ANGLOGOLD LTD Form 6-K March 16, 2004

### SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 or 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated

15 MARCH 2004

AngloGold Limited

\_

#### (Name of Registrant)

11 Diagonal Street

Johannesburg, 2001

(P O Box 62117)

Marshalltown, 2107

South Africa

#### (Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

#### Form 20-F:

Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:

No:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes:

No:

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:

No:

**Enclosures:** 

AngloGold 2003 Annual Report prepared in accordance with International Financial Reporting Standards (IFRS)

annual financial statements 2003

Mission, values & business principles ethics & governance labour practices community environment occupational safety health **HIV/AIDS** View the report according to the Global Reporting Initiative (GRI) The Global Reporting Initiative is a standard developed to create a global measure for social responsibility reporting A letter from CEO, **Bobby Godsell** Economic performance More on GRI South Africa East and West Africa Australia South America North America Corporate profile Stakeholders Glossary of terms Auditors report Explore how we live our values report to society 2003 Contact us Feedback Glossary Sitemap Downloads Print options Home About this report

Living our values

By GRI Case studies Economic performance Annual financial statements **Annual Financial** Statements 2003 How our group and operations performed in 2003 Why a report to society - a letter from Bobby Godsell View this report according to the Global Reporting Initiative (GRI) guidelines Read about AngloGold Read about our stakeholders All the terms used About the assurance of this report Look at our case studies by region Explore our business principles and how we live our values Click through to the Annual Financial Statements Case studies by region

Click region or map to select

### The Annual Financial Statements and Report to Society - comprehensive,

#### focused disclosure

The Annual Financial Statements (AFS) cover AngloGold's operating and financial results for the year 2003. However, in order to ensure a comprehensive perspective of all aspects of the company, in addition to the AFS, AngloGold has this year produced a web-based Report to Society. This report seeks to explain and assess the economic, social and environmental responsibilities and performance obligations the company believes it has with regard to its stakeholders, who include our shareholders, our employees, their families, employee representatives, the communities in which we operate and government. We seek to measure our performance in these areas against our business principles, goals and objectives, which are to run a business that is profitable; manage workplaces that are safe and healthy; ensure that the environments in which we operate are ecologically sound and sustainable, and ensure that communities within which we operate are better off for AngloGold being there.

Efforts have been made to report on a wide range of issues from a number of operations around the world. There has, however, been a bias in reporting on the South African operations because that is where the majority of AngloGold's employees are based and where the most material impact on society has historically registered.

The Report to Society, including the AFS, is available on the AngloGold website at **www.anglogold.com**, on a CD or in a printed version from the contacts listed on the inside back cover of the report.

**Using the Report to Society** 

Key features - 2003

Gold production down by 5% to 5.62Moz, as anticipated

Average Dollar gold spot price 17% higher at \$363/oz, but 16% lower in Rand terms at R88,058/kg

Total cash costs rise 42% to \$229/oz with strengthening local currencies

Adjusted headline earnings down by 23% to \$282 million

Total dividend for the year of R7.10 per share, or \$1.01 per ADS

Ore Reserves down 15% to 63Moz and Mineral Resources 26% lower at 213Moz at the end of December 2003, due to production depletion and changes to mine planning parameters.

#### **Certain forward-looking statements**

Certain statements contained in this document including, without limitation, those concerning the economic outlook for the gold mining industry, expectations regarding gold prices and production, the completion and commencement of commercial operations of certain of AngloGold's exploration and production projects, and its liquidity and capital resources and expenditure, contain certain forward-looking statements regarding AngloGold's operations, economic performance and financial condition. Although AngloGold 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, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government action, fluctuations in gold prices and exchange rates, and business and operational risk management. For a discussion of such factors, refer to the annual report on Form 20-F for the year ended 31 December 2003, which was filed with the Securities and Exchange Commission on or about 15 March 2004.

Key features - 2003

Throughout this document, \$ refers to US Dollars, unless otherwise stated.

For other abbreviations see glossary of terms on page 149.

2003

2002

Average for year

**Closing rate** 

Average for year

**Closing rate** 

**R/\$** 

7.5516

6.6679

10.4835

8.5775

A\$/\$ 1.5406

1.3275

1.8383

1.7873

AngloGold Limited - Annual financial statements 2003

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Corporate profile

In 2003, AngloGold produced 5.62Moz of gold from its 19 operations in eight countries.

AngloGold is listed on securities exchanges in Johannesburg (ANG), New York (AU) and Australia (AGG), as well as on the London Stock Exchange (AGD), Euronext Paris (VA) and Euronext Brussels (ANG BB).

In the event that the merger with Ashanti Goldfields is approved, the transaction is likely to be completed during April 2004. In this event, the enlarged company will combine Ashanti's exceptional orebodies, operating experience and world- class management with the deep-level underground experience and financial strength of AngloGold. The result will be AngloGold Ashanti - a world-class, global gold company with its origins and a substantial portion of its asset base and future growth potential in Africa.

Brazil

Argentina

Serra Grande

Cerro Vanguardia

Morro Velho

**USA** 

Cripple Creek

& Victor

Mali

Tanzania

Namibia

Geita

Sadiola

Yatela

Morila

Navachab

SA operations

South Africa

Boddington

Australia

AngloGold

Ashanti Goldfields

Guinea

Siguiri

Ghana

Obuasi

Iduapriem/Terebie

Bibiani

Sunrise Dam

Zimbabwe

Freda Rebecca

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US GAAP condensed consolidated financial statements

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Inside back cover - Contact information

"In 2003, AngloGold produced 5.62Moz of gold from its 19 operations in eight countries".

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#### Dear Shareholder

The planned merger of AngloGold with Ghana's Ashanti Goldfields, which is expected to be concluded during April 2004, has been the most significant recent strategic event for AngloGold. The merger will bring together AngloGold's technical and financial strength and Ashanti's substantial ore reserves, making possible the development of the Obuasi Deeps project - one of the most prospective gold orebodies in the world - and extending Obuasi's life by some 20 years.

In 2003, AngloGold's performance was affected by a combination of stronger local currencies in most of the company's operating regions, as well as lower ore grades in several operations. As anticipated, gold production declined by 5% to 5.62Moz, as a result of the lower grades at Morila, following the extraordinary but unsustainable production levels of 2002, and at Great Noligwa. In addition AngloGold sold its stake in Jerritt Canyon in Nevada. Total cash costs across the company were \$68/oz higher, at \$229/oz, mainly as a result of translating local currency costs to US Dollars at a significantly lower Dollar exchange rate. Adjusted headline earnings in 2003 were 23% lower than those for the previous year, at \$282 million, or 127 US cents per share.

In January we announced that AngloGold would pay a final dividend for the year of \$0.50 per ADS, giving a total dividend for the year of \$1.01 per ADS, thus continuing AngloGold's practice of paying to shareholders a high proportion of the company's earnings after providing for long-term growth.

The average spot price for gold in 2003, at \$363/oz, was 17% higher than the average for 2002 and AngloGold received the full spot price for the year on its gold sales. Against this background, AngloGold's net delta hedge position of 8.59Moz was 16% lower at the end of 2003 than it had been a year previously, illustrating the company's continued faith in the strength of the gold price.

Mine safety performance in South Africa for the year 2003 was disappointing, after a 14% improvement in the lost time injury frequency rate (LTIFR) during the previous year. The LTIFR for 2003 for the South African operations increased by 4% and the fatal injury frequency rate (FIFR) was unchanged. However, FIFR in the second half of 2003 improved by 40% compared with the first half of the year. If we can continue this trend, a step change in our safety performance seems possible.

On the subject of expansion, the company has a number of major, well advanced capital projects in South Africa: at Mponeng, Moab Khotsong and two at TauTona, which will yield some 12Moz of gold over their lives, while future capital projects could add a further 7.5Moz. Potential growth projects elsewhere include the Cuiaba Expansion in Brazil, and the Sunrise Dam underground project and Boddington mine in Australia, which together could add a further 7Moz of attributable gold production.

In February this year, AngloGold successfully launched a convertible bond, raising \$1 billion. The five-year bond, which carries a 2.375% coupon, has a conversion premium of 60% on the current share price. The proceeds of the offering will be used to replace existing debt of the greater group, including Ashanti (assuming that the merger is completed). This was one of the most successful public offerings ever by a South African company and illustrates AngloGold's capacity to raise

"The combination of AngloGold and Ashanti will form a company which is likely to cement Africa's leading position in the global gold industry."

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Letter from the Chairman and Chief Executive Russell Edey, Chairman Bobby Godsell, Chief Executive Officer

#### Letter from Chairman and Chief Executive

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money at very competitive rates, effectively reducing its cost of capital and ensuring that the growth projects, which the cash will be used to fund, will bring enhanced value to shareholders.

On AngloGold's South African mines, progress continues to be made with the company's campaign to effectively manage HIV and AIDS. More than 3,000 voluntary counselling and testing (VCT) sessions were conducted by trained counsellors during 2003, almost double the number recorded in 2002 and some 3,000 employees registered with the AngloGold Wellness programme during 2003. The full-scale roll-out of the company's anti- retroviral therapy (ART) programme began in 2003, and by the end of the year, some 530 employees had begun the treatment. Most patients receiving ART have returned to work.

Looking forward to the rest of 2004, and assuming the conclusion of the merger with Ashanti in April, production from the enlarged group is expected to be around 6.47Moz. Assuming an average exchange rate of R7.00 to the Dollar, AngloGold is expecting total cash costs to rise to \$243/oz, with earnings being largely dependent on exchange rates and the gold price. Capital expenditure is expected to increase to \$596 million.

We expect the gold price to continue to be supported by positive investment sentiment and by the weak Dollar, but we are concerned about the negative trend evident in the last few years in the fall in demand for gold in jewellery. In the light of this, we intend to continue and, indeed to expand our efforts to re-invigorate all aspects of the gold jewellery value chain.

Finally, we must note that Julian Ogilvie Thompson and Nicky Oppenheimer, both founding members of the Board, have indicated that they will not be standing for re- election to the Board at the forthcoming AGM. We take this opportunity to record our sincere appreciation to both of them for their immense contribution to AngloGold since its formation.

### **Russell Edey**

**Bobby Godsell** Chairman

Chief Executive Officer

0

50

100

150

200

1999

2000

2001

2002

2003 0

2,000

4,000

4,000

6,000

8,000

1999 2000

2001

2002

2003

### Gold produced (000oz)

Dividend declared per ordinary share (US cents)

East & South West **South North Total** Merged Africa Africa America Australia **America AngloGold Ashanti** group (1) Gold Underground operations Metric tonnes milled - 000 10,873 1,207 193 12,273 4,707 16,980 Yield 8.15 - g/t 7.22 3.49 7.98 3.45 6.73 Produced - oz 000 2,848 280 22 3,150 522 3,672 Productivity g/employee 249 1,199

630

```
269
246
265
Surface and dump reclamation
Metric tonnes treated
- 000
33,753
33,753
1,740
35,493
Yield
- g/t
               0.25
0.25
0.64
0.27
Produced
- oz 000
270
270
36
306
Open-pit operations
Metric tonnes mined
- 000
50,621
18,728
40,275
109,024
65,980
175,004
Stripping ratio
(2)
       5.79
18.65
11.10
```

```
8.31
4.30
6.27
Metric tonnes treated
- 000
8,064
1,050
3,271
12,385
10,102
22,487
Yield
- g/t
3.15
6.29
3.65
3.55
1.67
2.70
Produced
- oz 000
816
212
383
1,411
543
1,954
Heap leach operations
Metric tonnes mined
- 000
10,140
3,172
52,617
65,929
3,689
69,618
Metric tonnes placed
(3)
- 000
1,227
179
18,144
```

19,550

```
2,196
21,746
Stripping ratio
(2)
       7.92
16.70
1.90
2.39
1.20
2.37
Gold placed
(4)
- kg
-
      3,448
726
11,634
15,808
1,738
17,546
Yield
(5)
- g/t
2.81
4.05
0.64
0.81
0.79
0.81
Produced
- oz 000
274
25
349
485
56
541
Total gold produced
- oz 000
3,118
927
517
405
349
5,316
```

1,157 6,473

### Total cash costs - \$/oz produced 274 202 155 246 210 245 233 243 Capital expenditure - \$m 298 37 92 33 17 477 119 596 Rand/US Dollar average exchange rate 7.00 (1) The merged group in the event of the Ashanti transaction being successfully concluded, with effect April 2004. Stripping ratio = (tonnes mined total - tonnes mined ore)/tonnes mined ore. Tonnes placed onto leach pad. (4) Gold placed into leach pad inventory. Gold placed/tonnes placed. AngloGold Limited - Annual financial statements 2003 One-year forecast - 2004

for the year ended 31 December 2003

Employees (44%) State for taxes (10%) Other (3%) Providers of capital (19%) Re-invested in the group (24%) Employees (35%) State for taxes (13%) Other (1%) Providers of capital (29%) Re-invested in the group (22%) 2002 Distribution of wealth 2003 Distribution of wealth Group value-added statement Group value-added statement for the year ended 31 December 2003 **Figures in million Notes (1)** % 2003 % 2002 **US Dollars** Value added Gold income 2 and 3 2,029 1,761 Less: Purchases of goods and services in order to operate mines and produce refined metal, including market development costs net of other income (767)(611)Value-added by operations 85 1,262 90 1,150 Non-hedge derivatives 119 7 92 Marked-to-market of debt financial instruments

## Profit on disposal of investments Profit on disposal of assets and subsidiaries Income from investments and interest received Total value added 1,486 1,285 Value distributed **Employees** Salaries, wages and other benefits (2)Government - Current taxation - Deferred taxation (1) (12)**Providers of capital** - Finance costs

```
3
49
3
44
- Dividends declared
224
25
325
- Minorities
1
18
15
Other
- Impairment of mining assets
17
3
44
- Loss on disposal of assets and subsidiaries
12
13
Total value distributed
1,137
78
1,005
Re-invested in the group
- Amortisation and depreciation
4, 17, 18 and 19
18
261
21
- Retained income
88
100
1,486
100
1,285
Refer to the notes on the group financial statements on pages 82 to 121.
(2)
```

Year-on-year movement mainly attributable to stronger Rand/Dollar exchange rate.

The spot price for the metal reached over \$417/oz during December and touched \$430/oz in early 2004, although the market has since retraced to around \$410/oz. The average gold price of \$363/oz for 2003 was \$53 or 17% above the average price for 2002. The gold price again mirrored moves in the currency markets, particularly the US Dollar exchange rate against the Euro, which fell steadily during the fourth quarter to reach an all-time low of \$1.27 to the Euro in December. This reflects a loss in value of almost 20% during 2003. The Rand proved as volatile and the currency moved in a range of almost 20%, between R6.07 and R7.28 to the US Dollar.

### **Gold price drivers**

The primary mover in gold continues to be strong speculator and investor interest in the metal, driven by a number of fundamental economic circumstances. Amongst these circumstances, is most certainly the anticipation of further declines in the value of the US Dollar. These same circumstances have also pushed up the prices of base metals and other commodities. The last quarter of the year again saw higher levels of derivatives in gold open positions on the New York Commodity Exchange (Comex), reaching an all-time high of 19Moz, or almost 600t, net long in futures and options contracts combined.

### **Investment**

Investor and speculator interest in gold remained on the rise throughout most of 2003, reflected particularly in the buying on Comex. Overall open interest and the net open position on that exchange are both at all-time high levels since the exchange commenced trading gold over 20 years ago.

Of particular interest was the launch by the World Gold Council (WGC) of the Gold Bullion Securities (GBS) product on the London Stock Exchange in the last quarter of the year. The GBS is a gold-backed fund enabling institutional and private investors to invest directly in gold through a traded instrument. This product followed the launch of a similar fund in Australia earlier in 2003. The WGC continues to work on similar products to offer to investors in other important financial markets elsewhere. This GBS product very quickly took in purchases amounting to 25t of bullion, and has since established two-way liquidity in the London market.

### **Physical**

Physical demand for gold continued to suffer in the face of a rising gold price.

Whilst gold offtake in jewellery for 2003 was off by 7% year-on-year, in the second half of 2003alone demand fell by over 11% compared with 2002. As usual, India responded immediately to higher prices, and much of the expected seasonal demand in that region was negated by the Indian trade's unwillingness to buy gold in a rising market. With the spot price retracing in mid-January 2004, some recovery in seasonal buying might still occur in that market. However, many other gold jewellery markets also declined in this period.

Lower levels of producer de-hedging added to the lower demand. After six quarters of material levels of de-hedging, the second half of 2003 saw significantly less

activity in this area, notwithstanding the announcement late in 2003 by Barrick Gold Corporation of its intention to cease new hedges, and to reduce its hedge book. Only a substantial increase in implied net investment demand helped to balance the physical market.

On the supply side, mine production for 2003 was slightly higher than in 2002. However, scrap sales increased again and, at a little less than 1,000t for 2003, now make up almost a quarter of the supply of gold to the current market. Central bank sales of 591t in 2003 reached their highest level in a decade, but there was little negative reaction in the markets to this level of selling.

20,000

19,000

18,000

17,000

16,000

15,000

14,000

Jan Feb Mar

Apr May Jun

Jul

Aug

Sep

```
Oct
Nov
Dec
Jan
03
04
INR/oz
14
12
10
8
6
4
JFM A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J
01
02
03
04
US$/R
Rupee gold
US$/Rand exchange rate
AngloGold Limited - Annual financial statements 2003
Review of the gold market
$ Gold price and $/Euro indexed: 2003
130
120
110
100
90
80
70
Jan Feb Mar
Apr May Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
03
04
Index
US$/Euro
US$ Gold
```

### Review of the gold market

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The physical market remains important as it provides a floor of support when investment interest weakens and prices soften. Whilst making every effort to encourage investor demand for gold in the current market, attention should also be paid to the health of the wider physical market in the medium and longer term.

### Official sector

The Washington Agreement on sales of gold by European central banks comes to an end in less than nine months' time. Public statements by a number of senior European central bank officials at the Dubai meetings of the International Monetary Fund in 2003 indicate that there is little doubt that the Agreement will be renewed, and good reason to expect that the signatories to this Agreement will follow the precedent of the orderly and responsible behaviour of these banks over the past four years.

#### **Currency**

Whilst all the evidence points to a strong recovery in the United States economy running well into 2004, any benefit that this might have for the US currency is negated by the record levels of budget and current account deficits currently prevailing in the USA, and market commentators and analysts expect the US currency to weaken in the year ahead up to a range of \$1.35 - \$1.40 to the Euro. The one element that might temper further Dollar weakness would be real resistance from European monetary authorities to further strengthening of the Euro. This occurred to a degree in mid-January 2004, leading swiftly to a correction in the exchange rate and the weakening in the Euro from \$1.29 back to \$1.25. However, there are no signs yet of any change to the weaker trend for the US currency.

The Rand has seen as much movement as the European currency, but greater volatility. Whilst the first three quarters of 2003 saw a continuation of the Rand strengthening against the US Dollar, this strength reversed in the final quarter of the year. During this fourth quarter, the South African currency lost more than R1 or 20% against the US Dollar between its strongest point of R6.07, to its weakest point of R7.28 to the US Dollar.

In just over two years, we have seen the Rand first lose almost 40% in value against the US Dollar, and thereafter recover all of that and more to strengthen by almost 60% against its end-2001 exchange rate. The Rand has strengthened materially more against the US Dollar than have either the Euro or the Australian Dollar, and this occurred particularly during the period in which South African interest rates were either rising sharply, or were at their peak between October 2002 and June 2003. The recent reversal in the direction of the Rand value could reflect the end of the impact of high interest rates, as 2003 has seen the South African Reserve Bank cut the local repo rate by 5.5%, from a peak of 13.5% to 8.0%, mostly during the latter months of 2003.

### Hedging

As at 31 December 2003, the net delta hedge position of the company was 8.59Moz or 267t at a spot price of \$416/oz. The marked-to-market value of this position as at 31 December 2003 was negative \$664 million. The company continues to manage its hedge positions actively, and to reduce overall levels of forward pricing on gold. "The primary mover in gold continues to be strong speculator and investor interest."

AngloGold Limited - Annual financial statements 2003

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Financial review

AngloGold reports reasonable performance for the year 2003, despite having been affected by lower grade ore in several of the regions.

### Results for the year

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Adjusted headline earnings decreased by 23% to \$282 million or 127 US cps, from \$368 million or 166 US cps in 2002.

Return on net capital employed decreased from 17% to 11%.

Return on equity decreased from 21% to 12%.

•

Gold production was 5% lower at 5.62Moz.

•

Total cash costs increased by 42% to \$229/oz, having been impacted by strong local currencies.

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A final dividend of R3.35 per share or \$0.50 per share was declared, resulting in a total dividend of R7.10 or \$1.01 per ADS.

### **Exchange rates**

The average exchange rate for the year ended 31 December 2003 was R7.55:US\$1 compared with R10.48:US\$1 in 2002. The average Australian Dollar rate for 2003 was A\$1.54:US\$1; in 2002 it was A\$1.84:US\$1.

### **Gold production**

AngloGold's gold production, although 5% lower at 5.62Moz, was in line with planned levels and can be analysed as follows:

Production from operations located in South Africa decreased by 4% to 3.28Moz in 2003 from 3.41Moz produced in 2002. This is attributable to lower grades at Great Noligwa, lower volumes at Savuka and a dwindling reserve tonnage base at Ergo.

Gold production in the East and West Africa region decreased by 10% to 0.98Moz in 2003, from 1.09Moz in 2002. This was primarily owing to the drop in grade at Morila.

South America's production rose by 54,000oz to 0.53Moz in 2003. This 11% increase is explained by the additional 46.25% interest acquired in the Cerro Vanguardia mine in Argentina in July 2002, as well as by increased production at the Corrego do Sitio mine at Morro Velho in Brazil.

The Australian operations produced 0.43Moz of gold during 2003, compared with 0.50Moz in 2002. This 14% decrease, amounting to 70,000oz, was caused by the closure of Union Reefs and lower grades at Sunrise Dam mine. Gold production in the North America region decreased by 16%, or 72,000oz, to 0.39Moz in 2003 from 0.46Moz in 2002. Jerritt Canyon's production was 0.13Moz below that reported in the previous year because of the sale of the mine to Queenstake Resources, which became effective 30 June 2003. Gold production at Cripple Creek & Victor (CC&V) has been below target levels from 2001 to 2003, due to haul truck and crusher commissioning problems and unfavourable leach pad chemistry. All three factors improved in the second half of 2003, and such improvement has continued into the first quarter of 2004. Both the haul truck fleet and the crusher are now meeting production targets. The leach pad pH level was negatively affected by placing alkaline-consuming historic waste dump ore on the leach pad with the insufficient addition of lime in 2001. Lime addition rates were increased substantially and ammonia was added during 2003 to correct the problem. The pH levels returned to within a normal range in the second half of 2003. Production at CC&V, however, was up by 58,000oz to 283,000oz as a result of the expanded processing facilities following the completion of the expansion project towards the end of 2002.

### **Gold income**

The average spot price of \$363/oz for the year was 17% higher than the average for 2002. In Rand terms, the average spot price was 16% lower at R88,058/kg. Against this background, AngloGold's net delta hedge position was 16% lower in 2003 at 8.59Moz, illustrating the company's continued faith in the strength of the gold price.

Gold income increased by 15%, rising from \$1,761 million in 2002 to \$2,029 million in 2003. This was mainly as a result of a \$60/oz or 20% increase in the received gold price of \$363/oz. This was partly offset by a 5% reduction in gold production to 5.62Moz in 2003.

### **Cost of sales**

Cost of sales rose by 27% from \$1,203 million in 2002 to \$1,526 million in 2003. This increase was caused by lower grade ore mined and recovered at certain operations and the strengthening of local currencies, relative to the US Dollar, in the countries in which AngloGold operates.

#### Financial review

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Cost of sales, comprising total cash costs, retrenchment and rehabilitation costs, changes in gold inventories and amortisation of mining assets, can be analysed as follows:

- Total cash costs increased to \$1,294 million in 2003

from \$967 million in 2002 (or from \$161/oz to \$229/oz), following the reduction in gold produced from 5.94Moz in 2002 to 5.62Moz in 2003. Of the \$68/oz increase in total cash costs year-on-year, \$47/oz relates to stronger currencies relative to the US Dollar, while lower grades contributed a further \$17/oz.

- Retrenchment costs were \$4 million in 2003 compared with \$3 million in 2002. The retrenchment costs in 2003 were incurred through the down-sizing at Savuka mine.
- Rehabilitation and other non-cash costs increased by
- \$1 million from the previous year, while amortisation of mining assets decreased by 5% to \$232 million, in line with the lower gold production.
- Inventory increased by \$17 million in 2003 compared with an increase of \$24 million in 2002. The unfavourable inventory movement was mainly because of the South African operations capitalising on the available spare capacity during the year-end break.

### **Operating profit**

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Operating profit decreased by 4% to \$622 million in 2003 from \$650 million in 2002. Adjusted operating profit decreased by 12% from \$638 million to \$559 million. This was mainly owing to lower grade ore in several of the regions and the stronger average Rand/Dollar exchange rate, which were offset by a 20% increase in the received Dollar gold price to \$363/oz.

The adjusted operating margin for the AngloGold group was 27% for 2003 and 35% for 2002, while the cash operating margin was 38% in 2003 compared with 48% in 2002. These margins vary from operation to operation as they are dependent on each region's adjusted operating profit, amortisation of mining assets and gold sales, including realised non-hedge derivatives.

#### Net profit

Net profit of \$312 million includes operating profit as well as the following:

Corporate and other administration expenses increased by \$11 million on the previous year to \$36 million mainly as a result of the strengthening of the Rand/US Dollar exchange rate.

Market development costs amounted to \$19 million, of which 55% was spent through the World Gold Council (WGC).

Exploration continued in countries in which AngloGold has operations, namely in Argentina, Australia, Brazil, Tanzania, Mali, Namibia, South Africa and the United States. In addition, exploration was pursued in highly prospective areas: in Alaska, Canada, Mongolia and Peru. Exploration spending for 2003 amounted to \$63 million and, of this total, \$38 million was expensed in 2003. In 2002, total exploration expenditure was \$51 million of which \$28 million was expensed.

Interest received increased by \$2 million to \$38 million, mainly as a result of the higher gold price and improved cash position.

Other net expenses amounted to \$21 million for the year and included foreign exchange losses on transactions other than sales (\$3 million), post-retirement medical expenses relating to mines sold and a subsidy to address a shortfall in the medical aid (\$12 million), additional retirement provisions (\$2 million), and the unwinding of the decommissioning obligation (\$4 million).

•

Finance costs increased by \$5 million to \$49 million, due to the interest payable on the corporate bond. These costs were partly offset by lower LIBOR rates applicable to several of the loans.

Abnormal items include a provision for the post-retirement medical liability (\$33 million), partly offset by the reversal of over-provisions in decommissioning and restoration liabilities in South Africa (\$14 million).

Goodwill amortised remained fairly constant at \$29 million.

Impairment of mining assets in the amount of \$44 million was recognised in 2003. The impairment includes various exploration assets in Australia (\$9 million), Savuka mine in South Africa (\$34 million) and mining equipment in South America (\$1 million).

AngloGold Limited - Annual financial statements 2003

12

Financial review

(continued)

•

The profit on the disposal of investments includes profits on the disposal of shares in East African Gold Mines (\$25 million), Randgold Resources Limited (\$17 million) and Queenstake Resources (\$3 million).

•

The taxation charge decreased by \$23 million to \$142 million in 2003, owing to the reduced earnings for the year, deferred tax credits on losses in South America, a tax break on foreign exchange losses and deferred tax effects an additional medical provisions net of rehabilitation provision reversals.

.

The minorities' share of earnings increased to \$18 million compared with \$15 million in 2002. This was due to the increase of minorities in Cerro Vanguardia from 3.75% to 7.5% with effect from July 2002.

#### Cash flow

Operating activities

Cash generated from operations was derived from profits on ordinary activities before taxation of \$472 million as set out in the income statement, adjusted for changes in working capital and non-cash flow items. The most significant non-cash flow item was the amortisation of mining assets of \$232 million.

Cash generated from operations of \$592 million was increased by interest received of \$33 million, but reduced by payments to outside stakeholders for:

- finance costs of \$40 million; and
- mining and normal taxes of \$102 million.

Net cash inflow from operating activities was \$453 million in 2003, 25% lower than the amount of \$605 million recorded in 2002. The decrease in net cash inflow from operating activities was mainly the result of a working capital outflow of \$71 million and a decline in AngloGold's profitability.

Investing activities

Funds of \$453 million generated from operating activities were utilised to grow the group by investing in capital projects amounting to \$363 million. Total capital expenditure during 2003 was \$92 million or 34% higher than in 2002, and is mainly attributable to the South African operations. Capital expenditure at these operations increased from \$112 million in 2002 to \$246 million in 2003, mainly due to the development of Moab Khotsong, the deepening project at Mponeng shaft, the acquisition of a portion of the Driefontein mining area from Gold Fields Limited (adjacent to TauTona, and known as 1C11), and the strengthening of the Rand against the US Dollar. Capital expenditure decreased in the North America region from \$74 million in 2002 to \$27 million in 2003, and in the Australia region from \$31 million to \$21 million. These decreases were mainly because of higher expenditure in 2002 relating to the expansion project at CC&V in North America and at Sunrise Dam in Australia.

The East and West Africa region recorded capital expenditure of \$26 million from \$27 million in 2002, while capital expenditure in the South America region rose from \$27 million in 2002 to \$43 million in 2003.

The funds generated from operating activities were further adjusted by \$56 million, which was received following the sale of the shares held in Randgold Resources, East African Gold Mines and Queenstake Resources.

The net cash inflow after investment activities amounted to \$137 million.

Financing activities

- Net cash used in financing activities decreased by
- \$260 million to an outflow of \$107 million in 2003 (\$367 million in 2002).
- This net decrease was the result of the repayment of
- \$30 million of a \$400 million unsecured loan facility, while the balance of loan repayments comprised normal scheduled payments in terms of loan agreements. No further drawings or repayments were made under the \$600 million borrowings facility which AngloGold entered into during 2002.
- In addition, on 21 August 2003, AngloGold launched and priced a senior unsecured fixed rate bond in an aggregate principal amount of \$300 million, with semi- annual coupons payable at a rate of 10.5% per annum. The bond will be repayable on 28 August 2008, subject to early

Reference Rate. During 2003 the facility, originally repayable by September 2003, was extended to September 2004.

redemption at AngloGold's option. The bond is listed on the Bond Exchange of South Africa.

- On 14 October 2002, a new loan facility of A\$50 million was arranged with the Australia and New Zealand Banking Group Limited, at 0.35% over the Bank Bill Swop

The undrawn portion of the facility as at 31 December 2003 was A\$40 million.

#### Financial review

#### 13

- Dividend payments in the amount of \$314 million were

made during the year. This compares with a dividend of \$260 million in 2002. Dividends were financed from the cash generated from operating activities.

The net result of the operating, investing and financing activities amounted to a net cash inflow of \$30 million which, when added to the \$9 million cash acquired following the consolidation of Rand Refinery, and an opening balance and translation adjustment, resulted in an amount of \$505 million of cash and cash equivalents being on hand at year-end.

#### **Hedging**

The company has reduced its hedging contracts by some 1.69Moz during the year. In the light of the continued strength of the gold price and the steady operating performance over the past year, AngloGold has reduced the need for the company to manage revenue through forward pricing. This results in the AngloGold Board encouraging the continued management, restructuring and reduction of the hedge book.

### **Balance sheet**

AngloGold sold its entire 70% interest in the Jerritt Canyon Joint Venture on 30 June 2003. On 27 February 2003, AngloGold and its partner in the Jerritt Canyon Joint Venture announced that they had entered into a purchase and sale agreement with Queenstake Resources USA Inc (Queenstake) for their entire interests in the Jerritt Canyon Joint Venture. In terms of the agreement, Queenstake paid the Jerritt Canyon Joint Venture \$1 million in cash and 32 million shares of Queenstake, with \$6 million in deferred payments and \$4 million in future royalty payments. The transaction closed on 2 July 2003. AngloGold sold its entire interest in Queenstake during November 2003. Net debt to net capital employed remained constant year-on-year at 20% compared to 19% in 2002, despite increased cash levels with the higher received price of gold, and the stronger Rand/US Dollar closing price of R6.67:US\$1 compared with R8.58:US\$1 in 2002.

### Other issues

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act 2002, which had been passed by Parliament in June of that year. It will come into operation in May 2004. Until then the existing regulatory regime for mineral rights will remain in place whereby the holder of mineral rights is entitled to mine on obtaining a mining authorisation from the State of South Africa. AngloGold owns substantially all the mineral rights for which it holds mining authorisations.

#### **Outlook**

AngloGold expects production in 2004 to decrease to around 5.32Moz, following the closure in 2003 by AngloGold of Union Reefs and the sale of its 70% interest in the Jerritt Canyon Joint Venture. (In 2003, Union Reefs and Jerritt Canyon collectively contributed 180,000oz towards AngloGold's total production of 5.62Moz.) The merged group's (1)

production is

expected to be in the region of 6.47Moz.

AngloGold will implement a change in the accounting treatment of Ore Reserve development expenditure from 1 January 2004. Previously, a portion of this expenditure was expensed in the period that such expenditure was incurred. In line with many major gold producers, AngloGold will capitalise Ore Reserve development expenditure and amortise this over the life of the relevant mining area to which such expenditure applies.

Assuming that the exchange rates (relative to the US Dollar) of the currencies in the countries where AngloGold operates remain at similar levels in 2004 to the average exchange rates achieved in 2003, and allowing for the change in treatment of Ore Reserve development expenditure outlined above, AngloGold anticipates that its total cash costs will increase to \$245/oz in 2004 compared with \$229/oz in 2003. The merged group's

(1)

total cash costs are expected to be of

the order of \$243/oz in 2004. AngloGold expects capital expenditure for 2004 to be \$477 million, which is higher than the capital expenditure in 2003 of \$363 million (merged group

(1)

: \$596 million). This increase is

primarily as a result of the inclusion of Ore Reserve development expenditure.

(1) The merged group - in the event of the Ashanti transaction being successfully completed.

Summarised group financial and operating results AngloGold Limited - Annual financial statements 2003 14 US Dollar millions 2003 2002 2001 2000 (1) 1999 (1) Balance sheet Assets Mining assets and goodwill						
3,176	0.446	2.064	2.122			
2,654	2,446	3,064	3,123			
	sh equivalent	ts				
505	101	105	402			
413	191	195	493			
Other assets						
<b>1,176</b> 897	662	566	555			
	002	300	333			
Total assets 4,857						
3,964	3,299	3,825	4,171			
Equity and 1						
Shareholder	s' equity and	minority inte	rests			
1,681						
1,483	1,147	1,481	1,892			
Borrowings						
1,158						
926	987					
1,156	828					
Deferred tax	ation					
598						
402	286	553	711			
Other liabili	ties					
1,420						
1,153	879	635	740			
Total equity and liabilities						
4,857		2025				
3,964	3,299	3,825	4,171			
Other finan						
Net capital e	employed					
3,274	2 205	2.005	2.020			
2,635	2,385	2,995	2,938			
Equity						
2,568	1.550	2.006	2.576			
2,082	1,559	2,006	2,576			

Debt

```
1,158
926
             987
1,156
             828
Cash
505
             191
                         195
413
                                     493
Net debt
653
513
            796
                         961
                                     335
Net asset value - US cents per share
730
648
519
679
875
Net tangible asset value - US cents per share
545
480
338
491
771
Financial ratios
Return on net capital
11
17
13
11
17
Return on equity
%
12
21
16
11
16
Net debt to net capital employed %
20
19
33
32
11
Net debt to equity
%
25
25
51
48
13
IAS 39 adopted with effect 1 January 2001.
```

			_			
Financial re	eview					
15						
US Dollar	millions					
2003						
2002						
2001						
2000						
(1)						
1999						
(1)						
Income sta	tement					
Gold incom	ne					
2,029						
1,761	2,041	2,208	2,205			
Cost of sale	es					
(1,526						
) (1,20	(1,5)	19)	(1,740)	(1,700)		
503						
558	522	468	505			
Non-hedge	derivatives					
119						
92	(5)	-	-			
Operating p	profit					
622						
650	517	468	505			
Corporate a	dministration	and oth	er expenses			
(36)						
(25)	(22)	(33)	(36)			
Market development costs						
<b>(19)</b>						
(17)	(16)	(12)	(15)			
Exploration costs						
(38)						
(28)	(26)	(44)	(47)			
Interest rece	eivable					
38						
36	20	37	72			
Other net (e	expenses) inco	ome				
(15)						
(9)	(1)	18	16			
Finance cos	sts					
(49)						
(44)	(72)					
(69)	(53)					
Marked-to-market of debt financial instruments						
6						
-	-	-	-			
Abnormal i	tems					
(19)						
(10)	-		-			
Profit befor	e exceptional	items				

400					
490	400	265	4.40		
553	400	365	442		
Exceptional it	ems				
(18)	(2.6)	(1.1.4)	2.4		
(41)	(36)		34		
Profit on ordin	nary activiti	ies before taxa	tion		
472					
512	364	251			
476					
Taxation					
(142					
)					
(165)	(111)		(37)		
Profit on ordin	nary activiti	es after taxation	on		
330					
347	253	178	439		
Minority inter	rest				
(18)					
(15)					
(8) (12	2)	(5)			
Net profit					
312					
332	245	166	434		
Other financi	ial data				
Adjusted oper	ating profit				
559	8 F				
638	527	468	505		
Cash operating					
791	6 F				
883	747	685	701		
Headline earn		002	,01		
318					
376	281	254	325		
			323		
Adjusted headline earnings <b>282</b>					
368	286	254	325		
Adjusted oper			323		
%	ating margi	.111			
<b>27</b>					
35					
26					
21					
23					
Cash operating	a morain				
%	g margin				
38					
48					
37					
31					
32					

EBITDA

```
659
799
             682
608
            617
EBITDA margin
%
32
43
33
28
28
Interest cover
times
13
18
10
9
12
Earnings per ordinary share (cents)
Basic US
cents
140
150
                         78
                                     221
            114
Diluted US
cents
139
149
114
76
201
Headline US
cents
143
                        119
169
            131
                                     164
Adjusted headline
US cents
127
                        119
166
            133
                                     164
Dividends declared per ordinary share US cents
101
                         91
146
             87
Weighted average number of shares (million)
223
222
            214
                        214
                                     197
Issued shares at year-end (million)
223
223
            215
                        214
                                     213
(1)
```

IAS 39 adopted with effect 1 January 2001.

			_~;	gaga_c a c = 2 = 1				
	Summarised group financial							
	and operatin							
	(continued)	6						
		AngloGold Limited - Annual financial statements 2003						
	16							
	US Dollar n	nillions						
	2003							
	2002							
	2001							
	2000							
	1999							
	Cash flow statement							
		from operating	g activities C	ash generated from operations				
	592	(70	600	<b>500</b>				
	758	673	603	588				
		costs and other	er income					
	( <b>37</b> ) (22)	(62)	(46)	20				
		normal taxati		20				
	(102)	normai taxati	on paid					
	(131)	(111)	(104)	(101)				
Net cash inflow from operating activities 453								
	605	500	453	507				
	Cash flows t	from investing	g activities N	et capital expenditure				
	(363)							
	(271)	(298)	(304)	(218)				
	Net proceed	s (acquisition)	) of mines an	d subsidiaries				
	1							
	43	109	(348)					
	(517)							
Net proceeds from disposal of investments and other								
	61	2	_					
	117	2	5					
	221	anaid) advana	ad					
	(15)	epaid) advanc	eu					
	12	39	11	15				
		tflow from inv						
	(316)		resumg den vi					
	, ,	(148)	(636)	(499)				
	` ′	from financing	` ′	et proceeds from share issues				
	10			•				
	7	7	(1)					
	(3)							
Net borrowings proceeds (repaid)								
	197							
	(114)	(138)	261	475				
Dividends paid								
	(314)	(1.67)	(210)	(270)				
	(260)	(167)	(310)	(279)				

(107)							
(367)	(298)						
(50)	193						
Net increase (decrease) in cash and cash equivalents							
30							
139	54						
(233)							
201							
Cash in the subsidiary acquired							
9							
8	-	3					
49							
Translation							
53							
75							
(58)	(68)	(11)					
Opening cash and cash equivalents							
413							
191	195	493	254				
Closing cash and cash equivalents							
505							
413	191	195	493				
Other financial data							
Free cash flow							
305							
510	421	308	419				

Net cash (outflow) inflow from financing activities

## Financial review Summarised group financial and operating results **17** 2003 2002 2001 2000 1999 **Operating results** Underground operations Tonnes milled 000 13,047 13,426 17,954 21,293 21,704 Yield g/t 8.03 8.27 8.20 7.96 8.09 Produced oz 000 3,367 3,569 4,734 5,451 5,643 Productivity g/employee target 236 247 219 209 222 actual 228 238 214 193 186 Surface and dump reclamation Tonnes treated 000 36,822

38,366

50,355 50,289 54,354 Yield g/t 0.27 0.30 0.32 0.32 0.30 Produced oz 000 320 365 514 510 520 Open-pit operations Tonnes mined 000 125,529 97,030 51,667 22,867 20,832 Stripping ratio (1) 8.95 6.18 6.93 5.22 6.51 Tonnes treated 000 26,884 22,225 15,294 13,332 3,411 Yield g/t 1.78 2.34 2.99 2.41 4.17 Produced oz 000 1,542 1,673 1,469

1,034

524 Heap leach operations Tonnes mined 000 59,507 51,192 34,123 26,253 27,048 Tonnes placed (2) 000 18,265 13,504 11,748 10,269 10,219 Stripping ratio (1) 2.60 2.63 1.73 1.59 1.70 Gold placed (3) kg 14,782 14,228 10,668 8,002 8,016 Yield (4) g/t 0.81 1.05 0.91 0.78 0.78 Produced oz 000 387 332 266 248 231

Total gold produced

oz 000 **5,616** 5,939

6,983 7,243 6,918 - South Africa oz 000 3,281 3,412 4,670 5,418 5,746 - East and West Africa oz 000 981 1,085 868 366 262 - South America oz 000 532 478 441 439 425 - Australia oz 000 432 502 508 524 - North America oz 000 390 462 496 496 485 Price received (5) \$/oz sold 363 303 287 308 315 Total cash costs \$/oz produced 229 161

178213

213 Total production costs \$/oz produced 272 203 213 245 244 Monthly average number of employees 55,439 54,042 70,380 84,036 86,120 **LTIFR** 8.83 8.86 10.55 13.91 11.58 **FIFR** 4.21 4.75 6.03 6.30 8.06 Rand/US Dollar average exchange rate 7.55 10.48 8.62 6.78 6.11 Rand/US Dollar closing exchange rate 6.67 8.58 11.96 7.58 6.15 Australian Dollar/US Dollar average exchange rate 1.54 1.84 1.93 1.70 1.54 Australian Dollar/US Dollar closing exchange rate 1.33 1.79 1.96 1.80 1.52 Stripping ratio = (tonnes mined total - tonnes mined ore)/tonnes mined ore. Tonnes placed onto leach pad.

(3)

Gold placed into leach pad inventory.

(4)

Gold placed/tonnes placed.

(5)

Price received includes realised non-hedge derivatives.

AngloGold Limited - Annual financial statements 2003

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Review of operations

#### Introduction

Overall gold production for 2003 declined by 5% to 5.62Moz, largely as a result of lower grades in some operating regions, a trend which is not expected to continue in 2004. This, combined with the effect of the stronger operating currencies against the US Dollar, resulted in total cash costs increasing substantially by \$68/oz to \$229/oz. Adjusted operating profit decreased by 12% to \$559 million.

Safety, health, HIV/AIDS and sustainable development

Detailed discussions relating to safety, health, HIV/AIDS and sustainable development may be found in AngloGold's Report to Society 2003. This report is a fully- interactive web-based report and can be found at the company's website at www.anglogold.com. This report covers issues pertaining to social development in line with AngloGold's values and business principles, the Global Reporting Initiative Guidelines, and on a regional basis. Sections of this report may be downloaded and printed. A summarised overview on safety is presented below, while a summarised discussion on health issues in the South African region (in terms of the reporting required by the South African Mine Health and Safety Act) is reported under the discussion on that region.

during the year - this decreased by 6% to 0.29 per million man hours worked.

Regrettably, 43 employees lost their lives in the course of work during the year: 40 of these employees were employed in the South Africa region where the majority of AngloGold's workforce is employed.

There were, however, a number of excellent safety performances:

Serra Grande in Brazil was recognised by NOSA, an organisation specialising in safety, health and environment auditing, as the winner in the Underground Hard Rock Deep Mine category in its world-wide auditing programme.

Morila mine in Mali was nominated overall winner in the Dynamic Health and Safety Competition in May 2003. The competition is open to all industries in Mali and had 150 entrants. Sadiola mine achieved second place.

The Colorado Division of Minerals and Geology and the Colorado Mining Association jointly recognised the Cripple Creek & Victor mine (CC&V) and Safety, Health and Environment Manager, Larry Snyder, for the mine's continued exemplary safety record during the recent two-year Cresson expansion project.

The safety and health of employees has remained a key area of focus for AngloGold. Performance in 2003 was, however, disappointing. While the gains made over the past five years have been maintained, there has not been the

much-desired step-change in improving

safety

and

health performance. The long-term

downward trend in lost time injuries has been maintained, although the year-on-year figure has increased marginally to 8.83 per million man hours. There was more pleasing progress in respect of the fatal injury frequency rate (FIFR)

In August 2003, the Namibian Chamber of Mines recognised Navachab as the safest mine in Namibia, based on the number of fatality-free employee hours worked in 2002.

Ergo, the surface retreatment operation in South Africa, achieved one million fatality-free shifts on 22 June 2003, while Moab Khotsong mine - which is currently under development - also achieved a million fatality-free shifts on 18 November 2003.

0

5

10

15

20

```
1998 1999 2000 2001 2002 2003
0
2
4
6
8
10
1998 1999 2000 2001 2002 2003
LTIFR - AngloGold (per million man hours)
FIFR - AngloGold (per million man hours)
0
50
100
150
200
250
300
1998 1999 2000 2001 2002 2003
Total cash costs - AngloGold ($/oz)
```

#### Review of operations

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The Sunrise Dam Gold Mine was recognised for excellence in safety when it was awarded AngloGold's Global Safety Award for 2003. Mponeng mine won the South Africa region Safety Shield competition for 2003, with an improvement of 13% in its serious injury frequency rate compared with its best performance over the previous four years.

Further details on performance and the strategies and programmes that have been and are being put in place to address safety at work can be found in the AngloGold Report to Society 2003.

#### LTIFR (per million man hours)

Region

2003

2002

South Africa

10.40

9.98

East and West Africa

1.77

2.93

South America

4.48

4.21

Australia

5.54

11.22

North America

2.91

4.95

AngloGold

8.83

8.86

Operating performance and outlook

Production for the year was 5.62Moz, a decrease of 5% from the previous year, mainly a result of lower grades achieved at several of the operating regions. The East and West Africa region, now

43% to adjusted operating profit and 52% to cash operating profit.

Overall, total cash costs rose by 42% to \$229/oz, as the performance of the Rand against the Dollar undermined the good cost control initiatives at the South African operations. By way of example, total cash costs in Dollar terms rose by 60% to \$253/oz, while in Rand terms this increase was held to 15% at R61,011/kg. Consequently, adjusted operating profit decreased by 12% to \$559 million.

Capital expenditure for the year rose to \$363 million from \$271 million in the previous year. Of this, 58% was for maintenance capital expenditure and 42% on expansion - mainly at Moab Khotsong, Mponeng and TauTona in South Africa.

AngloGold expects production in 2004 to decrease to around 5.32Moz following the closure in 2003 of Union Reefs and the sale of its interest in the Jerritt Canyon Joint Venture. (In 2003, Union Reefs and Jerritt Canyon collectively contributed 180,000oz towards AngloGold's total production of 5.62Moz.) The merged group's

(1)

production is expected to be in the region of

6.47Moz.

Capital expenditure is forecast to be \$477 million (merged group

(1)

: \$596 million), which includes Moab

Khotsong (\$60 million), Mponeng (\$58 million), TauTona (\$63 million) and Sunrise Dam (\$29 million). Total cash costs per region (\$/oz) Region 2003 2002 Variance % South Africa 253 158 60 East and West Africa 171 126 36 South America 147 126 17 Australia 243 193 26 North America 223 222 AngloGold 229 161 42 Contribution to cash operating profit by region (\$m) Region 2003 2002 Variance % South Africa 379 450 (16)East and West Africa 170 190 (11)South America 142 126 13 Australia 53

56(5)

North America 47

61

(23)

AngloGold

**791** 

883

(10)

(1)

The merged group in the event of the Ashanti transaction being

successfully concluded.

South Africa (58.4%)

East and West

Africa (17.5%)

South America

(9.5%)

Australia (7.7%)

North America (6.9%)

### Contribution to production (%) by region

contributes some 17% in terms of gold produced and 21% of cash operating profit in Dollar terms.

AngloGold's drive for geographic and orebody diversity will be boosted in the coming year should the merger of AngloGold-Ashanti be concluded. AngloGold in its current form has nonetheless continued to make good progress in meeting this objective, with gold production outside of South Africa - principally from low-cost surface and shallow mines - rising to 42%, and contributing

AngloGold Limited - Annual financial statements 2003

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#### **South Africa**

The South Africa region comprises seven underground mines - the Great Noligwa, Kopanang, Tau Lekoa and Moab Khotsong mines, near the towns of Klerksdorp and Orkney, and the Mponeng, Savuka and TauTona mines near Carletonville. A surface reclamation project - Ergo - is located near Johannesburg.

#### **Key statistics**

2003

2002

Tonnes treated (Mt)

Underground

11.3

11.3

Surface (incl Ergo)

36.8

38.4

Average grade (g/t)

Underground

8.13

8.40

Surface (incl Ergo)

0.27

0.30

Gold production (000oz)

3,281

3,412

Total cash costs (\$/oz)

253

158

Number of employees\*

46,274

45,772

Efficiencies (g/TEC)

214

218

Capital expenditure (\$ million)

242

106

\*

Including contractors.

LTIFR/FIFR (per million man hours)

2003

2002

2003

2002

**LTIFR** 

**FIFR** 

Great Noligwa

9.83

11.06

0.32

0.47

Kopanang

14.08

12.91

0.41

0.22

Tau Lekoa

25.96

17.94

0.09

0.51

Savuka

17.57

17.12

0.47

1.06

Mponeng

9.81

10.91

0.33

0.47

TauTona

8.24

7.67

1.1

0.08

Ergo

1.75

1.53

0.00

0.00

Moab Khotsong

7.11

6.82

0.00

0.19

South Africa

10.40

9.98

0.34

0.34

Safety and health

Regrettably, 40 employees died in work-related accidents on the South African operations during the year in 31 separate accidents. The most significant of these was a seismic-related fall of ground incident, in which five employees lost their lives at TauTona mine on 1 April 2003. A further four deaths were caused in a second seismic event at the mine on 26 May 2003.

The primary cause of fatal accidents remains falls of ground (72%), with seismically-induced falls of ground alone responsible for 47% of fatalities. Particular emphasis has been placed on preventing falls of ground, and a new Falls of Ground Management System has been initiated.

Overall, the FIFR for the year on the South African operations was 0.34, unchanged from 2002, and the LTIFR was 10.40, up 4% on the 2002 rate of 9.98.

The primary challenges in respect of occupational health remain noise-induced hearing loss (NIHL), tuberculosis (TB) and occupational lung disease (OLD).

Occupational health services are provided to employees at two occupational health centres that conduct risk-based medical surveillance programmes. During 2003, these centres conducted 5,733 initial, 804 transfer, 38,528 periodical and 4,143 exit medical examinations.

774 new cases of NIHL were reported during the year, a rate of 18 per 1,000 employees, compared with 26 per 1,000 employees the previous year.

167 cases of OLD were reported, four per 1,000 employees, the same as reported the previous year.

469 new cases of TB were treated during the year, a rate of 24 per 1,000 employees, which is unchanged from the previous year. The relatively high rates of TB infection are a consequence of a high prevalence of HIV-84% of new TB patients are HIV-positive.

Ergo
TauTona Savuka Mponeng
Tau Lekoa
Kopanang
Great Noligwa
Moab Khotsong
Review of operations

#### Review of operations

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Further information on safety and health performance and the various initiatives undertaken in this region can be found in the Report to Society 2003.

**HIV/AIDS** 

AngloGold's comprehensive HIV/AIDS programme has four components:

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Restricting the disease through education, the provision of condoms and the effective treatment of sexually transmitted infections;

•

Care for employees infected with the virus through comprehensive hospital benefits and the company's Wellness Clinics, including the provision of anti- retroviral therapy (ART) to employees where this is medically indicated;

•

Support for employees no longer able to fulfil their roles in the company through ill-health retirement programmes linked to home-based care programmes; and

.

Fundamental research into the disease and its treatment conducted by Aurum Health, a world-class research facility. More than 500 employees entered the ART programme rolled out by AngloGold in South Africa in 2003. This represents 18% of AngloGold's employees for whom ART is medically indicated.

A detailed discussion on the latest statistics, programmes and initiatives undertaken by the company can be found in the Report to Society.

Operating performance and outlook

Overall production fell by 4% to 3.28Moz with increased volumes mined being offset by planned reductions in yield of 3%. Cash costs rose by 60% to \$253/oz, mainly because of the stronger Rand (45%) and the inflationary pressures of the two-year wage agreement which resulted in a 9% increase for the majority of employees coming into effect from July. Consequently operating profit declined to \$318 million.

Capital expenditure for the year was \$242 million, primarily at Moab Khotsong (\$67 million), which remains under development, the Mponeng shaft deepening project (\$55 million), and TauTona (\$65 million).

**Great Noligwa**: Volumes mined increased by 1% despite difficulties experienced in the SV4 section. Grade fell by 4% following the lower face values experienced during the year, resulting in an 8% reduction in gold output to 812,000oz. Reduced gold production, increased wages

and the effect of the strong Rand contributed to a significant rise in total cash costs to \$218/oz. Operating profit declined to \$121 million. Capital expenditure for the refurbishment of infrastructure and the No 8 plant mills amounted to \$22 million.

Production is expected to increase marginally to 821,000oz in 2004, at a total cash cost of \$216/oz in 2004. Capital expenditure is expected to be of the order of \$29 million.

**Kopanang**: The 5% improvement in volumes mined can be attributed to the impact of the "power team" training initiatives that were undertaken during the year as productivity (measured in terms of m

2

/employee) rose by

8%. However, generally lower grades were encountered in the first half of the year and resulted in a 3% reduction in gold production to 497,000oz. Total cash costs rose by 61% to \$266/oz. Operating profit decreased by 18% to \$46 million. Capital expenditure on infrastructure refurbishment and expansion development amounted to \$12 million. In 2004, gold production is expected to decrease to 468,000oz at a total cash cost of \$288/oz. Capital expenditure will be in the region of \$31 million.

