

ASHANTI GOLDFIELDS CO LTD

Form 425

August 06, 2003





**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**

4 August 2003

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

**COMPANY LIMITED**

Filed by Ashanti Goldfields Company Limited  
Pursuant to Rule 425 under the Securities Act of 1933  
Subject Company: Ashanti Goldfields Company Limited  
Commission File No. 1-14212

**1. Introduction**

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") to create a growth focused, leading global gold producer. AngloGold and Ashanti have therefore entered into a transaction agreement ("Transaction Agreement") to implement the Merger. The combined group will be known as AngloGold Ashanti Limited and will trade as Ashanti AngloGold in Ghana. The combined group will have the largest reserve base of any gold company, a significant and well diversified production base, a highly attractive development and exploration portfolio and the financial and technical resources to maximise organic growth from the existing asset base as well as to capitalise on further acquisition opportunities.

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 ordinary shares** ("AngloGold Shares"); or

**0.26 AngloGold American Depositary Shares** ("AngloGold ADSs")

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

In addition, 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, at an exchange ratio of 26 AngloGold GhDSs per Ashanti Share or Ashanti GDS held by any such Ghanaian residents.

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 bases 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 holders of AngloGold Shares and AngloGold ADSs (together, the "AngloGold Shareholders") will own approximately 87% and existing Ashanti Shareholders will own approximately 13% of the combined group.

The board of directors of Ashanti ("Ashanti Board") has approved the Merger. Lonmin Plc, which owns 27.6% of Ashanti's issued ordinary share capital, has agreed to support the Merger.

As described in paragraph 4 below, the Merger is conditional on the receipt of certain approvals and undertakings from the Government of Ghana. A full list of the conditions to the obligations of AngloGold and/or Ashanti to consummate the Merger is set out in Appendix I.

**2. Terms and Structure of the Merger**

The Merger will be effected by means of a scheme of arrangement between Ashanti and its shareholders (the "Scheme") under Section 231 of 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 Share resident in Ghana will be entitled to elect to receive, in exchange therefor, either:

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0.26 AngloGold Shares;

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0.26 AngloGold ADSs; or

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26 AngloGold GhDSs, 100 of which will represent one AngloGold Share

If no election is made, such holder will be deemed to have elected to receive its scheme consideration in the form of AngloGold GhDSs

Each holder of an Ashanti Share resident outside Ghana (other than the depositary for the Ashanti GDSs and holders of Ashanti Shares resident in the United States) will be entitled to elect to receive in exchange therefor, either:

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0.26 AngloGold Shares; or

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0.26 AngloGold ADSs

If no election is made, such holder will be deemed to have elected to receive its scheme consideration in the form of AngloGold Shares



Each holder of an Ashanti GDS or of an Ashanti Share resident in the United States will be entitled to elect to receive in exchange therefor, either:

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0.26 AngloGold Shares; or

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0.26 AngloGold ADSs

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If no election is made, such holder will be deemed to have elected to receive its scheme consideration in the form of AngloGold ADSs

Ashanti Shareholders will be entitled to receive all dividends declared by AngloGold with a registration date after the completion of the Merger. However, the Merger will not be implemented prior to the registration date for the payment of AngloGold's final dividend. AngloGold has agreed to use reasonable endeavours to set a registration date for the 2003 final dividend so as not to delay the consummation of the Merger. Consequently, Ashanti shareholders will not be entitled to receive AngloGold's 2003 interim or final dividends

No fractional AngloGold Shares or AngloGold ADSs will be issued in respect of any fractional entitlement to an AngloGold Share or AngloGold ADS ("fractional interest"). Each holder of a fractional interest resident in Ghana will have the right to elect to receive either (i) cash (in US dollars) or (ii) AngloGold GhDSs in lieu of such fractional interest. Holders of a fractional interest resident outside Ghana will be paid an amount in cash (in US dollars) in lieu of such fractional interest. The amount of cash (in US dollars) paid in lieu of such fractional interest will be equal to the product obtained by multiplying (i) the fractional interest to which such holder (after taking into account all fractional interests then held by such holder) would otherwise be entitled by (ii) the volume-weighted average of the per share closing price on the New York Stock Exchange of AngloGold ADSs during the ten consecutive trading days ending on (and including) the trading day immediately preceding the effective time of the Scheme

### 3. Background to and key benefits of the Merger

The Merger will allow the shareholders of AngloGold and Ashanti to benefit from the establishment of a leading global gold producer, enhancing the strengths of both groups.

