four additional plants are planned for 1999. Commissioning of the multi-rope electrically coupled Blair Winder will take place in April 1999, to take men and materials down to 3 100 metres.

Navachab, the company's other open-pit operation in Africa. A decision will be made soon about the viability of expanding the open pit to access the ore below.

At the Joel Taung North shaft project, final commissioning of the Taung South decline will occur in the fourth quarter of 1999. Significant redesign work has been completed on the Taung North shaft which will be commissioned in March 2001.

Sinking of the sub-ventilation shaft at the WDL South Deepening project was completed and commissioned in August 1998.

The shaft-deepening phase at the Elandsrand project has been completed. Tunnelling at 3 000 metres and 3 200 metres will continue during 1999.

Sadiola mine was brought into production at a cost of \$280 million, some 9 per cent below budget. During 1998, Sadiola started a \$1 million exploration programme within its 187-square-kilometre exploitation licence area which resulted in the delineation of 12 geochemical gold anomolies. Ground follow-up drilling has shown promising results. This programme will be continued during 1999, focusing on evaluation of identified targets with a budget of \$2 million.

A \$3 million drilling programme to test the nature and resource base of the sulphide ore extensions below the current pit was completed with positive results.

The 50 per cent AngloGold joint venture pre-feasibility study (\$7 million budget) on the Yatela deposit, which lies 25 kilometres north of Sadiola, is progressing well. The project remains on schedule to meet its original completion date of mid-1999. Initial estimates show a resource of around 1.9 million ounces.

A decision will be made during March 1999 as to the viability of expanding the Navachab open pit in Namibia to access ore below the current pit plan. A positive decision will extend the life of the mine by some 12 years.

Bambanani mine near Welkom in South Africa has a radio station which broadcasts a mix of news, interviews and safety tips in five languages. In the studio is senior human resources officer, Allison Sutherland-Tomassi.

Philip Mostert

Review of operations

continued

Industrial relations

In South Africa, as a result of the 1997 wage settlement between the Chamber of Mines and representative trade unions, productivity agreements were introduced at the different operations during 1998. These were either in the form of shift rosters, which returned the operation to a six-day week as opposed to an 11-day fortnight, or additional production shifts.

At Ergo, the 1999 annual wage review focused on three components: inflation-linked adjustment to wages, team efficiency and individual merit awards. Agreement was reached on a two-year wage deal with a wage adjustment of between 9,25 and 9,35 per cent. The Profit Share Scheme was replaced with an Efficiency Bonus Scheme focusing on better-than-budgeted operating profit (on a rand per kilogram basis). All parties also re-committed themselves to the successful introduction of a merit award system at Ergo.

Prospects for 1999

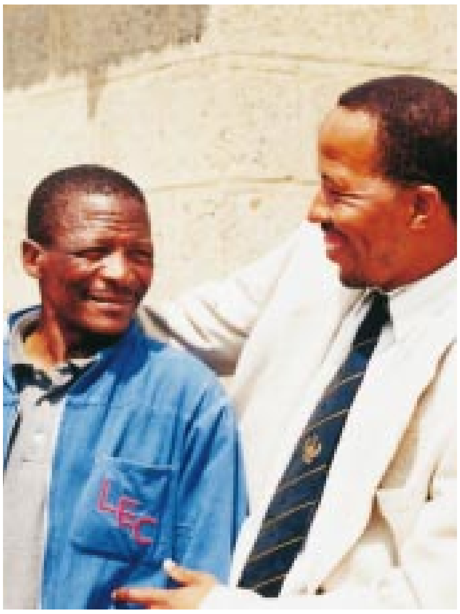
The flattening of the hierarchical structures in management and supervisory levels will receive high priority during 1999. This initiative will improve the lines of communication and overcome any overlap in operational accountabilities and responsibilities.

One-year forecast 1999

Rand/Metric		South African operations	Other African operations	North and South American operations	Total AngloGold
Gold					
Underground and surface operations – South Africa					
Area mined	– m^2 – million	4,2			4,2
Tonnes milled	– million	73,8			73,8
Yield	– g/t (excluding surface operations)	8,10			8,10
Production	– tonnes	185,8			185,8
Cash costs	– R/m^2 mined	1 898			1 898
	– R/t milled	107			107
	– R/kg produced	42 507			42 507
Capital expenditure	– R million	907,7			907,7
Gold					
Open-pit and underground operations – International					
Tonnes milled	– million		2,9	3,2	6,2
Yield	– g/t		2,22	8,69	5,6
Production	– tonnes		6,54	27,94	34,47
Cash costs	– R/kg produced		29 238	31 976	31 457
Capital expenditure	– R million		17,32	349,0	366,32
Total					
Production	– tonnes				220,3
Cash costs	– R/kg produced				40 776
Productivity indices					
Square metres per total employee per month		4,53	–	–	4,53
Grams per total employee per month		191	1 072	998	223

Dollar/Imperial		South African operations	Other African operations	North and South American operations	Total AngloGold
Gold					
Underground and surface operations – South Africa					
Area mined	– ft^2 – million	46.2			46.2
Tons milled	– million	81.4			81.4
Yield	– oz/t (excluding surface operations)	0.24			0.24
Production	– oz – 000	5 974.5			5 974.5
Cash costs	– \$/ft^2 mined	28			28
	– \$/t milled	16			16
	– \$/oz produced	217			217
Capital expenditure	– \$ million	148.8			148.8
Gold					
Open-pit and underground operations – International					
Tons milled	– million		3.2	3.5	6.8
Yield	– oz/t		0.06	0.25	0.16
Production	– oz – 000		210.1	898.3	1 108.4
Cash costs	– \$/oz produced		149	163	160
Capital expenditure	– \$ million		2.8	57.2	60.1
Total					
Production	– oz – 000				7 082.9
Cash costs	– \$/oz produced				208
Productivity indices					
Square feet per total employee per month		48.76	–	–	48.76
Ounces per total employee per month		6.15	34.47	32.10	7.18

The AngloGold rural health initiative will bring benefits to the dependants of employees who live in far-flung areas. Currently, fieldworkers like Lillo Moeti (right) are visiting families to record addresses and the names and ages of the household members.



Safety and health

In this report accident statistics are linked to the hazards identified on the mines and the major risks to the employees as a result of these hazards. Some of the more significant measures in progress to deal with these risks are set out, as well as the major health findings identified through the medical surveillance programme.

The occupational environment

Averaged over the year, the company was responsible for the health and safety of 94 000 employees in service, including 9 600 contractors (i.e. 10 per cent). Because of the disposal of a number of shafts during the year, employee numbers were reduced accordingly and 82 449 were recorded as ‘at work’ at year-end.

The great majority of employees work in underground mining operations, where the mining of narrow reefs takes place at depths between 1 000 and 4 000 metres below surface. High rock temperatures require the control of the thermal environment by means of ventilation and refrigeration. To this end, 14 600 kilograms of fresh air are circulated per second and 695 megawatts of refrigeration employed to provide conditions conducive to health, safety and productivity. The mining method requires tunnelling and stoping of excavations using explosives to generate ore, which is then transported in haulages to vertical shafts for hoisting to surface. These activities can create hazardous conditions which require continual management of the working environment and specific engineering controls.

The Navachab and Sadiola open-pit operations are generally of much lower risk. At Navachab, ore and waste rock is mined by conventional surface drilling and blasting methods. The rock is then taken by truck to the ore and waste piles. At Sadiola, the nature of the ground is such that it can be loaded directly by excavator onto trucks for subsequent transport to the plant.

Frans Roux

Members of the AngloGold Executive Committee visited Kopanang mine - one of several such visits to operations during 1998.

Hazard identification

The nature of the various operations gives rise to the following significant hazard profile:

Safety hazards

- Seismicity and falls of ground
- Transport, machinery and equipment
- Flooding/mud rushes
- Fires
- Explosives and explosions
- Damage to shaft

Health hazards

- Dust
- Noise
- Heat
- Ionising radiation
- Gases

Of these, seismicity, damage to a shaft and the use of explosives, are the most critical safety risks. The most serious risks to health result from dust and noise, caused by mining operations and machinery respectively.

Risk management strategy

The promulgation of the Mine Health and Safety Act in January 1997 placed certain obligations on South African mines to carry out risk assessments and to put into place structures by which health and safety would be managed effectively. AngloGold worked throughout 1997 and 1998 to further improve effective risk management through programmes of risk assessment and employee involvement.

To deal with identified hazards, a strategy for the limitation and effective management of health and safety risks has been in place at all of the underground mines for the past year. It incorporates a structured site-specific approach to the assessment of risks, as well as the training of personnel in hazard identification and risk assessment. It also includes the controlled use of new technology, and administrative structures for the control and auditing of the management systems.

Mine manager Neville Nicolau delivered a rousing address at a show attended by thousands of Great Noligwa employees to celebrate their achievement of one million fatality-free shifts.


Frans Roux

Safety and health

continued

The strategy was developed in response to the significant risks associated with underground mining but the same principles have been adopted at the lower-risk African surface mines.

Risk assessment

Baseline risk assessment

At all the South African mining operations full-time risk assessment teams have completed the baseline risk assessments, as recommended in the Safety in Mines Research Advisory Committee guidelines.

Issue-based risk assessment

Local teams are carrying out issue-driven assessments in the priority areas determined by evaluation of local risks. This work requires a substantial programme that will extend for years to come.

Continual risk assessment

This has been implemented at all the mining operations where every working place is assessed on a regular basis by on-site employees, to determine the associated risks and initiate appropriate action.

Safety and health structures

Trained environmental safety and health officials are employed on a full-time basis to monitor, control and record occupational risk-related matters at all the operations.

By the end of 1998, management at each South African operation had completed negotiations for a health and safety agreement with the representative trade union. These agreements have also had the support of all other unions and associations. As a result, broad-based health and safety committees have been set up together with a network of lower-level committees to increase the involvement of employees.

Full-time union safety and health representatives have been elected and are functioning at all operations. They are proving effective in encouraging the involvement of union men. Nearly half of all working places on all the South African mines now have properly elected and trained representatives, who are also part of the safety and health committee networks.

It is expected that, with improving education standards and the growing involvement of large numbers of employees, there will be improvements in the company's safety and health performance.

Training

More than half of all employees have completed various modules of risk-assessment training. This includes a five-day course for middle and senior management and a three-day course for supervisors. The programme has been extended to include hazard identification for all employees, in order to instil a culture of continual risk identification and evaluation.

Use of technology

Seismicity

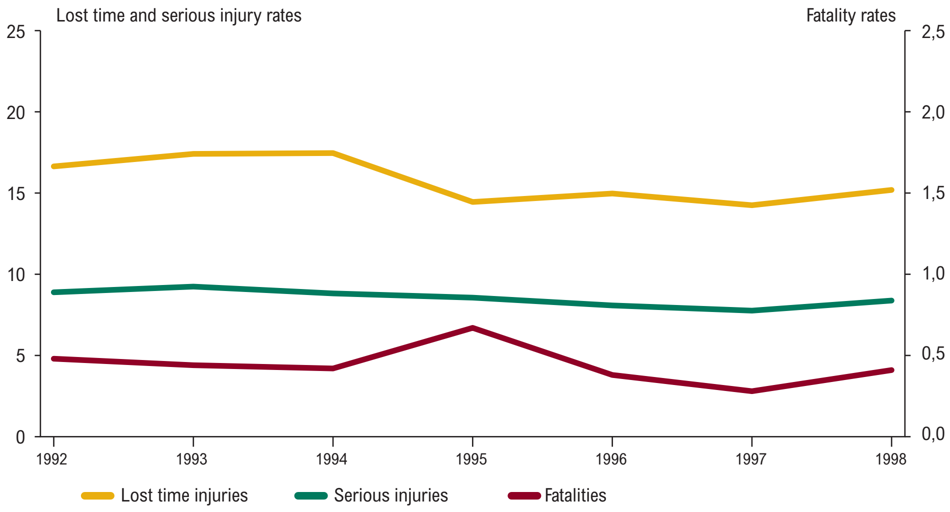
Because seismic events are the greatest hazard to underground workers, the company utilises 24-hour seismic monitoring and analysis systems in all mining areas with a history of seismic activity. The rock engineering discipline is continually developing its expertise in identifying potentially unstable mining areas, with the objective of being able to warn production crews timeously of increasing risk.

The seismic monitoring section produces quality information that is used to make recommendations on rock engineering. The seismic monitoring programme has resulted in improved understanding of seismic activity and early identification of key changes in seismic parameters.

Shaft pillar extraction

Work continues on the removal of shaft pillars (currently three) on operations in the Free State. The relatively few accidents that occurred in these difficult mining areas are considered to be the result of closer monitoring by supervisors and specialist staff. Constant monitoring of rock conditions, seismic alert systems, modified support practices and continual risk assessments, are all factors contributing towards maintaining a safe working environment.

Safety statistics for 1992 – 1998



These techniques will be of great importance during the removal of the shaft protection pillar at the Western Deep Levels West Mine. Work has begun on this hazardous undertaking.

External audits

All operations are audited at specified intervals by outside agencies. Effectiveness of safety and health management systems is evaluated in accordance with the comprehensive protocol of the International Safety Rating System. Audits were carried out at the mining operations and improved compliance with standards was registered.

During November 1998 a wide-ranging assessment of the status and effectiveness of the company's safety and health management efforts was carried out by an internationally respected expert, Geoff Green, a recently retired principal inspector of the Health and Safety Executive of the United Kingdom. His report has been received and the contents are currently under review, with the intention of incorporating these in the new safety and health strategy for 1999.

The company continues to strive towards eliminating and/or controlling the risks associated with fires. Compliance with fire-prevention standards and emergency preparedness procedures is audited annually at every operation.

Safety statistics

Tragically, 99 people lost their lives in mine accidents on AngloGold mines during 1998 (1997: 89).

The 1998 injury rates do not reflect any improvement compared with those achieved in previous years. This can partly be explained by the fact that the shafts disposed of in late 1997 and early 1998, were old, shallow and generally safer.

A new strategy for the remaining mines is under development. It has already been agreed at executive level that a core component will be the concept of zero tolerance with regard to critical safety standards and procedures. The operations have embraced this concept and are investigating the best means of communicating this throughout the workforce.

On the positive side, 'millionaire' status (one million fatality-free shifts) was attained during the year at Great Noligwa, Joel, Navachab and Bambanani mines. The Free State metallurgical plants worked five million hours without a lost time injury (a period of over a year) – a significant achievement by international standards.

The trend in safety statistics since 1992 is shown in the graph, which is based on measures commonly used in international reporting on safety.

Fatality rates and causes of fatalities for 1994 – 98

Falls of ground continue to present the most significant risk to underground employees. A specialist was engaged at corporate level at the beginning of 1998 to assess rock engineering issues and the design of ground support systems is a priority.

The company is also vigorously pursuing research in the fields of rock mechanics and mine seismicity, through its in-house research company, and by participation in the relevant programmes of the South African Department of Minerals and Energy.

Other areas of concern, such as accidents due to machinery and equipment, will be addressed through the risk assessment systems, and health and safety structures now in place.

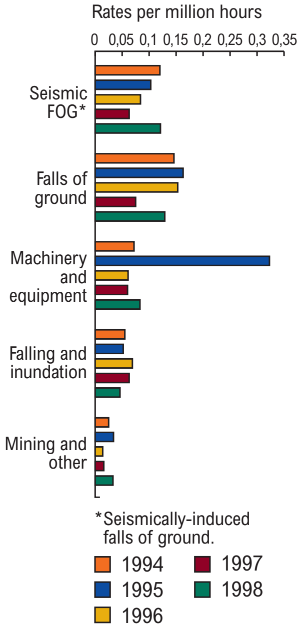
International benchmarking

Figures for the performances of other mining countries provide the starting point for benchmarking studies. During 1998, the figures for Ontario, Canada were selected for use as the targets for superior performance in underground metalliferous mining.

Health hazards

This section focuses on the major environmental conditions giving rise to the health hazards to which employees may be exposed. Health risk statistics for Navachab mine are not available for inclusion, as that assessment programme will only commence in 1999.

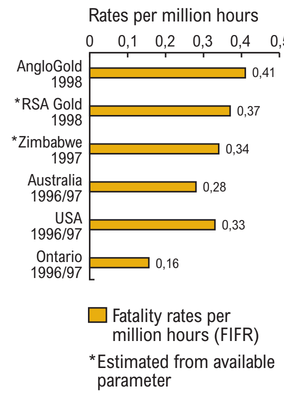
Trends in causes of fatalities 1994 – 1998



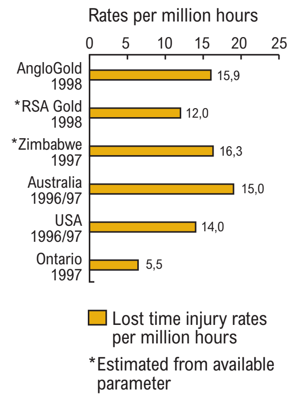
Note: The anomalous 1995 figure for machinery & equipment arises from the Vaal Reefs No. 2 shaft accident.

INTERNATIONAL BENCHMARKS

Underground metalliferous mining



Underground metalliferous mining



Safety and health

continued

Occupational hygiene

Quartz dust

AngloGold annual statistics on quartz dust compare favourably with legal standards. Over 92 per cent of the employees are exposed to quartz dust levels which are lower than half of the internationally accepted legal limit on exposure (0,1 mg/m^3); only 1,4 per cent of employees were exposed to levels exceeding the limit. Investigations and appropriate corrective action were implemented in all cases where exposure limits were exceeded.

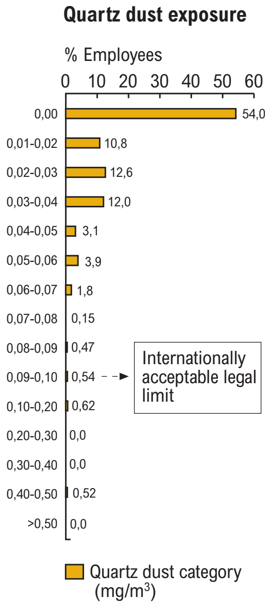
Compared with legal requirements, the annual profile on dust exposures is favourable, but the incidence of dust-related diseases is still a concern. AngloGold is therefore in the process of conducting an occupational dust risk assessment to establish not only the severity of the risk, but also to investigate methods of improved dust control and monitoring.

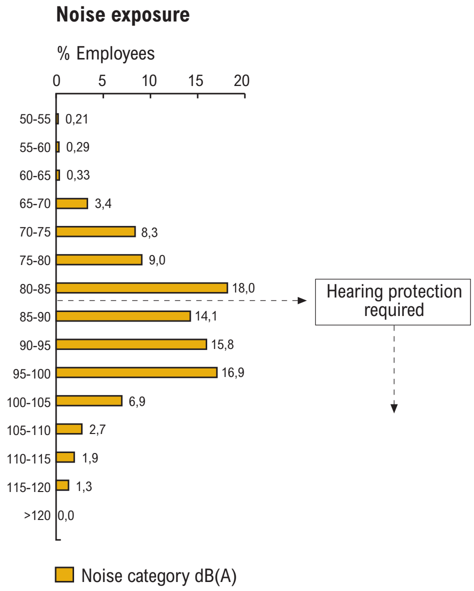
Noise

The noise exposure of 72 692 employees has been assessed. The most critical occupations are those of rock drill operators, team leaders and winch operators. Results of the average noise exposures of the occupations assessed are shown in the chart.

Strategies to reduce noise levels and to protect employees against noise-induced hearing loss continue to be implemented. These include the introduction of muffled rock drills and improvements to hearing conservation programmes.

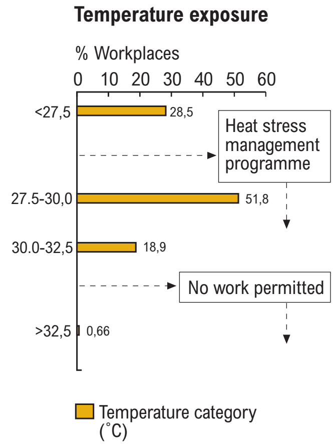
Navachab mine has not yet commenced its noise assessment programme.





Heat

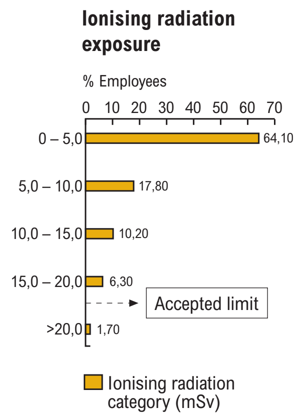
The thermal environment of almost all working places was maintained below 32,5 degrees Celsius wet-bulb. This is the temperature beyond which work is not permitted except in emergencies when special precautions and protection are mandatory. Work in areas where temperatures exceeded 32,5 degrees Celsius was stopped immediately in order to put into effect remedial measures. For areas where the wet-bulb temperature exceeds 27,5 degrees Celsius there is an established heat stress management programme to ensure the safety of workers. The effectiveness of these measures is now the subject of an audit by the occupational hygiene consultant to AngloGold Health Services.