**Tau Lekoa**: Gold production increased to 322,000oz as volumes mined improved. This was offset by lower grades that were impacted by the mining mix. Total cash costs were \$294/oz, 53% higher than those of the previous year. Operating profit fell by 35% to \$15 million.

Total cash costs are expected to rise to \$310/oz, for production of 326,000oz, in 2004. Capital expenditure should be in the region of \$23 million.

**Mponeng**: Volumes mined improved by 9% as a result of additional stope crews, extra equipped face length and improved face advance. This, together with the higher than planned face values, resulted in gold production rising by 7% to 499,000oz. Total cash costs rose marginally in R/kg terms but increased by 39% to \$247/oz, mainly as a result of the stronger Rand. Operating profit increased by 30% to \$39 million as a result of the improved production and a reduced amortisation charge from the review of the LOM plan. Capital expenditure on the sub-shaft deepening, ore reserve development and infrastructural refurbishment amounted to \$55 million.

Production in 2004 should fall to 442,000oz at a total cash cost of \$309/oz, with capital expenditure \$58 million.

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Review of operations

(continued)

Savuka: Safety-related concerns continued to require the replanning of areas available for mining, which led to a 15% decrease in the volumes mined. This was also affected by a decision to stop mining uneconomic Ventersdorp Contact Reef (VCR) panels. At the same time cost-saving initiatives began to show results, as both the number of people employed and the number of contractors were reduced in line with the level of production. Grade decreased by 18% to 5.81g/t, relative to the high grades achieved in 2002 as a result of the mining of a high-grade pillar. Gold production decreased by 21% to 187,000oz. Total cash costs rose by 83% as a result of the lower gold production and stronger Rand. Operating results reflected a loss of \$21 million for the year. Capital expenditure on access development, ore reserve development and infrastructural refurbishments amounted to \$14 million in 2003.

The continued operating difficulties at Savuka led to a review of the mine. As a result of this, Savuka has been put into closure mode. AngloGold has impaired the Savuka assets and has, as a result, charged profits with an amount of R135 million (\$18 million) in respect of this impairment, net of tax. The carrying value of Savuka was nil as at 31 December 2003.

Production is expected to decrease to 172,000oz in 2004, at a total cash cost of \$407/oz in 2004. Capital expenditure is forecast at \$7 million.

TauTona: Volume mined decreased as production delays were experienced following two significant seismic incidents in the second quarter and a fire in the third quarter. There was a release of high grade locked-up gold in the stopes which led to the 4% improvements in grade. Gold production increased by 1% to 646,000oz and total cash costs rose by 47% to \$194/oz. Operating profit increased by 2% to \$100 million. Capital expenditure on the declines, pillar removal, technology and infrastructural refurbishments amounted to \$23

million. A further \$48 million was allocated to the acquisition of mineral rights from Driefontein (an area known as 1C11).

In 2004, production is set to decrease to 620,000oz, while total cash costs will rise to \$218/oz. Capital expenditure should amount to \$63 million.

Ergo: Tonnes treated - at 30.9 million tonnes - were 6% lower because of an increased proportion of "clean-up" tonnes which restricted incoming tonnages and the ability to recover from down-time events, as well as the large number of water and slurry pipeline failures. As a result, production decreased to 203,000oz. The grade, although 20% lower, was in line with planned levels as Ergo's accessibility to higher grade dams diminished. An increased loss on acid by-products from the lower-than-planned sulphur grades and the impact of the decreased production as the operation enters its final years, led to total cash costs rising to \$349/oz. This resulted in an operating loss of \$3 million.

Although the operation is due to close at the end of 2004, discussions are being held with prospective buyers with a view to the sale of the operation.

Production in 2004 is expected to be 168,000oz, at a total cash cost of \$452/oz.

Organic growth projects

Five major growth projects are currently in progress in South Africa - at Mponeng, TauTona and Moab Khotsong - at a capital cost of approximately R7.1 billion (\$1.1 billion at current year's closing exchange rate).

### Mponeng shaft deepening project

The scope of the project is to deepen the sub-shaft system and provide access tunnels to the VCR horizon on 113, 116 and 120 levels (ranging from 3,172m to 3,372m below surface). The project is expected to produce 4.25Moz of 0

500

1,000

1,500

2,000

1999

2000

2001

R/kg \$/oz

**South African operations - Total cash costs** 

gold over a period of five years. The total capital expenditure for the project is R1.3 billion (\$200 million at the current year's closing exchange rate), with some R129 million remaining (\$19 million at the current year's closing exchange rate). Average project cash cost over the life-of-mine (LOM) should be in the region of \$270/oz. The in-circle development was completed in February 2003. Access development on 113 level was completed ahead of schedule, while that on 116 level was completed in November 2003. It is anticipated that development on 120 level will be completed by February 2004. Stoping operations are due to commence in April 2004.

### TauTona expansion project

The scope of the project is to access the Carbon Leader Reef (CLR) shaft pillar to allow for stoping operations up to the infrastructural zone of influence, as well as accessing a mining area east of the Bank Dyke on 100, 104, 107 and 109 levels. The project is expected to produce 2.3Moz of gold over a period of 10 years, at a capital cost of R432 million (\$65 million at current year's closing exchange rate). R233 million (\$35 million at current year's closing exchange rate) has been spent to date. The average project cash cost is expected to be of the order of \$187/oz. The proposed mining east of the Bank Dyke is under review owing to seismicity experienced in the development towards this area, the amount of water that could be encountered, and the added flexibility that the purchase of the block of ground from Driefontein allows. Changes will be implemented if they improve the overall value of TauTona.

### TauTona VCR development project

The scope of the project is to access two distinct reserve blocks on the VCR horizon. One reserve block is situated north-east of the shaft complex, while the VCR pillar area of interest consists of two mining blocks situated outside the zone of influence. The project will add some 0,33Moz to production with project capital expenditure at R192 million (\$29 million at current year's closing exchange rate).

Progress on both the VCR reserve blocks is ahead of schedule, with production due to start in January 2005.

## TauTona below 120 level project

The CLR reserve block below 120 level will be accessed by sinking a twin decline system into its geographical centre, down to 125 level. The project is expected to produce 1.8Moz of gold over a period of seven years, with a project capital cost of R982 million (\$147 million at current year's closing exchange rate). The average project cash cost is expected to be of the order of \$203/oz. Progress is on schedule and production is due to start in January 2007.

#### Moab Khotsong mine

The scope of the project is to sink, construct and equip the shaft systems to a depth of 3,130m below surface, provide access tunnels to the reef horizon on 85, 95 and 101 levels, and develop the necessary ore reserves. The project is expected to produce 4.1Moz of gold over 12 years from 7.75 million tonnes of milled ore. The project capital cost is estimated at R4.2 billion (\$629 million at current year's closing exchange rate), of which R3.3 billion (\$495 million at current years' closing exchange rate) has been spent to date.

The main shaft extension has been completed, and the shaft was commissioned to its full depth in June 2002. The Rock Ventilation shaft has been sunk and equipped to its final depth, and was commissioned in March 2003. Access development is progressing to plan. The first raise line has been established and stoping operations commenced in November 2003. Moab Kotsong is forecast to reach commercial production in 2006, and full production, at an average of 15.6 tonnes (502,000oz) per annum, is expected by 2008.

Review of operations

Great Noligwa (25%)

TauTona (20%)

Mponeng (15%)

Kopanang (15%)

Tau Lekoa (10%)

Ergo (6%)

Savuka (6%)

Surface operations (3%)

**Contribution to South African operations** 

(000oz) to region's production

23

South Africa - Total cash costs (R/kg and \$/oz) 2003

2002 2003 2002 R/kg \$/oz Great Noligwa 52,515 41,658 218 124 Kopanang 64,164 55,001 266 165 Tau Lekoa 70,702 64,234 294 192 Savuka 108,219 82,111 448 245 Mponeng 59,536 59,504 247 178 TauTona 46,790 44,465 194 132 Ergo 84,455 61,810 349

184

South Africa **61,011** 53,146 **253** 158

#### **East and West Africa**

The East and West Africa region comprises five operations - the Yatela (40% stake), Sadiola (38%) and Morila (40%) mines in Mali, the Geita mine (50%) in Tanzania and the Navachab mine (100%) in Namibia.

#### **Key statistics**

2003

2002

Tonnes treated (Mt) (attributable)

8 4

8.0

Average grade (g/t)

3.6

4.2

Gold production (000oz) (attributable)

981

1,085

Total cash costs (\$/oz)

171

126

Number of employees\*

2,724

2,276

Efficiencies (g/TEC)

1,443

1,855

Capital expenditure (attributable) (\$m)

26

27

<u>~</u> ,

Including contractors.

Safety and health

The region's safety performance continued to improve during the year, with the overall LTIFR decreasing to 1.77, from 2.93 in the previous year. One fatal accident occurred at Morila mine and one at Sadiola mine during the year, marring the latter's zero FIFR record. The FIFR for the region was 0.11.

A more detailed discussion on safety, health, HIV/AIDS and sustainable development issues can be found in the Report to Society 2003.

Operating performance and outlook

Overall production decreased by 10% to 981,000oz, while total cash costs rose by 36% to \$171/oz. Capital expenditure for the region decreased marginally to \$26 million. Adjusted operating profit declined by 10% to \$116 million.

**Geita**: Production at Geita (50% attributable) went up by 14% to 331,000oz as the increased plant capacity was utilised and the grade improved from 2.70g/t in the first half of the year to 4.53g/t during the second half. The leach capacity at the mine was raised towards mid-year to maximise recovery from these high grades. Total cash costs were well-contained as a result of the increased production in the second half, rising by only 5% to \$183/oz. As a result, adjusted operating profit rose from \$20 million to \$34 million. Capital expenditure was maintained at \$10 million. Production is set to increase to 345,000oz in 2004, at a total cash cost of \$199/oz. Capital expenditure is likely to be in the region of \$10 million.

**Morila**: As expected, grades at the Morila mine decreased to 7.56g/t for the year, resulting in gold production (40% attributable) declining by 24% to 318,000oz. Throughput increased by 19% to 1,440 tonnes. Lower grade, a stronger Euro and higher fuel prices caused total cash costs to rise by 46% to \$108/oz. Adjusted operating profit fell by 24% to \$53 million. Capital expenditure decreased to \$5 million, from \$7 million the previous year.

In 2004, production is expected to be 228,000oz, at a total cash cost of \$177/oz. Capital expenditure is expected to be

in the region of \$3 million. East and West Africa LTIFR/FIFR (per million man hours) 2003 2002 2003 2002 **LTIFR FIFR** Geita 0.79 2.11 0.00 0.49 Morila 3.78 6.27 0.31 0.33 Navachab 3.60 3.05 0.00 0.00 Sadiola 0.31 1.54 0.31 0.00 Yatela 2.92 2.07 0.00 0.00 East & West Africa 1.77 2.93 0.11 AngloGold Limited - Annual financial statements 2003 24 Review of operations (continued)

Geita

Sadiola

Yatela

Morila

Navachab

### Review of operations

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Navachab: Production at the Navachab mine decreased by 14% to 73,000oz, as both the tonnage throughput and recovered grades declined. The former was adversely affected by plant down-time caused by a transformer failure and damage to a mill girth gear. Total cash costs rose significantly to \$274/oz, as a result of the lower production and a higher LOM stripping ratio as mining commenced on the Eastern Pushback project. Despite a lower amortisation charge (relating to the longer LOM as a result of the project), adjusted operating profit decreased by 42% to \$7 million. Capital expenditure for the year was \$2 million.

Owner mining, rather than contractor mining, will be implemented at Navachab in 2004. Production for 2004 is expected to be in the region of 66,000oz, at a total cash cost of \$295/oz.

Capital expenditure is forecast at around \$18 million and includes the purchase of a new mining fleet.

Sadiola: Production at Sadiola (38% attributable) declined by 5% to 172,000oz as a result of a 6% decrease in recovered grade. Total cash costs were up by 29% to \$210/oz. This increase is largely attributable to lower production, higher fuel costs and the impact of the stronger Euro. Adjusted operating profit increased to

\$16 million, as a result of higher received price. Capital expenditure for the year decreased to \$4 million.

Production is expected to rise to 177,000oz in 2004 at a total cash cost of \$214/oz. Capital expenditure is likely to be of the order of \$4 million.

Yatela: Production at Yatela (40% attributable) decreased by 19% to 87,000oz. Tonnage stacked in the second half of the year was negatively affected by problems experienced with the commissioning of the new crushing circuit. Total cash costs rose to \$235/oz as a result of lower gold production, increased mining contractor costs and the impact of the stronger Euro and Rand. Adjusted operating profit decreased to \$3 million.

Construction of the 10km road between Yatela and Alamoutala was completed during the third quarter. The mining fleet was ordered in the second quarter; stripping began in the third quarter and the first ore was delivered in the final quarter, with the hauling of the higher grade ore exceeding the original plan. Capital expenditure for the year was \$6 million.

In 2004, production is expected to rise to 111,000oz, at a total cash cost of \$217/oz with capital expenditure of around \$1 million.

0

50

100

150

200

1999

2000

2001

2002

2003

0

200

400 600

800

1,000

1,200

1999

2000

2001

2002

2003

East and West Africa - Gold production (000oz) East and West Africa - Total cash costs (\$/oz)

## AngloGold Limited - Annual financial statements 2003 26 Review of operations (continued) **South America** The South America region comprises the Morro Velho and Serra Grande (50% attributable) operations in Brazil, and Cerro Vanguardia (92.5% attributable) in Argentina. **Key statistics** 2003 2002 Tonnes treated (Mt) (attributable) 2.4 1.9 Average grade (g/t) 6.96 7.78 Gold production (000oz) (attributable) 532 478 Total cash costs (\$/oz) 147 126 Number of employees\* 3,356 2,660 Efficiencies (g/TEC) 672 684 Capital expenditure (attributable) (\$m) 39 24 Including contractors. South America - Total cash costs (\$/oz) 2003 2002 Cerro Vanguardia (92.5%) 143 104 Morro Velho 141 131 Serra Grande (50%) 109 100 South America - LTIFR/FIFR (per million man hours) 2003 2002

2003 2002 LTIFR

## **FIFR**

Morro Velho

4.04

5.73

0.20

0.0

Serra Grande

1.94

0.70

0.0

0.0

Cerro Vanguardia

7.95

3.72

0.0

0.93

South America

4.48

4.21

0.12

0.16

Safety and health

Regrettably, one employee died at Morro Velho's Cuiaba mine in Brazil during the year. The FIFR for the year decreased to 0.12, while the LTIFR rose marginally to 4.48 from 4.21.

A more detailed discussion on safety, health and sustainable development issues can be found in the Report to Society 2003.

Operating performance and outlook

Attributable production in the region rose by 11% to 532,000oz, as a result of the increased stake held in Cerro Vanguardia for the first full year (AngloGold acquired an additional 46.25% stake in Cerro Vanguardia in July 2002), as well as a rise in production at Morro Velho and Serra Grande. The recovered grade decreased by 10% to 6.96g/t mainly due to operational problems at Cerro Vanguardia, while total cash costs increased by 17% to \$147/oz, owing largely to the appreciation of both the Real and the Peso against the US Dollar.

Capital expenditure rose by 63% to \$39 million, \$8 million at Morro Velho on the Cuiaba expansion project and improvements to the mine ventilation and backfill systems, and \$8 million at Cerro Vanguardia on projects and exploration. Adjusted operating profit rose by 11% to \$93 million.

Attributable production is expected to decrease by 3% to 517,000oz in 2004, primarily due to the closing of Mina Serra Grande

Cerro Vanguardia

Morro Velho

## Review of operations

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Velha in 2003 and Engenho d'Agua in mid-2004. This will be partially offset by higher production at both the Cuiaba and Corrego do Sitio mines. Total cash costs are expected to increase by 5% to \$155/oz due to inflation, lower production and a higher stripping ratio at Cerro Vanguardia.

Morro Velho: Production rose by 11% to 228,000oz with an increased contribution from Cuiaba mine. The mine engaged a fourth team of employees early in the year, enabling operations to move to a seven-hour shift to improve efficiency. Increased contributions were achieved from Corrego do Sitio mine (in its first full year of production) and Morro do Galo, a dump that is being treated. This offset the closure of Mina Velha at the end of October and lower production from Engenho d'Agua. The recovered grade decreased by 1% to 6.66g/t as a result of the addition of ore from the Corrego do Sitio open-pit mine.

Total cash costs increased by 8% to \$141/oz, primarily because of the Real appreciation, higher inflation levels, the annual wage agreement reached with unions in August, as well as higher energy costs and contractor costs at Corrego do Sitio mine associated with the higher stripping ratio. Adjusted operating profit rose by 28% to \$37 million. Capital expenditure went up to \$25 million.

Attributable production is expected to decrease by 3% to 222,000oz in 2004 as a result of the closure of Mina Velha in 2003 and Engenho d'Agua in mid 2004, partially offset by higher production at both the Cuiaba and Corrego do Sitio mines. Total cash costs are forecast at \$150/oz. Capital expenditure is expected to increase to \$72 million, which includes expenditure on the Cuiaba expansion (due to start in the second half of 2004) and the Lamego and Corrego do Sitio sulphide projects.

Serra Grande: Attributable (50%) gold production rose by 1% to 95,000oz due to increases in both grade and volumes treated. Total cash costs increased by 9% to \$109/oz, primarily because of the appreciation in the Real, higher inflation, the annual wage agreement reached with the union in November and increased services and materials costs. Adjusted operating profit rose by 12% to \$19 million due to a higher received price. Capital expenditure was maintained at \$3 million.

Production at Serra Grande is expected to decrease by 7% to 88,000oz owing to lower grades and an expected decrease in throughput. Total cash cost is forecast at \$131/oz. Capital expenditure is expected to be maintained at \$3 million.

Cerro Vanguardia: Attributable (92.5%) gold production rose by 17% to 209,000oz as a result of the increased stake held for the first full year (AngloGold acquired an additional 46.25% stake in July 2002). If that is excluded production was 13% lower owing to operational problems caused by large amounts of water in the pits which restricted the amount of high-grade material delivered to the plant for processing. As a result, the plant was fed with lower-grade dry ore (grades were 25% lower than previous year) from a contingency stockpile, which affected production levels. A full range material scrubber was commissioned in late September enabling the treatment of wet, higher-grade material.

Total cash costs rose by 38% to \$143/oz, largely due to the Peso appreciation and operational problems which led to lower production and higher costs. These were partially offset by a 68% increase in silver by- product credit. Adjusted operating profit decreased by 15% to \$23 million due to operational problems and higher costs. In 2004, attributable production is expected to be slightly lower at 207,000oz, at a cash cost of \$166/oz. Capital expenditure is expected to increase to \$11 million in 2004.

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Review of operations

(continued)

#### Australia

The Australia region comprises two operations: Sunrise Dam in Western Australia and Union Reefs in the Northern Territory, which ceased operations in October 2003, with clean-up activities continuing to year-end. The Boddington operation in Western Australia is currently on a care-and-maintenance programme, pending a decision to proceed with the Boddington expansion project. The Tanami plant in the Northern Territory has been leased for third party processing.

### **Key statistics**

2003

2002

Tonnes treated (Mt)

5.6

6.1

Average grade (g/t)

2.39

2.56

Gold production (000oz)

432

502

Total cash costs \$/oz

243

193

Number of employees\*

540

600

Efficiencies (g/TEC)

2,311

2,437

Capital expenditure (\$ million)

21

31

\*

Including contractors.

Australia - LTIFR (per million man hours)

2003

2002

Sunrise Dam

6.0

11.0

Union Reefs

0.0

0.0

Australia

5.5

11.2

Safety and health

Safety performance at Sunrise Dam mine improved and it was awarded the AngloGold Global Safety Award for 2003 in recognition of this performance. The Union Reefs mine continued its excellent performance, recording another year

without a lost time injury.

Overall, the LTIFR for the region was 5.5, a significant improvement on that of the previous year.

Operating performance and outlook

As forecast, production in the Australia region decreased by 14% to 432,000oz, while total cash costs rose to \$243/oz. Capital expenditure decreased by 32% to \$21 million. Adjusted operating profit decreased by 15% to \$28 million. Sunrise Dam: Production at Sunrise Dam decreased by 6% to 358,000oz. Remodelling of the orebody indicated a significant increase in ore tonnes within the open-pit design shell; this has been the major contributor to the increase in open-pit reserves from 2.29Moz at the end of 2002 to 2.72Moz at the end of 2003, which will result in an increased open-pit mine-life of about two years.

Total cash costs for the year rose to \$228/oz, while adjusted operating profit decreased to \$29 million. Capital expenditure for the year amounted to \$20 million, down from \$26 million in the previous year.

With the first ore being produced from underground reserves during the second quarter, gold production for 2004 is expected to be in the region of 405,000oz at a total cash cost of \$237/oz. Capital expenditure will be \$29 million, the majority of which will be on the Sunrise Dam underground feasibility study.

Union Reefs: Mining continued in its final stages for the first half of the year, with small, dispersed resources being mined and processed, along with low-grade stockpiles. Mining ceased in the third quarter and the milling operations shut down in October 2003. Gold production decreased to 74,000oz for the year. Total cash costs rose marginally to \$272/oz while adjusted operating profit increased to \$4 million.

Clean-up work and minor residual gold production commenced in the third quarter. In November, AngloGold announced that it had reached a conditional agreement with Greater Pacific Gold Limited to sell the Union Reefs mine, associated assets and tenements for a staged consideration of A\$6 million.

Organic growth projects

Sunrise Dam Underground Project: Following a scoping study that was completed in the first half of the year, underground development commenced in the fourth quarter. The three-year underground project, involving the development of two declines and 125,000m of drilling from surface and underground, will enable the underground potential of the Sunrise Dam orebody to be fully explored. Declines are being developed in the vicinity of defined underground reserves, which will be mined through the course of the project. Deep drilling to date has indicated that the sub-vertical, high-grade zones that have been a feature of open-cut mining at Sunrise Dam continue at depth. It is expected that the project will add significantly to underground reserves and a decision on whether to proceed to full-scale underground mining will be made in early 2007.

Boddington Expansion Project: Negotiations with AngloGold's partners in respect of the Boddington Expansion Project continued during the year. The joint venture partners have committed to an update on the November 2000 Expansion Project feasibility study.

Sunrise Dam

Union Reefs

## Review of operations

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#### **North America**

The North America region comprises the Cripple Creek & Victor Gold Mining Company (CC&V). Although AngloGold holds a 67% interest, it has a 100% interest in the gold produced until loans made to the project are repaid. AngloGold's 70% stake in the Jerritt Canyon Joint Venture was sold to Queenstake Resources USA Inc, with effect from 30 June 2003.

### **Key statistics**

2003

2002

Tonnes treated/placed (Mt) (attributable) Underground

0.5

0.9

Heap leach

17.1

12.4

Average grade (g/t) Underground

7.15

7.91

Heap leach\*

0.67

0.82

Gold production (oz 000) (attributable) Underground

107

237

Heap leach

283

225

Total cash costs (\$/oz)

223

222

Number of employees\*\*

**740** 

910

Efficiencies (g/TEC)

2,149

1,979

Capital expenditure (\$ million)

27

74

\*

Gold placed/tonnes placed.

\*\*

Including contractors.

North America - LTIFR (per million man hours)

2003

2002

CC&V

3.22

4.36

Jerritt Canyon

2.32

5.74

North America

2.91

4.95

Note that the statistics above include Jerritt Canyon until the end of June 2003.

Safety and health

The North America region's excellent safety performance continued, with the LTIFR decreasing to 2.91 for the year. Operating performance and outlook

Production decreased in this region to 390,000oz, primarily as a result of the sale of AngloGold's 70% interest in the Jerritt Canyon JV to Queenstake Resources following an unsolicited offer received from Queenstake. Total cash costs were held at \$223/oz. The adjusted operating profit for the region decreased from \$3 million to \$2 million during the year.

Capital expenditure decreased to \$27 million, from \$74 million, as the Cresson expansion project was completed. CC&V: Production at the CC&V operation improved towards year-end to reach 283,000oz for the year. Leach solution chemistry problems and lower irrigation flows (caused by drought) improved during the second half of 2003. Total cash costs rose to \$199/oz due to higher reagent consumption to correct leach pad chemistry. Adjusted operating profit increased to \$8 million owing to higher production volumes.

Processing facility and haulage fleet production achieved budgeted levels by year-end. Phase 4B of the leach pad construction was completed ahead of schedule with stacking having commenced in the second quarter.

**Jerritt Canyon**: As expected, production at this operation continued to decline during the first six months of the year to 107,000oz, while total cash costs rose to \$270/oz. An adjusted operating loss of \$5 million was incurred for the period.

In 2004, North American production is expected to decrease to 349,000oz with the sale of Jerritt Canyon. However, total cash costs are also expected to decline to \$210/oz. Capital expenditure of \$17 million is planned in 2004. CC&V

## Operation

South Africa

Ergo

30.9

32.8

0.20

0.25

203

264

349

184

(3)

20

(3)

22

Great Noligwa

2.4

2.5

10.57

11.02

812

880

218

124

121

141

131

149

Kopanang

2.2

2.2

7.07

7.23

497

511

266

165

46

56

53 63

Moab Khotsong

(1)

Mponeng

1.7

1.7

8.96

8.63

499

466

247

178

39

30

57

54

Savuka

1.0

1.0

5.81

7.07

187 236

448

245

(21)

9

(20)

12

Tau Lekoa

2.4

2.2

4.24

4.45

322

311

294 192

15

23

25

32

TauTona

1.7

1.7

12.09

11.66

646

643

194

132 100 98 107 104 East and West Africa Geita (50%) 2.9 2.5 3.60 3.62 331 290 183 175 34 20 46 33 Morila (40%) 1.3 1.1 7.56 11.96 318 421 108 74 53 70 **75** 99 Navachab 1.3 1.4 1.75 1.93 **73** 85 274 147 7 12 8 13 Sadiola (38%) 1.9 1.9 2.77 2.96

172

Yatela (40%) (3) 1.0 1.1 2.84 3.60 South America Cerro Vanguardia (92.5%) 0.9 0.6 7.15 9.49 Morro Velho 1.1 0.9 6.66 6.71 Serra Grande (50%) 0.4

0.4

## 7.88 7.84 95 94 109 100 19 17 24 22 Australia Sunrise Dam 3.6 3.4 3.12 3.49 358 382 228 177 29 33 52 51 Union Reefs 2.0 2.7 1.12 1.36 74 118 272 224 4 3 4 6 North America Cripple Creek & Victor Joint Venture (3) 17.1 12.4 0.67 0.82 283 225 199 187

**8** 6

## 45 43 Jerritt Canyon Joint Venture (70%) (2) 0.5 0.9 7.15 7.91 107 237 270 249 **(5)** (3) 5 19 (1)All income and expenses will be capitalised until commercial production is reached. Jerritt Canyon Joint Venture was sold with effect from 30 June 2003. (3) Yatela and Cripple Creek & Victor Joint Venture operations show tonnes placed and recoverable grade placed. Attributable **Average** Attributable **Total Attributable Attributable** tonnes grade gold cash adjusted cash treated/milled recovered production costs operating operating (Mt)(3) (g/t)(oz 000) (\$/oz) profit (\$m) profit (\$m) 2003 2002 2003 2002 2003

Summary review of operations for the year ended 31 December 2003

Summary review of operations for the year ended 31 December 2003
AngloGold Limited - Annual financial statements 2003
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Brazil

Argentina

Serra Grande

Cerro Vanguardia

Morro Velho

USA

Cripple Creek

& Victor

Mali

Tanzania

Namibia

Geita

Sadiola

Yatela

Morila

Navachab

SA operations

South Africa

Union Reefs

(sold)

Boddington

Australia

Alaska

Canada

Peru

Mines

Greenfields exploration areas

Brownfields exploration areas

Sunrise Dam

Mongolia

Jerritt Canyon

(sold)

"Exploration activity continued to support AngloGold's growth strategy by sustaining or growing existing operations and to discover new gold deposits."

Exploration

31

**Exploration** 

AngloGold's exploration activities in 2003 continued to support the group's growth strategy, by seeking to extend and replace existing production ounces by sustaining or growing existing operations (through brownfields exploration) and to discover gold deposits in new areas (through greenfields exploration). Activities are focused on finding long-life, economic orebodies by utilising multi-disciplinary teams and appropriate state-of- the-art technology. Brownfields exploration continued with variable success at all the existing operations. Greenfields exploration activities continued in the traditional areas such as Australia, Mali, Canada, Alaska, Peru and Brazil, and exploration commenced within the "frontier" area of Mongolia. In line with AngloGold's strategy to commit itself to definitive "walk-away criteria", greenfields exploration was terminated in Nevada and Tanzania and curtailed in Australia, where further exploration

South America

(26.7%)
East and West
Africa (21.3%)
South Africa (3.7%)
Australia (23.0%)
Corporate\* (5.4%)
North America
(19.9%)

\*Includes target generation

**Exploration expenditure by country** 

expenditure is considered to have reached the point of diminishing returns.

Exploration expenditure amounted to \$63.4 million for the year, some 60% of which was spent on increasing and converting near and in-mine resources. Of the brownfields expenditure incurred in 2003, \$25 million has been capitalised. Exploration expenditure for 2004 is expected to be in the region of \$62 million.

# **Exploration expenditure by region (\$ million)**

## Region

#### **Brownfields Greenfields**

#### **Total**

South Africa

2

2

East and West Africa

9

4

13

South America

8

17

1 /

Australia

9

6

15 North America

8

5

13

Corporate (includes

target generation)

2

1

3

Total

38

25

63

#### **Review of exploration activities**

# by country

Mali

Phases V & VI of the deep sulphide drilling programme at Sadiola were completed during 2003 and orebody modelling and further metallurgical testwork have commenced. The final feasibility study is planned to be completed by 2005. Satellite oxide exploration continued to produce positive results from extension drilling between the FE3 and FE4 pits.

Satellite oxide mining at Yatela commenced at the Alamoutala project, located some 13km south-east of the main pit. Extension and in-fill drilling at Alamoutala has indicated further contiguous resources to the north-east and south of the current pit shell.

At Morila, exploration drilling was focused on the areas to the west and east of the pit with drilled intersections being narrow and deep.

In southern Mali at Sinsin, the JV with Fokolore Mining will be terminated early in 2004 due to negative drilling results. At Kola, Reverse Circulation (RC) follow-up drilling returned mixed results and further drilling is planned in

2004. At Garalo, located about 100km south-west of Morila, encouraging results were obtained from RC follow-up drilling on Rotary Airblast (RAB) delineated gold anomalies. Further drilling will be required in 2004. Soil sampling is in progress at the Banzana permit, 140km

south-west of Morila on the Cote d'Ivoire border, with RAB drilling scheduled for 2004.

Tanzania

At Geita Mine, additional drilling information from Nyankanga and Geita Hill has added 1.2Moz to the Mineral Resource. In 2003, drilling of the "Gap" area between Geita Main and North-East Extension has indicated that this area could be continuously mineralised. Results from RC drilling at Chipaka indicate a possible westerly extension to the currently defined deposit.

Namibia

At Navachab, expansion drilling was completed and a feasibility study on the footwall expansion is in progress. Canada

AngloGold has restructured its landholding in the Red Lake area with the dissolution of the Rubicon Joint Venture in exchange for a royalty and 100% interest in certain properties at the west end of the Red Lake Belt. Further work is planned for these tenements in 2004 pending a review.

**United States** 

Exploration in Alaska focused on the Tintina Gold Belt, a region of intrusion-related gold deposits that extends from central Alaska to the Yukon Territory of Canada through Alaska. Drilling in the West Pogo area, adjacent to the Teck/Sumitomo's Pogo property, where AngloGold has a joint venture with Rimfire Minerals, intersected mineralisation warranting further work in 2004. After encouraging first-phase exploration results at Livengood, 100km north of Fairbanks, further work is planned for 2004. Exploration in Nevada was terminated due to poor results.

Brownfields exploration was primarily concentrated on Cripple Creek & Victor, where extensive drilling was conducted to expand and define new, potentially surface mineable resources at the Upper Cresson project and to test targets in close proximity to the current reserve areas. 1.0Moz was added to the Mineral Resource in 2003. Brazil

Diamond drilling of the Carruagem (PA zone) shoot at the Lamego project, near Morro Velho's Cuiaba mine, has confirmed the mineralisation of both limbs of the fold structure at depth, and metallurgical test work has indicated that the ore is free-milling. Further drilling is planned for 2004.

Drilling of the Cachorro Bravo orebody at Corrego do Sitio has tested the down-dip limit of the principal mineralised AngloGold Limited - Annual financial statements 2003

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Exploration (continued)

# Exploration

33

horizons in the area currently being investigated by the exploration ramp. The mineralisation has been traced for a down-plunge length of 900m and is still open-ended. Some 75m of underground exploration access strike development was completed on the principal 200 ore horizon, with 26 face samples assaying at an average grade of 14.32g/t over an average sampled true width of 3.31m. Test mining and further exploration from the exploration ramp will be conducted in 2004 with a possible view to fast tracking the project.

At Crixas mine, ongoing drill testing of the Forquilha Sul ore zone extended the mineralisation along strike and down-plunge to the north-west. Drill testing of a number of geophysical anomalies in the vicinity of the mine has proved negative to date.

At the Toncantins project, a joint venture with IAMGOLD, RC drilling was completed on two targets and negotiations are in progress for further tenement acquisitions. Three drillholes are currently in progress at the Gandarela project in the Iron Quadrangle, a joint venture with IAMGOLD, to test the Witwatersrand-type mineralisation.

#### Argentina

At Cerro Vanguardia, exploration continued to focus on the definition of depth and strike extensions of the Osvaldo Diez, Lomas Sur, Loma del Muerto and Mangas Sur veins, for possible future open-pit and underground resources. An additional Mineral Resource of 0.3Moz at a grade of 9.60g/t was added in 2003 from brownfields exploration. Peru

Greenfields exploration in Peru brought three prospects to drill-ready stage in 2004. Exploration concentrated on multi-disciplinary target generation, ground truthing and third-party property-scale investigations in several parts of the country.

At the La Rescatada project, the diamond-drilling programme was completed in the third quarter and metallurgical studies on the refractory sulphide ore are in progress. Once the metallurgical work has been completed, a scoping study based on a conceptual resource will be completed to assess the project's potential.

#### Australia

At Sunrise Dam the Mineral Resource, before depletion, increased by 1.5Moz, whilst the Ore Reserves increased by 1.0Moz. The majority of this growth was in underground resources, particularly in the GQ, Sunrise Shear and Hammerhead structures. The growth in high-

grade underground resources initiated the Sunrise Dam expansion project, which is discussed under Review of Operations. The expansion project will focus on the development of reserves within the Western Shear and Sunrise Shear and the expansion of the GQ, Cosmo, Dolly, Astro and Northern Deeps areas. Underground development will also provide the platform for ongoing exploration of other underground targets. During 2003, deep drilling confirmed the existence of the Carey Shear and intersected high-grade mineralisation below the shear, at a depth of about 1,100m below surface. Further drilling will be undertaken to test new targets associated with and below this structure. Greenfields exploration activities focused on the Yamarna Greenstone belt, about 150km east of Sunrise Dam (AngloGold earning 70%) in a joint venture with Aurex Consolidated Ltd. and at the Tropicana East project located about 350km north-east of Kalgoorlie (AngloGold earning 70%) in a joint venture with Independence Group NL. AngloGold holds substantial acreage in these under- explored belts and has achieved encouraging results from initial exploration programmes.

In May, an exploration office was opened in Mongolia. A large number of exploration properties were reviewed, with four properties acquired to date. Field activities in Mongolia will commence in 2004.

AngloGold is actively seeking new exploration opportunities in the Asian region.

A review of the Western Tanami project, which includes the Coyote Resource, concluded that development of a project that would fit with a portfolio of long-life, high-margin operations was unlikely. The company divested the project to Tanami Gold NL for A\$9 million cash, 25 million A\$0.20 Tanami Gold shares and a phased production royalty.

#### South Africa

Three drillholes targeting high-grade Ventersdorp Contact Channel Reef (VCR) to the west of Tau Lekoa mine at Goedgenoeg all intersected negligible values. A 22-hole drilling programme at Weltevreden, to the east of the mine, for an open pit VCR Mineral Resource encountered uneconomic mining grades.

A drillhole at Moab, targeting the Vaal Reef in the Lower Mine Block, intersected reef as anticipated and confirmed the predicted structure and grade. A second hole is in progress to confirm the facies model over the Lower Mine Area.

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Mineral Resources and Ore Reserves

AngloGold had Ore Reserves of 63.1Moz and Mineral Resources of 212.7Moz as of 31 December 2003. Mineral Resources and Ore Reserves are reported in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code), together with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). Mineral Resources are inclusive of the Ore Reserve component.

#### **Mineral Resources**

Mineral Resources calculated at a gold price of \$400/oz, reduced by 74.9Moz or 26% to 212.7Moz at the end of 2003. The reduction in Mineral Resources includes a depletion of 6.6Moz.

The single largest reduction in Mineral Resources (64.8Moz) occurred at Western Ultra Deep Levels mainly due to the application of a maximum Mineral Resource depth limit of 4,500m, in contrast to the limit of 5,000m previously used. The next largest reduction in Mineral Resources (2.9Moz) resulted from the application of an increased Mineral Resources cut-off at Tau Lekoa.

There were two significant increases in Mineral Resources:

an increase of 1.2Moz at Geita due primarily to additional drilling information at Nyankanga and Geita Hill; and

an increase of 0.9Moz at Sunrise Dam due to revised modelling and successful drilling.

#### **Ore Reserves**

Ore Reserves show a year-on-year decrease of 9.2Moz to 63.1Moz, of which 6.3Moz was due to depletion. Ore Reserves have been determined broadly at a gold price of US\$350/oz. In respect of AngloGold's South African and Australian assets, exchange rate of ZAR7.00 = US\$1 and A\$1 = US\$0.63 respectively have been assumed. The principal changes in AngloGold's Ore Reserves, for reasons other than depletion, are as follows:

an increase of 1.0Moz at Sunrise Dam mine due to new modelling techniques, additional drilling and new underground design;

an increase of 0.9Moz at the TauTona mine partially as a result of the purchase of an area of Gold Fields Limited's Driefontein Gold Mine:

an increase of 0.6Moz of the Vaal River Surface Ore Reserves, due to the inclusion of the Mizpah plant and the South Tailings facility;

an increase of 0.3Moz at Tau Lekoa mine due to the assumption of a higher Mine Call Factor (MCF), as well as extensions of the Ore Reserve due to exploration in new mining areas;

a decrease of 2.2Moz at the Savuka mine owing to updates to the geological model which resulted in lower gold values as well as due to changes in economic factors which has resulted in a considerable proportion of the Mineral Resource being considered no longer feasible to be mined economically;

a decrease of 1.7Moz at Mponeng mine due to the exclusion of the Carbon Leader Reef (CLR) below 120 level project and a reduction in the VCR below 120 level project. The lower R/kg gold price resulted in the CLR below 120 level project at Mponeng being excluded from the reserves since it did not meet the required hurdle rate set for new projects. The VCR reserves below 120 level have been reduced due to a shorter life-of-mine (five years), caused by the CLR project being no longer feasible at current assumed gold prices;

a decrease of 0.7Moz due to the sale of the Amapari project in Brazil during May 2003;

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a decrease of 0.5Moz at the Great Noligwa mine due the assumption of a lower MCF and due to updates to the geological model which resulted in lower gold values;

a decrease of 0.5Moz at the Moab Khotsong mine due to updates to the geological model which resulted in lower gold values;

a decrease of 0.3Moz due to the sale of AngloGold's interest in the Jerritt Canyon Joint Venture during 2003; and

a decrease of 0.2Moz at Cerro Vanguardia mine due to changes in the pit designs resulting from higher waste mining costs.

The Ore Reserves are relatively insensitive to changes in gold price and exchange rates of up to 10%, positive or negative.

AngloGold will continue to pursue a strategy of increasing value-adding reserves through expansion projects, brownfields and greenfields exploration and the acquisition of new assets.

# Mineral Resources and Ore Reserves 35 **Ore Reserves** (as at 31 December 2003) Metric **Imperial** Contained **Contained Tonnes Grade** gold **Tons** Grade gold Mt g/t tonnes Mt oz/t Moz South Africa Proved 54.8 2.96 162.0 60.4 0.086 5.2 Probable 267.9 4.12 1,104.3 295.3 0.120 35.5 **Total** 322.6 3.93 1,266.4 355.6 0.114 40.7 East & West Africa\* Proved 23.3 3.01 70.0 25.7 0.088

2.3Probable48.2

3.52 169.4 53.1 0.103 5.4 **Total** 71.5 3.35 239.5 **78.8** 0.098 7.7 South America\* Proved 10.6 7.27 77.4 11.7 0.212 2.5 Probable 6.3 7.34 46.4 6.9 0.214 1.5 **Total** 17.0 7.30 123.8 18.7 0.213 4.0 Australia\* Proved 46.9 1.31 61.3 51.7 0.038 2.0 Probable 105.3 1.40 147.2 116.1 0.041

4.7 **Total** 152.2 1.37

208.6

167.8

0.040

**6.7** 

North America\*

Proved

53.9

1.26

67.7

59.4

0.037

2.2

Probable

64.7

0.87

56.1

71.3

0.025

1.8

**Total** 

118.6

1.04

123.8

130.7

0.030

4.0

Total\*

Proved

189.5

2.31

438.5

208.9

0.067

14.1

Probable

492.4

3.09

1,523.5

542.8

0.090

49.0

**Total** 

681.9

2.88

1,962.0

751.7

0.084

63.1

\*

Reserves attributable to AngloGold.

#### **Competent persons**

Competent persons for AngloGold's Mineral Resources are:

.

V A Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MAusIMM, 18 years' experience.

•

M F O'Brien, MSc (Engineering), BSc (Hons) (Geology), Dip Data, Pr.Sci.Nat., MAusIMM, 24 years' experience.

Competent persons for the Ore Reserves are:

٠

B W Guenther, BSc (Mining Engineering), MAusIMM, 23 years' experience.

•

D L Worrall, ACSM, MAusIMM, 23 years' experience.

•

J van Zyl Visser, BSc (Mineral Resource Management),

PLATO, 17 years' experience.

#### **Notes**

A detailed breakdown of the Mineral Resources and Ore Reserves is available in a supplementary statistics document, provided in the annual report section of the AngloGold website (www.anglogold.com) and may be downloaded as PDF files using Adobe Acrobat Reader. This information is also obtainable from the AngloGold offices at the addresses given on the inside back cover.

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Mineral Resources and Ore Reserves

# **Mineral Resources**

**(1)** 

(as at 31 December 2003)

Metric

**Imperial** 

**Contained** 

Contained

**Tonnes** 

Grade

gold

**Tons** 

Grade

gold

Mt

g/t

tonnes

Mt

oz/t

Moz

South Africa

Measured

103.2

4.26

439.4

113.8

115.0

0.124

14.1

Indicated

661.1

4.17

2,754.6

728.7

0.122

88.6

Inferred

263.2

6.48

1,705.8

290.1

0.189

54.8

**Total** 

1,027.5

4.77

4,899.7

1,132.6

0.139

157.5

# East & West Africa\*\* Measured 42.4 2.40 101.8 46.7 0.070 3.3 Indicated 123.5 2.50 308.6 136.1 0.073 9.9 Inferred 138.0 1.62 224.0 152.1 0.047 7.2 **Total** 303.8 2.09 634.3 334.9 0.061 20.4 South America\*\* Measured 29.8 4.41 131.2 32.8 0.129 4.2 Indicated 12.7 6.94 88.1 14.0 0.202 2.8 Inferred 29.0 6.98 202.8 32.0

0.204 6.5

**Total** 71.5 5.90 422.2 **78.8** 0.172 13.6 Australia\*\* Measured 63.0 1.36 85.5 69.4 0.040 2.7 Indicated 149.9 1.30 195.1 165.2 0.038 6.3 Inferred 87.2 1.29 112.2 96.1 0.038 3.6 **Total** 300.1 1.31 392.8 330.8 0.038 12.6 North America\*\* Measured 109.4 1.17 128.1 120.6 0.034 4.1 Indicated 110.8

0.88 97.7 122.1 0.026 3.1

169

# Inferred 38.0 1.05 39.7 41.9 0.031 1.3 **Total** 258.2 1.03 265.5 284.6 0.030 8.5 Total\*\* Measured 347.7 2.55 885.9 383.3 0.074 28.5 Indicated 1,058.0 3.26 3,444.1 1,166.2 0.095 110.7 Inferred 555.4 4.11 2,284.5 612.2 0.120 73.4 **Total** 1,961.1 3.37 6,614.5 2,161.7

Resources attributable to AngloGold.

(1)

0.098 212.7

Inclusive of the Ore Reserves component.

Directors and executive management

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Directors and executive management

**Executive directors** 

R M Godsell (51)

BA, MA

Chief Executive Officer

Bobby Godsell was appointed to the AngloGold board as chief executive officer in April 1998 and as chairman in December 2000. He relinquished his role as chairman of AngloGold in May 2002. He has in excess of 30 years of service with companies associated with the mining industry, and has served as a non-executive director of Anglo American plc since March 1999. He is also a past chairman of the World Gold Council.

#### J G Best (55)

ACIS, ACIMA, MBA

Executive Director: Finance

Jonathan Best was appointed finance director of AngloGold in April 1998. He has had 35 years of service with companies associated with the mining industry.

# D L Hodgson (56)

BSc (Mining engineering), BSc (Civil Engineering), BCom,

AMP (Harvard) Chief Operating Officer

Dave Hodgson was appointed to the AngloGold board in November 2001 as chief operating officer. He was previously executive officer responsible for AngloGold's South Africa region. He has more than 30 years of mining experience.

## K H Williams (55)

BA (Hons)

Executive Director: Marketing

Kelvin Williams was appointed marketing director of AngloGold in April 1998. He has 28 years of service in the gold mining industry. He is chairman of Rand Refinery and a director of the World Gold Council.

#### **Non-executive directors**

# **R P Edey (61)**

**FCA** 

Chairman

Russell Edey was appointed to the AngloGold board in April 1998 and as deputy chairman in December 2000. In May 2002 he was appointed chairman when Bobby Godsell relinquished this office. Based in the United Kingdom, he is deputy chairman of N M Rothschild Corporate Finance and a director of a number of other companies.

#### Dr T J Motlatsi (52)

Hon D Soc Sc (Lesotho)

Deputy Chairman

James Motlatsi was appointed to the AngloGold board in April 1998 and as deputy chairman in May 2002 upon Russell Edey being appointed chairman. He has been associated with the South African mining industry since 1970, and is a past president of the National Union of Mineworkers (NUM). He is also chief executive officer of TEBA Limited.

#### F B Arisman (59)

MSc (Finance)

Frank Arisman was appointed to the AngloGold board in April 1998. He resides in New York and recently retired, after 32 years of service, from J P Morgan Chase, where he held the position of managing director.

#### Mrs E Le R Bradley (65)

BSc, MSc

Elisabeth Bradley was appointed to the AngloGold board in April 1998. She is non-executive chairman of Wesco Investments Limited, Metair Investments Limited and Toyota South Africa (Proprietary) Limited and a director of a number of other companies. She is also deputy chairman of the South African Institute of International Affairs.

# C B Brayshaw (68)

CA(SA), FCA

Colin Brayshaw was appointed to the AngloGold board in April 1998. He is a retired managing partner and chairman of Deloitte & Touche and is a non-executive director of a number of other companies including Anglo Platinum Corporation, Datatec Ltd and Johnnic Holdings Ltd.

# A W Lea (55)

BA (Hons)

Tony Lea was appointed to the AngloGold board in July 2001. He is finance director of Anglo American plc.

# **W A Nairn (59)**

BSc (Mining Engineering)

Bill Nairn has been a member of the AngloGold board since January 2000. He was re-appointed to the board in May 2001, having previously been alternate director to Tony Trahar. He is group technical director of Anglo American plc.

#### J Ogilvie Thompson (70)

MA

Julian Ogilvie Thompson was appointed to the AngloGold board in April 1998. He resigned as executive chairman of Anglo American plc in November 2002 and is a non- executive director of both Anglo American Corporation (a wholly-owned

South African subsidiary of Anglo

American plc) and De Beers Consolidated Mines and a director of a number of other companies.

#### N F Oppenheimer (58)

MA

Nicky Oppenheimer was appointed to the AngloGold board in April 1998 and is a former non-executive chairman of the company. He is chairman of De Beers Consolidated Mines, a non-executive director of Anglo American plc and a director of a number of other companies.

#### A J Trahar (54)

BCom, CA(SA)

Tony Trahar was appointed to the AngloGold board in October 2000. He is chief executive officer of Anglo American plc.

#### **Alternate directors**

#### D D Barber (51)

FCA, AMP (Harvard)

David Barber was appointed alternate director to Julian Ogilvie Thompson in April 2002. He is finance director of Anglo American Corporation.

#### A H Calver (56)

BSc (Hons) Engineering,

MDP (UNISA), PMD (Harvard)

Harry Calver was appointed alternate director to Bill Nairn in May 2001. He is head of engineering Anglo American plc.

#### P G Whitcutt (38)

BCom(Hons), CA(SA), MBA

Peter Whitcutt was appointed alternate director to Tony Lea in October 2001. He is Head of Finance at Anglo American plc.

#### Members of the executive committee

#### R M Godsell (51)

Chief executive officer

#### **J G Best (55)**

**Executive Director: Finance** 

# D L Hodgson (56)

Chief operating officer

#### K H Williams (55)

**Executive Director: Marketing** 

#### **Executive officers**

#### R Carvalho Silva (52)

BAcc, BCorp Admin

#### South America region

Roberto Carvalho Silva joined the Anglo American group in Brazil in 1973 and was appointed president and chief executive officer of AngloGold South America in January 1999. He became an executive officer of AngloGold in February 2000.

#### R N Duffy (40)

BCom, MBA

# **Business planning**

Richard Duffy joined Anglo American Corporation 17 years ago. He became an executive officer of AngloGold in 1998 and was given the business planning portfolio in November 2000.

# S J Lenahan (48) BSoc Sc, MSc

# Corporate affairs

Steve Lenahan has been working in the mining industry since 1978 when he started his career at De Beers. He was appointed investor relations executive in 1998 and assumed responsibility for corporate affairs in early 2001.

# N F Nicolau (44)

B-Tech (Min.Eng), MBA

## South Africa region

Neville Nicolau became the executive officer responsible for AngloGold's South Africa region in November 2001. He has 25 years of mining experience.

## **N W Unwin (51)**

BA

#### Human resources and information technology

Nigel Unwin has had many years of experience in the field of human resources. He has been an executive officer since 1999. He relinquished his executive officer responsibilities for AngloGold's Australia region during 2002.

# **Managing secretary**

#### Ms Y Z Simelane (38)

BA LLB, FILPA, MAP

Yedwa Simelane joined AngloGold in November 2000 from the Mineworkers' Provident Fund where she was the senior manager of the Fund.

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Directors' approval

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The annual financial statements and group annual financial statements for the year ended 31 December 2003 were approved by the board of directors on 11 March 2004 and are signed on its behalf by:

### **Directors**

R P Edey, Chairman

R M Godsell, Chief Executive Officer

J G Best, Executive Director: Finance

C B Brayshaw, Chairman, Audit and Corporate Governance Committee

## **Managing secretary**

Ms Y Z Simelane

Secretary's certificate

In terms of Section 268G(d) of the Companies Act, 1973, I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act, and that all such returns are true, correct and up to date.

## Ms Y Z Simelane

Managing Secretary

Johannesburg

11 March 2004

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Report of the independent auditors on the annual financial statements

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We have audited the annual financial statements and group annual financial statements of AngloGold Limited set out on pages 42 to 140 and page 148 for the year ended 31 December 2003. 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 annual financial statements are free of material misstatement.

An audit includes

•

examining, on a test basis, evidence supporting the amounts and disclosures in the annual 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 annual financial statements and group annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2003, and the results of operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

Ernst & Young Registered Accountants and Auditors Chartered Accountants (SA) Johannesburg 11 March 2004

AngloGold is committed to the principles and practice of good corporate governance. The King Report on Corporate Governance (2002) (the King Report) and the US Sarbanes-Oxley Act have significantly altered the corporate governance landscape.

Except

where otherwise stated, AngloGold's

practices and policies remain in compliance with the values enshrined in the King Report and the directors have complied with the King Report requirements for the entire year under review. The management continues to address particular areas where the company's governance position needs to be aligned to the recommendations contained in this Report.

AngloGold's shares are traded on the New York Stock Exchange (NYSE) in the form of ADSs that are administered by The Bank of New York by means of an American Depositary Receipt programme. Many of the applicable provisions of the Sarbanes-Oxley Act have yet to come into force and management continues to implement the requirements as they arise.

The company continues to pursue excellence in corporate governance practices and achieved the following during the year:

AngloGold's Annual Report 2002 received a merit award at the distinguished South African Annual Report Award ceremony, sponsored by amongst others, the JSE Securities Exchange South Africa;

AngloGold won the award for Best Investor Relations Website for 2003, and was the runner-up for the Best Overall Investor Relations Company Award, at the Investor Relations Magazine South Africa Conference & Awards 2003;

introduced a Nominations Committee, which reports to the AngloGold Board;

revised terms of reference for the Audit Committee, placing corporate governance within its ambit and renaming of the committee the Audit and Corporate Governance Committee;

attained the highest rank in the Edward Nathan and Friedland (ENF) Sustainability Index 2002;

appointed independent auditors PricewaterhouseCoopers to review the 2003 AngloGold Report to Society;

adopted an AngloGold Code of Ethics;

adopted a code of ethics for the chief executive officer, principal financial officer and senior financial officers;

provided the mechanisms for the confidential reporting of unethical and/or illegal conduct; and

AngloGold, in the interests of transparency and accountability, was the first publicly listed company in South Africa to fully disclose its policy on party political donations. The policy is available from the company website. The board is presently engaged in a process of determining the policy and procedures for appraising its effectiveness and that of each individual director. This process will be finalised during the course of 2004.

### The board of directors

The company has a unitary board structure comprising four executive directors and 10 non-executive directors. Details of each of the directors are available on pages 37 and 38 of this report. The board meets at least on a quarterly basis to discuss and review issues of strategy, planning, operational and financial performance, acquisitions and disposals, major capital expenditure, stakeholder communications and other material issues reserved for its decision. Further meetings are held as and when required.

The board consists of a group of directors which together possesses the necessary knowledge, expertise and experience to contribute meaningfully to the deliberations of the board, and continue to be committed to principles of

corporate discipline, accountability, transparency, independence, fairness and social responsibility.

