



AngloGold's

Beneficiation Programme

2002/2003

INTRODUCTION



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AngloGold is a gold company. Indeed our mission statement says we are gold champions. Though now global in our operations and in our investment base, we are also consciously and contentedly South African. It is therefore not surprising that, since our re-structuring in 1998, we have been busy finding ways to add value to the ounces of gold we mine.

Four years ago we initiated the very first gold jewellery design competition in South Africa. This competition (known as the Riches of Africa) now conducted annually, has showcased the creativity and excellence of South African designs.

AngloGold has also sponsored gold for South African participants in World Gold Council international jewellery design competitions, with the objective of highlighting South African talent and design skills.

When this company became active in mining gold in Mali we also encountered that country's centuries-old gold tradition. Here gold works for everyone. From kings to the people of the most humble village, gold artefacts play a central role in defining beauty, power, love and religious belief. We were stunned to discover the skills of the Malian village goldsmith, and have brought master goldsmiths to South Africa to share their skills with South Africans.

AngloGold is a strategic investor in OroAfrica. This ultra modern, state-of-the-art jewellery factory in Cape Town each year produces more than six tons of gold jewellery, a large part of which is exported into the United States.

In another strategic partnership with a Swiss gold refiner and bullion trader, PAMP MKS and a US bank, JP Morgan Chase, we are building a gold e-business focused both on retailing gold jewellery and on bullion trading.

Our determination to add value to the gold ounces we mine is part of our global character and so we have sponsored inter alia gold beneficiation projects and jewellery design activities in Brazil, Namibia, Tanzania and Mali. But we are most advanced and most active right here at home. Let South Africa become the leader of the world's gold industry... not just its gold mining industry.

BOBBY GODSELL
Chief Executive Officer
December 2002

ANGLOGOLD'S BENEFICIATION STRATEGY

AngloGold's objective is to add value to gold through encouraging and driving the development of gold products that are of an internationally acceptable standard in terms of design, quality, marketing and sales support, to compete successfully in international markets, resulting in sustainable growth.

KEY PROJECTS SUPPORTING THE STRATEGY

OroAfrica

AngloGold acquired a 25% stake in OroAfrica in July 2000 for R55 million. OroAfrica, situated in Cape Town, is the largest manufacturer of gold jewellery in South Africa. The company employs 170 people and consumes about four tons of fine gold each year as an input into its final products which include chains, rings, earrings and the like. OroAfrica has been particularly successful in marketing its products in the United States.

AngloGold's investment in OroAfrica, in addition to being a sound commercial initiative, also offers an important strategic opportunity for the company to promote gold jewellery in the markets of the developed world.

AngloGold has co-operated actively with OroAfrica in a number of projects, including a programme of consumer research in the American market, the establishment of a new product design process and the initiation of an African gold jewellery brand.

A recent innovation is the establishment of a design centre at OroAfrica, whose purpose is to increase product standards and productivity levels through technology, design innovation and creative output.



At the OroAfrica Jewellery Manufacturing facility in Cape Town are Wesley Beziek, Alberto Lavagna, Enslö Jennecke, André Visser, Morné Hickman and Jacques van Rooyen. OroAfrica uses world-class manufacturing technology, developed by Filk (SPA), a partner in OroAfrica and the world's leading Italian gold chain maker.

Riches of Africa

AngloGold established the Riches of Africa Jewellery Design Competition in 1998 to encourage innovative gold jewellery design by South African designers, to enhance technical skills and to give support to the local jewellery industry. It had another important objective. Although gold is a product more associated with South Africa than any other country, its jewellery designers and manufacturers are largely unknown in the wider world. AngloGold has used this annual event to serve as a showcase for South Africa's jewellery design talent and manufacturing expertise.

The rules of Riches of Africa are reviewed each year to make this competition work as effectively as possible. One of the most important changes – introduced in 2001 – was to broaden the event by encouraging non-jewellers from other creative disciplines.

Training workshops are held in a number of centres each year for the benefit of anyone who enters the competition. Topics range from manufacturing and finishing techniques to working with high carat gold.

The winning works are exhibited and used in fashion shows and shoots throughout South Africa and abroad for a full calendar year.



The overall winner of the Riches of Africa 2002 jewellery design competition is Katleho Photolo, a student at Technikon Pretoria. A model wears his 18ct gold neckpiece which features a series of criss-crossing cast sections.

KEY PROJECTS SUPPORTING THE STRATEGY



Pearl Avenue is a small company with fewer than a dozen female African bead-workers. Combining traditional pearl-knotting techniques with African bead-work, they had the skills that were required to make the beads for Julian's "laurel" range which was launched at AngloGold's Afridesia show during New York Fashion Week 2002.

Project AuTEK

Project AuTEK is a programme to research and develop the use of gold in advanced industrial processes and devices as well as in consumer applications. It was launched in June 2000 as a joint venture with Mintek, the national metallurgical research organisation. The project will focus on the application of gold as a catalyst and, in particular, on its use in the spheres of air purification, automotive applications and in the chemical industry.