Ionising radiation

Since the licensing of AngloGold's South African mines by the Council for Nuclear Safety in 1993, a systematic assessment of radiation exposure has been undertaken at all the operations. Although the assessment showed that radiation is not a threat to our employees, radiation protection programmes are being implemented to ensure that the acceptable limit is not exceeded during 1999.

An environmental impact assessment was carried out over the last two years to determine whether there is any radiation impact on people living in the vicinity of mining operations. The assessment proved that the impact is well below statutory limits.



Safety and health

continued

Occupational medicine

The past year has been one of progressive achievement for occupational health. The new occupational health centre at West Wits was opened in April 1998. The company now has an occupational health facility in each of the main mining areas. These centres are staffed by occupational medical practitioners and two consultants, one for occupational medicine and the other for occupational hygiene. The South African mines are now in compliance with both the provisions and the spirit of the Mine Health and Safety Act, 1996.

A significant development has been the upgrading of x-ray, lung function and audiometry equipment at each centre. This will enhance medical surveillance capability, especially with respect to early disease detection.

Work has begun on a computerised occupational health information system to be integrated with that used by AngloGold Health Services, expediting occupational medical information capture and allowing analysis to a degree not previously possible. The system will be operational by June 1999.

The main challenges in occupational health remain the relatively high incidence of occupational lung disease (including cardio-respiratory tuberculosis) and noise-induced hearing loss. Compounding the cardio-respiratory tuberculosis problem, is a rising incidence of HIV, which accounts for 48 per cent of the cases seen.

Results of the medical surveillance programme

Medical surveillance is performed in the occupational health centres at all the operations. During 1998, 23 829 initial, 86 151 periodical and 26 975 exit medical examinations were conducted.

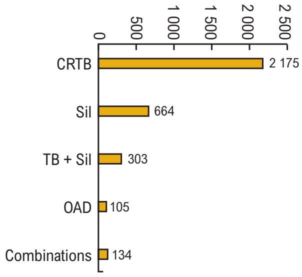
Occupational lung disease

Cardio-respiratory tuberculosis, silicosis and obstructive airways disease are the major occupational lung diseases reported to the South African Medical Bureau for Occupational Diseases (MBOD). The results of certifications received from the MBOD are shown in Figure 1.

Figure 1	No. of cases	Rate/100 000	
CRTB	2 414	2 175	Cardio-respiratory tuberculosis
Sil	737	664	Silicosis
TB + Sil	336	303	Tuberculosis plus silicosis
OAD	117	105	Obstructive airways disease
Combinations	149	134	Varying (two or three) combinations of the above

1998 Certifications – occupational lung disease

Rate per 100 000



Noise-induced hearing loss (NIHL)

Screening audiometry in terms of AngloGold's hearing conservation programme is conducted as part of medical surveillance at the occupational health centres. Employees whose hearing is noted to have crossed a certain threshold are referred to an audiologist and an ear, nose and throat specialist for further assessment (diagnostic audiograms). Additionally, those suffering from compensational NIHL are referred to the Compensation Commissioner of Occupational Injury and Disease. Results of the audiometric screening programme and the decisions on compensation awards are shown in Figure 2.

Hearing conservation programme – results

Figure 2	No. of cases
Screening audiograms	111 844
Diagnostic audiograms	9 913
Compensation awards	3 521

Future direction

Collection of occupational health data on an AngloGold basis, as opposed to a mine basis, is allowing for more meaningful analysis. Discrepancies in occupational disease rates between the different operations have become apparent. Scientific investigation into possible reasons for these differences is expected to yield results which will be beneficial in reducing disease rates.

AngloGold has formed a health research company (Aurum Health Research (Proprietary) Limited) which is concentrating on occupational lung

Safety and health

continued

disease, especially tuberculosis and silicosis. A number of papers were published in international journals during 1998. Medical surveillance and treatment regimens are being fine-tuned as a result of this ongoing research.

The extensive personal occupational exposure database being developed by AngloGold will increasingly allow informed conclusions to be drawn with respect to work exposure and disease response. In similar vein to the results of the internal benchmarking, critical exposures will be identified and appropriate management effected.

On a national note, AngloGold occupational health personnel have been instrumental in the development of various new and progressive occupational health guidelines for the South African Department of Minerals and Energy through involvement in the tripartite structures set up in terms of the Mine Health and Safety Act.

From an international point of view, AngloGold is intending to implement strategies which will place it amongst the mining companies applying the highest standards and best practices to its operations worldwide.

Glossary of terms

Backfill
Waste material used to fill the void created by mining an ore body with the purpose of providing both regional and localised support.

Below collar
A distance below the surface elevation of a shaft.

Carbon-in-pulp (CIP)
Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry passes into the CIP circuit where carbon granules are mixed with the slurry and gold is adsorbed onto the carbon. The granules are separated from the slurry and treated in an elution circuit to remove the gold.

Carbon-in-leach (CIL)
Similar to a CIP plant except the gold is leached and adsorbed onto carbon granules in the same circuit. The carbon granules are separated and eluted in the same way as for CIP.

Cash costs
Cash costs include site costs for all mining (excluding deferred development costs), processing and administration, but are exclusive of royalties, production taxes, amortisation and rehabilitation, as well as corporate administration, capital and exploration costs.

Channel width
The total thickness of all reef bands including internal waste.

Development
The process of exposing an ore body through tunnelling.

Development-reef
All development on the reef horizon.

Development-waste
All development in country rock.

Head grade
The gold contained in material passing through the mill in grams per tonne or troy ounces per short ton milled.

Internal waste
Any waste within the reef channel.

Pay limit
That grade at which the value of the ore is equal to the total cost of recovering the precious metal content.

Pillar mining
The mining of scattered blocks of reef of variable size usually associated with older shafts, which have been left behind and are now being mined in the final clean-up stage of the mine's ore body.

Productivity
An expression of labour productivity based either upon the ratio of grams of gold produced to the total number of employees or the area mined in square metres to the total number of employees.

Reef
Ore of economic interest.

Stopes
Underground excavations where the ore body is extracted on the plane of the reef.

Stoping
The process of mining the ore body on the plane of the reef.

Stoping width
The sum of the channel width and external waste widths.

Tailings
Ultra-fine particles of low residual value which are discarded by the metallurgical process.

Tonne
(Used in metric statistics)
Equal to 1 000 kilograms.

Ton
(Used in imperial statistics)
A short ton equal to 2 000 pounds.

Tramming width
A dimension used to denote the effect of waste tons in the stoping operation, such as from gullies, on the reef tons produced. It is the sum of the channel width plus the impact of waste tonnage in the stoping operations, e.g. from gullies and extraneous falls of ground, expressed in centimetres.

Troy ounce
(Used in imperial statistics)
Equal to 31,10348 grams.

Yield
The amount of valuable mineral in the ore expressed as grams per tonne or troy ounces per short ton.

Mineral resources

AngloGold has adopted internationally accepted mineral resource classification standards, which are broadly aligned with the Australian Code for Reporting Identified Mineral Resources and Ore Reserves as well as with the latest draft of the South African Code for Reporting of Mineral Resources and Mineral Reserves. This approach has been adopted both for clarity of reporting to shareholders and for facilitating ore body management by the company.

This system is a strictly confidence-based resource categorisation and estimation procedure. The mineral resource is sub-divided into areas of greater or lesser confidence in the estimate, ultimately based both on the geo-statistical characteristics of the ore body and on the proximity, type and amount of geological and sampling data that might have been used to extrapolate values into particular blocks. Different geo-statistical techniques are applied as appropriate and the quality of the estimates is tested by cross-validation and reconciliation.

Owing to differences in the definition of resources and reserves, the mineral resources segment has been divided into four separate sections:

- South African operations
- Other African operations
- American operations
- Ergo

Abridged definitions

Mineral resource: a mineral deposit that may eventually be economically and legally extracted. Mineral resources reported in this document are restricted to the portion included in the life of mine plan and are sub-divided into:

> ***Inferred mineral resource:*** a mineral resource where sampling and other data are insufficient to permit interpretation of the geological framework or to enable prediction of the continuity of mineralisation with any degree of confidence.
>
> ***Indicated mineral resource:*** the spacing of sampling and geological data points affords a degree of confidence high enough to give a reasonable indication of continuity of mineralisation.
>
> ***Measured mineral resource:*** the sampling and geological data points are spaced such that continuity of geological character and grade may be estimated with a high degree of confidence.

Mineral reserve: that part of a mineral resource which could be technically, economically and legally mined under conditions existing at the time of reporting.

> ***Mineral reserve (South African operations):*** reflects the payable component of the mineral resource as calculated under conditions pertaining in December 1998. It should be noted that these conditions will change and therefore pay limits will change in the future. In addition, the long-range mining plan will mine a mixture of 'payable reserve' and 'marginal resource'. Mineral reserves are sub-divided into:
>
> **Probable mineral reserve:** that part of the indicated mineral resource above a pay limit calculated in December 1998.
>
> **Proved mineral reserve:** that part of the measured mineral resource above a pay limit calculated in December 1998.

The tonnages quoted as reserves and/or resources are in situ and are estimated over a stoping width. Grades are also in situ and estimated over a stoping width with *no allowance* being made for additional dilution or gold loss.

It follows from these definitions that there are components of the mineral deposit that are unlikely to be economically and legally extracted in the foreseeable future and which are therefore not reported as part of the mineral resource.

Mineral reserve (Other African operations): reflects the estimated tonnage and grade as delivered to the treatment facility and *includes allowances* made for additional dilution or gold loss.

Mineral reserve (Ergo): reflects the estimated tonnage and grade of the mineral resource in the slimes dams and sand dumps, or portions thereof, that are currently technically and economically treatable.

Total mineral reserves – (proved plus probable)

		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
South African operations†	**1998**	**204,8**	**17,03**	**3 488,5**	**225.6**	**0.497**	**112.1**
	1997	211,0	17,08	3 603,2	232.8	0.498	116.0
Other African operations**	**1998**	**15,3**	**3,06**	**46,8**	**16.9**	**0.089**	**1.5**
	1997	17,7	3,10	54,9	19.5	0.092	1.8
American operations**	**1998**	**140,8**	**2,08**	**292,5**	**155.3**	**0.061**	**9.4**
	1997	–	–	–	–	–	–
Ergo	**1998**	**206,2**	**0,39**	**79,8**	**227.3**	**0.011**	**2.6**
	1997	256,1	0,39	99,7	282.3	0.011	3.2
Total	**1998**	**567,1**	**6,89**	**3 907,6**	**625.1**	**0.201**	**125.6**
	§1997	484,8	7,75	3 757,8	534.6	0.226	121.0

† Excludes Driefontein

§ Excludes American operations

** Reserves attributable to AngloGold

Total mineral resources* – (measured plus indicated)

* Includes proved and probable mineral reserves

		Metric			Imperial		
		Tonnes million	Grade g/t	Contained gold tonnes	Tons million	Grade oz/t	Contained gold million oz
South African operations†	**1998**	**356,8**	**12,55**	**4 478,7**	**393.4**	**0.366**	**144.1**
	1997	389,1	12,66	4 924,9	429.1	0.368	158.1
Other African operations**	**1998**	**39,2**	**2,35**	**92,3**	**43.2**	**0.068**	**2.9**
	1997	40,1	2,37	95,2	44.1	0.068	3.0
American operations**	**1998**	**282,3**	**2,38**	**670,8**	**311.3**	**0.069**	**21.7**
	1997	–	–	–	–	–	–
Ergo	**1998**	**395,6**	**0,34**	**135,4**	**436.1**	**0.010**	**4.4**
	1997	441,1	0,34	151,5	486.2	0.010	4.9
Total	**1998**	**1 073,9**	**5,01**	**5 377,2**	**1 184.0**	**0.146**	**173.1**
	§1997	870,3	5,94	5 171,6	959.4	0.173	166.0

† Excludes Driefontein

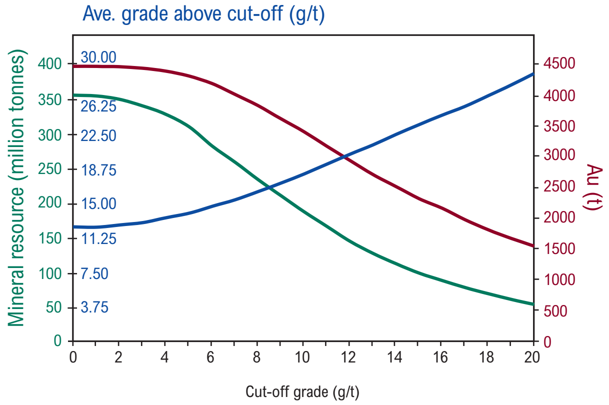
§ Excludes American operations

** Resources attributable to AngloGold

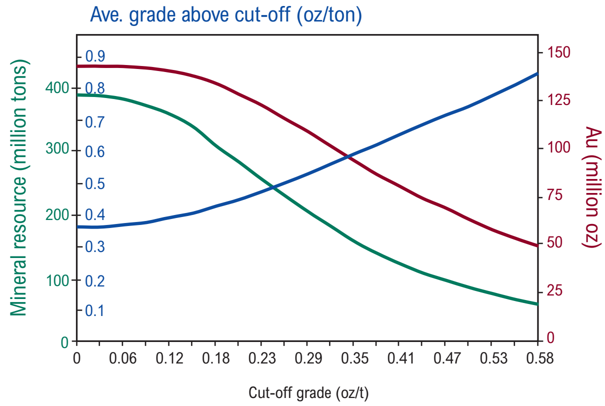
Mineral resources continued

South African operations*

Metric



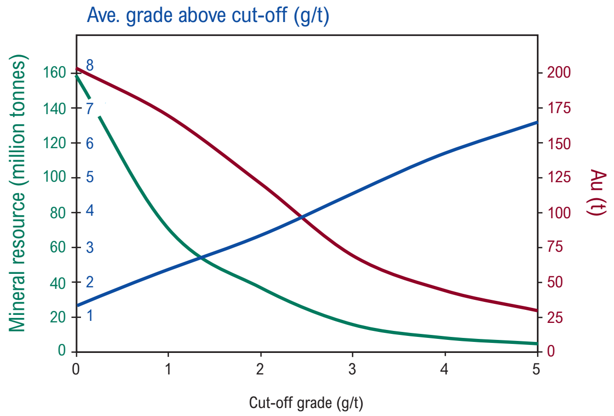
Imperial



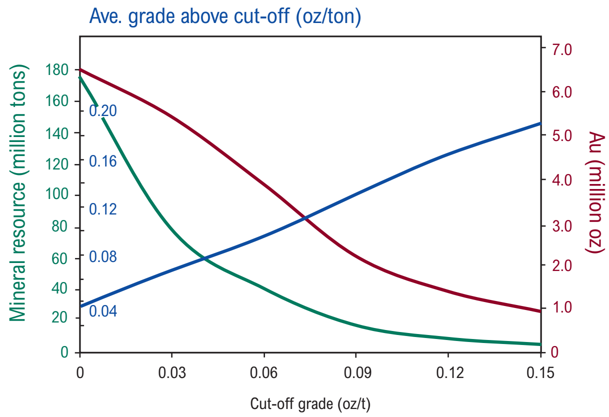
*Excludes Driefontein

Other African operations

Metric



Imperial



Reconciliation

The year on year reconciliation of the total mineral resource (measured plus indicated) is reflected below:

South African underground operations*

	Metric		Imperial	
	Tonnes million	Contained gold tonnes	Tons million	Contained gold million oz
1997	389,1	4 924,9	429.1	158.1
Depletion	–13,2	–199,3	–14.7	–6.5
Structure	–15,3	–121,4	–17.0	–3.8
Transfers	–39,2	–379,6	–43.3	–12.2
To/from LOM (+/-)	–24,8	–394,5	–27.3	–12.7
Abandoned	–0,9	–11,7	–1.0	–0.4
Adjustment	61,1	660,3	67.6	21.6
1998	**356,8**	**4 478,7**	**393.4**	**144.1**

* Excludes Driefontein

Other African operations

	Metric		Imperial	
	Tonnes million	Contained gold tonnes	Tons million	Contained gold million oz
1997	76,5	196,8	84.3	6.3
Depletion	–6,1	–17,7	–6.7	–0.6
Change in stockpile	0,5	1,3	0.6	0.0
Adjustment	4,5	11,4	4.9	0.4
1998	**75,4**	**191,8**	**83.1**	**6.1**

Life of mine milling potential

The estimated life of mine milling potential at a starting average gold price in January 1999 of R58 400 per kilogram or $298 per ounce with declining annual throughput is set out below. The estimate is based on data and assumptions which are continually being reviewed and milling potential could change significantly.

		Metric				Imperial			
		Milled tonnes million	Recovery g/t	Gold prod. tonnes	Estimated life years	Milled tons million	Recovery oz/t	Gold prod. million oz	Estimated life years
South African underground operations*	**1998**	**348,8**	**8,41**	**2 932,2**	**32**	**384.6**	**0.245**	**94.4**	**32**
	1997	387,0	8,22	3 180,6	33	426.6	0.240	102.2	33
Other African operations	**1998**	**35,9**	**3,19**	**114,5**	**7**	**39.6**	**0.093**	**3.7**	**7**
	1997	41,4	3,21	133,1	8	45.6	0.092	4.2	8

* Excludes Driefontein

Mineral resources continued

Additional resources not contained in any of the preceding figures

Bambanani

The Basal Reef below 103 level (3 100m below surface), comprises an estimated 3,5 million tonnes at an average grade of 12,7 grams per tonne containing 45 tonnes of gold (3.9 million tons at an average grade of 0.4 ounces per ton containing 1.5 million ounces of gold). This resource is 36 per cent lower than the figure quoted in the previous year because of the realignment of the De Bron fault, as determined by the long hole underground drilling programme.

A feasibility study is required to assess the viability of mining these very deep mineral resources, which would require the sinking of a tertiary sub-shaft.

Tshepong

Following the termination of development at the Tshepong South sinking shaft, part of the Tshepong mineral resource was reclassified as non-life of mine and is thus not reflected in the above figures for 1998. This amounts to 9,5 million tonnes at an average grade of 13,6 grams per tonne containing 129,3 tonnes of gold (10,5 million tons at an average grade of 0.4 ounces per ton containing 4.2 million ounces of gold). A feasibility study will be conducted to determine the viability of mining portions of the resource from Tshepong North shaft and from the Eland shaft of Matjhabeng mine.

Kopanang

An indicated mineral resource of 12,6 million tonnes at an average grade of 4,6 grams per tonne containing 57,6 tonnes of gold (13.9 million tons at a grade of 0.13 ounces per ton containing 1.9 million ounces of gold) on the Vaal Reef is estimated in the Grootdraai area to the west of the current Kopanang boundary.

Tau Lekoa

The Weltevreden Block to the south of Tau Lekoa is estimated to contain 77,6 million tonnes of VCR at an average grade of 2,8 grams per tonne containing 213,1 tonnes of gold (85.3 tons at a grade of 0.08 ounces per ton containing 6.9 million ounces of gold).

Other South African resources

Through agreements with Anglo American Corporation group companies, AngloGold has access to extensive mineral rights in South Africa. Such mineral rights, falling into the inferred and pre-inferred categories, cover some 300 square kilometres and are estimated to contain 160 million ounces of gold.

In addition, there are 587 square kilometres of mineral rights which have recognised potential for gold mineralisation. However, estimates have not yet been carried out.

Yatela

The Yatela project in Mali is currently in the pre-feasibility stage. Provisional resource figures of the soft oxide material at a cut-off of 1,0 gram per tonne are an indicated resource of 17,9 million tonnes at a grade of 3,1 grams per tonne containing 55,5 tonnes of gold (19.7 million tons at 0.09 ounces per ton containing 1.8 million ounces of gold) and an inferred resource of 2,6 million tonnes at a grade of 1,6 grams per tonne containing 4,2 tonnes of gold (2.9 million tons at 0.05 ounces per ton containing 0.1 million ounces of gold).

Exploration

Bambanani

A long hole underground drilling programme is in progress at Bambanani East shaft to upgrade estimates of the Basal Reef resource below 103 level.

Tshepong

Exploratory underground development on the 'B' Reef is continuing on 57 level at Tshepong with the objective of generating available reserves and establishing a sound ore body model. It is encouraging to note that a well-mineralised, carbon-rich reef has been intersected.

A 3D seismic survey has been completed over the eastern side of Tshepong and processing of the data is currently in progress. Initial indications of the results are very encouraging. The objective of the survey is to improve the accuracy and reliability of the structural model in the area, which will have a major impact on mine planning and strategic mine design.