The Merger will produce a combined group with 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 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







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Reduced financing costs

Reduced administrative and procurement costs

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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

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**#1 in reserves** - 93.2 million ounces of attributable proven and probable reserves as at the end of 2002 (adjusted for the sales of Amapari and Jerritt Canyon), a 31% increase in AngloGold's current reserve base

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**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

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**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, ("IFRS"))

**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

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**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

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**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

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**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

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**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

**Hedging** - The combined hedge book would have had a net delta of 14.7 million ounces, as at 30 June 2003

- The combined group will continue AngloGold's and Ashanti's record of active hedge management and will follow the same pattern of hedge reduction. Delivering into maturing contracts over the balance of this year will likely see the delta hedge position reduce to 13.5 million ounces assuming market rates as at 30 June 2003
- As at 30 June 2003, AngloGold's and Ashanti's hedge books had negative marked-to-market valuations of US\$179.3 million and US\$147.6 million





respectively, including in each case, each company's 50% interest in the US\$78.8 million negative marked-to-market value of the Geita hedge book

**4. Major shareholders**

An undertaking to support the Merger has been received from Lonmin Plc, the largest shareholder of Ashanti, in relation to its shareholding in the issued ordinary share capital of approximately 27.6%. Lonmin Plc can withdraw its support for the Merger only if the Ashanti Board publicly announces the withdrawal of its recommendation or if the Transaction Agreement is terminated. Morgan Stanley is acting as financial adviser to Lonmin Plc.

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 Socit Gnrale, in order to assist it in this process. The Merger is conditional on receiving undertakings from 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. This includes an agreement to use reasonable endeavours to extend, in 2004, the Obuasi lease for an additional 30 years from 2024 and to enter into a stability agreement to ensure that the Ghanaian operations are not adversely affected by changes in royalties, taxes and custom duties for a specified period of time. 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.

**5. Conditions and other key terms of the Transaction Agreement**

In addition to the conditions relating to the Government of Ghana outlined above, completion of the Merger is conditional on, amongst other things, the approval of the Merger by Ashanti Shareholders, receipt of other regulatory approvals, third party consents and the confirmation of the Scheme by the High Court of Ghana prior to 31 March 2004. A complete list of the conditions to the obligations of AngloGold and/or Ashanti to consummate the Merger is set forth in Appendix I.

Upon the implementation of the Scheme, Ashanti Capital (Second) Limited, a subsidiary of Ashanti, will redeem all its issued and outstanding Mandatorily Exchangeable Notes ("MENs") for US\$75,000,000 plus accrued and unpaid interest thereon in cash. The MENs are held entirely by Lonmin Plc.

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.

**6. Information AngloGold**

on

AngloGold, headquartered in Johannesburg, South Africa, is a global gold producer with 19 operations in eight countries, on four continents, and has extensive and focused exploration activities in 11 countries.

AngloGold Shares are listed and traded on the JSE Securities Exchange South Africa, the Australian Stock Exchange in the form of "CHESS" depositary interests, the London Stock Exchange and Euronext Paris and are quoted on Euronext Brussels in the form of International Depositary Receipts. AngloGold ADSs are listed and traded on the New York Stock Exchange.

Based on the closing market price of US\$32.15 per AngloGold ADS on 1 August 2003, the last practicable trading day prior to this announcement, AngloGold had a market capitalisation of approximately US\$7.2 billion.

For the six months to 30 June 2003 AngloGold reported (in accordance with IFRS):







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Gold production of 2.8 million ounces (attributable)

Cash operating costs of US\$217 per ounce (attributable)

Revenue of US\$977 million

Headline earnings before unrealised non-hedge derivatives of US\$140 million

Headline earnings per share before unrealised non-hedge derivatives of US\$0.63

An interim dividend per share of US\$0.51 has been declared in 2003. In 2002 dividends per share of US\$1.46 were declared

### **7. Information Ashanti**

Ashanti, headquartered in Accra, Ghana, is engaged in the mining and processing of gold ores and the exploration and development of gold properties in four African countries - Ghana, Guinea, Tanzania and Zimbabwe. Ashanti also has an extensive exploration programme in Africa.

