



October 3, 2000

A very good morning to you all, ladies and gentlemen,

The last time I was at this conference, Newmont hosted a wonderful evening for all participants at the local museum. Some of you may remember me publicly stating then that the choice of venue might prove prophetic for our industry. With the difficulties that the industry in general and Ashanti in particular has gone through, I am amazed at how accurate I proved to be. Let's hope the fact that yesterday's event co-hosted by an airline means that our industry will be soaring from now on!

A year ago this week, Ashanti Goldfields faced the gravest challenge in its 100-year history. I am not here to go over that story, because the details are well known to most of you. I recognize, however, that our recent difficulties surfaced many issues of concern. A great deal has happened since last October, and I am here to share with you the steps the Company has taken to address these concerns. The two key concerns relate to liquidity and the strength of the balance sheet. With respect to liquidity, the Company negotiated solutions that allowed us to continue trading and to fund the completion of the Geita mine. We have, of course, announced our intention to sell 50% of Geita, which we expect to complete shortly. This will allow the Company to significantly de-leverage the balance sheet and put in place the last piece of the foundation outlined at the start as necessary to secure the Company's viability. The Company has made progress in other areas as well, and I will give you the highlights of the game plan we have executed thus far, and how we see ourselves positioned going forward.

Let me start with Ashanti's current hedge book. Twelve months after the Great Spike of '99, the gold price is barely US\$20 above last year's lowest point, and Ashanti, like many of you, is having to reconcile a new found industry enthusiasm not to hedge with the need to protect our revenue streams in a continued depressed market. We could not fail to miss the irony in the market's concern following the announcement of our recent 2 d quarter results that showed the Company posting lower realised prices and earnings partly on account of lower hedged prices and a lower proportion of gold ounces hedged.

At a gold price of US\$275 per ounce, about the price we see today, the mark-to-market value of Ashanti's current hedge book is approximately US\$60 million negative. As of March 31, six months ago, at about the same gold price of US\$276 per ounce, the mark-to-market value of the book was US\$146 million negative, approximately US\$86 million more negative than where it stands today. This improvement is a result of two factors: the time decay of the book, and the restructurings that have taken place during that period.

Further, at a gold price of US\$275 per ounce, and assuming a lease rate of 1.5%, Ashanti's hedge book would, if held to maturity, generate approximately US\$550 million of cash over the next thirteen years - the life of the book. While we wait, and yes, pray for gold prices to return to levels above US\$300 or even US\$350 per ounce that now seem hard to imagine, we are thankful for the protection of our hedge book in these uncertain times.

In our new hedge policy, therefore, our objective is to achieve balance. We aim to reduce the levels of over-commitments that currently exist in the book, at the same time we maintain

appropriate levels of protection to withstand low gold prices. The Company's goal is to increase its exposure to any gold price rally to approximately 25% of production in the next 2-3 years, and increasing up to 60% of production longer-term, even as the proportion of the Group's un-hedged production decreases as a consequence of the disposal of 50% of Geita. Further, even though Ashanti is enjoying a period of margin-free trading that ends in December '02, our goal is to restructure the book such that the gold price will have to rise significantly above current price levels to trigger a margin call in 2003 and beyond.

Now let me address the Company's liquidity. There has been a delay to the completion of Ashanti's disposal of its 50% interest in its Geita mine to AngloGold, which has arisen principally because of the Company's need to renegotiate certain of its maturing contracts as well as the numerous inter-creditor issues that exist between our lending and hedge bank groups. Given the number of creditor banks involved, each with its own particular interests, progress has been slower than expected, despite all our efforts. However, I am pleased to report that we have made considerable progress in recent weeks. Our lending bank group has agreed in principle to the proposed resolution of its issues as well as to certain other amendments to our debt facilities, and these are currently being documented. We expect, barring any unforeseen events, that all residual issues will be resolved shortly, and that we should be in a position to publish our Circular to shareholders, with the details of the various renegotiated commitments, before the end of October.

The team is working hard to complete this transaction shortly, and it is for this reason that I am here this year without my new CFO, who along with our new Head of Treasury, is busy finalising the terms of the banking arrangements, including the Geita project finance, to enable the Geita sale to proceed. The Company, under the terms of the contract with AngloGold, has until 31 December 2000 to satisfy the conditions to completion of the deal, which include bank and shareholder approval, and will be seeking an extension of the similar deadline in our banking arrangements, initially to 30 November, if the residual issues are not resolved soon.

