

AngloGold Ashanti, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 22 operations are located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America), and are supported by extensive exploration activities. The combined Proved and Probable Ore Reserves of the group amounted to 79 million ounces as at 31 December 2004.

AngloGold Ashanti is listed on the following securities exchanges: Johannesburg (ANG), New York (AU), Australia (AGG) and Ghana (AGA and AADS) as well as the London Stock Exchange (AGD), Euronext Paris (VA) and Euronext Brussels (ANG).

AngloGold Ashanti Limited (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act 61 of 1973, as amended. Its principal executive office is located at 11 Diagonal Street, Johannesburg, 2001, (P.O. Box 62117, Marshalltown, 2107), South Africa (Telephone +27 11 637-6000).

History and development of the company

AngloGold Ashanti, as it conducts business today, was formed on 26 April 2004 following the business combination of AngloGold Limited (AngloGold) with Ashanti Goldfields Company Limited (Ashanti), which was incorporated in Ghana on 19 August 1974.

AngloGold Limited

AngloGold was formed in June 1998 through the consolidation of the gold interests of Anglo American Corporation of South Africa Limited (AAC) and its associated companies into a single, focused, independent, gold company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998.

AngloGold then acquired, in share-for-share exchanges in terms of South African schemes of arrangement and following shareholder approval, all the issued share capital of East Rand Gold and Uranium Company Limited; Eastvaal Gold Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining Company Limited; H.J. Joel Gold Mining Company Limited, and Western Deep Levels Limited. A total of 51,038,968 ordinary shares were issued to AAC and 66,010,118 ordinary shares to other shareholders in exchange for their shares in these companies.

In private transactions with AAC and minority shareholders, other share interests were acquired in Driefontein Consolidated Limited (17%); Anmercosa Mining (West Africa) Limited (100%); Western Ultra Deep Levels Limited (89%); Eastern Gold Holdings Limited (52%); Erongo Mining and Exploration Company Limited (70%); and other sundry share interests. In exchange, 25,734,446 ordinary shares were issued to AAC and 957,920 ordinary shares to minority shareholders. AngloGold also acquired gold exploration and mining rights from AAC and other companies: 1,623,080 ordinary shares were

issued to AAC and 4,210,412 ordinary shares to other companies in exchange. AngloGold also acquired from AAC and JCI all the rights under service agreements relating to the companies listed above – from AAC in exchange for 6,834,872 ordinary shares, and from JCI for R62 million (\$11 million).

The consolidation was approved by the required majorities of the shareholders of AngloGold and the participating companies and became effective on 1 January 1998 for accounting purposes.

Subsequent to its formation:

- AngloGold purchased Minorco's gold interests in North and South America with effect from 31 March 1999;
- with effect from 31 December 1999, AngloGold acquired Acacia Resources in Australia;
- with effect from 3 July 2000, AngloGold acquired a 40% interest in the Morila mine in Mali from Randgold Resources Limited;
- on 15 December 2000, AngloGold acquired a 50% interest in the Geita mine in Tanzania from Ashanti Goldfields Company Limited;
- in 2000, in support of its market development initiatives, AngloGold acquired a 25% interest in OroAfrica, South Africa's largest manufacturer of gold jewellery, and a 33% holding in GoldAvenue, an e-commerce business in gold, created jointly with JP Morgan and Produits Artistiques de Metaux Precieux (PAMP). As at December 2004, AngloGold Ashanti held 26.6% of OroAfrica. Gold Avenue continued to sell gold jewellery by catalogue and website until early 2004, after which it was wound-up;
- on 9 April 2001, the sale to Harmony Gold Mining Company Limited of the Elandsrand and Deelkraal mines became unconditional;
- in January 1998, the No. 2 Shaft Vaal River Operations was tributed to African Rainbow Minerals (currently Harmony Gold Mining Company Limited) (ARM) on the basis that 40% of all revenue, costs and capital expenditure would be attributable to ARM, with the balance to AngloGold. On 1 July 2001, AngloGold disposed of its interests in No. 2 Shaft Vaal River Operations to ARM;
- on 5 September 2001, AngloGold announced that it was to make a take-over offer for Normandy Mining Limited (Normandy), Australia's largest listed gold mining company. This did not come to fruition. Arising from the offer, 6,869,602 AngloGold ordinary shares were issued. This excluded 143,630 AngloGold ordinary shares issued under the top-up facility to Normandy shareholders. The Normandy shares acquired were sold on the market on 21 January 2002;
- on 1 January 2002, the sale of AngloGold's Free State assets to ARM and Harmony, through a jointly-owned company, for a net consideration of R2,523 million (\$229 million) (including tax payable by AngloGold and net of contractual obligations), became effective;
- during July 2002, AngloGold acquired 46.25% of the equity, as well as the total loan assignment, of Cerro Vanguardia SA from Pérez Companc International SA, for a net consideration of \$97 million, increasing its interest in Cerro Vanguardia to 92.5%;
- AngloGold disposed of its wholly-owned subsidiary, Stone and Allied Industries (O.F.S.) Limited, a stone-crushing company, to a joint venture of existing management and a group of black entrepreneurs, with effect from 1 October 2002, for a consideration of R5 million;