The board charter detailing the composition, powers, authority, responsibilities and procedures of the board, selection criteria for directors, and incorporating key elements of ethical standards for directors, is publicly available from the company website. As required by the Sarbanes-Oxley Act the board has furthermore adopted a code of ethics for the chief executive officer, principal financial officer and senior financial officers. This code will be made available on the company website.

The Remuneration Committee is responsible for evaluating the performance of the chief executive officer and for determining all issues affecting executive remuneration.

The appointment of new directors is a matter for the board as a whole. In accordance with best practice, the AngloGold Limited - Annual financial statements 2003

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## Corporate governance

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board's Nominations Committee, chaired by an independent non-executive chairman, has been appointed to assist the board in considering and selecting eligible members to the board.

An agenda, the minutes of the previous meeting and supporting documentation to assist directors in making informed decisions is provided to all board and board committee members prior to meetings being held. Furthermore, all directors have unrestricted access to, and may inspect, all documentation and property held by the company. The directors also have unrestricted access to the managing and company secretaries for advice and information. Directors attend all board and committee meetings as far as practicable. Meetings are mainly held in the corporate offices in Johannesburg, and where feasible, video and telephone conferencing facilities are provided when directors cannot be present at the venue.

In addition to the four scheduled board meetings held during the year, five special meetings were held. Details of dates and attendance by the directors at the nine board meetings held in 2003 are provided below:

#### Key

\*

- = Special board meeting to discuss the proposed merger between AngloGold and Ashanti Goldfields Company Limited.
- = Attended meeting either personally or via conferencing facilities

A

- = Absent from meeting, with apologies and leave having been granted
- = Not required for the meeting

A special board sub-committee met on 20 March 2003 to approve the company's 2002 20-F filing to the US Securities and Exchange Commission.

A special board sub-committee met on 8 May 2003 to discuss the proposed merger with Ashanti.

#### The directors

The executive directors are appointed by the board to oversee the day-to-day running of the company through effective supervision of management. Executive directors are held accountable by regular reporting to the board, and their performance is measured against pre- determined criteria as well as the performance of their respective business units. The performances of the executive directors are considered relative to the prevailing business climate. Bonuses paid to executive directors are a reflection of the performance of each of the directors and the company as a whole. Executive directors have elected to receive no remuneration as directors of the company.

Only executive directors have contracts of employment with the company. There are no contracts of service between the directors and the company, or any of its subsidiaries, that are terminable at periods of notice exceeding one year and requiring the payment of compensation. All directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition, all directors are subject to re-election by shareholders at the first annual general meeting following their appointment, and sufficient biographical detail is supplied to shareholders for informed decisions to be made on the re-election of directors.

Non-executive directors provide the board with invaluable and balanced advice and experience that is independent of management and the executive. Crucially, non-executive directors play an integral part in company activities not just through their membership of the board,

but also through their representation

on

all

board

committees where their individual

knowledge

and

experience contributes to the

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(continued)

deliberations of the committees. In addition to executive directors supervising management, management is held accountable to the board committees, as non-executive directors are able to have strategic oversight of management decisions and actions, and to advise on strategy and planning.

Five of the non-executive directors, including the chairman and deputy chairman, are independent as defined in the JSE Securities Exchange Listings Requirements. The board is of the view that the number and calibre of the independent directors serving on it, and their representation on board committees, ensures the company's interests receive impartial views that are separate of management andshareholders. The five independent directors are: Messrs F B Arisman, C B Brayshaw and R P Edey, Dr T J Motlatsi and Mrs E le R Bradley.

The board has approved a fit and proper policy for directors and company secretaries. This policy will be applied to all new appointments of board members and company secretaries.

The roles of chief executive officer and chairman have been separate since 2002 when Russell Edey was appointed board chair and Bobby Godsell retained the chief executive's position.

The fees of non-executive directors are fixed by shareholders at the annual general meeting, and other than the fees they receive for their participation on board committees and an allowance for travelling internationally to attend board meetings, non-executive directors receive no further payments from the company.

A managing secretary and company secretary advise the board on compliance with procedural and regulatory aspects of a legal nature, and are active in guiding the board on all corporate governance issues.

Policies and procedures are in place to allow directors to seek independent professional advice at the company's expense. This enables the directors and board committees to act independently of management where this is deemed necessary.

#### **Board committees**

The company's activities span a wide range of disciplines and activities. Board committees have been established to oversee the development of strategy, ensure its implementation and to report to the board on important issues facing the company. The committees play a vital role in enhancing the effectiveness of the board and assist the board in discharging its duties and responsibilities. The committees comprise members of the board, are chaired (in the main) by a non-executive director, and meet a number of times each year. Each committee fulfils a specific mandate entrusted to it by the board and has written terms of reference governing its particular sphere of activity, membership requirements and reporting procedures, together with details of its powers, rights and obligations. Members of each committee are chosen having regard to each member's knowledge, experience and ability to provide a meaningful contribution to the committee's particular mandate. Management, who attend the meetings by invitation, report to the committees on their activities, and important issues requiring a decision are raised with the members of the committees. An agenda, supporting documentation and full justification for decisions required are provided prior to each committee meeting. Minutes of each committee meeting are circulated to members and the board. The chairman of each committee prepares reports for each board meeting detailing the committee's activities for the preceding period and, where necessary, attends the annual general meeting to answer any questions raised by shareholders.

The remuneration of board committee members is determined by the board. At present, the chairman of a board committee receives R50,000 per annum, and members receive R30,000 each per annum. Executive directors receive no remuneration for membership of board committees.

A description of each board committee is provided below.

**Executive Committee** 

Members: R M Godsell (Chairman), J G Best, D L Hodgson, and K H Williams

The Executive Committee comprises the four executive directors, and is chaired by the chief executive officer. The committee meets on a weekly basis with a mandate to review operational activities and the performance of the group, develop strategy and policy proposals for consideration by the board, and implement board directives.

The Operations Committee has been established as a sub-committee of the Executive Committee to assist in the execution of certain of its duties and responsibilities. The Operations Committee is chaired by the chief operating

officer, meets on a regular basis, and comprises the executive officers in charge of each of the

### Corporate governance

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operational regions, together with the executive officers for human resources, corporate affairs, business planning, and designated senior managers appointed by the Executive Committee. The purpose of the sub-committee is to oversee and monitor the performance of the operational activities, implement the strategic objectives of the company, and to report to the Executive Committee on important areas of concern.

Audit and Corporate Governance Committee

Members: C B Brayshaw (Chairman), F B Arisman Mrs E le R Bradley and R P Edey

In accordance with best practice the terms of reference for this committee were amended during the year to incorporate the corporate governance discipline within the committee's mandate. The committee comprises only independent non-executive directors and its mandate covers the sphere of duties relating to accounting policies, internal control, financial reporting practices, identification of exposure to significant risks and all corporate governance issues. The committee meets at least five times a year.

On 30 July 2003, Peter Whitcutt, who had been a member of this committee, resigned, and Frank Arisman was appointed in his stead.

The board has determined that the board chairman possesses skills and experience necessary to contribute meaningfully to the committee's deliberations as a member rather than an invitee. The board also considers it unnecessary for the chief executive to be a member of the committee and that he should rather attend meetings by invitation only.

To assist the committee in discharging its responsibilities, internal audits are performed at all of the operating units of the company under the auspices and direction of the group internal audit manager. Teams of suitable, qualified and experienced employees perform the internal audits. The committee has approved an Internal Audit Charter that governs the activities, powers and duties of the internal audit function, and this charter is reviewed annually. The primary mandate of the group's internal auditors is to provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. This is done by a systematic, disciplined approach to review, evaluate and improve the effectiveness of risk management, internal control and governance processes. This process would bring material deficiencies, instances of non-compliance, high-

risk exposure and development needs to the attention of the group internal audit manager and operational management for resolution. The board has obtained assurance from management, the internal auditors and the external auditors, that there have been no significant breakdowns in internal control systems during the year.

The committee is responsible for the appointment and removal of the group internal audit manager. This committee and the executive committee consider it unnecessary for the group internal audit manager to report administratively to the chief executive officer, and has determined that she report administratively to the finance director and functionally to the committee. The internal audit manager has unrestricted access to the chief executive, the board chairman and the chairman of the committee, and is invited to attend and report on her department's activities at all committee meetings. The board is confident that the unfettered access of the group internal audit manager to key board members and the direct and regular reporting to the committee, together with her calibre and integrity, enables her to discharge her duties as required by law and in fulfilment of her obligations to the company.

The committee has access to all records of the internal audit team. The group's external audit partner has unrestricted access to the chairman of the committee and, where necessary, to the chairman of the board and chief executive officer. Important findings arising from audit procedures are brought to the attention of the committee and reported to the board.

The committee is responsible for the appointment, removal and oversight of the activities of the external auditors. In addition, the committee set the principles for recommending the use of the external auditors for non- audit services. The committee approves all external consulting services and other charges levied by the external auditors.

The committee met five times during 2003, with the external audit partner, the group's internal audit manager and the corporate accounting manager, 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 review the quarterly and half-yearly financial results, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

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All committee members attended these meetings personally, or were included in the proceedings through teleconferencing facilities, except as indicated below:

#### Date of meeting

## **Apologies tendered**

24 January 2003

-

20 February 2003 Mrs E le R Bradley 25 April 2003

-

25 July 2003

-

24 October 2003

Mrs E le R Bradley

A sub-committee met on 20 March 2003 to review the company's annual report on Form 20-F prior to approval by the board and subsequent submission to the SEC.

**Employment Equity and Development** 

Committee

Members: Dr T J Motlatsi (Chairman), F B Arisman,

R M Godsell, D L Hodgson and W A Nairn

The committee met on four occasions during the year, chaired by the board deputy chairman. It comprises three non-executive directors, as well as the chief executive and chief operating officers. The purpose of the committee is to facilitate the development of opportunities in the company for all employees and to encourage employees to achieve their optimal levels of career development in the company, with due recognition being given to the diversity of the society in which the company operates.

All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

#### Date of meeting

### **Apologies tendered**

24 January 2003

-

16 April 2003

-

29 July 2003

W A Nairn

22 October 2003

R M Godsell

**Investment Committee** 

Members: R P Edey (Chairman), J G Best, Mrs E le R Bradley, A W Lea, W A Nairn and

K H Williams

Chaired by a non-executive director, the committee is composed of four non-executive directors, as well as the executive directors for finance and marketing, and meets as and when required. The mandate of the committee is to assess and evaluate capital projects, and ensure that investments, disinvestments and financing proposals are in accordance with the company's primary objective of

creating wealth for its shareholders on a sustainable long-term basis.

Four meetings were held during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

Date of meeting Apologies tendered

27 January 2003

-

22 April 2003

Mrs E le R Bradley

29 July 2003

W A Nairn

23 October 2003

Mrs E le R Bradley

Market Development Committee

Members: Mrs E le R Bradley (Chairman), F B Arisman,

R M Godsell, Dr T J Motlatsi and K H Williams

AngloGold is committed both to the production of gold and the development of the market for gold itself. To this end this committee has been established to extend the influence of AngloGold as a major global gold company, in the development of a broader gold business, both nationally and internationally. Victor Fung, who had been a member of this committee, did not stand for re-election to the board and accordingly, ceased to be a member of the board after 30 April 2003. The committee, which met twice during the year, is composed of three non-executive directors, the chief executive officer and the executive director for marketing. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

# Date of meeting

**Apologies tendered** 29 January 2003

29 January 200

Dr V K Fung

29 July 2003

Dr T J Motlatsi

**Nominations Committee** 

**Members**: R P Edey (Chairman), F B Arisman, Mrs E le R Bradley, C B Brayshaw, Dr T J Motlatsi

and A J Trahar

The committee was established during the year and has yet to meet. It is chaired by the board chairman, and is composed solely of non-executive directors, the majority of whom are independent directors as defined in the JSE Listings Requirements. The mandate of the committee is to assist the board in determining the criteria for new appointments to the board, to select and advise the board on eligible candidates, and to put in place succession plans particularly for the chairman of the board and the chief executive officer.

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Remuneration Committee

**Members**: R P Edey (Chairman), C B Brayshaw, N F Oppenheimer, J Ogilvie Thompson and A J Trahar

The Remuneration Committee, which comprises exclusively non-executive directors, is primarily responsible for approving the remuneration policies of the company. Further details of this committee are available in the Remuneration Report. Colin Brayshaw was appointed as a member of the committee on 30 July 2003.

The committee meets as and when required, with a minimum of one meeting per annum. Three meetings of the committee were held during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities.

# Date of meeting Apologies tendered

27 January 2003

-29 April 2003

-

30 July 2003

Safety, Health and Sustainable Development Committee

Members: W A Nairn (Chairman), R M Godsell

and Dr T J Motlatsi

The committee's brief is to evaluate the social, economic, environmental and health impacts of the company's operations on both local and global communities. One of the primary objectives of this committee is the elimination of all work-related accidents. The committee conducts on-site inspections in regard to matters of serious concern. The committee, which comprises two non-executive directors and the chief executive officer, met on four occasions during 2003. All members attended the meetings, either personally or through the provision of teleconferencing facilities, except where specifically mentioned below:

# Date of meeting Apologies tendered

24 January 2003

24 January 200 -

16 April 2003

25 July 2003

R M Godsell

22 October 2003

R M Godsell

Other committees

In addition to the board committees, other committees have been established to oversee the effective day-to-day management of the company. These committees meet on a regular basis and are detailed below:

The Treasury Committee meets on a monthly basis and is chaired by a non-executive director, and comprises key officers in the finance and marketing disciplines. The committee is tasked with discussing and valuating market conditions, treasury operations and future hedging strategies. The members of this committee are:

CB Brayshaw (Chairman) - Non-executive

Director

J G Best

- Executive Director,

*Finance* 

S Cassim

- East and West Africa

Region, Financial Manager

R N Duffy

- Executive Officer,

**Business Planning** 

Ms D Earp

- Manager, Corporate

Accounting

R P H Hayes

- Manager, Treasury

Ms H H Hickey

- Manager, Group Internal

Audit

Ms C A Hoad

- Manager, Risk

M P Lynam

- Treasurer

K H Williams

- Executive Director,

Marketing

The Finance Committee, chaired by the executive director for finance, meets on a regular basis, and comprises key officers in the finance, marketing and legal disciplines. The committee has responsibility for strategy and monitoring of all financial and administrative aspects of the company.

The committee's membership is as follows: J G Best (Chairman)

- Executive director,

Finance

S Barua

-

Legal compliance Manager

R C Croll

\_

Manager, mining valuations

PJ G Dennison

- Manager, mergers and acquisitions

R N Duffy

- Executive officer,

Business planning

Ms D Earp

- Manager, Corporate

accounting

Ms H H Hickey

- Manager, Group internal

audit

S J Lenahan

- Executive officer,

Corporate affairs

M P Lynam

- Treasurer

O C Murphy

- Manager, Corporate

taxation Ms Y Z Simelane

Managing secretary

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# **Company secretarial function**

The company secretarial function consists of both a managing secretary and a company secretary. The managing secretary bears overall responsibility for the company secretarial function. Appointment and removal of the managing secretary and company secretary are matters for the board.

The managing secretary and company secretary advise the directors, both collectively and individually, on compliance with procedural and regulatory aspects of a legal nature, ensuring awareness of applicable laws and regulations, guiding the board on all corporate governance and ethical issues, as well as advising the directors on their rights, duties and powers. The in-house legal department reports to the managing secretary and assists the company secretarial function should any questions or issues arise. In addition, the company secretarial function has access to a legal counsel who reports to the managing secretary on all compliance and corporate governance issues affecting the company. The company secretarial function also plays a crucial role in the induction of new directors. Policies and procedures affecting directors and the board as a whole are developed by the company secretarial function in consultation with the Executive Committee, prior to submission and approval by the board. During the year, policies and procedures were developed for directors and the board including directors' rights to seek independent professional advice, the induction of new directors, and the development of fit and proper standards for the appointment of directors. Terms of reference of the various board committees are either developed by, or in consultation with, the company secretarial function, prior to submission to the board for formal approval. Together with the investor relations department, the company secretarial function also provides a direct communications link with investors, and liaises with the company's share registrars on all issues affecting shareholders. The company secretarial function, in consultation with other departments, also provides mandatory information required by various regulatory bodies and stock exchanges on which the company is listed. The managing secretary and company secretary are also responsible for compliance with all the statutory requirements in regard to the administration of the Share Incentive Scheme. Directors and officers report dealing in shares of the company to the company secretarial function who in turn report the dealings to the board. The managing secretary and company secretary are also required to ensure that minutes of all shareholders', board and board committees' meetings are properly recorded in accordance with the South African Companies Act of 1973.

### Management

Although the board bears overall responsibility for the company, management (together with the executive directors) is the custodian and administrator of the day- to-day performance of the company. Management therefore plays a significant role in the corporate governance of the company. The executive directors are the board functionaries who assume control and guide the activities and actions of management. Management also reports to the various board committees and receives direction and guidance on issues of strategy and planning from such committees. Those chosen to assume managerial positions are appointed on the basis of their qualifications, experience and ability to contribute meaningfully to the company's best interests. Integrity and honesty are qualities expected of management, as this is central to the practice of good corporate governance.

Management has engaged, and is engaging in an extensive review of its current practices and is satisfied that it complies with its corporate governance obligations. A multi-disciplinary Disclosures Committee has been established by management to review and monitor company practices and obligations, and to ensure appropriate, effective and timely disclosures are made to the various regulatory bodies.

## **Succession planning**

AngloGold recognises that it is in its best interests, and those of its stakeholders, to ensure that it continues to operate and function effectively, with minimal disruption, should key personnel resign or retire. Competent, credible and appropriately qualified candidates are selected and groomed to take over key positions in the event of a vacancy arising in senior managerial positions. A talent management programme is in place to harness, nurture and maximise the potential of promising employees. The Nominations Committee is briefed *inter alia* to put in place plans for the succession of the chairman of the board and the chief executive officer.

# Corporate governance guidelines

AngloGold's Corporate Governance Guidelines are available from the company website. These guidelines include the board charter, business principles, code of ethics for the chief executive officer and financial officers,

#### Corporate governance

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board committees' terms of reference, and other policies of the company.

#### **Annual financial statements**

The directors are required by the South African *Companies Act* to maintain adequate accounting records and are responsible for the preparation of the annual 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 flow for the year, in conformity with generally accepted accounting practice and in terms of the JSE Listings Requirements. In preparing the annual financial statements reflected in US Dollars and SA Rands on pages 42 to 140, the group has complied with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and International Financial Reporting Standards (IFRS) and has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. The directors are of the opinion that these financial statements fairly present the financial position of the company and the group at 31 December 2003, and the results of their operations and cash flow information for the year then ended.

The directors have reviewed the group's business plan and cash flow forecast for the year to 31 December 2004. 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 Auditing Standards, IFRS and the Companies Act. Their unqualified report on these financial statements appears on page 41.

To comply with requirements for reporting by non-US companies registered with the SEC, the company has prepared a set of financial statements (Form 20-F) in accordance with US Generally Accepted Accounting Principles (US GAAP) which will be 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 the Form 20-F will also be available to stakeholders and other interested parties upon request to the company's corporate office or its contacts as listed on the back cover of this report. In compliance with the

requirements of the NYSE, a condensed consolidated income statement, balance sheet, statement of cash flows and brief financial notes based on US GAAP are included on pages 141 to 144 in this report. A condensed reconciliation between IFRS and US GAAP is supplied as supplementary information (pages 145 to 147).

In terms of the Sarbanes-Oxley Act, the chief executive officer and chief financial officer are required to complete a group certificate stating that the financial statements and reports are not misleading and that they fairly present the financial condition, results of operations and cash flows in all material respects. The design and effectiveness of the internal controls, including disclosure controls, are also included in the declaration. As part of the process, a declaration is also made that all significant deficiencies and material weaknesses, fraud involving management or employees who play a significant role in internal control, and significant changes that could impact on the internal control environment, are disclosed to the Audit and Corporate Governance Committee and the board.

#### Risk management and internal control

The board has ultimate responsibility for the total risk management process within the group. The board reviews and approves the risk strategy and policies that are formulated by the executive directors and senior management. Management is accountable to the board and has established a group-wide system of internal control to manage significant group risk. This system assists the board in discharging its responsibility for ensuring that the wide range of risks associated with the group's global operations are effectively managed in support of the creation and preservation of shareholder wealth. The risk management policies are communicated to all relevant employees. Corporate governance is viewed as a strategic response to pursuing opportunities in a manner that is balanced by taking prudent risks, appropriately mitigated in exchange for measurable rewards. A full review of the risk, control and disclosure processes is undertaken annually to ensure that all additional requirements are incorporated into the system in the future. The systems are in place and the focus is on ensuring that the requirements of the King Report 2002 and the Sarbanes- Oxley Act are complied with timeously.

The management of risk encompasses all significant business risks, including operational and financial risk, which could undermine the achievement of business

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objectives. The board has approved the level of acceptable risk and required that operations manage and report in terms thereof. Issues and circumstances, which could give rise to material adverse reputation considerations, are also considered to be unacceptable risk.

There is clear accountability for risk management. The requisite risk and control capability is assured through board control and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on control management. Continual monitoring of risk and control processes, across significant risk areas, provides the basis for regular and exceptional reporting to the Audit and Corporate Governance and Executive committees. In the event of failure or disaster, continuity plans are in place with regard to critical processes.

For key risk areas, group risk owners have been appointed and board policies issued. The risk assessment and reporting criteria are designed to provide the board with a consistent, group-wide perspective of the key risks. The system of internal control, which is embedded in all key operations, provides reasonable assurance, rather than absolute assurance, that the group's business objectives will be achieved within the levels of risk tolerance defined by the board.

Regular management reports, which provide a balanced assessment of key risks, are an important component of board assurance. Additional sources include assertions by divisional heads as well as board committees established to focus on specific risks such as safety, health and sustainability, and capital investment. The board also receives assurance from the Audit and Corporate Governance Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the group.

The company has a sound system of internal control, based on the group's policies and guidelines, in all material associates and joint ventures. Where this is not possible, the directors, who represent AngloGold's interests on the boards of these entities, seek assurance that significant risks are being managed.

In conducting its annual review of the effectiveness of risk management in terms of the Turnbull requirements of the Combined Code - Principles of Good Corporate Governance and Code of Best Practice in the United Kingdom, the board considers the key findings from the

ongoing monitoring and reporting process, management assertions and independent assurance reports. The board also takes account of material changes and trends in the risk profile, and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives. In addition, business unit heads and corporate risk owners are required to sign off abbreviated certificates confirming their understanding of their responsibility for internal controls. They are also required to certify that their disclosure in relation to their internal controls is transparent and that there are no untrue statements or omissions in their reporting process.

During the course of the year the board considered the group's responsiveness to changes within its business environment, and systems of control. The board is satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the group.

#### **Risk factors**

This section describes some of the risks that could materially affect AngloGold. Additional risk factors not presently known to AngloGold or that AngloGold currently deems immaterial may also impair the business operations of AngloGold.

The risk factors set forth in this document have been organised into two categories:

- risks related to the gold mining industry generally; and
- risks related to AngloGold's operations.

Risks related to the gold mining industry generally

The profitability of AngloGold's operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold.

The market price for gold can fluctuate widely, as a result of numerous factors beyond AngloGold's control, including:

- speculative positions taken by investors or traders in

## gold;

- changes in the demand for gold use in jewellery, for industrial uses and for investment;
- changes in the supply of gold from production, disinvestment, scrap and hedging;

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- financial market expectations regarding the rate of inflation;
- the strength of the US Dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected gold sales by central banks;
- gold sales by gold producers in forward transactions;
- global or regional political or economic events; and
- costs of gold production in major gold-producing

nations, such as South Africa, the United States and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above- ground stocks of the metal in comparison to other commodities, these factors typically do not affect the price in the same manner or degree as the supply of and demand for other commodities tend to affect their market price.

The following table presents the annual high, low and average afternoon fixing prices over the past 10 years, expressed in US Dollars, for gold per ounce, on the London Bullion Market:

#### Year

#### High

### Low Average

Source of Data: Metals Week, Reuters and London Bullion Market Association.

negative marked-to-market value of the Geita hedge book.

AngloGold's current average total cash costs and total production costs are significantly below prevailing market prices. If revenue from gold sales falls below the cost of production for an extended period, AngloGold may experience losses and be forced to curtail or suspend some or all of its capital projects and/or operations and change its past dividend payment policies. In addition, it would have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves. The current price of gold is significantly in excess of AngloGold's total cost of production. AngloGold's use of hedging instruments to protect against low gold prices and exchange rate movements may prevent it from realising all potential gains resulting from subsequent gold price increases in the future. AngloGold currently uses hedging instruments to fix the selling price of a portion of its respective anticipated gold production and to protect its revenues against unfavourable gold price and exchange rate movements. While the use of these instruments may protect against a drop in gold prices and exchange rate movements, it will only do so for a limited period of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent AngloGold from realising the positive impact on income from any subsequent favourable increase in the price of gold on the portion of production covered by the hedge and any subsequent favourable exchange rate movements. As at 31 December 2003, AngloGold's hedge book had a net delta of 8.6Moz and negative marked-to-market valuations of \$663.7 million, including AngloGold's and Ashanti's respective 50% interests in the \$154.9 million

On 27 February 2004, the afternoon fixing price of gold on the London Bullion Market was US\$395.85/oz.

If the negative marked-to-market value of the Geita hedgebook exceeds a specified level, AngloGold will not be able to receive any cash from the Geita joint venture.

The Geita Joint Venture also engages in hedging transactions with respect to production from the Geita mine. This hedging is carried out on a margin-free basis. However, if at any time the aggregate respective marked-to-market value of the Geita hedge book exceeds \$167.38 million (negative), AngloGold will be restricted from receiving cash from the joint venture until the marked-to-market negative value reduces below that threshold. The hedging arrangements also provide for events of default and termination that could result in early close-outs or a

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default of Geita's \$66.25 million project finance facility. The threshold of \$167.38 million will increase during the life of the Geita project finance facility as principal repayments under the facility are made and additional coverage becomes available under AngloGold's political risk insurance.

Uncertainty and cost of mineral exploration and acquisitions

Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to:

- establish Mineral Resources and Ore Reserves

through drilling, and metallurgical and other testing techniques;

- determine metal content and metallurgical recovery

processes to extract metal from the ore; and

- construct, renovate or expand mining and process facilities.

Once gold mineralisation is discovered it can take several years to determine whether Mineral Resources and Ore Reserves exist. During this time the economic feasibility of production may change.

AngloGold considers from time to time the acquisition of Mineral Resources, Ore Reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metal prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations. Other than historical operating results, all of these parameters may differ significantly from its estimates and assumptions. In addition, there is intense competition for attractive properties.

As a result of these uncertainties, the exploration programmes and acquisitions engaged in by AngloGold may not result in the expansion or replacement of current production with new Ore Reserves or operations. This could adversely affect its ongoing business and financial position.

Development risks. AngloGold's profitability depends, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from its current estimates. The development of its mining projects may be subject to unexpected problems and delays.

AngloGold's decision to develop a mineral property is typically based, in the case of an extension or in the case of a new development, on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical

characteristics of ore to be mined and processed;

- anticipated recovery rates of gold and other metals from the ore;
- anticipated capital expenditure and cash operating costs; and
- the anticipated return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. These uncertainties include, in addition to those discussed immediately above:

the timing and cost, which can be considerable, of the construction of mining and processing facilities;

the availability and cost of skilled labour, power, water and transportation facilities;

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the availability and cost of appropriate smelting and refining arrangements;

the need to obtain necessary environmental and other governmental permits and the timing of those permits; and

the availability of funds to finance construction and development activities.

The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start- up. In addition, delays in the commencement of mineral

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production could occur. Accordingly, AngloGold's future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

Ore Reserve estimation risks. AngloGold's Ore Reserves described in this document are the best estimates of AngloGold's current management as of the dates stated and are reported in accordance with the requirements of the United States' Securities Exchange Commission's Industry Guide 7. In Australia and South Africa, AngloGold is legally required to publicly report Ore Reserves and Mineral Resources in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code) and the South African Code for Reporting of Mineral Resources and Ore Reserves (SAMREC Code).

AngloGold undertakes annual revisions to their respective Mineral Resource and Ore Reserve estimates based upon actual exploration and production results, depletion, new information and fluctuations in production and economic parameters. These factors may result in reductions in its Ore Reserve estimates, which could adversely impact upon the life-of-mine plans and consequently the total value of AngloGold's mining asset base. As a result, this in turn could have a negative impact upon the market price of ADSs and shares.

Mining industry risks

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business. These events include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
- industrial accidents;
- underground fires;
- labour disputes;
- unexpected geological formations;
- unanticipated ground and water conditions;
- fall of ground accidents;
- failure of mining pit slopes and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- seismic activity; and
- other natural phenomena, such as floods or inclement weather conditions.

The occurrence of one or more of these events may result in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage and potential legal liabilities. As a result, AngloGold's operations could be affected and, if such effect were material, its financial position could be adversely affected to a significant extent. Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, AngloGold uses sophisticated seismic and rock mechanics technologies. AngloGold has had some success with these technologies in identifying the possible location of future seismic activity and in the development of mine layouts, support layouts and technologies, and mining methods to ameliorate seismic risk. Despite these programmes and their success to date, seismic events have in the past and may in the future cause employee injury and death,

and may cause substantial damage to

AngloGold's operations both within South Africa and elsewhere, which could have an adverse impact on the future results of its operations and, consequently, its financial condition.

Gold mining operations are subject to extensive safety and health laws and regulations.

Gold mining operations are subject to a variety of mine safety and health laws and regulations, depending upon the jurisdiction in which they are located. These laws and regulations are formulated to improve and protect the safety and health of employees.

In complying with the mine safety and health laws and regulations to which its operations are subject, AngloGold has dedicated resources in an attempt to achieve and to ensure the application of international best practice in the management of health across its operations, including medical surveillance systems. These systems and policies have resulted in improvements in its safety performance. AngloGold intends to implement such systems and policies, where required, across Ashanti's operations since the countries in which Ashanti operates do not currently have fully developed systems of safety and health laws and regulations.

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If these laws and regulations were to change and, if as a result, material additional expenditure was required to comply with such new laws and regulations, it could adversely affect AngloGold's financial position.

Gold mining companies are subject to extensive environmental laws and regulations.

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on the ability of gold producers' ability to conduct their operations. The cost of AngloGold's compliance with environmental laws and regulations has been significant in the past.

Pursuant to environmental laws and regulations, gold mining companies are also obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially. AngloGold currently expenses rehabilitation costs as incurred and provides for the anticipated costs of compliance on a unit of production basis over the operating life of the mine. Other environmental liabilities are accrued when they are known, probable and can be reasonably estimated. Environmental laws and regulations are continually changing and are generally becoming more restrictive. If AngloGold's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, its expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect its results of operations and financial position. For a discussion of the estimated cost of the future environmental rehabilitation obligations with respect thereto, see Note 29 "Provisions: Environmental Rehabilitation Obligations" of AngloGold's consolidated audited financial statements. Additionally, for a discussion of the effects of the Mineral and Petroleum Resources Development Act with respect to the additional responsibilities imposed on mining companies in South Africa in respect of the environment and rehabilitation, see "Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on its financial position" below.

Risks related to AngloGold's operations

AngloGold faces many risks related to its operations that may affect its cash flows and overall profitability. *There is a risk that the merger with Ashanti may not be implemented* 

The merger of AngloGold with Ashanti is subject to a number of conditions including the approval by the requisite majority of Ashanti shareholders of the Ghanaian Scheme of Arrangement and the relevant special resolution proposed at Ashanti's extraordinary general meeting, the confirmation of the scheme by the High Court of Ghana, the receipt of certain regulatory approvals and third party consents and the absence of any material adverse change to the business, financial condition, results of operations, assets or liabilities of Ashanti since 31 December 2002 (other than as publicly disclosed or announced by Ashanti prior to the date of the transaction agreement). If the conditions to the merger are not satisfied or, if permissible, waived on or before 31 May 2004 or such later day as may be agreed by AngloGold or Ashanti, AngloGold and Ashanti may terminate the transaction agreement, in which case the scheme of arrangement will not become effective and the merger will not be completed. AngloGold and Ashanti are not obliged to extend the period for the satisfaction or, if permissible, waiver of the conditions to the merger beyond 31 May 2004. Should the merger not be completed, the anticipated benefits of the merger will not be realised. At this stage there is no guarantee that the conditions to the merger will be satisfied and that the merger will be completed. Foreign exchange fluctuations could have a material impact on AngloGold's operating results and financial position.

Since June 2002, the weakening of the US Dollar against the South African Rand, and, to a lesser extent, the Brazilian Real, the Argentinean Peso and the Australian Dollar has had a negative effect on AngloGold's profitability. Conversely, in certain prior years, the devaluation of these local currencies against the US Dollar had a significant positive effect on the profitability of its operations. Typically, revenues are derived in US Dollars and production costs are largely incurred in the relevant local currency. In 2003 and 2002, AngloGold derived approximately 77% and 73%, respectively, of its revenues from these countries and approximately 79% and 74%, respectively, of production costs in these local currencies. In 2003, the weakening of the US Dollar against these local currencies accounted for

nearly \$47/oz, or 69% of the total increase in total cash costs compared with a decrease in 2002 of \$24/oz. In addition,

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production costs in South African Rands, Brazilian Reals, Argentinean Pesos and Australian Dollars were only modestly offset by the effect of exchange rate movements on the price of imports denominated in US Dollars, as imported products comprise a small proportion of production costs in each of these countries. AngloGold's product, gold, is principally a US Dollar-priced commodity, and most of its revenues are realised in US Dollars. The weakening of the US Dollar, without a corresponding increase in the US Dollar price of gold against these local currencies results in lower revenues and higher production costs in US Dollar terms. Conversely, the strengthening of the US Dollar, without a corresponding decrease in the US Dollar price of gold, against these local currencies yields significantly higher revenues and lower production costs in US Dollar terms. If material, these exchange rate movements may have an adverse impact on AngloGold's operating results. For example, due to the strengthening of the South African Rand against the US Dollar, production

costs at AngloGold's South African

operations increased in US Dollar terms during the second half of 2002 compared to the first half. This trend continued in 2003 due to the continued weakening of the US Dollar relative to currencies in many of the countries in which AngloGold operates. These impacts have been partially offset in 2003 by the increase in the US Dollar price of gold, which increase has been partially a function of US Dollar weakness.

To a lesser extent, mainly as a result of its hedging instruments, a small proportion of AngloGold's revenues are denominated in South African Rand and Australian Dollars, which may partially offset the effect of the US Dollar's strength or weakness on AngloGold's profitability.

In addition, due to its global operations and local foreign exchange regulations, some of AngloGold's funds are held in local currencies, such as the South African Rand and Australian Dollar. The US Dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may affect AngloGold's overall financial position.

Inflation may have a negative impact on AngloGold's results of operations.

Most of AngloGold's operations are located in countries that have historically experienced high rates of inflation. AngloGold's operations have not been materially adversely affected by inflation in recent years. However, because it is unable to control the market price at which it sells the gold it produces (except to the extent that it enters into forward sales and other derivative contracts), it is possible that significantly higher inflation in the future in the countries in which AngloGold operates, result in a consequent increase in operational costs in local currencies, without a concurrent devaluation of the local currency of operations against the US Dollar or an increase in the US Dollar price of gold. This could have a material adverse effect upon the results of AngloGold's operations and financial condition.

While none of its specific operations are currently materially adversely affected by inflation, significantly higher and sustained inflation in the future, with a consequent increase in operational costs, could result in operations being discontinued, or reduced and rationalised at higher cost mines.

Changes to mineral rights ownership regimes in South Africa, where a significant portion of AngloGold's mineral reserves and deposits are located, could have a material impact on its financial position.

AngloGold's rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are

located. Currently, a significant portion of

AngloGold's mineral reserves and deposits are located in South Africa.

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which had been passed by Parliament in June 2002. It will take effect on a date to be proclaimed by the President, which is expected to be in May 2004. Until then the existing regulatory regime for mineral rights will remain in place whereby the holder of mineral rights is entitled to mine on obtaining a mining authorisation from South Africa. AngloGold owns substantially all the mineral rights for which it holds mining authorisations. The MPRDA vests custodianship of South Africa's mineral resources in the State, which will issue prospecting rights or mining rights to applicants in the future. The existing common law prospecting, mining and mineral rights will cease to exist but transitional arrangements are provided in order to give holders of existing rights the opportunity to

convert their current rights into new rights.

Where AngloGold holds mineral rights and mining authorisations and is conducting mining operations on the date on which the MPRDA comes into effect, it will be able within five years from the date of effectiveness

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of the MPRDA to submit the old rights and authorisations for conversion to new mining rights. AngloGold will need to submit a mining work programme and thereby to substantiate the area and period of the new rights, and also to comply with the requirements of the Charter as described below. A similar procedure applies where it holds prospecting rights and a prospecting permit and is conducting prospecting operations, but AngloGold must apply for conversion to new prospecting rights within two years from the date of effectiveness of the MPRDA for which purpose a prospecting work programme must be submitted. Where AngloGold holds unused rights, however, it will have one year to apply for new prospecting rights or mining rights, the requirements which are more stringent than for conversion, requiring, for example, non-concentration of resources, fair competition, no exclusionary effects, and proof of financial and technical ability.

Even where new rights are obtained under the MPRDA, these rights will not be equivalent to the existing rights. The area covered by the new rights may be reduced by the State if it finds that the prospecting or mining work programme submitted by an applicant does not substantiate the need to retain the area covered by the old rights. The duration of the new rights will no longer be perpetual but rather, in the case of new mining rights, for a maximum of 30 years with renewals of up to 30 years each and, in the case of prospecting rights, up to five years with one renewal of up to three years. The MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition, and non-exclusion of others. In addition, the new rights will only be transferable subject to the approval of the Minister of Minerals and Energy. Mining or prospecting must commence within one year or 120 days, respectively, of the mining right or prospecting right becoming effective, and must be conducted continuously and actively thereafter.

The new rights can be suspended or cancelled by the Minister of Minerals and Energy on breach or, in the case of a mining right, on non-optimal mining in accordance with the mining work programme.

New Royalty Bill

- The new rights will be subject to a State royalty calculated on gross revenue as proposed in the draft Mineral and Petroleum Royalty Bill, 2003, which was released in March 2003 for comment, and which proposes a royalty payment of 3% of gross revenue per annum, payable quarterly, in the case of gold. As proposed, royalty payments will commence upon the conversion and granting of a new mining right. AngloGold and other members of the South African mining community have submitted comments on the draft bill to the relevant authorities. These comments included recommendations for a profit-based rather than a revenue-based royalty and in order not to delay the conversion of mineral rights from old to new order mining rights, that the proposed royalty should only become payable from a fixed date being five years after the MPRDA takes effect, which date is the final date for the conversion of old order to new order mining rights under the MPRDA. In addition, a reduction in the royalty rate from that proposed in the draft Mineral and Petroleum Royalty Bill has been proposed. On 18 February 2004, in the Budget Speech for the 2004 fiscal year, the South African Minister of Finance announced several refinements to the draft Mineral and Petroleum Royalty Bill. These include a delay in the introduction of the royalty to five years after the introduction of the MRPDA and confirmation of the South African Government's preference for a revenue-based royalty. It was further indicated that the royalty regime would take cognisance of the mining sector's diverse production and profitability dynamics with differential rates to apply to marginal mining operations. The proposed royalty will have an adverse
- The MPRDA calls for a Charter to be developed by the Minister of Minerals and Energy within six months of commencement of the Act, the content of which has largely been agreed with mining industry representatives (including AngloGold), and with representatives of other stakeholders. The Charter's stated objectives include the:

expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;

impact upon AngloGold's profitability as currently no royalty is payable.

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expansion of the skills base of such persons;

promotion of employment and advancement of the social and economic welfare of mining communities; and

promotion of beneficiation, or the crushing and separation of ore into valuable substances or waste within South Africa.

The Charter requires that each mining company achieve 15% ownership by historically disadvantaged South Africans of its South African mining assets within five years

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and 26% ownership within ten years. It contemplates that this will be achieved by, amongst other things, disposals of assets by mining companies to historically disadvantaged persons on a willing seller-willing buyer basis at fair market value. In addition, the Charter requires mining companies to formulate plans for achieving employment equity at management level with a view to achieving 40% participation by historically disadvantaged persons in management and 10% participation by women in the mining industry, each within five years. When considering applications for the conversion of existing rights, the State will take a scorecard approach, evaluating the commitments of each company to the different facets of promoting the objectives of the Charter. The draft scorecard was published by the South African government in February 2003.

AngloGold fully supports the principle that the mining industry and the wider South African economy have to find ways of dealing with the legacy of the country's history in a manner that promotes economic development and growth. AngloGold has made progress in adjusting the ownership structure of its South African mining assets and the composition of its management consistent with the Charter's spirit. It believes that it is well placed to meet the Charter's targets in accordance with the scorecard.

AngloGold has completed a number of asset sales to companies owned by historically disadvantaged persons in the past four years, which meet the requirements of the Charter and the scorecard. According to AngloGold's estimates based on operating data for the 12 months ended 30 September 2003, these transactions transfer 22.4% of its attributable units of production in South Africa to historically disadvantaged persons. However, AngloGold would expect the State to conduct its own assessment of these transfers when it submits its conversions or applications for acquisition of new rights to replace its existing rights. In addition, it is continuing to evaluate alternative ways in which to achieve the objectives of the Charter through, for example, forms of broad-based equity ownership by historically disadvantaged entities, groups or individuals, including employee share ownership and empowerment unit trusts

AngloGold believes that it has made significant progress towards meeting the requirements of the Charter and the scorecard in human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation. It will also reflect these results when it lodges its conversions or applications for acquisition of new rights to replace its existing rights. The performance under the criteria set by the Charter and the scorecard will be assessed by the State upon the occurrence of such lodgements or applications. Details of the State's methodology for calculating performance regarding to beneficiation have, however, not yet been made public. Failure on the part of AngloGold to comply with the requirements of the Charter and the scorecard could subject AngloGold to negative consequences.

AngloGold may also incur expenses in giving additional effect to the Charter and the scorecard, including costs which it may incur in facilitating the financing of initiatives towards ownership by historically disadvantaged persons as part of the industry-wide commitment to assist such persons in securing financing of R100 billion during the first five years of the Charter's life. There is furthermore no guarantee that any steps AngloGold might take to comply with the Charter would ensure that it could successfully acquire new mining rights in place of its existing rights. In addition, the terms of such new rights may not be as favourable to AngloGold as the terms applicable to its existing rights. Based on present indications, however, AngloGold believes that it should be able successfully to acquire new rights on reasonable terms.

The MPRDA also imposes on mining companies additional responsibilities relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. AngloGold has a policy of evaluating, minimising and addressing the environmental consequences of its activities and, consistent with this policy and the MPRDA, has undertaken a review of the environmental costs and liabilities associated with its South African operations in light of the new, as well as the existing, environmental requirements. While this examination could result in an increase in AngloGold's compliance costs and accruals for environmental remediation following the proposed merger with Ashanti, it is not certain at this stage whether these costs or liabilities will have a material adverse effect on AngloGold's financial condition or results of operations.

A majority of AngloGold's mineral reserves and deposits and mining operations are located in countries that face political and economic risks.

The mineral deposits and mining operations of AngloGold are located mainly in Africa and, to a lesser extent, South American countries. Countries in these regions, to a greater or lesser extent, have experienced political instability and economic uncertainty in the past. More recently, certain of the countries in which AngloGold operates and in particular South Africa, have achieved greater political and economic stability. Nevertheless, in

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some of the countries where AngloGold operates, government policy may be unpredictable, and the institutions of government and market economy may be unstable and subject to rapid and unpredictable change.

Any existing and new mining operations and projects carried out by AngloGold in these countries are and will be subject to various national and local laws, policies and regulations governing the prospecting, developing and mining of mineral reserves, taxation, exchange controls, investment approvals, employee relations and other matters. If, in one or more of these countries, AngloGold could not obtain or maintain necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal or fiscal regimes or the governing political authorities change materially, its financial position could be adversely affected.

In South Africa, on 18 February 2004, in the Budget Speech for the 2004 fiscal year, the Minister of Finance announced that due to the new regulatory system for the mining rights in terms of the MRPDA and accompanying royalty dispensation under the draft Mineral and Petroleum Royalty Bill, it has become imperative to reassess holistically the current fiscal regime as applicable to the mining and petroleum industries in South Africa, including tax depreciation, rate differentiation for mining sectors, allowable deductions and exemptions from Secondary Tax on Companies in terms of South Africa's income tax regime. Also due for review is the gold mining tax formula, which provides income tax exemption and relief from Secondary Tax on Companies for gold mines despite the existence of profit. The impact of these proposed reviews is unknown at this stage and any material adverse change arising from there could have an adverse impact upon the financial position of AngloGold.

In certain circumstances, AngloGold will be required to seek the consent of regulators and other governmental authorities before it can undertake significant transactions, such as disposals of assets. It may not be able to obtain these consents expeditiously or at all.

Labour disruptions in South Africa and other

countries could have an adverse effect on

AngloGold's operating results and financial condition.

As at 31 December 2003, approximately 87% (2002: 88%) of AngloGold's workforce was located in South Africa. More than 75% of the workforce on its South African operations is unionised, with the National Union of Mineworkers (NUM) representing the majority of unionised workers. AngloGold's employees in some South American countries are also highly unionised. In the past, trade unions have had a significant impact on AngloGold's collective bargaining process, as well as on social and political reforms, most notably in South Africa. In 1987, the NUM embarked on a three-week strike in support of a wage demand. Since then AngloGold and the industry have not experienced any work stoppages due to wage negotiations. It has become practice to negotiate wages and conditions of employment with the unions every two years, through the Chamber of Mines of South Africa. The most recent settlement negotiation was completed in July 2003, when the parties reached an agreement covering the period from 1 July 2003 to 30 June 2005. Furthermore, AngloGold has instituted a number of processes at both mine and at company level, whereby management and unions interact regularly and address areas of difference as they arise. It is uncertain whether labour disruptions will be used to advocate labour, political or social causes in the future. Should any labour disruptions occur, if

material,

they could have an adverse effect

on AngloGold's results of operations and financial condition.

AngloGold faces certain risks in dealing with HIV/AIDS which may have an adverse effect on its operations. AIDS and tuberculosis (which is exacerbated in the presence of HIV/AIDS) remain the major health care challenges faced by AngloGold's South African operations. A significant portion, approximately 30%, of its South African workforce is believed to be infected with the HI virus. AngloGold is continuing to develop and implement various programmes aimed at helping those who have been infected with HIV and preventing new infections. On 14 November 2002, it announced that it had begun implementing a monitored pilot anti-retroviral therapy programme for volunteer employees in South Africa who are infected with HIV. The pilot programme involved offering a triple

combination drug regimen, known as a drug cocktail, to 200 Wellness Clinic patients (being AngloGold employees) that met the medical eligibility criteria for starting treatment. From April 2003, it commenced a roll-out of the treatment to all eligible employees desiring it.

At this stage, the drug cocktail alone costs approximately \$70 per participating employee per month. It is not yet possible to develop an accurate cost estimate of the programme in its entirety, given uncertainties such as drug prices and the ultimate rate of employee

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participation. Based on its estimates, AngloGold believes that the cost of managing and treating the impact of the HIV/AIDS epidemic would be significantly lower than the cost of ignoring it and failing to take measures to manage and treat it.

AngloGold does not expect the cost that it will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect its operations and profitability. Nevertheless, it is not possible to determine with certainty the costs that it may incur in the future in addressing this issue, and consequently, its operations and profitability could be adversely affected.

The occurrence of events for which AngloGold is not insured or for which its insurance is inadequate may affect its cash flows and overall profitability.

AngloGold maintains insurance to protect only against catastrophic events which could have a significant adverse impact on its operations and profitability. This insurance is maintained in amounts that are believed to be reasonable depending upon the circumstances surrounding each identified risk. However, AngloGold's insurance does not cover all potential risks associated with its business. In addition, AngloGold may elect not to insure for certain risks, due to the high premiums associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, AngloGold may not be able to obtain insurance coverage at acceptable premiums. AngloGold has a captive insurance company, namely AGRe Insurance Company Limited, which participates at various levels in certain of the insurances maintained by AngloGold. The occurrence of events for which it is not insured may adversely affect AngloGold's cash flows and overall profitability.

## **Insider trading**

AngloGold does not permit directors and key employees (that is, employees having access to price sensitive information) to trade in company shares during closed periods. Key employees trading in company shares are required to notify and obtain the necessary consent from the company secretarial function which determines whether such trading is permissible. A list of persons regarded as key employees for this purpose has been approved by the board and is revised from time to time. Directors wishing to trade in the company shares are required to notify and obtain the necessary consent from the chairman of the Remuneration Committee, or his or her deputy. The chairman of the Remuneration Committee,

or his deputy, consults with the managing secretary to determine if the trading is permissible. Closed periods are operated prior to the publication of the quarterly, half-yearly and year-end results. Where appropriate, a closed period is also operative during periods where major transactions are being negotiated and a public announcement is imminent.

## **Employee participation**

The company has in place a variety of strategies and structures, designed to promote employee participation. These strategies and structures are further developed and adapted from time to time to meet variations in operational requirements and to accommodate changing circumstances. Management and employee representatives meet in formal and informal forums at company and operational levels to share information and to address matters of mutual interest.

#### **Employment equity and development**

In October 2003, AngloGold submitted its third annual employment equity report to the Department of Labour on progress made with the implementation of the company's employment equity plan in respect of its South African operations. The 2003 report indicates that continued progress has been made year-on-year, most notably in the category of technicians and associated professionals, where the percentage of designated employees has increased from 27% to 30%.

The employment equity governance structures and monitoring processes have been entrenched at company and business unit levels. A Mining Charter Steering Committee has been established to lead and direct the overall process of compliance with the charter. Four strategic issues have been identified to enable the company to meet the employment equity objectives:

accelerating progress towards achieving targets;

retention of talented employees;

facilitating the employment of women, and

improving communication with all employees regarding issues concerning employment equity. Measures are being implemented to address these issues. The following is a summary of the 2003 report as required by section 22(1) of the *Employment Equity Act of 1998*.

AngloGold Limited - Annual financial statements 2003

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Corporate governance

(continued)

## Communication

AngloGold subscribes to a policy of full, accurate and consistent communication in respect of both its financial and operating affairs. The company regularly enters into dialogue with institutional and private investors on the basis of the guidelines of promptness, relevance, transparency and substance over form, having due regard to statutory, regulatory and other directives prohibiting the dissemination of unpublished and price- sensitive information by the company and its directors and officers. In addition to the facilities offered by the corporate secretarial function and the company's share registrars, AngloGold has established an investor relations and communications programme in South Africa, Europe, Asia, the United States and Australia, to maintain contact with members of the investing communities and the media around the world.

The company encourages shareholders to attend its general meetings, which provide opportunities for shareholders to ask questions of the board, including the chairmen of the various standing committees of the board, or their representatives.

International media and investor briefings, which include telephonic and web-based conference calls, are held when the company's results are announced at quarterly intervals and when events require disclosure and discussion. The company also has a website containing up-to-date information.

Copies of all corporate presentations are posted onto the company's website. In addition, shareholders are informed at the meeting of the results of voting, in person and by proxy, in respect of all ordinary and special resolutions proposed under special business at the meeting.

Executive directors also hold face-to-face meetings with the company's institutional shareholders around the world during the year to discuss company performance and the proposed merger between AngloGold and Ashanti. Equally high value is placed on the process of internal communication to all employees at the company's corporate office and operating units.

**Employment Equity Report** 

2003

2002

**Total** 

%

**Total** 

%

### **Occupational**

**Black** 

White

Black

White

desig-

desig-

Black

White

Black

White

desig-

desig-

categories

**Total** 

males

males femalesfemales

nated

448 27 Clerks 1,218 684 220 89 225 998 82 1,165 662 192 80 231 973 84 Craft and related trades workers 3,583 1,629 1,733 48 173 1,850 52 3,523 1,553 1,768 37 165 1,755 50 Plant & machine operators and assemblers 5,458 5,187 81 135 55 5,377 99 5,313 5,085 60 120 48 5,253 99

Elementary occupations

26,142 25,642 132 364 4 26,010 99 26,149 25,830 80 236 3 26,069 100 Total permanent 39,165 33,548 4251 660 706 34,914 89 38,820 33,488 4,167 496 669 34,653 89 Non-permanent employees 7,996 7,085 730 155 26 7,266 91 6,414 5,691 687 32 5,727 89 Total 47,161 40,633 4,981 815 732 42,180 45,234 39,179 4,854 528 673 40,380 89

The category Blacks includes Coloureds and Indians. Included in the above are 556 people with disabilities. The above employee numbers are as at 1 August 2003 and exclude AngloGold Health Services as they submit a separate

report to the Department of Labour.

### Corporate governance

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### Sustainable development

AngloGold continues to be committed to sustainable development in all the regions in which it operates. An innovation is that the company's 2003 Report to Society is published as a web-based document simultaneously with this report. It can be accessed from the home page of the company's website and is designed to enable easy access to the reader's particular area of interest, either in terms of geographical area or discipline. Also, for the first time, key aspects of this report have been reviewed by independent auditors, Pricewaterhouse Coopers.

During the year the company participated in the inaugural JSE *Socially Responsible Investment Index*. AngloGold welcomes the initiative shown by the JSE and awaits the publication of its index during the first half of 2004. For the second year in a row AngloGold participated in the Edward Nathan and Friedland (ENF) *Sustainability Index*. Both the JSE and ENF indices seek to examine the performance of participating companies in terms of each company's triple bottom line, that is each company's attitude and actions in respect of the environment, society and economy, or in the words of the World Summit for Sustainable Development, 2002, "planet, people, prosperity". In the inaugural 2002 ENF *Sustainability Index*, AngloGold was ranked first in the sustainability assessment. Further details on AngloGold's activities in respect of each of its regions is available under the Review of Operations, at pages 18 to 30 of this report. Details of the company's actions in respect of HIV/AIDS, beneficiation, social investment and code of ethics are also available from the company website in the Report to Society.

## Company ethics and business

### principles

The company is committed to the highest standards of integrity, and ethical and legal conduct in dealings with all its stakeholders. Principles of corporate business conduct, which outline the ethical and professional management practices that AngloGold upholds, have been adopted by the board. Individuals and entities doing business with AngloGold are expected to observe the same level of commitment to group integrity. The dissemination of these principles of business conduct to all levels of employees at all regions is in progress. These principles are available on the company website. The company is confident that these principles are being adhered to.

Business principles detailing the company's approach to community and social development issues and its labour practices have also been formulated on a group-wide basis. These principles were in the process of being further refined with internal stakeholders during 2003. This will continue in 2004, and will be the subject of a comprehensive internal communications campaign during 2004 and beyond.

