



report to
society 2003

Economic performance

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1. Mission and values

AngloGold's mission, values and business principles, which had been developed in consultation with employees, were further refined during 2003 to more accurately reflect our purpose and the way in which we intend to do business. This will continue in 2004, and will be the subject of a comprehensive internal communications campaign during 2004 and beyond.

AngloGold's mission:

Our business is gold

We consistently strive to create value for everyone with a stake in our company, by finding and mining gold and by developing the market for our product.

Our values:

- AngloGold consistently strives to generate competitive shareholder returns. We do this by replacing profitable gold reserves and by continuously improving the performance of our key resources – our people, our assets and our product. We conduct ourselves with honesty and integrity.
- We provide our employees with opportunities to develop their skills while sharing risks and rewards in workplaces that promote innovation, teamwork and freedom with accountability. We embrace cultural diversity.
- Every manager and employee takes responsibility for health and safety; and together strive to create workplaces that are free of occupational injury and illness.
- We strive to form partnerships with host communities, sharing their environments, traditions and values. We want communities to be better off for AngloGold's having been there. We are committed to working in an environmentally friendly way.

Our business principles:

We live our values through our business principles. These principles are applicable across AngloGold, and in all the countries in which we do business. They inform the way in which we go about achieving our mission, balancing key economic, social, environmental and ethical values.

These business principles which will evolve over time as we interact with our stakeholders, both internal and external, are:

- [AngloGold's ethics and governance](#)
- [AngloGold as an employer – safety and health](#)
- [AngloGold in the community](#)
- [AngloGold and the environment](#)
- [AngloGold as an employer – our labour practices](#)



2. Key indicators and milestones

- Gold production of 5.62Moz in 2003, from 19 operations in eight countries
- Cost of goods and services to operate mines and produce refined metal of US\$767 million, including market development costs and net of other income
- US\$660 million paid to employees in salaries, wages and other benefits (US\$443 million in 2002)
- US\$142 million set aside for taxation, down from US\$165 million in 2002
- Dividends of US\$224 million distributed to shareholders, and US\$49 million paid towards financing costs
- US\$261 million reinvested in the group (2002: US\$273 million), with retained income rising to US\$88 million
- Ore Reserves of 63Moz and Mineral Resources of 213Moz at the end of December 2003, providing sustainable operations well into the future

3. Review of 2003

Financial performance

A full review of the 2003 financial year can be found in AngloGold's [2003 Annual Financial Statements](#). Sections of these may be found as follows:

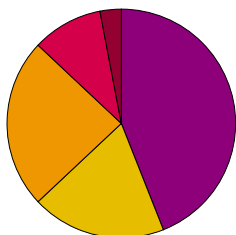
- [Key features of 2003](#)
- [Letter from the Chairman and CEO](#)
- [Review of the gold market](#)
- [Financial review](#)
- [Summarised group operating and financial results](#)
- [Review of operations](#)
- [Exploration](#)
- [Mineral Resources and Ore Reserves](#) and [Supplementary information of Mineral Resources and Ore Reserves](#)
- [Directors and executive management](#)
- [Annual financial statements](#)



Adding value

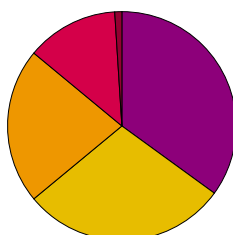
The following charts indicate the distribution of the wealth created by the company during 2003, and a comparison with 2002. A detailed [value-added statement](#) may be found in the [Annual Financial Statements](#).

Distribution of wealth – 2003



Employees	44%
Providers of capital	19%
Reinvested in group	24%
State for taxes	10%
Other	3%

Distribution of wealth – 2002



Employees	35%
Providers of capital	29%
Reinvested in group	22%
State for taxes	13%
Other	1%

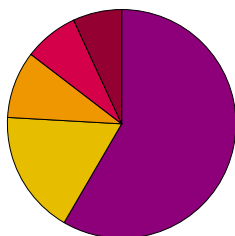
Gold production

AngloGold produced 5.62Moz of gold in 2003 from 19 operations in eight countries. This was, as expected 5% down on the previous year.

Attributable production by region (000 oz)

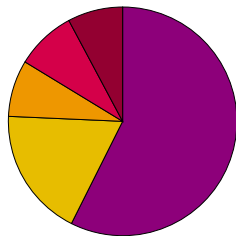
REGION	2003	2002
South Africa	3,281	3,412
East and West Africa	981	1,085
South America	532	478
Australia	432	502
North America	390	462
Total	5,616	5,939

Gold production by region – 2003



South Africa	58.4%
East & West Africa	17.5%
South America	9.5%
Australia	7.7%
North America	6.9%