Western Ultra Deep Levels

A potential 30-million-ounce opportunity has been delineated adjacent to the southern lease boundaries of Western Deep Levels and Driefontein mines. Both Carbon Leader and VCR are the target ore bodies lying at depths of between 3 500 and 5 000 metres below surface.

A major exploration programme was begun during the year, with two surface holes and two underground drill holes (from Western Deep Levels South mine) in progress. A further six surface drill holes are to be started during 1999 and the underground programme will extend to an additional 15 holes as access points become available.

Sadiola

Exploration for replacement oxide resources within the Semos-Sadiola Exploitation Area commenced early in 1998. Six major (as well as some minor) gold in soil anomalies were delineated and encouraging drill intercepts were reported from five of the six anomalies drilled.

Tanzania

Follow-up exploration continued at Buzwagi and Nyamulilima Hill. Latest indications are a resource of 1.8 million ounces at Buzwagi and 2.1 million ounces at Nyamulilima Hill.

Approval of statutory annual financial statements

The statutory annual financial statements and group annual financial statements for the year ended 31 December 1998 were approved by the Board of Directors on 12 March 1999 and are signed on its behalf by:

Directors:	N F Oppenheimer Chairman	J G Best Executive Director, Finance
	R M Godsell Chief Executive Officer	C B Brayshaw Chairman, Audit Committee
Managing Secretary:	R N Duffy	

Auditors' report

Report of the Independent Auditors to the members of AngloGold Limited on the statutory annual financial statements

We have audited the statutory annual financial statements and group annual financial statements of AngloGold Limited set out on pages 34 to 68 for the year ended 31 December 1998. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the statutory annual financial statements and group financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 1998, and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting practice in South Africa, and in the manner required by the South African Companies Act.

Ernst & Young
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
12 March 1999

Corporate governance

The AngloGold group is committed to ensuring that its relationships and business dealings with all its stakeholders are conducted with integrity, transparency and responsibility and in accordance with generally accepted practices.

The directors believe that the group complies with the provisions of the King Report's Code of Corporate Practices and Conduct.

Financial statements

The directors are required by the South African Companies Act to maintain adequate accounting records and to prepare financial statements which fairly present the state of affairs of the company and the AngloGold group at the end of the financial year, and the results of operations and cash flows for the year, in conformity with generally accepted accounting practice.

In preparing the statutory annual financial statements reflected in both South African rand and United States dollars on pages 34 to 68, the group has consistently used appropriate accounting policies supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards generally adopted by the mining industry in South Africa. The directors are of the opinion that these financial statements fairly present the financial position of the company and the group at 31 December 1998, and the results of these operations and cash flow information for the year then ended.

The directors have reviewed the group's budget and cash flow forecast for the year to 31 December 1999. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that AngloGold is a going concern and have continued to adopt the going-concern basis in preparing the financial statements.

The external auditors, Ernst & Young, are responsible for independently auditing and reporting on the financial statements in conformity with generally accepted South African auditing standards. Their unqualified report on these financial statements appears on page 33.

For the convenience of international investors, the financial statements of the company and the group for the year ended 31 December 1998, based on International Accounting Standards (IAS), and reflecting amounts in United States dollars and in South African rand, are included on pages 71 to 92 The report of the external auditors on these financial statements is set out on page 70.

As part of the process of listing on the New York Stock Exchange (NYSE) during August 1998, the company was required to register with the United States Securities and Exchange Commission (SEC). To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial statements in accordance with US generally accepted accounting principles which are available from the Bank of New York to holders of the company's securities listed in the form of American Depositary Shares on the NYSE. Copies of these particular financial statements are also available to stakeholders and other interested parties upon request to the company's registered office.

Internal control

To enable the directors to fulfil their responsibilities, the group maintains systems of internal control which are designed to provide reasonable assurance that the accounting records accurately reflect the transactions of the group and provide protection against serious risk of error or loss in a cost-effective manner.

To combat the incidence of gold theft at the group's South African mining operations, a multi-disciplinary gold control project team was established during 1998. The objective of the team is to audit gold control procedures and monitor performance in this regard.

The appropriateness of the internal controls is independently appraised by an internal audit department. Regular meetings are held between management and the internal and external auditors to review matters relating to internal accounting controls, auditing and financial reporting. The directors are of the opinion, based on the information and explanations given by management and the internal auditors, and on comment by the external auditors on the results of their audit, that internal accounting controls are adequate, so that the accounting records may be relied on for preparing the group financial statements and maintaining accountability for assets and liabilities. The directors believe that, in all material respects, assets are protected and used as intended with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in these controls has occurred during the year under review.

The external auditors concur with the above statements by the directors regarding internal accounting controls.

Board and committee structure

The company has a unitary board structure comprising 12 non-executive directors, five of whom, including the chairman, are directors of AngloGold's holding company, with the seven remaining being independent of management. Non-executive directors derive no benefits from the company for their services as directors other than their fee. The non-executive directors are of a high calibre and sufficient number for their independent views to carry significant weight in the board's deliberations and decisions. There are also three executive directors including the chief executive officer. No executive directors hold service contracts. All directors are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the company's articles of association. The appointment of new directors is approved by the board as a whole.

The board retains full and effective control over the company, meeting on a quarterly basis with additional meetings being arranged when necessary, to review strategy, planning, operational performance, acquisitions and disposals, major capital expenditure, stakeholder communications and other material matters reserved for its decision. The board is also responsible for monitoring the activities of executive management within the group.

Corporate governance continued

The directors have access to the advice and services of a managing secretary, as well as a company secretary, who are both responsible to the board for ensuring compliance with procedures and regulations of a statutory nature. Directors are entitled to seek independent professional advice concerning the affairs of the group at the group's expense, should they believe that course of action would be in the best interests of the group.

The board has established a number of standing committees in which, with the exception of the Executive Committee, the non-executive directors play an active role, particularly in the capacity as chairman of the committee concerned. All standing committees operate within written terms of references established by the board. Remuneration of non-executive directors for their services on the various committees has been determined by the board.

Executive Committee

The Executive Committee of the board comprises the three executive directors, namely the chief executive officer as chairman, the marketing director and the finance director, as well as ten executive officers and the managing secretary. The committee meets regularly to review current operations in detail, develop strategy and policy proposals for consideration by the board and to implement its directives.

The committee presently comprises R M Godsell (chairman), J G Best, I D Cockerill, R N Duffy, J M Duncan, R J Fisher, D L Hodgson, S J Lenahan, R G Mills, J F Myburgh, A G Smith, B I Tapson, N W Unwin and K H Williams.

Audit Committee

To assist the board in discharging its responsibilities to maintain financial controls, an Audit Committee meets at least four times yearly with the external audit partner, the company's internal audit manager and the financial director to review the audit plans of the internal and external auditors, to ascertain the extent to which the scope of the audit can be relied upon to detect weaknesses in internal controls and to ensure that quarterly and year-end reporting meet acceptable accounting standards.

The Audit Committee comprises four non-executive directors. The company's internal audit manager and the external audit partner have unrestricted access to the Audit Committee. All important findings arising from audit procedures are brought to the attention of the committee.

This committee presently comprises C B Brayshaw (chairman), Mrs E le R Bradley, R P Edey and R P Garnett.

Employment Equity Committee

The company is committed to promoting an organisational culture which provides all employees with opportunities to progress to their optimal levels of career development. To ensure that the company achieves its employment equity objectives and the proper implementation of its strategies, an Employment Equity

Committee has been formed, comprising the chief executive officer and three non-executive directors. The committee meets four times a year.

The committee presently comprises T J Motlatsi (chairman), F B Arisman, R M Godsell and T C A Wadeson.

Market Development Committee

During the year, the board established a Market Development Committee with the primary objective of extending the influence of AngloGold, as the world's largest gold company, in the development of a broader gold business both nationally and internationally. This committee, which meets three times a year, is composed of the chief executive officer, the marketing director and five non-executive directors.

The committee presently comprises Dr V K Fung (chairman), F B Arisman, Mrs E le R Bradley, Dr J W Campbell, R M Godsell, T J Motlatsi and K H Williams.

Remuneration Committee

A Remuneration Committee has been appointed by the board with responsibility for approving the remuneration policies of the company and the terms and conditions of employment of executive directors and officers, including the determination of salaries, performance-linked bonuses, and the administration of the company's share incentive scheme. The committee, consisting of four non-executive directors, meets on an annual basis.

The committee presently comprises R P Edey (chairman), D M J Ncube, J Ogilvie Thompson and N F Oppenheimer.

Safety, Health and Environment Committee

The company, its subsidiaries and associates operate in Africa and also, with the acquisition of the gold interests of Minorco with effect from 1 January 1999, on the continents of North and South America. Mining-related activities are conducted under many varied working conditions and environmental challenges.

In recognising the very important issues of the safety and health of its employees and of the environment, the board has instituted a Safety, Health and Environment Committee comprising the chief executive officer and three non-executive directors. The committee, one of whose primary objectives is the elimination of all accidents of a mining nature, meets on a quarterly basis and conducts on-site inspections in regard to matters of serious concern.

This committee presently comprises D M J Ncube (chairman), R M Godsell, T J Motlatsi and T C A Wadeson.

Worker participation

The company employs a variety of strategies and structures, which are designed to promote worker participation. These strategies and structures are further developed and adapted from time to time to meet variations in operational requirements and to

Corporate governance continued

accommodate changing circumstances. Management and worker representatives currently meet in formal and informal forums at company and operational levels to share information and to address matters of mutual interest.

Code of ethics

All directors and employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach.

In addition, the company operates a 'closed period' prior to the publication of its quarterly and year-end financial results during which period directors and officers of the company may not deal in the shares of the company. Where appropriate, this is also extended to include other 'sensitive' periods.

Year 2000 compliance

In anticipation of the issues associated with the Year 2000 conversion problem, management initiated an enterprise-wide programme during the second quarter of 1997 to prepare the company's South African computer systems and applications for the Year 2000. In terms of the programme, a Year 2000 Steering Committee has been established, whose main responsibility is the testing of systems, hardware and software for Year 2000 compliance as well as the assessment of systems of primary vendors to AngloGold. The steering committee utilises both internal and external resources to achieve their objective. Initiatives to renew AngloGold's systems have been implemented for some years independently of the Year 2000 problem. These systems are already Year 2000 compliant.

The objective is to ensure that all systems are Year 2000 compliant by 30 June 1999. The company believes that compliance will be achieved by such date. The expected cost to test and convert systems, hardware and software is estimated at R30 million. Progress on this project is being monitored by the steering committee on a monthly basis with any deviations from schedules receiving the necessary management attention. Although every effort is being made to ensure that computer systems of primary vendors to AngloGold will be converted in time to be Year 2000 compliant, there can be no assurance that this will happen. This could have a material impact on the company's ability to conduct its business.

The non-South African operations have independent committees dealing with the year 2000 issue. There are no indications that these operations will be adversely affected by the change to the new millennium and, therefore, it is expected that these operations will also be totally compliant by the end of June 1999.

Directors' report

The directors have pleasure in presenting their report on the audited statutory annual financial statements of the company and of the group for the year ended 31 December 1998.

Change of name and restructuring

The company changed its name from Vaal Reefs Exploration and Mining Company Limited to AngloGold Limited with effect from 30 March 1998 in preparation for being used as the vehicle for merging the gold interests of Anglo American Corporation of South Africa Limited (AAC) and companies associated with it into a single, independently managed, focused, global gold company.

On 4 June 1998, AngloGold shareholders in general meeting approved, inter alia, an arrangement whereby the company would acquire:

- the entire issued share capitals of
  - East Rand Gold and Uranium Company Limited,
  - Eastvaal Gold Holdings Limited,
  - Elandsrand Gold Mining Company Limited,
  - Free State Consolidated Gold Mines Limited,
  - H J Joel Gold Mining Company Limited,
  - Southvaal Holdings Limited, and
  - Western Deep Levels Limited

  (the participating companies) in terms of Schemes of Arrangement under Section 311 of the South African Companies Act to be concluded between each of the participating companies and their respective members;
- from AAC and certain of its subsidiaries and associates their gold mineral rights and various share interests; and
- cession of the service agreements held by AAC in respect of the participating companies and other companies forming part of the merger transaction,

in return for the issue, credited as fully paid, of 78 204 908 ordinary shares of 50 cents each in the company:

- to the former members of the participating companies and cash in respect of any fractional entitlements,
- to the vendors of the gold mineral rights and share interests, and
- to AAC in respect of the cession of service agreements.

Shareholders of the participating companies overwhelmingly approved the Schemes at subsequent meetings also held on 4 June 1998.

The Schemes in terms of which:

- existing shareholders of the participating companies were to receive new shares in the company, in previously announced ratios, and
- the participating companies were to become wholly-owned subsidiaries of the company,

were sanctioned by the High Court of South Africa (Witwatersrand Local Division) on 23 June 1998. All necessary documents, other than the documents relating to Eastvaal, were registered by the Registrar of Companies on 26 June 1998.

Directors' report continued

With all conditions precedent having been fulfilled, the Schemes, other than the Eastvaal Scheme, became operative on 29 June 1998. The listings of the participating companies, other than Eastvaal, on the Johannesburg Stock Exchange and, where applicable, the stock exchanges in London and Paris were terminated at the close of trading on 26 June 1998. The existing share certificates of those companies, other than Eastvaal, ceased to be of any value after 26 June 1998, other than for their entitlement upon their surrender to receive consideration in terms of the Schemes.

In the case of Eastvaal, the relevant documents were registered by the Registrar of Companies on 10 July 1998. Consequently, the Eastvaal Scheme became operative with effect from 13 July 1998. The listing of Eastvaal was terminated at the close of business on 10 July 1998 and the Eastvaal share certificates ceased to be of any value after that date, other than for the entitlement of Eastvaal members upon surrender to receive Eastvaal's consideration in terms of the Scheme.

AngloGold is a subsidiary of AAC, which holds a 50,95 per cent interest.

The method adopted for the combination of the participating companies on the formation of AngloGold is the uniting of interest method for accounting for mergers in terms of International Accounting Standard No. 22 – Business Combinations. The 1997 comparative figures constitute the aggregation of the audited financial statements of the participating companies for the year ended 31 December 1997 as if the group had been in existence since 1 January 1997.

Events subsequent to the balance sheet

Acquisition

At a general meeting of the company held on 3 February 1999, shareholders approved the acquisition by the company of the gold interests of Minorco for a consideration of $550 million. The consideration will be funded by a three-year $350 million term loan facility, concluded with a syndication of banks on 12 February 1999, and cash from the company's own resources. All conditions precedent relating to the acquisition and funding arrangements are expected to be completed during the second half of March 1999, when the acquisition will become effective from 1 January 1999. Full details relating to the acquisition were contained in a circular to members dated 12 January 1999.

Driefontein Consolidated Limited

In an announcement dated 21 July 1998 it was disclosed that the company and Gold Fields Limited, as major shareholders of Driefontein Consolidated Limited, had concluded a joint venture agreement on the ownership and management of Driefontein. The terms of the agreement provided, inter alia, for an offer to be made to the minority shareholders of Driefontein which, if successful, would result in Driefontein being delisted and ownership shared 60:40 between Gold Fields and the company. However, subsequently, on 18 February 1999, it was announced, inter alia, that the company would dispose of its entire interest of 21,5 per cent, comprising 43 809 572 shares of 50 cents each, in Driefontein to Gold Fields for a consideration of R30 per share totalling R1 314 million. The purchase price is to be settled by way of R714 million in cash and a loan, on commercial terms, amounting to R600 million from the company, repayable in full within nine months from the date on which the transaction is approved by the shareholders of Gold Fields. In addition, as part of the arrangement, the company's holding company, AAC, will acquire Gold Fields' holding of 1 968 769 shares in the company, thereby increasing AAC's investment in AngloGold to 52,96 per cent.

Taxation

In his recent budget speech the Minister of Finance announced a reduction in the company tax rate from 35 per cent to 30 per cent. After taking into account Secondary Tax on Companies (STC) of 12,5 per cent, this reduces the total tax rate from 42 per cent to 38 per cent. The same reduction is reflected in the gold mining tax formula which changes from $Y=51-255/x$ (where x is the profit to revenue ratio) to $Y=46-230/x$. The effect of this is that the tax payable would decrease by 9,8 per cent in the case of mining income and 9,5 per cent for non-mining income. With the marginal tax rate in respect of costs and capital expenditure dropping from 51 to 46 per cent, there will be a smaller tax benefit on initial capital expenditure on new projects, which is likely to result in the cash required for capital expenditure being 5 per cent higher.

Nature of business

AngloGold Limited is the world's largest gold producer with mining operations being conducted in three countries in Africa, as well as on the continents of North and South America, and gold exploration interests being pursued worldwide.

Fuller details regarding the company's activities during the year under review appear on pages 8 to 12.

Share capital

Authorised capital

In terms of a special resolution passed by shareholders at a general meeting held on 12 March 1998, and registered on 13 March 1998, the number of authorised ordinary shares was increased to 200 000 000 by the creation of 180 000 000 additional ordinary shares of 50 cents each.

There was no change in the authorised 2 000 000 A redeemable preference shares of 50 cents each and the 5 000 000 B redeemable preference shares of 1 cent each.

Directors' report continued

Issued capital

The issued ordinary share capital was increased during the year as a result of settlement of the considerations payable in terms of the merger of gold interests and the exercise of share options by participants in the Share Incentive Scheme, as shown in the table below:

	No. of shares	Rand
Issued ordinary share capital at 31 December 1997	19 634 491	9 817 245
Consideration - merger of gold interests	78 204 908	39 102 454
Exercise of employee share options	13 800	6 900
Issued ordinary share capital at 31 December 1998	97 853 199	48 926 599

All the issued A and B redeemable preference shares are held by a wholly-owned subsidiary.

Unissued capital

As at 31 December 1998, there were 102 146 801 unissued ordinary shares. Of these, the directors have specific authority from the shareholders to issue 2 690 962 shares in accordance with the Share Incentive Scheme. The remaining 99 455 839 unissued shares are under the control of the directors until the next annual general meeting which is to be held on 30 April 1999. At that meeting members will be asked to renew the directors' control over the unissued ordinary shares, exclusive of the number of shares as may be required to be allotted and issued by the company pursuant to the Share Incentive Scheme.

In terms of the Listings Requirements of the Johannesburg Stock Exchange, shareholders may, subject to certain conditions, authorise the directors to issue the unissued shares held under their control for cash other than by means of a rights offer to members. In order that the directors of the company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash without restriction for the benefit of the company, members will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting. The necessary ordinary resolution has been incorporated as item No. 4 in the notice of meeting on pages 96 and 97.

Share premium

The company's share premium account before the merger rose from R539,7 million at 31 December 1997 to R3 909,2 million primarily as a result of the method adopted for the combination of the participating companies on the formation of AngloGold, which is the uniting of interest method for accounting for mergers in terms of International Accounting Standard No. 22 – Business Combinations. The surplus arising on merger accounting between the nominal share capital and share premium issued by AngloGold and the nominal value of the share capital and share premium of the participating companies acquired has been reflected as a merger adjustment and set-off against shareholders' equity.

Full details of the authorised, issued and unissued shares, as well as the share premium, are given in note 15 of the statutory annual financial statements.

Share incentive scheme

At the general meeting held on 4 June 1998, shareholders approved the introduction of the AngloGold Limited Share Incentive Scheme for the purpose of providing an incentive to employees of the company and its subsidiaries to identify themselves more closely with the fortunes of the group and its continued growth, and also to promote the retention of employees by giving them an opportunity to acquire shares in the company. Employees participate in the scheme to the extent that they are granted options or offered automatically convertible unsecured debentures and accept them.

The maximum number of ordinary shares which have been made available for the purposes of the scheme is 2 690 962, equivalent to 2,75 per cent of the total number of ordinary shares in issue. The maximum aggregate number of shares which may be acquired by any one participant in the scheme is 150 000.

During the period since the implementation of the scheme to 31 December 1998, employees of the company, who previously participated in the AAC Executive Share Incentive Scheme in terms of their employment with AAC, were granted options to subscribe for 673 000 ordinary shares of 50 cents each, at prices varying between R208,00 and R256,00 per share and on comparable terms to the AAC scheme. A total of 13 800 ordinary shares of 50 cents each were issued to certain of these employees who exercised their options. As at 31 December 1998, participants in the scheme have accepted a total of 420 500 fully paid automatically convertible unsecured debentures at values varying between R216,00 and R297,60 per debenture.

The options granted may be exercised and the debentures accepted may be converted as follows:

Percentage	Period after date of grant of options/ issue of debentures
20%	2 years
40%	3 years
60%	4 years
100%	5 years

The equity component of the automatically convertible debentures is not sufficiently material to warrant reporting a portion of the issued

Directors' report continued

debentures as equity and the balance as debt. The interest on these debentures is payable annually at the official interest rate per the seventh schedule of the Income Tax Act which approximates market rates.