In addition, a policy providing for the confidential reporting of acts of fraud, dishonesty, and other acts of an unethical and illegal nature was finalised. The procedures and mechanisms for such reporting are already functional, and permit the confidential reporting via facsimile, anonymous e-mail and a toll-free telephone facility to the group internal audit manager, who is functionally and operationally independent of management. Once a report is made, the matter will be investigated and appropriate action taken. Information on the reporting mechanisms and the policy on such reporting will be communicated to all employees by means of a roll-out campaign and through the company intranet.

As the company's code of ethics and confidential reporting policy and programmes have been newly introduced, it is still early to gauge the extent to which there is adherence to the company's ethical standards. AngloGold will be able to assess the actual levels of adherence to its ethics once the confidential reporting policy has had time to filter through to employees. The findings of the internal and external audit functions have revealed no significant breaches of the company's ethics. The company is, therefore, confident that there is a high level of adherence to its ethical

#### **Access to information**

The company has complied with its obligations in terms of the South African *Promotion of Access to Information Act of 2000*, and the company's manual is available from the company website and the company secretarial department.

### **Sponsor**

standards.

UBS acts as sponsor to the company in compliance with the Listings Requirements of the JSE.

AngloGold Limited - Annual financial statements 2003

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Remuneration report

Executive remuneration for the company is determined and monitored by the Remuneration Committee which comprises five non-executive directors. The committee has set the Executive Remuneration Policy for AngloGold as follows:

.

to attract, reward and retain executives of the highest calibre;

•

to align the behaviour and performance of executives with the company's strategic goals and in the overall interests of shareholders;

•

to ensure the appropriate mix of short-, medium- and long-term rewards and incentives, with the latter being closely linked to structured company performance targets and strategic objectives; and

•

to ensure that, within regions, management is competitively rewarded within a global remuneration policy, which recognises both local and global markets.

In particular the Remuneration Committee is responsible

for:

.

the specific remuneration packages for executive directors of the company including basic salary, performance-based short- and long-term incentives, pensions, and other benefits; and

•

the operation of the company's share option scheme.

### **Membership of the Remuneration**

#### **Committee**

The Remuneration Committee has included the following non-executive directors during the period since the previous annual general meeting:

.

Russell Edey (Chairman)

.

Colin Brayshaw (appointed July 2003)

٠

Nicky Oppenheimer

٠

Julian Ogilvie Thompson

.

Tony Trahar

The committee met three times during 2003. The chief executive officer and the executive officer responsible for human resources attend the meetings but are not present when their own benefits are discussed.

During the year, advice was received from Deloitte and Touche LLP following a survey they conducted on AngloGold's behalf of best practices in executive remuneration in the global resources sector, with particular emphasis on gold mining.

The following principles are used in the determination of executive remuneration:

1. Annual remuneration should be a combination of

base pay and short-, medium- and long-term incentives, with salary comprising about 50% of annual remuneration.

- 2. Salary, should be set at the median for the relevant competitive markets.
- 3. All incentive plans should align performance targets with shareholder interests.

Currently, executive director remuneration comprises the following elements:

- 1. Salary which is subject to annual review by the
- Remuneration Committee and is set at the median of salaries in the relevant competitive markets in South Africa and globally. The individual salaries of executive directors are reviewed in light of their own performance, experience, responsibility and company performance.
- 2. Annual bonus, which is determined by the achievement of a set of company and individual performance targets. The company targets include earnings per share, cost control and global production. The weighting of the respective contribution of company and individual targets is 70% for company and 30% for individual. The Remuneration Committee has the right to adjust the overall level of bonus of executive directors, particularly in the light of the company's annual safety performance and of the specific contribution of individual executive directors to the company's success.

### Remuneration report

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- 3. Share option scheme, which allows for an annual
- grant of AngloGold share options based on the achievement of pre-determined performance targets similar to those used for the annual bonus. Options granted are subject to the achievement of a performance condition set by the Remuneration Committee, and are subject to a maximum equivalent to annual salary for any executive director.
- 4. Pensions: all executive directors are members of
- the AngloGold Pension Fund, a defined benefit fund which guarantees a pension on retirement equivalent to 2% of final basic salary per year of service. Death and disability cover reflects best practice amongst comparable employers in South Africa.
- 5. Other benefits: executive directors are members of the AngloGold Medical Scheme, which covers the director and his immediate family.

### Long-term incentive plan

The committee resolved to investigate the introduction of a long-term incentive plan in 2005, subject to shareholder approval.

### **Directors' service contracts**

Service contracts of executive directors are reviewed annually. The contractual notice period in respect of Bobby Godsell, as chief executive officer, is 12 months, and for the other three executive directors, six months. The contracts also deal with compensation if employment is terminated or a material change in role, responsibilities or remuneration occurs. Compensation in these circumstances is pegged at twice the notice period.

#### **Directors' emoluments**

The salaries and benefits of executive directors, who receive no fees as members of the AngloGold Board, and the fees paid to non-executive directors, are shown in the tables on pages 64 to 66.

### Non-executive directors' remuneration

The remuneration and fees of non-executive board members are reviewed from time to time to ensure that they remain competitive and that they attract individuals

of the appropriate reputation and experience to the board. The executive directors are responsible for conducting this review and making recommendations accordingly.

To this end, at the annual general meeting to be held on Thursday, 29 April 2004, shareholders will be requested to consider an ordinary resolution to approve the following:

an increase in the fees payable to directors of the company from R100,000 to R110,000 per annum, provided that directors who are non-residents of South Africa will receive US\$16,000 per annum;

an increase in the fee payable to the deputy chairman of the board from R150,000 to R300,000 per annum;

an increase in the fee payable to the chairman of the board from R200,000 to US\$130,000 per annum, provided that the chairman is a non-resident of South Africa; and

an increase from US\$2,000 to US\$4,000 in the additional travel allowance payable to directors who travel internationally to attend board meetings.

## Remuneration report (continued) AngloGold Limited - Annual financial statements 2003 All figures have been stated to the nearest R000. Pre-tax Per-**Pension** gains formance scheme on share related contri-Other Suboptions Salary payments **butions** benefits total exercised **Total Executive Directors' remuneration 2003** R M Godsell (Chief Executive Officer) 5,386 2,459 684 120 8,649 8,649 J G Best 2,862 857 365 53 4,137 4,932 9,069 D L Hodgson 2,862 857 365 61 4,145 1,845 5,990 K H Williams 2,972

102 4,381 291 4,672 Total 14,082 5,100 1,794 336 21,312 7,068 28,380 **Executive Directors' remuneration 2002** R M Godsell (Chief Executive Officer) 4,217 1,295 496 283 6,291 6,291 J G Best 2,476 928 300 32 3,736 2,130 5,866 D L Hodgson 2,475 678 300 100 3,553 2,972 6,525 K H Williams 2,673 898 333 150 4,054 2,154 6,208 Total 11,841 3,799 1,429 565

17,634

7,256 24,890 **Non-executive Directors' remuneration Directors' Committee Travel Directors' Committee** Travel\* fees fees allowance **Total** fees fees allowance **Total** R P Edey (Chairman) Dr T J Motlatsi (Deputy Chairman) F B Arisman Mrs E le R Bradley 

```
190
C B Brayshaw
100
65
17
182
83
47
130
Dr V K Fung
(resigned 30 April 2003) 33
10
43
83
30
20
133
A W Lea
100
30
130
83
28
111
W A Nairn
100
110
210
83
104
187
J Ogilvie Thompson
100
30
130
83
30
113
N F Oppenheimer
100
30
```

A J Trahar

\_

-

Total

1,183

2,052

1,024

1,846

# Remuneration report 65 2003 2002 **Directors' Committee Travel Directors' Committee** Travel\* fees fees allowance **Total** fees fees allowance **Total** Alternates D D Barber 17 17 P G Whitcutt 15 15 30 30 Total 15 17 32 30 Fees paid to a former non-executive director D M J Ncube 60\*\*

## Total 60 60 Grand total 1,183 745 156 2,084 1,024 789 123 1,936 Introduced with effect from 1 May 2002. Prior years' adjustment. Executive directors do not receive payment of directors' fees and committee fees. **Share incentive scheme** Options to subscribe for ordinary shares in the company granted to, and exercised by, executive directors, executive officers and managers during the year to 31 December 2003, and subsequent to year end, are included in the table below: **Executive directors and senior managers** R M J G **D**L KH **Executive** Other Godsell **Best** Hodgson Williams **Total** officers managers **Total** Granted as at 1 January 2003 Number 194,300 74,100 83,700 82,100

434,200 225,600 2,678,580 3,338,380

```
Average exercise price per share - R
123.80
141.10
152.15
129.98
133.39
173.74
196.12
186.45
Granted during year
Number
16,000
10,500
10,500
10,500
47,500
24,000
1,168,200
1,239,700
Average exercise price per share - R
221.90
221.90
221.90
221.90
221.90
221.90
221.90
221.90
Exercised during year
Number
25,800
9,600
1,500
36,900
58,200
412,920
508,020
Average exercise price per share - R
104.96
104.00
104.00
104.67
163.21
119.10
123.10
Average market price per share at
date of exercise
- R
```

```
296.11
296.18
297.87
296.20
271.97
285.82
284.99
Pre-tax gain at date of exercise
- R value
4,931,703
1,844,955
290,808
7,067,466
6,329,730 68,841,924 82,239,120
- average
R per share
191.15
192.18
193.87
191.53
108.76
166.72
161.88
Lapsed during year
Number
16,000
134,100
150,100
Average exercise price per share - R
159.60
245.47
236.32
Held as at 31 December 2003
Number
210,300
58,800
84,600
91,100
```

444,800

175,400
3,299,760
3,919,960
Average exercise price per share - R
131.27
171.38
166.27
141.00
145.22
185.12
212.88
203.96
Latest expiry date
2 May
2013
2013
2013
2013

# **Executive directors and senior managers** R M J G D L ΚH **Executive** Other Godsell Best Hodgson Williams **Total** officers managers **Total** Subsequent to year-end Granted Number Average exercise price per share - R Value - R **Exercised Number** 30,000 30,000 73,200 103,200 Average exercise price per share - R 104.00 104.00

```
116.99
113.21
Value
- R
3,120,000
3,120,000
8,563,520 11,683,520
Average market price per share at date of exercise
- R
290.95
290.95
301.22
298.24
Value
- R
8,728,607
8,728,607
22,049,566 30,778,173
Pre-tax gain at date of exercise Value
5,608,607
5,608,607
- 13,486,046
             19,094,653
Average R per share
186.95
186.95
184.24
185.03
Lapsed Number
5,600
5,600
Average exercise price per share
- R
```

```
253.77
253.77
Value
- R
1,421,120
1,421,120
Held as at 24 February 2004 Number
210,300
58,800
84,600
61,100
414,800
175,400
3,220,960
3,811,160
Average exercise price per share
- R
131.27
171.38
166.27
159.17
148.20
185.12
214.99
206.35
Value
- R 27,605,600
10,077,100 14,066,100
9,725,100 61,473,900 32,469,300 692,470,980 786,414,180
Latest expiry date
2 May
2 May
2 May
2 May
2 May
2 May
2013
          2013
                      2013
2013
2013
2013
Remuneration report
(continued)
AngloGold Limited - Annual financial statements 2003
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Directors' report

**67** 

Directors' report

#### **Nature of business**

AngloGold Limited conducts mining operations in Africa, North and South America and Australia and undertakes exploration activities worldwide. In addition, the company is involved in the manufacturing, marketing and selling of gold products, as well as the development of markets for gold.

#### **Ashanti Goldfields Company Limited**

Following the initial announcement in May 2003 regarding the proposed merger between AngloGold and Ashanti Goldfields Company Limited, the detailed terms were announced on 4 August 2003. Shareholders have continually been updated regarding negotiations with Ashanti and other parties involved in the transaction. It is proposed that, subject to a scheme of arrangement being approved by Ashanti shareholders and the High Court of Ghana, Ashanti shareholders will be entitled to receive 29 AngloGold shares for every 100 Ashanti shares held. AngloGold shareholders in general meeting will be asked to approve a change of name of the company to AngloGold Ashanti Limited. A separate circular will be sent regarding the change of name and, assuming all approvals are received, the merger is expected to be effective and the name changed on 26 April 2004.

#### **Holding company**

The company's holding and ultimate holding companies are respectively:

Anglo South Africa Capital (Proprietary) Limited

.

Anglo American plc (incorporated in England and Wales)

The effective shareholding of Anglo American plc in the issued share capital of the company at the undermentioned dates was as follows:

**24 February 2004** 

**31 December 2003** 

**31 December 2002** 

Ordinary shares held

Number

122,863,176

121,502,197

114,457,368

Percentage

55.04

54.45

51.41

#### **Share capital**

There was no change to the authorised share capital of the company during 2003. The authorised ordinary share capital of AngloGold is R100m in 400m shares of 25 cents each.

The following are the movements in the issued and unissued ordinary share capital from the beginning of the accounting period to the date of this report:

**Issued** 

2003

2002

Number of

Number of

shares

Rand

shares

Rand

At 1 January

# 222,622,022 55,655,506 215,268,116 53,817,029 Issues during year Issue of shares in terms of - Normandy top-up facility\* 127,156 31,789 - Normandy share-swap\* 6,403,236 1,600,809 - AngloGold odd-lot offer 278,196 69,549 Exercise of options by participants in the - AngloGold Share Incentive Scheme 508,020 127,005 478,720 119,680 - Acacia Employee Option Plan 6,300 1,575 66,598 16,650 At 31 December 223,136,342 55,784,086 222,622,022 55,655,506 Issues subsequent to year-end Exercise of options by participants in the AngloGold Share Incentive Scheme 103,200 25,800 At 24 February 2004 223,239,542 55,809,886

Arising from the offer by AngloGold to shareholders of Normandy Mining Limited, a gold mining company registered in Australia, to acquire the entire issued share capital of Normandy. As acceptances in respect of this offer constituted only 7.11% of Normandy's issued share capital, with no possibility of AngloGold obtaining majority control of Normandy, the offer closed on 18 January 2002. The company's holding of Normandy shares was disposed of in January 2002 and the proceeds applied towards repaying debt owed by the AngloGold group.

Unissued

2003

2002

Number of

Number of

shares

shares

At 1 January

177,377,978

184,731,884

#### **Issues during year**

514,320

7,353,906

Maximum number of shares available for allocation for purposes of the Share Incentive Scheme

6.136,249

6,122,106

Unissued shares under the control of the directors at 31 December

170,727,409

171,255,872

### Issues subsequent to year-end

103,200

Additional number of shares available for allocation for purposes of the Share Incentive Scheme

2,838

Balance of unissued shares under the control of the directors at

24 February 2004

#### 170,621,371

All the issued A and B redeemable preference shares are held by a wholly owned subsidiary and further details of the authorised, issued and unissued shares, as well as the share premium, are given in note 27 to the group's financial statements.

At the annual general meeting to be held on 29 April 2004, shareholders will be asked to consider an ordinary resolution placing the number of unissued ordinary shares, exclusive of the number of shares reserved for purposes of the Share Incentive Scheme as at that date, under the control of the directors until the next annual general meeting. In terms of the Listings Requirements of the JSE Securities Exchange South Africa (JSE), shareholders may, subject to certain conditions, authorise the directors to issue the shares held under their control for cash other than by means of a rights offer to shareholders. 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, shareholders will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting.

The company has not exercised the general approval to buy back shares from its issued ordinary share capital granted at the annual general meeting held on 30 April 2003. At the next annual general meeting shareholders will be asked to renew the general authority for the acquisition by the company, or a subsidiary of the company, of its own shares. As AngloGold is not incorporated in Australia, the acquisition of its shares by another company or person is not subject to the takeovers and substantial holding provisions of Chapter 6 of the Australian Corporations Act. However, AngloGold is required to comply with those provisions in the case of a bid for an Australian company.

# **American Depositary Shares**

At 31 December 2003, the company had in issue through The Bank of New York as Depositary, and listed on the New York Stock Exchange (NYSE), 36,753,386 (2002: 39,879,957) American Depositary Shares (ADSs). Each ADS is equal to one ordinary share.

At 24 February 2004, there were 36,017,376 ADSs in issue and listed on the NYSE.

AngloGold Limited - Annual financial statements 2003 **68**Directors' report (continued)

#### Directors' report

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#### **Share incentive schemes**

As approved by shareholders, AngloGold operates two share incentive schemes (as detailed below), for the purpose of providing an incentive to executive directors, executive officers and managers 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 such employees by giving them an opportunity to acquire shares in the company. Employees participate in the schemes to the extent that they are granted options and accept them.

The maximum number of ordinary shares that may be allocated for the purposes of the schemes, equivalent to 2.75% of the total number of ordinary shares in issue at that date, is:

**24 February 2004** 

**31 December 2003** 

**31 December 2002** 

6,139,087

6,136,249

6,122,106

The maximum aggregate number of shares which may be acquired by any one participant in the scheme is 300,000. All options which have not been exercised within ten years from the date on which they were granted automatically lapse, unless otherwise stated.

Non-executive directors are not eligible for participation in the share incentive schemes.

AngloGold Share Incentive Scheme

This share incentive scheme provides for the granting of options, based on two separate criteria:

Time-related

Time-related options were approved by shareholders at the general meeting held on 4 June 1998, and amended by shareholders at the annual general meeting held on 30 April 2002.

Time related options granted, may be exercised as follows:

#### Percentage

#### Period after date of grant of options

20

2 years

40

3 years

60

4 years

100

5 years

No further options will be granted under this plan which will terminate on 1 February 2012, being the date on which the last options may be exercised or will expire.

#### Performance-related options

Performance-related options were approved by shareholders at the annual general meeting held on 30 April 2002. Performance related options granted, may be exercised in full, three years after date of grant, provided that the condition on which the options were granted, namely related to the performance of the company, as determined by the directors, are met.

#### Summary

As is required to be disclosed in terms of the AngloGold Share Incentive Scheme and stock exchange regulations, the movement in respect of options granted and the ordinary shares issued as a result of the exercise of options during the period 1 January 2003 to 24 February 2004 was as follows:

#### **Options**

Average exercise

price per

**Ordinary** 

**Time** 

**Performance** 

ordinary shares

related

related

Total

share

issued

At 1 January 2003

2,159,280

1,179,100

3,338,380

R186.45

1,539,320

Movements during year - Granted

-

1,239,700

1,239,700

R221.90

-

- Exercised

508,020

\_

508,020

R123.10

508,020

- Lapsed - terminations

47,600

102,500

150,100

R236.32

-

At 31 December 2003

1,603,660

2,316,300

3,919,960

R203.96

2,047,340

# Subsequent to year-end Exercised 103,200 103,200 R113.21 103,200 Lapsed - terminations 5,600 5,600 R253.77 At 24 February 2004 1,500,460 2,310,700 3,811,160 R206.35 2,150,540 Analysis of options in issue at 24 February 2004: **Holding** Holders Number Value - R000 1 -100 0 0 0 101 -500 0 0 0 501 -1,000 127 112,200 26,946 1,001 -5,000 474 1,239,100 319,170 5,001 -10,000 95 709,900 138,694 10,001 -100,000

```
1,539,660
273,999
Over 100,000
1
210,300
27,605
Total
777
3,811,160
786,414
Directors' report
(continued)
AngloGold Limited - Annual financial statements 2003
70
```

### Directors' report

71

Acacia Employee Option Plan

The company's wholly owned subsidiary, AngloGold Australia Limited (originally Acacia Resources Limited) operated the Acacia Employee Option Plan for certain of its employees. In terms of this plan, on exercising of options, a ratio of seven AngloGold ordinary shares for every 100 options held was applicable. The issue price of the AngloGold shares was calculated using the A\$/R exchange rate ruling on the date of allotment. At 31 December 2003, all options granted in terms of the Acacia Employee Option Plan had been exercised or lapsed and the plan has now been terminated.

The movement in respect of options during the period 1 January 2003 to 31 December 2003 was as follows:

**Average** 

issue

**Equivalent** 

price of

Number

**AngloGold** 

**Ordinary** 

**AngloGold** 

of

ordinary

shares

ordinary

options

shares

issued

shares

At 1 January 2003

90,000

6,300

91,700

R161.02

Movements during year

- Issued

\_

- Exercised

90,000

6,300

6,300

R138.61

- Lapsed

-

At 31 December 2003

-

98,000

R159.58

### **Financial results**

The financial statements set out fully the financial position, results of operations and cash flows of the group and the company for the financial year ended 31 December 2003. A synopsis of the financial results for the year is set out in

the Financial Review on pages 10 to 13.

# **Review of operations**

The performance of the various regions are comprehensively reviewed on pages 18 to 30.

### **Dividends**

Dividend policy

The company's dividend policy is to declare an interim and a final dividend in respect of each financial year and to pay out a high proportion of its earnings after providing for long-term growth. This policy is reviewed by the board from time to time in the light of the group's cash requirements and financial position.

Dividends paid since 1 January 2003: Final Interim Final
dividend dividend dividend number 93 number 94
number 95
Declaration date
30 January 2003 30 July 2003
29 January 2004
Last date to trade ordinary shares cum dividend
14 February 2003
15 August 2003 13 February 2004
Record date
21 February 2003
22 August 2003
20 February 2004 Amount per ordinary share - South African currency (cents)
675
375
335
- United Kingdom currency (pence) 48.43
31.69
26.54
Amount per CDI* - Australian currency (cents)
27.00 15.74
12.77
Payment date
28 February 2003
29 August 2003 27 February 2004
Amount per ADS** - United States currency (cents)
82.12
50.73
49.82 Payment date
10 March 2003
9 September 2003
8 March 2004
* Each CDI (CHESS Depository Interest) is equal to one-fifth of one ordinary share. **
Each ADS (American Depositary Share) is equal to one ordinary share.

Shareholders who have dematerialised their ordinary shares receive payment of their dividends electronically, as provided for by STRATE. For those shareholders who have not yet dematerialised their shares, or who may intend retaining their shareholding in the company in certificated form, the company operates an electronic funds transmission service, whereby dividends may be electronically transferred to shareholders' bank accounts. These shareholders are encouraged to mandate this method of payment for all future dividends.

### **Borrowings**

On 21 August 2003, AngloGold launched and priced an issue of senior unsecured 10.5% bonds due on 28 August 2008 in an aggregate principal amount of R2,000m. The bonds, the proceeds of which are for general corporate purposes, are listed on the Bond Exchange of South Africa.

The company's borrowing powers are unlimited. At 31 December 2003, the group's borrowings totalled \$1,158m, R7,723m (2002: \$926m, R7,938m).

#### **Fixed assets**

On 13 March 2003, AngloGold announced that its wholly owned subsidiary, AngloGold Australia Limited, had signed a new joint venture agreement with Striker Resources NL and De Beers Australia Exploration Limited, to undertake further exploration work covering an area in excess of 17,000km

in the east Kimberley region of Western Australia. An expenditure of \$4.61m (A\$7.75m) entitles AngloGold to a 51% return on income.

On 23 May 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari project to Mineracao Pedra Branca do Amapari, for the total consideration of \$18.2m. The Amapari project is located in the State of Amapa, North Brazil. Since acquiring the property from Minorco, AngloGold has sought to prove up additional reserve ounces in order to get it to a size and life that would justify the management resources needed to run it effectively. This was not achieved and AngloGold, on receiving a fair offer from a purchaser who could constructively turn this orebody to account, agreed to sell.

Directors' report

(continued)

AngloGold Limited - Annual financial statements 2003

Directors' report

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#### **Fixed assets (continued)**

On 6 June 2003, AngloGold announced that it had finalised the sale of its 49% stake in the Gawler Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources Limited. Consideration for the sale comprised cash of \$500,000 (A\$750,000), 1.25m fully-paid Helix shares issued at A\$0.20 per share and 1.25m Helix options exercisable at A\$0.25 per option before 30 November 2003 with an additional payment of \$335,000 (A\$500,000) deferred to the delineation of a mineable resource of 350,000 ounces. Helix's proposed acquisition of AngloGold's rights to the Tarcoola Project, 60km to the south, was excluded from the final agreement. This resulted in a restructure of the original agreement terms, as announced on 8 April 2003.

With effect from 30 June 2003, the company disposed of its 70% interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc. In terms of the agreement of sale, Queenstake paid to the Joint Venture partners, AngloGold and Meridian Gold, \$1.5m in cash and 32m shares issued by a subsidiary, Queenstake Resources Limited, with \$6m in deferred payments and \$4m in future royalty payments. Queenstake accepted full closure and reclamation liabilities. During November 2003 AngloGold sold its entire equity interest in Queenstake Resources for a consideration of \$9.4m, resulting in a profit of \$3m.

On 18 September 2003 AngloGold and Gold Fields jointly announced that agreement had been reached on the sale by Gold Fields of a portion of the Driefontein mining area, known as Block 1C11, to AngloGold for a cash consideration of R315m. The area can be accessed from AngloGold's adjacent TauTona mine and is estimated to contain 1.4Mt of reserves at a grade of 12.7g/t, which should result in recoverable gold of 576,000oz.

On 14 November 2003 AngloGold announced that it had entered into an agreement with Greater Pacific Gold Limited, for the sale of its Union Reefs Gold Mine at Pine Creek, which closed in October 2003, together with associated assets and tenements. The staged purchase consideration for these assets is A\$6.2m. The effective date of sale has not yet been finalised.

On 24 November 2003, AngloGold announced its agreement to sell its Western Tanami Project to Tanami Gold NL for a staged payment of A\$9m, the receipt of 25m Tanami Gold shares and the payment of a royalty based on production. In November, an initial payment of A\$250,000 was received and in January 2004, a cash payment of A\$3.75m and the 25m shares were received. AngloGold Australia is currently Tanami Gold's largest shareholder with a 10.25% interest. The Western Tanami Project comprises an established exploration camp and associated equipment, a number of exploration licences in northern Western Australia and includes the Coyote gold deposit.

#### **Investments**

Particulars of the group's principal subsidiaries and joint venture interests are reflected on page 148.

### Events subsequent to the balance sheet

In February 2004, AngloGold's wholly owned subsidiary incorporated in the Isle of Man, AngloGold Holdings plc, issued \$1,000m 2.375% Guaranteed Convertible Bonds due 2009. The bonds, which are guaranteed by AngloGold, are convertible into AngloGold American Depositary Shares (ADSs) at a strike price \$65 per ADS at the option of the holder. The proceeds of the bonds will be used to repay outstanding indebtedness, to pay transaction costs associated with the proposed merger with Ashanti Goldfields Company and for general corporate purposes, including planned capital expenditure. The bonds have been admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange's market for listed securities. Further information in respect of the bonds is given in note 38 to the group's financial statements.

#### **Material resolutions**

Details of special resolutions and other resolutions of a significant nature passed by the company and its subsidiaries during the year under review, requiring disclosure in terms of the Listings Requirements of the JSE, are as follows:

#### **Nature of resolution**

#### **Effective date**

AngloGold Limited

Passed at the annual general meeting held on 30 April 2003:

General approval for the acquisition by the company, or a

5 May 2003

subsidiary of the company, of its own shares

Amendment to the company's articles of association

5 May 2003

by the deletion therefrom of the present sub-article 63.1 and the substitution in place thereof of the following new sub-article 63.1: "on a show of hands, every member present in person and entitled to vote shall have only one vote irrespective of the number of shares he holds or represents; and"

\* Mineracao Itajobi Ltda

Change of name to Mineracao AngloGold Ltda

7 November 2003

\*

Incorporated in Brazil.

#### **Annual general meeting**

At the 59th annual general meeting held on 30 April 2003, shareholders passed ordinary resolutions relating to:

the adoption of the annual report for the year ended 31 December 2002;

•

the re-election of Mr F B Arisman, Mr R P Edey, Mr R M Godsell and Dr T J Motlatsi as directors of the company;

the renewal of the general authority placing the unissued ordinary shares of the company under the control of the directors; and

.

the granting of a general authority to issue ordinary shares in the capital of the company for cash, subject to certain limitations in terms of the Listings Requirements of the JSE.

Details concerning the special resolutions passed by shareholders at this meeting are disclosed above.

Notice of the 60th annual general meeting, which is to be held in Johannesburg at 11:00 on Thursday, 29 April 2004, is enclosed as a separate document with the annual report. Additional copies of the notice of meeting may be obtained from the company's corporate contacts and the share registrars or may be accessed from the company's website.

#### Directorate and secretary

The directors retiring by rotation at the forthcoming annual general meeting in terms of the articles of association are Mr J G Best, Mrs E le R Bradley, Mr J Ogilvie Thompson, Mr N F Oppenheimer and Mr A J Trahar. Mr Ogilvie Thompson and Mr Oppenheimer have advised that they wish to retire from the board and, therefore, have not made themselves available for re-election. However, Mr J G Best, Mrs E le R Bradley and Mr A J Trahar, being eligible, offer themselves for re-election.

The names of the directors and alternate directors of the company in office at the date of this report are listed on page 156.

Biographies of the board of directors appear on pages 37 and 38.

There has been no change in the offices of managing secretary and company secretary whose names and business and postal addresses are set out on page 156.

Directors' report

(continued)

AngloGold Limited - Annual financial statements 2003

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### Directors' report

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#### **Directors' interests in shares**

The interests of the directors and alternate directors in the ordinary shares of the company at 31 December 2003, which did not individually exceed 1% of the company's issued ordinary share capital, were:

**31 December 2003** 

**31 December 2002** 

**Beneficial** 

Non-

**Beneficial** 

Non-

**Direct** 

**Indirect** 

beneficial

**Direct** 

**Indirect** 

beneficial

**Executive directors** 

J G Best

R M Godsell

460

- 460

D L Hodgson

- 430

K H Williams

920

920

Total

460

1,350

460

920 **Non-executive directors** F B Arisman 2,000 2,000 Mrs E le R Bradley 23,423 33,027 23,423\* 33,027\* C B Brayshaw R P Edey 1,000 1,000 A W Lea Dr T J Motlatsi W A Nairn

J Ogilvie Thompson 478 478 N F Oppenheimer 8,726 6,426 A J Trahar Total 26,423 42,231 26,423 39,931 **Alternate directors** D D Barber A H Calver 46 P G Whitcutt

#### **Grand total**

460

27,819

42,231

460

27,343

39,931

\*

#### Restated.

There have been no changes in the above interests since 31 December 2003.

A register detailing directors' and officers' interests in contracts is available for inspection at the company's registered and corporate office.

### Group income statement for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 19,267 15,922 Revenue 3 2,116 1,847 18,372 15,264 Gold income 2, 3 2,029 1,761 (12,550)(11,458)Cost of sales (1,526)(1,203)5,822 3,806 503 558 962 861 Non-hedge derivatives 119 92 6,784 4,667 Operating profit 622 650 (258)(273)Corporate administration and other expenses **(36)** (25)(179)(139)Market development costs **(19)** (17)(296)(283)**Exploration costs**

5 (**38**)

```
(28)
446
329
Investment income
44
43
(164)
(167)
Other net expenses
(21)
(16)
(464)
(362)
Finance costs
(49)
(44)
38
Marked-to-market of debt financial instruments
(102)
(122)
Abnormal items
(19)
(10)
5,767
3,688
Profit before exceptional items
10
490
553
(293)
(221)
Amortisation of goodwill
18, 19
(29)
(28)
(145)
Profit (loss) on disposal of assets and subsidiaries
12
10
(13)
331
```

Profit on disposal of investments

335

```
13
45
(327)
Impairment of mining assets
17
(44)
2
Termination of retirement benefit plans
5,331
3,546
Profit on ordinary activities before taxation
472
512
(1,730)
(1,080)
Taxation
14
(142)
(165)
3,601
2,466
Profit on ordinary activities after taxation
330
347
(157)
(130)
Minority interest
(17)
(15)
(5)
Minority interest in abnormal items
9
(1)
3,444
2,331
Net profit
312
332
Adjusted operating profit The operating profit has been adjusted by the following to arrive at adjusted operating profit:
6,784
4,667
Operating profit
622
```

650 (101) (438) Unrealised non-hedge derivatives (12) 6,683 4,229 Adjusted operating profit 559 638 2002 2003 Figures in million Notes

2003 2002

**SA Rands** 

**US Dollars** 

## Group financial statements 77 The net profit has been adjusted by the following to arrive at headline earnings and adjusted headline earnings: 3,444 2,331 Net profit 312 332 293 221 Amortisation of goodwill 18, 19, 33 29 28 327 Impairment of mining assets 17 44 145 (75)(Profit) loss on disposal of assets and subsidiaries (10)13 (331)Profit on disposal of investments 13 (45)(2)Termination of retirement benefit plans 40 Taxation on exceptional items 14 (12)3 3,920 2,379 **Headline earnings** 318 376 Unrealised non-hedge derivatives and marked-to-(101)

(476)

market of debt financial instruments
(69)
(12)
Deferred tax on unrealised non-hedge
35
230
derivatives
14
33
4
3,854
2,133
Adjusted headline earnings
282
368
Earnings per ordinary share (cents)
15
1,552
1,046
Basic
140
150
1,545
1,042
Diluted
139
149
1,767
1,068
Headline
143
169
1,737
957
Adjusted headline
127
166
1,350
710
Dividends declared per ordinary share (cents)
16
101
146
1.3
1.3
Dividend cover based on adjusted headline earnings
1.3
1.1
2002
2003
Figures in million

Notes 2003 2002 SA Rands US Dollars

### Group balance sheet as at 31 December 2003 AngloGold Limited - Annual financial statements 2003 **78 Assets Non-current assets** 19,555 18,427 Mining assets 17 2,764 2,280 3,210 2,749 Goodwill 18 412 374 165 47 Investments in associates 19 7 19 197 **62** Other investments 20 9 23 275 352 AngloGold Environmental Rehabilitation Trust 22 53 32 466 667 Other non-current assets 23 101 55 549 630 Derivatives 37 94 64 24,417

22,934 3,440

	Edgar Filir
2,847	
Current assets	
1,848	
2,050	
Inventories	
24	
307	
216	
2,190	
1,461	
Trade and other receivables	
25	
219	
255	
3,544 <b>3,367</b>	
Cash and cash equivalents	
26	
505	
413	
3	
59	
Current portion of other non-	current assets
23	
9	
-	
1,996	
2,515	
Derivatives	
37	
377	
233	
9,581	
9,452	
<b>1,417</b> 1,117	
33,998	
32,386	
Total assets	
4,857	
3,964	
Equity and liabilities	
12,375	
10,852	
Shareholders' equity	
(1)	
1,628	
1,443	
347	
251	

354

Minority interests

### 53 40 12,722 11,206 1,681 1,483 Non-current liabilities 7,219 5,383 Borrowings 28 807 842 2,008 1,832 **Provisions** 29 275 234 3,445 3,986 Deferred taxation 30 **598** 402 2,028 2,194 Derivatives 37 329 236 14,700 13,395 2,009 1,714 **Current liabilities** 719 2,340 Current portion of borrowings 351 84 2,145 2,339 Trade and other payables 31 350 250

1,124 **164** Taxation

25 131 2,588 2,942 Derivatives 37 441 302 6,576 7,785 1,167 767 33,998 32,386 Total equity and liabilities 4,857 3,964 (1) Shareholders' equity is analysed in the statement of changes in shareholders' equity (see pages 80 and 81). 2002 2003 Figures in million Notes 2003

2002 SA Rands US Dollars

Group financial statements Group cash flow statement for the year ended 31 December 2003 Cash flows from operating activities 19,020 15,712 Cash receipts from customers 2,075 1,808 (10,765)(11,185)Cash paid to suppliers and employees (1,483)(1,050)8,255 4,527 Cash generated from operations 33 592 758 331 245 Interest received 33 32 (169)(232)Environmental contributions and expenditure (31)(16)19 Dividends received from associates 19 1 2 (410)(291)Finance costs (40)(40)681 Recoupments tax received: Free State assets 91 (681)Recoupments tax paid: Free State assets

(91)

```
(1,376)
(780)
Taxation paid
(102)
(131)
6,650
3,478
Net cash inflow from operating activities
453
605
Cash flows from investing activities
Capital expenditure
17
(1,844)
(1,622)
- to expand operations
(215)
(176)
(998)
(1,122)
- to maintain operations
(148)
(95)
11
38
Proceeds from disposal of mining assets
1,544
Net proceeds from disposal of mines
34
140
1,813
Proceeds
164
(269)
Contractual obligations
(24)
(355)
Other investments acquired
(1)
```

(34)

```
1,829
423
Proceeds from disposal of investments
158
(1,060)
Acquisition of shares
(105)
Disposal of subsidiary
34
1
(51)
(133)
Loans advanced
(19)
(5)
175
29
Repayment of loans advanced
4
17
(749)
(2,387)
Net cash outflow from investing activities
(316)
(99)
Cash flows from financing activities
156
63
Proceeds from issue of share capital
10
18
(116)
Share issue expenses
(11)
8,599
2,678
Proceeds from borrowings
362
798
(9,789)
(1,241)
Repayment of borrowings
```

(165)

(912)
(2,821)
(2,476)
Dividends paid
(314)
(260)
(3,971)
(978)
Net cash outflow from financing activities
(107)
(367)
1,930
113
Net increase in cash and cash equivalents
30
139
81
58
Cash in the subsidiary acquired
(1)
9
8
(751)
$\begin{array}{c} (348) \\ \end{array}$
Translation 52
53
75
2,284
3,544  Cook and each equivalents at haziming of year
Cash and cash equivalents at beginning of year 413
191
3,544
3,367
Cash and cash equivalents at end of year
26
<b>505</b>
413
(1)
Where the presentation or classification of an item has been amended, comparative amounts have been reclassified
ensure comparability with the current period. The amendments have been made to provide the users of the financial
statements with additional information.
2002
2003
Figures in million
Notes
2002

2002 SA Rands US Dollars

```
Group statement of changes in shareholders' equity
for the year ended 31 December 2003
AngloGold Limited - Annual financial statements 2003
Balance at 31 December 2001
4
677
12
250
(88)
262
1,117
Net profit
332
          332
Dividends (note 16)
(251)
          (251)
Ordinary shares issued
140
140
Net loss on cash flow hedges removed
from equity and reported in income
61
61
Net loss on cash flow hedges
(105)
(105)
Deferred taxation on cash flow hedges
(29)
Net gain on available-for-sale financial
                    7
7
Acquisition of shares
(3)
Transfer from non-distributable reserves
(1)
1
Translation
                                           3
296
5
(207)
(28)
105
Balance at 31 December 2002
7
      1,113
16
```

43

(185)

449

1,443

Net profit
312
312
Dividends (note 16)
(296)
(296)
Ordinary shares issued
10
10
Net loss on cash flow hedges removed
from equity and reported in income
47
47
Net loss on cash flow hedges
(142)
(142)
Deferred taxation on cash flow hedges
7
7
Net gain on available-for-sale financial
assets
15
15
Net gain on available-for-sale financial
assets removed from equity and reported
in income
(22)
(22)
Net gain on repayment of net investment -
•
Translation 1
319
5
(156)
(27)
112
254
Balance at 31 December 2003
8
1,442
21
(113)
(307)
577
1,628
Notes
27 27
Non-
Foreign
Other
Ordinary

districurrency compre-Share-

share

Share

butable

trans-

hensive

**Retained holders'** 

Figures in million

capital

premium

reserves

**(1)** 

lation

income

**(2)** 

earnings

equity US Dollars

## Group financial statements 81 Balance at 31 December 2001 54 8,086 143 2,999 (1,057)3,132 13,357 Net profit 3,444 3,444 Dividends (note 16) (2,728) (2,728)Ordinary shares issued 1,465 1,467 Net loss on cash flow hedges removed from equity and reported in income 644 644 Net loss on cash flow hedges (1,102)(1,102)Deferred taxation on cash flow hedges (304)(304)Net gain on available-for-sale financial assets 60 60 Acquisition of shares (26)(26)Transfer from non-distributable reserves (5) 5 Translation (2,639)202 (2,437)**Balance at 31 December 2002** 56 9,551 138 360 (1,583)3,853 12,375 Net profit 2,331 2,331 Dividends (note 16) (2,336)(2,336)

Ordinary shares issued	
61	
61	
Net loss on cash flow hedges removed	
from equity and reported in income	
375	
375	
Net loss on cash flow hedges	
(956)	
(956)	
Deferred taxation on cash flow hedges	
(38)	
(38)	
Net gain on available-for-sale financial	
assets	
114	
114	
Net gain on available-for-sale financial	
assets removed from equity and reported	
in net income	
(174)	
(174)	
Net gain on repayment of net investment	
3	
3	
Translation	(1,118)
215	(1,110)
(903)	
Balance at 31 December 2003	
56	
9,612	
138	
(755)	
(2,047)	
3,848	
10,852	
Notes	
27 27	
(1)	
Non-distributable reserves comprise a surplus on disposal of company shares of \$21m, R141m and a negative foreign	
equity reserve of \$nil, R3m.	
(2)	
Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow	
hedges and fair value gains (losses) on	
available-for-sale financial assets until the underlying transaction occurs, upon which the gains or losses are	
recognised in earnings.	
Non-	
Foreign	
041	

Other Ordinary distri-

currency

compre-

Share-

share

Share

butable

trans-

hensive

**Retained holders'** 

Figures in million

capital

premium

reserves

**(1)** 

lation

income

**(2)** 

earnings

equity

**SA Rands** 

Notes to the group financial statements

for the year ended 31 December 2003

AngloGold Limited - Annual financial statements 2003

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1.

## **Accounting policies**

The financial statements are prepared according to the historical cost accounting convention, as modified by the revaluation of certain financial instruments to fair value. The group's accounting policies as set out below are consistent in all material respects with those applied in the previous year. These accounting policies conform with International Financial Reporting Standards (IFRS) and South African Statements of Generally Accepted Accounting Practice.

AngloGold presents its consolidated financial statements in US Dollars. The group's presentation currency is US Dollars since the majority of its sales are in US Dollars. The measurement currency of the various entities within the group depends on where the entity operates and reflects the economic substance of the underlying events and circumstances of that entity.

The following method of translation has been used:

equity items other than net profit at the closing rate on each balance sheet date;

assets and liabilities at the closing rate on each balance sheet date;

income, expenses and cash flows at the average exchange rate; and

resulting exchange differences are included in equity.

To assist investors in South Africa, amounts have also been disclosed in SA Rands. This is supplementary to the information required by IFRS. AngloGold the company, measures and presents its results in SA Rands.

Basis of consolidation

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

The financial statements of subsidiaries and joint ventures are prepared for the same reporting period as the holding company, using the same accounting policies.

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.

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

## Foreign entities

Assets and liabilities (both monetary and non-monetary) of foreign entities are translated at the closing rate. Income statement items are translated at an average rate of exchange for the period. Exchange differences are taken directly to a foreign currency translation reserve.

Acquisition and goodwill arising thereon

Where an investment in a subsidiary, joint venture or an associate is made, any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources, is amortised on a systematic basis which recognises the depletion of resources over the lesser of the life of the mine or 20 years.

The unamortised balance is reviewed on a regular basis and, if impairment in the value has occurred, it is written off in the period in which the circumstances are identified.

Goodwill in respect of subsidiaries and proportionately consolidated joint ventures is disclosed as goodwill. Goodwill relating to associates is included within the carrying value of the investment in associates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Joint ventures

A joint venture is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one or more other venturers under a contractual arrangement. The group's interest in a jointly controlled entity is accounted for by proportionate consolidation.

#### Associates

The equity method of accounting is used for an investment over which the group exercises significant influence and normally owns between 20% and 50% of the voting equity. Associates are equity accounted from the effective dates of acquisition to the effective dates of disposal.

Results of associates are equity accounted from their most recent audited annual financial statements or unaudited interim financial statements. Any losses of associates are brought to account in the consolidated financial statements until the investment in such associates is written down to a nominal amount.

#### Group financial statements

#### 83

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 losses and any other movements in reserves. The carrying value of associates is reviewed on a regular basis and if any impairment in value has occurred, it is written off in the period in which these circumstances are identified.

### Mining assets

Mining assets are recorded at cost less accumulated amortisation and impairments. Cost includes pre-production expenditure incurred during the development of a mine and the present value of future decommissioning costs. Cost also includes finance charges capitalised during the construction period where such expenditure is financed by borrowings.

#### Mine development costs

Capitalised mine development costs include expenditure incurred to develop new orebodies, to define further mineralisation in existing orebodies, to expand the capacity of a mine and to maintain production. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred.

Mine development costs are amortised using the units- of-production method based on estimated proved and probable mineral reserves. Amortisation is first charged on new mining ventures from the date it is capable of commercial production.

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

Stripping costs incurred in open-pit operations during the production phase to remove additional waste are charged to operating costs on the basis of the average life of mine stripping ratio and the average life of mine costs per tonne. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The average life of mine stripping ratio and the

average life of mine cost per tonne is recalculated annually in the light of additional knowledge and changes in estimates. Thus, the cost of stripping in any period will be reflective of the average stripping rates for the orebody as a whole.

### Mine infrastructure

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

#### Land

Land is not depreciated.

#### Mineral rights, dumps and ore reserves

Mineral rights are amortised using the units-of- production method based on estimated proved and probable Mineral Reserves.

Dumps are amortised over the period of treatment.

Ore Reserves are measured mining resources which, when proved and probable, are transferred to mine development costs and amortised from the date on which commercial production begins.

If there is an indication that the recoverable amount of any of the above assets is less than the carrying value, the recoverable amount is estimated and an allowance is made for the impairment in value.

#### Borrowing costs

Interest on borrowings relating to the financing of major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Other borrowing costs are expensed as incurred.

### Leased assets

Assets subject to finance leases are capitalised at cost with the related lease obligation recognised at the same amount. Capitalised leased assets are depreciated over the shorter of their estimated useful lives and the lease term. Finance

lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in finance costs, 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.

Notes to the group financial statements

for the year ended 31 December 2003

AngloGold Limited - Annual financial statements 2003

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Research and exploration expenditure

Research and exploration expenditure is expensed in the year in which it is incurred. When it has been determined that a mineral property can be economically developed, all further pre-production expenditure incurred to develop such property is capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

#### **Inventories**

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

gold in process is valued at the average total production cost at the relevant stage of production;

gold on hand is valued on an average total production cost method;

ore stockpiles are valued at the average moving cost of mining and stockpiling the ore;

by-products, which include uranium oxide and sulphuric acid are valued on an average total production cost method; and

consumable stores are valued at average cost.

A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

**Provisions** 

Provisions are recognised when the group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

The group operates post-retirement medical aid benefit plans, a number of defined contribution pension plans and a defined benefit pension plan.

## Defined contribution plans

Contributions to defined contribution pension and provident funds in respect of services during that year are recognised as an expense in that year.

# Defined benefit plan

The cost of providing benefits to the defined benefit pension plan is determined using the projected unit credit actuarial valuation method. The current service cost in respect of the defined benefit plan is recognised as an expense in the current year. Actuarial gains and losses are recognised as an expense or income systematically over the expected remaining service period of employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

#### Post-retirement medical aid obligation

The cost of post-retirement benefits are made up of those obligations which the group has towards current and retired employees.

The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age. The cost of providing benefits to the post-retirement medical benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses arising in the plan are recognised as income or expense over the expected average remaining service lives of employees participating in the plan where the cumulative amount of such gains and losses exceeds 10% of the greater of the fair value of the plan assets and the present value of the defined benefit obligation.

Environmental expenditure

Long-term environmental obligations comprising decommissioning and restoration are based on the group's environmental management plans, in compliance with the current environmental and regulatory requirements.

#### Decommissioning costs

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced.

Decommissioning costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. When this provision gives access to future economic benefits, an asset is recognised and included within mining infrastructure. The unwinding of the decommissioning obligation is included in the income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The

#### Group financial statements

#### 85

estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Gains from the expected disposal of assets are not taken into account when determining the provision.

#### Restoration costs

The provision for restoration represents the cost of restoring site damage after the commencement of production. Increases in the provision are charged to the income statement as a cost of production.

Gross restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on estimated proved and probable mineral reserves. Expenditure on ongoing restoration costs is brought to account when incurred.

#### **Environmental Rehabilitation Trust**

Annual contributions are made to the AngloGold Environmental Rehabilitation Trust, created in accordance with South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of a mine. The funds that have been paid into the trust fund plus the growth in the trust fund are shown as an asset on the balance sheet.

The environmental rehabilitation obligations in respect of the non-South African operations are not funded through an established trust fund. Bank guarantees and reclamation bonds are provided for some of these liabilities.

## Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following criteria must also be present:

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; and

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.

#### Deferred taxation

Deferred taxation is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at current tax rates.

#### Financial instruments

Financial instruments recognised on the balance sheet include investments, loans receivable, trade and other receivables, cash and cash equivalents, borrowings, derivatives and trade and other payables.

Financial instruments are initially measured at cost, including transaction costs, when the group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument will be derecognised and a gain or loss recognised when the company loses the contractual rights or extinguishes the obligation associated with such an instrument.

On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in income.

On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid for is included in income.

Notes to the group financial statements

for the year ended 31 December 2003

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#### **Derivatives**

The group enters into derivatives to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the future planned gold production of its mines.

IAS39 (AC133) requires that derivatives be treated as follows:

•

Commodity based (normal purchase or normal sale) contracts that meet the requirements of IAS39 are recognised in earnings when they are settled by physical delivery.

.

Where the conditions in IAS39 for special hedge accounting are met the derivative is recognised on the balance sheet as either a derivative asset or derivative liability and recorded at fair value. The group enters into cash flow hedges whereby the effective portion of fair value gains or losses are recognised in equity (other comprehensive income) until the underlying transaction occurs, then the gains or losses are recognised in earnings or included in the initial measurement of the asset or liability. The ineffective portion of fair value gains and losses is reported in earnings in the period to which they relate.

•

All other derivatives are subsequently measured at their estimated fair value, with the changes in estimated fair value at each reporting date being reported in earnings in the period to which it relates.

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information. These estimates are calculated with reference to the market rates using industry standard valuation techniques.

#### **Investments**

Listed investments, other than investments in subsidiaries, joint ventures and associates, are subsequently measured at fair value, which is calculated by reference to the quoted selling price at the close of business on the balance sheet date. Unlisted

investments are shown at fair value, or at cost where fair value cannot be reliably measured. Investments in subsidiaries, joint ventures and associates are carried at cost in the investor's separate financial statements. Investments classified as available-for-sale financial assets are subsequently measured at fair value, with changes in fair value recognised in equity (other comprehensive income) in the period in which they arise. These amounts are removed from equity and reported in income when the asset is derecognised or when there is evidence that the asset is impaired.

## Other non-current assets

Other non-current assets are subsequently measured at amortised cost using the effective interest rate method. *Trade and other receivables* 

Trade and other receivables originated by the group are subsequently measured at amortised cost less allowance for doubtful debts.

## Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are subsequently measured at cost.

## Impairment of financial assets

At each balance sheet date an assessment is made of whether there is any evidence of impairment of financial assets. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised in income for the difference between the recoverable amount and the carrying amount.

#### Financial liabilities

Financial liabilities, other than trading financial liabilities and derivatives, are subsequently measured at amortised cost being the original obligation less principal payments and amortisations. Trading financial liabilities and derivatives are subsequently measured at fair value.

Group financial statements

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2.

## **Segmental information**

Based on risks and returns the directors consider that the primary reporting format is by business segment. The directors consider that there is only one business segment being mining, extraction and production of gold. Therefore the disclosures for the primary segment have already been given in these financial statements.

The secondary reporting format is by geographical analysis by origin and destination.

Geographical analysis by origin is as follows:

Gold Adjusted

Cash

operating

Average

number

**(1)** 

income (m)

operating profit (m)

profit (m)

of employees

2003

2002

2003

2002

2003

2002

2003

2002

**US Dollars** 

South Africa

1,179

930

320

389

379

450

48,078

47,602

East and West Africa

338

329

116

129

**170** 190

2,724

2,276

South America

227

195

93

84

142 126 3,356 2,656 Australia 157 155 28 33 53 56 540 599 North America 128 152 2 3 47 61 741 909 2,029 1,761 559 638 **791** 883 55,439 54,042 **SA Rands** South Africa 8,846 9,718 2,419 4,102 2,853 4,729 East and West Africa 2,535 3,428 881 1,343 1,279 1,988 South America

1,715 2,032 712 878 1,080

1,315 Australia 1,187 1,613 211 343 395 586 North America 981 1,581 6 17 361 631 15,264 18,372 4,229 6,683 5,968 9,249 **Gold production Gold production** (oz 000) (kg) 2003 2002 2003 2002 South Africa 3,281 3,412 102,053 106,106 East and West Africa 981 1,085 30,509 33,754 South America 532 478 16,540 14,854 Australia 432 502 13,425 15,626 North America

390

462

12,141

14,371

5,616

5,939

174,668

184,711

(1)

Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the

current period. The amendments have been made to provide the users of the financial statements with additional information.

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 88 2. **Segmental information (continued)** Net Capital operating assets **Total assets** expenditure **Figures** in million 2003 2002 2003 2002 2003 2002 **US Dollars** South Africa 1,411 1,012 2,439 1,663 246 112 East and West Africa 425 433 741 777 26 27 South America 404 435 **590** 579 43 27 Australia 341 239 668 507 21 31

North America

388

403 419 438 27 74 2,969 2,522 4,857 3,964 363 271 **SA Rands** South Africa 9,407 8,681 16,260 14,262 1,860 1,168 East and West Africa 2,835 3,709 4,940 6,661 200 287 South America 2,692 3,732 3,933 4,965 324 283 Australia 2,273 2,047 4,457 4,354 159 328 North America 2,590 3,461 2,796 3,756

**201**776 **19,797**21,630 **32,386**33,998

# 2,744 2,842 Geographical analysis by destination is as follows: **Gold income US Dollars SA Rands Figures** in million 2003 2002 2003 2002 South Africa 565 601 4,250 6,269 North America 271 144 2,038 1,505 Australia 115 145 867 1,508 Asia 121 907 Europe 569 437 4,280 4,560 United Kingdom 388 434 2,922 4,530

**2,029** 1,761 **15,264** 18,372

### Group financial statements 89 3. Revenue Revenue consists of the following principal categories: 15,264 Gold income (note 2) 2,029 1,761 522 373 Sale of uranium, silver and sulphuric acid 49 50 373 285 Interest receivable (note 6) 38 36 19,267 15,922 2,116 1,847 4. Cost of sales 9,812 9,473 Cash operating costs 1,260 939 291 255 Other cash costs 34 28 10,103 9,728 Total cash costs 1,294 967 30 27 Retrenchment costs (note 11) 4 3 119 97 Rehabilitation and other non-cash costs 12 10,252

9,852

Lugari	mig. Aiv
Production costs	
1,311	
982	
2,566	
1,739	
Amortisation of mining assets (notes 10, 17	and 33)
232	
245	
12,818	
11,591	
Total production costs	
1,543	
1,227	
(268)	
(133)	
Increase in inventories	
(17)	
(24)	
12,550	
11,458	
1,526	
1,203	
5. Exploration costs	
532	
477	
Expenditure incurred during the year	
63	
51	
(236)	
(194)	
Expenditure transferred to mining assets	
(25)	
(23)	
296	
283	
38	
28	
6. Investment income	
Investment income consists of the following	g
principal categories:	
373	
285	
Interest receivable (notes 3 and 33)	
38	
36	
37	
12	
Profit from associates after taxation (note 1	9)
2	
4	
Growth in AngloGold Environmental Reha	bilitation