Ashanti Shares are listed on the Ghana Stock Exchange and the London Stock Exchange. Although Ashanti has a primary listing on the London Stock Exchange, it is not subject to the City Code on Takeovers and Mergers. Ashanti GDSs are listed and traded on the New York Stock Exchange and on the London Stock Exchange and Ashanti Shares and Ashanti Zimbabwe Depository Receipts are listed on the Zimbabwe Stock Exchange.

Based on the closing trading price of US\$8.00 per Ashanti GDS on 1 August 2003, the last practicable trading day prior to this announcement, Ashanti has a market capitalisation of approximately US\$1.0 billion.

For the six months to 30 June 2003 Ashanti reported (in accordance with UK GAAP):

Gold production of 0.7 million ounces (attributable)

Cash operating costs (including royalties) of US\$232 per ounce (attributable)

Revenue of US\$257 million

Pre-exceptional net earnings of US\$14.6 million

Pre-exceptional net earnings per share of US\$0.11

Net assets of US\$478 million

Ashanti did not pay any dividend for the year ended 31 December 2002, neither has it announced any dividends in respect of its interim earnings in 2003.

### **8. Financial effects of the Merger**

The financial effects of the Merger on AngloGold Shareholders are set out below. These financial effects have been determined from unaudited consolidated financial information for the combined group assuming that the Merger was implemented on 1 January 2003 for the purposes of the income statement and on 30 June 2003 for the purposes of the balance sheet.

AngloGold believes that the pro forma historical information is not necessarily indicative of the future financial performance of the combined group. The Merger is expected to be accretive to headline earnings per share before



unrealised non-hedge derivative adjustments for AngloGold Shareholders from completion of the Merger. However, for the six months ended 30 June 2003, as a result of Ashanti having experienced an anticipated lower production profile and higher cash operating costs over this period,





which are not anticipated to continue in the long term, the Merger is dilutive to AngloGold on this basis, despite being accretive to headline and basic earnings per share. The Merger 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. This should not be interpreted to mean that earnings per share and 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.

The pro forma historical financial effects of the Merger on AngloGold Shareholders are as follows:

**For the six months ended 30 June 2003**

**and as at 30 June 2003**

**Before the**

**Merger**

**(US cps)**

**After the**

**Merger**

**(US cps)**

**Percentage**

**change**

**(%)**

Net asset value per share<sup>1</sup>

728

1,060

46

Net tangible asset value per share<sup>1</sup>

549

808

47

EBITDA per share<sup>2</sup>

152

156

3

Headline earnings per share before  
unrealised non-hedge derivatives<sup>2</sup>

63

54

(14)

Headline earnings per share<sup>2</sup>

62

73

18

Basic earnings per share<sup>2</sup>

55

68

24

Net debt to total capital employed

18.6%

17.2%

1.

NOTES:

Net asset and net tangible asset value per share refers to shareholders' equity and has been determined at 30 June 2003 assuming 222,785,154 AngloGold Shares in issue before the Merger and 257,309,569 AngloGold Shares in issue after the Merger (the 34,524,415 AngloGold Shares issued in the Merger assumes that the 2,496,826 outstanding Ashanti warrants are exercised and the resulting Ashanti Shares together with the 130,289,386 Ashanti Shares currently in issue are exchanged at the Exchange Ratio. All outstanding options over Ashanti Shares are assumed to be cancelled for cash)

The pro forma consolidated income statements for the six months ended 30 June 2003 and balance sheets at 30 June 2003 have been compiled from:

the historical unaudited consolidated income statements of AngloGold for the six months ended 30 June 2003 and the historical unaudited consolidated balance sheets of AngloGold at 30 June 2003, prepared in accordance with IFRS; and

the historical unaudited consolidated income statements of Ashanti for the six months ended 30 June 2003 and the historical unaudited consolidated balance sheets of Ashanti at 30 June 2003, prepared in accordance with UK GAAP, adjusted to an IFRS basis by incorporating the differences between the two accounting bases

For the six months ended 30 June 2003, unaudited pro forma EBITDA, headline earnings, headline earnings before unrealised non-hedge derivatives and basic earnings per ordinary share have been calculated based on the weighted average number of AngloGold Shares in issue of 222,737,513 for the six months ended 30 June 2003 adjusted to reflect the issuance of 34,524,415 AngloGold Shares in the Merger. Accordingly, the adjusted pro forma weighted average number of AngloGold Shares in issue for the six months ended 30 June 2003 is 257,261,928

The financial effects calculations have been based on publicly available information only and for this reason may not incorporate all the necessary adjustments

2.

