



**ANGLOGOLD LIMITED**  
(Registration number 1944/017354/06)  
(Incorporated in the Republic of South Africa)  
ISIN : ZAE000043485  
JSE Share Code : ANG  
("AngloGold")



**ASHANTI GOLDFIELDS COMPANY LIMITED**  
(Registration number 7094, ARBN 074370862)  
(Incorporated in Ghana)  
ISIN : GH0000000029  
GSE Share Code : AGC  
("Ashanti")

**This announcement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale or distribution of securities in any jurisdiction in which such offer, sale or distribution is not permitted**

#### **SUMMARY**

4 August 2003

#### **PROPOSED MERGER OF ANGLOGOLD LIMITED AND ASHANTI GOLDFIELDS COMPANY LIMITED**

**Strategic combination will create growth focused, leading global gold producer with largest reserves in the gold industry**

Further to the announcements made by AngloGold and Ashanti on 16 May 2003 and 13 June 2003, the boards of directors of AngloGold and Ashanti are pleased to announce today that they have agreed the terms of a recommended merger of the two companies (the "Merger"). AngloGold and Ashanti have therefore entered into a transaction agreement ("Transaction Agreement") to implement the Merger. Lonmin Plc, which owns 27.6% of Ashanti's issued ordinary share capital, has agreed to support the Merger. The combined group will be known as AngloGold Ashanti Limited and will trade as Ashanti AngloGold in Ghana.

Commenting on the Merger today, Bobby Godsell, Chief Executive Officer of AngloGold, said:

"This combination will create a growth focused, leading global gold producer, with the largest reserve base in the industry. Ashanti brings to AngloGold a portfolio of complementary top-tier, low-cost and long-life gold mines, as well as attractive exploration opportunities in one of the key gold producing regions of the world. We can work effectively together, using AngloGold's existing financial and technical resources, to maximise the upside potential of this combination, particularly in relation to the deep level underground development of the Obuasi mine. We are pleased that the Government of Ghana has appointed a consortium of advisers, led by Société Générale, to assist the Government in its consideration of the proposed Merger and would hope to have clarity on the views of the Government by mid-September."

Sam Jonah, Chief Executive of Ashanti, said:

"AngloGold and Ashanti are synonymous with excellence in gold mining. The combined strength of the new group will unleash a new African giant on the gold mining industry. The immense technical and financial strengths of the new group will enable the realisation of the full potential of the Obuasi mine in the shortest possible time frame."

## Rationale for the Merger

The combined group will have the following attributes:

- **Growth/Upside potential** – an enhanced production profile is expected from existing brownfields opportunities and a strong exploration and land holding portfolio
  - AngloGold's proven ability in the development of deep level projects will maximise the opportunity for the development of deep level underground mining at Obuasi ("Obuasi Deeps"), where a scoping study has been undertaken to review the mine's potential down to 100 Level as well as alternative production rates, infrastructure options and operating and capital cost projections
  - A dedicated project team will undertake a feasibility study regarding Obuasi Deeps with anticipated exploration expenditure of US\$44 million over the next five years. Including this amount, the total capital expenditure for Obuasi Deeps is estimated to be US\$570 million in real terms over the expected life of mine
  - The combined group also intends to invest an additional US\$110 million in real terms over the next five years on underground equipment, infrastructure, environmental and planning systems for the existing Obuasi mine. This amount is in addition to capital expenditure already planned by Ashanti. AngloGold management anticipates that these initiatives will improve underground working conditions and mine planning, thereby increasing efficiencies with the objective of reducing anticipated cash operating costs at Obuasi by US\$20 per ounce in real terms over the next five years
  - The combined group intends to accelerate exploration programmes, particularly at Obuasi
  - The combined group will have extensive land positions in some of the most prospective regions in the world
- **Synergies** – the combination will generate tangible synergy benefits with approximately US\$15 million per annum, before transaction expenses, expected from the first full year after completion of the Merger
  - Reduced financing costs
  - Reduced administrative and procurement costs
  - Consolidation of Geita ownership
  - Breadth of technical capabilities to ensure the optimal development of organic growth opportunities
- **Scale** – the combined group will have the production base, ore reserves and financial resources to generate future value
  - **#1 in reserves** – 93.2 million ounces of attributable proven and probable reserves as at the end of 2002 (adjusted for the sale of Amapari and Jerritt Canyon), a 31% increase in AngloGold's current reserve base
  - **Production** – re-enforces AngloGold's position as one of the world's largest gold producers with 2002 pro forma attributable gold production of 7.3 million ounces (adjusted for the sale of Jerritt Canyon), a 27% increase on AngloGold's attributable production level
  - **US\$1.0 billion EBITDA** (earnings before interest, tax, depreciation, amortisation and before unrealised non-hedge derivatives) on a 2002 pro forma basis (International Financial Reporting Standards)