```
36
32
Trust (note 22)
4
3
446
329
44
43
7.
Other net expenses
Other net expenses consist of the following
principal categories:
(45)
(23)
Foreign exchange loss on transactions other than sales
(3)
(4)
(30)
(4)
Loss on disposal of assets
Post-retirement medical expenses for disposed mines
(49)
(101)
and medical aid shortfall subsidies
(12)
(5)
(17)
Additional retirement provisions
(2)
(124)
(145)
(17)
(12)
Unwinding of decommissioning obligation
(40)
(22)
(note 29)
(4)
(4)
(164)
(167)
(21)
(16)
2002
2003
```

Figures in million

2003 2002 SA Rands US Dollars

# 8. Finance costs 377 231 Finance costs on bank loans and overdrafts 36 73 Finance costs on corporate bond 87 58 Other 8 8 464 362 (Note 33) 49 44 No interest was capitalised during the year (2002: \$nil) 9. Abnormal items Abnormal items consist of the following items: 214 Provision for post-retirement medical liability 33 Reversal of over-provisions in decommissioning (46)(note 29) **(7)** Reversal of over-provision in restoration (46)(note 29) **(7)** 102 Mondi settlement of claim 10 102 122 Abnormal items before taxation 19

10

# **Taxation** - Current taxation on foreign exchange losses 47 59 on borrowings (note 14) 8 5 120 - Deferred taxation (note 14) 19 98 - provision for post-retirement medical liability 15 - over provisions in decommissioning and (42)restoration liabilities 64 - deferred tax asset raised 10 55 **(57)** Abnormal items after taxation (8)5 5 Minorities interest 1 55 (52)Abnormal items after taxation and after minorities **(7)** 5 10. Profit before exceptional items is arrived at after taking account of: Auditors' remuneration (1)8 10

```
- Audit fees
1
1
- Non-audit fees
2
3
- Assurance services
- Tax advisory services
2
- Other*
12
15
2
* Other services include services relating to financial
information technology
Amortisation of mining assets (notes 4, 17 and 33)
2,526
1,694
Owned assets
226
241
40
45
Leased assets
6
4
2,566
1,739
232
245
46
50
Grants for educational and community development
7
4
47
Operating lease charges
6
5
(1)
```

Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

2002

2003

Figures in million

2003

2002

**SA Rands** 

**US Dollars** 

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 90

### Group financial statements 91 11. Employee benefits Employee benefits including executive directors' 4,110 4,321 salaries, wages and other benefits 572 392 Health care and medical scheme costs 241 297 - current medical expenses 39 23 52 66 - post-retirement medical expenses 9 5 210 268 Contributions to pension and provident plans 20 30 27 Retrenchment costs (note 4) 4 3 4,643 4,979 660 443 Actuarial defined benefit plan expense analysis Defined benefit pension plan expense 40 32 - current service cost 4 4 99 116 - interest cost 15 9 (87)(100)- expected return on plan assets (13)

(8)

```
16
- recognised past service cost
(9)
18
- actuarial loss (gain)
3
(1)
Defined benefit post-retirement medical expense
10
3
- current service cost
72
90
- interest cost
12
7
134
- recognised past service cost
18
(3)
- actuarial gain
(153)
- curtailment
(15)
(31)
309
41
(3)
Actual return on plan assets
120
Defined benefit pension plan (note 32)
Refer to directors' report for details of directors'
emoluments
12. Profit (loss) on disposal of assets
and subsidiaries
```

82 Disposal of Jerritt Canyon Joint Venture (note 34) (145) Disposal of Free State operations (note 34) (13) **(7)** Other (145) **75** 10 (13) 2002 2003 Figures in million 2003 2002 **SA Rands** 

**US Dollars** 

# 13. Profit on disposal of investments 18 Profit on sale of Queenstake Resources USA Inc shares 189 Profit on sale of shares in East African Gold Mines 25 Gain on disposal of available-for-sale financial assets -125 Randgold Resources Limited **(1)** Other 331 (Note 33) 45 On 8 July 2003, AngloGold disposed of its entire investment of 8,348,600 shares held in East African Gold Mines Limited for a consideration of \$25m, R189m. In the second half of 2003, AngloGold disposed of 952,481 shares in Randgold Resources Limited, for a consideration of \$23m, R170m. AngloGold disposed of its entire interest in Queenstake Resources USA Inc during November 2003, realising a profit of \$3m, R18m. This interest was acquired as part of the sales consideration for Jerritt Canyon. 14. Taxation (1)Current taxation 373 27

Mining taxation

Non-mining taxation

Under provision prior year

32 879 **450** 

57884130

**4** 3

414

```
68
40
Secondary tax on companies
5
6
(47)
(59)
Abnormal taxation (note 9)
(8)
(5)
Exceptional items
38
- capital gains tax
688
- recoupments tax on Free State disposal (note 34)
63
(78)
- mining tax on Free State operating loss
(10)
1,924
526
67
177
Deferred taxation
341
576
Current
79
34
35
230
Unrealised non-hedge derivatives
33
4
(120)
Abnormal taxation (note 9)
(19)
Exceptional items
(132)
- impairment
(18)
```

(570) - disposal of Free State operations (50) (194)554 (Note 30) 75 (12)1,730 1,080 142 165 2002 2003 Figures in million 2003 2002 **SA Rands US Dollars** Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 92

Group financial statements 93 14. Taxation (1)(continued) Tax reconciliation A reconciliation of the marginal South African tax rate compared with that charged in the income statement is set out in the following table: Marginal tax rate 46 46 Disallowable expenditure 5 4 Goodwill amortised 2 Taxable non-mining income **(3)** (3)Mining capital allowances Mining tax formula adjustment 2 Dividends received **(4)** (5)Foreign income tax allowances (14)(14)Previously unrecognised tax assets **(1)** Other (3)

32 The unutilised tax losses of the North American operations which are available for offset against future profits earned in the USA, amount to \$209m, R1,394m (2002: \$182m, R1,561m).

The unutilised tax losses of the South American operations which are available for offset against future profits earned in these countries, amount to \$67m, R449m (2002: \$86m, R738m).

#### Analysis of tax losses

Effective tax rate

No assessed losses were utilised during the year. The above unutilised tax losses totalling \$276m, R1,843m will be utilised in excess of five years against future profits.

(1)

30

Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial

statements with additional information.

2003

2002

#### 15. Earnings per ordinary share

1,552

1,046

**Basic** 

140

150

The calculation of basic earnings per ordinary share is based on net profit of \$312m, R2,331m (2002: \$332m, R3,444m) and 222,836,574 (2002:221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.

1,767

1,068

#### Headline

143

169

Headline earnings removes items of a capital nature from the calculation of earnings per share.

The calculation of headline earnings per ordinary share is based on headline earnings of \$318m, R2,379m (2002: \$376m, R3,920m) and 222,836,574 (2002: 221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.

1,737

957

#### Adjusted headline earnings

127

166

This calculation is based on adjusted headline earnings of \$282m, R2,133m (2002: \$368m, R3,854m) and 222,836,574 (2002: 221,883,567) shares being the weighted average number of ordinary shares in issue during the financial year.

1,545

1,042

#### **Diluted**

139

149

The calculation of diluted earnings per ordinary share is based on net profit of \$312m, R2,331m (2002: \$332m, R3,444m) and 223,717,575 (2002: 222,899,926) shares being the diluted number of ordinary shares.

The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:

Weighted average number of shares

222,836,574

221,883,567

Dilutive potential of share options

881,001

1,016,359

Diluted number of ordinary shares

223,717,575

222,899,926

2002

2003

Figures in million

2003

2002

**SA Rands** 

**US Dollars** 

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 **94** 

Group financial statements 95 2002 2003 Figures in million 2003 2002 **SA Rands US Dollars** 16. Dividends Ordinary shares No. 91 of 550 SA cents per ordinary share declared on 30 January 2002 and paid on 4 March 2002 (49 US cents per share). No. 92 of 675 SA cents per ordinary share declared on 30 July 2002 and paid on 30 August 2002 (64 US cents per No. 93 of 675 SA cents per ordinary share declared on 30 January 2003 and paid on 28 February 2003 1,223 1,500 (82 US cents per share). 183 109 No. 94 of 375 SA cents per ordinary share declared on 30 July 2003 and paid on 29 August 2003 1,505 836 (51 US cents per share). 113 142 2,728 2,336 296 251 No. 95 of 335 SA cents per ordinary share was declared on 29 January 2004 and paid on 27 February 2004 (50 US cents per share). 17. Mining assets **Mineral** rights, Mine dumps development Mine and ore costs infrastructure Land **Total** reserves Figures in million **US Dollars** Cost Balance at beginning of year

2,046 1,379 301 15

```
3,741
Additions
- expand operations
150
23
42
215
- maintain operations
74
148
Disposals
                                                  (38)
(9)
(1)
(48)
Acquisition and disposals - subsidiaries (note 34)
(37)
(123)
Transfers and other movements
(10)
29
1
20
Translation
                                                  408
175
38
621
Balance at end of year
2,544
1,634
381
15
4,574
Accumulated amortisation
Balance at beginning of year
715
700
46
1,461
Amortisation charge for the year
```

(notes 4, 10 and 33)

```
109
99
24
232
Impairments (note 33)
25
9
10
44
Disposals (16)
(24)
Acquisition and disposals - subsidiaries (note 34)
(79)
(41)
(120)
Transfers and other movements
3
(12)
(25)
Translation
                                                 131
111
242
Balance at end of year
869
873
68
1,810
Net book value at 31 December 2003
1,675
761
313
15
2,764
Net book value at 31 December 2002
1,331
679
255
15
```

2,280

#### 17. Mining assets (continued) Mineral rights, Mine dumps Mine development and ore costs infrastructure reserves Land **Total Figures in million SA Rands** Cost Balance at beginning of year 17,504 11,829 2,630 124 32,087 Additions - expand operations 1,125 177 320 1,622 - maintain operations 568 555 (1) 1,122 Disposals (285)(70)(5) (360)Acquisition and disposals - subsidiaries (note 34) (660)(287)(3) (950)Transfers and other movements (74)217 4 147 Translation (1,216)

(1,521)

```
(411)
(16)
(3,164)
Balance at end of year
16,962
10,900
2,538
104
30,504
Accumulated amortisation
Balance at beginning of year
6,131
6,001
400
12,532
Amortisation charge for the year
(notes 4, 10 and 33)
820
742
177
1,739
Impairments (note 33)
183
70
73
1
327
Disposals (123)
(63)
(186)
Acquisition and disposals - subsidiaries (note 34)
(605)
(311)
(916)
Transfers and other movements
(119)
24
(89)
(184)
                                                 (490)
Translation
(637)
(108)
```

(1,235)

Balance at end of year 5,797 5,826 453 12,077 Net book value at 31 December 2003 11,165 5,074 2,085 103 18,427 Net book value at 31 December 2002 11,373 5,828 2,230 124 19,555

Included in the amounts above for mine infrastructure are assets held under finance leases with a net book value of \$21m, R143m (2002: \$25m, R212m).

Mining assets with a carrying value of \$161m, R1,076m (2002: \$254m, R2,180m) are encumbered by project finance (note 28).

Notes to the group financial statements

for the year ended 31 December 2003

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#### Group financial statements

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#### 17. Mining assets (continued)

#### Australia

The impairment of various exploration assets based

72

on the net realisable value.

9

#### **South Africa**

Savuka based on the value in use and the relevant discount rate. The impairment loss arose from the

247

declining values of the remaining ore reserves.

34

#### **South America**

8

Impairment of equipment based on value in use.

1

327

44

On 18 September 2003, AngloGold announced that agreement had been reached with Gold Fields Limited (Gold Fields) regarding the acquisition by AngloGold of a mining area of Gold Fields' Driefontein mine adjacent to TauTona, known as 1C11, for a cash consideration of \$48m, R315m. The agreement has been approved by the Competition Authorities in terms of the Competition Act, 89 of 1988, and has been included in additions to mining assets.

#### 18. Goodwill

Cost

5,726

4,241

Balance at beginning of year

494

479

(1,485)

(430)

Translation

77

15

4,241

3,811

Balance at end of year

571

494

#### **Accumulated amortisation**

1,074 1,031 Balance at beginning of year 120 90 289 216 Amortisation (note 33) 28 28 (332) (185)Translation 11 2 1,031 1,062 Balance at end of year 159 120 3,210 2,749 Net book value 412 374 2002 2003 Figures in million 2003

2002 SA Rands US Dollars

#### 19. Investments in associates

The group has the following associated undertakings:

- A 53.03% (2002: 53.03%) interest in Rand Refinery

Limited, which is involved in the refining of bullion and by-products which are sourced inter alia from South Africa and foreign gold producing mining companies. The interest in Rand Refinery Limited has been consolidated from 31 December 2003 as AngloGold controls the financial and operating policies of this company. Prior to this date, Rand Refinery was equity accounted. The year-end of Rand Refinery Limited is 30 September. The results were equity accounted for 2003 and are based on the result for the 12 months ended 30 September 2003.

- A 26.6% (2002: 25.0%) interest in Oro Group

(Proprietary) Limited which is involved in the manufacture and wholesale of jewellery. The year end of Oro Group (Proprietary) Limited is 31 March. Equity accounting is based on the results for the twelve months ended 30 September 2003.

Carrying value of associates consists of:

84 84 Unlisted shares at cost 10 10 67 81 Share of retained earnings brought forward 8 6 37 12 Profit after taxation (note 6) 2 4 (19)**(9)** Dividends **(1)** (2)Rand Refinery Limited became a subsidiary with (116)effect from 31 December 2003 (17)(4)Amortisation of goodwill (note 33) **(1)** 

Translation

6

# Carrying value Directors' valuation of unlisted associates The carrying value of the investment can be summarised as follows: Investment at cost **(8)** Share of retained earnings The group's effective share of certain balance sheet items of its associates is as follows: Non-current assets Current assets Total assets Non-current liabilities Current liabilities

Total equity and liabilities Net assets Reconciliation of the carrying value of investments in associates with net assets: Net assets Goodwill Carrying value Figures in million **SA Rands US Dollars** Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 

# Group financial statements 99 20. Other investments Listed investments 110 Balance at beginning of year 11 1,757 2 Additions 152 (1,824)(246)Disposals (33) (158)34 Acquisitions and disposals - subsidiaries (note 34) 5 60 114 Fair value adjustment 15 (14)(13)Translation 110 Balance at end of year 13 110 Market value of listed investments **Unlisted investments** 75 Balance at beginning of year 4 6

```
Additions
(15)
(6)
Disposals
(1)
(1)
(1)
Fair value adjustment
(13)
Write-off of investments
(23)
(2)
Translation
(1)
37
22
Balance at end of year
3
4
37
Directors' valuation of unlisted investments
3
Investment properties
69
50
Balance at beginning of year
6
6
(19)
(11)
Translation
50
Balance at end of year
6
6
```

39 Directors' valuation of investment properties 197 **62** Total other investments 23 197 **62** Total valuation (note 37) 23 21. Interest in joint ventures The group's effective share of income, expenses, assets, liabilities and cash flows of joint ventures, which are included in the consolidated financial statements, are as follows: **Income statement** 3,271 2,356 Gold income 312 312 (2,149)(1,608)Cost of sales (213)(205)1,122 748 Operating profit 99 107 10 Financial income (94)(60)Finance costs **(8)** (9)1,038 689 Profit on ordinary activities before taxation 99 **Balance sheet** 

4,366

#### 3,321 Non-current assets 498 509 1,218 1,320 Current assets 198 142 5,584

4,641

Total assets

696

651

(1)

Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information.

2002 2003

Figures in million

2003

2002

**SA Rands** 

**US Dollars** 

### 21. Interest in joint ventures (1) (continued) 3,500 2,561 Shareholders' equity 384 408 Non-current liabilities 746 380 Interest-bearing borrowings 57 87 60 80 **Provisions** 12 7 317 360 Derivatives 54 37 Current liabilities 172 400 Interest-bearing borrowings 60 20 789 860 Other 129 92 5,584 4,641 Total equity and liabilities 696 651 **Cash flow statement** 1,573 680 Cash flows from operating activities 90 150 (178)(295)Cash flows from investing activities (39)

(17)

```
(1,258)
(574)
Cash flows from financing activities
(76)
(120)
137
(189)
Net increase in cash and cash equivalents
(25)
13
22. AngloGold Environmental
Rehabilitation Trust
460
275
Balance at beginning of year
38
32
45
Contributions
3
197
Additional contribution - Free State disposal
19
Growth in AngloGold Environmental Rehabilitation
32
Trust (note 6)
Funds transferred in respect of Free State
(253)
disposal (note 34)
(23)
Additional funds transferred to Free State
(197)
Environmental Trust Fund
(19)
Translation
11
11
```

# Balance at end of year 23. Other non-current assets Unsecured Loans to joint venture partners Deferred purchase consideration in respect of the sale of the Free State assets Deferred purchase consideration in respect of the sale of the Jerritt Canyon Joint Venture Other Less: Current portion of other non-current assets included in current assets Total Secured Deferred purchase consideration in respect of the sale of the Amapari project

35 Other 6 137 21 Less: Current portion of other non-current assets 58 included in current assets **79** Total 12 466 667 Total non-current assets (note 37) 101 55 2002 2003 Figures in million 2003 2002 **SA Rands US Dollars** Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 100

### Group financial statements 24. Inventories Gold in process Gold on hand Ore stockpiles By-products 1,345 1,610 Total metal inventories Consumable stores 1,848 2,050 25. Trade and other receivables Trade debtors Prepayments and accrued income Value added taxation

```
27
26
Receivable in respect of the sale of the Free
688
State assets
80
387
624
Other debtors
93
45
2,190
1,461
(Note 37)
219
255
26. Cash and cash equivalents
2,900
1,456
Cash and deposits on call
218
338
644
1,911
Money market instruments
287
75
3,544
3,367
(Note 37)
505
413
27. Share capital and premium
Share capital
Authorised
100
400,000,000 ordinary shares of 25 SA cents each
15
2,000,000 A redeemable preference shares of
1
50 SA cents each
5,000,000 B redeemable preference shares of
```

```
1 SA cent each
101
101
15
12
Issued
223,136,342 ordinary shares of 25 SA cents each
(2002: 222,622,022 ordinary shares of 25 SA cents
56
56
each)
8
2,000,000 A redeemable preference shares of
50 SA cents each
778,896 B redeemable preference shares of
1 SA cent each
57
57
8
Less: A redeemable preference shares held within
(1)
(1)
the group
56
56
8
Share premium
9,863
9,924
Total share premium
1,495
1,166
(312)
(312)
Less: Held within the group
(53)
```

(53)
9,551
9,612
1,442
1,113
9,607
9,668
Share capital and premium
1,450
1,120
2002
2003
Figures in million
2003
2002

SA Rands US Dollars

### Edgar Filing: ANGLOGOLD LTD - Form 6-K 28. Borrowings Unsecured 4,028 3,124 Syndicated loan facility (\$600m) 469 470 Interest charged at LIBOR plus 0.7% per annum. Loan is repayable in February 2005 and is US Dollar-based. 2,052 Corporate Bond (1) 308 Semi-annual coupons are payable at 10.5% per annum, and the bond is repayable on 28 August 2008 and is ZAR-based. 2,264 1,555 Syndicated loan facility (\$400m) 233 264 Interest charged at LIBOR plus 0.75% per annum. Loan is repayable in May 2004 and is US Dollar-based. 19 265 RMB International (Dublin) Limited 40 2 Interest charged at LIBOR plus 0.82% per annum. Loan is of a short-term nature, has no fixed repayment date and is US Dollar-based. 87 68 Banco Europeu para a America Latina-Brussels 10 10 Interest charged at LIBOR plus 1.75% per annum. Loan is repayable in monthly instalments commencing March 2004 and terminating in September 2004 and is US Dollar-based. 72 50 Australia and New Zealand Banking Group Limited 9 Interest charged at Bank Bill Swop Reference Rate plus 0.35% per annum. Loan is repayable by September 2004 and is Australian Dollar-based. 19 14 Government of Mali

Interest charged at LIBOR plus 2% per annum. There are no fixed repayment terms and the loan is US Dollar-based.

2

65

# Santander Bank 8 52 Itau Bank 6 43 **HSBC** Bamerindus 5 6,649 7,128 Total unsecured borrowings 1,069 776 2002 2003 Figures in million 2003 2002 **SA Rands US Dollars** Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 102

### Group financial statements 103 28. Borrowings (continued) **Secured** 441 221 Geita Syndicated Project Finance 33 51 Interest charged at LIBOR plus 1.7% per annum. Loan is repayable half-yearly until 2007 and is US Dollar-based. 464 158 Cerro Vanguardia Syndicated Project Finance 24 54 Interest charged at LIBOR plus 1.75% per annum. Loan is repayable in half-yearly instalments terminating in December 2004 and is US Dollar-based. 125 48 Morila Syndicated Project Finance 15 Interest charged at LIBOR plus 2% per annum. Loan is repayable in half-yearly instalments terminating in December 2004 and is US Dollar-based. 152 99 Senstar Capital Corporation 15 18 Interest charged at an average rate of 6.89% per annum. Loans are repayable in monthly instalments terminating in November 2009 and are US Dollar-based. 65 45 Rolls Royce 7 Interest is index linked. Loan is repayable in monthly instalments terminating in December 2010 and is US Dollar-based. 29 16 Investec 2 3 Interest charged at 6.5% per annum. Loan is repayable in half-yearly instalments terminating in June 2006 and is US Dollar-based. 12 Kudu Finance Company 1

Interest charged at LIBOR plus 2% per annum. Loan is repayable in monthly instalments terminating in December 2010 and is US Dollar-based. 1 Mineral Laboratories of Australia (Pty) Limited 7,938 7,723 Total borrowings (note 37) 1,158 926 Less: Current portion of borrowings included in 719 2,340 current liabilities 351 84 7,219 5,383 Total long-term borrowings 807 842 Amounts falling due 719 2,340 Within one year 351 84 2,788 3,214 Between one and two years 482 325 4,355 2,138 Between two and five years 320 508 76 31 After five years 5 9 7,938 7,723 (Note 37) 1,158

Figures in million 2003 2002 SA Rands US Dollars

# 28. Borrowings (continued) **Currency** The currencies in which the borrowings are denominated are as follows: 50 **Australian Dollars** 9 2,052 SA Rands 308 7,866 5,621 **US** Dollars 843 917 7,938 7,723 1,158 926 **Undrawn Facilities** Undrawn borrowing facilities as at 31 December 2003 are as follows: 1,184 1,120 Syndicated loan (\$400m) - US Dollar 168 138 1,158 900 Syndicated loan (\$600m) - US Dollar 135 135

Australia and New Zealand Banking Group Limited

168

201

- Australian Dollar

**30** 

20

2,510

2,221

333

293

### **Geita Project Finance**

Secured by pledge over the shares in the project company.

## Cerro Vanguardia Project Finance

Secured by a fixed and floating charge over the project

assets (note 17), the major project contracts and a pledge over the shares in the project company.

#### **Morila Project Finance**

Secured by a fixed and floating charge over the project assets (note 17), the hedging contracts and a pledge over the shares in the project company.

#### **Investec**

Loan is guaranteed by AngloGold Limited.

The equipment financed by the other secured loans is used as security for those loans.

Corporate Bond

(1)

### 2,000

Senior unsecured fixed rate bond

300

-

20

Less: Unamortised discount and bond issue costs

3

-

### 1,980

297

-

72

Add: Accrued interest

11

-

2,052

308

(1)

On 21 August 2003, AngloGold launched and priced an issue of senior unsecured fixed rate bond in an aggregate principal amount of \$300m, R2,000m, with semi-annual coupons payable at a rate of 10.5% per annum. This bond will be repayable on 28 August 2008, subject to early redemption at AngloGold's option. The bond is listed on the Bond Exchange of South Africa. The net proceeds of the bond are for general corporate purposes. Included in finance costs in the income statement is \$nil, R1m for the amortisation of the bond issue costs.

(1)

The effect of the issue of the Corporate Bond on earnings per share is not material.

2002

2003

**Figures in million** 

2003

2002

**SA Rands** 

**US Dollars** 

Notes to the group financial statements

for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 **104** 

# Group financial statements 105 29. Provisions Post-retirement medical funding **700** Balance at beginning of year 62 (34)Disposal (note 34) (3) 52 227 Charge to income statement 30 5 (52)(56)Less: Utilised during the year **(8)** (5) (9)**(5)** Translation 26 23 700 866 Balance at end of year 130 82 The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants. The above provision relates to the South African and North American post-retirement medical plans. The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method. The assumptions used in calculating the defined benefit post-retirement medical obligation are as follows: % Discount rate 10.0

Expected increase in health care costs

Short-term inflation rate for one year is 5.5% and 5% thereafter.

The last valuation was performed as at 31 December 2002.

The normal retirement age is 60 years, and fully eligible age is 55 years.

**5.0** 9.2

# **Environmental rehabilitation obligations** Provision for decommissioning 529 405 Balance at beginning of year 47 44 (112)(28)Acquisition and disposals (note 34) (10)10 **(2)** Change in estimates 40 22 Unwinding of decommissioning obligation (note 7) 4 (46)Reversal of over-provision (note 9) **(7)** (62)(25)Translation 9 8 405 326 Balance at end of year 49 47 Provision for restoration 1,078 800 Balance at beginning of year 93 90 (179)(160)Acquisition and disposals (note 34) **(21)** (16)

(46)

Reversal of over-provision (note 9)

**(7)** 157 89 Charge to income statement 12 15 10 Change in estimates (42) (35) Less: Utilised during the year (4) (224) **(91)** Translation 11 7 800 562 Balance at end of year 84 93 2002 2003 Figures in million 2003 2002

SA Rands US Dollars

# 29. Provisions (continued) Other provisions 223 103 Balance at beginning of year 12 19 10 122 Charge to income statement (69)(139)Less: Utilised during the year (8) (61)**(8)** Translation 2 103 **78** Balance at end of year 12 12 2,008 1,832 Total provisions 275 234 Other provisions include civil claims and medical costs arising from former employees, and retirement benefit provisions referred to in note 32. 30. Deferred taxation Deferred taxation relating to temporary differences is made up as follows (1) Deferred taxation liabilities 4,369 4,703 Mining assets 705 509 113 101 Inventories 15

## 155 Derivatives 23 5 69 114 Other 18 8 4,596 5,073 **761** 535 Deferred taxation assets 589 658 Provisions 99 68 552 390 Derivatives 58 64 10 39 Other 6 1,151 1,087 163 133 3,445 3,986 Net deferred taxation 598 402 The movement on the deferred tax balance is as follows: 3,423 3,445 Balance at beginning of year 402 286 (194)554 Income statement charge (note 14) 75 (12)415

Taxation of other comprehensive income
(7)
40
(40)
14
Acquisition and disposals (note 34)
<b>2</b> (4)
(159)
(67)
Translation
126
92
3,445
3,986
Balance at end of year
598
402
(1)
Where the presentation or classification of an item has been amended, comparative amounts have been reclassified t
ensure comparability with the current period. The amendments have been made to provide the users of the financial
statements with additional information.
31. Trade and other payables
698
676
Trade creditors
101
81
665
557 Accruals
82
78
782
791
Other creditors
118
91
Accrued purchase consideration for mineral rights
315
acquired from Gold Fields Limited
49
2,145
2,339
(Note 37)
350
250

Figures in million

2003

2002 SA Rands

**US Dollars** 

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003

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#### 32. 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 funds separated from the group's assets. Scheme assets primarily consist of listed shares, fixed income securities and foreign assets.

Contributions to the various defined contribution retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefits for the year amounted to \$25m, R186m (2002: \$16m, R167m).

#### **South Africa region**

#### **Defined benefit pension fund**

855

1,089

Present value of fund obligation

163

100

(797)

(920)

Fair value of fund assets

(138)

(93)

58

169

25

7

(58)

(169)

Unrecognised actuarial loss

(25)

(7)

(1)

Recognised in balance sheet

\_\_

797

**920** 

Market value of plan assets

138

93

#### Plan assets are made up as follows:

451

549

Domestic equities

82

53

93

# Foreign equities 11 11 146 191 Domestic fixed interest bonds 29 17 26 34 Foreign fixed interest bonds 5 3 25 Property 3 56 71 Cash 11 6 797 920 **Total** 138 Movement in the balance sheet Beginning of year 35 Expense per income statement 8 3 (35) Contributions paid - company **(8)** (3) End of year Actual return on plan assets

92 Expected return on plan assets 12 (91) 28 Actuarial gain (loss) on plan assets (8) 6 120 (Note 11) 16 The assumptions used in calculating the above defined benefit pension plan obligation are as follows: % Discount rate 8.5 11.5 Pension increase 3.6 6.1 Rate of compensation increase 5.0 7.8 Expected return on plan assets 8.5 11.5 2002 2003 Figures in million 2003 2002

SA Rands US Dollars

#### 32. Retirement benefits (continued)

A statutory valuation of the defined benefit Pension Fund was performed as at 31 December 2002, which showed that the Fund was in deficit. This will require a review of the company's rate of contribution to the Fund, with the aim of restoring the Fund to a sound financial position over a period of time. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments. Calculations for the Pension Fund's financial position are carried out in years when a statutory valuation is not performed.

All South African funds are governed by the Pension Funds Act of 1956 as amended.

### East and West Africa region

Namibia (Navachab)

Navachab employees are members of a defined contribution provident fund. The fund is administered by the Old Mutual insurance company. Both the company and the employees make contributions to this fund. AngloGold seconded employees at Navachab remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

Mali (Sadiola, Yatela and Morila)

The Malian operations do not have retirement schemes for employees. All employees (local and expatriate) contribute towards the government social security fund, and the company also makes a contribution towards this fund. On retirement, Malian employees are entitled to a retirement benefit from the Malian government. Expatriate employees are reimbursed only their contributions to the social security fund. AngloGold seconded employees in Mali remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold. *Tanzania* (*Geita*)

Geita does not have a retirement scheme for employees. Tanzanian nationals contribute towards the government social security fund, and the company also makes a contribution towards this fund. On retirement, employees are entitled to a retirement benefit from the Tanzanian Government. The company makes no contribution towards any retirement schemes for contracted expatriate employees. AngloGold seconded employees in Tanzania remain members of the applicable pension or retirement fund in terms of their conditions of employment with AngloGold.

#### Australia region

The region contributes to the Australian Retirement Fund for the provision of benefits to employees and their dependants on retirement, disability or death. The fund is a multi-industry national fund with defined contribution arrangements. Contribution rates by the operation on behalf of employees varies, with minimum contributions meeting compliance requirements under the Superannuation Guarantee legislation. Members also have the option of contributing to approved personal superannuation funds. The contributions by the operation are legally enforceable to the extent required by the Superannuation Guarantee legislation and relevant employment agreements.

Notes to the group financial statements

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#### 32. Retirement benefits (continued)

North America region

The Retiree Medical Plan is a non-contributory defined benefit plan. This plan was last evaluated by independent actuaries in December 2002 who took into account reasonable long-term estimates of increases in health care costs and mortality rates in determining the obligations of AngloGold North America under the Retiree Medical Plan. The evaluation of the Retiree Medical Plan reflected liabilities of \$2m, R16m, (2002: \$2m, R17m) which are included in post-retirement medical provisions (note 29) in the balance sheet. The Retiree Medical Plan is an unfunded plan. The Retiree Medical Plan is evaluated on an annual basis using the projected benefit method.

The cost of providing benefits under the Retirement Plan and the Retiree Medical Plan was insignificant in 2003 and 2002.

Defined Contribution Plan - AngloGold North America sponsors a 401(k) savings plan whereby employees may contribute up to 17% of their salary, of which up to 5% is matched at a rate of 150% by AngloGold North America. AngloGold North America's contributions were \$2m, R15m (2002: \$2m, R21m) during the year. Supplemental Employee Retirement Plan - Certain former employees of Minorco (USA) Inc. were covered under the Minorco (USA) Inc. Supplemental Employee Retirement Plan (the "SERP"), a non-contributory defined benefit plan. The SERP was last evaluated by independent actuaries in 2002 who took into account reasonable long-term estimates of inflation, and mortality rates in determining the obligations of AngloGold North America under the SERP. This evaluation of the SERP reflected Plan liabilities of \$1m, R6m (2002: \$1m, R9m) which are included in other provisions (note 29) in the balance sheet. The SERP is an unfunded plan. The SERP is evaluated on an annual basis using the projected benefit method. The cost of providing benefits under the SERP for the year was nominal.

#### **South America region**

The AngloGold South America region operates a number of defined contribution arrangements for their employees. These arrangements are funded by the operations (basic plan) and operations/employees (optional supplementary plan) and are embodied in a pension plan entity, Fundambras Sociedade de Previdencia Privada, which is responsible for administering the funds and making arrangements to pay the benefits. On conversion of the defined benefit fund to the defined contribution fund on 30 November 1998, an actuarial liability of \$6m, R51m was calculated. This liability is annually revised by Mercer, the plan's actuary, and provided for under other provisions which as at 31 December 2003 amounted to \$6m, R38m (2002: \$3m, R36m).

In December 2001, contributions started to be made to a new PGBL fund, a defined contribution plan similar to the American 401 (k) type of plan, administered by Bradesco Previdencia e Seguros. The transfer of funds from Fundambras to the PGBL requires approval from governmental SPC agency (still in process) and is conditional on the full funding of the actuarial liability.

2002 2003 **Figures in million** 2003 2002 **SA Rands US Dollars** Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 110 33. Cash generated from operations 5,331 3,546 Profit on ordinary activities before taxation 512 Adjusted for: (197)(252)Non-cash movements (34)(19)(132)(449)Movement on non-hedge derivatives (65)(16)2,566 1,739 Amortisation of mining assets (notes 4, 10 and 17) 232 245 (373)(285)Interest receivable (note 6) (38)(36)4 86 Other net expenses 10 1 464 362 Finance costs (note 8) 49 44 122

Abnormal items (note 9)

```
19
293
221
Amortisation of goodwill (notes 18 and 19)
29
28
327
Impairment of mining assets (note 17)
(331)
Profit on disposal of investments (note 13)
92
(Profit) loss on disposal of assets and subsidiaries
(2)
Termination of retirement benefit plans
209
(484)
Movements in working capital
(71)
(9)
8,255
4,527
592
Movements in working capital:
85
(165)
(Increase) decrease in inventories
(87)
(54)
488
(Increase) decrease in trade and other receivables
(53)
(5)
(364)
Increase (decrease) in trade and other payables
```

```
50
209
(484)
(71)
(9)
34. Acquisitions and disposals
Acquisitions and disposals can be summarised
as follows:
1,408
34
Mining assets (note 17)
117
253
Environmental Trust Fund (note 22)
23
2
(34)
Inventories
(5)
130
(9)
Trade and other receivables
11
(81)
(58)
Cash and cash equivalents
(9)
(8)
40
103
Minority interests
15
4
384
(12)
Borrowings
(2)
38
(325)
(188)
Provisions (note 29)
(25)
(29)
(40)
14
```

Deferred taxation (note 30)

```
2
(4)
(163)
Trade and other payables
(15)
1,608
(106)
Carrying value
(15)
137
Profit (loss) on disposal of assets and subsidiaries
(145)
82
(note 12)
10
(13)
1,463
(24)
Net sale (purchase) consideration
(5)
124
(688)
Recoupment taxation (note 14)
(63)
116
Investments in associates
17
(291)
(50)
Deferred sales consideration
(6)
(26)
81
58
Cash and cash equivalents
8
(34)
Shares received in Queenstake Resources (note 20)
(5)
565
```

Net cash flow on disposals (acquisition)

# Group financial statements 111 2002 2003 Figures in million 2003 2002 **SA Rands US Dollars** 34. Acquisitions and disposals (continued) Net cash flow on disposals (acquisition) can be 565 66 summarised as follows: 10 43 58 Consolidation of Rand Refinery Limited Net cash flow on disposal of Jerritt Canyon 8 Joint Venture (979)Purchase of additional interest in Cerro Vanguardia (97)Sales consideration of Free State assets and 1,544 Stone & Allied 140 Acquisitions comprise the following: Rand Cerro Refinery Refinery Cerro Vanguardia Limited Limited Vanguardia 1,292

160

# Mining assets 23 128 71 49 Inventories 7 7 151 15 Trade and other receivables 2 15 81 58 Cash and cash equivalents 9 8 (40)(103)Minority interests **(15)** (4) (384)Borrowings (38)(30)**Provisions** (3) 40 (14)Deferred taxation **(2)** 4 (121)**(49)** Trade and other payables **(7)** (12)1,060 116 Carrying value 17 105 Profit (loss) on disposal of assets and subsidiaries

1,060 116 Purchase consideration 17 105 (116)Investments in associates **(17)** (81)(58)Cash and cash equivalents (8) 979 (58)Cash flow on acquisition 97 Free Disposals comprise the following: Free State and **Jerritt Jerritt** State and Stone Canyon Canyon Stone & & Allied JVJV Allied 2,700 194 Mining assets **26** 245 253 **Environmental Trust Fund** 23 73 15 Inventories

2

```
7
281
Trade and other receivables
26
(12)
Borrowings
(2)
(355)
(188)
Provisions
(25)
(32)
(284)
(5)
Trade and other payables
(27)
2,668
10
Carrying value
2
242
(145)
82
Profit (loss) on disposal of assets and susidiaries
10
(13)
2,523
92
Sale consideration
12
229
(688)
Recoupment taxation
(63)
(291)
(50)
Deferred sale consideration
(6)
(26)
(34)
Shares received in Queenstake Resources
(5)
```

1,544 8 Cash flow on disposals 1 140

Notes to the group financial statements

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#### 34. Acquisitions and disposals (continued)

The interest in Rand Refinery Limited has been consolidated from 31 December 2003 as AngloGold now controls the financial and operating policies of this company. Prior to this date, Rand Refinery Limited was equity accounted as AngloGold was deemed to have only significant influence on the financial and operating policies. The change in status was a result of an ownership agreement giving AngloGold effective control.

AngloGold sold its 70% interest in the Jerritt Canyon Joint Venture effective 30 June 2003. On 27 February 2003, AngloGold, together with its partner in the Jerritt Canyon Joint Venture, announced that they had entered into a purchase and sale agreement with Queenstake Resources USA Inc (Queenstake) for their entire interests in the Jerritt Canyon Joint Venture. In terms of the agreement, Queenstake paid the Jerritt Canyon Joint Venture \$1m in cash and 32m shares of Queenstake, with \$6m in deferred payments, and \$4m in royalty payments. Queenstake has accepted full closure and reclamation and other liabilities. The transaction closed on 2 July 2003. AngloGold sold its entire interest in Queenstake during November 2003.

#### 35. Related parties

Related party transactions are concluded on an arm's length basis. Details of material transactions with those related

## parties not dealt with elsewhere in the financial statements are summarised below: **Purchases Amounts Purchases Amounts** from owed to from owed to related related related related parties parties

parties Figures in million

2003

parties

2002

**US Dollars** 

With fellow subsidiaries of the Anglo American plc

```
Boart Longyear Limited - mining services
11
1
9
Mondi Limited - timber
11
```

1 18

Scaw Metals - A division of Anglo Operations Limited - steel and engineering

```
12
11
Associates
Rand Refinery Limited - gold refinery
2
SA Rands
With fellow subsidiaries of the Anglo American plc
Boart Longyear Limited - mining services
82
7
89
              3
Mondi Limited - timber
86
7
189
Scaw Metals - A division of Anglo Operations Limited - steel and engineering
87
7
113
4
Associates
Rand Refinery Limited - gold refinery
18
24
              3
Directors
Details relating to directors' emoluments and shareholdings in the company are disclosed in the directors' report.
```

#### **Shareholders**

The principal shareholders of the company are detailed on page 153.

# Group financial statements 113 36. Commitments and contingencies Acquisition of mining assets 918 653 Contracted for 98 107 3,234 4,181 Not contracted for 627 377 4,152 4,834 Authorised by the directors 725 484 Allocated for: Expansion of operations 1,424 2,594 - within one year 389 166 1,510 553 - thereafter 83 176 2,934 3,147 472 342 Maintenance of operations 1,141 1,620 - within one year 243 133 77 67 - thereafter 10 9 1,218

1,687 253 142

This expenditure will be financed from existing cash resources and future borrowings.

#### **Contingent liabilities**

The group has given collateral to certain bankers for satisfactory contract performance in relation to exploration and development tenements and mining operations in Australia amounting to \$12m, R82m (2002: \$17m, R150m). AngloGold has signed surety in favour of the bankers on the Yatela loan for \$6m, R40m (2002: \$8m, R69m). AngloGold has provided a letter of credit for Geita Gold Mining Ltd for \$19m, R127m (2002: \$19m, R163m). Discussions are underway with the Mali government as to the validity of tax claims for an attributable amount of \$6m, R40m, including interest and penalties. The claims have arisen due to new legislation that is in conflict with AngloGold's prior mining convention stability agreements and different interpretations of the legislation. The final outcome cannot be determined at present.

AngloGold North America has a potential liability in respect of preference claims from a third party amounting to \$2m, R14m. This is in respect of gold shipments returned by the third party to AngloGold North America which the bankruptcy trustee is claiming should not have been returned and final shipments that should not have been paid as the third party had filed for protection under Chapter 11 of the US Bankruptcy Code.

AngloGold North America has \$45m, R300m (2002: \$59m, R506m) of reclamation bonds with various federal and governmental agencies, to cover potential environmental obligations. These obligations are guaranteed by AngloGold Limited.

Various equipment tax claim guarantees in South America in the amount of \$3m, R20m (2002: \$7m, R63m).

#### **Contingent assets**

Future royalty payments are anticipated from Queenstake Resources in terms of the sale agreement of Jerritt Canyon, which cannot be estimated as they are dependent on future production.

2002 2003 Figures in million 2003 2002 SA Rands US Dollars

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003

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#### 37. Risk management activities

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of both on- and off-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

### Controlling risk in the group

The Executive Committee and the Treasury Committee are responsible for risk management activities within the group. The Treasury Committee, chaired by the independent chairman of the AngloGold Audit and Corporate Governance Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency, liquidity and credit risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy, counterpart and dealer limits and provides regular and detailed management reports.

#### 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 SA Rand/US Dollar, Brazilian Real/US Dollar and Australian Dollar/US Dollar exchange rates may also have an adverse effect on current or future earnings.

A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the group's core business activities. 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 may establish a minimum price for a portion of future production while maintaining the ability to benefit from increases in the gold price for the majority of future gold production.

Net delta open hedge position as at 31 December 2003

The group had the following net forward-pricing commitments outstanding against future production.

Table A: Summary: All open contracts in the group's gold hedge position at 31 December 2003

2009-

**Year 2004** 

2005

2006

2007

2008

2013

**Total** 

#### Dollar/Gold

Forward contracts

Amount (kg)

18,374

26,576

19,862

18,974

15,801

10.070

10,078

109,665

\$/oz

\$315 \$324 \$333 \$337 \$352 \$360 \$334 Put options purchased Amount (kg) 5,772 2,624 4,918 728 14,042 \$/oz \$382 \$363 \$363 \$292 \$367 \*Delta (kg) 1,703 637 1,102 49 3,491 Put options sold Amount (kg) 13,997 2,799 4,354 21,150 \$/oz \$362 \$345 \$339 \$355 \*Delta (kg) 2,800 441 681 3,922 Call options purchased Amount (kg) 7,112 7,112 \$/oz \$330

\$330

\*Delta (kg)

#### 6,990

# Call options sold

Amount (kg)

14,413

18,227

16,547

14,308

14,183

40,061

117,739

\$/oz

\$376

\$338

\$346

\$336

\$347

\$369

\$355

\*Delta (kg)

10,973

15,419

13,564

12,201

11,911

33,244

#### Group financial statements

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#### 37. Risk management activities (continued)

Table A: Summary: All open contracts in the group's gold hedge position at 31 December 2003 (continued)

2009-

**Year 2004** 

2005

2006

2007

2008

2000

2013

**Total** 

#### Rand/Gold

#### **Forward contracts**

Amount (kg)

6,249

8,145

4,500

2,830

2,799

933

25,456

R/kg

R73,930

R119,409

R96,436

R118,197 R120,662

R116,335

R104,074

#### Put options purchased

Amount (kg)

933

2,808

2,808

6,549

R/kg

R99,346

R95,511

R95,511

R96,057

\*Delta (kg)

614

964

721

2,299

#### Put options sold

Amount (kg)

2,333

1,400

1,400

R/kg R89,250 R88,414 R88,414 R88,794 \*Delta (kg) 1,061 364 280 1,705 Call options sold Amount (kg) 4,679 5,620 5,621 1,493 2,986 8,958 29,357 R/kg R118,661 R130,321 R131,389 R173,119 R187,586 R216,522 R162,971 \*Delta (kg) 384 1,694 2,188 294 615 2,396 7,571 A Dollar/Gold **Forward contracts** Amount (kg) 8,279 6,221 9,331 8,398 3,110 10,233 45,572 A\$/oz A\$533 A\$680 A\$661 A\$633 A\$647

# Call options purchased

Amount (kg)

A\$651 A\$632

3,110 6,221 3,732 3,110 8,087 24,260 A\$/oz A\$724 A\$673 A\$668 A\$680 A\$710 A\$692 \*Delta (kg) 714 2,985 2,013 1,843 4,996 12,551 Call options sold Amount (kg) 933 933 A\$/oz A\$506 A\$506 \*Delta (kg) 933 933 Total net gold Delta (kg) 36,658 58,137 47,322 40,733 32,393 51,888 267,131 Delta (oz) 1,178,572 1,869,146 1,521,446 1,309,585 1,041,466 1,668,226 8,588,441 All open contracts in the group's currency hedge position at 31 December 2003 Table B: Summary: All open contracts in the group's currency hedge position at 31 December 2003 2009-**Year 2004** 2005 2006 2007 2008

2013 Total

# Rand/Dollar (000)

# Put options purchased

Amount (\$)

35,000

35,000

ZAR per \$

R7.20

R7.20

\*Delta (\$)

27,689

27,689

# **Put options sold**

Amount (\$)

35,000

35,000

ZAR per \$

R6.74

R6.74

\*Delta (\$)

17,417

Notes to the group financial statements

for the year ended 31 December 2003

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#### 37. Risk management activities (continued)

Table B: Summary: All open contracts in the group's currency hedge position at 31 December 2003 (continued)

2009-

**Year 2004** 

2005

2006

2007

2007

\_\_\_\_\_

2013

**Total** 

Rand/Dollar (000)

#### Call options sold

Amount (\$)

50,000

50,000

ZAR per \$

R7.21

R7.21

\*Delta (\$)

14,318

14,318

#### A Dollar (000)

#### **Forward contracts**

Amount (\$)

29,275

29,267

58,542

\$ per A\$

\$0.59

\$0.55

\$0.57

#### Put options purchased

Amount (\$)

10,000

10,000

\$ per A\$

\$0.63

\$0.63

\*Delta (\$)

9,269

9,269

#### Put options sold

Amount (\$)

10,000

10,000

\$ per A\$

\$0.68

\$0.68
\*Delta (\$)
7,491
7,491
Call options sold
Amount (\$)
20,000
20,000
\$ per A\$
\$0.60
\$0.60
\*Delta (\$)

582 582

The delta position indicated above is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at 31 December 2003.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually 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 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 marked-to-market value of all hedge transactions making up the hedge position was a negative \$663.7m (negative R4.4bn) as at 31 December 2003 (as at 31 December 2002: negative \$446.6m - negative R3.81bn). These values were based on a gold price of \$415.75/oz, exchange rates of R/\$6.64 and A\$/\$0.75 and the prevailing market interest rates and volatilities at the time.

#### Interest rate and liquidity 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 requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market related returns while minimising risks. The group is able to actively source financing at competitive rates. The group has sufficient undrawn borrowing facilities available to fund working capital requirements.

# Group financial statements 117 37. Risk management activities (continued) Investment maturity profile **Fixed Floating** rate rate investment **Effective investment Effective** amount rate amount rate **Maturity date Currency** million % million Less than one year \$ 23 0.9 120 0.9 **ZAR** 884 7.9 1,206 7.5 A\$ 4 2.8 **EUR** 4 1.0 **FCFA** 1,375 3.0 **REAIS** 98 16.3 **PESOS** 3 6.0 Greater than one year

20 1.9 ZAR 396

7.9

Borrowing maturity profile (note 28)

Within

Between

**Between** 

one year

one and two years

two and five years

After five years

**Borrowings** 

**Effective Borrowings** 

**EffectiveBorrowings** 

**EffectiveBorrowings** 

**Effective** 

amount

rate

amount

rate

amount

rate

amount

rate

Currency

million

%

million

%

million

%

million

%

\$

333

1.9

482

2.0

23

4.25

4.9

4.9 A\$

10

5.9

ZAR

72

(1)

(1)

1,980

10.5

Interest rate risk

Fixed for less than

Fixed for between

**Fixed for greater** one year one and three years than three years **Total Borrowings Effective Borrowings Effective Borrowings Effective borrowings** amount rate amount rate amount rate amount Currency million % million % million % million \$ 819 2.0 2 6.5 22 5.3 843 A\$ 10 5.9 10 **ZAR** 72 (1)1,980 10.5 2,052

Represents interest accrual on the corporate bond as at 31 December 2003.

#### **Interest rate swaps**

The group has interest rate swap agreements to convert \$150m (R1,000m) of its \$300m (R2,000m) fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond and receives interest at a fixed rate of 10.5% and pays floating JIBAR (reset quarterly) plus a spread of 0.915%.

This transaction matures in August 2008. The swap is subsequently re-measured at fair value, but is not designated as a fair value hedge. The marked-to-market of the transaction was a positive \$5m (R32m) as at 31 December 2003.

#### Credit risk

Credit risk arises from the risk that a counterpart may default or not meet its obligations timeously. The group minimises credit risk by ensuring that credit risk is spread over a number of counterparts. These counterparts are financial and banking institutions of good credit quality. Where possible, management tries to ensure that netting agreements are in place.

Notes to the group financial statements

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926 926

#### 37. Risk management activities (continued)

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 counterparts. The group believes that no concentration of credit exists.

#### Fair value of financial instruments

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 instruments as at 31 December are as follows:

# Type of instrument Carrying Fair Fair Carrying amount value Amount Value Figures in million 2003 2002 **US Dollars** Other investments (note 20) 9 9 23 23 Other non-current assets (note 23) 101 101 55 Trade and other receivables (note 25) 219 219 255 255 Cash and cash equivalents (note 26) 505 505 413 413 Borrowings (note 28) 1,158 1,168

= 5
Trade and other payables (note 31)
350
350
250
250
Derivatives comprise the following:
(299)
(659)
(241)
(447)
Forward sale commodity contracts
(225)
(350)
(151)
(194)
Option contracts
(84)
(319)
(73)
(236)
Foreign exchange contracts
3
3
(17)
(17)
Foreign exchange option contracts
2
2
•
•
Interest rate swaps
5
5
-
SA Rands
Other investments (note 20)
62
62
197
197
Other non-current assets (note 23)
667
667
466
466
Trade and other receivables (note 25)
1,461
1,461
2,190
2,190