All options, however, which have not been exercised within ten years from the date on which they were granted automatically lapse. Debentures which have not been converted within a similar period of acceptance will be ceded to the AngloGold Limited Employees' Share and Debenture Trust established by the company for purposes of the scheme.

At the year end, the unallocated balance of shares subject to the scheme amounted to 1 611 262.

Between the year end and the date of this report, employees have accepted a further 26 000 debentures have been allocated at prices varying between R235,80 and R257,00 per debenture.

Financial results

Group profit for the year ended 31 December 1998 after taxation, appropriation for capital expenditure and equity earnings was R1 660,8 million (1997: R1 385,1 million) or 1 697 (1997: 1 416) cents per share.

The group's results are analysed under the Financial Review section on page 3.

Dividends

Details of dividends declared in respect of the year under review are given in note 7 to the statutory annual financial statements.

Borrowing powers

In terms of the articles of association, the borrowing powers of the company are unlimited.

At 31 December 1998, the group's borrowings totalled R719 million (1997: R695 million).

International accounting standards

The statutory annual financial statements are prepared in conformity with South African generally accepted accounting practice for the mining industry and in the manner required by the South African Companies Act. These financial figures are also shown in US dollars. For the benefit of international investors, also included with this report are financial statements prepared to comply with International Accounting Standards.

Fixed assets

A schedule giving details of the group's mining rights and property is available for inspection at the company's registered office.

Acquisitions

With effect from 1 July 1998, the company purchased certain assets, including gold slimes material and surface rights, on the East Rand from East Daggafontein Mines

Limited for an aggregate consideration of R106 million. East Daggafontein purchased 420 947 ordinary shares in the capital of the company, previously held by a wholly-owned subsidiary, at R251,81 per share, being the average closing price for the 30 trading days which ended on 2 September 1998. In terms of the agreement of sale the existing processing arrangement between the companies was cancelled.

Disposals

The undermentioned mine shafts and related infrastructure were sold during the year under review as being uneconomic to operate from the company's perspective:

Description of asset sold	Purchaser	Effective date of sale	Consideration
Vaal Reefs Nos. 1, 3, 4, 5, 6 and 7 shafts, exclusive of all major equipment and winders	African Rainbow Minerals & Exploration (Proprietary) Limited	27.1.98	R38 million
Freddies Nos. 7, 8 and 9 shafts	Kadas Barnea CC	2.3.98	R26 million
President Steyn Nos. 1, 1A ventilation and 2 shafts, and President Steyn gold plant	Kadas Barnea CC	3.4.98	R114 million
President Steyn Nos. 5, 6, 7 and 8 shafts	Harmony Gold Mining Company Limited	1.5.98	R85 million
Western Holdings Nos. 1, 2, 3, 4, 6 and 7 shafts and the previously closed Welkom gold plant	African Rainbow Minerals & Exploration (Proprietary) Limited	31.7.98	R28 million
Masimong Mine (Freegold 3) and the Free State 3 (Saaiplaas) gold plant	Harmony Gold Mining Company Limited	21.9.98	R110 million

As part of the transaction concluded in July 1998 for the disposal by AAC and companies associated with it of their 63,1 per cent interest in The Afrikander Lease Limited to Benoryn Investment Holdings (Proprietary) Limited, the group sold to the purchaser its gold recovery plant and associated mining and township infrastructure for R460 000 and certain mineral and mining rights for R30 000.

In terms of the agreement of sale signed with African Rainbow Minerals & Exploration (Proprietary) Limited (ARM) in January 1998, the Vaal Reefs No. 2 shaft was tributed to ARM on the basis that 40 per cent of all revenue, costs and capital expenditure would accrue to ARM, with the balance to the company.

Directors' report continued

Closures

On 11 September 1998 it was announced that following an in-depth audit and re-evaluation of the viability of the Tshepong South shaft sinking project at the prevailing gold price, it had been decided to suspend sinking of the shaft (previously known as Freegold 4) at a depth of 2 325 metres and to divert funding to projects with better prospective returns.

Investments

Particulars of the company's principal investments are reflected in notes 10 and 26 to the statutory annual financial statements.

In January 1998 Naledi Mining Services (Proprietary) Limited, a wholly-owned subsidiary, was sold to African Rainbow Minerals & Exploration Investments (Proprietary) Limited for R1,8 million.

No special resolutions, of a material nature, requiring disclosure in terms of the Listings Requirements of the Johannesburg Stock Exchange were passed by subsidiaries of the company during the year under review.

Administration

Pursuant to the merger of the gold interests on 29 June 1998 mentioned above, the following changes in administration have taken place.

Registered office

The company changed its registered office to 11 Diagonal Street, Johannesburg.

Secretaries

The appointment of AAC as administrative and technical advisers, secretaries and buyers was terminated and Mr R N Duffy and Mr C R Bull were appointed managing secretary and company secretary, respectively, of AngloGold. The addresses of the managing secretary and the company secretary are at the registered office.

United Kingdom secretaries

The company's office at 19 Charterhouse Street, London, was closed and the London Committee discontinued. St James's Corporate Services Limited was appointed United Kingdom secretaries to the company and their address appears on page 98.

New York Stock Exchange listing

On 5 August 1998, the company became the first South African company to list on the New York Stock Exchange (NYSE). The listing is in the form of American Depositary Shares (ADSs), as evidenced by American Depositary Receipts, with two ADSs representing one ordinary share of 50 cents in the capital of the company. There were 24 393 332 ADSs in issue against the company's shares at the year end. The company trades on the NYSE under the ticker symbol 'AU' – the international symbol for gold. The Bank of New York Company Inc. has been appointed as Depositary whose primary purpose is to serve as transfer agent and registrar for the ADSs.

Directorate

The names of the directors and the alternate director of the company in office at the date of this report appear on pages 4 and 5 of the accompanying Annual Review.

The following are details of changes in the composition of the Board of Directors from the beginning of the accounting period to the date of this report:

Appointments

1 April 1998

F B Arisman
Dr J W Campbell
R P Edey
Dr V K Fung
M W King
T J Motlatsi
D M J Ncube
J Ogilvie Thompson
N F Oppenheimer

24 April 1998

Mrs E le R Bradley
R P Garnett
(alt. to M W King)

Resignations/withdrawals

1 April 1998

I D Cockerill
R C Croll
(alt. to T C A Wadeson)
R J Fisher
S J Lenahan
(alt. J M Duncan)
B I Tapson
W E Vorwerk
(alt. to J G Best)
C W P Yates
(alt. M C van Blerck)

Mr N F Oppenheimer was appointed chairman from 1 April 1998 and Mr R M Godsell, the former chairman, was appointed Chief Executive Officer from the same date.

At general meetings of members held on 12 March and 4 June 1998, respectively, ordinary resolutions were passed:

- Increasing the maximum number of directors permitted in terms of the company's articles of association from 16 to 24.
- Increasing the directors' fees with effect from 1 April 1998 from R15 000 to R50 000 per annum in respect of each director other than the chairman, and from R30 000 to R80 000 per annum for the chairman.

In terms of the company's articles of association, the directors appointed during the year due to retire at the forthcoming annual general meeting are Mr F B Arisman, Mrs E le R Bradley, Dr J W Campbell, Mr R P Edey, Dr V K Fung, Mr M W King, Mr T J Motlatsi, Mr D M J Ncube, Mr J Ogilvie Thompson and Mr N F Oppenheimer, all of whom are eligible for re-election.

Directors' report continued

Interests of directors, executive officers and senior managers in the company's share capital

The interests of the directors in the ordinary share capital of the company at 31 December 1998 were as follows:

	Directors	
	Non-executive	Executive
31 December 1998		
Ordinary shares		
Beneficial	**671 158***	**690**
Non-beneficial	**161**	**–**
% of issued ordinary share capital	**0,69**	**0,00**
Options/debentures		
Held in terms of the Share Incentive Scheme	**–**	**172 400**
31 December 1997		
Ordinary shares		
Beneficial	200	–
Non-beneficial	700	700
% of issued ordinary share capital	0,00	0,00
Options/debentures		
Held in terms of the Share Incentive Scheme	–	–

*Includes indirect partial interest of 656 229 ordinary shares

At the date of this report, the beneficial interests of the non-executive directors had increased to 672 348 ordinary shares and their non-beneficial interests had decreased to 100 ordinary shares.

At 31 December 1998, options/debentures held by executive officers and senior management in terms of the Share Incentive Scheme totalled:

Executive officers	232 600
Senior managers	674 700

Subsequent to the financial year end, in terms of the Share Incentive Scheme a further 26 000 debentures have been allocated to executive officers and senior managers.

Accounting policies

The statutory annual financial statements have been prepared according to the historical cost convention using the appropriation method of accounting, and incorporate the fundamental assumptions of going-concern, consistency and accrual.

1. Appropriation method

This method responds to the inherent risks and uncertainties of gold mining ventures and recognises the wasting nature of the assets. Within the lifetime of the mine, sufficient income is appropriated to a non-distributable reserve such that the aggregate of this reserve, share capital and share premium is equal to the expenditure on mining assets, investments and ore reserves. Where mining assets are financed by loans, appropriation takes place only when loan repayments are made. Mining assets are accordingly not depreciated, nor is any account taken of the depletion of ore reserves.

2. Consolidation

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

The method adopted for the combination of the scheme companies on the formation of the AngloGold company is the uniting of interest method for accounting for mergers in terms of International Accounting Standard No. 22 – Business Combinations. The surplus arising on merger accounting between the nominal share capital and share premium issued by the company and the nominal value of the share capital and share premium of the scheme companies acquired has been reflected as a merger adjustment and set-off against shareholders' equity.

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. Where an investment in a subsidiary or a joint venture is made during the financial year, any excess of the purchase price compared with the fair value of the attributable net assets is recognised as goodwill and amortised as an expense over the lesser of its useful life or 20 years.

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

3. Associates

Associates are long-term investments in which the company holds between 20 per cent and 50 per cent of the equity and thereby has the ability to exercise significant influence over those companies' financial and operating policy decisions. The post-acquisition results of associates are incorporated in the company's financial statements, using the equity method, from the effective dates of acquisition and up to the effective dates of disposal.

Accounting policies continued

The income statement includes the group's proportionate share of the results of operations, the attributable share of taxation thereon, and outside shareholders' interest in net income of associates. The equity accounted retained earnings of associates, which are not available for distribution by way of a dividend to the company's shareholders, less any provisions, are transferred to a non-distributable reserve.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim statements. Any losses of associates are brought to account until the investment in and loans to such associates are 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 any other movements in reserves. The carrying value is compared with the associate's market value or directors' valuation. Where, in the opinion of the directors, the value of an associate has been permanently impaired below its carrying value, or the market value has fallen below the carrying value over a sustained period, a provision is made for such impairment in value.

4. Mining assets

Mining assets are recorded at cost of acquisition less sales, recoupments and amounts written off. Cost includes pre-production expenditure incurred during the development of the mine. Cost also includes interest capitalised during the construction period where such cost is financed by borrowings.

5. Inventories

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

Gold on hand, uranium oxide and sulphuric acid are valued on an average production cost method.

Consumable stores are valued at the lower of average cost or net realisable value.

6. Environmental expenditure

Expenditure on ongoing rehabilitation costs is brought to account when incurred. Annual contributions are made to the group's Environmental Trust Fund, created in accordance with the statutory requirements, to provide for the estimated cost of pollution control and rehabilitation during and at the end of the life of the mine. Interest earned on monies paid to the trust fund is accrued on an annual basis and is set off against the future liability of the group.

7. Post-retirement benefits

The cost of post-employment benefits is made up of those obligations which the group has towards current and retired employees. These obligations can be separated into the following categories, and are determined as follows:

Defined contribution plans

Retirement and provident funds

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

Defined benefit plans

Pension funds

The current service cost in respect of defined benefit plans is recognised as an expense in the current period. Past service costs, experience adjustments, the effect of changes in actuarial assumptions and the effects of planned amendments in respect of existing employees are recognised as an expense or income systematically over the expected remaining service period of those employees.

Post-retirement medical aid costs

The post-retirement medical aid liability in respect of existing employees is recognised as an expense systematically over the expected remaining service period of those employees, using the projected unit credit method. The liability in respect of retired employees is recognised immediately as an expense.

8. Revenue recognition

- 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.
- 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.

9. Hedging transactions

The group enters into financial transactions to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the planned gold production of its gold mines. Financial instruments entered into in pursuit of this objective are specifically designated as hedges of the planned future production of the gold mines.

Accounting policies continued

Gains and losses on gold hedging instruments that effectively establish prices for future production, are recognised in income at the earlier of any cash flow or delivery of the related hedged production.

Hedged positions below current cost of production are recognised in the period in which the loss arises.

Foreign currency derivative financial instruments are translated at contract rates. Gains and losses on these contracts are recognised in income as a component of the related gold transaction.

10. Foreign currency

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the year end and any gains and losses arising are included in earnings.

The balance sheets and income statements of foreign subsidiaries are translated on the following bases:

Foreign entities

Foreign entities do not form an integral part of the operations of the group.

Assets and liabilities (both monetary and non-monetary) are translated at the closing rate. Income statement items are translated at a weighted average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve which is included with non-distributable reserves.

Foreign operations

Foreign operations form an integral part of the operations of the group.

Monetary items of these operations are translated using the closing rate of exchange. Non-monetary items are translated at the rate of exchange at the historical transaction date. Income statement items are translated at a weighted average rate of exchange for the period. All exchange differences are taken to the income statement for the period.

11. Translation into US dollars

To assist international investors, a translation of convenience into the currency of the United States of America is provided. These translations are based on average rates of exchange for income statement items and at those ruling at the year end for the balance sheet. The cash flow statement has been translated at average rates to give effect to transaction based conversion.

Group income statement

for the year 1998

Figures in million

US Dollars 1997*	US Dollars 1998		Notes	SA Rand 1998	SA Rand 1997*
2 649.3	**2 235.6**	Revenue	1	**12 282,6**	12 174,6
2 135.2	**1 658.0**	Cost of sales	2	**9 067,6**	9 813,3
514.1	**577.6**	**Operating profit**		**3 215,0**	2 361,3
74.9	**60.6**	Corporate administration and other expenses		**297,5**	381,6
–	**36.8**	Exploration costs		**203,5**	–
439.2	**480.2**	**Profit from operations**		**2 714,0**	1 979,7
7.2	**17.1**	Interest paid		**94,4**	33,8
64.9	**44.6**	Interest receivable		**246,4**	304,4
23.9	**40.3**	Income from associates	3	**220,7**	112,4
8.7	**2.4**	Income from other investments		**13,4**	40,8
529.5	**550.4**	**Profit on ordinary activities before taxation**	4	**3 100,1**	2 403,5
91.1	**159.1**	Mining and normal taxation	6	**885,6**	419,3
130.3	**101.6**	Appropriation for capital expenditure		**553,7**	599,1
308.1	**289.7**	**Profit on ordinary activities after taxation**		**1 660,8**	1 385,1
236.1	**256.6**	Dividends	7	**1 515,3**	1 111,3
72.0	**33.1**	**Increase in retained profit**		**145,5**	273,8
5.7	**5.3**	Retained profit at beginning of year		**26,0**	26,7
(59.7)	**(0,2)**	Merger adjustments		**(0.9)**	(274,5)
(12.7)	**(9.2)**	Translation adjustment			
5.3	**29.0**	**Retained profit at end of year**		**170,6**	26,0
315	**296**	Earnings per share-cents	8	**1 697**	1 416
241	**263**	Dividends per share-cents	7	**1 550**	1 136

* Where applicable the 1997 comparative figures constitute the aggregation of the previously audited financial statments of the participating companies as if the group has been in existence since 1 January 1997.

Group balance sheet

31 December 1998

Figures in million

US Dollars 1997*	US Dollars 1998		Notes	SA Rand 1998	SA Rand 1997*
		ASSETS			
		Non-current assets			
4 250.8	**3 538.7**	Mining assets	9	**20 811,7**	20 703,7
113.0	**129.8**	Investments	10	**763,4**	550,6
129.9	**142.7**	Long-term loans – unsecured	11	**839,4**	632,6
4 493.7	**3 811.2**			**22 414,5**	21 886,9
		Current assets			
125.8	**66.6**	Inventories	12	**391,9**	613,2
125.6	**147.4**	Trade and other receivables	13	**866,8**	612,0
239.1	**224.1**	Cash and cash equivalents	14	**1 318,0**	1 164,5
490.5	**438.1**			**2 576,7**	2 389,7
4 984.2	**4 249.3**	**Total assets**		**24 991,2**	24 276,6
		CAPITAL AND LIABILITIES			
812.5	**658.7**	Share capital and premium	15	**3 874,2**	3 958,1
–	**24.0**	Non-distributable reserve		**141,4**	–
3 568.5	**2 974.4**	Profits appropriated for capital expenditure		**17 492,9**	17 380,6
5.3	**29.0**	Retained earnings		**170,6**	26,0
0.1	**0.2**	Minority interests		**0,9**	0,3
4 386.4	**3 686.3**			**21 680,0**	21 365,0
		Non-current liabilities			
142.0	**121.5**	Borrowings	16	**714,7**	691,8
–	**15.7**	Debentures	17	**92,2**	–
142.0	**137.2**			**806,9**	691,8
		Current liabilities			
294.2	**231.4**	Trade and other payables	18	**1 360,8**	1 432,9
0.7	**0.7**	Current portion of borrowings	16	**4,3**	3,5
20.9	**60.6**	Taxation		**356,4**	101,6
140.0	**133.1**	Dividends		**782,8**	681,8
455.8	**425.8**			**2 504,3**	2 219,8
4 984.2	**4 249.3**	**Total capital and liabilities**		**24 991,2**	24 276,6

* Refer to note on income statement

Group cash flow statement

for the year 1998

Figures in million

1997*	1998		Notes	1998	1997*
US Dollars				SA Rand	
		Cash flows from operating activities			
357.7	**501.5**	Cash generated from operations	23	**2 786,1**	1 615,7
64.9	**44.6**	Interest received		**246,4**	304,4
(7.2)	**(17.1)**	Interest paid		**(94,4)**	(33,8)
8.7	**7.2**	Dividends received		**39,7**	40,8
(307.5)	**(258.0)**	Dividends paid		**(1 414,3)**	(1 366,5)
(158.6)	**(112.1)**	Mining and normal taxation paid		**(614,8)**	(733,1)
(42.0)	**166.1**	Net cash inflow/(outflow) from operating activities		**948,7**	(172,5)
		Cash flows from investing activities			
(219.3)	**(184.6)**	Purchase of mining assets		**(1 012,0)**	(1 009,4)
16.8	**75.4**	Proceeds from sale of mining assets		**413,6**	103,5
(29.4)	**(6.1)**	Investments acquired		**(33,7)**	(136,0)
0.9	**7.6**	Proceeds from sale of investments		**41,4**	3,6
(231.0)	**(107.7)**	Net cash outflow from investing activities		**(590,7)**	(1 038,3)
		Cash flows from financing activities			
–	**0.5**	Proceeds from issue of share capital		**2,9**	–
(0.2)	**(20.7)**	Formation and share issue expenses		**(113,4)**	(1,1)
27.3	**12.7**	Proceeds from borrowings		**69,4**	126,3
–	**(16.9)**	Repayment of borrowings		**(92,9)**	–
–	**(12.9)**	Loans advanced		**(70,5)**	–
27.1	**(37.3)**	Net cash (outflow)/inflow from financing activities		**(204,5)**	125,2
(245.9)	**21.1**	**Net increase/(decrease) in cash and cash equivalents**		**153,5**	(1 085,6)
4.4	**(36.1)**	Translation adjustment			
480.6	**239.1**	**Cash and cash equivalents at beginning of year**		**1 164,5**	2 250,1
239.1	**224.1**	**Cash and cash equivalents at end of year**		**1 318,0**	1 164,5

* Refer to note on income statement

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
US Dollars			SA Rand	
		1. Revenue		
2 527.8	**2 116.4**	Gold – normal	**11 654,9**	11 602,0
65.7	**68.2**	– accelerated hedge	**348,0**	309,7
55.8	**51.0**	Uranium oxide and sulphuric acid	**279,7**	262,9
2 649.3	**2 235.6**		**12 282,6**	12 174,6
		2. Cost of sales		
		Gold		
2 045.1	**1 499.1**	Cash costs	**8 224,4**	9 388,4
65.7	**68.2**	Retrenchments	**348,0**	309,7
23.0	**26.1**	Rehabilitation and other non-cash costs	**142,6**	108,4
2 133.8	**1 593.4**	Production costs	**8 715,0**	9 806,5
(36.5)	**31.5**	Inventory change	**171,9**	(171,9)
2 097.3	**1 624.9**		**8 886,9**	9 634,6
		Uranium oxide and sulphuric acid		
23.8	**25.5**	Production and selling costs	**139,0**	109,0
14.1	**7.6**	Inventory change	**41,7**	69,7
37.9	**33.1**		**180,7**	178,7
2 135.2	**1 658.0**	Total cost of sales	**9 067,6**	9 813,3
		3. Income from associates		
167.8	**154.8**	Gold revenue	**856,3**	774,5
104.6	**97.4**	Cost of sales	**539,0**	482,7
63.2	**57.4**	Profit from operations	**317,3**	291,8
39.3	**17.1**	Other operating expenses	**96,6**	179,4
23.9	**40.3**	Profit on ordinary activities before taxation	**220,7**	112,4
		4. Profit on ordinary activities before taxation		
		Includes:		
8.7	**2.4**	Dividends received – unlisted investments	**13,4**	40,8
0.7	**0.9**	Auditors' remuneration	**4,8**	2,9
0.5	**0.7**	Audit fees	**3,7**	2,1
0.2	**0.2**	Other services	**1,1**	0,8
4.2	**2.9**	Grants for educational and community development	**15,7**	19,3
7.2	**17.1**	Interest paid	**94,4**	33,8
1.6	**12.3**	Borrowings	**68,3**	8,1
5.6	**4.8**	Other loans	**26,1**	25,7

1997	1998		1998	1997
US Dollars			**SA Rand**	
		4. Profit on ordinary activities before taxation (continued)		
1 146.3	**847.5**	Total employees costs	**4 652,9**	5 261,4
1 000.2	**720.6**	Salaries and wages	**3 982,5**	4 583,0
72.7	**52.3**	Contribution to retirement benefits	**287,1**	333,5
7.7	**6.4**	Contributions to post-retirement medical benefits	**35,3**	35,2
65.7	**68.2**	Retrenchment payments	**348,0**	309,7
		The average monthly number of employees including contractors during the year was made up as follows:	**93 316**	134 273
		Surface	**18 462**	27 099
		Underground	**74 854**	107 174
		5. Directors' emoluments		
1.0	**1.1**	Executive directors	**5,8**	4,5
0.1	**–**	Fees	**0,2**	0,5
0.9	**0.9**	Salaries, benefits and other emoluments	**4,7**	4,0
–	**0.2**	Bonuses	**0,9**	–
		Non-executive directors		
–	**0.1**	Fees	**0,7**	0,2
1.0	**1.2**	Total directors emoluments	**6,5**	4,7

6. Mining and normal taxation

Income from gold mining is taxable at a tax rate determined by the following formula:

Y=51 – 255/x

where y is the percentage tax rate and x is the ratio of taxable income from mining to total revenue from mining, expressed as a percentage. Such taxable income is determined after the deduction of mining capital expenditure.

