

Letter from the chief executive officer and the president

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Dear Shareholder

The most pleasing features of 2004 from an operational point of view were the dramatic improvements in workplace safety in all of our operating regions – lost-time injuries came down by 26% for the year and the rate of fatal accidents by 34%. These numbers are a tribute to the hard work and dedication to a safe working environment on the part of our operating management.

The key strategic event in 2004 for us was the completion of the AngloGold Ashanti business combination. From the outset, our objective had been to combine the two companies into a long-life, low-cost, high-margin investment opportunity, bringing together the best that both had to offer, by way of ore bodies, capital and human resources. The business combination was endorsed by the executive, legislative and judicial branches of the Ghanaian government – a critical requirement for a company which is likely to be operating profitably in that country fifty years from now.

Immediately following the completion of the business combination, we reported on the difficulties we were experiencing at Siguiri, our operation in the Republic of Guinea. Discussions between AngloGold Ashanti management and senior government officials on the underlying principles and details of the Convention de Base governing the relationship between the company and the government are proceeding well and we anticipate a workable agreement in the near future.

The positive relationship between ourselves and government here at home in South Africa is also proving to be an advantage in converting our mining rights in terms of the new Act. We realise that we are dealing with unprecedented areas of law and regulation in this process and we continue to have constructive interactions with the Department of Minerals and Energy to deal with uncertainties which the process reveals.

AngloGold Ashanti has developed a comprehensive education, counselling and health care response to HIV/AIDS in South Africa. Education about the nature of this disease and its patterns of transmission is a continuing and comprehensive part of workplace communication. Every AngloGold Ashanti employee has access to several convenient and confidential voluntary counselling and testing (VCT) facilities. During 2004, some 4,000 employees made use of these centres and some 10,000 employees since the VCT programme began.

700 employees who have tested positive for HIV as part of the VCT programme have enrolled in wellness clinics and participate in an HIV/AIDS treatment programme and 706 employees are participating in anti-retroviral therapy programmes. The improvement in their state of health and their immune systems is impressive. AngloGold Ashanti hopes to participate in a major vaccine trial during the course of 2005.

Looking ahead to the rest of this year and beyond, we face three key challenges.

First, we must manage our production costs in the face of strong operating currencies, rising mining contractor costs, higher energy prices and high transport charges. The global cost management project underway has already yielded savings in excess of \$50 million, with a similar level anticipated for 2005.

Secondly, against a background of what seems now to be a sustained stronger spot gold price, we will continue actively to manage our hedge book in the way which we have effectively done over the past three years and particularly in the last quarter of 2004, when we reduced our level of cover by some 2.2 million ounces, giving us greater exposure to the spot price in the future.

Thirdly, the integration of AngloGold and Ashanti is now effectively complete and we continue to hold the view that the combination will allow us to unlock the potential of both companies. The current operations at Obuasi continue to present us with a significant challenge but we are confident that we have the strategies and plans in place to ensure a gradual but steady improvement in performance, which we anticipate becoming evident during the course of the year.

AngloGold Ashanti chief operating officer Dave Hodgson and chief financial officer Jonathan Best have indicated their wish to retire during 2005. The board, on the recommendation of its Nominations Committee, will appoint Srinivasan Venkatakrishnan (Venkat) as chief financial officer from 1 August when Jonathan leaves at the end of July. In view of the company's size, the board believes that it is necessary to appoint two chief operating officers (COO), one responsible for operations in Africa, and the other leading those in the Americas and Australia. Thus when Dave leaves at the end of April, Neville Nicolau will be appointed COO (Africa) and Roberto Carvalho Silva COO (Americas and Australia) from 1 May.

Dave and Jonathan have made an invaluable contribution to this company over the last ten years. In Venkat, Neville and Roberto, we are fortunate to have three experienced executives to assume these key positions.

The year 2004 was an exciting but challenging one for your company. We remain fully committed to our promise to you to generate competitive returns through the continuous improvement of AngloGold Ashanti's resources – its people, assets and product.

RM Godsell
Chief executive officer

SE Jonah
President

10 March 2005



Bobby Godsell



Sam Jonah