```
Cash and cash equivalents (note 26)
3,367
3,367
3,544
3,544
Borrowings (note 28)
7,723
7,789
7,938
7,938
Trade and other payables (note 31)
2,339
2,339
2,145
2,145
Derivatives comprise the following:
(1,991)
(4,394)
(2,071)
(3,834)
Forward sale commodity contracts
(1,497)
(2,331)
(1,298)
(1,665)
Option contracts
(560)
(2,129)
(627)
(2023)
Foreign exchange contracts
21
(146)
(146)
Foreign exchange option contracts
13
13
Interest rate swaps
32
32
```

The fair value amounts include off balance sheet designated hedges, which are not carried on the balance sheet and excluded from the carrying amount. All other derivatives are carried at fair value.

# Group financial statements 119 37. Risk management activities (continued) Derivative maturity profile **Total Assets** Liabilities **Figures in million** 2003 **US Dollars** Total (299)471 (770)Less: Amounts to mature within 12 months of balance sheet date (377)441 Amounts to mature thereafter (235)94 (329)**SA Rands** Total (1,991)3,145 (5,136)Less: Amounts to mature within 12 months of balance sheet date 427 (2,515)2,942 Amounts to mature thereafter (1,564)630 (2,194)2002 **Total Assets** Liabilities **Figures in million** 2002 **US Dollars** Total (241)297 (538)Less: Amounts to mature within 12 months of balance sheet date 69 (233)302 Amounts to mature thereafter

(172)

64

(236)

#### **SA Rands**

Total

(2,071)

2,545

(4,616)

Less: Amounts to mature within 12 months of balance sheet date

592

(1,996)

2,588

Amounts to mature thereafter

(1,479)

549

(2,028)

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

#### Trade and other receivables, cash and cash equivalents and trade and other payables

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

#### **Investments and other non-current assets**

Listed investments are carried at market value while unlisted investments are carried at directors' valuation. Other non-current assets are carried at discounted value.

#### **Borrowings**

The fair value of listed fixed rate debt is shown at its market value. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

#### **Derivatives**

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates at 31 December 2003.

Notes to the group financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003

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# 38. Events after balance sheet date Disposal of Union Reefs Gold Mine

AngloGold Australia Limited announced on 14 November 2003 that it had entered into an agreement with Greater Pacific Gold Limited to sell its 100% owned Northern Territory gold mining assets. These comprise the Union Reefs gold mine at Pine Creek and associated assets and tenements. The sale is dependent upon Greater Pacific Gold Limited meeting the staged payments schedule and various other AngloGold Australia Limited related performance criteria. The transaction is conditional upon a satisfactory due diligence outcome, the attainment of all regulatory approvals, shareholder approval and securing requisite financing arrangements. The agreed staged purchase consideration for these assets is A\$6m (\$5m, R31m). The potential profit on the disposal of Union Reefs is A\$5m (\$3m, R25m). Additional profit may arise if the rehabilitation provision is not fully depleted prior to sale or if interest is payable on payments not paid by the due date.

#### Sale of Western Tanami Project

AngloGold Australia Limited announced on 24 November 2003 that it had agreed to sell its Western Tanami Project to Tanami Gold NL. The Western Tanami project comprises an established exploration camp and associated equipment, a number of Exploration Licences in northern Western Australia and includes the Coyote gold project. The sale agreement was concluded on 20 January 2004. In addition to the deposit made on 24 November 2003 of A\$0.3m (\$0,2m, R1m), Tanami Gold has made a further A\$4m (\$3m, R19m) cash payment and issued 25 million fully paid ordinary shares to AngloGold. A further payment of A\$5m (\$3m, R25m) will be made by 16 May 2004 and future royalty payments will be made on gold produced above 300,000oz up to 1Moz. The potential profit on the disposal of the Western Tanami project is A\$3m (\$2m, R15m) excluding the potential royalty payments. Including the royalty payments, the potential profit would be dependent on the final gold production.

### Proposed Merger between AngloGold and Ashanti

AngloGold and Ashanti Goldfields Company Limited issued a joint announcement on 4 August 2003, which detailed the proposed merger of the two companies. The Transaction Agreement which was signed by both parties outlined the terms and structure of the merger. On 15 October 2003, it was announced that Lonmin Plc, which holds 27.6% of Ashanti's issued share capital, had undertaken to vote its shares in favour of the merger. The merger is conditional on the support of the government of Ghana as shareholder and regulator of Ashanti, the approval of the scheme of arrangement and its confirmation by the High Court of Ghana and certain other regulatory approvals and third party consents, as detailed in the 4 August 2003 announcement.

AngloGold announced on 12 December 2003, the terms and conditions of the Support Deed entered into with the Government of Ghana, whereby the Government agreed to vote its shares in Ashanti in favour of the merger, as well as the definitive terms of a Stability Agreement to be entered into with the government concerning certain fiscal and regulatory undertakings in its role as regulator of Ashanti.

On 26 January 2004, AngloGold announced that confirmation had been received from the United States Securities and Exchange Commission (SEC) of the availability of an exemption under Section 3(a)(10) of the US Securities Act of 1933 that will enable AngloGold to issue its shares in the scheme relating to the merger of AngloGold and Ashanti, without registration in the United States. Once the required approvals of the parliament and government of Ghana have been received, the scheme documents will be finalised and distributed to Ashanti shareholders. AngloGold anticipates that the transaction will be completed during April 2004.

### **Launch of Convertible Bonds Offer**

On 19 February 2004 AngloGold announced the final terms of an offering of \$900m (subject to increase by up to \$100m pursuant to an option) Convertible Bonds which are due 2009, by its wholly owned subsidiary, AngloGold Holdings plc. The bonds are guaranteed by AngloGold.

#### Group financial statements

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#### 38. Events after balance sheet date (continued)

On 20 February 2004, AngloGold announced it had placed all \$900m of the convertible bonds at a semi-annual coupon of 2.375%.

On 25 February 2004, the above-mentioned option was exercised, increasing the total bonds issued by AngloGold to \$1,000m.

The bonds are convertible into American Depositary Shares (ADS) of AngloGold, at a strike price of \$65 per ADS, at the option of the holder. Each ADS represents one ordinary share of AngloGold. The conversion premium to the reference volume weighted average price of the ADSs on the New York Stock Exchange of \$40.625 on the launch day, was 60%. If all bond holders exercise their conversion options, 15,384,615 new ADSs would be created. If the bonds have not been converted by 20 February 2009, they will be redeemed at par on 27 February 2009. Other terms include an issuer call at 130% after 3 years and a conversion ratio adjustment to cater for events such as share splits and capital distributions, etc.

The proceeds of the offering of the Bonds will be used to repay outstanding indebtedness, to pay transaction costs relating to the proposed merger with Ashanti Goldfields Company Limited and for general corporate purposes. Application has been made to, and approval received from, the UK listing Authority for the bonds to be admitted to the Official List, and the London Stock Exchange plc for the Bonds to be admitted to trading on the London Stock Exchange plc's market for listed securities.

Company income statement for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 122 Revenue 9,245 10,356 Gold income 8,845 9,718 Cost of sales (6,762)(6,383)2,083 3,335 Non-hedge derivatives 877 794 **Operating profit** 2,960 4,129 Corporate administration and other expenses (283)(227)Market development costs (115)(173)Net inter-company royalties, dividends and interest (189)(336)**Exploration costs** (128)(126)Investment income 3 197 318 Other net expenses 4 (114)(72)Finance costs 5 (185)(162)Marked-to-market of debt financial instruments 38

# Abnormal items (122)(102)Profit before exceptional items 2,059 3,249 Amortisation of goodwill **(5)** (4)Impairment of mining assets Group 17 (247)Loss on disposal of mines 23 (80)Profits (loss) on disposal of assets (14)Debt written off **(9)** (56)Profit on ordinary activities before taxation 1,808 3,095 **Taxation** (767)(1,138)Net profit 1,041 1,957 Adjusted operating profit The operating profit has been adjusted by the following to arrive at adjusted operating profit: Operating profit 2,960 4,129 Unrealised non-hedged derivatives (576)(17)Adjusted operating profit 2,384 4,112 **Figures in million Notes** 2003

2002

### **SA Rands**

The company annual financial statements represent the South African operations and corporate office. These company annual financial statements are a statutory requirement, and are accordingly presented in SA Rands only.

# Company financial statements Company balance sheet as at 31 December 2003 123 **Assets** Non-current assets Mining assets 10 9,161 7,974 Investments in associates Group 19 47 165 Investments in subsidiaries 7,257 5,747 Other investments 11 17 18 AngloGold Environmental Rehabilitation Trust 12 230 185 Intra-group balances 832 3,953 Other non-current assets 13 369 333 Derivatives 26 572 524 18,485 18,899 **Current assets Inventories** 14 389 397 Trade and other receivables 15 535 Cash and cash equivalents 16

**1,886** 1,641

# Derivatives 26 2,106 1,546 4,917 4,662 **Total assets** 23,402 23,561 **Equity and liabilities** Shareholders' equity (1) 8,409 9,836 **Non-current liabilities** Borrowings 17 1,980 2,264 **Provisions** 18 1,174 1,068 Intra-group balances 2,094 2,198 Deferred taxation 19 3,413 2,692 Derivatives 26 959 1,171 9,620 9,393 **Current liabilities** Current portion of borrowings 17 1,627 Trade and other payables 20 1,507 1,161 Taxation 52 1,047

Current portion of other non-current assets

### Derivatives

26

2,187

2,124

5,373

4,332

# **Total equity and liabilities**

23,402

23,561

(1)

Shareholders' equity is analysed in the statement of changes in shareholders' equity (see page 125).

# Figures in million

Notes

2003

2002

**SA Rands** 

Company cash flow statement for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 Cash flows from operating activities Cash receipts from customers 8,952 10,143 Cash paid to suppliers and employees (6,779)(6,347)Cash generated from operations 2,173 3,796 Interest received 149 248 Contributions to the AngloGold Environmental Rehabilitation Trust 12 (45)(32)Dividends received from unlisted associate Group 19 9 19 Finance costs (120)(162)Recoupments tax received: Free State assets 681 Recoupments tax paid: Free State assets (681)Taxation paid (452)(796)Net cash inflow from operating activities 1,714 3,073 Cash flows from investing activities Capital expenditure - to expand operations 10 (545)(745)- to maintain operations (1,302)

(406)

Proceeds from disposal of mining assets 10 Proceeds from disposal of mine 1,544 Proceeds from disposal of investments 1 1,828 Other investments acquired **(1)** (291)Intra-group loans 871 (1,478)Loans advanced **(2)** Repayment of loans advanced 29 Net cash inflow from investing activities (966)481 Cash flows from financing activities Proceeds from issue of share capital 63 156 Share issue expenses **(2)** (116)Proceeds from borrowings 2,184 1,842 Repayment of borrowings **(412)** (1,753)Dividends paid Group 16 (2,336)(2,728)Net cash outflow from financing activities (503)(2,599)Net increase in cash and cash equivalents 245 955 Cash and cash equivalents at beginning of year 1,641 686

Cash and cash equivalents at end of year

16

1,886

1,641

Figures in million

Notes

2003

2002

**SA Rands** 

Company financial statements Company statement of changes in shareholders' equity for the year ended 31 December 2003 Balance at 31 December 2001 55 8,398 51 (1,282)1,603 8,825 Net profit 1,957 1,957 Dividends (Group note 16) (2,728)(2,728)Ordinary shares issued 1,581 1,583 Share issue expenses written off (116)(116)Net loss on cash flow hedges removed from equity and reported in income 539 539 Net gain on cash flow hedges 592 592 Deferred taxation on cash flow hedges (430)(430)Translation (386) (386)Balance at 31 December 2002 57 9,863 (335)(581)832 9,836 Net profit 1,041 1,041 Dividends (Group note 16) (2,336)(2,336)Ordinary shares issued

61 61

Net loss on cash flow hedges removed from equity and reported in income 85 85 Net gain on cash flow hedges 71 71 Deferred taxation on cash flow hedges (92)(92)Net gain on repayment of net investment Translation (260) (260)**Balance at 31 December 2003** 57 9,924 (592)(517)(463)8,409 Note Group Group note 27 note 27 Non-distributable reserves is a surplus on disposal of company shares within the group R141m (2002: R141m), and a downward revaluation of foreign denominated loans and intra-group balances R733m (2002: R476m). Other comprehensive income represents the effective portion of fair value gains or losses in respect of cash flow hedges until the underlying transaction occurs upon which the gains or loses are recognised in earnings. **Ordinary Ordinary** and and Non-Other preference preference districompre-Shareshare share butablehensive Retained holders'

capital

premium reserves

(1)

income

**(2)** 

earnings

equity

Figures in million

SA Rands

Notes to the company financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 126 1. Revenue Revenue consists of the following principal categories: Gold income 8,845 9,718 Sale of uranium, silver and sulphuric acid 215 357 Interest receivable (note 3) 185 281 9,245 10,356 Cost of sales Cash operating costs 6,174 5,621 Other cash costs 52 42 Total cash costs 6,226 5,663 Retrenchment costs (note 8) 27 30 Rehabilitation and other non-cash costs 75 138 **Production costs** 6,328 Amortisation of mining assets (notes 7, 10 and 22) 415 607 Total production costs 6,743 6,438 Decrease (increase) in inventory 19 (55)6,762 6,383

3.

## **Investment income** Investment income consists of the following principal categories: Interest receivable (notes 1 and 22) 185 281 Profit from associates after taxation (note 22 and Group note 16) 12 37 197 318 4. Other net expenses Other net expenses consists of the following principal categories: Foreign exchange (loss) gain on transactions other than sales **(2)** 2 Post-retirement medical expenses for disposed mines and medical aid shortfall subsidies (101)(41) (103)(39)Unwinding of decommissioning obligation (notes 18 and 22) (33)(114)(72)5. **Finance costs** Finance costs paid on bank loans and overdrafts 98 162 Finance costs on corporate bond 73 Other 14 (Note 22) 185 162 No interest was capitalised during the year (2002: nil). **Figures in million** 2003 2002

# Company financial statements 127 6. **Abnormal items** Abnormal items consist of the following items: Provision for post-retirement medical liability 214 Reversal of over-provisions in decommissioning (note 18) Reversal of over-provision in restoration (note 18) Mondi settlement of claim 102 Abnormal items before taxation 122 102 **Taxation** - Current taxation on foreign exchange losses on borrowings (note 9) (59)(47)- Deferred taxation (note 9) (56)- provision for post-retirement medical liability - over provisions in decommisioning and restoration liabilities Abnormal items after taxation 55 7. Profit before exceptional items is arrived at after taking account of: **Auditors' remuneration** (1)- Audit fees 5 - Non-audit fees - Assurance services 2 2 7 6

Amortisation of mining assets (notes 2, 10 and 22) - Owned assets

# 415 607 Grants for educational and community development 29 25 Operating lease charges 29 24 (1)Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information. 8. **Employee benefits** Employee benefits including executive directors' salaries, wages and other benefits 3,358 2,933 Health care and medical scheme cost - current medical expenses 246 183 - post-retirement medical expenses 65 53 Contributions to pension and provident plans 213 164 Retrenchment costs (note 2) 27 30 3,909 3,363 Actuarial defined benefit plan expense analysis Defined benefit pension plan expense - current service cost 32 34 - interest cost 106 85 - expected return on plan assets (92)(87)- recognised past service cost **Figures in million**

Notes to the company financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 128 8. **Employee benefits (continued)** Defined benefit post-retirement medical expense - current service cost 3 10 - interest cost 89 72 - recognised past service cost 134 (153)288 (39)Actual return on plan assets (note 21) 120 6 9. **Taxation** Current taxation Mining taxation 27 425 Non-mining taxation 108 405 Under provision prior year 30 40 Abnormal taxation (note 6) (59)(47)Exceptional items - capital gains tax 38 - recoupments tax on Free State disposal (note 23) **(6)** 688 - mining tax on Free State operating loss (78)138 1,433 Deferred taxation

Current (note 19)

```
512
268
Unrealised non-hedge derivatives
286
7
Abnormal taxation (note 6)
(56)
Exceptional items
- impairment (note 19)
(113)
- disposal of the Free State operations
(570)
629
(295)
767
1,138
Tax reconciliation
A reconciliation of the mining and non-mining tax rate compared with that charged in the income statement is set out
in the following table:
Non-
Non-
mining
Mining
mining
Mining
%
%
%
%
2003
2002
Marginal tax rate
38
46
38
            46
Disallowed expenditure
12
Non-mining losses transferred to mining taxation
(1)
1
Mining capital allowances without tax cover
4
```

Non taxable profit based on Gold Formula 4 Dividends received (13)(16)Taxable items not forming part of income statement 12 3 Royalties (28)(22)Other 2 3 4 Effective tax rate 42 42 36 37 (1)Where the presentation or classification of an item has been amended, comparative amounts have been reclassified to ensure comparability with the current period. The amendments have been made to provide the users of the financial statements with additional information. Figures in million 2003 2002

# Company financial statements 129 10. Mining assets Mineral rights, Mine dumps development Mine and ore costs infrastructure reserves Land **Total Figures in million SA Rands** Cost Balance at beginning of year 9,807 3,165 379 22 13,373 Additions - expand operations 420 125 545 - maintain operations 819 163 320 1,302 Disposals (19)(19)Transfers and other movements 4 (2) Balance at end of year 11,046 3,438 699 20 15,203

# **Accumulated amortisation** Balance at beginning of year 3,179 2,131 89 5,399 Amortisation charge for the year (notes 2, 7 and 22) 312 89 14 415 Impairments (note 22 and group note 17) 59 7 247 Disposals (19)(19)Balance at end of year 3,672 2,260 110 6.042 Net book value at 31 December 2003 7,374 1,178 589 20 9,161 Net book value at 31 December 2002 6,628 1,034 290 22 7,974

On 18 September 2003, AngloGold announced that agreement had been reached with Gold Fields Limited (Gold Fields) regarding the acquisition by AngloGold of a mining area of Gold Fields' Driefontein mine adjacent to TauTona, known as 1C11, for a cash consideration of R315m. The agreement has been approved by the Competition Authorities in terms of the Competition Act 89 of 1988, and has been included in additions above.

# Figures in million 2003 2002 **SA Rands** Notes to the company financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 130 11. Other investments **Listed investments** Balance at beginning of year 104 Additions 1,717 Disposals (1,821)Balance at the end of year Market value of listed investments **Unlisted investments** Balance at beginning of year 18 23 Additions Disposals **(1)** Balance at end of year 17 Directors' valuation of unlisted investments 17 18 Total other investments (note 26) 17 18 Total valuation 17 18 12. AngloGold Environmental Rehabilitation Trust Balance at beginning of year

185

339 Contributions 45 32 Additional contribution - Free State disposal 197 Additional funds transferred to Free State Environmental Trust Fund (197)Amounts transferred in respect of Free State disposal (note 23) (186)Balance at end of year 230 185 13. Other non-current assets Unsecured Deferred purchase consideration in respect of the sale of the Free State assets 360 326 Other 10 370 333 Less: Current portion of other non-current assets included in current assets 1 Total 369 333 14. Inventories Gold in process 201 220 By-products 39 Total metal inventories 240 245 Consumable stores 149 152 389 397

# Company financial statements 131 15. Trade and other receivables Trade debtors 120 12 Pre-payments and accrued income 190 276 South African Revenue Services - Value-added taxation 77 85 Receivable in respect of the sale of the Free State assets 688 Other debtors 148 17 (Note 26) 535 1,078 16. Cash and cash equivalents Cash and deposits on call 1,023 1,111 Money market instruments 863 530 (Note 26) 1,886 1,641 17. Borrowings Unsecured Syndicated loan facility 1,555 2,264 Interest charged at LIBOR plus 0.75% per annum. The loan is repayable in May 2004 and is US Dollar-based Corporate Bond (1) Semi-annual coupons are payable at 10.5% per annum and the bond is repayable on 28 August 2008 and is ZAR-based 2,052 Total borrowings (note 26) 3,607 2,264 Less: Current portion of borrowings included in current liabilities 1,627

Total long-term borrowings

## 1,980

2,264

Amounts falling due:

Within one year

#### 1,627

\_

Between one and two years

-

2,264

Between two and five years

## 1,980

-

(Note 26)

3,607

2,264

#### **Currency**

The currency in which the borrowings are denominated is as follows: SA Rand

#### 2,052

\_

**US** Dollars

1,555

2,264

3,607

2,264

#### **Undrawn facilities**

Undrawn borrowing facilities as at 31 December 2003 are as follows:

Syndicated loan - US Dollar

#### 1,120

1,184

(1)

On 21 August 2003, AngloGold launched and priced an issue of senior unsecured fixed rate bond in an aggregate principal amount of R2,000m,

with semi-annual coupons payable at a rate of 10.5% per annum. This bond will be repayable on 28 August 2008, subject to early redemption at

AngloGold's option. The bond is listed on the Bond Exchange of South Africa. The net proceeds of the bond are for general corporate purposes.

Included in finance costs in the income statement is R1m for the amortisation of the bond issue costs.

#### **Figures in million**

2003

2002

Notes to the company financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 132 18. Provisions Post-retirement medical funding Balance at beginning of year 680 713 Disposal (note 23) (33)Charge to income statement 226 52 Less: Utilised during the year **(56)** (52)Balance at end of year 850 680 The provision for post-retirement medical funding represents the provision for health care benefits for employees and retired employees and their registered dependants. The post-retirement benefit costs are assessed in accordance with the advice of independent professionally qualified actuaries. The actuarial method used is the projected unit credit funding method. The assumptions used in calculating the above defined benefit post-retirement medical obligation are as follows: Discount rate 10.0 11.5 Expected increase in health care costs 5.0 9.2 Short-term rates ranged from 5.5% and 5.0% thereafter The normal retirement age is 60 years, and fully eligible age is 55 years. The last valuation was performed as at 31 December 2002. **Environmental rehabilitation obligations** Provision for decommissioning Balance at beginning of year 226 325 Unwinding of decommissioning obligation (note 4) 11 33 Reversal of overprovision in decommissioning (note 6) (46)Disposal (note 23) (132)

Balance at end of year 191 226 Provision for restoration Balance at beginning of year 162 295 Disposal (note 23) (186)Reversal of overprovision (note 6) **(46)** Charge to income statement 17 53 Balance at end of year 133 162 Total provisions 1,174 1,068 Figures in million 2003 2002

# Company financial statements

#### 133

## 19. Deferred taxation

Deferred taxation relating to temporary differences is made up as follows:

Deferred taxation liabilities

Mining assets

## 3,927

3,571

Inventories

93

101

Derivatives

119

\_

Other

36

50

#### 4,175

3,672

Deferred taxation assets

**Provisions** 

498

458

Derivatives

264

522

Net deferred taxation

#### 3,413

2,692

The movement on the deferred tax balance is as follows:

Balance at beginning of year

## 2,692

2,557

Income statement charge (note 9)

629

(295)

Taxation of other comprehensive income

92

430

Balance at end of year

3,413

2,692

## 20. Trade and other payables

Trade creditors

335

200

Accruals

142

398

Other creditors

715

563 Accrued purchase consideration for mineral rights acquired from Gold Fields Limited 315 (Note 26) 1,507 1,161 21. Retirement benefits **Defined benefit pension fund** Present value of fund obligation 1,089 855 Fair value of fund assets (920)(797)169 58 Unrecognised actuarial loss (169)(58)Recognised on balance sheet Market value of plan assets (group note 32) 920 797 Movement in balance sheet Beginning of year Expense per income statement **62** 35 Contributions paid - company (62)(35)End of year Actual return on plan assets Expected return on plan assets 92 Actuarial gain (loss) on plan assets 28 (91)(Note 8) 120

Figures in million

Notes to the company financial

statements

for the year ended 31 December 2003

AngloGold Limited - Annual financial statements 2003

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#### 21. Retirement benefits (continued)

The assumptions used in calculating the above amounts as at 31 December are:

0/0

Discount rate

8.5

11.5

Pension increase

3.6

6.1

Rate of compensation increase

5.0

7.8

Expected return on plan assets

8.5

11.5

A statutory valuation of the defined benefit Pension Fund was performed as at 31 December 2002, which showed that the Fund was in deficit. This will require a review of the company's rate of contribution to the Fund, with the aim of restoring the Fund to a sound financial position over a period of time. In arriving at their conclusions, the actuaries took into account reasonable long-term estimates of inflation, increases in wages, salaries and pension as well as returns on investments. Calculations for the Pension Fund's financial position are carried out in years when a statutory valuation is not performed.

Contributions to the various defined contribution retirement schemes are fully expensed during the year in which they are funded and the cost of providing retirement benefits for the year amounted to R151m (2002: R132m)

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

## 22. Cash generated from operations

Profit on ordinary activities before taxation

#### 1,808

3,095

Adjusted for:

Non-cash movements

14

339

Movement on non-hedge derivatives

(633)

(49)

Amortisation of mining assets (notes 2, 7 and 10)

415

607

Interest receivable (notes 1 and 3)

(185)

(281)

Profit from associates after taxation (note 3)

(12)

(37)

Unwinding of decommissioning obligation (notes 4 and 18)

11

```
33
Finance costs (note 5)
185
162
Abnormal items
122
Amortisation of goodwill
5
4
Impairment of mining assets (note 10 and group note 17)
247
Debt written off
56
Loss on disposal of mines
27
(Profit) loss on disposal of assets
14
Movements in working capital
(174)
2,173
3,796
Movements in working capital:
Decrease in inventories
8
Increase in trade and other receivables
(139)
(662)
Increase (decrease) in trade and other payables
328
(286)
Decrease in current portion of intra-group balances
769
197
(174)
Figures in million
2003
```

2002 SA Rands

# Company financial statements 135 23. Disposals Free State Mining assets 2,695 Environmental Trust Fund (note 12) 186 Inventories 72 Trade and other receivables 274 Provisions (note 18) (351)Trade and other payables (273)Carrying value 2,603 Loss on disposal of mines (80)Sale consideration 2,523 Recoupments taxation (note 9) (688)Deferred sale consideration (291)Cash flow on disposals 1,544 24. Related parties Related party transactions are concluded on an arm's length basis. Details of material transactions with those related parties not dealt with elsewhere in the financial statements are summarised below: **Purchases Amounts Purchases**

Amounts from owed to from

owed to related related related related parties parties parties parties 2003 2002 With fellow subsidiaries of the Anglo American plc group Boart Longyear Limited - mining services 77 7 88 3 Mondi Limited - timber 86 7 189 5 Scaw Metals - A division of Anglo Operations 86 7 110 Limited - steel and engineering **Associates** Rand Refinery Limited - gold refinery 18 24 3 2003 2002 **SA Rands** 25. Commitments Acquisition of mining assets Contracted for 569 758 Not contracted for 2,856 2,022 Authorised by the directors 3,425 2,780 Allocated for:

Expansion of operations

	- within one year
	478
	1,088
	- thereafter
	1,453
	853
	1,931
	1,941
	Maintenance of operations
	- within one year
	91
,	794
	- thereafter
	1,403
	45
	1,494
	839
,	This expenditure will be financed from existing cash resources and future borrowings.
	Figures in million
	2003
	2002

**SA Rands** 

Notes to the company financial statements for the year ended 31 December 2003
AngloGold Limited - Annual financial statements 2003

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#### 26. Risk management activities

In the normal course of its operations, the company is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the company may enter into transactions which make use of both on- and off-balance sheet derivatives. The company does not acquire, hold or issue derivatives for trading purposes. The company has developed a comprehensive risk management process to facilitate, control and to monitor these risks. The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

#### Controlling risk in the company

The Executive Committee and the Treasury Committee are responsible for risk management activities within the company. The Treasury Committee, chaired by the independent chairman of the AngloGold Audit and Corporate Governance Committee, comprising executive members and treasury executives, reviews and recommends to the Executive Committee all treasury counterparts, limits, instruments and hedge strategies. The treasurer is responsible for managing investment, gold price, currency and liquidity risk. Within the treasury function, there is an independent risk function, which monitors adherence to treasury risk management policy, counterpart and dealer limits and provides regular and detailed management reports.

#### 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 company to the risk that fluctuations in the SA Rand/US Dollar exchange rate may also have an adverse effect on current or future earnings. A number of products, including derivatives, are used to manage well-defined gold price and foreign exchange risks that arise out of the company's core business activities. Forward-sales contracts and call and put options are used by the company to protect itself from downward fluctuations in the gold price. These derivatives may establish a minimum price for a portion of future production, while maintaining the ability to benefit from increases in the gold price for the majority of future gold production.

#### Company financial statements

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#### 26. Risk management activities (continued)

Net delta open hedge position as at 31 December 2003

The company had the following net forward-pricing commitments outstanding against future production.

Table A: Summary: All open contracts in the company's gold hedge position at 31 December 2003

2009-

**Year 2004** 

2005

2006

2007

2008

2013

**Total** 

Dollar/Gold

#### **Forward contracts**

Amount (kg)

9,013

2,644

933

3,145

3,732

3,577

23,044

\$/oz

\$306

\$372

\$426

\$355

\$369

\$380

\$347

### Put options purchased

Amount (kg)

4,977

1,866

4,354

11,197

\$/oz

\$396

\$393

\$372

\$386

\*Delta (kg)

1,696

604

1,068

3,368

#### Put options sold

Amount (kg)

13,063

2,799 4,354 20,216 \$/oz \$363 \$345 \$339 \$355 \*Delta (kg) 2,735 441 681 3,857 Call options purchased Amount (kg) 6,105 6,105 \$/oz \$326 \$326 \*Delta (kg) 6,049 6,049 Call options sold Amount (kg) 9,020 16,298 15,676 13,188 13,188 39,564 106,934 \$/oz \$384 \$339 \$347 \$338 \$349 \$370 \$356 \*Delta (kg) 6,239 13,705 12,787 11,206 11,031 32,802

87,770 2009-Year 2004 2005 2006

2007

2008

2013

**Total** 

#### Rand/Gold

#### **Forward contracts**

Amount (kg)

6,249

8,145

4,500

2,830

2,799

933

25,456

R/kg

R73,930

R119,409

R96,436

R118,197 R120,662

R116,335

R104,074

## Put options purchased

Amount (kg)

933

2,808

2,808

6,549

R/kg

R99,346

R95,511

R95,511

R96,057

\*Delta (kg)

614

964

721

2,299

### Put options sold

Amount (kg)

2,333

1,400

1,400

5,133

R/kg

R89,250

R88,414

R88,414

R88,794

\*Delta (kg)

1,061

364

280

1,705

## Call options sold

Amount (kg)

4,679

5,620

5,621

1,493

2,986

8,958

29,357

R/kg

R118,661 R130,321 R131,389

R173,119

R187,586 R216,522 R162,971

\*Delta (kg)

384

1,694

2,188

294

615

2,396

7,571

### Total net gold

Delta (kg)

14,350

26,951

21,236

17,475

18,177

39,708

137,897

Delta (oz)

461,363

866,494

682,752

561,833

584,403 1,276,640 4,433,485

Notes to the company financial

statements

for the year ended 31 December 2003

AngloGold Limited - Annual financial statements 2003

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#### 26. Risk management activities (continued)

Table B: Summary: All open contracts in the company's currency hedge position at 31 December 2003

2009-

**Year 2004** 

2005

2006

2007

2008

2013

Total

#### Put options purchased

Amount (\$)

35,000

35,000

ZAR per \$

R7.20

R7.20

\*Delta (kg)

27,689

27,689

### **Put options sold**

Amount (\$)

35,000

35,000

ZAR per \$

R6.74

R6.74

\*Delta (kg)

17,417

17,417

#### Call options sold

Amount (\$)

50,000

50,000

ZAR per \$

R7.21

R7.21

\*Delta (kg)

14,318

14,318

\*

The delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the

option being exercised. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates

and volatilities as at 31 December 2003.

The mix of hedging instruments, the volume of production hedged and the tenor of the hedging book is continually reviewed in the light of changes in operational forecasts, market conditions and the company's hedging policy. Forward sales contracts require the future delivery of gold at a specified price.

A put option gives the put buyer the right, but not the obligation, to sell gold to the put seller at a pre-determined price on a pre-determined 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.

Interest rate and liquidity risk Refer note 37 in group financial statements.

## Company financial statements 139 26. Risk management activities (continued) Investment maturity profile **Floating Fixed** rate rate investment **Effective investment Effective** amount rate amount rate **Maturity date Currency** million % million Less than one year ZAR 850 7.8 1,009 8.0 \$ 2 0.9 2 0.4 Greater than one year **ZAR** 250 7.4 **Borrowings maturity profile (note 17)** Within Between one year one and five years **Borrowings Effective Borrowings Effective** amount rate amount rate **Currency** million million %

ZAR 72 (1) 1,980 10.5 233 1.9 Interest rate risk **Fixed for less Fixed for greater** than one year than one year **Borrowing Effective Borrowings Effective** amount rate amount rate million Currency million % % **ZAR** 72 (1)1,980 10.5 233 1.9 (1)

Represents interest accrual on the corporate bond as at 31 December 2003.

#### Interest rate swap

Refer to note 37 in group financial statements

#### **Credit Risk**

Refer to note 37 in group financial statements

#### Fair value of financial instruments

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 company's financial instruments as at 31 December 2003 are as follows:

Notes to the company financial statements for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 140 26. Risk management activities (continued) Type of instrument **Carrying** Fair Carrying Fair amount value amount value **Figures in million** 2003 2002 **SA Rands** Other Investments (note 11) 17 17 18 18 Other non-current assets (note 13) 369 369 333 333 Trade and other receivables (note 15) 535 535 1,078 1,078 Cash and cash equivalents (note 16) 1,886 1,886 1,641 1,641 Borrowings (note 17) 3,607 3,673 2,264 2,264 Trade and other payables (note 20) 1,507 1,507 1,161 1,161 Derivatives comprise the following:

(468)

```
(2,132)
(1,225)
(2,034)
Forward sale contracts
91
(25)
(282)
(381)
Option contracts
(593)
(2,141)
(832)
(1,542)
Foreign exchange contracts
(5)
(5)
(111)
(111)
Foreign exchange option contracts
7
7
Interest rate swaps
32
32
The fair value amounts above include off balance sheet designated hedges, which are not carried on the balance sheet
and excluded for the carrying amount. All other derivatives are carried at fair value.
Derivative maturity profile
Total
Assets
Liabilities
Figures in million
2003
SA Rands
Total
(468)
2,678
(3,146)
Less: Amounts to mature within 12 months of balance sheet date
81
(2,106)
2,187
Amounts to mature thereafter
(387)
572
(959)
Figures in million
```

2002

#### **SA Rands**

Total

(1,225)

2,070

(3,295)

Less: Amounts to mature within 12 months of balance sheet date

578

(1,546)

2,124

Amounts to mature thereafter

(647)

524

(1,171)

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

#### Trade and other receivables, cash and cash equivalents and trade and other payables

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

#### **Investments and other non-current assets**

Listed investments are carried at market value while unlisted investments are carried at directors' valuation. Other non-current assets are carried at discounted value.

#### **Borrowings**

The fair value of listed fixed rate debt is shown at its market value as at 31 December 2003. The remainder of debt re-prices on a short-term floating rate basis, and accordingly the carrying amount is considered to approximate fair value.

#### **Derivatives**

The fair values of derivatives are estimated based on the ruling market prices, volatilities and interest rates at 31 December 2003.

US GAAP condensed consolidated financial statements Condensed consolidated financial statements prepared in accordance with US GAAP

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AngloGold provides as part of this annual report, to all shareholders, condensed consolidated financial statements derived from and presented in the manner detailed below.

#### Basis of presentation

The condensed consolidated financial statements have been derived from the group's consolidated financial statements as prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). US GAAP differs in certain material respects from International Financial Reporting Standards ("IFRS"). The condensed consolidated financial statements do not include notes in support of the financial information presented therein. The Group's audited consolidated financial statements prepared in accordance with US GAAP from which the condensed consolidated financial statements have been derived, contain detailed notes prepared in accordance with US GAAP. The audited consolidated financial statements prepared in accordance with US GAAP, together with related notes, are included under Item 18 in AngloGold's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 15 March 2004. The AngloGold Annual Report on Form 20-F for the year ended 31 December 2003 as filed with the United States Securities and Exchange Commission on or about 15 March 2004 is available free of charge on EDGAR at www.sec.gov.

The condensed consolidated financial statements set forth below for each of the three years in the period ended 31 December 2003, and as at 31 December 2003 and 2002, have been derived from, and should be read in conjunction with the US GAAP financial statements included under Item 18 in AngloGold's Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission on or about 15 March 2004.

#### Stock split

Throughout the condensed consolidated financial statements presented herein, the number of AngloGold ordinary shares and the calculation of basic and diluted earnings (loss) per share information for AngloGold have been adjusted retroactively to reflect AngloGold's two-for-one stock split and the issuance of a total of 278,196 AngloGold ordinary shares under AngloGold's odd lot offer as approved at the general meeting of AngloGold's shareholders held on 5 December 2002.

## US GAAP condensed consolidated financial statements Condensed consolidated income statement derived from financial statements prepared in accordance with US GAAP AngloGold Limited - Annual financial statements 2003 142 Sales and other income 2,062 1,799 2,066 Product sales 2,026 1,761 2,041 Interest, dividends and other income 38 25 **Cost and expenses** 1,651 1,369 2,059 **Production costs** 1,206 910 1,245 **Exploration costs** 40 28 26 Related party transactions 36 40 54 General and administrative 43 30 24 Royalties 27 25 16 Market development costs 19 17 16 Research and development 1

Depreciation, depletion and amortisation

```
321
333
371
Impairment of assets
173
Goodwill amortised
27
Interest expense
49
44
72
Accretion expense
Employment severance costs
3
22
Loss on sale of mining assets
4
(Profit) loss on sale of assets
11
Non-hedge derivative (gains) loss
(119)
(73)
5
Other
Income before equity income and income tax
411
430
7
Equity income in affiliates
2
4
Income before income tax provision
413
434
8
```

Deferred income and mining tax expensed
(146)
(62)
(163)
Income (loss) before minority interest
267
372
(155)
Minority interest
(17)
(16)
(8)
Income (loss) before cumulative effect of accounting change
250
356
(163)
Cumulative effect of accounting change
(3)
-
(10)
Net income (loss) - applicable to common stockholders
247
356
(173)
Basic earnings (loss) per common share: (cents)
Before cumulative effect of accounting change
112
160
(76)
Cumulative effect of accounting change
(1)
(5)
Net income (loss) - applicable to common stockholders
111
160
(81)
Diluted earnings (loss) per common share: (cents)
Before cumulative effect of accounting change
112
160
$\begin{array}{cccccccccccccccccccccccccccccccccccc$
Cumulative effect of accounting change
(1)
•
(5)
Net income (loss) - applicable to common stockholders
111
160
(81)
Weighted average number of common shares used in computation

### 222,836,574

221,883,567 214,278,892

Dividend per common share (cents)

133

113

84

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.

### Figures in US Dollars millions, except for share data

2003

2002

2001

Year ended 31 December

\$

\$

\$

# derived from financial statements prepared in accordance with US GAAP 143 **Assets Current assets** 1,410 1,038 Cash and cash equivalents 505 413 Receivables 602 488 Trade 47 48 Derivatives 377 233 Value added taxes 27 26 Other 151 181 Inventories 202 137 Materials on the leach pad 101 Property, plant and equipment, net 2,555 2,015 Acquired properties, net 936 902 Goodwill 410 345 **Derivatives** 94 Materials on the leach pad 7 Other long-term assets 167 134

**Total assets** 

US GAAP condensed consolidated financial statements

Condensed consolidated balance sheet

# 5,579 4,577 Liabilities and stockholders' equity **Current liabilities** 1,202 799 Accounts payable and accrued liabilities 385 282 Derivatives 441 302 Short-term debt 351 84 Income and mining tax payable 25 131 Long-term debt 807 842 **Derivatives** 329 236 Deferred income and mining tax 845 561 Provision for environmental rehabilitation 134 140 Other accrued liabilities 12 12 Provision for post-retirement medical benefits 130 127 **Minority interest** 52 40 **Commitments and contingencies** Share capital and reserves 2,068 1,820 **Common stock** Stock issued 2003 - 223,136,342 (2002 - 222,622,022) 9 Additional paid in capital 3,415 3,403 Accumulated deficit

(616)

(567)

Accumulated other comprehensive income

(740)

(1,025)

### Total liabilities and stockholders' equity

5,579

4,577

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.

### Figures in US Dollars millions

2003

2002

As at 31 December

\$

\$

US GAAP condensed consolidated financial statements Condensed consolidated cash flow statement derived from financial statements prepared in accordance with US GAAP AngloGold Limited - Annual financial statements 2003 144 Net cash provided by operating activities 453 594 501 Income (loss) before cumulative effect of accounting change 250 356 (163)Reconciled to net cash provided by operations: Loss on sale of mining assets 4 (Profit) loss on sale of assets (55)Depreciation, depletion and amortisation 321 333 371 Deferred stripping costs (11)Impairment of assets **78** 173 Deferred income and mining tax **79** (62)Other non-cash items 17 11 55 Net (decrease) increase in provision for environmental rehabilitation and post-retirement medical benefits (88)(17)25 Effect of changes in operating working capital items: Receivables

(53)

g
(5)
65
Inventories
(87)
(54)
22
Accounts payable and accrued liabilities
34
43
(61)
Net cash used in investing activities
(307)
(91)
(148)
Cash acquired in acquisitions 9
8
8
- T
Increase in non-current investments
(1)
(34)
(4)
Additions to property, plant and equipmen
(363)
(271)
(298)
Proceeds on sale of mining assets
6
1
6
Proceeds on sale of investments
56
158
-
Cash effects of acquisitions or disposals
1
35
109
- Proceeds
1
59
109
- Contractual obligations
-
(24)
-
Loans receivable advanced
(19)
(5)
(4)

Loans receivable repaid

```
4
17
43
Net cash used in financing activities
(356)
(298)
Payments of short-term debt
(46)
(616)
(347)
Issuance of stock
10
18
7
Proceeds of long-term debt
243
502
209
Dividends paid
(314)
(260)
(167)
Net increase in cash and cash equivalents
39
147
55
Effect of exchange rate changes on cash
53
75
(59)
Cash and cash equivalents - 1 January
413
191
195
Cash and cash equivalents - 31 December
505
413
191
These condensed financial statements should be read in conjunction with the Company's financial statements and
footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 15 March 2004.
Figures in US Dollars millions
2003
2002
2001
Year ended 31 December
$
$
$
```

US GAAP condensed consolidated financial statements Condensed reconciliation between IFRS and US GAAP results for the year ended and as at 31 December 2003 **Income statement information** Net profit as per IFRS 312 332 245 Adjusted for: Amortisation of acquired properties (ore reserves) and mining assets (89)(88)(151)IFRS exceptional loss reversed 13 Impairment of assets (34)(173)Actuarial surplus (shortfall) on post-retirement medical expenses Ш 57 (37)Goodwill adjustments 29 28 2 Normandy transaction costs IV (11)Stock compensation expense **(4)** Other VI (18)(20)

Sub-total

# 253 254 (112)Adjustments made to taxation charge **(4)** 103 (51)Adjusted profit (loss) after taxation 249 357 (163)Cumulative effect of accounting changes VIII **(3)** (10)Minority adjustments (1) Net income (loss) applicable to common stockholders as per US GAAP 247 356 (173)Figures in US Dollars millions **Notes** 2003 2002 As at 31 December \$ \$ **Balance sheet information** Net assets as per IFRS 1,628 1,443 Adjusted for: Acquired properties (ore reserves) I 936 902 Mining assets (209)(265)Goodwill I **(2)** (29)Deferred taxation

VII

(282)
(181)
Post-retirement medical benefits
III
(1)
(46)
Other
VI
(2)
(4)
Stockholders' equity as per US GAAP
2,068
1,820
Supplemental information to the condensed consolidated financial statements.
Figures in US Dollars millions
Notes
2003
2002
2001
Year ended 31 December
<b>\$</b>
\$

\$

AngloGold provides, supplemental to the condensed consolidated financial statements, a reconciliation from its IFRS to US GAAP results. This reconciliation is provided for illustrative purposes only, as AngloGold prepares consolidated financial statements prepared in accordance with US GAAP, together with related notes, which are included under Item 18 in AngloGold's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 15 March 2004.

US GAAP condensed consolidated financial statements

Condensed reconciliation between IFRS

and US GAAP

results for the year ended and as at 31 December 2003

AngloGold Limited - Annual financial statements 2003

#### 146

Differences in accounting treatment between IFRS and US GAAP which have a significant effect on AngloGold are noted below:

#### I Business combinations (including acquired properties and goodwill)

Under IFRS at the formation of AngloGold on 29 June 1998, the acquisition of the participating companies and the interests in the share interest companies were accounted for using the pooling of interest method. Under US GAAP the original formation of AngloGold did not qualify as a "pooling of interest" and therefore the formation transaction was accounted for as a business combination. Subsequent acquisitions have been accounted for as business combinations under both IFRS and US GAAP.

Both IFRS and US GAAP require purchase consideration to be allocated to the net assets acquired at their fair value on the date of acquisition. Under IFRS any excess of the purchase price over the fair value of the attributable mineral reserves and net assets is recognised as goodwill. Goodwill which represents resources is amortised on a systematic basis which recognises the depletion of resources over the lesser of the LOM or 20 years.

Under US GAAP, the purchase consideration is allocated to the net assets acquired according to the assets and liabilities respective fair value, including acquired properties which is amortised over the LOM. Where the purchase price cannot be attributed to the assets acquired, it is allocated to goodwill and amortised on a straight line basis over the lesser of the LOM or 20 years until 31 December 2001. In accordance with the provisions of SFAS 142, goodwill is no longer amortised but reviewed annually for impairment effective from 1 January 2002.

In cases where traded equity securities are exchanged as consideration, IFRS requires the fair value of the consideration to be determined based on market value at the date of the exchange transaction. The date of acquisition is considered to be when effective control over the acquired assets and liabilities is obtained.

US GAAP requires that the fair value of such transaction be determined, at the date the terms and conditions of the transaction are agreed to and announced, by the average trading price of a few days before and after the acquisition is agreed to and announced.

#### II IFRS exceptional loss reversed

Represents the reversal of the loss on disposal of the Free State assets recorded in IFRS in 2002. Under US GAAP, the value of the Free State assets were written down in 2001 to the net selling price per the sale agreement.

#### **III Post-retirement medical benefits**

Under IFRS, post-retirement medical benefits are accounted for in accordance with the provisions of IAS 19. Under US GAAP these benefits are accounted in accordance with the provisions of SFAS 106.

Under IFRS, only the contractual liability for post-retirement is accounted for. Under US GAAP, both the contractual and the liability in excess of contributions made by plan members are accounted for. The adjustment to post-retirement medical benefits refers to the actuarial valuation as calculated by independent actuaries.

#### **IV Normandy transaction costs**

Under IFRS, the transaction costs relating to the Normandy bid were charged to share premium. Under US GAAP, these expenses are expensed as an aborted business combination.

#### V Stock compensation expense

Under US GAAP performance-related options are accounted for as variable compensation awards in accordance with Accounting Principles Board Opinion No. 25 (APE No. 25). A compensation expense is calculated at the end of each reporting period until the performance obligation has been met or waived. Compensation expense will vary based on the fluctuations of the underlying stock price in excess of the exercise price.

#### VI Other

Other consists of other differences between IFRS and US GAAP that are considered insignificant to be quantified individually.

Supplemental information to the condensed consolidated financial statements.

US GAAP condensed consolidated financial statements Condensed reconciliation between IFRS

and US GAAP

results for the year ended and as at 31 December 2003

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#### **VII Income taxes**

Reflects the tax impact of the differences between IFRS and US GAAP.

### VIII Cumulative effect of accounting changes

# **Hedge accounting**

The \$10m (net of provision for deferred taxation of \$2m) cumulative effect of change in accounting policy represents the transitional adjustment resulting from the adoption of SFAS 133 on 1 January 2001. In accordance with IAS 39, such adjustments are recorded to opening retained earnings.

### **Asset retirement obligations**

The \$3m (net of provision for deferred taxation) cumulative effect of change in accounting policy represents the transitional adjustment resulting from the adoption of SFAS 143 on 1 January 2003. Under IFRS, accounting for provisions and contingencies is dealt with in IAS 37.

Supplemental information to the condensed consolidated financial statements.

Investment in principal subsidiaries and joint venture interests for the year ended 31 December 2003 AngloGold Limited - Annual financial statements 2003 148 Nature of business **Shares held** Percentage held **Book value** Net loan account 2003 2002 2003 2002 2003 2002 2003 2002 % % Rm Rm Rm Rm Direct investments Advanced Mining Software Limited C 40,000 40,000 100 100 2 2 (11)AGRe Insurance Company Limited G 2 2 100 100 14 14 22 17 AngloGold American Investments Limited В 1

```
100
100
928
928
14
19
AngloGold Geita Holdings Limited
В
2,513
71.53
1,394
AngloGold Health Service (Pty) Limited
8
8
100
100
67
68
AngloGold Offshore Investments Limited
В
5,001,000
5,001,000
100
100
3,858
3,858
(1,054)
(1,074)
43,251*
43,251*
100
100
AngloGold Ventures (Pty) Limited
1
100
```

```
100
9
Eastvaal Gold Holdings Limited
454,464,000
454,464,000
100
100
917
917
(604)
(604)
iGolide (Pty) Limited
F
100
100
100
100
Masakhisane Investment Limited
В
100
100
100
100
6
Nuclear Fuels Corporation of SA (Pty) Limited
1,450,000
1,450,000
100
100
7
7
Nufcor International Limited
9
D
3,000,000
3,000,000
```

**50** 

```
50
18
18
18
Rand Refinery Limited **
Η
208,471
208,471
53.03
53.03
116
Southvaal Holdings Limited
В
26,000,000
26,000,000
100
100
3
3
(67)
(81)
Indirect investments
AngloGold (Colorado) Corp.
5
В
10,000
10,000
100
100
AngloGold (Nevada) Corp.
5
В
1,000
1,000
100
100
AngloGold Argentina Limited
```

В

```
1
100
100
AngloGold Argentina S.A.
В
1,331,093
1,331,093
100
100
AngloGold Australia Investment Holdings Limited
В
2,000
2,000
100
100
43,251*
43,251*
100
100
AngloGold Australia Limited
В
257,462,077
257,462,077
100
100
25
24
AngloGold Brasil Ltda.
```

```
В
8,827,437,875
8,827,437,875
100
100
AngloGold Brazil Limited
В
1
100
100
AngloGold Finance Australia Holdings Limited
10
В
1,002
1,002
100
100
43,251*
43,251*
100
100
AngloGold Finance Australia Limited
10
В
1,002
1,002
100
100
```

43,251\*

```
43,251*
100
100
AngloGold Geita Holdings Limited
В
1,000
1,000
28.47
100
1,831
AngloGold Investments Australasia Limited
В
2,000
2,000
100
100
43,251*
43,251*
100
100
AngloGold Investments Australia Pty Ltd
8
В
1
100
100
14
14
AngloGold Investments (Sadex) Limited
```

В

```
1,000'A'
1,000'A'
100
100
10
46
AngloGold Mining (West Africa) Limited
В
5,000
5,000
100
100
AngloGold Morila Holdings Limited
В
1,000
1,000
100
100
AngloGold Namibia (Pty) Ltd
В
10,000
10,000
100
100
AngloGold North America Inc.
В
7,902
7,902
100
100
```

504

```
603
AngloGold North American Holdings Limited
В
1
100
100
AngloGold South America Limited
В
488,000
488,000
100
100
(193)
(248)
AngloGold South American Holdings Limited
В
1
100
100
AngloGold USA Incorporated
5
В
100
100
100
100
Cerro Vanguardia S.A.
6
A
13,875,000
13,875,000
92.50
```

```
92.50
Chellaston Limited
В
2
2
100
100
Cluff Resources Limited
В
46,819,281
46,819,281
50
50
Dysart International Limited
В
2
2
100
100
Erongo Holdings Limited
В
13,334'A'
13,334'A'
100
100
(13)
Mineracao Morro Velho Ltda.
```

```
4,822,582,443
4,585,851,748
100
100
Mineracao Serra Grande S.A.
7
499,999,997
499,999,997
50
50
Quorum International Limited
В
2
2
100
100
Sadiola Exploration Limited
В
5,000 'A'
5,000 'A'
50
50
Joint ventures
Geita Gold Mining Limited
11
A
1
50
50
```