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The financial effects have been calculated on the basis of an AngloGold share price of US\$32 a share. The financial effects, based upon the historical unaudited consolidated income statements of AngloGold for the six months ended 30 June 2003 and the historical unaudited consolidated balance sheets of AngloGold at 30 June 2003 have not been adjusted for the sale of Amapari or Jerritt Canyon

**9. US and UK tax consequences**

4.

The exchange of Ashanti Shares or Ashanti GDSs for AngloGold Shares or AngloGold ADSs pursuant to the Merger currently is expected to be a taxable transaction for US federal income tax purposes. For the purposes of the UK taxation of chargeable gains, in general, it is considered that the exchange of Ashanti Shares or Ashanti GDSs for AngloGold Shares or AngloGold ADSs pursuant to the Merger should not be treated as giving rise to a disposal of Ashanti Shares or Ashanti GDSs, except in certain limited circumstances, and generally no UK stamp duty or stamp duty reserve tax should be payable by holders of Ashanti Shares or Ashanti GDSs on the exchange of Ashanti Shares or Ashanti GDSs for AngloGold Shares or AngloGold ADSs pursuant to the Merger. Holders of Ashanti Shares or Ashanti GDSs are urged to consult their own tax advisers in determining the consequences of the Merger to such holders under US, UK or other applicable law. Further disclosure in respect of the US and UK tax consequences of the Merger will be made in due course.

**10. Directors, management and employees**

5.

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. The board of directors of AngloGold and the AngloGold executive team will otherwise continue in their current roles.

Following completion of the Merger, Ashanti's head office in Accra, Ghana, will enjoy an expanded role within the combined group's operations.

AngloGold has entered into undertakings in the Transaction Agreement which mean that it will observe the existing contractual and statutory employment rights of Ashanti management and employees.

**11. Ashanti options**

Upon the Merger being completed, all options granted under the AGC Senior Management Share Option Scheme will become exercisable for a period of one month thereafter. Option holders will receive upon exercise of Ashanti options AngloGold Shares in an amount determined by reference to the Exchange Ratio. AngloGold has also agreed to offer to all Ashanti option holders the alternative of either receiving cash in cancellation of their Ashanti options or rolling over their Ashanti options into substitute options exercisable for AngloGold Shares. AngloGold has agreed pursuant to the Transaction Agreement to make available such proposals at least one month prior to the Merger being completed.

**12. Ashanti warrants**

Holders of issued and outstanding warrants of Ashanti Warrants Limited, a wholly-owned subsidiary of Ashanti, will be treated in accordance with the relevant deed poll.







**13. Listings**

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 ordinary shares and Ghanaian depository shares of the combined group on the Ghana Stock Exchange.

**14. Timing**

AngloGold and Ashanti hope to receive the views of the Government of Ghana in relation to the Merger by mid-September.

A request has been submitted to the Staff of the US Securities and Exchange Commission (the "SEC") for a "no action" letter confirming the availability of an exemption pursuant to Section 3(a)(10) of the US Securities Act of 1933, as amended (the "Securities Act") from the registration requirements under the Securities Act. Should the issuance of AngloGold Shares in the Scheme qualify for such an exemption, relevant documentation will be posted to Ashanti shareholders as promptly as reasonably practicable after the required approvals of the Government of Ghana have been received and the relevant documentation has been prepared. Should the issuance of AngloGold Shares not qualify for such an exemption, AngloGold will prepare and file a registration statement with the SEC as promptly as reasonably practicable and relevant documentation will be posted to Ashanti shareholders upon the registration statement becoming effective, provided that the required approvals of the Government of Ghana have been received. Further announcements, which will include details regarding the timetable for the implementation of the Merger, will be made in due course.

**15. Anglo American plc**

If the Merger is approved, Anglo American plc's shareholding in AngloGold would be diluted from 51.4% to 44.5%. The Securities Regulation Panel of South Africa has granted to Anglo American plc an exemption from making a mandatory offer to AngloGold minority shareholders, should Anglo American acquire AngloGold shares to restore its holding to above 50%.

**16. Board recommendation and undertakings**

CIBC World Markets plc, Ashanti's financial adviser, has delivered to the Ashanti Board its written opinion that the Exchange Ratio is fair to the Ashanti Shareholders from a financial point of view. The Ashanti Board, consider the terms of the Merger to be in the best interests of Ashanti Shareholders as a whole.