Today, prior to the completion of the Geita sale, Ashanti's debt stands at approximately US\$700 million. Upon completion, we propose to use at least US\$300 million of the proceeds to retire the Barclays Bridge Facility, a substantial proportion of the Revolving Credit Facility (the RCF), and repay additional amounts of the RCF that will be redrawable for working capital purposes until the end of 2001. A portion of the proceeds used to repay debt will be sourced from the new US\$130 million net project finance amount borrowed by the Geita mine, and retained at the Geita level, non-recourse to Ashanti. This is all part of a wider restructuring of our on-going banking arrangements that includes the consolidation of certain bilateral obligations within our RCF.

As a consequence of these payments, Ashanti's debt will reduce to approximately US\$400 million. Despite this, we will, for the time being, remain reliant on the continuing support of our banks for the financing for our ongoing working capital requirements. However, the Company will also have a more robust balance sheet, and one that allows us to begin to focus on refinancing the balance of our debt, in particular, the US\$218 million Exchangeable Notes which mature in March 2003.

In that regard, cash generation has become key in our budgeting process and the key financial driver at all our mines. We have put in place tighter mechanisms to conserve and generate free cashflows and, at the same time, have instituted measures to make sure that all free cash thus generated will be used to repay debt. This is working well. Year-to-date, our operations have combined to generate significant amounts of cash that have allowed us to draw down US\$20 million less than has been available under the US\$100 million Bridge Facility. We are, however, not just focusing on cash generation at the mines. At the Head Office last month, we implemented a rationalisation program, reducing headcount and streamlining organisational effectiveness, that we estimate will save us more than US\$5 million annually, when fully implemented.

Ladies and Gentlemen, Ashanti's operations continue to underpin all our efforts to resolve the financial challenges we face. The completion of Geita this year makes it the third mine Ashanti has built in three years. In the same period, we have increased Group production 34%, from 1.17 million ounces in 1997 to 1.56 million last year, and reduced cash operating costs almost 20%, from US\$254 per ounce to US\$205 per ounce last year. We expect to maintain this downward trend in our cash operating costs, and our 2nd quarter 2000 result of US\$196 per ounce, made it the third consecutive quarter where we reported cash operating costs below US\$200 an ounce. We expect each of our mines to build on their strong operating performance this year, and provide positive contributions to the Group in the future.

At Obuasi, we have completely reformulated our operating strategy, and are now focusing on quality ounces produced at lower cost and resulting in improved cashflow. We have ended our high cost surface mining. We have closed the Pompora and Oxide Treatment Plants, and the Tailings Treatment Plant will be shut down by 2003 when tailings are depleted. We are therefore reducing plant throughput from 3.5 mtpa to 2.5 mtpa, and consequently reducing the number of ounces from 850,000 ounces to 550,000 ounces. Cash operating costs are targeted to reduce below US\$200 per ounce by 2002, and annual sustaining capital expenditure is expected to reduce to less than US\$40 million annually.

Our strategy for the underground mine is to maximize hoist capacity, rationalize the mining sequence, and modify stoping methods to improve productivity, increase recovery and reduce dilution. We are improving our block modelling systems to make reconciliation and feedback to the operations more interactive and improve information analysis and transfer. We have also implemented a number of process initiatives that should improve recoveries at the Sulphide Treatment Plant (STP). Finally, we have installed cost and productivity teams that have been charged with identifying how Obuasi can improve current targets even further.

At the half year, Bibiani had produced 138,000 ounces at a cash operating cost of US\$150 per ounce and is on track to achieve the target 262,000 ounces at a cash operating cost of US\$170 per ounce for the full year. Our recently expanded Siguiri mine in Guinea also registered strong performance at the half year, producing 176,000 ounces at a cash operating cost of US\$171 per ounce and is on track to produce the target 300,000 ounces at a cash operating cost of US\$180 per ounce for the full year. Exploration around the mine site has been particularly successful, and has fully replenished Siguiri's resources in the last three years, and the mine is expected to operate for another seven years at its expanded capacity.

Iduapriem is the turnaround story for the Group. A year ago, Iduapriem was slated to shut down at the end of 2000. Today, through Ashanti's recent acquisition of the Teberebie mine from the Pioneer Group, and the commitment of the management and staff to operate Iduapriem economically, the Iduapriem/Teberebie complex should be able to produce 150,000 ounces for the next eight years at a life of mine cash operating cost of approximately US\$200 per ounce.

In spite of the problems in Zimbabwe, our Freda-Rebecca, mine produced 51,000 ounces at the half year at a cash operating cost of US\$224 per ounce. It remains on course to produce at a target annual production level of 100,000 ounces, even though cash operating costs may not fall below US\$200 per ounce as originally planned. We expect Freda-Rebecca, to generate cashflows that will be used to reduce Group debt.