```
Societe des Mines de Morila S.A.
A
400
400
40
40
1,150
Societe d'Exploitation des Mines d'Or de Sadiola S.A.
38,000
38,000
38
38
Societe d'Exploitation des Mines d'Or de Yatela S.A.
4
A
400
400
40
40
BGM Management Company Pty Ltd
8
A
3'B'
3'B'
33.33
33.33
7,257
5,747
(1,262)
1,755
```

# Nature of business A - Mining B - Investment holding C - Software development D - Market agent E - Marketing intermediary F - Health care G - Short-term insurance and re-assurance H - Precious metal refining Indicates preference shares \*\* Accounted for as an associate in 2002 as AngloGold did not govern the financial and operating policies of Rand Refinery Limited The aggregate interest in the net profits and losses in subsidiaries are as follows: \$ m 2003 2002 Net profits 274 300 Net losses (95)(156)179 144 All companies are incorporated in the Republic of South Africa except where otherwise indicated Incorporated in the British Virgin Islands Incorporated in the Isle of Man Incorporated in Namibia Incorporated in Mali Incorporated in the United States of America Incorporated in Argentina Incorporated in Brazil Incorporated in Australia Incorporated in the United Kingdom 10 Incorporated in Malta

11 Incorporated in Tanzania

Glossary of terms

Glossary of terms

149

### Adjusted headline earnings

Headline earnings excluding unrealised non-hedge derivatives and marked-to-market of debt financial instruments.

### Adjusted operating profit

Operating profit excluding unrealised non-hedge derivatives.

#### Adjusted operating margin

Adjusted operating profit divided by gold sales including realised non-hedge derivatives.

### **By-products**

Any products that arise from the core process of producing gold, including silver, uranium and sulphuric acid.

### Net capital employed

Equity plus minority interests, interest-bearing debt, less cash and cash equivalents. Where average net capital employed is referred to, this is the average of the figures at the beginning and the end of the financial year.

### Capital expenditure

Total capital expenditure on mining assets both to maintain and to expand operations.

### Cash operating profit

Adjusted operating profit plus amortisation of mining assets.

### Cash operating margin

Adjusted operating profit plus amortisation of mining assets divided by gold sales including realised non-hedge derivatives.

#### **Dividend cover**

Adjusted headline earnings per ordinary share divided by dividends per ordinary share.

#### Debt

Borrowings including short-term portion.

### Effective tax rate

Current and deferred taxation as a percentage of profit on ordinary activities before taxation.

#### **EBITDA**

Profit before exceptional items and before net interest, growth in the Environmental Rehabilitation Trust Fund, amortisation of mining assets, foreign exchange gain (loss) on transactions other than sales, unwinding of the decommissioning obligation, unrealised non-hedge derivatives and marked-to-market of debt financial instruments.

#### **Equity**

Shareholders' equity adjusted for other comprehensive income and deferred taxation. Where average equity is referred to, this is calculated by averaging the figures at the beginning and the end of the financial year.

#### Free cash flow

Net cash inflow from operating activities less capital expenditure to maintain operations.

#### Grade

The quantity of gold contained within a unit weight of gold-bearing material generally expressed in ounces per short ton of ore (oz/t), or grams per metric tonne (g/t).

### **Interest cover**

EBITDA divided by finance costs.

#### **Life-of-mine (LOM)**

Number of years that the operation is planning to mine and treat ore, and is taken from the current mine plan.

### Glossary of terms

AngloGold Limited - Annual financial statements 2003

#### 150

#### **Market capitalisation**

Number of ordinary shares in issue at close of business on 31 December multiplied by the closing share price as quoted on the JSE Securities Exchange South Africa.

#### **Mineral Resource**

A Mineral Resource is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well-constrained and portrayed geological model. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. The Mineral Resources are inclusive of those resources which have been modified to produce Mineral Reserves.

### **Net operating assets**

Mining assets, inventories, trade receivables, less trade payables.

#### Net debt

Debt less cash and cash equivalents.

### Net tangible asset value per share

Shareholders' equity less goodwill, divided by the number of ordinary shares in issue.

### Operating margin %

Adjusted operating profit as a percentage of gold income including realised non-hedge derivatives.

#### **Mineral Reserve**

A Mineral Reserve is the economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified. Mineral Reserves are sub- divided in order of increasing confidence into Probable Mineral Reserves and Proved Mineral Reserves.

#### Ounces (oz) (troy)

Used in imperial statistics. A kilogram is equal to 32.1507 ounces.

### Price received (\$/oz and R/kg)

Attributable gold income including realised non-hedge derivatives divided by attributable ounces/kilograms sold.

### Rehabilitation

The process of restoring mined land to allow an appropriate post-mining use. Rehabilitation standards are determined amongst others by the South African Department of Minerals and Energy, the US Bureau of Land Management, the US Environmental Protection Agency, and the Australian Minerals Industry Code for Environmental Management, and address ground and surface water, topsoil, final slope gradient, waste handling and re-vegetation issues.

### Region

Defines the operational management divisions within AngloGold and these are South Africa, East and West Africa, Australia, North America and South America.

#### Return on net capital employed

Adjusted headline earnings before finance costs expressed as a percentage of average net capital employed, adjusted for the timing of acquisitions and disposals.

### **Return on equity**

Adjusted headline earnings expressed as a percentage of the average equity, adjusted for the timing of acquisitions and disposals.

Glossary of terms

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#### **Total cash costs**

Total cash costs include site costs for all mining, processing and administration, as well as contributions from by-products and are inclusive of royalties and production taxes. Amortisation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce are the attributable total cash costs divided by the attributable ounces of gold produced.

### **Total production costs**

Total cash costs including amortisation, retrenchment, rehabilitation and other non-cash costs. Corporate administration, capital and exploration costs are excluded. Total production costs per ounce are the attributable total production costs divided by the attributable ounces of gold produced.

### Weighted average number of ordinary shares in issue

The number of ordinary shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the income of the group. Ordinary shares were sub-divided at close of business on 24 December 2002 on a 2:1 basis. All references to ordinary shares, and related calculations have been restated to take cognisance of this sub-division.

#### **Abbreviations**

\$

**United States Dollars** 

A\$

Australian Dollars

**ADS** 

American Depositary Share

bn

Billion

capex

Capital expenditure

**CHF** 

**Swiss Francs** 

**CLR** 

Carbon Leader Reef

**FCFA** 

Communaute Financiere Africaine Francs

**FIFR** 

Fatal Injury Frequency Rate per million hours worked

g

Grams

g/t

Grams per tonne

g/TEC

Grams per total employee costed

kg

**Kilograms** 

**LIBOR** 

London interbank offer rate

LOM

Life-of-mine

## LTIFR

Lost Time Injury Frequency Rate per million hours worked

Note that AngloGold utilises the strictest definition in reporting Lost Time Injuries in that it includes all Disabling Injuries (where an individual is unable to return to his place of regular work the next calendar day after the injury) and

Restricted Work Cases (where the individual may be at work, but unable to perform full or regular duties on the next calendar day after the injury) within this definition.

m

2

/TEC

Square metres per total employee costed

m

Metre or million, depending on the context

Moz

Million ounces

Mt

Million tonnes or tons

Mtpa

Million tonnes/tons per annum

N\$

Namibian Dollars

**NOSA** 

National Occupational Safety Association

0Z

Ounces (troy)

oz/t

Ounces per ton

R or ZAR

South African rands

RIFR

Reportable Injury Frequency Rate per million hours worked

t

Tons (short) or tonnes (metric)

tpm

Tonnes per month

tpa

Tonnes per annum

tpd

Tonnes per day

**VCR** 

Ventersdorp Contact Reef

Rounding of figures in this report may result in computational discrepancies.

Shareholders' information

AngloGold Limited - Annual financial statements 2003

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#### Stock exchange listings

The primary listing of the company's ordinary shares is on the JSE Securities Exchange South Africa (JSE). Its ordinary shares are also listed on stock exchanges in London and Paris, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs) and in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs).

Stock exchange information as at 31 December

2003

2002

2001

2000

1999

### JSE Securities Exchange South Africa

Rands per share:

Market price

- high

339.00

347.00

248.00

192.50

214.00

- low

191.00

200.00

104.20

93.00

112.50

- year end

313.99

290.50

211.00

110.50

158.30

Shares traded

- 000

88,025

117,543

91,318

49,804

63,574

### **London Stock Exchange**

Pounds per share:

Market price

- high

23.68

23.26

13.90

17.76

- low
- 16.58
- 4.20
- 9.13
- 8.57
- 11.43
- year end
- 26.42
- 10.54
- 12.09
- 9.73
- 16.00
- Shares traded
- 000
- 1,187
- 8,643
- 18,862
- 4,984
- 6,625

### **Euronext Paris**

Euros per share:

Market price

- high
- 41.23
- 37.73
- 25.00
- 28.90
- 34.30
- low
- 24.10
- 18.78
- 14.26
- 14.10
- 16.62
- year end
- 38.00
- 33.00
- 19.53
- 15.93
- 25.45
- Shares traded
- 000
- 841
- 1,917
- 1,678
- 1,894
- 2,824

### **Euronext Brussels**

- Euros per share:
- Market price
- high

## 40.50 37.50 24.90 24.98 34.10 - low 24.10 32.00 14.52 14.28 16.75 - year end 36.55 32.05 20.25 15.93 25.43 IDRs traded - 000 973 3,138 1,638 2,004 5,270 Each IDR is equal to one ordinary share. **New York Stock Exchange** US Dollars per ADS: Market price - high 49.95 35.33 22.34 28.69 37.00 - low 32.80 17.62 13.15 12.25 18.31 - year end 46.70 34.26 18.06 14.94 25.69 ADSs traded - 000 249,791 210,933

106,231

46,940

41,355

Each ADS is equal to one ordinary share.

## **Australian Stock Exchange**

(listing commenced 15 November 1999)

Australian Dollars per CDI:

Market price

- high

13.55

12.00

8.00

8.68

8.90

- low

10 00

8.61

7.00

4.80

4.75

7.10

- year end

12.80

12.00

7.55

5.48

7.64

CDIs traded

- 000

12,788

6,758

62,576

17,830

4,870

Each CDI is equal to one-fifth of one ordinary share.

### Shareholders' information

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### **Australian Stock Exchange Listing Rules**

The following disclosures are made pursuant to the Listing Rules of the Australian Stock Exchange and according to information available to the directors:

The 20 largest holders of the ordinary share capital of the company as at 31 January 2004 were:

### Ordinary shares held

### Number

%

Anglo American plc

121,502,197

54.45

The Bank of New York

27,555,996

12.34

**ANZ Nominees Limited** 

10,891,245

4.88

JP Morgan Chase Bank

9,295,833

4.16

**Public Investment Commissioners** 

7,164,807

3.21

Old Mutual Group

3,549,498

1.59

Soges Fiducem SA

3,503,096

1.57

Sanlam Group

2,512,517

1.13

State Street Bank and Trust

2,441,107

1.09

Mines Pension Fund

1,929,670

0.86

National Nominees Limited

1,505,566

0.67

SIS Segaintersettle AG

1,344,072

0.60

Euroclear France SA

1,331,190

0.60

Liberty Group

1,125,204

**Engineering Industries Pension Fund** 847,592 0.38 Allan Gray Funds 826,699 0.37 **Investment Solutions** 818,765 0.37 Citibank (Global) 736,840 0.33 Prudential M&G Funds 730,268 0.33 Investors Bank and Trust Company West 658,172 0.29 The above list of shareholders may not necessarily reflect the beneficial shareholders. Analysis of ordinary shareholdings at 31 January 2004 % % Number of of total Number of of shares Size of holding shareholders shareholders shares issued 1 - 100 shares 6,428 38.78 430,013 0.19 101 - 500 shares 6,861 41.40 1,618,926 0.73 501 - 1,000 shares 1,350 8.15 978,813 0.44 1,001 - 5,000 shares 1,237 7.46 2,717,873

5,001 - 10,000 shares 244 1.47 1,777,876 0.80 10,001 - 100,000 shares 382 2.30 11,364,372 5.09 Over 100,000 72 0.44 204,331,769 91.53 **Total** 16,574 100.00

223,219,642 100.00

### Shareholders' information

(continued)

AngloGold Limited - Annual financial statements 2003

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### Shareholder spread

as at 31 January 2004

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

#### Class

### **Number of holders**

%

Ordinary shares Non-public shareholders: Directors

7

0.03

Shares held by Anglo American plc

1

0.01

Public shareholders

16,566

99.96

Total

16,574

100.00

#### A redeemable preference shares

}

All shares are held by a wholly owned subsidiary company

### B redeemable preference shares

### Major shareholders

as at 24 February 2004

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

#### **Ordinary shares held**

**24 February 2004** 

**31 December 2003** 

**31 December 2002** 

Number

%

Number %

Number %

Anglo American plc

122,863,176

55.04

121,502,197

54.45

114,457,368

51.41

The Bank of New York\*

36,017,376

16.13

36,753,386

16.47

39,879,957

17.91

\*

Shares held through various custodians in respect of ADSs issued by the Bank.

### **Voting rights**

The articles of association provide that every member present at a meeting in person or, in the case of a body corporate, represented, is entitled to one vote only on a show of hands. Upon a poll, members present or any duly appointed proxy shall have one vote for every share held. There are no limitations on the right of non-South African shareholders to hold or exercise voting rights attaching to any shares of the company. CDI holders are not entitled to vote in person at meetings, but may vote by way of proxy.

Options granted in terms of share incentive schemes do not carry a right to vote.

### Shareholders' information

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### **Diary**

Financial year end

31 December

Annual financial statements issued

15 March 2004

Annual general meeting

11:00 on 29 April 2004

Quarterly reports released (on or about)

Quarter ended 31 March 2004

29 April 2004

Quarter and six months ended 30 June 2004

29 July 2004

Quarter and nine months ended 30 September 2004

28 October 2004

Quarter and year ended 31 December 2004

28 January 2005

**Dividends** 

Last date to trade

**Payment** 

**Payment** 

ordinary shares

date to

date to

**Declared** 

cum dividend

shareholders

### **ADS** holders

Final - No. 95

29 January 2004

13 February 2004

27 February 2004

8 March 2004

Interim - No. 96

28 July 2004\*

13 August 2004\*

27 August 2004\*

10 September 2004\*

Final - No. 97

27 January 2005\*

11 February 2005\*

25 February 2005\*

11 March 2005\*

\* Approximate dates.

### **Currency conversion guide**

At 31 December one Rand was equal to:

2003

2002

Australian Dollar

0.20

Euro

0.12

0.11

Japanese Yen

16.08

13.72

Swiss Franc

0.19

0.16

**British Pound** 

0.08

0.07

US Dollar

0.15

Directorate and administration

AngloGold Limited - Annual financial statements 2003

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#### **AngloGold Limited**

Registration No. 1944/017354/06

Incorporated in the Republic of South Africa

ISIN: ZAE000043485

#### **Directors**

Executive

R M Godsell (Chief Executive Officer)

J G Best

D L Hodgson

K H Williams

Non-executive

R P Edey\* (Chairman)

Dr T J Motlatsi (Deputy Chairman)

F B Arisman#

Mrs E le R Bradley

C B Brayshaw

A W Lea (Alternate: P G Whitcutt)
W A Nairn (Alternate: A H Calver\*)

J Ogilvie Thompson (Alternate: D D Barber)

N F Oppenheimer

A J Trahar

\* British

# American

Managing secretary

Ms Y Z Simelane

Company secretary

C R Bull

### **Offices**

Registered and corporate

11 Diagonal Street

Johannesburg 2001

(PO Box 62117, Marshalltown 2107)

South Africa

Telephone: +27 11 637 6000

Fax: +27 11 637 6624

Australia

Level 13

St Martins Tower

44 St George's Terrace

Perth, WA 6000

(PO Box Z5046, Perth WA 6831)

Australia

Telephone: +61 8 9425 4604

Fax: +61 8 9425 4662

**United Kingdom Secretaries** 

St James's Corporate Services Limited

6 St James's Place

London SW1A 1NP

England

Telephone: +44 20 7499 3916

Fax: +44 20 7491 1989

**Share Registrars** 

South Africa

Computershare Limited

Ground Floor, 70 Marshall Street

Johannesburg 2001

(PO Box 61051, Marshalltown 2107)

South Africa

Telephone: +27 11 370 7700

Fax: +27 11 688 7722 United Kingdom

Computershare Investor Services PLC

PO Box 82

The Pavilions,

Bridgwater Road

Bristol BS99 7NH

England

Telephone: +44 870 702 0001

Fax: +44 870 703 6119

Australia

Computershare Investor Services Pty Limited

Level 2, 45 St George's Terrace

Perth, WA 6000

(GPO Box D182 Perth WA 6840)

Australia

Telephone: +61 8 9323 2000

Telephone: 1300 55 7010 (in Australia)

Fax: +61 8 9323 2033 **ADR Depositary** 

The Bank of New York

101 Barclay Street

22nd Floor

New York, NY 10286

United States of America

Telephone: +1 888 269 2377 Fax: +1 212 571 3050/3052

**GLOBAL BUYDIRECT** 

SM

The Bank of New York maintains a direct share purchase and dividend reinvestment plan for AngloGold. For additional information, please visit The Bank of New York's website at www.globalbuydirect.com or call Shareholder Relations on 1-888-BNY-ADRS or write to: The Bank of New York Church Street Station PO Box 11258 New York, NY 10286-1258 United States of America

Contact information

Contact information

**South Africa** 

Steve Lenahan

Telephone: +27 11 637 6248

Fax: +27 11 637 6400

E-mail: slenahan@anglogold.com

Peta Baldwin

Telephone: +27 11 637 6647

Fax: +27 11 637 6399

E-mail: pbaldwin@anglogold.com

11 Diagonal Street Johannesburg 2001

(PO Box 62117, Marshalltown 2107)

South Africa

## Europe/Asia

Tomasz Nadrowski

Telephone: (800) 417 9255 (toll free in USA and Canada)

or +1 212 750 7999 Fax: +1 212 750 5626

E-mail: tnadrowski@anglogold.com

509 Madison Avenue

**Suite 1914** 

New York, NY 10022 United States of America

#### **United States of America**

**Charles Carter** 

Telephone: (800) 417 9255 (toll free in USA and Canada)

or +1 212 750 7999 Fax: +1 212 750 5626

E-mail: cecarter@anglogold.com

509 Madison Avenue

**Suite 1914** 

New York, NY 10022 United States of America

Australia

Andrea Maxey

Telephone: +61 8 9425 4604

Fax: +61 8 9425 4662

E-mail: amaxey@anglogold.com.au

Level 13

St Martins Tower

44 St George's Terrace

Perth, WA 6000

(PO Box Z5046, Perth WA 6831)

Australia

General e-mail enquiries

investors@anglogold.com

## **AngloGold Website**

http://www.anglogold.com

This Annual Report is available in printed format from the contacts whose details appear above or on the Internet at the above website address. In addition, AngloGold has produced the Form 20-F (a report required by the Securities and Exchange Commission in the United States), copies of which are available on or about 15 March 2004, free of charge on EDGAR at www.sec.gov, or from the contacts given above.

Supplementary information on Mineral Resources, Ore Reserves and development, prepared on a business unit basis, is obtainable from the above sources as well as in PDF format on the AngloGold website. Plans of the South Africa region underground workings are also available on request.

Produced by: Russell & Associates

## ANGLOGOLD LIMITED

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

ISIN: ZAE000043485 JSE Share Code: ANG

notice of annual general meeting 2004

## **AngloGold Limited**

(Incorporated in the

Republic of South Africa)

Registration number

1944/017354/06

ISIN: ZAE000043485

JSE Share code: ANG

("AngloGold" or "the company")

#### This document is

important

and requires your

#### immediate attention

If you are in any doubt

about what action you

should take, consult your

stockbroker, attorney,

banker, financial adviser,

accountant or other

professional adviser

immediately

If you have disposed of all

your shares in AngloGold

you should pass this

document and the

enclosed proxy form/CDI

voting instruction form to

the purchaser of such

shares or the stockbroker,

banker or other agent

through whom the

disposal was effected for

transmission to the

purchaser

#### Registered and

# corporate office

11 Diagonal Street,

Johannesburg, 2001

(PO Box 62117

Marshalltown, 2107)

South Africa

## **AngloGold Limited**

#### **Annual General Meeting**

**INVITATION** 

Thursday, 29 April 2004

11:00

The Johannesburg Country Club

Napier Road

**Auckland Park** 

Johannesburg

South Africa

## Included in this document are the following:

.

The notice of meeting setting out the resolutions to be proposed, together with explanatory notes. There are also guidance notes if you wish to attend the meeting (for which purpose an AGM location map is included) or to vote by proxy.

•

Proxy form for completion, signature and submission to the share registrars by shareholders holding AngloGold ordinary shares in certificated form or recorded in sub-registered electronic form in "own name". Shareholders on the South African register who have dematerialised their AngloGold ordinary shares through STRATE, other than those whose shareholding is recorded in their "own name" in the sub-register maintained by their Central Securities Depositary Participant (CSDP) or broker, must advise their CSDP or broker of their voting instructions should they wish to be represented at the annual general meeting. If, however, such shareholders wish to attend the meeting in person, then they will need to request their CSDP or broker to provide them with the necessary authority in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

.

CDI voting instruction form for completion, signature and submission by Australian holders of CHESS Depositary Interests (CDIs).

A copy of the annual financial statements for the financial year 2003 is also enclosed.

## Notice of annual general meeting

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Notice is hereby given that the 60th annual general meeting of shareholders of AngloGold Limited will be held at The Johannesburg Country Club, Napier Road, Auckland Park, Johannesburg, South Africa, on Thursday, 29 April 2004, at 11:00, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions in the manner required by the Companies Act, 61 of 1973, as amended, and subject to the Listings Requirements of the JSE Securities Exchange South Africa and other stock exchanges on which the company's ordinary shares are listed.

## **Ordinary business**

## 1. Ordinary resolution number 1

## Adoption of financial statements

"Resolved that the consolidated audited annual financial statements of the company and its subsidiaries, incorporating the auditors' and directors' reports for the year ended 31 December 2003, be received and adopted."

The reason for proposing ordinary resolution number 1 is to receive and adopt the consolidated annual financial statements of the company and its subsidiaries for the last completed financial year. These are contained within the annual financial statements.

## 2. Ordinary resolution number 2

#### Re-election of director

"Resolved that Mr J G Best who retires in terms of the Articles of Association, and who is eligible and available for re-election, is hereby re-elected as a director of the company."

The reason for proposing ordinary resolution number 2 is because Mr J G Best retires as a director of the company by rotation at the meeting.

Jonathan Best, (55) ACIS, ACIMA, MBA, was appointed finance director of AngloGold in April 1998. He has 35 years of service with companies associated with the mining industry.

#### 3. Ordinary resolution number 3

#### Re-election of director

"Resolved that Mrs E le R Bradley who retires in terms of the Articles of Association, and who is eligible and available for re-election, is hereby re-elected as a director of the company."

The reason for proposing ordinary resolution number 3 is because Mrs E le R Bradley retires as a director of the company by rotation at the meeting.

Elisabeth Bradley, (65) BSc, MSc, was appointed to the AngloGold board in April 1998. She is the non-executive chairman of Wesco Investments Limited, Metair Investments Limited and Toyota South Africa (Proprietary) Limited and a director of a number of other companies. She is also deputy chairman of the South African Institute of International Affairs.

#### 4. Ordinary resolution number 4

## Re-election of director

"Resolved that Mr A J Trahar who retires in terms of the Articles of Association, and who is eligible and available for re-election, is hereby re-elected as a director of the company."

The reason for proposing ordinary resolution number 4 is because Mr A J Trahar retires as a director of the company by rotation at the meeting.

Tony Trahar, (54) BCom, CA(SA), was appointed to the AngloGold board in October 2000. He is chief executive officer of Anglo American plc.

#### 5. Ordinary resolution number 5

## Placement of shares under the control

#### of the directors

"Resolved that subject to the provisions of the Companies Act, 61 of 1973, as amended, and the Listings Requirements of the JSE Securities Exchange South Africa, the directors are hereby authorised to allot and issue in their discretion all the remaining authorised but unissued ordinary shares of 25 cents each in the 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 AngloGold Limited Share Incentive Scheme and the conditions of the 2.375% guaranteed Convertible Bonds issued by AngloGold Holdings plc."

The reason for proposing ordinary resolution number 5 is to seek a general authority placing the unissued ordinary shares of the company under the control of the directors. The directors consider it advantageous to renew this authority to enable the company to take advantage of any business opportunity which might arise in the future.

## 6. Ordinary resolution number 6

# Issuing of shares for cash

"Resolved that in terms of the Listings Requirements of the JSE Securities Exchange South Africa (JSE), the directors are hereby authorised to allot and issue the unissued ordinary shares of 25 cents each in the capital of the company (after

Notice of annual general meeting

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Notice of annual general meeting

(continued)

AngloGold Limited - Notice of annual general meeting

setting aside so many shares as may be required to be allotted and issued by the company pursuant to The AngloGold Limited Share Incentive Scheme) for cash, without restrictions to any public shareholder, as defined by the JSE Listings Requirements, 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 months;

(b)

that a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to the issue concerned;

(c)

that the issues in the aggregate in any one financial year shall not exceed 15% of the number of shares of the company's issued ordinary share capital; and

(d)

that, in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE (adjusted for any dividend declared but not yet paid or for any capitalisation award made to shareholders), over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company." The reason for proposing ordinary resolution number 6 is to comply with the JSE Listings Requirements relating to the issue of shares for cash. The directors consider it advantageous to renew this authority to enable the company to take advantage of any business opportunity which might arise in the future.

A 75% majority is required of the votes cast by shareholders present or represented by proxy at the meeting for the approval of this ordinary resolution.

#### **Special business**

# 7. Ordinary resolution number 7

To consider and, if thought fit, to pass, with or without modification the following resolution as an ordinary resolution: "Resolved that, subject to Article 73 of the Articles of Association of the Company the following remuneration shall be payable to directors of

the Company quarterly in arrear with effect from 1 May 2004:

(a)

R110,000 per annum for each director, other than for the incumbants of the offices of chairman, deputy chairman and a director qualifying for remuneration under (d) below.

(b)

US\$130,000 per annum for the office of chairman.

(c)

R300,000 per annum for the office of deputy chairman.

(d)

Incumbents holding the office of director and who are non-residents of South africa will receive US\$16,000 per annum.

(e)

An additional travel allowance of US\$4,000 per meeting for each director, including the chairman and deputy chairman, travelling internationally to attend board meetings.

The remuneration payable in terms of (a), (b), (c) and (d) shall be in proportion to the period during which the offices of director, chairman or deputy chairman, as the case may be have been held during the year."

The reason for proposing the ordinary resolution is to ensure that directors' remuneration, which has not changed since 2002, remains competitive. It is proposed that the annual remuneration payable to directors (R100,000), the chairman (R200,000) and deputy chairman (R150,000) be increased to R110,000, US\$130,000 and R300,000, respectively. A director resident outside South Africa would receive US\$16,000 per annum instead of R110,000. On the basis of the

present number of non-executive directors, the aggregate annual remuneration would increase from R1,150,000 to R1,180,000 and US\$146,000. In addition, it is proposed that the current travel allowance of US\$2,000 per meeting, payable to directors, including the chairman and deputy chairman, who travel internationally to attend board meetings, be increased to US\$4,000 per meeting. The increase of this allowance represents additional remuneration of some R230,000.

The company will disregard any votes cast by:

-

the chairman, deputy chairman, non-executive directors and executive directors;

-

an associate of that person or group of persons stated above.

Notice of annual general meeting

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However, the company will not disregard a vote if:

it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or

it is cast by the person chairing the meeting as a proxy of a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Executive directors do not receive payment of directors' remuneration.

#### 8. Special resolution number 1

#### Acquisition of company's own shares

"Resolved that by way of a general authority, the company and any of its subsidiaries from time to time (the subsidiaries), being authorised thereto by the articles of association of respectively the company and the subsidiaries, hereby approve the acquisition in terms of Section 85 of the Companies Act, 61 of 1973, as amended, (the Act) and the Listings Requirements of the JSE Securities Exchange South Africa (JSE) from time to time (the Listings Requirements) by the company of shares issued by the company, and the acquisition in terms of Section 89 of the Act and the Listings Requirements by the subsidiaries of shares issued by the company, provided that:

any such acquisition of shares shall be implemented on the open market of the JSE and/or on the open market of any other stock exchange on which the shares are listed or may be listed and on which the company may, subject to the approval of the JSE and any other stock exchange as necessary, wish to effect such acquisition of shares;

this approval shall be valid only until the next annual general meeting of the company, but may be varied or revoked by special resolution by any general meeting of the company at any time prior to such annual general meeting;

an announcement containing details of such acquisitions will be published as soon as the company, or the subsidiaries collectively, shall have acquired shares issued by the company constituting, on a cumulative basis, not less than 3% of the number of shares in the company in issue as at the date of this approval; and an announcement containing details of such

acquisitions will be published in respect of each subsequent acquisition by either the company, or by the subsidiaries collectively, as the case may be, of shares issued by the company, constituting, on a cumulative basis, not less than 3% of the number of shares in the company in issue as at the date of this approval;

the company, and its subsidiaries collectively, shall not in any financial year be entitled to acquire shares issued by the company constituting, on a cumulative basis, more than 20% of the number of shares in the company in issue as at the date of this approval;

shares issued by the company may not be acquired at a price greater than 10% above the weighted average market price of the company's shares for the five business days immediately preceding the date of the relevant acquisition." The reason for this special resolution is to grant the directors of the company a general authority for the acquisition of the company's shares by the company, or by a subsidiary of the company.

The effect of this special resolution will be to authorise the directors of the company to procure that the company or any of its subsidiaries may purchase shares issued by the company on the JSE or any other stock exchange on which the company's shares are or may be listed.

The directors, after considering the effect of a repurchase, up to the maximum limit, of the company's issued shares, are of the opinion that if such repurchases were implemented:

the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice issued in respect of the annual general meeting;

-

the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice issued in respect of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;

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Notice of annual general meeting (continued)

\_

the ordinary capital and reserves of the company and the group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting; and

\_

the working capital of the company and the group will be adequate for a period of 12 months after the date of notice issued in respect of the annual general meeting.

At the present time the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate.

AngloGold will ensure that its sponsor provides the necessary sponsor letter on the adequacy of the working capital in terms of section 2.12 of the JSE Listings Requirements prior to the commencement of any purchases of AngloGold's shares on the open market.

### **Voting instructions**

A shareholder entitled to attend and vote at the annual general 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 shareholder of the company. A form of proxy/CDI voting instruction form, accompanies this notice.

As Tuesday, 27 April 2004 is a public holiday in South Africa, duly completed proxy forms must be received by the share registrars by no later than 11:00 (South African time) on Monday, 26 April 2004.

Duly completed CDI voting instruction forms must be received by the share registrars in Perth, Australia, by 11:00 (Perth time) on Friday, 23 April 2004.

The attention of shareholders is directed to the additional notes contained in the form of proxy and the CDI voting instruction form, relating to the completion and timeous submission of such forms.

Shareholders who have already dematerialised their shares in the company (other than those shareholders whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant (CSDP) or broker) must advise their CSDP or broker of their voting instructions should they wish to be represented at the annual general meeting. If, however, such shareholders wish to attend the annual general meeting in person, they will need to request their CSDP or broker to provide them with the

necessary authority in terms of the custody agreement entered into between them and the CSDP or broker.

In terms of the JSE Listings Requirements for the special resolution, the following general information is included in the annual report:

(a)

Directors and management (pages 37 and 38)

(b)

Major shareholders (page 154)

(c)

Directors' interest in securities (page 75)

(d)

Share capital of the company (pages 67 and 68)

There have been no material changes since 31 December 2003.

The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 37 and 38 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the notice of the annual general meeting contains all information required by law and the JSE Listings Requirements.

By order of the board

Ms Y Z Simelane

Managing Secretary

Johannesburg
15 March 2004
Registered and corporate office
11 Diagonal Street
Johannesburg 2001
South Africa
AngloGold Limited - Notice of annual general meeting

Notice of annual general meeting

#### **Date**

Thursday, 29 April 2004 at 11:00

#### Venue

The Johannesburg Country Club, Napier Road

Auckland Park, Johannesburg, South Africa.

#### **Timing**

The AGM will start promptly at 11:00.

#### **Travel information**

The outline map below indicates the location of

The Johannesburg Country Club.

#### **Admission**

Shareholders and others attending the AGM are asked to register at the registration desk at the venue. Shareholders and proxies may be required to provide proof of identity.

### **Security**

Secured parking is provided at the venue. Mobile telephones should be switched off during the AGM.

## **Enquiries and questions**

Shareholders who intend to ask a question related to the business of the AGM or on related matters are asked to register their name, address and question(s) at the registration desk. Personnel will be on hand to provide any advice and assistance required.

## Queries about annual general meeting

If you have any queries about the AGM please telephone any of the contact names listed on the inside back cover of the accompanying annual financial statements.

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#### Important notes about the annual general meeting (AGM)

**MELVILLE** 

to

Jan Smuts

**RICHMOND** 

**AUCKLAND** 

**PARK** 

**COTTESLOE** 

**PARKTOWN** 

The Country

Club

Johannesburg

St Andrews

to

#### **JOHANNESBURG**

**Empire** 

**Empire** 

Stanley

Park

Ceda

**Empire** 

Holiday Inn

Garden Court

Milpark's

Galleries

Owl

Annet

Henley
Cookham
L
othbury
Kingsw
ay
Uni
ver
sity
Main R
oad
SABC
Menton
Menton
Napier
Napier
Bar
ry Her
tz
og
Annet
W
abord
M1
M1
SANDTON
N1
Pretoria
N12
N1
M1
N3
R24

M2 N1

Bloemfontein Sandton CBD

## ANGLOGOLD LIMITED

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

supplementary mineral resource and ore reserve information 2003

Supplementary Mineral Resource and Ore Reserve information 2 Ore Reserves by region Mineral Resources by region Ore Reserves by operation Mineral Resources by operation Grade tonnage curves of the Mineral Resource 18 Year-on-year Mineral Resource and Ore Reserve comparison by operation 24 Year-on-year Mineral Resource and Ore Reserve changes Modifying factors Drillhole spacing Ore Reserves by project Mineral Resources by project 40 Development sampling results - South Africa region 42 Competent persons

Contents

#### Supplementary Mineral Resource and Ore Reserve information

Ore Reserves by region

as at 31 December 2003

**Ore Reserves** 

Metric

**Imperial** 

Contained

Contained

**Tonnes Grade** 

gold

**Tons** 

Grade

gold

Mt

g/t

tonnes

Mt

oz/t

Moz

South Africa

Proved

54.8

2.96

162.0

60.4

0.086

5.2

Probable

267.9

4.12

1,104.3

295.3

0.120

35.5

Total

322.6

3.93

1,266.4

355.6

0.114

40.7

East & West Africa\*

Proved

23.3

3.01

70.0

25.7

0.088

2.3

Probable

3.52 169.4 53.1 0.103 5.4 **Total** 71.5 3.35 239.5 **78.8** 0.098 7.7 South America\* Proved 10.6 7.27 77.4 11.7 0.212 2.5 Probable 6.3 7.34 46.4 6.9 0.214 1.5 **Total** 17.0 7.30 123.8 18.7 0.213 4.0 Australia\* Proved 46.9 1.31 61.3 51.7 0.038 2.0 Probable 105.3 1.40 147.2 116.1 0.041

4.7 **Total 152.2** 

1.37

208.6

167.8

0.040

**6.7** 

North America\*

Proved

53.9

1.26

67.7

59.4

0.037

2.2

Probable

64.7

0.87

56.1

71.3

0.025

1.8

**Total** 

118.6

1.04

123.8

130.7

0.030

4.0

Total\*

Proved

189.5

2.31

438.5

208.9

0.067

14.1

Probable

492.4

3.09

1,523.5

542.8

0.090

49.0

**Total** 

681.9

2.88

1,962.0

751.7

0.084

63.1

\*

Reserves attributable to AngloGold.

## Supplementary Mineral Resource and Ore Reserve information

3

Mineral Resources by region

as at 31 December 2003

#### **Mineral Resources**

**(1)** 

Metric

**Imperial** 

Contained

Contained

**Tonnes** 

Grade

gold

Tons

Grade

gold

Mt

g/t

tonnes

Mt

oz/t

Moz

South Africa

Measured

103.2

4.26

439.4

113.8

0.124

14.1

Indicated

661.1

4.17

2,754.6

728.7

0.122

88.6

Inferred

263.2

6.48

1,705.8

290.1

0.189

54.8

**Total** 

1,027.5

4.77

4,899.7

1,132.6

0.139

#### East & West Africa\*\* Measured 42.4 2.40 101.8 46.7 0.070 3.3 Indicated 123.5 2.50 308.6 136.1 0.073 9.9 Inferred 138.0 1.62 224.0 152.1 0.047 7.2 **Total** 303.8 2.09 634.3 334.9 0.061 20.4 South America\*\* Measured 29.8 4.41 131.2 32.8 0.129 4.2 Indicated 12.7 6.94 88.1 14.0 0.202 2.8 Inferred 29.0 6.98 202.8 32.0

0.204 6.5

**Total** 71.5 5.90 422.2 **78.8** 0.172 13.6 Australia\*\* Measured 63.0 1.36 85.5 69.4 0.040 2.7 Indicated 149.9 1.30 195.1 165.2 0.038 6.3 Inferred 87.2 1.29 112.2 96.1 0.038 3.6 **Total** 300.1 1.31 392.8 330.8 0.038 12.6 North America\*\* Measured 109.4 1.17 128.1 120.6 0.034 4.1 Indicated 110.8

0.88 97.7 122.1 0.026 3.1

775

Inferred 38.0 1.05 39.7 41.9 0.031 1.3 **Total** 258.2 1.03 265.5 284.6 0.030 8.5 Total\*\* Measured 347.7 2.55 885.9 383.3 0.074 28.5 Indicated 1,058.0 3.26 3,444.1 1,166.2 0.095 110.7 Inferred 555.4 4.11 2,284.5 612.2 0.120 73.4 **Total** 1,961.1 3.37 6,614.5

**212.7**\*\* Resources attributable to AngloGold.

2,161.7 0.098

Inclusive of the Ore Reserve component.

#### Ore Reserves by operation (attributable) as at 31 December 2003 Supplementary Mineral Resource and Ore Reserve information Metric **Imperial** Contained **Contained Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t t Mt oz/t Moz **South Africa** Great Noligwa Proved 4.0 9.46 37.6 4.4 0.276 1.2 Probable 14.9 9.16 136.1 16.4 0.267 4.4 **Total** 18.8 9.22 173.6 20.7 0.269 5.6 Kopanang Proved 3.4 6.94

23.8 3.7 0.202

0.8 Probable 19.8 7.19 142.3 21.8 0.210 4.6 **Total** 23.2 7.15 166.1 25.6 0.209 5.3 Moab Khotsong Proved 16.45 0.4 0.480 Probable 18.8 13.93 262.4 20.7 0.406 8.4 **Total** 18.9 13.93 262.8 20.8 0.406 8.4 Mponeng Proved 2.8 8.74 24.5 3.1 0.255 0.8 Probable 22.8 9.01 205.3 25.1

6.6

**Total** 

25.6

8.98

229.9

28.2

0.262

7.4

Savuka

Proved

0.4

6.79

2.7

0.4

0.198

0.1

Probable

1.1

6.76

7.8 1.2

0.197

0.3

**Total** 

1.5

**6.77** 

10.5

1.7

0.197

0.3

Tau Lekoa

Proved

7.4

5.05

37.2

8.2

0.147

1.2

Probable

20.6

3.99

82.2

22.7

0.116

2.6

**Total** 

28.0

4.27

119.4

30.9

# 3.8 TauTona Proved 1.6 13.11 21.3 1.8 0.382 0.7 Probable 16.3 11.21 182.3 18.0 0.327 5.9 **Total** 17.9 11.38 203.6 19.7 0.332 6.5 Western Ultra Deep Proved Levels (1) Probable **Total**

Ergo Proved 29.4 0.38

11.1 32.4 0.011 0.4 Probable **Total** 29.4 0.38 11.1 32.4 0.011 0.4 Vaal River Surface Proved 5.8 0.59 3.4 6.4 0.017 0.1 Probable 153.6 0.56 86.0 169.3 0.016 2.8 **Total** 159.3 0.56 89.4 175.6 0.016 2.9 West Wits Surface Proved Probable

-

-

## Total

-

-

-

-

-

#### Supplementary Mineral Resource and Ore Reserve information Ore Reserves by operation (attributable) (continued) as at 31 December 2003 5 Metric **Imperial Contained** Contained **Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t Mt oz/t Moz **East & West Africa** Geita (50%) Proved 14.2 3.30 46.8 15.7 0.096 1.5 Probable 21.1 4.17 88.1 23.3 0.122 2.8 **Total** 35.3 3.82 134.9 38.9 0.111 4.3 Morila (40%) Proved 4.4

3.55 15.6

- 4.9 0.104
- 0.5

Probable

- 5.9
- 3.88
- 22.9
- 6.5
- 0.113
- 0.7

**Total** 

- 10.3
- 3.74
- 38.5
- 11.4
- 0.109
- 1.2

Navachab

- Proved
- 1.3
- 1.38
- 1.8
- 1.4
- 0.040
- 0.1

Probable

- 10.1
- 1.81
- 18.2
- 11.1
- 0.053
- 0.6

**Total** 

- 11.4
- 1.76
- 20.0
- 12.6
- 0.051
- 0.6

Sadiola (38%)

- Proved
- 2.5
- 1.93
- 4.8
- 2.8
- 0.056
- 0.2

Probable

- 7.7
- 3.53
- 27.3

8.5 0.103 0.9 **Total** 10.2 3.14 32.1 11.2 0.092 1.0 Yatela (40%) Proved 0.9 1.12 1.0 0.033 Probable 3.4 3.84 12.9 3.7 0.112 0.4 **Total** 4.3 3.25 13.9 4.7 0.095 0.4 **South America** Amapari (2) Proved Probable **Total** 

Cerro Vanguardia Proved 6.7 7.34 49.1 7.4 0.214 1.6 (92.5%)Probable 0.5 10.16 5.6 0.6 0.296 0.2 **Total** 7.2 7.56 54.6 7.9 0.220 1.8 Morro Velho Proved 2.3 7.84 18.1 2.5 0.229 0.6 Probable 5.2 7.01 36.2 5.7 0.205 1.2 **Total** 7.5 7.27 54.4 8.3 0.212

1.7

Serra Grande (50%)

#### Proved

1.6

6.17

10.2

1.8

0.180

0.3

#### Probable

0.6

7.59

4.6

0.7

0.221

0.1

**Total** 

2.3

6.55

14.8

2.5

0.191

Ore Reserves by operation (attributable) (continued) as at 31 December 2003 Supplementary Mineral Resource and Ore Reserve information 6 Metric **Imperial Contained Contained Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t Mt oz/t Moz Australia Boddington (3) Proved 41.5 0.94 39.0 45.7 0.027 1.3 (33.33%)Probable 88.4 0.84 74.3 97.4 0.024 2.4 **Total** 129.9 0.87 113.3 143.2 0.025 3.6 Coyote (4)

Proved

Probable **Total** Sunrise Dam Proved 5.4 4.16 22.3 6 0.121 0.7 Probable 16.9 4.33 72.9 18.6 0.126 2.3 **Total** 22.2 4.29 95.3 24.5 0.125 3.1 Tanami (5) Proved

# (40%) Probable **Total** Union Reefs (6) Proved Probable Total **North America** Jerritt Canyon (7) Proved Probable

**Total** Cripple Creek & Victor Proved 53.9 1.26 67.7 59.4 0.037 2.2 (70%)Probable 64.7 0.87 56.1 71.3 0.025 1.8 **Total** 118.6 1.04 123.8 130.8 0.030 4.0 **Proved** 189.5 2.31 438.5 208.9 0.067 14.1 **Probable** 492.4 3.09 1,523.5 542.8 0.090 49.0 **Total Ore Reserves** attributable to AngloGold

**Total** 

2.88 1,962 751.7 0.084 63.1 NB: Rounding of figures may result in computational discrepancies. The southerly down-dip extension of Mponeng, Elandsrand (Harmony) and Driefontein (Gold Fields Limited), with depths to reef exceeding 4,500m in the south. (2) Sold 21 May 2003. (3) The Ore Reserves associated with the Boddington Expansion have been based on the feasibility study completed in 2000 and assume a gold price of AUD\$425/oz. Sold - settlement due on 16 January 2004. (5) Mine closed.

681.9

Sold 30 June 2003.

Sold - settlement date still under negotiation.

Supplementary Mineral Resource and Ore Reserve information Mineral Resources by operation (attributable) as at 31 December 2003 (inclusive of the Ore Reserve component) Metric **Imperial Contained Contained Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t Mt oz/t Moz **South Africa** Great Noligwa Measured 7.9 17.82 140.3 8.7 0.520 4.5 Indicated 19.6 16.83 329.6 21.6 0.491 10.6 Inferred 5.8 10.89 63.1 6.4 0.318 2.0 **Total** 33.2 16.03 533.0

36.6 0.468

#### 17.1 Kopanang Measured 4.0 17.22 68.2 4.4 0.502

2.2 Indicated

17.1

17.22

293.6 18.8

0.502

9.4

Inferred

4.3

19.34

82.8

4.7

0.564

2.7

**Total** 

25.3

17.57

444.6

27.9

0.513

14.3

Moab Khotsong

Measured

18.97

0.6

0.553

Indicated

12.9

26.54

342.7

14.2

0.774

11.0

Inferred

1.5

29.19

43.8

1.7

1.4 **Total** 14.4 26.80 387.1 15.9 0.782 12.4 Moab Khotsong Extension Measured Indicated 2.5 16.31 41.0 2.8 0.476 1.3 Inferred **Total** 2.5 16.31 41.0 2.8 0.476 1.3 Mponeng Measured 4.5 15.34 68.8 5.0 0.447 2.2 Indicated 56.7 11.60 657.5 62.5

21.1 Inferred 9.4 7.87 74.3 10.4 0.229 2.4 **Total** 70.6 11.34 800.6 77.8 0.331 25.7 Savuka Measured 3.2 14.19 45.7 3.5 0.414 1.5 Indicated 17.5 12.60 221.1 19.3 0.368 7.1 Inferred **Total** 20.8 12.85 266.8 22.9 0.375 8.6 Tau Lekoa Measured

> 8.9 6.32 56.4 9.8 0.184

5.56 251.1 49.7 0.162 8.1 Inferred 24.0 5.97 143.4 26.5 0.174 4.6 **Total 78.1 5.78** 450.8 86.1 0.168 14.5 TauTona Measured 1.4 25.72 37.2 1.5 0.750 1.2 Indicated 21.0 22.52 473.7 23.1 0.657 15.2 Inferred **Total** 22.5 22.72 510.9 24.8 0.663 16.4

1.8 Indicated 45.1

### Western Ultra Deep Measured Levels (1) Indicated Inferred 103.3 11.85 1,223.9 113.9 0.346 39.3 **Total** 103.3 11.85 1,223.9 113.9 0.346 39.4 Ergo Measured 73.3 0.30 22.2 80.8 0.009 0.7 Indicated Inferred

-

Total

73.3

0.30

22.2

80.8

0.009

#### Supplementary Mineral Resource and Ore Reserve information Mineral Resources by operation (attributable) as at 31 December 2003 (inclusive of the Ore Reserve component) Metric **Imperial Contained Contained Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t t Mt oz/t Moz Vaal River Surface Measured Indicated 306.1 0.34 102.9 337.4 0.010 3.3 Inferred 101.7 0.65 66.4 112.1 0.019 2.1 **Total** 407.9 0.41 169.2 449.6 0.012

#### West Wits Surface Measured Indicated 162.5 0.25 41.4 179.1 0.007 1.3 Inferred 13.2 0.62 8.2 14.6 0.018 0.3 **Total** 175.7 0.28 49.5 193.7 0.008 1.6 **East & West Africa** Geita (50%) Measured 20.5 3.13 64.0 22.6 0.091 2.1 Indicated 43.3 3.80 164.8 47.7 0.111 5.3 Inferred 20.0

3.03 60.4 22.0 0.088 1.9

**Total** 

83.7

3.45

289.2

92.3

0.101

9.3

Morila (40%)

Measured

5.2

3.49

18.3

5.7

0.102

0.6

Indicated

7.0

3.82

26.7

7.7

0.112

0.9

Inferred

0.8

2.96

2.4

0.9

0.086

0.1

Total

13.0

3.64

47.5

14.3

0.106

1.5

Navachab

Measured

8.7

0.79

6.8

9.6 0.023

0.2

Indicated

56.9

1.31

74.7

62.7

2.4 Inferred 60.8 1.04 63.1 67.0 0.030 2.0 **Total** 126.3 1.15 144.7 139.2 0.033 4.7 Sadiola (38%) Measured 6.5 1.68 11.0 7.2 0.049 0.4 Indicated 10.1 2.62 26.4 11.1 0.077 0.8 Inferred 54.7 1.76 96.2 60.3 0.051 3.1 **Total** 71.3 1.87 133.6 78.6 0.055 4.3 Yatela (40%) Measured 1.5 1.11 1.6

1.7 0.032

## 0.1 Indicated 6.2 2.56 16.0 6.8 0.075 0.5 Inferred 1.8 1.03 1.8 2.0 0.030 0.1 **Total** 9.5 2.05 19.4 10.5 0.060 0.6 **South America** Amapari (2) Measured Indicated Inferred **Total**

-

Cerro Vanguardia (92.5%)

Measured

23.2

3.62

83.8

25.6

0.106

2.7

Indicated

2.4

6.07

14.7

2.6

0.177

0.5

Inferred

0.9

8.40

7.3

1.0

0.245

0.2

**Total** 

26.5

4.00

105.8

29.2

0.117

3.4

Morro Velho

Measured

4.8

7.24

34.9

5.3

0.211

1.1

Indicated

9.6

7.07

67.9

10.6

0.206 2.2

Inferred

26.6

6.93

184.1

0.202

5.9

**Total** 

41.0

7.00

286.8

45.2

0.204

#### Supplementary Mineral Resource and Ore Reserve information Mineral Resources by operation (attributable) (continued) as at 31 December 2003 (inclusive of the Ore Reserve component) Metric **Imperial Contained Contained Tonnes** Grade gold **Tons** Grade gold Mine Category Mt g/t Mt oz/t Moz Serra Grande (50%) Measured 1.8 6.98 12.6 2.0 0.204 0.4 Indicated 0.7 8.21 5.5 0.8 0.239 0.2 Inferred 1.6 7.15 11.5 1.8 0.209 0.4 **Total** 4.1 7.25 29.5

4.5 0.211

#### 0.9

#### Australia

Boddington

(3)

Measured

43.0

0.93

40.1

47.4

0.027

1.3

(33.33%)

Indicated

123.0

0.83

102.3

135.6

0.024

3.3

Inferred

76.2

0.81

61.4

84.0

0.023

2.0

**Total** 

242.2

0.84

203.8

267.0

0.025

6.6

Coyote

(4)

Measured

Indicated

Inferred

9.1 1.4 0.201 0.3 **Total** 1.3 6.89 9.1 1.4 0.201 0.3 Sunrise Dam Measured 18.5 2.28 42.2 20.4 0.067 1.4 Indicated 25.9 3.45 89.3 28.5 0.101 2.9 Inferred 8.3 4.72 39.3 9.1 0.138 1.3 **Total** 52.7 3.24 170.8 58.1 0.095 5.5 Tanami (5) Measured 1.3 2.11 2.8 1.4 0.061 0.1 (40%)

#### Indicated 0.9 3.49 3.1 1.0 0.102 0.1 Inferred 0.1 4.30 0.4 0.1 0.125 **Total** 2.3 2.73 6.3 2.5 0.080 0.2 Union Reefs (6) Measured 0.1 2.97 0.4 0.1 0.087 Indicated 0.1 2.47 0.3 0.1 0.072 Inferred 1.3 1.62 2.0 1.4 0.047 0.1 **Total** 1.5 1.81 2.7 1.7 0.053

# **North America** Jerritt Canyon (7) Measured (70%) Indicated Inferred Total Cripple Creek & Victor Measured 109.4 1.17 128.1 120.6 0.034 4.1 Indicated 110.8 0.88 97.7 122.2 0.026

3.1 Inferred 38.0 1.05 39.7

Edgar Filing: ANGLOGOLD LTD - Form 6-K 41.9 0.031 1.3 **Total** 258.2 1.03 265.5 284.6 0.030 8.5 Measured 347.7 2.55 885.9 383.3 0.074 28.5 **Indicated** 1,058.0 3.26 3,444.1 1,166.2 0.095 110.7 **Inferred** 555.4 4.11 2,284.5 612.2 0.120 73.4 **Total Mineral Resources** attributable to AngloGold **Total** 1,961.1 3.37 6,614.5 2,161.7 0.098 212.7 NB: Rounding of figures may result in computational discrepancies The southerly down-dip extension of Mponeng, Elandsrand (Harmony) and Driefontein (Gold Fields Limited), with depths to reef exceeding 4,500m in the south. (2) Sold 21 May 2003. The Mineral Resource associated with the Boddington Expansion have been based on the feasibility study completed in 2000 and assume a gold price of AUD\$650/oz.

(4)

Sold - settlement due on 16 January 2004.

824

(5)

Mine closed.

(6)

Sold - settlement date still under negotiation.

(7)

Sold 30 June 2003.

Grade tonnage curves of the Mineral Resource Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off T onnes (million) Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million) 

0 0.1 0 0.2 0.2 0.3 0.4 0.5 0.6 0.4 0.6 0.8 1.0 1.2 **Great Noligwa - Imperial Great Noligwa - Metric** Cut-off grade (g/t) Resource Average grade above cut-off g/t Tonnes (million) 0 5 10 15 20 25 30 0 6 10 16 20 0 5 10 15 20 25 30 4 2 8 14 12 18 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million)

```
0
5
10
15
20
25
30
0
0.1
0
0.1
0.2
0.3
0.4
0.5
0.6
0.7
0.8
0.9
0.2
0.3
0.4
0.5
0.6
Kopanang - Imperial
Kopanang - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
g/t
Tonnes (million)
0
2
4
6
8
10
12
14
16
0
10
16
20
0
5
10
15
20
25
```

35 40 45 8 6 4 2 18 14 12 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million) 0 2 4 6 8 10 12 14 18 0 0.1 0 0.2 0.4 0.6 0.8 1.0 1.2 1.4 0.2 0.3 0.4 0.5 0.6 16 **Moab Khotsong - Imperial** 

**Moab Khotsong - Metric** 

**South Africa** 

#### Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off g/t Tonnes (million) Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million) 0.1

50 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.2 0.3 0.4 0.5 0.6 80 **Mponeng - Imperial Mponeng - Metric** South Africa (continued) Cut-off grade (g/t) Resource Average grade above cut-off Tonnes (million) 0 5 10 15 20 25 0 2 10 18 20 0 5 10 15 20 25 35 30 8 6 4 16 14 12 Cut-off grade (oz/ton) Resource Average grade above cut-off

oz/ton

#### Tons (million) 0 5 10 15 20 0 0 0.1 25 0.2 0.3 0.4 0.5 0.6 0.7 1.0 0.1 0.2 0.3 0.4 0.5 0.6 0.9 0.8 Savuka - Imperial Savuka - Metric Cut-off grade (g/t) Resource Average grade above cut-off Tonnes (million) 0 10 20 30 40 50 60 90 0 4 10 12 14 0 2 10 12

80 70 6 2 8 6 4 8 18 14 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million) 0 10 20 30 40 50 60 70 0 0.1 0 0.1 0.2 0.3 0.4 0.5 0.6 100 0.2 0.3 0.4 80 90

Tau Lekoa - Imperial Tau Lekoa - Metric

Grade tonnage curves of the Mineral Resource (continued) Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off Tonnes (million) Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton Tons (million) 

```
0.2
0.4
0.6
0.8
1.0
1.4
0.2
0.3
0.4
0.5
0.6
25
1.2
TauTona - Imperial
TauTona - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
Tonnes (million)
0
20
40
60
80
100
120
0
6
10
16
20
0
5
10
15
20
25
8
4
2
18
14
12
Cut-off grade (oz/ton)
Resource
Average grade above cut-off
oz/ton
Tons (million)
0
```

40 60 80 100 120 0 0.1 0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.2 0.3 0.4 0.5 0.6 **Western Ultra Deep Levels - Imperial** 

Western Ultra Deep Levels - Imperial Western Ultra Deep Levels - Metric South Africa (continued)

#### Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off g/t T onnes (million) Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million)

```
70
80
0
0.05
0
0.1
0.10
0.15
0.20
0.25
0.30
0.2
0.3
0.4
0.5
0.6
Geita - Imperial
Geita - Metric
0
2
6
10
14
0
2
4
6
8
10
Cut-off grade (g/t)
0
2
4
6
8
10
12
14
16
20
Resource
Average grade above cut-off
T onnes (million)
12
8
4
9
7
5
```

```
1
18
0
4
10
12
14
16
0
0.05
Cut-off grade (oz/ton)
0
0.1
0.2
0.3
0.4
0.5
0.6
Resource
Average grade above cut-off
T ons (million)
0.10
0.15
0.20
0.25
0.30
6
8
2
Morila - Imperial
Morila - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
g/t
T onnes (million)
0
20
40
60
80
100
120
140
0
0.8
1.2
1.6
2.0
```

2.8 0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 4.0 4.5 0.4 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 20 40 60 80 100 120 140 0.01 0.02 0 0.02 0.04 0.06 0.08 0.10 0.12 0.14 0.03 0.04 0.05 0.06 0.07 0.08 0.09

Navachab - Imperial Navachab - Metric East & West Africa

Grade tonnage curves of the Mineral Resource (continued) Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off g/t T onnes (million) 0 2 3 4 5 8 0.0 0.4 0.8 1.2 1.6 2.0 2.4 2.8 0.0 1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 6 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 2 3 4 5 6 7 0.01 0.00

```
8
0.02
0.03
0.04
0.05
0.06
0.07
0.08
0.09
0.10
0.15
0.20
0.25
Yatela - Imperial
Yatela - Metric
East & West Africa (continued)
Cut-off grade (g/t)
Resource
Average grade above cut-off
T onnes (million)
0
20
40
60
80
0.0
0.4
0.8
1.2
1.6
2.0
2.4
3.2
0
2
3
4
5
6
50
70
100
30
10
90
2.8
Cut-off grade (oz/ton)
```

Resource

Average grade above cut-off oz/ton T ons (million) 0 20 40 60 80 0.010 0.000 0.020 50 70 90 30 10 100 0.040 0.060 0.080 0.100 0.120 0.140 0.160 0.020 0.030 0.040 0.050 0.060 0.070 0.080

0.090

Sadiola - Imperial Sadiola - Metric

#### Supplementary Mineral Resource and Ore Reserve information Cut-off grade (g/t) Resource Average grade above cut-off g/t T onnes (million) Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0.05 0.05

0.10 0.15

```
0.20
0.25
0.30
0.35
0.40
0.45
0.50
0.10
0.15
0.20
0.25
0.30
Cerro Vanguardia - Imperial
Cerro Vanguardia - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
g/t
T onnes (million)
0
5
10
15
20
25
30
35
0
2
10
0
2
4
6
8
10
12
14
16
40
4
6
8
12
14
16
20
18
Cut-off grade (oz/ton)
Resource
Average grade above cut-off
```

#### oz/ton T ons (million) 0 5 10 15 20 25 30 35 45 0 0.10 0.20 0.30 0.40 0 0.05 40 0.10 0.15 0.20 0.25 0.30 0.35 0.40 0.25 0.15 0.5 0.35 0.45 Morro Velho - Imperial Morro Velho - Metric Cut-off grade (g/t) Resource Average grade above cut-off T onnes (million) 0.0 0.2 0.6 1.0 0.8 1.4 4 8 12 16 0

15 20 25 0.4 1.2 6 14 10 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 0.4 0.8 0.6 1.4 0.10 0 0.2 1.0 1.2 0.15 0.25 0.35 0.50 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.30 0.20 0.40 0.45

Serra Grande - Imperial Serra Grande - Metric

**South America** 

Grade tonnage curves of the Mineral Resource (continued) Supplementary Mineral Resource and Ore Reserve information Australia Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 5 10 15 20 25 30 35 40 45 50 0.4 0 2 3 4 5 6 7 0.8 1.2 1.6 2.0 2.4 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 5 10 15 20 25 30 35