Gold production by region – 2002



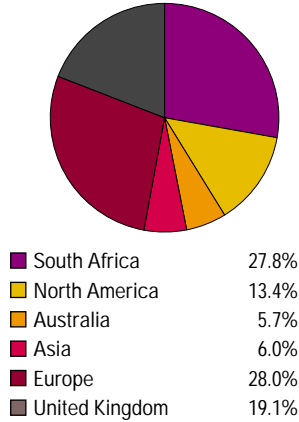
South Africa	57.4%
East & West Africa	18.3%
South America	8.0%
Australia	8.5%
North America	7.8%



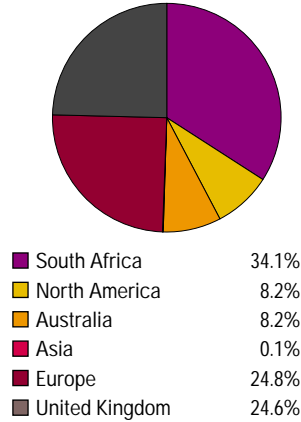
Income generated by destination

Income of US\$2,029 million was generated in the following regions during 2003. Information for 2002 (US\$1,761 million) is provided for comparative purposes.

Gold income by destination markets – 2003



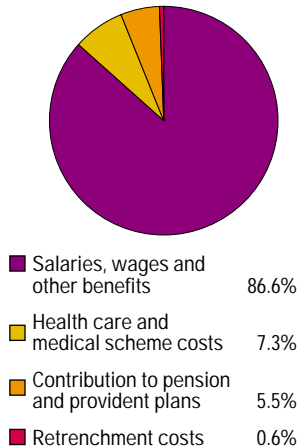
Gold income by destination markets – 2002



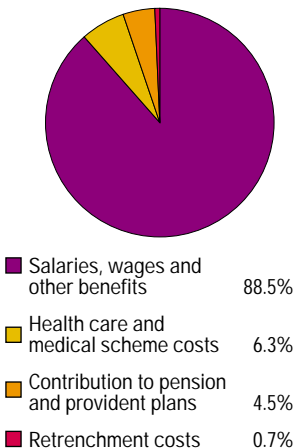
Distributions to employees (including executive directors)

Some US\$660 million (equivalent to 44% of the value created by the group) was distributed to employees during 2003. (US\$443 million or 35% in 2002). This may be analysed as follows:

Employee benefits – 2003



Employee benefits – 2002



Dividends

The following dividends were declared and paid during the 2003 financial year:

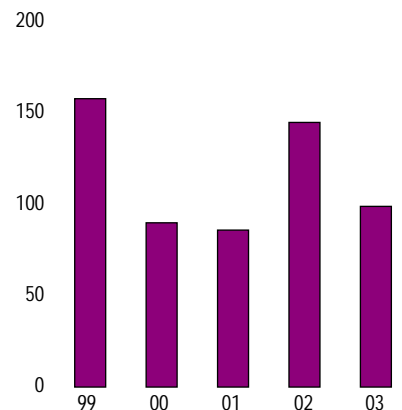
- A dividend of R6.75 per ordinary share (82 US cents per share), declared on 30 January 2003 in respect of the second half of 2002, was paid on 28 February 2003. This amounted to a payment of R1.5 billion or US\$183 million.
- A dividend of R3.75 per ordinary share (51 US cents per share), declared on 30 July 2003 in respect of the first half of 2003, was paid on 29 August. This amounted to a payment of R836 million or US\$113 million.

In addition, the following dividend has been declared in respect of the second half of 2003, was paid in the 2004 financial year.

- A dividend of R3.35 per ordinary share (50 US cents per share) was declared on 29 January 2004 and was paid on 27 February 2004.



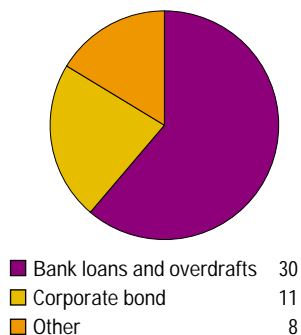
Dividends distributed to shareholders (US cps)



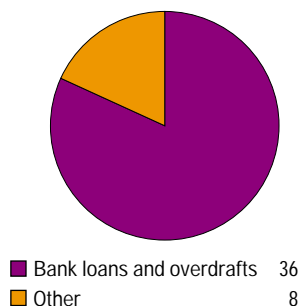
Finance costs

Some US\$49 million was paid in finance costs during the year (2002: US\$44 million). A breakdown of this is shown below. Further details may be found in the [Annual Financial Statements](#).

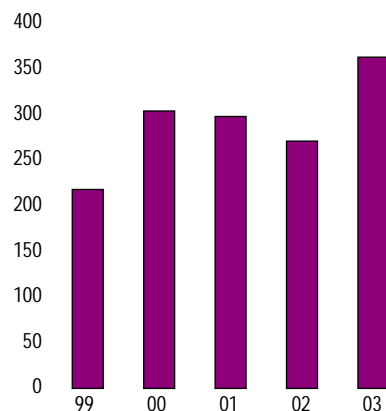
Finance costs – 2003 (US\$ million)



Finance costs – 2002 (US\$ million)



Capital expenditure 1999 to 2003 (US\$ million)



Capital expenditure

The group recorded significant capital expenditure during the year in order to sustain operations. This amounted to some US\$363 million, up by 34% on the previous year.