The Ashanti Board has approved the Merger and will recommend that Ashanti Shareholders vote in favour of the resolutions to be proposed at the scheme meeting of the Ashanti Shareholders, as the directors of Ashanti intend to in respect of their own beneficial holdings which amount in aggregate to 113,514 Ashanti Shares (representing 0.1% of the issued ordinary share capital of Ashanti).

Chester Crocker, Lynda Chalker and Edward Haslam, being Directors of Ashanti, have not taken part in the deliberations of the Ashanti Board 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.

Ashanti has agreed not to solicit any alternate acquisition proposals but is not prevented from receiving and considering or providing any information in relation to new proposals provided that it notifies AngloGold of the receipt of any acquisition proposal and the





material terms thereof and discloses any information regarding Ashanti made available to persons in connection with such alternate acquisition proposals to AngloGold.

Except as provided below, the Ashanti Board may not withdraw, or propose to withdraw, its recommendation. If, at any time prior to the effective time of the Scheme, the Ashanti Board receives an acquisition proposal that the Ashanti Board determines to be a superior proposal to the Merger, the Ashanti Board will be permitted to withdraw its recommendation if, after notification to AngloGold of such proposal, AngloGold does not increase the consideration offered or otherwise improve the terms of the offer or if, after such increase or improvement, the Ashanti Board still determines (after having received a written opinion of a financial adviser of the fairness of the superior proposal from a financial point of view) that the superior proposal is still superior to the amended AngloGold proposal.

In addition, if the Ashanti Board determines, in its good faith judgement after having received advice of outside legal counsel, that the failure to withdraw its recommendation would constitute a breach of its fiduciary duties under applicable law, the Ashanti Board may withdraw its recommendation, upon notice to AngloGold; provided, however, that in making such determination, the Ashanti Board may not take into account any acquisition proposal or inquiry that is reasonably likely to result in an acquisition proposal.

Should the Ashanti Board receive a superior proposal and withdraw its recommendation and either AngloGold or Ashanti terminates the Transaction Agreement because of such withdrawal, Ashanti will be required to pay to AngloGold, upon such termination, a termination fee of US\$15,000,000 to the extent that such payment is lawful under Ghanaian law. In addition, if (i) the Transaction Agreement is terminated because the conditions relating to the support of the Government of Ghana as a shareholder and its approvals and undertakings as a regulator have not been satisfied (or waived by AngloGold) on or before 30 September 2003 or such later date as may be agreed by Ashanti and AngloGold and (ii) within three months after the date of such termination a recommended acquisition proposal that constitutes a superior proposal is announced with a third party that, during the period commencing on 16 May 2003 and ending on the date of such termination (A) made an acquisition proposal to Ashanti, (B) entered into a confidentiality agreement with Ashanti, or (C) engaged in substantive discussions with Ashanti regarding a possible acquisition proposal, then Ashanti will be required to pay AngloGold a termination fee of US\$15,000,000, to the extent that such payment is lawful under Ghanaian law, upon completion of such acquisition. Ashanti has also agreed to procure that any third party that makes a superior proposal agrees to pay the termination fee of US\$15,000,000 upon consummation of that superior proposal if it has not been paid earlier by Ashanti.

If AngloGold wrongfully terminates the Transaction Agreement in breach of its obligations to complete the transaction, it will be committed to pay Ashanti US\$75,000,000 to compensate it for the damages Ashanti will have suffered as a result of the breach. If Ashanti wrongfully terminates the agreement in breach of its obligations, it will be liable for all damages incurred by AngloGold, which, in that event, will not be subject to any cap. In either case no payment will be made unless there has been a determination by the High Court of England that a breach of the Transaction Agreement has occurred. The rights of third parties to enforce the Transaction Agreement have been excluded.

**17. Further cautionary announcement**

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.

Johannesburg and Accra

5 August 2003

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,

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+44 1452

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**CAUTIONARY STATEMENT CONCERNING 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.

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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.

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**APPENDIX I**

**Conditions to the Scheme**

The Transaction can only become effective if all the conditions to the implementation of the Scheme have been satisfied (or waived) in accordance with paragraph 4 of this Appendix I. Relevant definitions to terms used in this Appendix are set out in Appendix II.

The Scheme will become effective upon the delivery of the Scheme Order to the Registrar of Companies for registration and publication in the Gazette. Unless the Scheme becomes effective by not later than 31 March 2004 or such later date as AngloGold and the Company may agree and the High Court may permit, the Scheme will not become effective and the Transaction will not proceed.