Lease taxation

Lease taxation is payable in respect of profits arising from areas in which the state has granted the right to mine at a rate determined by the following formula:

Y=12,5 – 75/x

where y is the percentage rate of lease taxation payable (after the deduction of a 5% capital allowance in terms of the lease) and x is the ratio of taxable profit to mining revenue expressed as a percentage. Taxable profit is determined after the deduction of mining capital expenditure. The basic amount determined is subject to a surcharge of 1,25%.

Income other than mining income is taxable at a rate of 42%.

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
US Dollars			SA Rand	
		6. Mining and normal taxation (continued)		
		The taxation charge comprises:		
24.4	**58.4**	Mining taxation	**319,0**	115,2
64.9	**97.8**	Non-mining taxation	**550,6**	295,3
1.8	**2.9**	Share of associates taxation	**16,0**	8,8
91.1	**159.1**		**885,6**	419,3
		The company has, in terms of tax legislation, opted for a tax regime which does not require it to deduct Secondary Tax on Companies (STC) on dividends declared. Notwithstanding this, if any of the company's shareholders are themselves subject to STC, this legislation entitles them to deduct their dividend accruals from this company in the determination of their own STC liabilities.		
		7. Dividends		
		Ordinary shares		
113.0	**123.5**	No. 84 of 750 SA cents (127 US cents) per share declared on 17 July 1998 and paid on 18 September 1998	**732,5**	511,8
123.1	**133.1**	No. 85 of 800 SA cents (136 US cents) per share declared on 2 February 1999 and payable on 26 March 1999	**782,8**	599,5
236.1	**256.6**		**1 515,3**	1 111,3
		8. Earnings per share – cents		
		Earnings per share is calculated based on earnings of R1 660,8; $289.7 (1997: R1 385,1; $308.1) and 97 842 263 (1997: 97 839 399) being the weighted average number of ordinary shares in issue during the financial year.		
		9. Mining assets		
4 250.8	**3 538.7**	This balance represents the historical cost, less sales, of the group's investment in the establishment and expansion of its mining undertaking, comprising mining rights, property, shaft sinking, development, equipment, plant and buildings	**20 811,7**	20 703,7

US Dollars 1997	US Dollars 1998		SA Rand 1998	SA Rand 1997
		10. Investments		
106.9	**125.2**	Associates	**736,6**	520,9
6.1	**4.6**	Other investments	**26,8**	29,7
113.0	**129.8**		**763,4**	550,6
		Associates		
		Carrying value consists of:		
106.9	**94.9**	Shares at cost	**558,2**	520,9
–	**40.3**	– profit on ordinary activities before taxation	**220,7**	–
–	**(2.9)**	– taxation	**(16,0)**	–
–	**(4.8)**	– dividends	**(26,3)**	–
–	**(2.3)**	– translation adjustment		
106.9	**125.2**	Carrying value	**736,6**	520,9
316.7	**217.8**	Market value/directors' valuation of investment in associates	**1281,2**	1 542,4
		Other investments		
		Listed investments		
1.0	**1.0**	Opening balance	**5,0**	5,0
–	**(1.0)**	Disposals	**(5,0)**	–
1.0	**–**	Closing balance	**–**	5,0
0.8	**–**	Market value of listed investments	**–**	3,8
		Unlisted investments		
5.1	**5.1**	Opening balance	**24,7**	24,7
–	**0.6**	Additions	**3,8**	–
–	**(0.3)**	Disposals	**(1,7)**	–
–	**(0.8)**	Translation adjustment		
5.1	**4.6**	Closing balance	**26,8**	24,7
18.4	**18.3**	Directors' valuation of unlisted investments	**107,4**	89,7

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
			Number of shares held	
		10. Investments (continued)		
		Associates		
		Listed		
		Driefontein Consolidated Limited	**43 794 572**	43 007 072
		Unlisted		
		Société d'Exploitation des Mines d'Or de Sadiola S.A.	**38 000**	38 000
		Other		
		Listed		
		AngloGold Limited	**–**	594 290
		St Helena Gold Mines Limited	**–**	258 527
		Unlisted		
		Lansan Investment Holdings Limited	**54 573**	52 392
		Northern Gold Holdings Limited	**350 350**	350 350
		Nuclear Fuels Corporation of South Africa (Proprietary) Limited	**1 229 310**	946 186
		Rand Refinery Limited	**196 945**	200 481
		RMH Hospital Limited	**457 413**	454 432
		The Chamber of Mines Building Company Limited	**459 582**	407 140
		The Employment Bureau of Africa Limited	**663 811**	718 625
		The Rand Mutual Assurance Company Limited	**8 984**	8 474

US Dollars			SA Rand	
		11. Long-term loans – unsecured		
120.5	**113.3**	Loans to associated companies The loan is denominated in US Dollars and interest accrues at libor plus 2% per annum. The loan is repayable in eight equal semi annual instalments on 16 May and 16 November with the final instalment on 16 May 2002.	**666,6**	586,9
–	**15.7**	Loan to AngloGold Limited Employee Share and Debenture Trust Interest is payable annually at the official interest rate per the seventh schedule of the Income Tax Act.	**92,2**	–
9.4	**13.7**	Other	**80,6**	45,7
129.9	**142.7**		**839,4**	632,6
		12. Inventories		
35.3	**–**	Gold on hand	**–**	171,9
33.4	**20.7**	Uranium oxide and sulphuric acid	**121,2**	162,9
57.1	**45.9**	Consumable stores	**270,7**	278,4
125.8	**66.6**		**391,9**	613,2

US Dollars 1997	US Dollars 1998		SA Rand 1998	SA Rand 1997
		13. Trade and other receivables		
12.1	**14.2**	Trade debtors	**83,3**	58,8
91.0	**106.8**	Other debtors	**628,0**	443,4
22.5	**26.4**	Prepayments and accrued income	**155,5**	109,8
125.6	**147.4**		**866,8**	612,0
		14. Cash and cash equivalents		
29.5	**5.6**	Unlisted redeemable cumulative preference shares at cost	**32,8**	143,8
49.7	**–**	Deposits, short-term and call, with Anglo American Corporation of South Africa Limited	**–**	242,2
159.9	**218.5**	Cash	**1 285,2**	778,5
239.1	**224.1**		**1 318,0**	1 164,5
		15. Share capital and premium		
		Authorised		
30.0	**30.0**	200 000 000 ordinary shares of 50 cents each	**100,0**	100,0
0.3	**0.3**	2 000 000 A redeemable preference shares of 50 cents each	**1,0**	1,0
–	**–**	5 000 000 B redeemable preference shares of 1 cent each	**0,1**	0,1
30.3	**30.3**		**101,1**	101,1
		Issued		
		97 853 199 (1997: 97 839 399) ordinary shares of 50 cents each		
10.0	**10.0**	Opening balance	**48,9**	48,9
–	**–**	Arising from the issue of 13 800 shares	**–**	–
–	**(1.7)**	Translation adjustment		
10.0	**8.3**	Closing balance	**48,9**	48,9
0.3	**0.3**	2 000 000 A redeemable preference shares of 50 cents each	**1,0**	1,0
–	**–**	778 896 B redeemable preference shares of 1 cent each	**–**	–
0.3	**0.3**		**1,0**	1,0
(0.3)	**(0.3)**	Less: Held within the group	**(1,0)**	(1,0)
		Share premium		
802.5	**802.5**	Opening balance	**3 909,2**	3 909,2
–	**0.6**	Movement arising from shares issued	**2,9**	–
–	**(16.1)**	Share issue expenses written off	**(86,8)**	–
–	**(136.6)**	Translation adjustment		
802.5	**650.4**	Closing balance	**3 825,3**	3 909,2
812.5	**658.7**	Total share capital and premium	**3 874,2**	3 958,1

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
US Dollars			SA Rand	
		16. Borrowings		
		Unsecured loans		
109.3	**100.4**	Loans from Anmercosa Finance Limited	**590,1**	532,8
		Interest charged at libor plus 2% per annum. Loan is repayable in eight half-yearly instalments terminating in May 2002		
12.7	**16.5**	Loan from Debsam Limited	**97,6**	61,9
		Interest charged at libor plus 2% per annum. The repayment terms are not yet determined		
17.0	**3.0**	Interest-free loans	**17,4**	82,8
2.9	**1.8**	Loan from the Economic Development Corporation Limited	**10,8**	14,1
		Interest charged at libor plus 0,6% per annum repayable in half-yearly instalments terminating December 2002		
0.8	**0.5**	Other	**3,1**	3,7
142.7	**122.2**	Total borrowings	**719,0**	695,3
		Amounts falling due:		
31.5	**29.8**	Between one and two years	**175,3**	153,2
101.7	**89.4**	Between two and five years	**525,9**	495,5
9.5	**3.0**	In five years or more	**17,8**	46,6
142.7	**122.2**	Total borrowings	**719,0**	695,3
(0.7)	**(0.7)**	Current portion of borrowings included in current liabilities	**(4,3)**	(3,5)
142.0	**121.5**		**714,7**	691,8
		17. Debentures		
–	**15.7**	420 500 unsecured variable rate compulsory convertible debentures issued in terms of the Share Incentive Scheme	**92,2**	–
		Interest on these debentures is payable annually at the official interest rate per the seventh schedule of the Income Tax Act.		
		The terms and conditions of the debentures are detailed in the directors report.		
		18. Trade and other payables		
90.4	**84.4**	Trade creditors	**496,5**	440,2
32.1	**30.0**	Accruals	**176,5**	156,5
171.7	**117.0**	Other creditors	**687,8**	836,2
294.2	**231.4**		**1 360,8**	1432,9
		19. Environmental Rehabilitation Trust Fund		
		The balance in the Environmental Rehabilitation Trust Fund is as follows:		
28.4	**37.1**	Balance at 31 December 1997	**180,5**	137,9
(1.8)	**(3.2)**	Work completed	**(17,7)**	(8,2)
6.5	**5.4**	Contributions	**29,4**	29,7
4.6	**5.0**	Interest earned	**27,4**	21,1
(0.6)	**(7.0)**	Translation adjustment		
37.1	**37.3**	Balance at 31 December 1998	**219,6**	180,5

1997	**1998**		**1998**	1997
	US Dollars		**SA Rand**	

20. Retirement benefits

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

The AngloGold Pension Fund, a defined benefit scheme, was formed in September 1998 when it was separated from the Anglo American Group and the Anglo American Corporation Pension Funds. At the last evaluation of the relevant Anglo American Group Pension Funds at January 1998 the scheme was certified by the reporting actuaries as being in a sound financial position, subject to the continuation of their current contribution rates. In arriving at their conclusions, the actuaries took into account reasonable long term estimates of inflation, increases in wages, salaries and pensions and returns on investments. The last valuation of these funds, plus the assets of the Anglo American Corporation Pension Fund transferred, showed a determined fair value of the combined assets of the scheme of R475,1; $80.8 which compares to the market value of R519,8; $88.4. This was more than sufficient to cover the benefits that had accrued to members, allowing for future increases in earnings, amounting to R448,6; $76.3. The AngloGold Pension Fund will be evaluated in 1999 and thereafter evaluations will take place at intervals of not more than three years using the projected benefit method.

Any deficits in the defined benefit scheme advised by the actuaries are funded either immediately or through increased contributions to ensure the ongoing soundness of the scheme. Contributions to the various retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefit for the year amounted to R281,1; $52.3 (1997: R333,5; $72.7).

Amounts owed to related party	**Purchases from related party**		**Purchases from related party**	**Amounts owed to related party**
		21. Related party transactions		
3.0	**38.7**	HL & H Timber Products (Proprietary) Limited – mining timber	**212,4**	**17,4**
–	**28.6**	Shaft Sinkers (Proprietary) Limited – mining services	**157,1**	**–**
2.6	**26.8**	AECI Limited – explosives and initiating systems	**147,3**	**15,2**
–	**8.5**	LTA Limited – mining services	**46,6**	**–**
0.1	**4.7**	Boart Longyear Limited – mining services	**25,2**	**0,5**
–	**0.5**	Haggie Limited – mining equipment	**3,0**	**–**

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
US Dollars			SA Rand	
		22. Commitments and contingent liabilities		
		Mining assets		
49.5	**39.4**	Contracted for	**231,9**	240,9
190.4	**163.5**	Not contracted for	**961,6**	927,2
239.9	**202.9**	Authorised by the directors	**1 193,5**	1 168,1
		Allocated for:		
		Expansion of capacity		
2.5	**5.6**	– within one year	**32,7**	12,4
123.3	**137.9**	– thereafter	**811,1**	600,4
125.8	**143.5**		**843,8**	612,8
		Maintenance of capacity		
87.6	**38.9**	– within one year	**228,5**	426,5
26.5	**20.5**	– thereafter	**121,2**	128,8
114.1	**59.4**		**349,7**	555,3
		This expenditure will be financed from existing cash resources and future cash flows.		
		There is a contingent liability arising from an agreement with Nuclear Fuels Corporation of South Africa (Proprietary) Limited (NUFCOR) whereunder the company has undertaken a joint liability with other shareholders of NUFCOR to ensure that certain sales commitments of NUFCOR will be met in the event of other shareholders of NUFCOR failing to meet their obligations.		
		The company has a contingent liability in respect of:		
6.6	**3.7**	– taxation allowances previously granted on consumable stores which are being recouped over the next two years; and	**21,5**	31,9
7.6	**3.6**	– leave pay provisions previously claimed as a deduction for taxation purposes as a result of changes in taxation legislation, which are being recouped over the next year.	**21,0**	37,0
		These liabilites have been calculated at current taxation rates. Any liability for taxation arising from these recoupments will depend on the company's tax-paying position and any taxation thus arising will be brought to account in the year in which it becomes payable.		
4.5	**2.9**	The company has given collateral security to certain banks in respect of mortgage loans advanced to employees under its home ownership scheme amounting to	**17,1**	22,0

US Dollars 1997	US Dollars 1998		SA Rand 1998	SA Rand 1997
		23. Cash generated from operations		
529.5	**550.4**	Profit on ordinary activities before taxation	**3 100,1**	2 403,5
		Adjusted for:		
(20.6)	**29.2**	Non-cash movements	**115,2**	(98,9)
(23.9)	**(40.3)**	Income from associates	**(220,7)**	(112,4)
(64.9)	**(44.6)**	Interest received	**(246,4)**	(304,4)
(8.7)	**(2.4)**	Dividends received	**(13,4)**	(40,8)
7.2	**17.1**	Interest paid	**94,4**	33,8
(60.9)	**(7.9)**	Movement in working capital	**(43,1)**	(265,1)
357.7	**501.5**		**2 786,1**	1 615,7
		The following analyses the movement in working capital:		
(19.3)	**40.4**	Decrease/(increase) in inventories	**221,3**	(111,0)
(58.6)	**(46.5)**	Increase in trade and other receivables	**(254,8)**	(255,0)
17.0	**(1.8)**	(Decrease)/increase in trade and other payables	**(9,6)**	100,9
(60.9)	**(7.9)**		**(43,1)**	(265,1)

24. Gold forward sales

As at 31 December 1998, the company had the following net forward sales commitments outstanding against future production:

12 months ending 31 December	Ounces sold 000	Kilograms sold	Forward price US$ per ounce sold	Forward price Rand per kilogram sold	Percentage of positions price in US$
1999	3 741	116 350	322	63 998	53
2000	2 236	69 557	342	75 800	60
2001	1 945	60 501	337	82 697	57
2002	1 526	47 450	337	91 137	57
2003	630	19 599	351	104 375	66
2004-2008	1 769	55 037	386	137 876	72

A portion of these sales consists of US dollar-priced contracts which have been converted to rand prices at an average annual forward rand value based on a spot rand/dollar exchange rate of R5,86 available on 31 December 1998. The aggregate of US dollar-priced contracts over the full duration of the hedge is 59%.

Refer to IAS financial statements note 24 for a detailed discussion of the group's risk management activities in terms of IAS32 and AC125.