Following its completion, our Geita mine is on track to produce 150,000 ounces this year at a cash operating cost below US\$200 per ounce. This is despite the teething troubles we have recently had with the SAG mill, that often arise in bringing a project this size on line. From next year, Geita is expected to produce to Ashanti's account approximately 250,000 ounces annually at a cash operating cost of US\$180 per ounce. Once debt service reserves have been built up as required under the new banking facility, Ashanti expects to share, together with AngloGold and the project finance banks, in the surplus cash generated by the mine. As announced, we have already begun to outline plans with AngloGold to expand mill capacity from 4 mtpa to 7 mtpa, and increase total production to approximately 750,000 ounces per annum.

Ashanti has a clear imperative to find more quality ounces. Recent drilling intersections below the 5,000-foot level (50L) at Obuasi have produced some very high-grade intersections, and the prediction of down dip mineralisation based on the upper level history is not unrealistic. In fact, we believe there may be a multi-million ounce resource between the 5,000-10,000 foot level, and we are currently contemplating the possibility of a high-grade operation below the 50 level. We are planning over the course of 2000 and 2001, to complete exploration and conceptual engineering of the resource below the 50 level, and this should put us in a position to commence the implementation of the most suitable below-501, development option.

At our Geita concession in Tanzania, in addition to the 5.5 million ounce reserve that is currently outlined, we believe there is the potential for significantly more open pit reserve ounces spread out between Nyankanga, Nyamatigata and Nyamulilma Hill (once the latter is contributed by AngloGold to the JV), in addition to substantial underground potential at Nyankanga as well as in the Geita, Lone Cone and Kukuluma deposits. Ashanti may be sharing 50% of ounces produced from our Geita concession, but we believe that we will be sharing 50% of a larger pie that should be created by the joint resources, commitment, know-how and experience of the joint Ashanti-Anglo Gold team.

Now that we have settled an outstanding legal dispute with the Company from which we acquired the shares in our Kimin property in the northeast Congo, we are in process of developing a strategy for that concession. The Kilo Moto district that our Kimin concession covers has historically produced 5.7 million ounces in the same period our Geita project produced 1 million ounces, and so we believe has great potential. Given all the problems in the Congo, however, Ashanti does not expect to start producing gold from Kimin anytime soon, even though there is a small mine on the concession that is currently not operational. We have, however, taken all the necessary steps to consolidate our position at Kimin, perfecting our 86% shareholding of the Kimin company, and have received a Presidential decree that recognises our rights. When the political situation stabilises in the Congo, Ashanti will be poised to participate in the development of one of the most prospective gold districts in Africa.

Finally, Ashanti has restructured the Board and made important changes to management.

Our new Board includes individuals who not only have invaluable expertise in hedging and finance, but also come with a spectrum of political and business expertise and acumen. We have set up Board-level oversight of our risk management and corporate governance. Our new Chief Financial Officer, Srinivasan Venkatakrishnan ("Venkat"), previously a Director for Deloitte & Touche, has already proven to be very effective in managing Ashanti's finances. We have a new Director of Treasury, and have appointed external consultants, Standard Risk of South Africa, to provide independent advice on our hedge book and strategy.

In the next two months, there will be elections in Ghana. It is proving to be a vigorous campaign season. Current signs suggest a peaceful transition, and regardless of who wins, signal continued - and perhaps - increased pragmatism in dealing with the private sector and companies like Ashanti. In the interim, we have started to play a more proactive role in all the countries in which we operate, cementing current relationships and keeping governments informed and abreast of industry developments and Ashanti's strategic issues. In the last two months, I have personally visited with the Heads of State of each the three countries outside of Ghana, (Tanzania, Zimbabwe and Guinea), in which Ashanti operates, and I intend to maintain similarly high levels of contact going forward.

Ladies and Gentlemen, our industry is going through a consolidation phase. This is to achieve critical mass on the one hand, or diversification out of gold on the other, or both. This is hardly surprising given the current gold price environment. In the recent past, Ashanti has been at the forefront of the consolidation in the industry, having taken over four listed companies in the last four years. Last year, Ashanti attempted to diversify its portfolio, through the proposed merger with Lonmin, into the Platinum Group Metals (PGMs). Unfortunately, we could not carry the support of a 20% shareholder - the Ghana government - whose vote was critical to the success of the deal.

We see this setback as temporary, since we believe the only way to deliver value to our shareholders is for us to participate in the consolidation that is on-going. In this regard, the steps that we are taking, which I have just outlined to you, with respect to our hedge book, balance sheet, and the enhancement of our portfolio, will make us an attractive partner in the consolidation process. Ashanti has learned very valuable lessons over the last 12 months, and we are positioning ourselves to be a stronger, more financially sound and more dynamic Company. I look forward to seeing you all next year to give you a progress report.

Thank -you.