- **Operating strength** – the combined group will have a portfolio of long-life, low-cost assets and different ore body types in the key gold producing regions
  - **Cash operating costs** – pro forma cash operating costs (including royalties) of US\$220 per ounce based on unaudited results for the six months to 30 June 2003
  - **Long-life assets** – six operations in five countries with combined reserves of 45.1 million ounces have current life of mine plans of 15 years or longer
  - **Diversification** – well diversified asset portfolio comprising a balance of open-pit and underground production from a total of 24 operations distributed across 11 countries in the principal gold producing regions of the world
- **Investment appeal** – the combined group will have the growth potential, size, liquidity and dividend yield to enhance appeal to the investment community
  - **Increased size** – pro forma market capitalisation of approximately US\$8.3 billion (based on AngloGold's closing price on 1 August 2003, the last practicable trading day prior to this announcement, and the issued ordinary share capital of each company), meriting greater attention from major global generalist and specialist investment institutions
  - **Share trading liquidity** – increased liquidity, particularly in North America, which represents some two thirds of AngloGold and Ashanti's combined share turnover

The Merger is expected to be accretive to headline earnings per share before unrealised non-hedge derivatives for holders of AngloGold ordinary shares ("AngloGold Shares") and AngloGold American Depositary Shares ("AngloGold ADSs") (together, the "AngloGold Shareholders") from completion of the Merger. It is also expected to be accretive to cash flow per share from three years after completion of the Merger following the expenditure of a significant proportion of the proposed additional capital investment, at the existing Obuasi mine in particular, as well as the redemption on completion of the US\$75 million Mandatorily Exchangeable Notes held by Lonmin Plc and the payment of transaction expenses in the first year following completion of the Merger.

### Terms of the Merger

The Merger will be effected by means of a scheme of arrangement (the "Scheme") between Ashanti and its shareholders under the Ghana Companies Code and take account of the required disclosure provisions of the Ghana Stock Exchange. Under the terms of the Merger:

- Each holder of an Ashanti ordinary share ("Ashanti Share") and each holder of an Ashanti Global Depositary Security ("Ashanti GDS") (together the "Ashanti Shareholders") will be entitled to elect to receive either:
  - **0.26 AngloGold Shares**; or
  - **0.26 AngloGold ADSs**

for each Ashanti Share or Ashanti GDS ("Exchange Ratio")

Ashanti Shareholders resident in Ghana will have the option of receiving AngloGold Ghanaian Depositary Shares ("AngloGold GhDSs"), 100 of which will represent one AngloGold Share

- Based on the closing market price of AngloGold ADSs on the New York Stock Exchange on 1 August 2003, the last practicable trading day prior to this announcement, of US\$32.15, the Merger values each Ashanti Share (and each Ashanti GDS) at US\$8.36 and amounts to aggregate consideration for Ashanti's issued ordinary shares of US\$1,089 million

- This represents a premium of approximately 4% to the closing market price of Ashanti GDSs on the New York Stock Exchange on 1 August 2003, the last practicable trading day prior to this announcement, of US\$8.00 and, on the basis of closing prices for AngloGold ADSs and Ashanti GDSs on the New York Stock Exchange on 15 May 2003, the day prior to the announcements of discussions, of US\$30.63 and US\$7.10 respectively, a premium of 12%. Based on the average closing prices of Ashanti GDSs and AngloGold ADSs on the New York Stock Exchange over the 30 trading days up to and including 15 May 2003 these terms represent a premium of 34%
- On completion of the Merger and based on the issued ordinary share capital of each company, existing AngloGold Shareholders will own approximately 87% and existing Ashanti Shareholders will own approximately 13% of the combined group
- Following completion of the Merger, Russell Edey, currently Chairman of AngloGold will be Chairman of the combined group. Sam Jonah, in addition to joining the Board, will play a leading role in the executive management of the enlarged company in the position of President. His 34 years in the gold mining industry in both an operating and a leadership capacity, position him well to help guide the further development of the new company and the industry particularly in Africa. In this new position, Mr. Jonah will share responsibility with the CEO Bobby Godsell for strategy formulation, the identification and development of new business opportunities and managing the company's relationships with governments, shareholders and other stakeholders. In the enlarged company, Sam will join a five person Executive Committee, chaired by Bobby Godsell. In addition, two other Ghanaian directors, to be nominated by Ashanti, will become non-executive directors of the combined group
- AngloGold has received an undertaking from Ashanti's largest shareholder, Lonmin Plc, holder of 27.6% of Ashanti's issued ordinary share capital, to vote in favour of and support the Merger
- Ashanti's head office in Accra, Ghana, will enjoy an expanded role within the combined group's operations
- The board of AngloGold has agreed to recommend a change of name of the combined group to AngloGold Ashanti Limited and AngloGold has agreed to convene an extraordinary general meeting to present a special resolution to this effect. Anglo American plc, which currently owns 51.4% of AngloGold, has confirmed that it will vote in favour of such resolution
- Following completion of the Merger, the combined group will be listed on the JSE Securities Exchange South Africa, the New York Stock Exchange, the London Stock Exchange, the Australian Stock Exchange and Euronext Paris and quoted on Euronext Brussels. Application will be made to list shares and Ghanaian depository shares of the combined group on the Ghana Stock Exchange where the combined group will trade as Ashanti AngloGold
- CIBC World Markets plc, Ashanti's financial adviser, has delivered to the board of directors of Ashanti its written opinion that the Exchange Ratio is fair to the Ashanti Shareholders from a financial point of view
- The board of directors of Ashanti has approved the Merger and will recommend that all holders of Ashanti Shares and Ashanti GDSs vote in favour of the resolutions to be proposed to implement the Merger
- The Government of Ghana, holder of 16.9% of Ashanti's issued ordinary share capital, is currently considering the terms of the transaction and has appointed a consortium of advisers, led by Société Générale, in order to assist it in this process. The Merger is conditional on receiving undertakings by the Government of Ghana to vote in favour of and support the Merger and is also subject to receiving certain regulatory and other approvals and undertakings, that have been requested by AngloGold and Ashanti from the Government of Ghana. The Transaction Agreement will terminate if these conditions are not satisfied (or waived by AngloGold) on, or