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

US Dollars 1997	US Dollars 1998		SA Rand 1998	SA Rand 1997
		25. Company financial statements		
		Income statement for the year 1998		
865.1	**1 469.9**	Revenue	**8 069,9**	3 981,9
629.4	**1 037.7**	Cost of sales	**5 696,7**	2 885,3
235.7	**432.2**	**Operating profit**	**2 373,2**	1 096,6
24.7	**26.9**	Corporate administration and other costs	**147,6**	113,6
20.7	**22.0**	Other income	**120,9**	94,7
–	**37.1**	Exploration costs	**203,5**	–
231.7	**390.2**	**Profit from operations**	**2 143,0**	1 077,7
88.3	**–**	Royalties paid	**0,1**	408,6
–	**9.8**	Income from associates	**53,7**	–
–	**122.0**	Dividends received from subsidiaries	**669,6**	–
9.8	**–**	Preference dividend paid	**–**	44,9
133.6	**522.0**	**Profit on ordinary activities before taxation**	**2 866,2**	624,2
3.8	**114.7**	Mining and normal taxation	**629,5**	17,2
62.5	**105.9**	Appropriation for capital expenditure	**581,4**	287,7
67.3	**301.4**	**Profit on ordinary activities after taxation**	**1 655,3**	319,3
68.1	**256.6**	Dividends	**1 515,3**	320,0
(0.8)	**44.8**	**Increase/(decrease) in retained profit**	**140,0**	(0,7)
5.3	**5.0**	Retained profit at beginning of year	**24,2**	24,9
0.5	**(21.9)**	Translation adjustment		
5.0	**27.9**	**Retained profit at end of year**	**164,2**	24,2
		Profit before taxation includes:		
7.7	**32.1**	Interest received	**177,2**	34,6
–	**9.8**	Income from associates	**53,7**	–
–	**4.8**	Dividends received	**26,3**	–
–	**5.0**	Retained earnings for the year	**27,4**	–
0.9	**1.0**	Dividends received – unlisted investments	**5,3**	4,0
6.7	**–**	Fees for secretarial, administrative, technical and buying services	**–**	30,8
0.6	**15.9**	Interest paid	**87,8**	2,5
		Directors' emoluments		
1.0	**1.1**	Executive directors	**5,8**	4,5
0.1	**–**	Fees	**0,2**	0,5
0.9	**0.9**	Salaries, benefits and other emoluments	**4,7**	4,0
–	**0.2**	Bonuses	**0,9**	–
		Non executive directors		
–	**0.1**	Fees	**0,7**	0,2
1.0	**1.2**	Total directors' emoluments paid	**6,5**	4,7
0.1	**0.6**	Auditors' remuneration – fees	**3,1**	0,4
0.1	**0.2**	– other services	**1,1**	0,3
1.0	**0.4**	Grants for educational and community development purposes	**2,4**	4,7

US Dollars 1997	US Dollars 1998		SA Rand 1998	SA Rand 1997
		25. Company financial statements (continued)		
		Balance sheet 31 December		
		Assets		
		Non-current assets		
1 163.6	**3 535.2**	Mining assets	**20 791,1**	5 659,7
29.6	**4.4**	Investments	**26,0**	144,2
48.6	**111.0**	Investments in associates	**652,9**	236,2
31.2	**230.2**	Investments in subsidiary companies	**1 354,1**	151,7
–	**11.6**	Inter-company loans	**68,4**	–
2.4	**24.1**	Long-term loans – unsecured	**142,1**	11,6
1 275.4	**3 916.5**		**23 034,6**	6203,4
		Current assets		
57.9	**66.1**	Inventories	**388,5**	281,4
75.9	**141.8**	Trade and other receivables	**834,0**	369,4
13.9	**219.5**	Cash and cash equivalents	**1 290,8**	67,7
147.7	**427.4**		**2 513,3**	718,5
1 423.1	**4 343.9**	**Total assets**	**25 547,9**	6 921,9
		Capital and liabilities		
113.2	**904.2**	Share capital and premium	**5 317,9**	550,5
–	**24.0**	Non-distributable reserve	**141,4**	–
1 060.2	**2 972.5**	Profits appropriated for capital expenditure	**17 482,0**	5 157,0
5.0	**27.9**	Distributable reserve	**164,2**	24,2
1 178.4	**3 928.6**		**23 105,5**	5 731,7
		Non-current liabilities		
70.8	**2.2**	Long-term liabilities	**12,9**	344,4
–	**15.7**	Debentures	**92,2**	–
70.8	**17.9**		**105,1**	344,4
		Current liabilities		
105.5	**204.3**	Trade and other payables	**1 201,8**	512,8
21.5	**–**	Current portion of borrowings	**–**	104,8
0.9	**60.0**	Taxation	**352,7**	4,1
44.5	**133.1**	Dividends	**782,8**	216,7
1.5	**–**	Subsidiary companies	**–**	7,4
173.9	**397.4**		**2 337,3**	845,8
1 423.1	**4 343.9**	**Total capital and liabilities**	**25 547,9**	6 921,9
		Cash flow statement for the year 1998		
120.1	**579.7**	Cash generated from operations	**3 178,2**	562,1
21.1	**17.3**	Investment income	**94,7**	96,6
(11.8)	**(51.2)**	Mining and normal taxation paid	**(280,9)**	(53,4)
(114.5)	**(103.3)**	Cash flows from investing activities	**(566,3)**	(527,5)
52.0	**(27.1)**	Cash flows from financing activities	**(148,6)**	239,8
(79.1)	**(173.1)**	Dividends paid	**(949,2)**	(365,4)
2.4	**(15.2)**	Translation adjustment		
(9.8)	**227.1**	Net increase/(decrease) in cash and cash equivilents	**1 327,9**	(47,8)

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

26. Interest in subsidiaries

	% Held		Book value of interest Shares at cost		Amounts owing by/(to)	
	1998	1997	**1998**	1997	**1998**	1997
			Rm	Rm	**Rm**	Rm
AngloGold Offshore Investments Limited*	**100**	100	**1 348,8**	1 348,8	**168,5**	–
Southvaal Holdings Limited	**100**	100	**634,9**	634,9	**(161,4)**	(270,6)
Eastvaal Gold Holdings Limited	**100**	100	**848,6**	848,6	**(604,4**	(542,5)
Stone and Allied Industries (OFS) Limited	**95**	95	**–**	–	**(1,3)**	(4,4)
Advanced Mining Software Limited	**100**	100	**5,3**	5,3	**25,2**	7,8
Inter-Mine Services OFS (Proprietary) Limited	**100**	100	**–**	–	**(123,9)**	(13,7)

* Incorporated in British Virgin Islands

Introduction to the IAS financial statements

The South African mining industry has been well served by the method of accounting employed by it over the last century. This method, known as the appropriation method of accounting, closely resembles cash flow accounting. It is based on the premise that mines have a finite life. Accordingly, no charge is made for amortisation of mining assets nor is any account taken of depletion of ore reserves. The principle is adopted that shareholders' funds are invested in a wasting asset and the cost of mining assets over and above the initial capital is provided out of profits earned. Profits are appropriated to fund expenditure on mining assets to the extent that this expenditure exceeds capital funds while remaining funds are available for distribution to shareholders. In addition, certain liabilities are treated on a pay-as-you-go basis. The application of this accounting method is the generally accepted standard for the deep-level gold mining industry in South Africa. The financial statements prepared on the appropriation method are consequently used for the statutory requirements of the South African Companies Act and for the Johannesburg Stock Exchange reporting purposes.

The international accounting community has developed a set of standards which are applied on a broad and common front and which require that costs be matched to revenues, a process which would not be possible under the appropriation method. In order to provide additional information to international investors on a basis comparable to that used generally in the broader investment community, including extractive industries, this company has decided that an illustrative application of International Accounting Standards (referred to as the IAS financial statements) be presented. To assist international investors, a translation of convenience into the currency of the United States of America is provided for the IAS financial statements. These translations are based on average rates of exchange for income statement items and at those ruling at the year end for the balance sheet. The cash-flow statement has been translated at average rates to give effect to a transaction-based conversion. Translation differences are accounted for in the statement of shareholders' equity.

The following are the key differences between the two forms of reporting:

- Capital expenditure is charged to income by way of appropriation in the statutory annual financial statements and by way of amortisation and depreciation in the IAS financial statements;
- No provision is made for deferred taxation in the statutory annual financial statements as the immediate write-off for taxation purposes of mining assets is considered to be a non-reversible taxation benefit. In terms of IAS, this is regarded as a temporary difference and requires the raising of a deferred taxation liability;
- Future liabilities of which the amount is uncertain such as rehabilitation and future employee medical care liabilities accounted for in the statutory annual financial statements based on the pay-as-you-go approach are charged to the income statement and carried in the balance sheet in the IAS financial statements; and
- In the statutory annual financial statements, gold in process is appropriated for out of capital on the establishment of the production pipeline, while in the IAS financial statements such material is treated as inventory on an estimated cost basis.

Reconciliations between the two sets of financial statements are shown on page 92.

Auditors’ report

Report of the Independent Auditors to the members of AngloGold Limited on the IAS financial statements

We have audited the IAS annual financial statements and group financial statements of AngloGold Limited as set out on pages 71 to 92 for the year ended 31 December 1998.

These IAS financial statements are the responsibility of the company’s directors. Our responsibility is to express an opinion on the IAS financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the IAS annual financial statements and group financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 1998, and the results of their operations and cash flows for the year then ended in accordance with International Accounting Standards and in the manner required by the South African Companies Act.

We have also reported separately on the statutory annual financial statements and group financial statements of AngloGold Limited for the same period, prepared in accordance with accounting principles generally accepted in South Africa.

Ernst & Young
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
12 March 1999

Accounting policies

The IAS financial statements are prepared on the historical cost basis. The group's accounting policies set out below are consistent in all material respects with those applied in the previous financial year. The policies adopted comply with the standards issued by the International Accounting Standards (IAS) Committee.

1. Consolidation

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

The method adopted for the combination of the scheme companies on the formation of the AngloGold group is the uniting of interest method for accounting for mergers in terms of International Accounting Standard No. 22 – Business Combinations. The surplus arising on merger accounting between the nominal share capital and share premium issued by the company and the nominal value of the share capital and share premium of the scheme companies acquired has been reflected as the merger adjustment and set-off against shareholders' equity.

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. Where an investment in a subsidiary or a joint venture is made during the financial year, any excess of the purchase price compared with the fair value of the attributable net assets is recognised as goodwill and amortised as an expense over the lesser of its useful life or 20 years.

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

2. Associates

Associates are long-term investments in which the company holds between 20 per cent and 50 per cent of the equity and thereby has the ability to exercise significant influence over those companies' financial and operating policy decisions. The post-acquisition results of associates are incorporated in the company's financial statements, using the equity method, from the effective dates of acquisition and up to the effective dates of disposal.

The income statement includes the group's proportionate share of the results of operations, the attributable share of taxation thereon, and outside shareholders' interest in net income of associates. The equity-accounted retained earnings of associates, which are not available for distribution by way of a dividend to the company's shareholders, less any provisions, are transferred to a non-distributable reserve.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim statements. Any losses of associates are brought to account until the investment in and loans to such associates are 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.

Accounting policies continued

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 any other movements in reserves. The carrying value is compared with the associate's market value or directors' valuation. Where, in the opinion of the directors, the value of an associate has been permanently impaired below its carrying value, or the market value has fallen below the carrying value over a sustained period, a provision is made for such impairment in value.

3. Mining assets

Mining assets are recorded at cost of acquisition less amortisation and amounts written off. Cost includes preproduction expenditure incurred during the development of the mine. Cost also includes interest capitalised during the construction period where such costs are financed by borrowings.

Mine development costs

Capitalised mine development cost includes expenditure incurred to develop new ore bodies, to define further mineralisation in existing ore bodies and to expand the capacity of the mine. Development costs to maintain production are deferred, where applicable, and expensed against the related production. Amortisation is first charged on new mining ventures from the date on which production reaches commercial quantities. Mine development costs are amortised using the units-of-production method based on estimated proved and probable mineral reserves.

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

Mine infrastructure

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

Land

Land is not depreciated.

Mineral rights, dumps and other

Mineral rights are amortised using the units-of-production method based on estimated proved and probable mineral reserves. When there is little likelihood of a mineral right being exploited, or the value of an exploitable mineral right has diminished below cost, a write down is effected. The cost of exploration programmes not anticipated to result in additions to the group's reserves are expensed when incurred.

Leased assets

Assets subject to finance leases are capitalised at cost with the related lease obligation recognised at the same value. Capitalised leases are depreciated over their estimated useful lives. 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.

4. Inventories

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

Gold on hand, uranium oxide and sulphuric acid are valued on an average production cost method

Gold in process is valued at the average production cost of the relevant stage of production.

Consumable stores are valued at the lower of average cost or net realisable value.

5. Environmental expenditure

Rehabilitation expenditure and related accrued liabilities, which are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements, are accrued and expended over the operating life of the mines using the units-of-production method based on estimated proved and probable mineral reserves. The carrying amount of liabilities is regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. Expenditure on ongoing rehabilitation costs is brought to account when incurred.

Annual contributions are made to the group's Environmental Trust Fund, created in accordance with the statutory requirements, to provide for the estimated cost of pollution control and rehabilitation during and at the end of the life of the mine. Interest earned on monies paid to the trust fund is accrued on an annual basis and is set off against future liability of the group.

6. Post-retirement benefits

The costs of post-employment benefits are made up of those obligations which the group has towards current and retired employees. These obligations can be separated into the following categories, and are determined as follows:

Defined contribution plans

Retirement and provident funds

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

Accounting policies continued

Defined benefit plans

Pension funds

The current service cost in respect of defined benefit plans is recognised as an expense in the current period. Past service costs, experience adjustments, the effect of changes in actuarial assumptions and the effects of planned amendments in respect of existing employees are recognised as an expense or income systematically over the expected remaining service period of those employees.

Post-retirement medical aid costs

The post-retirement medical aid liability in respect of existing employees is recognised as an expense systematically over the expected remaining service period of those employees, using the projected unit credit method. The liability in respect of retired employees is recognised immediately as an expense.

7. Revenue recognition

- 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.
- 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.

8. Deferred taxation

Deferred taxation represents the tax effect of all temporary differences and is provided at the current mining cost formula rate using the comprehensive liability method.

9. Hedging transactions

The group enters into financial transactions to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the planned gold production of its gold mines. Financial instruments entered into in pursuit of this objective are specifically designated as hedges of the planned future production of the gold mines.

Gains and losses on gold hedging instruments that effectively establish prices for future production, are recognised in income at the earlier of any cash flow or delivery of the related hedged production.

Hedged positions below current cost of production are recognised in the period in which the loss arises.

Foreign currency derivative financial instruments are translated at contract rates. Gains and losses on these contracts are recognised in income as a component of the related gold transaction.

10. Foreign currency

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the year end and any gains and losses arising are included in earnings.

The balance sheets and income statements of foreign subsidiaries are translated on the following bases:

Foreign entities

Foreign entities do not form an integral part of the operations of the group.

Assets and liabilities (both monetary and non-monetary) are translated at the closing rate. Income statement items are translated at a weighted average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve which is included with non-distributable reserves.

Foreign operations

Foreign operations form an integral part of the operations of the group.

Monetary items of these operations are translated using the closing rate of exchange. Non-monetary items are translated at the rate of exchange at the historical transaction date. Income statement items are translated at a weighted average rate of exchange for the period. All exchange differences are taken to the income statement for the period.

11. Translation into US dollars

To assist international investors, a translation of convenience into the currency of the United States of America is provided. These translations are based on average rates of exchange for income statement items and at those ruling at the year end for the balance sheet. The cash flow statement has been translated at average rates to give effect to transaction based conversion.

Group income statement
for the year 1998
Figures in million

SA Rand 1997*	SA Rand 1998		Notes	US Dollars 1998	US Dollars 1997*
12 174,6	**12 282,6**	Revenue	1	**2 235.6**	2 649.3
11 565,7	**9 868,5**	Cost of sales	2	**1 801.5**	2 514.4
608,9	**2 414,1**	**Operating profit**		**434.1**	134.9
375,1	**228,4**	Corporate administration and other expenses		**42.2**	80.3
–	**203,5**	Exploration costs		**36.8**	–
233,8	**1 982,2**	**Profit from operations**		**355.1**	54.6
33,8	**94,4**	Interest paid		**17.1**	7.2
304,4	**246,4**	Interest receivable		**44.6**	64.9
222,5	**363,7**	Income from associates	3	**68.4**	48.2
40,8	**13,4**	Income from other investments		**2.4**	8.7
56,2	**(107,3)**	(Loss)/profit on sale of mining assets		**(9.1)**	12.1
823,9	**2 404,0**	**Profit on ordinary activities before taxation**	4	**444.3**	181.3
(65,7)	**693,5**	Mining and normal taxation	5	**126.8**	(13.8)
74,7	**–**	Transfer to non-distributable reserve		**–**	15.9
814,9	**1 710,5**	**Profit on ordinary activities after taxation**		**317.5**	179.2
		Earnings per share (cents)			
833	**1 748**	– Basic	6	**324**	183
789	**1 568**	– Headline	6	**283**	174
1 136	**1 550**	Dividends per share (cents)	7	**263**	241

* Where applicable the 1997 comparative figures constitute the aggregation of the previously audited financial statments of the participating companies as if the group has been in existence since 1 January 1997.

Group balance sheet

at 31 December 1998

Figures in million

1997*	1998		Notes	1998	1997*
SA Rand				US Dollars	
		ASSETS			
		Non-current assets			
11 241,3	**10 971,3**	Mining assets	8	**1 865.5**	2 308.0
550,6	**901,5**	Investments	9	**153.3**	113.0
632,6	**839,4**	Long-term loans – unsecured	10	**142.7**	129.9
12 424,5	**12 712,2**			**2 161.5**	2 550.9
		Current assets			
959,2	**679,2**	Inventories	11	**115.4**	197.1
612,0	**866,8**	Trade and other receivables	12	**147.4**	125.6
1 164,5	**1 318,0**	Cash and cash equivalents	13	**224.1**	239.1
2 735,7	**2 864,0**			**486.9**	561.8
15 160,2	**15 576,2**	**Total assets**		**2 648.4**	3 112.7
		EQUITY AND LIABILITIES			
		Capital and reserves			
5 351,6	**5 267,7**	Share capital and premium	14	**895.6**	1 098.4
–	**147,5**	Non-distributable reserve		**25.0**	–
1 208,9	**1 404,1**	Retained earnings		**238.8**	248.5
6 560,5	**6 819,3**	Shareholders' equity		**1 159.4**	1 346.9
0,3	**0,9**	Minority interests		**0.2**	0.1
6 560,8	**6 820,2**			**1 159.6**	1 347.0
		Non-current liabilities			
691,8	**714,7**	Borrowings	15	**121.5**	142.0
–	**92,2**	Debentures	16	**15.7**	–
1 179,2	**1 133,2**	Other long-term liabilities	17	**192.7**	242.2
4 508,6	**4 311,6**	Deferred taxation	18	**733.1**	925.7
6 379,6	**6 251,7**			**1 063.0**	1 309.9
		Current liabilities			
1 432,9	**1 360,8**	Trade and other payables	19	**231.4**	294.2
3,5	**4,3**	Current portion of borrowings	15	**0.7**	0.7
101,6	**356,4**	Taxation		**60.6**	20.9
681,8	**782,8**	Dividends		**133.1**	140.0
2 219,8	**2 504,3**			**425.8**	455.8
15 160,2	**15 576,2**	**Total equity and liabilities**		**2 648.4**	3 112.7
7 815	**7 467**	**Net asset value per ordinary share (cents)**		**1 269**	1 604

* Refer to note on income statement

Group cash flow statement

for the year 1998
Figures in million

1997*	1998		Notes	1998	1997*
SA Rand				US Dollars	
		Cash flows from operating activities			
1 615,7	**2 786,1**	Cash generated from operations	23	**501.5**	357.7
304,4	**246,4**	Interest received		**44.6**	64.9
(33,8)	**(94,4)**	Interest paid		**(17.1)**	(7.2)
40,8	**39,7**	Dividends received		**7.2**	8.7
(1 366,5)	**(1 414,3)**	Dividends paid		**(258.0)**	(307.5)
(733,1)	**(614,8)**	Mining and normal taxation paid		**(112.1)**	(158.6)
(172,5)	**948,7**	Net cash inflow/(outflow) from operating activities		**166.1**	(42.0)
		Cash flows from investing activities			
(1 009,4)	**(1 012,0)**	Purchase of mining assets		**(184.6)**	(219.3)
103,5	**413,6**	Proceeds from sale of mining assets		**75.4**	16.8
(136,0)	**(33,7)**	Investments acquired		**(6.1)**	(29.4)
3,6	**41,4**	Proceeds from sale of investments		**7.6**	0.9
(1 038,3)	**(590,7)**	Net cash outflow from investing activities		**(107.7)**	(231.0)
		Cash flows from financing activities			
–	**2,9**	Proceeds from issue of share capital		**0.5**	–
(1,1)	**(113,4)**	Formation and share issue expenses		**(20.7)**	(0.2)
126,3	**69,4**	Proceeds from borrowings		**12.7**	27.3
–	**(92,9)**	Repayment of borrowings		**(16.9)**	–
–	**(70,5)**	Loans advanced		**(12.9)**	–
125,2	**(204,5)**	Net cash (outflow)/inflow from financing activities		**(37.3)**	27.1
(1 085,6)	**153,5**	**Net increase/(decrease) in cash and cash equivalents**		**21.1**	(245.9)
		Translation adjustment		**(36.1)**	4.4
2 250,1	**1 164,5**	**Cash and cash equivalents at beginning of year**		**239.1**	480.6
1 164,5	**1 318,0**	**Cash and cash equivalents at end of year**		**224.1**	239.1

* Refer to note on income statement

Group statement of shareholders' equity

at 31 December 1998

Figures in million

US Dollars	Ordinary share capital	Ordinary share premium	Non-distributable reserve	Retained earnings	Total
Balance after merger adjustments as at 31 December 1997	10.0	1 088.4	–	248.5	1 346.9
Profit on ordinary activities after taxation	–	–	–	317.5	317.5
Dividends	–	–	–	(256.6)	(256.6)
Shares issued	–	0.6	–	–	0.6
Share issue expenses written off	–	(16.1)	–	–	(16.1)
Transfer to non-distributable reserve*	–	–	25.0	–	25.0
Translation adjustment	(1.7)	(185.6)	–	(70.6)	(257.9)
Balance at 31 December 1998	**8.3**	**887.3**	**25.0**	**238.8**	**1 159.4**

SA Rands	Ordinary share capital	Ordinary share premium	Non-distributable reserve	Retained earnings	Total
Balance after merger adjustments as at 31 December 1997	48,9	5 302,7	–	1 208,9	6 560,5
Profit on ordinary activities after taxation	–	–	–	1 710,5	1 710,5
Dividends	–	–	–	(1 515,3)	(1 515,3)
Shares issued	–	2,9	–	–	2,9
Share issue expenses written off	–	(86,8)	–	–	(86,8)
Transfers to non-distributable reserve*	–	–	147,5	–	147,5
Balance at 31 December 1998	**48,9**	**5 218,8**	**147,5**	**1 404,1**	**6 819,3**

* Included in the non-distributable reserve is a surplus on disposal of company shares, held by companies prior to the merger of $24.0 (R141,4). The balance represents a foreign currency translation reserve.