- on 23 May 2003, AngloGold announced that it had signed an agreement to sell its wholly-owned Amapari Project to Mineração Pedra Breanca do Amapari, for the total consideration of \$18.2 million;
- on 6 June 2003, the sale to Helix Resources Limited of its interest in the Gawler Craton, including the Tunkillia project, was finalised for a consideration comprising cash of \$500,000 (A\$750,000), 1.25 million fully-paid Helix shares issued at A\$0.20 per share and 1.25 million 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 350,000 ounces;
- on 2 July 2003, AngloGold announced that it had concluded the sale of its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc., effective 30 June 2003. Queenstake paid the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, \$1.5 million in cash and 32 million shares issued by a subsidiary, Queenstake Resources Limited, with \$6 million in deferred payments and \$4 million in future royalties. Queenstake accepted full closure and rehabilitation liabilities. The shares acquired by AngloGold in this transaction, were sold in November 2003;
- on 8 July 2003, AngloGold disposed of its entire investment of 8,348,600 shares in East African Gold Mines Limited for a consideration of \$25 million and in the second half of 2003 AngloGold disposed of 952,481 shares in Randgold Resources Limited for a consideration of \$17 million;
- on 18 September 2003, AngloGold acquired from Gold Fields Limited a portion of the Driefontein mining area for a cash consideration of R315 million (\$48 million); and
- on 24 November 2003, AngloGold announced the terms and conditions for the sale of the Western Tanami Project to Tanami Gold NL for a staged payment of A\$9 million (\$6 million), the receipt of 25 million Tanami Gold NL shares and the payment of a royalty based on production. The sales agreement was concluded on 20 January 2004.

Ashanti Goldfields Company Limited

Ashanti Goldfields Corporation Limited was founded in 1897 to develop a mining concession in the area of the operations at Obuasi. In 1969, Ashanti became a wholly-owned subsidiary of Lonrho Plc, (later Lonmin Plc, a UK-listed company which at that time had interests in mining, hotels and general trade in Africa.)

The government of Ghana acquired 20% of Ashanti from Lonmin in exchange for the extension of Ashanti's mining lease over its concession area. In 1972, the government of Ghana formed a Ghanaian company to take over the assets, business and functions formerly carried out by Ashanti, holding 55% of the outstanding shares. Further developments include:

- in 1994, as part of its divestiture policy, the government of Ghana sold part of its holding at which time the company was listed in Ghana;
- in 1996, Ashanti acquired companies holding interests in the Ayanfuri, Bibiani, Iduapriem, Siguirri and Freda-Rebecca properties as well as an interest in what was then the Geita exploration concession in Tanzania. This was followed by the acquisition in 1998 of SAMAX Gold Inc., the principal asset of which was the other part of the interest in the Geita exploration concession adjacent to Ashanti's existing licence area;
- in 1999/2000, the Geita mine was developed and, in 2000, AngloGold acquired a 50% interest; and
- in 2000, Ashanti acquired a 90% interest in the Teberebie mine, adjacent to the Iduapriem mine.

From the end of 1999 to June 2002, commencing with a sharp rise in the price of gold which led initially to a liquidity crisis, Ashanti engaged in a process of financial restructuring with its banks, hedge counterparties and noteholders. In June 2002, the company completed a financial restructuring which involved entering into a new enlarged revolving credit facility of \$200 million: raising approximately \$41.8 million from the early exercise of 70.3% of its warrants (which were previously issued to banks and hedge counterparties and which were exchangeable for shares); reaching agreement with hedge counterparties for continued margin-free trading; and raising \$75.0 million through the issue to its largest shareholder, Lonmin, of mandatorily exchangeable notes, or MENs.

Business combination between AngloGold and Ashanti

On 4 August 2003, AngloGold and Ashanti announced that they had agreed the terms of a recommended business combination at an exchange ratio of 0.26 AngloGold ordinary shares for every Ashanti share. On the same date, AngloGold entered into the Lonmin Support Deed, pursuant to which Lonmin, which held 27.6% of Ashanti's issued share capital, agreed, among other things, to vote its Ashanti shares in favour of the business combination.

After further discussions with AngloGold and careful, detailed consideration of a competitive proposal, and following the increase by AngloGold in the offer consideration from 0.26 to 0.29 ordinary shares, the Ashanti board announced on 14 October 2003 that it was recommending the improved final offer from AngloGold. On 28 October 2003, the government of Ghana, which held 16.8% of Ashanti's issued share capital, announced its support for the AngloGold offer, as well as the principal terms of a Stability Agreement which the government of Ghana intended to enter into with AngloGold.

AngloGold and the government of Ghana agreed the terms of a Stability Agreement, approved by the parliament of Ghana, to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti will operate in Ghana following the implementation of the business combination.