before, 30 September 2003 or such later date as may be agreed by Ashanti and AngloGold. In addition, completion of the Merger is conditional on, amongst other things, the approval of the Merger by Ashanti Shareholders, receipt of other regulatory approvals (in addition to the approvals from the Government of Ghana referred to above), third party consents and the confirmation of the Scheme by the High Court of Ghana

- AngloGold and Ashanti hope to receive the views of the Government of Ghana in relation to the Merger by mid-September. Further announcements, which will include details regarding the timetable for the implementation of the Merger, will be made in due course

Shareholders are reminded that there can be no assurance that the Merger will be implemented. Consequently, holders of AngloGold and Ashanti securities are advised to continue to exercise caution when dealing in relevant securities until a further announcement is made.

This summary should be read in the context of the full announcement.

AngloGold's JSE Sponsor : UBS

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**CONFERENCE CALL DETAILS**

An analysts' conference call will take place on 5 August 2003 at 13:00 Accra time, 15:00 Johannesburg time, 14:00 London time, 09:00 New York time. The conference ID number is 2138069.

The dial in numbers, by country, are:

North America +1 800 267 9155 or +1 706 634 0083,  
United Kingdom +44 800 953 0406,  
United Kingdom and Europe +44 1452 560 299,  
Australia +61 800 766 788 or +61 28 228 7000,  
South Africa +27 800 99 4050, and  
Ghana +44 1452 560 299

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this announcement are forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including without limitation, those statements concerning (i) timing, fulfillment of conditions, tax treatment and completion of the Merger, (ii) the value of the transaction consideration, (iii) expectations regarding production and cost savings at the combined group's operations and its operating and financial performance and (iv) synergies and other benefits anticipated from the Merger. Although AngloGold and Ashanti believe 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.

For a discussion of important terms of the Merger and important factors and risks involved in the companies' businesses, which could cause the combined group's actual operating and financial results to differ materially from such forward-looking statements, refer to AngloGold's and Ashanti's filings with the US Securities and Exchange Commission (the "SEC"), including AngloGold's annual report on Form 20-F for the year ended 31 December 2002, filed with the SEC on 7 April 2003 and Ashanti's annual report on Form 20-F for the year ended 31

December 2002, filed with the SEC on 17 June 2003 and any other documents in respect of the Merger that are furnished to the SEC by AngloGold or Ashanti under cover of Form 6-K.

Neither AngloGold, Ashanti nor the combined group undertakes any obligation to update publicly or release any revisions to publicly update any forward-looking statements discussed in this announcement, whether as a result of new information, future events or otherwise.

#### **ADDITIONAL INFORMATION**

In connection with the Merger, AngloGold will file with, or otherwise furnish to, the SEC a scheme document/prospectus. Investors and security holders are urged to carefully read the scheme document/prospectus regarding the Merger when it becomes available, because it will contain important information. Investors and security holders may obtain a free copy of the scheme document/prospectus (when it is available) and other documents containing information about AngloGold and Ashanti, without charge, at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of the scheme document/prospectus together with any SEC filings that may be incorporated by reference in the scheme document/prospectus may also be obtained free of charge by directing a request to: AngloGold Limited, 11 Diagonal Street, Johannesburg 2001, PO Box 62117, Marshalltown 2107, South Africa, Attention: Chris R. Bull, Company Secretary, telephone +27 11 637 6000, fax: +27 11 637 6624.

UBS Investment Bank and First Africa Group Holdings (Pty) Limited ("First Africa") are acting for AngloGold and no one else in connection with the Merger and will not be responsible to anyone other than AngloGold for providing the protections afforded to clients of UBS Investment Bank or First Africa or for providing advice in relation to the Merger.

CIBC World Markets plc is acting for Ashanti and no one else in connection with the Merger and will not be responsible to anyone other than Ashanti for providing the protections afforded to clients of CIBC World Markets plc or for providing advice in relation to the Merger.

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

The statement that the Merger is expected to be accretive to headline earnings per share before unrealised non-hedge derivative adjustments and, in due course, cash flow per share for AngloGold Shareholders should not be interpreted to mean that headline earnings per share before unrealised non-hedge derivative adjustments or cash flow per share in the financial year in which the Merger becomes effective or in any subsequent period, will necessarily be greater than those for any relevant preceding financial period.