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

SA Rand 1997	SA Rand 1998		US Dollars 1998	US Dollars 1997
		1. Revenue		
11 602,0	**11 654,9**	Gold – normal	**2 116.4**	2 527.8
309,7	**348,0**	– accelerated hedge	**68.2**	65.7
262,9	**279,7**	Uranium oxide and sulphuric acid	**51.0**	55.8
12 174,6	**12 282,6**		**2 235.6**	2 649.3
		2. Cost of sales		
		Gold		
9 388,4	**8 224,4**	Cash costs	**1 499.1**	2 045.1
309,7	**348,0**	Retrenchments	**68.2**	65.7
267,6	**140,0**	Rehabilitation and other non-cash costs	**23.1**	56.4
9 965,7	**8 712,4**	Production costs	**1 590.4**	2 167.2
923,9	**744,8**	Amortisation of mining assets	**135.5**	200.5
497,4	**230,6**	Inventory change	**42.5**	108.8
11 387,0	**9 687,8**		**1 768.4**	2 476.5
		Uranium oxide and sulphuric acid		
109,0	**139,0**	Production and selling costs	**25.5**	23.8
69,7	**41,7**	Inventory change	**7.6**	14.1
178,7	**180,7**		**33.1**	37.9
11 565,7	**9 868,5**	Total cost of sales	**1 801.5**	2 514.4
		3. Income from associates		
774,5	**856,3**	Gold revenue	**154.8**	167.8
519,0	**652,4**	Cost of sales	**119.1**	112.4
255,5	**203,9**	Profit from operations	**35.7**	55.4
33,0	**(159,8)**	Other operating (income) expenses	**(32.7)**	7.2
222,5	**363,7**	Profit on ordinary activities before taxation	**68.4**	48.2

SA Rand 1997	SA Rand 1998		US Dollars 1998	US Dollars 1997
		4. Profit on ordinary activities before taxation		
		Includes:		
40,8	**13,4**	Dividends received – unlisted investments	**2.4**	8.7
923,9	**744,8**	Amortisation of mining assets	**135.5**	200.5
2,9	**4,8**	Auditors' remuneration	**0.9**	0.7
2,1	**3,7**	Audit fees	**0.7**	0.5
0,8	**1,1**	Other services	**0.2**	0.2
19,3	**15,7**	Grants for educational and community development	**2.9**	4.2
33,8	**94,4**	Interest paid	**17.1**	7.2
8,1	**68,3**	Borrowings	**12.3**	1.6
25,7	**26,1**	Other loans	**4.8**	5.6
5 261,4	**4 652,9**	Total employees costs	**847.5**	1 146.3
4 583,0	**3 982,5**	Salaries and wages	**720.6**	1 000.2
333,5	**287,1**	Contribution to retirement benefits	**52.3**	72.7
35,2	**35,3**	Contributions to post-retirement medical benefits	**6.4**	7.7
309,7	**348,0**	Retrenchment payments	**68.2**	65.7
		The average monthly number of employees including contractors during the year was made up as follows:	**93 316**	134 273
		Surface	**18 462**	27 099
		Underground	**74 854**	107 174
		Exceptional items:		
56,2	**(107,3)**	(Loss)/profit on sale of mining assets	**(9.1)**	12.1
–	**160,5**	Surplus on disposal of investment by associate	**32.4**	–
(13,0)	**123,5**	Taxation effect of exceptional items	**17.3**	(2.8)
43,2	**176,7**		**40.6**	9.3

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
SA Rand			US Dollars	
		5. Mining and normal taxation		
		The taxation charge comprises:		
115,2	**319,0**	Mining taxation	**58.4**	24.4
295,3	**550,6**	Non-mining taxation	**97.8**	64.9
(514,2)	**(197,0)**	Deferred taxation	**(33.1)**	(111.3)
38,0	**20,9**	Share of associates taxation	**3.7**	8.2
(65,7)	**693,5**		**126.8**	(13.8)

Mining tax on mining income is determined according to a formula which varies the taxation rate in accordance with the ratio of profit to revenue from mining operations. This formula also allows an initial tranche of mining income to be earned free of taxation. Non-mining income, the taxable element of which consists primarily of interest received, is taxed at the non-mining taxation rate.

Deferred taxation is provided at the current mining cost formula rate of 51% for mining temporary differences. Non-mining income does not give rise to temporary differences. Because the mining taxation formula imposes variable taxation rates, no reconciliation of the company's income taxation charge has been prepared.

The company has, in terms of taxation legislation, opted for a tax regime which does not require it to deduct Secondary Tax on Companies (STC) on dividends declared. Notwithstanding this, if any of the company's shareholders are themselves subject to STC, this legislation entitles them to deduct their dividend accruals from this company in the determination of their own STC liabilities.

6. Earnings per share

Basic

The calculation of basic earnings per share is based on earnings of $317.5; R1 710,5 (1997: $179.2; R814,9) and 97 842 263 (1997: 97 839 399) being the weighted average number of shares in issue of during the financial year

Diluted

There are no material differences between basic earnings per share and diluted earnings per share.

Headline

Headline earnings removes items of a capital nature from the calculation of earnings per share. The basic earnings have been adjusted by the following to arrive at headline earnings:

1997	1998		1998	1997
814,9	**1 710,5**	Basic earnings	**317.5**	179.2
43,2	**176,7**	Less: Exceptional items as per note 4	**40.6**	9.3
771,7	**1 533,8**	Headline earnings	**276.9**	169.9

1997	1998		1998	1997
		7. Dividends		
		Ordinary shares		
511,8	**732,5**	No. 84 of 127 US cents (750 SA cents) per share declared on 17 July 1998 and paid on 18 September 1998	**123.5**	113.0
599,5	**782,8**	No. 85 of 136 US cents (800 SA cents) per share declared on 2 February 1999 and payable on 26 March 1999	**133.1**	123.1
1 111,3	**1 515,3**		**256.6**	236.1

SA Rand						US Dollars				
Land	Mineral rights, dumps and other	Mine infra-structure	Mine develop-ment	Total		Total	Mine develop-ment	Mine infra-structure	Mineral rights, dumps and other	Land
					8. Mining assets					
					Cost					
29,9	135,5	3 794,1	13 713,6	17 673,1	Balance at 31 December 1997	3 628.5	2 815.6	779.0	27.8	6.1
5,1	239,4	170,0	616,2	1 030,7	Additions	191.7	114.6	31.6	44.6	0.9
0,1	(1,7)	302,7	(1 911,1)	(1 610,0)	Transfers, amounts written off and disposals	(299.5)	(355.5)	56.3	(0.3)	–
					Translation adjustment	(614.2)	(463.1)	(141.4)	(8.7)	(1.0)
35,1	373,2	4 266,8	12 418,7	17 093,8	Balance at 31 December 1998	2 906.5	2 111.6	725.5	63.4	6.0
					Accumulated amortisation					
–	10,0	1 904,3	4 517,5	6 431,8	Balance at 31 December 1997	1 320.5	927.4	391.0	2.1	–
–	7,1	239,5	498,2	744,8	Charge for the year	135.5	89.6	44.6	1.3	–
–	1,8	(33,1)	(1 022,8)	(1 054,1)	Transfers, amounts written off and disposals	(196.1)	(190.2)	(6.2)	0.3	–
					Translation adjustment	(218.9)	(147.9)	(70.5)	(0.5)	–
–	18,9	2 110,7	3 992,9	6 122,5	Balance at 31 December 1998	1 041.0	678.9	358.9	3.2	–
35,1	354,3	2 156,1	8 425,8	10 971,3	Net book value at 31 December 1998	1 865.5	1 432.7	366.6	60.2	6.0
29,9	125,5	1 889,8	9 196,1	11 241,3	Net book value at 31 December 1997	2 308.0	1 888.2	388.0	25.7	6.1

1997	**1998**		**1998**	1997
		9. Investments		
520,9	**874,7**	Associates	**148.7**	106.9
29,7	**26,8**	Other investments	**4.6**	6.1
550,6	**901,5**		**153.3**	113.0
		Associates		
		Carrying value consists of:		
520,9	**558,2**	Shares at cost	**94.9**	106.9
–	**363,7**	– profit on ordinary activities before taxation	**68.4**	–
–	**(20,9)**	– taxation	**(3.7)**	–
–	**(26,3)**	– dividends	**(4.8)**	–
		– translation adjustment	**(6.1)**	–
520,9	**874,7**	Carrying value	**148.7**	106.9
1 542,4	**1 281,2**	Market value/directors' valuation of investment in associates	**217.8**	316.7
		Other investments		
		Listed investments		
5,0	**5,0**	Opening balance	**1.0**	1.0
–	**(5,0)**	Disposals	**(1.0)**	–
5,0	**–**	Closing balance	**–**	1.0
3,8	**–**	Market value of listed investments	**–**	0.8

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

SA Rand 1997	SA Rand 1998		US Dollars 1998	US Dollars 1997
		9. Investments (continued)		
		Unlisted investments		
24,7	**24,7**	Opening balance	**5.1**	5.1
–	**3,8**	Additions	**0.6**	–
–	**(1,7)**	Disposals	**(0.3)**	–
		Translation adjustment	**(0.8)**	–
24,7	**26,8**	Closing balance	**4.6**	5.1
89,7	**107,4**	Directors' valuation of unlisted investments	**18.3**	18.4

	Number of shares held 1998	Number of shares held 1997
Associates		
Listed		
Driefontein Consolidated Limited	**43 794 572**	43 007 072
Unlisted		
Société d'Exploitation des Mines d'Or de Sadiola S.A.	**38 000**	38 000
Other		
Listed		
AngloGold Limited	**–**	594 290
St Helena Gold Mines Limited	**–**	258 527
Unlisted		
Lansan Investment Holdings Limited	**54 573**	52 392
Northern Gold Holdings Limited	**350 350**	350 350
Nuclear Fuels Corporation of South Africa (Proprietary) Limited	**1 229 310**	946 186
Rand Refinery Limited	**196 945**	200 481
RMH Hospital Limited	**457 413**	454 432
The Chamber of Mines Building Company Limited	**459 582**	407 140
The Employment Bureau of Africa Limited	**663 811**	718 625
The Rand Mutual Assurance Company Limited	**8 984**	8 474

SA Rand 1997	SA Rand 1998		US Dollars 1998	US Dollars 1997
		10. Long-term loans – unsecured		
586,9	**666,6**	Loans to associated companies	**113.3**	120.5
		The loan is denominated in US Dollars and interest accrues at libor plus 2% per annum. The loan is repayable in eight equal semi-annual instalments on 16 May and 16 November with the final instalment on 16 May 2002.		
–	**92,2**	Loan to AngloGold Limited Employee Share and Debenture Trust	**15.7**	–
		Interest is payable annually at the official interest rate per the seventh schedule of the Income Tax Act.		
45,7	**80,6**	Other	**13.7**	9.4
632,6	**839,4**		**142.7**	129.9

1997	1998		1998	1997
SA Rand			**US Dollars**	
		11. Inventories		
346,0	**287,3**	Gold in process	**48.8**	71.3
171,9	**–**	Gold on hand	**–**	35.3
162,9	**121,2**	Uranium oxide and sulphuric acid	**20.7**	33.4
278,4	**270,7**	Consumable stores	**45.9**	57.1
959,2	**679,2**		**115.4**	197.1
		12. Trade and other receivables		
58,8	**83,3**	Trade debtors	**14.2**	12.1
443,4	**628,0**	Other debtors	**106.8**	91.0
109,8	**155,5**	Prepayments and accrued income	**26.4**	22.5
612,0	**866,8**		**147.4**	125.6
		13. Cash and cash equivalents		
143,8	**32,8**	Unlisted redeemable cumulative preference shares at cost	**5.6**	29.5
242,2	**–**	Deposits, short-term and call, with Anglo American Corporation of South Africa Limited	**–**	49.7
778,5	**1 285,2**	Cash	**218.5**	159.9
1 164,5	**1 318,0**		**224.1**	239.1
		14. Share capital and premium		
		Authorised		
100,0	**100,0**	200 000 000 ordinary shares of 50 cents each	**30.0**	30.0
1,0	**1,0**	2 000 000 A redeemable preference shares of 50 cents each	**0.3**	0.3
0,1	**0,1**	5 000 000 B redeemable preference shares of 1 cent each	**–**	–
101,1	**101,1**		**30.3**	30.3
		Issued		
		97 853 199 (1997: 97 839 399) ordinary shares of 50 cents each		
48,9	**48,9**	Opening balance	**10.0**	10.0
–	**–**	Arising from the issue of 13 800 shares	**–**	–
		Translation adjustment	**(1.7)**	–
48,9	**48,9**	Closing balance	**8.3**	10.0
1,0	**1,0**	2 000 000 A redeemable preference shares of 50 cents each	**0.3**	0.3
–	**–**	778 896 B redeemable preference shares of 1 cent each	**–**	–
1,0	**1,0**		**0.3**	0.3
(1,0)	**(1,0)**	Less: Held within the group	**(0.3)**	(0.3)
–	**–**	Closing balance	**–**	–

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

SA Rand 1997	SA Rand 1998		US Dollars 1998	US Dollars 1997
		14. Share capital and premium (continued)		
		Share premium		
5 302,7	**5 302,7**	Opening balance	**1 088.4**	1 090.4
–	**2,9**	Movement arising from shares issued	**0.6**	–
–	**(86,8)**	Share issue expenses written off	**(16.1)**	–
		Translation adjustment	**(185.6)**	(2.0)
5 302,7	**5 218,8**	Closing balance	**887.3**	1 088.4
5 351,6	**5267,7**	Total share capital and premium	**895,6**	1 098,4
		15. Borrowings		
		Unsecured loans		
532,8	**590,1**	Loans from Anmercosa Finance Limited	**100.4**	109.3
		Interest charged at libor plus 2% per annum. Loan is repayable in eight half-yearly instalments terminating in May 2002		
61,9	**97,6**	Loan From Debsam Limited	**16.5**	12.7
		Interest charged at libor plus 2% per annum. The payment date and terms are not yet determined		
82,8	**17,4**	Interest-free loans	**3.0**	17.0
14,1	**10,8**	Loan from the Economic Development Corporation Limited	**1.8**	2.9
		Interest charged at libor plus 0,6% per annum repayable in half-yearly instalments terminating December 2002		
3,7	**3,1**	Other	**0.5**	0.8
695,3	**719,0**	Total borrowings	**122.2**	142.7
		Amounts falling due:		
153,2	**175,3**	Between one and two years	**29.8**	31.5
495,5	**525,9**	Between two and five years	**89.4**	101.7
46,6	**17,8**	In five years or more	**3.0**	9.5
695,3	**719,0**	Total borrowings	**122.2**	142.7
(3,5)	**(4,3)**	Current portion of borrowings included in current liabilities	**(0.7)**	(0.7)
691,8	**714,7**		**121.5**	142.0
		16. Debentures		
–	**92,2**	420 500 unsecured variable rate compulsory convertible debentures issued in terms of the Share Incentive Scheme.	**15.7**	–
		Interest on these debentures is payable annually at the official interest rate per the seventh schedule of the Income Tax Act		
		The terms and conditions of the debentures are detailed in the directors report		

1997	1998		1998	1997
SA Rand			**US Dollars**	
		17. Other long-term liabilities		
		Environmental rehabilitation gross liability		
944,4	**1 002,8**	Balance at 31 December 1997	**205.9**	201.6
68,2	**12,5**	Revisions	**2.3**	14.9
(16,7)	**(37,5)**	Work completed	**(6.8)**	(3.6)
6,9	**26,7**	Adjustment for inflation	**4.9**	1.5
		Translation adjustment	**(35.5)**	(8.5)
1 002,8	**1 004,5**	Balance at 31 December 1998	**170.8**	205.9
647,6	**606,2**	Accrued environmental rehabilitation costs	**102.5**	133.1
		The balance in the Environmental Trust Fund is as follows:		
137,9	**180,5**	Balance at 31 December 1997	**37.1**	28.4
(8,2)	**(17,7)**	Work completed	**(3.2)**	(1.8)
29,7	**29,4**	Contributions	**5.4**	6.5
21,1	**27,4**	Interest earned	**5.0**	4.6
		Translation adjustment	**(7.0)**	(0.6)
180,5	**219,6**	Balance at 31 December 1998	**37.3**	37.1
467,1	**386,6**	Net balance accrued at 31 December 1998	**65.2**	96.0
		Post-retirement medical funding		
621,1	**712,1**	Balance at 31 December 1997	**146.2**	130.4
91,0	**34,5**	Transferred through the income statement	**6.3**	18.6
		Translation adjustment	**(25.0)**	(2.8)
712,1	**746,6**	Balance at 31 December 1998	**127.5**	146.2
1 179,2	**1 133,2**	Total other long-term liabilities	**192.7**	242.2
		18. Deferred taxation		
		The deferred taxation liability, which results from temporary timing differences relates to:		
5 030,9	**4 822,1**	Mining assets	**819.9**	1 032.9
223,1	**136,8**	Inventories	**23.3**	45.8
(767,4)	**(670,9)**	Provisions	**(114.1)**	(157.6)
22,0	**23,6**	Other	**4.0**	4.6
4 508,6	**4 311,6**		**733.1**	925.7
5 022,8	**4 508,6**	Opening balance	**925.7**	1 032.9
(514,2)	**(197,0)**	Transferred through the income statement	**(33.1)**	(111.3)
		Translation adjustment	**(159.5)**	4.1
4 508,6	**4 311,6**	Closing balance	**733.1**	925.7
		If partial provision had been made for deferred taxation for the year, the taxation liability would have decreased by $684.5, R4 026,0 (1997: $833.0; R4 057,2). The partial deferred taxation liability which results from temporary timing differences relates to:		
451,4	**285,6**	Mining assets	**48.6**	92.7
		The effect on net profit after taxation in 1998 would have been a reduction of $11.0; R31,2.		

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

1997	1998		1998	1997
SA Rand			US Dollars	
		19. Trade and other payables		
440,2	**496,5**	Trade creditors	**84.4**	90.4
156,5	**176,5**	Accruals	**30.0**	32.1
836,2	**687,8**	Other creditors	**117.0**	171.7
1 432,9	**1 360,8**		**231.4**	294.2

20. Retirement benefits

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

The AngloGold Pension Fund, a defined benefit scheme, was formed in September 1998 when it was separated from the Anglo American Group and the Anglo American Corporation Pension Funds. At the last evaluation of the relevant Anglo American Group Pension Funds at January 1998 the scheme was certified by the reporting actuaries as being in a sound financial position, subject to the continuation of their current contribution rates. In arriving at their conclusions, the actuaries took into account reasonable long term estimates of inflation, increases in wages, salaries and pensions and returns on investments. The last valuation of these funds, plus the assets of the Anglo American Corporation Pension Fund transferred, showed a determined fair value of the combined assets of the scheme of $80.8; R475,1 which compares to the market value of $88.4; R519,8. This was more than sufficient to cover the benefits that had accrued to members, allowing for future increases in earnings, amounting to $76.3; R448,6. The AngloGold Pension Fund will be evaluated in 1999 and thereafter evaluations will take place at intervals of not more than three years using the projected benefit method.

Any deficits in the defined benefit scheme advised by the actuaries are funded either immediately or through increased contributions to ensure the ongoing soundness of the scheme. Contributions to the various retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefit for the year amounted to $52.3; R287,1 (1997: $72.7; R333.5).

