

AngloGold's response to SA Government's Socio-Economic Empowerment Charter for the Mining Industry

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In the future, in order for South African mining companies to convert current mining rights into "new order" leases, these companies will have to have sold to companies controlled by black South Africans or women, for fair value, 15% of their South African assets' production capacity when they renew leases within the next five years. This ownership requirement is complemented in the Charter by a 26% ownership objective in the next ten years.

The document sets out a framework of objectives for the industry, covering human resource development, employment equity in the appointment of managerial staff, mining community and rural development, housing conditions in the industry, the contribution of black-owned companies in the supply of goods and services to the industry and equity ownership of South African mining assets.

AngloGold's CEO, Bobby Godsell, said, "AngloGold has completed a number of sales of assets in the past four years which have shown how it is possible to craft viable transactions which expand empowerment with no significant loss of value and which will be credited by the Charter. We have no doubt that the 15% target can be realistically met."

Godsell added, "We are encouraged by the fact that, in promoting broader-based equity participation in mining through new sources of investment for the industry, the Charter supports new collective investment instruments such as unit trusts, which include transformation as part of their mandate, and employee share schemes, where the majority of members would be either black or female. AngloGold is also currently considering the implementation of an employee share ownership plan to broaden share participation amongst its own employees".

The Charter also sets out a challenge to empower workers, managers and the communities from which they are drawn as an investment in new human capital. In AngloGold, where the Company has combined newly-acquired numeracy and literacy skills with new, modern job structures, it has seen significant productivity gains, coupled with substantially increased individual earning power (and, consequently, saving capacity).

Godsell went on to say, "Clearly, South Africa's economy must both draw on the talent, energy, savings and investment capacity of all of its citizens, from all races and both genders. Achieving this non-racial character is clearly one of the top political imperatives of the day. However, this requirement must contend with a second, and equally demanding reality – the need for economic growth. If it is implemented in the spirit in which it has been constructed, the new legislation and the Charter will be a valuable tool in turning our Country's extraordinary mineral endowment into real wealth to the benefit of all of South Africa's people."