Under the Stability Agreement, the government of Ghana agreed:

- to extend the term of the mining lease relating to the Obuasi mine until 2054 on terms existing prior to the business combination;
- to maintain for a period of 15 years, the royalties payable by Ashanti with respect to its mining operations in Ghana at a rate of 3% per annum of the total revenue from minerals obtained by Ashanti from such mining operations;
- to maintain the corporate tax rate for Ashanti and fix this rate for each of its subsidiaries in Ghana at 30% for a period of 15 years;
- that a sale of Ashanti or any of its subsidiaries' assets located in Ghana remain subject to the government's approval;

- to permit Ashanti and any or all of its subsidiaries in Ghana to retain up to 80% of their exportation proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency; and
- to retain its special rights (Golden Share) under the provisions of the mining law pertaining to the control of a mining company, in respect of the Obuasi mine.

The government of Ghana also agreed that Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the completion of the business combination. In consideration of these agreements and undertakings, AngloGold agreed to issue to the government of Ghana 2,658,000 new AngloGold ordinary shares and to pay to the government of Ghana \$5 million in cash, promptly after the implementation of the business combination. AngloGold also agreed to pay to the government of Ghana, on the date of the completion of the business combination, an additional \$5 million in cash towards the transaction costs incurred by the government of Ghana in its role as regulator of Ashanti.

In consideration of the agreements and undertakings contained in the Stability Agreement, AngloGold also committed to:

- the recapitalisation of the existing Obuasi Mine as well as to undertake further exploration of Obuasi Deeps;
- expenditure of \$220 million on the existing Obuasi Mine over the five-year period commencing 1 January 2004, which includes an amount of \$110 million in real terms, to be spent on underground equipment, infrastructure and environmental and planning systems for the existing Obuasi Mine;
- conclude by 31 December 2008, the required exploration programme and feasibility studies with regard to Obuasi Deeps, at an estimated cost of \$44 million;
- for a period of two years, to not implement any new retrenchment programme in Ghana (excluding individual dismissals made from time-to-time) and to continue to apply Ashanti's existing and approved retrenchment programmes; and
- establish and/or maintain a community trust in Ghana to which AngloGold will contribute a total amount of 1% of profits generated in Ghana; and implement programmes pertaining to training, malaria control and improvement of health, safety and working conditions.

The business combination was effected by means of a scheme of arrangement, under Ghanaian law, which required and obtained the approval of Ashanti shareholders and the confirmation by the High Court of Ghana. In terms of the scheme of arrangement, Ashanti shareholders received 0.29 ordinary shares or 0.29 ADSs of AngloGold for every Ashanti share or Ashanti GDS (Global Depositary Security) held. The business combination became effective on 26 April 2004 after the Court Order from the High Court of Ghana was lodged with the Ghana Registrar of Companies. From the effective date, Ashanti became a private company and AngloGold changed its name to AngloGold Ashanti Limited following approval by its shareholders at a general meeting held on 8 April 2004.

Recent developments – AngloGold Ashanti

Developments by the AngloGold Ashanti group post the business combination include:

- the \$75 million MENs were redeemed following the business combination;
- the announcement on 1 July 2004 of the acquisition of a 29.9% interest in Trans-Siberian Gold plc (TSG), through an equity investment of approximately £17 million in two subscriptions for ordinary shares. TSG is listed on the London Stock Exchange's Alternative Investment Market (AIM). On 23 December 2004, it was announced that the second subscription would be delayed to 15 April 2005;
- agreement was reached to sell Union Reefs Gold Mine's assets to the Burnside Joint Venture (comprising subsidiaries of Northern Gold NL and Harmony) for a consideration of \$4 million;
- on 10 September 2004, agreement was reached to sell AngloGold Ashanti's entire interests in Ashanti Goldfields Zimbabwe Limited, whose sole operating asset is the Freda-Rebecca Gold Mine, for a consideration of \$2.26 million, to Mwana Africa Holdings. The sale was effective 1 September 2004;
- in 2004, Queenstake approached the Jerritt Canyon Joint Venture partners, AngloGold and Meridian Gold, about the possibility of monetising all or at least a vast majority of the \$6 million in deferred payments and \$4 million in future royalties. Based on an agreement reached between the parties, AngloGold Ashanti was paid on 25 August 2004 approximately \$7 million for its portion of the deferred payments and future royalties, thereby monetising all outstanding obligations, except for a minor potential royalty interest that AngloGold Ashanti retained;
- agreement was reached to sell AngloGold Ashanti's 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited for a cash consideration of R20 million. Tameng owns certain mineral rights to platinum group metals (PMGs) at M'Phatlele's Location, farm KS 457, on the northern limb of the Bushveld Complex in the Limpopo Province in South Africa. The sale was effective 1 September 2004;
- AngloGold Ashanti completed a substantial restructure of its hedge book in January 2005. For full details, see Note 38 on page 143; and
- on 26 January 2005, AngloGold Ashanti signed a three-year revolving credit facility for \$700 million. For full details, see Note 39 on page 152.