Amounts owed to related party	Purchases from related party		Purchases from related party	Amounts owed to related party
		21. Related party transactions		
17,4	**212,4**	HL & H Timber Products (Proprietary) Limited – mining timber	**38.7**	**3.0**
–	**157,1**	Shaft Sinkers (Proprietary) Limited – mining services	**28.6**	**–**
15,2	**147,3**	AECI Limited – explosives and initiating systems	**26.8**	**2.6**
–	**46,6**	LTA Limited – mining services	**8.5**	**–**
0,5	**25,2**	Boart Longyear Limited – mining services	**4.7**	**0.1**
–	**3,0**	Haggie Limited – mining equipment	**0.5**	**–**

1997	1998		1998	1997
SA Rand			US Dollars	
		22. Commitments and contingent liabilities		
		Mining assets		
240,9	**231,9**	Contracted for	**39.4**	49.5
927,2	**961,6**	Not contracted for	**163.5**	190.4
1 168,1	**1 193,5**	Authorised by the directors	**202.9**	239.9
		Allocated for:		
		Expansion of capacity		
12,4	**32,7**	– within one year	**5.6**	2.5
600,4	**811,1**	– thereafter	**137.9**	123.3
612,8	**843,8**		**143.5**	125.8
		Maintenance of capacity		
426,5	**228,5**	– within one year	**38.9**	87.6
128,8	**121,2**	– thereafter	**20.5**	26.5
555,3	**349,7**		**59.4**	114.1
		This expenditure will be financed from existing cash resources and future cash flows.		
		There is a contingent liability arising from an agreement with Nuclear Fuels Corporation of South Africa (Proprietary) Limited (NUFCOR) whereunder the company has undertaken a joint liability with other shareholders of NUFCOR to ensure that certain sales commitments of NUFCOR shall be met in the event of other shareholders of NUFCOR failing to meet their obligations.		
22,0	**17,1**	The company has given collateral security to certain banks in respect of mortgage loans advanced to employees under its home ownership scheme amounting to	**2.9**	4.5
		23. Cash generated from operations		
823,9	**2 404,0**	Profit on ordinary activities before taxation	**444.3**	181.3
		Adjusted for:		
923,9	**744,8**	Amortisation of mining assets	**135.5**	200.5
115,4	**43,5**	Non-cash movements	**8.1**	28.6
(56,2)	**107,3**	Loss/(profit) on sale of mining assets	**9.1**	(12.2)
(222,5)	**(363,7)**	Income from associates	**(68.4)**	(48.2)
(304,4)	**(246,4)**	Interest received	**(44.6)**	(64.9)
(40,8)	**(13,4)**	Dividends received	**(2.4)**	(8.7)
33,8	**94,4**	Interest paid	**17.1**	7.2
342,6	**15,6**	Movement in working capital	**2.8**	74.1
1 615,7	**2 786,1**		**501.5**	357.7
		The following analyses the movement in working capital:		
496,7	**280,0**	Decrease in inventories	**51.2**	115.7
(255,0)	**(254,8)**	Increase in trade and other receivables	**(46.5)**	(58.6)
100,9	**(9,6)**	(Decrease)/increase in trade and other payables	**(1.8)**	17.0
342,6	**15,6**		**2.9**	74.1

Notes to the group financial statements

for the year 1998

Figures in million unless otherwise stated

24. Risk management activities

In the normal course of its operations, the group is exposed to gold price, currency, interest, liquidity and credit risk. In order to manage these risks, the group may enter into transactions which make use of both on and off-balance sheet financial instruments. The group does not acquire, hold or issue derivative instruments for trading purposes.

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 Rand/Dollar exchange rate may also have an adverse effect on current or future earnings.

A number of products, including derivative instruments are used to manage well defined gold price and foreign exchange risks, that arise out of the group's core business activities. Fixed and spot-deferred 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 establish a minimum price for future production while maintaining the ability to participate in increases in the gold price.

The following table indicates the group's gold hedge position as at 31 December 1998

12 months ending 31 December	Volume hedged ounces sold/000's	Volume hedged kilograms sold	Average price US$ per ounce sold	Average SA Rand per kilogram sold
1999	3 741	116 350	322	63 998
2000	2 236	69 557	342	75 800
2001	1 945	60 501	337	82 697
2002	1 526	47 450	337	91 137
2003	630	19 599	351	104 375
2004 – 2008	1 769	55 037	386	137 876

The following table indicates the group's currency hedge position as at 31 December 1988

12 months ending 31 December	Dollars covered millions	Average price (ZAR/USD)
1999	304	5.63
2000	55	5.96
2001	20	6.14
2002	20	6.48

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continuously 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 number of these contracts are spot-deferred to be used by the group for delivery against production in a future period. The notional amount of outstanding forward sales type contracts at the end of the year was 276 736 kg (1977: 163 111 kg).

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 predetermined date.

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 group's risk as outlined above in purchasing compound options is limited to the premium paid. Net cash receipts received under the option hedging strategies for the year were R220,1 (1997: R95,7). The notional value of option contracts outstanding at the end of the year was 196 036 kg (1997: 221 130 kg).

Interest rate and liquidty 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 requirments. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The group is able to actively source cheap financing should it be required.

Investment maturity profile

Group 1998

Maturity date	Fixed rate investments/(borrowings) amount (R' millions)	Effective rate %	Floating rate investments/(borrowings) amount (R' millions)	Effective rate %
Less than one year	571	18.9	714	18,0

Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparties. These counterparties 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 counterparties. The group believes that no concentration of credit exists.

Fair value

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 intruments as at 31 December are as follows:

	1998		1997	
Type of instrument	**Carrying amount (R' millions)**	**Fair value (R' millions)**	Carrying amount (R' millions)	Fair value (R' millions)
Cash and cash equivalents	**1 285**	**1 285**	1 021	1 021
Money market instruments	**33**	**33**	144	144
Long-term loans	**839**	**839**	633	633
Forward sale contracts	**–**	**1 231**	–	2 334
Option contracts	**–**	**(163)**	–	284
Foreign exchange contracts	**–**	**(162)**	–	(45)
Foreign exchange option contracts	**–**	**11**	–	20

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

Cash and cash equivalents and money market instruments

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

Long-term loans

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

Derivative instruments

The fair value of forward sales contracts and derivative instruments are estimated based on the ruling market prices, volatilities and interest rates at 31 December 1998.

Reconciliations between the statutory annual financial statements and IAS financial statements

Figures in million unless otherwise stated

1997	1998		1998	1997
SA Rand			US Dollars	
		Reconciliation of shareholders' equity		
21 364,7	**21 679,1**	Shareholders' equity per statutory group annual financial statements	**3 686.1**	4 386.3
(9 462,3)	**(9 840,4)**	Difference in carrying value of mining assets	**(1 673.2)**	(1 942.8)
–	**138,1**	Difference in income from associates	**23.5**	–
(1 179,8)	**(1 133,2)**	Rehabilitation liability expensed	**(192.7)**	(242.2)
346,5	**287,3**	Recognition of gold in process inventories	**48.8**	71.3
(4 508,6)	**(4 311,6)**	Deferred taxation	**(733.1)**	(925.7)
6 560,5	**6 819,3**	Shareholders' equity per IAS group financial statements	**1 159.4**	1 346.9
		Reconciliation of profit		
1 385,1	**1 660,8**	Profit on ordinary activities after taxation per statutory group annual financial statements	**289.7**	308.1
599,1	**553,7**	Appropriation for capital expenditure	**101.6**	130.3
1 984,2	**2 214,5**	Profit after taxation and appropriation for capital expenditure per statutory group annual financial statements	**391.3**	438.4
(923,9)	**(744,8)**	Amortisation and depreciation of mining assets	**(135.5)**	(200.5)
(669,3)	**(58,7)**	Gold in process inventory change	**(11.0)**	(145.3)
(159,2)	**2,6**	Difference in production costs	**3.0**	(33.4)
80,9	**138,1**	Difference in income from associates	**27.3**	17.9
56,2	**(107,3)**	(Loss)/profit on sale of mining assets	**(9.1)**	12.1
6,5	**69,1**	Difference in sundry income	**18.4**	(5.4)
514,2	**197,0**	Deferred taxation on temporary timing differences	**33.1**	111.3
(74,7)	**–**	Transfer to non-distributable reserve	**–**	(15.9)
814,9	**1 710,5**	Profit on ordinary activities after taxation per IAS group financial statements	**317.5**	179.2
		Reconciliation of cost of sales		
9 813,3	**9 067,6**	Cost of sales per statutory group annual financial statements	**1 658.0**	2 135.2
669,3	**58,7**	Gold in process inventory change	**11.0**	145.3
44,3	**14,4**	Rehabilitation liability expensed	**2.6**	9.1
923,9	**744,8**	Amortisation and depreciation of mining assets	**135.5**	200.5
114,9	**(17,0)**	Capital expenditure charged to production costs	**(5.6)**	24.3
11 565,7	**9 868,5**	Cost of sales per IAS group financial statements	**1 801.5**	2 514.4

Operating and financial statistics

Appropriation		SA operations				African operations				AngloGold			
R million		**Total 1998 Rm**	**%**	Total 1997 Rm	%	**Total 1998 Rm**	**%**	Total 1997 Rm	%	**Total 1998 Rm**	**%**	Total 1997 Rm	%
Gold production costs													
Comprising:	Manpower	**4 642,9**	**54**	5 252,9	54	**10,0**	**16**	8,5	14	**4 652,9**	**54**	5 261,4	54
	Stores	**2 274,8**	**26**	2 738,9	28	**9,5**	**15**	9,9	17	**2 284,3**	**26**	2 748,8	28
	Power and water	**864,7**	**10**	1 005,8	10	**5,7**	**9**	5,2	9	**870,4**	**10**	1 011,0	10
	Other	**869,4**	**10**	749,6	8	**38,0**	**60**	35,7	60	**907,4**	**10**	785,3	8
	Total	**8 651,8**	**100**	9 747,2	100	**63,2**	**100**	59,3	100	**8 715,0**	**100**	9 806,5	100
Manpower													
TEC's	Surface	**18 237**	**20**	26 901	20	**225**	**100**	198	100	**18 462**	**20**	27 099	20
	Underground	**74 854**	**80**	107 174	80	**–**	**–**	–	–	**74 854**	**80**	107 174	80
	Total	**93 091**	**100**	134 075	100	**225**	**100**	198	100	**93 316**	**100**	134 273	100

Amortisation		SA operations				African operations				AngloGold			
$ million		**Total 1998 $m**	**%**	Total 1997 $m	%	**Total 1998 $m**	**%**	Total 1997 $m	%	**Total 1998 $m**	**%**	Total 1997 $m	%
Gold production costs													
Comprising:	Manpower	**845.7**	**54**	1 144.4	54	**1.8**	**16**	1.9	34	**847.5**	**53**	1 146.3	54
	Stores	**414.0**	**27**	602.5	28	**1.7**	**15**	2.2	19	**415.7**	**26**	604.7	28
	Power and water	**157.4**	**10**	220.2	10	**1.0**	**9**	1.1	8	**158.4**	**10**	221.3	10
	Other	**161.8**	**10**	187.2	8	**7.0**	**60**	7.7	39	**168.8**	**11**	194.9	8
	Total	**1 578.9**	**100**	2 154.3	100	**11.5**	**100**	12.9	100	**1 590.4**	**100**	2 167.2	100
Manpower													
TEC's	Surface	**18 237**	**20**	26 901	20	**225**	**100**	198	100	**18 462**	**20**	27 099	20
	Underground	**74 854**	**80**	107 174	80	**–**	**–**	–	–	**74 854**	**80**	107 174	80
	Total	**93 091**	**100**	134 075	100	**225**	**100**	198	100	**93 316**	**100**	134 273	100

Shareholders' information

Analysis of ordinary shareholders as at 31 December 1998

The primary listing of the company's ordinary shares is on the Johannesburg Stock Exchange. Its ordinary shares are also listed on the stock exchanges in London and Paris as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs) and in New York in the form of American Depositary shares (ADSs).

		Shareholder classification					
Shareholdings		Individuals	Insurance companies	Pension funds	Nominee companies	Other corporate bodies	Total
1 to 5 000	Holders	33 562	16	45	759	1 491	35 873
	Shares	2 162 682	10 027	49 499	326 988	309 776	2 858 972
5 001 to 10 000	Holders	20	–	2	20	13	55
	Shares	74 722	–	14 660	136 383	110 792	336 557
Over 10 000	Holders	17	–	6	56	43	122
	Shares	1 180 808	–	519 439	35 382 096	57 575 327	94 657 670
Total	Holders	33 599	16	53	835	1 547	36 050
	%	93,2	–	0,2	2,3	4,3	100,0
	Shares	3 418 212	10 027	583 598	35 845 467	57 995 895	97 853 199
	%	3,5	–	0,6	36,6	59,3	100,0

Stock exchange information

		1998	1997
Johannesburg Stock Exchange			
Rands per share:			
Market price	– high	**361,60**	350,00
	– low	**167,40**	149,00
	– year end	**229,20**	195,00
Shares traded	– 000	**18 251**	6 016
London Stock Exchange			
Pounds per share:			
Market price	– high	**35.35**	48.11
	– low	**20.09**	18.89
	– year end	**23.42**	24.35
Shares traded	– 000	**12 206**	2 717
Paris Stock Exchange			
French francs per share:			
Market price	– high	**338.80**	458.00
	– low	**189.90**	181.20
	– year end	**221.10**	244.00
Shares traded	– 000	**1 437**	649
Brussels Stock Exchange			
Belgian francs per share:			
Market price	– high	**2 060.00**	2 475.00
	– low	**1 150.00**	1 140.00
	– year end	**1 398.00**	1 466.00
Shares traded	– 000	**2 273**	1 127
New York Stock Exchange*			
Dollars per ADS:			
Market price	– high	**31.00**	–
	– low	**16.00**	–
	– year end	**19.56**	–
ADSs traded	– 000	**14 213**	–
*First listed 5 August 1998			
Each ADS represents one-half of an ordinary share in the company			

Shareholder spread as at 31 December 1998

Pursuant to the Listings Requirements of the Johannesburg Stock Exchange, with the best knowledge of the directors and after reasonable enquiry, the spread of shareholders was as follows:

	Number of holders	% of ordinary issued capital
Non-public shareholders:		
Directors	10	0,69
Shares held by Anglo American Corporation of South Africa Limited and its subsidiaries	10	50,95
Public shareholders	36 030	48,36
	36 050	100,00

Major shareholders as at 31 December 1998

According to information available to the directors, the following are the only shareholders beneficially holding, directly or indirectly, in excess of 5 per cent of the ordinary share capital of the company.

	Ordinary shares held	
	Number	%
Anglo American Corporation of South Africa Limited and its subsidiaries	49 854 508	50,95
First National Nominees (Proprietary) Limited	5 287 855	5,40
Standard Bank Nominees (Transvaal) (Proprietary) Limited	23 538 428	24,05

Diary

Financial year end		31 December
Annual financial statements	Issued	24 March 1999
Annual general meeting		30 April 1999
Quarterly reports	Published	3 May 1999
		5 August 1999
		1 November 1999
		31 January 2000
Dividends		
Interim	Declared	3 August 1999
	Paid	23 September 1999
Final	Declared	27 January 2000
	Paid	24 March 2000

Currency conversion guide

At 31 December one rand was equal to:

	1998	1997
US dollars	**0,17**	0,21
Pounds sterling	**0,10**	0,12
Swiss francs	**0,23**	0,30
Deutschemarks	**0,28**	0,36
French francs	**0,95**	1,21
Japanese yen	**19,20**	26,74

Notice to members

Notice is hereby given that the 55th annual general meeting of members of AngloGold Limited will be held at the Auditorium, Ground Floor, Johannesburg Stock Exchange, 17 Diagonal Street, Johannesburg, on Friday, 30 April 1999 at 10:00 for the following business:

1. To receive and consider the statutory annual financial statements for the year ended 31 December 1998.
2. To re-elect directors in accordance with the provisions of the company's articles of association.
3. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution: 'That subject to the provisions of the Companies Act, 1973, as amended, and the Listings Requirements of the Johannesburg Stock Exchange, the directors are hereby authorised to allot and issue in their discretion all the remaining authorised but unissued ordinary share capital of the company for such purposes as they may determine, after setting aside so many shares as may be required to be allotted and issued by the company pursuant to the Share Incentive Scheme.'
4. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution: 'That in terms of the Listings Requirements of the Johannesburg Stock Exchange, the directors are hereby authorised to issue the unissued ordinary shares of 50 cents each (after setting aside so many shares as may be required to be allotted and issued by the company pursuant to the Share Incentive Scheme) for cash, without restrictions as to whom the shares will be issued, as and when suitable opportunities arise, subject to the following conditions:

   (a) that this authority shall only be valid until the next annual general meeting but shall not extend beyond 15 (fifteen) months from the date set down for the 55th annual general meeting;

   (b) that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5 per cent or more of the number of shares in issue prior to the issue(s);

   (c) the issues in the aggregate in any one year shall not exceed 10 per cent of the number of shares of the company's issued ordinary share capital, provided further that such issues shall not in aggregate in any three-year period exceed 15 per cent of the company's issued ordinary share capital; and

(d) that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be 10 per cent of the average closing price of the shares in question, adjusted for any dividend declared but not yet paid or for any capitalisation award made to shareholders, as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the shares.'

As more than 35 per cent of the company's issued capital is in the hands of the public, as defined by the Johannesburg Stock Exchange, the approval of a 75 per cent majority of the votes cast by shareholders present or represented by proxy at the meeting is required for this ordinary resolution to become effective.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company. A form of proxy accompanies this report.

By order of the board

R N Duffy

Managing Secretary

Johannesburg
24 March 1999

Registered office
11 Diagonal Street
Johannesburg
2001

Administration

Registered office

11 Diagonal Street
Johannesburg 2001
(PO Box 62117, Marshalltown 2107)
South Africa
Facsimile: +27 11 637 6108
Telephone: +27 11 637 6000

Transfer secretaries

Consolidated Share
Registrars Limited
1st Floor, Edura, 41 Fox Street
Johannesburg 2001
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South Africa
Facsimile: +27 11 836 0792
Telephone: +27 11 370 7700

United Kingdom registrar

Computershare Services PLC
PO Box 82
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United Kingdom secretaries

St James's Corporate
Services Limited
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Facsimile: +944 171 491 1989
Telephone: +944 171 499 3916

Authorised representative United States of America

Puglisi & Associates
850 Library Avenue, Suite 204
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ADS Depositary

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101 Barclay Street
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E-mail: investors@corp.anglogold.com

Internet address

http://www.anglogold.com

ANGLOGOLD LIMITED
(Incorporated in the Republic of South Africa)
(Registration No. 05/17354/06)
("the company")

Proxy Form

For use by members at the annual general meeting to be held at the Auditorium, Ground Floor, Johannesburg Stock Exchange, 17 Diagonal Street, Johannesburg, at 10:00 on Friday, 30 April 1999.

I/We . . . . (Name in BLOCK LETTERS)

of . . . . (Address in BLOCK LETTERS)

being a member(s) of the above company:

do hereby appoint . . . . of . . . .

or, failing him/her, ... of . . . .

or, failing him/her, the chairman of the meeting as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the annual general meeting of members to be held at 10:00 on Friday, 30 April 1999 and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting:

		For	Against	Abstain
1.	To adopt the audited statutory annual financial statements			
2.	To re-elect directors of the company			
3.	To place the balance of the unissued ordinary shares under the control of the directors			
4.	To issue the balance of the unissued ordinary shares for cash			

A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in the member's stead. A proxy need not be a member of the company.

Every person present and entitled to vote at the annual general meeting as a member or as a representative of a body corporate shall on a show of hands have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, every share shall have one vote.

Please indicate with an 'X' in the appropriate spaces above how you wish your votes to be cast.

Signed at . . . . on 1999

Signature . . . .

Please read the notes on the reverse side hereof.

This proxy form is not for use by holders of American Depositary Shares issued by The Bank of New York

Notes

1. A signatory/ies to the proxy form may insert the name of a proxy or the name of an alternative proxy of the signatory's/ies' choice in the blank spaces provided with or without deleting 'the chairman of the meeting', but any such deletion must be initialled by the signatory/ies. Any insertion or deletion not complying with the aforegoing will be deemed not to have been validly effected. The person present at the meeting whose name appears first on the list of names overleaf, shall be the validly appointed proxy for the member at the meeting.
2. A member's instructions to the proxy must be indicated in the appropriate blocks provided. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy or to cast all those votes in the same way, but the total of votes cast, and in respect whereof abstention is directed, may not exceed the total of the votes exercisable by the member or the proxy. Failure to comply with the above or to provide voting instructions or the giving of contradictory instructions will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she deems fit in respect of all the member's votes exercisable at that meeting.
3. Any alteration or correction made to this proxy form must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the South African Transfer Secretaries or the United Kingdom Registrar.
5. When there are joint holders of shares, any one holder may sign the proxy form.
6. The completion and lodging of this proxy form will not preclude the member who grants the proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
7. Completed proxy forms should be returned to the company's Transfer Secretaries, Consolidated Share Registrars Limited, First Floor, Edura, 41 Fox Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107), South Africa, or to Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol BS99 7NH, England by no later than 10:00 on Wednesday, 28 April 1999. Proxy forms may also be handed to the chairman of the meeting up to not later than 10 minutes before the commencement of the meeting.

The Report to Shareholders should be read in conjunction with the Annual Review. In addition to these two publications, AngloGold has produced the Form 20-F (a report required by the Securities and Exchange Commission in the United States). All three documents are available:

- In printed format from the investor relations contacts whose details appear on page 98 of this document.
- On the Internet where the website address is: http://www.anglogold.com

Supplementary information on mineral resources as well as development and financial statistics, prepared on a business unit basis, are obtainable from the above sources. Plans of underground workings have been produced and these are also available on request.