```
0.02
0.00
0.02
0.04
0.06
0.08
0.10
0.12
0.20
0.03
0.04
0.05
0.06
0.07
0.14
0.16
0.18
Sunrise Dam (Cleo open pit) - Imperial
Sunrise Dam (Cleo open pit) - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
T onnes (million)
0
2
3
4
5
0.5
0.9
1.3
1.7
2.5
0
2
4
6
8
10
12
6
7
8
2.1
2.9
Cut-off grade (oz/ton)
Resource
Average grade above cut-off
oz/ton
```

#### T ons (million) 0 1 2 3 4 5 0.01 0 0.05 6 7 8 9 0.10 0.15 0.20 0.25 0.30 0.35 0.02 0.03 0.04 0.05 0.06 0.07 0.08 0.09 **Coyote - Imperial Coyote - Metric** Cut-off grade (g/t) Resource Average grade above cut-off g/t T onnes (million) 0 50 100 150 200 250 300 0.4 3.2 1.2 4.4 0 0.5 1.0 1.5

2.5 3.0 5.0 3.6 1.6 0.8 0 3.5 4.0 4.5 2.0 2.4 2.8 4.0 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 50 100 150 200 250 300 0 0 0.02 350 0.06 0.08 0.12 0.14 0.02 0.04 0.06 0.12 0.04 0.10 0.08 0.10

**Boddington - Imperial Boddington - Metric** 

## Supplementary Mineral Resource and Ore Reserve information 17 Australia (continued) Cut-off grade (g/t) Resource Average grade above cut-off T onnes (million) 0 50 100 150 200 250 300 350 400 0.2 0.4 0.6 0.8 1.0 0 0.5 1.0 1.5 2.0 2.5 3.0 0.3 0.5 0.7 0.9 1.1 3.5 Cut-off grade (oz/ton) Resource Average grade above cut-off oz/ton T ons (million) 0 50 100 150 200 250

```
0.01
450
0.010
0.015
0.020
0.025
0.030
0.02
0.03
0.04
0.05
0.06
0.07
0.08
0.09
Cripple Creek & Victor - Imperial
Cripple Creek & Victor - Metric
Cut-off grade (g/t)
Resource
Average grade above cut-off
T onnes (million)
0.0
1.0
2.0
3.0
4.0
5.0
6.0
7.0
8.0
9.0
0.0
4.0
8.0
12.0
16.0
20.0
0
5
10
15
20
25
30
Cut-off grade (oz/ton)
Resource
Average grade above cut-off
oz/ton
T ons (million)
0.0
```

1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 10.0 0 0.0 0.3 0.4 0.5 0.6 0.7 0.8 0.1 0.2 0.3 0.4 0.5 0.6 0.1 0.2 Sunrise Dam (underground) - Imperial

**Sunrise Dam (underground) - Metric North America** 

Year-on-year Mineral Resource and Ore Reserve comparison by operation as at 31 December 2003 Supplementary Mineral Resource and Ore Reserve information 18 **South Africa** Great Noligwa Resource 18.4 -1.1 -0.2 0.1 17.1 -1.2 -7 Reserve -0.5 6.9 -0.8 5.6 -1.3 -19 Kopanang Resource 14.8 -0.7 0.6 -0.4 14.3 -0.5 -3 Reserve -0.5 -0.1 6.0 5.3 -0.6 -11 Moab Khotsong Resource -0.0-0.4 12.8 12.4 -3 -0.4 Reserve 9.0 -0.0 -0.6 0.1 8.4 -0.5 -6 Mponeng Resource -0.5 26.7 -2.1 1.7 25.7 -1.0 -4 Reserve 9.5 -0.5 -1.1 -0.5 7.4 -2.2 -23 Savuka Resource 0.9 8.6 -0.2 8.8 -0.2 -0.9 -3 Reserve 2.7 -0.2 -2.2 0.3 -2.4 -88 Tau Lekoa Resource 17.4 -0.4 -0.4 -2.1 14.5 -2.9 -17 Reserve 3.9 -0.3 0.3 3.8 -0.1 -2 TauTona Resource 15.9 -0.7 0.1 1.2 16.4 0.6 4 Reserve 0.9 6.5 0.2 -0.7 4 6.3 WUDL

Resource

			Luí	gai i illing. Ai	NGLOGOLD L	י טי
104.1	0.0					
64.8		39.4	-64.8	-62		
Reserve						
0.0	0.0	-	-	0.0	0.0	0
Moab Kho		Extention				
Resource						
0.0	0.0	-	1.3	1.3	1.3	0
Reserve						
0.0	0.0	-	-	0.0	0.0	0
Surface						
Resource						
9.7	-0.3					
1.7	7	7.7	-2.0	-20		
Reserve	0.6	0.7			0.0	
3.2	-0.6	-0.5	1.1	3.2	0.0	
1						
Resource 228.6						
-3.9		-1.5				
-5.9 - <b>65.7</b>		-1.3				
157.5						
-71.0						
-31						
Totals						
Reserve						
47.5						
-3.6		-1.7 -	1.6	40.7	-6.8 -14	
Gold cont	ent (att	tributable)	Moz			
Model						
Scope						
Operation	ı					
Category						
<b>2002 Depl</b>	etion					
(1)						
change						
(2)						
change						
(3) 2003						
2005						

Net diff %

Supplementary Mineral Resource and Ore Reserve information

10

Change primarily due to depletion, with a minor value decrease on the Vaal Reef and movement out of resource to inventory. A decrease in the Mine Call Factor (MCF) of 5.8%, coupled with a 10% reduction of in-situ grade, resulted in the drop off in reserves.

A drop in value of the Vaal Reef, an increase due to structure (C Reef), evaluation boundary changes and movements to inventory. The drop in average in-situ grade of 12% over life-of-mine due to revised modelling resulted in the drop off in reserves.

Reduction due to evaluation change in boundary methodology. The decrease of 0.5Moz was due to updates to the geological model, which resulted in lower gold values.

Loss due to geology model changes and revised relative density. Increase due to upgrading from inventory. A decrease of 1.7Moz was due to the exclusion of the Carbon Leader Reef (CLR) Below 120 Level project and a reduction in the VCR Below 120 Level project. The lower Rand per kilogram gold price at the end of 2003 resulted in the Carbon Leader Reef Below 120 Level project no longer being feasible and it has now been excluded from Ore Reserves as at 31 December 2003. The project is currently the subject of a revised feasibility study.

Increase in value due to new data is offset by transfer of Mineral Resource to TauTona. The Savuka reserve is down due to economic factors. It is expected that the mine will be operational for another two years with an orderly closure in 2006.

Scope changes due to movement out of resource to inventory due to increased resource cut-off. Increases due to geology model changes and new information . An increase of 0.3Moz was due to the assumption of a higher MCF, as well as extensions of the Ore Reserve due to exploration in new mining areas.

Increase due to inclusion of new ground purchased from Driefontein (656,000oz) and transfers in from Savuka (434,000oz) and Mponeng (117,000oz). An increase of 0.9Moz was partially as a result of the purchase of new ground from Gold Fields' Driefontein Gold Mine.

Reduced mining limit depth from 5km below datum to 4.5km below datum and increased Mineral Resource cut-off. Held under prospecting permit - south of Kopanang Mine.

Reduction due to depletion and transfers to inventory.

#### **Comments**

<b>X</b> 7	3.61	1.0	1.0									
		neral Resour		e								
	_	son by opera	tion									
(continued												
as at 31 December 2003 Supplementary Mineral Resource and Ore Reserve information												
Supplemen <b>20</b>	ntary N	Ineral Resou	irce and (	Ore Reserve	information							
East & W	est Af	rica										
Geita												
Resource												
8.1	-0.4	1.2	0.3	9.3	1.2	14						
Reserve												
4.7	-0.4	0.3	-0.3	4.3	-0.4	-8						
Morila												
Resource												
2.1	-0.4	-0.2										
	1.5	-0.6	-27									
Reserve												
1.7	-0.3	-0.1										
	1.2	-0.4	-27									
Navachab												
Resource												
4.6	-0.1	_	0.1	4.7	0.0							
Reserve	0.1		0.1	,	0.0							
0.6	-0.1	0.1	_	0.6	0.0	,						
Sadiola	0.1	0,1		0.0	0.0							
Resource												
5.1	-0.2	-0.2	-0.5	4.3	-0.8	-10						
Reserve	0.2	0.2	0.0		0.0	•						
1.1	-0.2	0.1										
_	1.0	-0.1	-10									
Yatela	1.0	0.1	10									
Resource												
0.8	-0.1											
0.		0.6	-0.1	-18								
Reserve 0.	1	0.0	0.1	10								
0.5												
-0.1	_	_										
0.4												
-0.1												
-11												
Resource												
20.7												
-1.1		0.8 -0	).1	20.4	-0.3	-2						
Totals	L	0.0	<b>7.</b> 1	20.4	-0.5	-2						
Reserve												
8.7												
-1.	1	0.4 -	0.3	7.7	-1.0	-11						
South Am		-	0.5	7.7	-1.0	-11						
Amapari	icrica											
Resource												
2.4	0.0		-2.4	0.0	-2.4							
∠.┭	0.0		-2.4	0.0	-2.4							

-100 Reserve 0.7 -100 Cerro Vanguardia Resource	0.0	-	-0.7	0.0	-0.7			
3.6	-0.2	0.3	-0.2	3.4	-0.2	-5		
Reserve	0.2	0.0	0.2	1.0	0.4	10		
2.2 Morro Velho	-0.2	0.0	-0.2	1.8	-0.4	-19		
Resource 9.4								
-0.2	-	-						
9.2								
-0.2	-2							
Reserve	-0.2	0.2		1 7	0.0	0		
1.7 Serra	-0.2	0.2	-	1.7	0.0	0		
Grande								
Resource								
0.9	-0.1	0.1	-	0.9	0.1	6		
Reserve								
0.5	-0.1	0.1	-	0.5	-0.0	-1		
Resource								
<b>16.3</b> -0.5	ξ	0.4 -	2.6	13.6	-2.8	-17		
Totals	,	01	2.0	13.0	2.0	17		
Reserve 5.1								
-0.6			).9 • <b>M</b> oz	4.0	-1.1	-22		
Gold conte Model	nı (attr	ibutabie)	) IVIOZ					
Scope								
Operation								
Category								
2002 Deple	tion							
(1)								
change								
(2) change								
(3)								
2003								
Net diff								
%								

Supplementary Mineral Resource and Ore Reserve information

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Additions due to drilling at Nyankanga and Geita Hill during 2003 and further additions due to incorporation of low-grade ore greater than 0.7g/t.

Ridge 8 and Star & Comet added to reserves; Nyankanga Cut 7 excluded to maintain drainage channel.

Model change due to new drill information and anisotropic remodelling.

Depletion and loss of Deep Sulphide below new \$400/oz shell and revised modelling of the North Pit area. Sold 21 May 2003.

Increase in waste mining costs.

#### **Comments**

Year-on-year Mineral Resource and Ore Reserve comparison by operation (continued)

as at 31 December 2003

Supplementary Mineral Resource and Ore Reserve information

<b>22</b>	viiiiciai ico	source and O	ie Reserve ii	nomation	
Australia					
Boddington					
Resource					
6.6 0.0	-	-	6.6	0.0	0
Reserve					
3.6 0.0	-	-	3.6	0.0	0
Coyote					
Resource			0.2	0.0	0
0.3 0.0	-	-	0.3	0.0	0
Reserve 0.0 0.0			0.0	0.0	n/a
Sunrise 0.0	-	-	0.0	0.0	II/a
Dam					
Resource					
4.6 -0.4	1.5	-0.1	5.5	0.9	20
Reserve	1.0	0.1	<b>5.</b> 5	0.7	20
2.6 -0.4	0.9	0.1	3.1	0.5	19
Tanami					
Resource					
0.2					
0.0	-				
0.2					
-0.0 -2					
Reserve					
0.0 0.0	-	-	0.0	0.0	n/a
Union					
Reefs					
Resource 0.2 -0.1					
-0.1					
0.1 -0.1	-50				
Reserve					
0.1 -0.1					
-					
-					
0.0 -0.1	-100				
Resource					
11.8					
-0.5	1.5	-0.2	12.6	0.8	
7					
Totals					
Reserve 6.3					
-0.5	0.9	0.1	6.7	0.4	6
North America		0.1	0.7	U. <del>T</del>	
TWI III AIIICI ICA					

Cripple Creek Resource													
8.1 & Victor	-0.6		1.0		-		8.5		0.4		5		
Reserve 4.3 Jerritt Canyon	-0.5		0.2		-		4.0		-0.3		-7		
Resource 2.0 -100 Reserve	0.0		-	-2	.0		0.0		-2.0				
0.4	-0.1		0.0		,	4.0							
Resource	0.3		0.0	-0	).4	-10	00						
-0.6		1.0		-2.0	:	8.5		-1.6		-16			
Totals Reserve 4.7													
-0.6		0.2		-0.3		4.0		-0.7		-15			
Resource 287.6													
-6.6		2.2											
-70.5 212.7													
-74.9													
-26													
AngloGol	d												
totals Res	erve												
72.3													
-6.3		0.1		-3.0	6.	3.1		-9.2		-13			
(1) Depletion: (2) Model cha													
41	_												

tion in resource.

source models. In both cases the end of year mine design and mining faces are applied.

Scope change: difference resulting from change in cut-off grade, MCF, new project studies and any other factors influencing Mineral Resource and Ore Reserve estimation.

### Gold content (attributable) Moz

Model

Scope

**Operation** 

Category

2002 Depletion

**(1)** 

change

**(2)** 

change (3) 2003 Net diff %

Supplementary Mineral Resource and Ore Reserve information

23

No change.

Pending implementation.

Sold - settlement due on 16 January 2004.

Revised Mineral Resource modelling of open pit. Underground resource additions. Additional exploration information in open pit and underground. New modelling techniques, additional drilling and new underground design.

Mine closed.

Sold - settlement date still under negotiation.

Revised Mineral Resource modelling more than compensated for depletion.

New drilling, geostats parameters and recovery functions.

Sold 30 June 2003.

#### **Comments**

## Year-on-year Mineral Resource and Ore Reserve changes Supplementary Mineral Resource and Ore Reserve information 24 80 75 70 65 60 50 72.3 2002 0.0 Scope -6.3 Depletion 2.5 Exploration -1.0 Disposal -2.4 Other Model -2.0 Other scope 63.1 2003 55 300 280 260 240 220 200 287.6 2002 -64.8 Abnormal -6.627 Depletion 4.7 Exploration -4.5 Disposal -0.1 Other Model

-3.8 Other scope 212.658

#### 2003

### **Mineral Resource changes**

## Ore Reserve changes

50

48

46

44

42

40

47.5

2002

0.0

Abnormal

-3.6

Depletion

0.8

Exploration

0.0

Disposal

-2.5

Other

Model

-1.6

Other

scope

40.7

2003

250

230

210

190

170

150

228.6

2002

-64.8

Abnormal

-4.1

Depletion

0.9

Exploration

0.0

Disposal

0.4

Other

Model

-3.6

Other

scope

157.5

2003

## **Mineral Resources Ore Reserves** South Africa: 2002 vs 2003 Moz **Global: 2002 vs 2003 Moz** 7 6 8.7 2002 0.0 Abnormal -1.1 Depletion 0.4 Exploration 0.0 Disposal 0.0 Other Model -0.3 Other scope 7.7 2003 8 25 20 15 20.7 2002 0.0 Abnormal -1.1 Depletion 1.0 Exploration 0.0 Disposal 0.0 Other Model -0.2 Other scope 20.4

**Mineral Resources** 

2003

Ore Reserves

East and West Africa: 2002 vs 2003 Moz

## Supplementary Mineral Resource and Ore Reserve information 25 5.5 3.0 5.08 2002 -0.20 Scope -0.56 Depletion 0.30 Exploration -0.67 Disposal 0.04 Other Model -0.20 Other scope 3.98 2003 3.5 4.0 4.5 5.0 17.0 11.0 16.35 2002 -0.20 Scope -0.50 Depletion 0.37 Exploration -2.45 Disposal 0.00 Other Model -0.20 Other scope 13.57 2003

13.0 12.0 14.0 15.0 16.0

7 4 6.3 2002 0.0 Abnormal -0.5 Depletion 0.9 Exploration 0.0 Disposal 0.0 Other Model 0.1 Other scope 6.7 2003 5 6 15 10 11.8 2002 Abnormal -0.5 Depletion 1.5 Exploration -0.0 Disposal Other Model -0.1 Other scope 12.6 2003 11 12 13 14 4.8 3.6 3.0

4.71 2002

0.00 Scope -0.61 Depletion 0.20 Exploration -0.31 Disposal 0.00 Other Model 0.00 Other scope 3.98 2003 4.0 3.8 4.2 3.2 4.4 4.6 3.4 11.0 7.0 5.0 10.11 2002 0.00 Scope -0.58 Depletion 1.01 Exploration -2.01 Disposal 0.00 Other Model 0.00 Other scope 8.54 2003 9.0 8.0

6.0 **Mineral Resources** 

**Ore Reserves** 

10.0

**Mineral Resources** 

**Ore Reserves** 

Australia: 2002 vs 2003 Moz South America: 2002 vs 2003 Moz

**Mineral Resources Ore Reserves** 

North America: 2002 vs 2003 Moz

## Modifying factors as at 31 December 2003 Supplementary Mineral Resource and Ore Reserve information **Gold price Cut-off Stoping** Mine Call\*\* used grade Width Dilution\* **Factor** Mine US\$/oz g/t Au **(1)** cm % **(2)** (MCF) % **South Africa** Great Noligwa 350 5.60 151.9 37 70 Kopanang 350 9.31 102.0 66 69 Tau Lekoa 350 4.77 151.1 19 86 Moab Khotsong 350 4.10 122.0 40 82 Mponeng 350 4.08 130.0

43

97 TauTona 350 11.36 96.8 111 89 Savuka 350 4.61 108.4 44 92 Western Ultra Deep Levels n/a n/a n/a n/a Ergo 350 n/a n/a n/a n/a Surface (excl Ergo) 350 n/a n/a n/a n/a **East & West Africa** Geita - Nyankanga 350 0.8 to 1.0 n/a 13 n/a Geita - Area 3W 350 1.3 to 2.2 n/a 13 n/a Geita - Chipaka 350 1.0 to 1.3 n/a 16 n/a

Geita - Geita Hill

350 0.9 to 1.1 n/a 13 n/a Geita - Kukuluma 350 1.1 to 1.9 n/a 9 n/a Geita - Lone Cone 350 0.9 to 1.0 n/a 18 n/a Geita - Matandani 350 1.3 to 2.7 n/a 12 n/a Geita - Ridge 8 350 1.0 to 1.2 n/a 15 n/a Geita - Roberts 350 1.0 to 1.2 n/a 10 n/a Geita - Star & Comet 350 1.0 to 1.2 n/a 18 n/a Morila 350 1.30 n/a 10 95 Navachab 350 0.8 to 0.9

n/a

n/a 100 Sadiola - Main Pit 350 1.0 to 2.0 n/a n/a 100 Sadiola - Blue Dam 350 1.0 to 2.0 n/a n/a 100 Sadiola - Tabakoto 350 1.0 to 2.0 n/a n/a 100 Yatela - Main Pit 350 0.9 to 1.3 n/a n/a 100 Yatela - Alamoutala 350 1.3 to 1.5 n/a n/a 100 **South America** Cerro Vanguardia 325 2.40 n/a n/a 96 Morro Velho - Cuiaba 350 2.8 to 3.8 n/a n/a 95 Mineracao AngloGold - Engenho d'Agua 325 1.00 n/a 9 n/a

Mineracao AngloGold - Corrego Do Sitio 325 2.00 n/a 21 n/a Mina Serra Grande - Mina III 350 3.6 - 5.4n/a 5 95 Mina Serra Grande - Mina Nova 350 1.90 n/a 5 95 **Australia Boddington** 234 0.40 n/a n/a n/a Sunrise Dam - surface 350 0.8 to 1.2 n/a n/a 100 Sunrise Dam - underground 350 3.00 n/a 20 to 25 100 **North America** Cripple Creek & Victor 325 0.28 n/a n/a Notes: (1) Where a range of cut-off grades is shown this indicates variable ore types.

(2) Where no dilution factor is indicated the dilution is inherent in the resource model estimate. (3) Where a range of plant recoveries is shown this indicates variable ore types. \*

Dilution: The difference between the tonnage broken in stopes and the tonnage milled from underground sources. For example, if every 100 tonnes broken in stopes the tonnes milled amounts to 132 tonnes, the dilution is 32%.

\*\* Mine Call Factor (MCF): The ratio expressed as a percentage, which the specific product accounted for in the recovery, plus residues, bears to the corresponding product called for by the mine's measuring methods.

## Supplementary Mineral Resource and Ore Reserve information 27 Metallurgical recovery factor % **(3) Comments** 96.5 96.9 96.4 97.7 98.2 97.8 97.7 No reserves 53.2 74.3 92.5 to 95.3 83.5 to 60.4 89.2 to 92.0 85.0 to 85.5 66.7 to 94.0 91.4 to 91.5 47.1 to 81.4 95 95 95 92 87 to 92 Assumes N\$105000/kg gold price 82 to 95 82 to 95 82 to 95 75 to 85 Includes some marginal ore 75 to 85 95.8 1m dilution added to vein width 92.8 93 87 96.6 93.2 Based on 2000 feasibility study that assumed a gold price A\$425/oz 82 80 to 85

63

Details of average drillhole spacing and type in relation to Mineral Resource classification Supplementary Mineral Resource and Ore Reserve information **Spacing** Type of drilling Category m (-x-) **Diamond RC Blasthole** Other South African Mines Measured 5 x 5 X Indicated  $> 40 \times 40$ Inferred > 800 x 800 X Grade/Ore Control 5 x 5 X Geita Measured 40 x 20 X X Indicated 40 x 40 X X Inferred 80 x 80 X X Grade/Ore Control 10 x 5 X Morila Measured 20 x 20 X X Indicated 40 x 40 X X

Inferred

 $> 40 \times 40$ X X Grade/Ore Control 10 x 10 X X Navachab Measured 20 x 20 X X Indicated 30 x 30 X X Inferred 50 x 50 X X Grade/Ore Control 3.2 x 3.7 X Sadiola North Pit Measured (and outer anomalies) Indicated 25 x 25 X Inferred >25 x 25 Grade/Ore Control 5 x 10 X Sadiola South Pit Measured 25 x 25 X Indicated 25 x 50 X X Inferred >25 x 50 X X Grade/Ore Control 5 x 10 X Yatela

Measured
5 x10
X
Indicated
25 x 25
<b>_</b> e <b>_</b> e
X
X
Inferred
50 x 50
X
X
Grade/Ore Control
5 x 10
X
Alamoutala
Measured
10 x 10
X
Indicated
25 x 25
X X
Inferred
>25 x 25
X
Grade/Ore Control

5 x 10 X

Supplementary Mineral Resource and Ore Reserve information

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#### **Comments**

Based on optimised kriging to a minimum regression slope of 0.6 Based on a > 20% estimated error Based on a > 80% estimated error Chipped channel samples

Evaluated using a combination of diamond drilling and RC boreholes Evaluated using a combination of diamond drilling and RC boreholes Evaluated using a combination of diamond drilling and RC boreholes Evaluated using a combination of diamond drilling and RC boreholes

From grade control

From advanced grade control

Details of average drillhole spacing and type in relation to Mineral Resource classification (continued) Supplementary Mineral Resource and Ore Reserve information **30 Spacing** Type of drilling Category m (-x-) **Diamond RC Blasthole** Other MMV (including Cuiaba) Measured 20 X 60 X Indicated 20 X 60 X Inferred >20 X 60 Grade/Ore Control 5 x 5 X Serra Grande Measured 30 x 15 X Indicated 55 X 100 X Inferred >55 X 100 Grade/Ore Control 5 x 5 X Cerro Vanguardia Measured < 40 X 40 X X X Indicated 40 x 80 X X X

Inferred > to 40 x 80

 $\mathbf{X}$ X X Grade/Ore Control 10 x 5 X X Sunrise Dam Measured 25 x 25 X X Indicated 40 x 40 X X Inferred 50 x 100 X X Grade/Ore Control 7 x 5 X (X) Boddington Measured 25 x 25 X X Indicated 50 x 50 X X Inferred 100 x 200 X X Grade/Ore Control Tanami Measured 20 x 20 X X Indicated 40 x 40 X X Inferred  $> 40 \times 40$ 

X X

Grade/Ore Control
Cripple Creek & Victor
Measured
50 x 50
X
X
Indicated
50 x 50
X
Inferred
>50 x 50
X
Grade/Ore Control

6 x 5 X

Supplementary Mineral Resource and Ore Reserve information

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#### **Comments**

Drilling spacing for Cuiaba Expansion Project and above level 11 since 2002 Drilling spacing for Cuiaba Expansion Project and above level 11 since 2002

Channel sampling

Disseminated ore

Channel sampling

With in-fill drilling Grid drilling is less than 20 by 40 metres

Resources classified using a combination of drillhole spacing, number of samples in estimate, average distance to samples and confidence in geological interpretation/estimate.

(Blastholes were historically used for grade control in Sunrise Pit by Placer.)

Resources classified using a combination of drillhole spacing, number of samples in estimate, average distance to samples

Not Applicable

Resources classified using a combination of drillhole spacing, number of samples in estimate, average distance to samples

Not Applicable

Ore Reserves by project **Contained** Grade gold Mine/project name Category **Tonnes** g/t grams **South Africa** TauTona - CL Shaft Pillar (Level1) Proved Probable 912,760 17.87 16,307,240 **Total** 912,760 17.87 16,307,240 TauTona - CL East of Bank (Level1) Proved Probable 1,448,701 11.25 16,294,305 **Total** 1,448,701 11.25 16,294,305 TauTona - CL Below 120 Project Proved Probable 4,397,514 10.61 46,659,700 **Total** 4,397,514 10.61 46,659,700 TauTona - VCR Shaft Pillar Proved

Probable 562,703 12.49 7,026,641 **Total** 562,703 12.49 7,026,641 TauTona - VCR Area "A" Proved Probable 707,937 5.59 3,954,664 **Total** 707,937 5.59 3,954,664 Mponeng - Deepening Project Proved 798,907 9.64 7,697,484 Probable 14,011,291 8.88 124,422,641 **Total** 14,810,198 8.92 132,120,125 Mponeng - VCR 120 to 125 plus tailings Proved Probable 7,303,696 9.20 67,174,284 **Total** 7,303,696 9.20 67,174,284 Moab Khotsong - Upper Mine

Proved

16.00 458,418 Probable 7,643,822 16.65 127,248,266 **Total** 7,672,481 16.64 127,706,684 Moab Khotsong - Extension Proved Probable 7,960,601 13.50 107,431,944 **Total** 7,960,601 13.50 107,431,944 Moab Khotsong - Lower mine Proved Probable 3,232,028 8.61 27,837,277 **Total** 3,232,028 8.61 27,837,277 Tau Lekoa - S5 Area Proved Probable 1,822,904 3.92 7,139,744 **Total** 1,822,904 3.92 7,139,744 Supplementary Mineral Resource and Ore Reserve information

28,659

## Supplementary Mineral Resource and Ore Reserve information 33 Ore Reserves by project (continued) **Contained** Grade gold Mine/project name Category **Tonnes** g/t grams **East and West Africa** Geita - Nyankanga Pit Proved 6,672,533 4.89 32,628,686 Probable 23,732,701 4.82 114,296,688 **Total** 30,405,234 4.83 146,925,374 Geita - Kukuluma Pit Proved 2,683,532 3.53 9,472,868 Probable 187,659 3.53 662,436 **Total** 2,871,191 3.53 10,135,304 Geita - Lone Cone Pits Proved 501,326 3.34 1,674,429 Probable 1,128,183

2.83 3,192,758 **Total** 1,629,509 2.99 4,867,187

Geita - Geita Hill Pits Proved 14,410,028 2.57 37,033,772 Probable 6,136,496 3.62 22,221,715 **Total** 20,546,524 2.88 59,255,487 Geita - Matandani Pit Proved 3,021,483 3.49 10,544,976 Probable 13,437 1.72 23,103 **Total** 3,034,920 3.48 10,568,078 Geita - Area 3 West Pit Proved Probable 333,672 2.91 970,986 **Total** 333,672 2.91 970,986 Geita - Star and Comet Pits Proved Probable 3,305,358 4.99 16,493,736 **Total** 

3,305,358 4.99

939

# 16,493,736 Geita - Roberts Pit Proved Probable 3,913,561 2.52 9,862,174 **Total** 3,913,561 2.52 9,862,174 Geita - Chipaka Pit Proved Probable 2,102,774 2.24 4,707,223 Total 2,102,774 2.24 4,707,223 Geita - Ridge 8 Pit Proved Probable 1,388,504 2.73 3,790,616 **Total** 1,388,504 2.73 3,790,616 Geita - Nyankanga underground Proved Probable **Total**

0

Navachab - Main Pit

Proved

1,315,376

1.38

1,810,074

Probable

10,064,950

1.81

18,219,624

Total

11,380,326

1.76

20,029,698

**Contained** Grade gold Mine/project name Category **Tonnes** g/t grams Sadiola - Main Pit Proved 6,512,860 1.93 12,560,279 Probable 18,187,571 3.55 64,626,773 **Total** 24,700,431 3.12 77,187,052 Sadiola - (FE3) Proved Probable 737,456 3.09 2,276,900 **Total** 737,456 3.09 2,276,900 Sadiola - (FE4) Proved Probable 1,459,286 3.47 5,063,900 **Total** 1,459,286 3.47 5,063,900 Yatela - Main Pit

Proved 1,946,681 0.99 1,922,319

944

Probable 7,085,266 4.00 28,310,817 **Total** 9,031,947 3.35 30,233,137 Yatela - Alamoutala Pit Proved 354,773 1.82 644,133 Probable 1,303,609 2.97 3,865,700 **Total** 1,658,382 2.72 4,509,833 **South America** Morro Velho - Cuiaba Proved 1,713,047 8.16 13,981,425 Probable 5,061,540 7.07 35,781,062 **Total** 6,774,588 7.35 49,762,487 Morro Velho - Engenho d'Agua Proved 42,543 4.48 190,529 Probable **Total** 42,543 4.48 190,529 Morro Velho - Corrego Do Sitio Proved 558,043

7.11 3,967,686 Probable 101,503 4.28 434,433 **Total** 659,546 6.65 4,402,119 Australia Sunrise Dam - Open Pit (incl. Stockpile) Proved 5,377,236 4.16 22,347,255 Probable 15,349,904 4.05 62,188,614 **Total** 20,727,140 4.08 84,535,869 Sunrise Dam - Underground Proved Probable 1,504,000 7.15 10,761,000 **Total** 1,504,000 7.15 10,761,000 Ore Reserves by project (continued)

Supplementary Mineral Resource and Ore Reserve information

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## Supplementary Mineral Resource and Ore Reserve information 35 Mineral Resources by project **Contained** Grade gold Mine/project name Category **Tonnes** g/t grams **South Africa** Tau Lekoa - Tau Lekoa Measured 8,419,651 6.38 53,750,466 Indicated 15,171,367 6.42 97,388,652 Inferred 11,172,524 5.82 65,045,142 **Total** 34,763,542 6.22 216,184,260 Tau Lekoa - Goedgenoeg Measured Indicated Inferred 12,847,359 6.10 78,338,300 **Total** 12,847,359 6.10 78,338,300 Tau Lekoa - Weltevreden Measured 498,462 5.28 2,633,565

Indicated

29,954,456 5.13 153,663,002 Inferred **Total** 30,452,918 5.13 156,296,567 Moab Khotsong - Upper Mine Measured 29,909 18.97 567,271 Indicated 5,796,968 29.72 172,293,872 Inferred 643,160 37.60 24,180,787 **Total** 6,470,037 30.45 197,041,930 Moab Khotsong - Lower Mine Measured Indicated 7,115,426 23.95 170,386,406 Inferred 858,390 22.89 19,650,467 **Total** 7,973,816 23.83 190,036,873 Moab Khotsong - Extension Measured Indicated

2,515,160 16.31 41,023,612 Inferred **Total** 2,515,160 16.31 41,023,612 Mponeng - Above 120 Level Measured 4,485,746 15.34 68,795,685 Indicated 56,676,039 11.60 657,500,420 Inferred 9,439,494 7.87 74,253,896 **Total** 70,601,280 11.34 800,550,001 Ergo Measured 73,286,620 0.30 22,214,660 Indicated Inferred **Total** 73,286,620 0.30 22,214,660 West Wits Surface - WWGO Measured

Indicated

162,539,742 0.25 41,373,126 Inferred 13,153,049 0.62 8,174,692 **Total** 175,692,791 0.28 49,547,818 Vaal River Surface - VRGO Measured Indicated 306,130,490 0.34 102,869,425 Inferred 101,730,869 0.65 66,369,888 **Total** 407,861,359 0.41

169,239,313

## Supplementary Mineral Resource and Ore Reserve information

**36** 

**Contained** 

Grade gold

Mine/project name

Category

**Tonnes** 

g/t

grams

#### **East and West Africa**

Geita - Kukuluma

Measured

3,909,200

3.15

12,313,980

Indicated

1,185,800

3.07

3,640,406

Inferred

93,100

3.04

283,024

**Total** 

5,188,100

3.13

#### 16,237,410

Geita - Lone Cone

Measured

1,067,600

3.23

3,448,348

Indicated

2,490,600

2.67

6,649,902

Inferred

804,300

1.90

1,528,170

**Total** 

4,362,500

2.67

#### 11,626,420

Geita - Geita Hill

Measured

18,051,000

2.65

47,835,150

Indicated

16,398,500

50,999,335 Inferred 19,177,700 3.01 57,724,877 **Total** 53,627,200 2.92 156,559,362 Geita - Matandani Measured 9,610,400 2.61 25,083,144 Indicated 2,650,000 2.52 6,678,000 Inferred 2,370,700 3.27 7,752,189 **Total** 14,631,100 2.70 39,513,333 Geita - Area 3 West Measured Indicated 2,973,900 1.94 5,769,366 Inferred 1,232,500 2.29 2,822,425 **Total** 4,206,400 2.04 8,591,791 Geita - Star and Comet Measured Indicated 5,030,900

3.11

4.59 23,091,831 Inferred 1,622,100 3.03 4,914,963 **Total** 6,653,000 4.21 28,006,794 Geita - Roberts Measured Indicated 9,932,700 2.09 20,759,343 Inferred **Total** 9,932,700 2.09 20,759,343 Geita - Chipaka Measured Indicated 5,527,800 1.88 10,392,264 Inferred **Total** 5,527,800 1.88 10,392,264 Geita - Ridge 8 Measured Indicated

6,009,500

2.93 17,607,835 Inferred 6,285,700 2.72 17,097,104 **Total** 12,295,200 2.82

**34,704,939**Mineral Resources by project (continued)

Contained
Grade gold
Mine/project name
Category
Tonnes
g/t
grams Coita Nuonkanaa Suufaaa
Geita - Nyankanga Surface
Measured 7,201,300
5.15
37,086,695
Indicated
30,611,900
4.85
148,467,715
Inferred
7,218,900
2.94
21,223,566
Total
45,032,100
4.59
<b>206,777,976</b> Geita - Nyankanga Underground
Measured
-
-
-
Indicated
3,798,200
9.34
35,475,188
Inferred
1,123,500
6.65
7,471,275
Total
4,921,700 8.73
42,946,463
Geita - Stockpile
Measured
1,088,754
2.06
2,242,833
Indicated
-
-

Inferred

**Total** 1,088,754 2.06 2,242,833 Navachab - Anomaly 16 Measured Indicated Inferred 1,706,078 0.94 1,602,519 **Total** 1,706,078 0.94 1,602,519 Navachab - Grid A Measured Indicated 82,234 1.45 118,857 Inferred 1,158,563 1.78 2,062,197 **Total** 1,240,797 1.76 2,181,054 Navachab - Main Pit Measured 981,479 1.37 1,341,175 Indicated 56,771,820 1.31 74,594,160 Inferred

57,929,132 1.03 59,466,792 **Total** 115,682,431 1.17 135,402,127 Navachab - Stockpile Measured 7,679,132 0.71 5,489,217 Indicated Inferred **Total** 7,679,132 0.71 5,489,217 Sadiola - FE2 Measured Indicated Inferred 2,959,099 1.41 4,171,274 **Total** 2,959,099 1.41 4,171,274 Sadiola - FE3 Measured 344,202 1.91 658,590 Indicated 1,694,751 2.01 3,407,809 Inferred

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Total 2,038,953

1.99

4,066,399

Supplementary Mineral Resource and Ore Reserve information

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Mineral Resources by project (continued)

# Supplementary Mineral Resource and Ore Reserve information 38 **Contained** Grade gold Mine/project name Category **Tonnes** g/t grams Sadiola - FE4 Measured Indicated 2,117,650 3.21 6,804,718 Inferred 65,523 2.92 191,276 **Total** 2,183,173 3.20 6,995,994 Sadiola - FN3 Measured Indicated Inferred 1,406,256 1.09 1,533,958 **Total** 1,406,256 1.09 1,533,958 Sadiola - Sekokoto Measured Indicated

Inferred 1,964,750 1.43 2,800,093 **Total** 1,964,750 1.43 2,800,093 Sadiola - Tambali South Measured Indicated Inferred 6,073,675 1.30 7,884,246 **Total** 6,073,675 1.30 7,884,246 Yatela - Main Pit Measured 2,691,038 0.95 2,568,066 Indicated 13,617,192 2.57 35,056,188 Inferred 3,492,856 0.80 2,792,059 **Total** 19,801,087 2.04 40,416,313 Yatela - Alamoutala Pit Measured 957,708 1.56 1,493,192

Indicated 1,969,572 2.49

Inferred 931,991 1.88 1,751,810 **Total** 3,859,271 2.11 8,147,677 **South America** Morro Velho - Cuiaba Measured 2,649,097 8.17 21,639,980 Indicated 6,355,615 7.74 49,180,172 Inferred 16,483,314 7.44 122,569,098 **Total** 25,488,025 7.59 193,389,251 Morro Velho - Lamego Measured Indicated 766,525 5.39 4,131,570 Inferred 5,574,821 6.04 33,671,919 **Total** 6,341,346 5.96 37,803,489 Morro Velho - Other Resources Measured 1,433,533 5.32 7,620,528 Indicated 1,641,541

4,902,675

5.68 9,316,721 Inferred 2,738,016 6.21 16,990,381

Total 5,813,090 5.84

33,927,630

Mineral Resources by project (continued)

## Supplementary Mineral Resource and Ore Reserve information 39 Mineral Resources by project (continued) **Contained** Grade gold Mine/project name Category **Tonnes** g/t grams Morro Velho - Engenho d'Agua Measured 14,197 3.76 53,381 Indicated 489,634 4.17 2,041,774 Inferred 1,223,978 4.34 5,312,065 **Total** 1,727,809 4.29 7,407,219 Morro Velho - Corrego Do Sitio Measured 720,691 7.70 5,549,321 Indicated 356,293 9.10 3,242,266 Inferred 546,172 10.09 5,510,875 **Total** 1,623,156 8.81 14,302,462 Cerro Vanguardia - Pits Measured 8,897,814

8.22 73,110,668 Indicated

	Edga
1,643,269	
9.18	
15,085,209	
Inferred	
840,153	
9.35	
7,855,431	
Total	
11,381,236	
8.44	
96,051,308	T 1
Cerro Vanguardia - Hea	p Leacn
Measured	
9,375,298 0.90	
8,435,569	
Indicated	
979,372	
0.86	
837,852	
Inferred	
100,581	
0.44	
43,983	
Stock pile	
6,766,384	
1.33	
9,028,966	
Total	
17,221,635	
1.07 18,346,370	
Australia	
Sunrise Dam - Open Pit	(inc. Stockniles)
Measured	(me. Stockphes)
15,152,773	
2.08	
31,593,141	
Indicated	
21,534,696	
3.17	
68,264,986	
Inferred	
282,465	
3.30	
932,135 <b>Total</b>	
36,969,934	
2.73	
100,790,261	
Sunrise Dam - Undergro	ound

# Measured Indicated 1,444,305 9.92 14,323,847 Inferred 5,385,639 6.31 33,979,774 **Total** 6,829,944 7.07 48,303,621 Sunrise Dam - North Wall Cutback Measured 3,329,814 3.19 10,622,107 Indicated 1,870,985 2.59 4,845,851 Inferred 6,799 2.65 18,017 **Total** 5,207,598 2.97 15,485,975 Sunrise Dam - Golden Delicious Measured Indicated 1,038,000 1.84 1,909,920 Inferred 2,643,000 1.64 4,334,520 **Total** 3,681,000

1.70 6,244,440

Development sampling results -South Africa region for the year ended 31 December 2003 Supplementary Mineral Resource and Ore Reserve information 40 Metric Channel **Advanced** Sampled width Mine metres metres cm g/t cm. g/t kg/t cm.kg/t Great Noligwa mine Vaal Reef 15,766.4 2,222 108.1 21.3 2,302 1.01 108.74 Kopanang mine C Reef 667.3 Vaal Reef 29,026 3,886 12.7 133.39 1,694 5.33 67.69 Moab Khotsong mine Vaal Reef 5,827.3 48 67.9 25.7 1,745 0.71 48.44 Mponeng mine Ventersdorp Contact Reef 21,324

1,420 75.5

23.92 1,806 0 Savuka mine Carbon Leader Reef 6,125.9 374 86.5 21.82 1,887 0.01 0.67 Ventersdorp Contact Reef 2,918.6 Tau Lekoa mine Ventersdorp Contact Reef 16,614.7 2558 93.4 8.72 814 0.12 11.25 TauTona mine Carbon Leader Reef 16,676.8 118 17.7 122.71 2,172 1.81 32.09 Ventersdorp Contact Reef 190.6 Average gold value Average uranium value

Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating Ore Reserves.

## Supplementary Mineral Resource and Ore Reserve information 41 **Imperial** Channel **Advanced** Sampled width Mine feet feet inches oz/t ft.oz/t lb/t ft.lb/t Great Noligwa mine Vaal Reef 51,727 7,290 42.56 0.62 2.2 2.02 7.16 Kopanang mine C Reef 2,189 Vaal Reef 95,230 12,749 5 3.89 1.62 10.66 4.44 Moab Khotsong mine Vaal Reef 19,118 157 26.73 0.75 1.67 1.42 3.16 Mponeng mine Ventersdorp Contact Reef 69,961 4,659

29.72 0.7 1.73 0

0
Savuka mine
Carbon Leader Reef
20,098
1,227
34.06
0.64
1.82
0.02
0.06
Ventersdorp Contact Reef
9,575
Tau Lekoa mine
Ventersdorp Contact Reef
54,510
8,392
36.77
0.25
0.77
0.24
0.74
TauTona mine
Carbon Leader Reef
54,714
387
6.97
3.58
2.08
3.62
2.1
Ventersdorp Contact Reef
625
Average gold

value Average uranium value

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Supplementary Mineral Resource and Ore Reserve information
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Competent persons
Competent Persons or "recognised mining professionals", designated in terms of the JORC Code and responsible for
the generation of the Mineral Resources and Ore Reserves on the various mines and ventures, are listed below:
South Africa
Great Noligwa
Mineral Resources
H Eybers - BSc Hons (Geology), GDE (Mineral
Economics), Pr.Sci.Nat., 17 years experience.
H A Kruger - HND (Mine Surveying), GDE (Mineral
Economics), MSCC, PLATO, 25 years experience.
F J G Putter - BSc Hons (Geology), BCom,
Pr.Sci.Nat., 22 years experience.
Ore Reserves
P Enslin - HND (Mineral Resource Management),
MSCC, PLATO, 21 years experience.
H A Kruger - HND (Mine Surveying), GDE (Mineral
Economics), MSCC, PLATO, 25 years experience.
Kopanang
Mineral Resources
A C De Wet - HND (Mine Surveying), MSCC,
25 years experience.
A J Johnston - BSc (Geology), GDE (Mineral
Economics), MSc (Engineering), Pr.Sci.Nat.,
16 years experience.
A N Johnson - ND (Survey), HND (Mineral Resource
Management), PLATO
, 9 years experience.
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#### Ore Reserves

A C De Wet - HND (Mine Surveying), MSCC,

25 years experience.

J Oberholzer - HND (Mine Surveying), MSCC,

14 years experience.

Moab Khotsong

### **Mineral Resources**

T Adam - BSc Hons (Geology), GDE (Mineral Economics), 27 years experience.

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A C Barnard - HND (Mineral Resource Management),
5 years experience.
M Biddulph - BSc Hons (Geology), GDE (Mineral
Economics), Pr.Sci.Nat., 8 years experience.
Ore Reserves
M Biddulph - BSc Hons (Geology), GDE (Mineral
Economics), Pr.Sci.Nat., 8 years experience.
P Venter - HND (Mineral Resource Management),
23 years experience.
Mponeng
Mineral Resources
R Brokken - HND (Mine Surveying), MSCC, PLATO,
22 years experience.
H Husselman - HND (Mineral Resource Management),
PLATO
(2)
, 16 years experience.
D J Kershaw - BSc Hons (Mining Geology), Pr.Sci.Nat.,
24 years experience.
Ore Reserves
R Brokken - HND (Mine Surveying), MSCC, PLATO,
22 years experience.
Savuka
Mineral Resources
I Frith - MSc (Geology), Pr.Sci.Nat.
(1)
, 24 years
experience.
R Orton - HND (Mineral Resource Management),
MSCC, PLATO
, 20 years experience.
Ore Reserves
M W Armstrong - MSCC, PLATO,
19 years experience.
W Kinner - HND (Mineral Resource Management),
MSCC, PLATO
(2)
, 14 years experience.
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Tau Lekoa

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Mineral Resources
W Britz - BSc Hons (Geology), Pr.Sci.Nat.
(1)
, 8 years
experience.
R Downing - BSc Hons (Geology), GDE (Mineral
Economics), Pr.Sci.Nat.
, 16 years experience.
V. Govindsammy - BSc Hons (Statistics), HND
(Economic Geology), GDE (Mineral Economics),
Pr.Sci.Nat., 11 years experience.
Ore Reserves
R Downing - BSc (Hons) (Geology), GDE (Mineral
Economics), Pr.Sci.Nat.
, 16 years experience.
J Wall - HND (Mine Surveying), PLATO,
13 years experience.
TauTona
Mineral Resources
S Kelly - HND, PLATO
, 20 years experience.
P van Zyl - BSC Hons, Pr.Sci.Nat.
(1)
, 6 years
experience.
Ore Reserves
M W Armstrong - MSCC, PLATO, 19 years
experience.
G Hall - BSc Hons (Geology), GDE (Mineral
Economics), Pr.Sci.Nat., 6 years experience.
C Nel - HND, PLATO
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, 26 years experience.

# 43 Western Ultra Deep Levels **Mineral Resources** R K Lavery - BSc Eng (Mining Geology), GDE Mining, Pr.Sci.Nat., 22 years experience. Ore Reserves Not applicable Ergo **Mineral Resources** R K Lavery - BSc Eng (Mining Geology), GDE Mining, Pr.Sci.Nat., 22 years experience. Ore Reserves J vZ Visser - BSc (Mineral Resource Management), PLATO, 17 years experience. Vaal River Surface **Mineral Resources** R K Lavery - BSc Eng (Mining Geology), GDE Mining, Pr.Sci.Nat., 22 years experience. Ore Reserves J vZ Visser - BSc (Mineral Resource Management), PLATO, 17 years experience. West Wits Surface Mineral Resources R K Lavery - BSc Eng (Mining Geology), GDE Mining, Pr.Sci.Nat., 22 years experience. Ore Reserves J vZ Visser - BSc (Mineral Resource Management), PLATO, 17 years experience. **East & West Africa** Geita **Mineral Resources** R Adofo - MSc (Mineral Exploration), MAusIMM, 10 years experience. Ore reserves M Hill - BSc (Mining), MAusIMM, 10 years experience. D Purdey - BEng (Mining), MAusIMM, 8 years experience. Morila Mineral Resources

Supplementary Mineral Resource and Ore Reserve information

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R Peattie - BSc Hons (Geology), Pr.Sci.Nat.,
MAusIMM, 12 years experience.
C Poulin - BSc Hons (Geology), 29 years experience.
A Sisokko - BSc Hons (Geology), 2 years experience.
D Stephen - BSc Hons (Geology), 11 years
experience.
S Walton - BSc Hons (Geology), MAusIMM,
12 years experience.
Ore Reserves
P Christians - BSc (Mining Engineering), 19 years
experience.
Navachab
Mineral Resources
F P Badenhorst - MSc (Geology), Pr.Sci.Nat.,
12 years experience.
R Peattie - BSc Hons (Geology), Pr.Sci.Nat.,
MAusIMM, 12 years experience.
Ore Reserves
D L Worrall - ACSM, MAusIMM, 28 years
experience.
Sadiola
Mineral Resources
S Bamforth - BSc (Geology), MAusIMM,
7 years experience.
G Cooper - BSc Hons (Geology), MAusIMM,
19 years experience.
T Gell - BSc Hons (Geology), MAusIMM, 13 years
experience.
Ore Reserves
E Smuts - BEng (Mining), SAIMM, MAusIMM,
9 years experience.
M Thiel - BSc (Mining Engineering), AIME, MAusIMM,
28 years experience.
R vd Westhuizen - MSc (Mining), Pr.Sci.Nat.,
7 years experience.
Yatela
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Mineral Resources

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G Cooper - BSc Hons (Geology), MAusIMM, 19 years experience.

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T Gell - BSc Hons (Geology), MAusIMM, 13 years experience.

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S P Robins - BSc Hons (Geology), Pr.Sci.Nat., 7 years experience.

#### Ore Reserves

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M Thiel - BSc (Mining Engineering), AIME, MAusIMM, 27 years experience.

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R vd Westhuizen - MSc (Mining), Pr.Sci.Nat., 7 years experience.
Competent persons (continued)

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Supplementary Mineral Resource and Ore Reserve information
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Competent persons
(continued)
South America
Cerro Vanguardia
Mineral Resources
E R Lopez - Geologist, Consejo Superior de
Geologia, 9 years experience.
A Medeiros - Geologist, CREA, 5 years experience.
P Noriega - Geologist, SJBUNP, 4 years experience.
L L Rivera - Geologist, Consejo Superior de
Geologia, 11 years experience.
C A Riveros - Geologist, Consejo Superior de
Geologia, 18 years experience.
V Scavuzzo - Geologist, Consejo Superior de
Geologia, 5 years experience.
Ore Reserves
E R Lopez - Geologist, Consejo Superior de
Geologia, 9 years experience.
A Medeiros - Geologist, CREA, 5 years experience.
P Noriega - Geologist, SJBUNP, 4 years experience.
L L Rivera - Geologist, Consejo Superior de
Geologia, 11 years experience.
M Roldan - Mining Engineer, SJNU, 7 years experience.
Morro Velho
Mineral Resources
E E Biase - Engineering Geologist, CREA,
26 years experience.
E A de Souza (Jnr) - Geologist, CREA,
17 years experience.
P de Tarso Ferreira - Geologist, CREA,
19 years experience.
J Duchini - Engineering Geologist, CREA,
21 years experience.
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C R P Ferreira (Jnr) - Geologist, CREA,
9 years experience.
J M Lopez - Engineering Geologist, CREA,
16 years experience.
A H Medeiros Silva - Geologist, CREA,
5 years experience.
F W Reis Vieira - Geologist, CREA,
19 years experience.
A H M Silva - Geologist, CREA, 5 years experience.
C Silva Ferreira - Mining Engineer, CREA,
3 years experience
J W Soares - Geologist, CREA, 15 years experience.
Ore Reserves
E A de Souza (Jnr) - Geologist, CREA,
17 years experience.
P de Tarso Ferreira - Geologist, CREA,
19 years experience.
J M Lopez - Engineering Geologist, CREA,
16 years experience.
A H Medeiros Silva - Geologist, CREA,
5 years experience.
S B R Pinto - Mining Engineer, CREA,
18 years experience.
C Silva Ferreira - Mining Engineer, CREA,
3 years experience.
J W Soares - Geologist, CREA, 15 years experience.
P M Sobrinho - Mining Engineer, CREA,
23 years experience.
Serra Grande
Mineral Resources
E M de Araujo - Geologist / Geostatistician, CREA,
18 years experience.
A Medeiros - Geologist, CREA, 5 years experience.
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W N Yamaoka - Geologist, CREA, 18 years experience.

#### Ore Reserves

E M de Araujo - Geologist / Geostatistician, CREA, 18 years experience.

E S Barbosa - Geologist, CREA, 12 years experience.

C A Neves - Mining Engineer, CREA, 6 years experience.

M G Simoni - Mining Engineer, CREA, 6 years experience.

W N Yamaoka - Geologist, CREA, 18 years experience.

#### Australia

Boddington

#### **Mineral Resources**

K Gleeson - BSc (Hons) (Geology), MAusIMM, 12 years experience.

#### Ore Reserves

S Williams - B Min Tech (Hons), MAusIMM, 14 years experience.

Coyote

#### **Mineral Resources**

G Tangney - BSc Hons (Geology), MAusIMM, 11 years experience.

#### Ore Reserves

S Khosrowshahi - PhD (Geology), MAusIMM,

21 years experience.

Supplementary Mineral Resource and Ore Reserve information Sunrise Dam Mineral Resources R Gaze - BEng Hons (Mining), MSc, MAusIMM, 9 years experience. D Gibbs - BSc Hons (Geology), MAusIMM, 16 years experience. M Erickson - BSc Hons (Geology), MAusIMM, 18 years experience. M Kent - BSc Hons (Geology), MAusIMM, 7 years experience. S Khosrowshahi - PhD (Geology), MAusIMM, 21 years experience. Ore Reserves Q de Klerk - HND (Mining), MAusIMM, 15 years experience. M Reed - BEng (Mining), MSc, MAusIMM, 25 years experience. Tanami **Mineral Resources** W Makar - Dip Min Sc & Min Tech, MAusIMM, 26 years experience. Union Reefs Mineral Resources W Makar - Dip Min Sc & Min Tech, MAusIMM, 26 years experience. **North America** Cripple Creek and Victor Mineral Resources R Largent - BSc (Mining Engineering), SME, 20 years experience. G Seibel - MSc (Economic Geology), SME, 22 years experience. D Vardiman - BSc (Engineering Geology), 26 years

R Largent - BSc (Mining Engineering), M.B.A., SME,

experience. Ore Reserves

20 years experience.

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S Montelius - BSc (Mining Engineering), 15 years experience.

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L Newcomer - BSc (Metallurgy), 26 years experience.

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G Seibel - MSc (Economic Geology), SME, 22 years experience.

Competent persons (continued)

(1)

Pr.Sci.Nat. application being processed

(2)

PLATO application being processed

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AngloGold Limited

Date:

15 MARCH 2004 By: /s/ C R B

ULL

Name: C R Bull

Title: Company Secretary