In May 2002, Project AuTEK unveiled the first working prototype of a room temperature air purification unit that strips poisonous carbon monoxide gas out of air. The unique feature of this unit is that it performs the operation at room temperature whereas all other known systems require the air to be heated. The new unit uses super-active catalysts based on gold, and is expected to be considerably cheaper to manufacture and operate than designs based on other types of catalysts. Its areas of application include restaurants, hospitals, hotels and office blocks.

Atteridgeville Jewellery Project

The Atteridgeville Jewellery Project was established by Vukani-Ubuntu Community Development Projects to open the jewellery industry in South Africa to the previously disadvantaged through training and development, and to encourage jewellery production innovation and design through training and awareness programmes. It was launched in January 2000 with funding (R240 000) from AngloGold and the company remains an active sponsor.

Initially, the training programmes were the focus of the sponsorship. Then, with a view to creating more employment opportunities for the qualifying students, AngloGold funded a manufacturing hive.

Currently, AngloGold is supporting the project in its efforts to market and promote product manufactured by the Atteridgeville Jewellery School. This includes assisting with the marketing of "Kwaito" jewellery. The range is strongly linked with Kwaito music through the slogan "Rhythm you can wear", and targets South Africa's growing youth market. It will be manufactured chiefly in gold and silver with some stones used.

The focus is on affordable jewellery that is easy to wear and that can be mass-produced by the Atteridgeville project, using current manufacturing resources and capacity.

Vukani-Ubuntu has now set up branches of the Atteridgeville Jewellery School in Virginia, Barberton and Kimberley and is looking at establishing a further branch in Soweto.



Vukani-Ubuntu's MD, Demos Takoulas (left), and Communications Director, Fana Maseko (right), with Minister of Minerals and Energy Phumzile Mlambo-Ngcuka and President Thabo Mbeki when they visited the Vukani-Ubuntu exhibition stand during the Mining Summit, 2002.



Students in action at the Atteridgeville Jewellery Project.

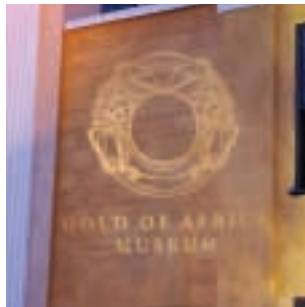
Gold of Africa Museum and its Workshop and Educational Programmes

The Gold of Africa Museum, located in Strand Street, Cape Town, was opened officially in November 2001. The museum is built around a collection of more than 350 gold artefacts from West Africa. It also temporarily houses a collection of gold artefacts from two of southern Africa's most important burial sites, Mapungubwe and Thulamela, ancient civilisations dating back to the 13th century. The main collection was purchased by AngloGold from the Musée Barbier-Mueller in Geneva. The acquisition was a step towards recovering, for Africa, important cultural and historical links with Africa's history.

The museum facility is not limited to the display and the tourism opportunities it offers. A museum workshop was established to demonstrate the West African goldsmith techniques used to make the various pieces on display in the museum. The workshop was also designed as a stand-alone education centre in the art of the seven different West African goldsmith techniques, acquired through the Traditional African Goldsmith Training Programme (see below).

Various seminars have been run at the museum workshop for Cape Technikon and other design students to learn design and goldsmithing techniques.

The museum has also designed a tour aimed at educating scholars on African gold heritage and history. The aim of the project is to instil knowledge and pride in the history of gold which plays an integral part in the South African cultural and historical tapestry. To date, 2 976 learners have taken the tour.



The Gold of Africa Museum is currently housed in Martin Melck House, one of the three buildings that make up the 350-year-old Lutheran Church in Strand Street, Cape Town. The museum offers visitors a tour of the history of African gold. The museum was officially opened in February 2002.



African Gold Zone

AngloGold initiated a partnership with Rand Refinery and the Spatial Development Initiative Programme of the Department of Trade and Industry (DTI) to establish the African Gold Zone on Rand Refinery property in October 2000. The project is intended to encourage and accommodate an increase in the production capacity of the local jewellery manufacturing industry and, by providing a modern industrial park venue for manufacturing, to assist in repositioning the industry as a more competitive player globally. It is the wish of the founders to create opportunities for the export and promotion of beneficiated and branded African precious metals and stones.

As the complex develops, AngloGold is committed to funding a training facility for disadvantaged people who aspire to become jewellery designers and manufacturers, while a jewellery hive will enable newly skilled and talented goldsmiths to set up their own small entrepreneurial business ventures within a stable and semi-formal structure.

Further development of the project is currently under negotiation with the DTI, and with Standard Bank regarding funding and financing issues relating to small business development within the informal business sector.



Kelvin Williams of AngloGold and Alec Erwin, Minister of Trade and Industry breaking new ground at the launch of the African Gold Zone in October 2000.

KEY PROJECTS SUPPORTING THE STRATEGY



Gaoussou Dembele has taught the art of goldsmithing at the Bamako Jewellery School, in Mali, for seven years, having trained and graduated as a goldsmith at the same school. AngloGold has donated tools to the school as a token of its appreciation of the enthusiasm with which they have shared their expertise and knowledge in this age-old craft.