The conditions that must be satisfied (or waived) for the Scheme to be implemented are set out below:

1.

The Scheme is conditional upon:

1.1 the approval of the Scheme by not less than three-fourths of the votes cast by holders of Ashanti Shares present at the Scheme Meeting in person or by proxy and entitled to vote and voting;

1.2 (i) the confirmation of the Scheme by the High Court and (ii) the delivery of an office copy of the Scheme Order to the Registrar of Companies;

1.3 in the event that the No-Action Letter is not received, the Registration Statement having been declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Registration Statement having been issued by the SEC and no proceeding for that purpose having been initiated by the SEC;

1.4 (i) the admission to the Official List of the UKLA of the AngloGold Shares having become effective in accordance with the UKLA Listing Rules, and the admission of the AngloGold Shares to trading on the LSE's market for listed securities having become effective, or the UKLA having agreed and confirmed its decision to admit the AngloGold Shares to the Official List of the UKLA, and the LSE having agreed to admit the AngloGold Shares to trading subject only to (A) the allotment of the AngloGold Shares and/or (B) the Scheme having become effective in all respects, and (ii) the AngloGold Shares to be issued in the Scheme having been authorised for listing on the JSE, authorised for listing on the NYSE, subject to official notice of issuance, authorised for listing on the GSE, approved for official quotation by the ASX, and approved for official quotation by the Euronext Paris.

1.5 no Governmental Authority having taken, instituted or implemented any action, proceeding, suit, investigation, enquiry, decision or order that would prohibit or prevent the consummation of the Scheme or otherwise make the Scheme or its implementation void, illegal or unenforceable; and

1.6 the receipt by AngloGold of the approval of the Bank of Ghana for the issuance of AngloGold Shares to members of the Company resident in Ghana.

2.

The Transaction will also be conditional upon, and accordingly, the necessary action to make the Scheme effective will not be taken, unless the following conditions are satisfied or waived by AngloGold on the basis described in paragraph 4 below:

2.1 the approval of the Special Resolution by the requisite vote of the members of the Company at the Extraordinary General Meeting;





no amendment or modification of any of the terms and conditions of the Scheme in a manner detrimental to AngloGold without the prior written consent of AngloGold;

2.2

the warranties of the Company contained in the Transaction Agreement being true and correct as of the Confirmation Date as though made on and as of the Confirmation Date;

the performance or compliance by the Company in all material respects with the covenants required by the Transaction Agreement to be performed or complied with by the Company prior to the Confirmation Date;

2.3

the Company not having commenced a rights offering for Ashanti Shares or other securities of the Company;

2.4

the European Commission having either:

2.5

(i)

indicated that the Scheme and its implementation does not give rise to a concentration falling within the scope of Council Regulation (EEC) 4064/89 concerning the control of concentrations between undertakings, as amended (the "EC Merger Regulation"); or

(ii)

taken a decision, without imposing any conditions or obligations that are not reasonably satisfactory to AngloGold under Article 6(1)(b) or Article 8(2) of the EC Merger Regulation, declaring the Scheme or its implementation compatible with the common market, or being deemed to have done so under Article 10(6) of the EC Merger Regulation; or

2.6

referred the whole or part of the Scheme or its implementation to the competent authorities of one or more member states of the European Union under Article 9(3) of the EC Merger Regulation or having been deemed to have done so under Article 9(5) of the EC Merger Regulation; and

(iii)

(a)

each such authority having granted a clearance without imposing any conditions or obligations that are not reasonably satisfactory to AngloGold in respect of all of those parts of the Scheme or its implementation that were referred to it, or being deemed to have granted such a clearance; and

(b)

the requirements of paragraph (ii) above being satisfied with respect to any part not referred to the competent authority of any member state of the European Union;

2.7

receipt by AngloGold and the Company of the approval from either the Competition Commission in terms of Section 14(1) of the Competition Act, 1998 (Act 89 of 1998) (as amended) of the Republic of South Africa (the "SA Competition Act"), the Competition Tribunal in terms of Section 15(2) of the SA Competition Act or the SA Competition Appeal Court in terms of Section 17 of the SA Competition Act which is unconditional or which only requires disposal of (i) Tameng or (ii) other businesses, assets and properties (other than the Savuka property) with an aggregate value of less than US\$50 million;



receipt of the approvals of Governmental Authorities and third party consents set forth in Exhibit 1 to this Appendix I;