AngloGold has commissioned a number of master goldsmiths from Mali to transfer traditional African goldsmithing techniques to South African jewellery design students at various workshops over the past two years. Bakary Yali of Bamako is one of the master goldsmiths involved in the skills transference programme. He is pictured here with models wearing Malian crafted jewellery at a corporate dinner sponsored by AngloGold in Mali, July 1999.

Traditional African Goldsmith Training Programme

AngloGold initiated the Traditional African Goldsmith Training Programme in 1999 with three aims in mind:

- to encourage the development of South Africa's gold jewellery manufacturing industry;
- to fast-track the evolution of new design concepts that combine traditional goldsmithing with African crafts to create jewellery with a distinct African identity; and
- to promote the continent's unique skills and designs to the rest of the world.

The project started in July 1999 when AngloGold took seven lecturers drawn from technikons and jewellery schools throughout South Africa to Mali for a week of training in traditional African goldsmithing. Four master goldsmiths were appointed to lead the training and a special studio was established which was equipped with traditional tools. AngloGold provided the gold used in training.

With operations in Mali, AngloGold had existing infrastructure in that country which was helpful in establishing the programme, but that was not the only reason why the training took place there. Mali was chosen because its jewellers use such a variety of techniques and because it has a particularly rich design aesthetic which draws on local mythology, flora and fauna for its inspiration. Most important, goldsmiths in Mali, in common with other gold producing countries in West Africa, work with simple, low-cost tools: a small anvil, a goatskin that serves as a bellows, some pliers and files. They are resourceful artists who produce sophisticated jewellery with a limited outlay. The trip served to demonstrate to South Africans that would-be jewellery designers and manufacturers do not need significant capital for machinery and equipment to establish themselves.

The result of this project is that traditional goldsmithing techniques are being taught as part of the jewellery design and manufacturing courses at technikons and other education centres throughout South Africa. During the trip to Mali a documentary was made of all the training sessions, focusing on the seven main goldsmithing techniques used in West Africa, and this video is available to educational institutions.

Since the visit to West Africa in 1999, AngloGold has twice sponsored Malian master goldsmiths to come to South Africa to transfer West African goldsmith techniques to students and lecturers through hands-on training in workshops held in Pretoria, Johannesburg (at the Electra Mining Week) and Cape Town. AngloGold hopes that this project will offer aspiring jewellery manufacturers, particularly those from a craft background, the option of following traditional African goldsmithing techniques in South Africa and that these will be handed down to the generations to come.

Afridesia – An Expression of Style from the City of Gold

AngloGold launched the Afridesia project in 2002 with three leading South African fashion designers creating a range of gold jewellery and accessories to complement their garments for a show during New York's Fashion Week.

The purpose of the venture is to provide a platform in the important US market for the talents of South African designers and craftspeople and to investigate the establishment of new markets for fashion and jewellery from this country.

More than half of the gold jewellery items in the Afridesia collection were manufactured by craftspeople in Johannesburg. Many items were made with African gold-leafing and bead-working techniques, showing the potential of combining African crafts with gold, while highlighting the importance of good design in creating desirable products.

In all, 39 gold pieces from the collection were selected for the GoldAvenue jewellery catalogues (see below) for both Spring and Autumn 2003. Following the show, instructors of the Fashion Institute of Technology of New York (one of the world's foremost fashion schools) sent their jewellery design students to the Afridesia showroom to view the gold jewellery and its unique manufacturing techniques.

Gold accessories in the Afridesia collection included a gold tattoo (a world first), handbags, a shirt, hairpins, scarves, belts, fingernail decorations and sandals.

Encouraged by the success of the launch of the Afridesia jewellery in New York, AngloGold is presently investigating brand-building plans for 2003.

GoldAvenue

In April 2000, AngloGold, J P Morgan Chase and PAMP MKS of Geneva established GoldAvenue as a commercial venture to offer a wide range of gold products and services to business and consumers. In July 2001, the venture launched a business-to-business website for the supply of gold bullion to regional banks and their jewellery manufacturing clients, commencing first in Italy. This business is being extended to other major physical gold consumer countries. The software for this site is under development.

In the area of business-to-consumer activities, the partnership launched a GoldAvenue catalogue of gold jewellery in November 2001 together with a website offering gold jewellery for retail sale. This business is being developed in the United States in association with Vivre, a luxury goods catalogue business operating in the US, in which GoldAvenue has taken a 14% equity interest. AngloGold has provided support to this venture particularly through product development, sourcing and product selection. Gold jewellery pieces developed from AngloGold's design competitions and fashion projects proved to be popular in the first catalogue.



Andiswa Manxiwa wears a gold shirt made from a "fuzzy mesh" combination of assorted gold beads and olive crystal beads to complement Clive Rundle's garments for Afridesia at New York Fashion Week 2002.

ANGLO GOLD'S FUTURE BENEFICIATION STRATEGY

AngloGold's future strategy is to continue to add value to gold through encouraging and driving the development of gold products that are of an internationally acceptable standard in terms of design, quality, marketing and sales support, to compete successfully in international markets, resulting in sustainable growth. This applies to jewellery and other decorative products, as well as industrial applications



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