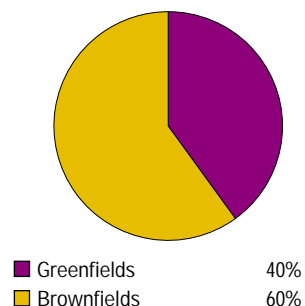
Exploration activities continue

AngloGold's exploration programme supports the group's growth strategy by sustaining or growing existing operations (brownfields exploration) and trying to discover gold deposits in new areas (greenfields exploration). Exploration expenditure amounted to US\$63.4 million in 2003.

See the [Annual Financial Statements](#) for a comprehensive review of [exploration](#) undertaken during the year.

Brownfields exploration is being undertaken on and around almost all of the group's existing operations. During the year, greenfields exploration took place in traditional areas such as Australia, Mali, Canada, Alaska, Peru and Brazil, as well as "frontier" areas in Mongolia. [\(See map below\)](#).

Exploration expenditure – 2003 (%)



5. Reporting in line with the Global Reporting Initiative (GRI)

Core indicators	Additional indicators
DIRECT ECONOMIC IMPACTS	
<i>Customers</i>	
EC1. Net sales	
US\$2,029 million in 2003 (US\$1,761 million in 2002)	
EC2. Geographic breakdown of markets	
See page EP5 of this report	
<i>Suppliers</i>	
EC3. Cost of all goods, materials and services purchased	EC11. Supplier breakdown by organisation and country.
US\$767 million in 2003. (US\$611 million in 2002)	Information not collated at a group level.
EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.	
Information not collated at a group level.	
<i>Employees</i>	
EC5. Total payroll and benefits (including wages, pension, other benefits and redundancy payments) broken down by country or region.	
US\$660 million in 2003. (US\$443 million in 2002). See page EP5 for more information.	
<i>Providers of capital</i>	
EC6. Distribution of capital broken down by interest on debt and borrowings and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	
See page EP6 of this report	
EC7. Increase/decrease in retained earnings at the end of the period.	
Retained income increased from US\$7 million in 2002 to US\$88 million.	

5. Reporting in line with the Global Reporting Initiative (GRI) (continued)

Core indicators	Additional indicators
DIRECT ECONOMIC IMPACTS (continued)	
<i>Public sector</i>	
<p>EC8. Total sums of taxes of all types paid broken down by country</p>	
<p>US\$142 million was paid or set aside for taxation purposes in 2003 (2002:US\$165 million).</p>	
<p>EC9. Subsidies received broken down by country or region.</p>	
<p>Information not collated at group level</p>	
<p>EC10. Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.</p>	
<p>See the Community section of this report.</p>	
INDIRECT ECONOMIC IMPACTS	
	<p>EC13. The organisation's indirect economic impacts.</p>
	<p>Quantitative information not available at group level. See the Community section of this report for further information.</p>

5. Objectives for 2004

AngloGold's focus on growing earnings is built on three core strategic objectives:

Leveraging assets

- Driving the company down the cost curve through workplace restructuring, literacy training in South Africa and productivity improvements.

Growth

- Successful merger with Ashanti Goldfields in 2004.
- Value-adding organic growth via the completion of major capital projects.
- Continued reserve growth from brownfields exploration around existing operations and discovering new production ounces targeted through greenfields exploration.

Marketing downstream

- Focusing on active market support with a view to modernising the industry downstream to ensure a healthy customer base



6.1 Meeting the equity component of the Charter

AngloGold was among the first of the established mining companies in South Africa to conclude black economic empowerment (BEE) transactions – well ahead of the body of legislation developed to compel, among other things, targeted levels of ownership of mining assets by the country's historically disadvantaged.

The first of these transactions took place early in 1998, when six of Vaal River's short-life shafts – Nos 1, 3, 4, 5, 6 and 7 – were sold to a BEE company, African Rainbow Minerals and Exploration (ARM), led by mining entrepreneur Patrice Motsepe. Part of the transaction involved a tribute agreement over the longer-life No 2 shaft, in terms of which ARM would mine No 2 shaft, with 60% of revenue, net of costs and capital expenditure, accruing to AngloGold.

The second empowerment transaction, which followed soon afterwards, involved the sale of six Freegold shafts – Western Holdings Nos 1, 2, 3, 4, 6 and 7 – and the old Welkom gold plant to ARM.

These two transactions formed the cornerstone of ARM, and were the basis for the listing of Armgold, a subsidiary of ARM and the first black-owned gold mining company to list on the JSE Securities Exchange South Africa in May 2002.

Then, in November 2001, AngloGold sold almost all of its other Freegold assets to an ARM/Harmony Gold Mining Joint Venture.

Explaining AngloGold's rationale at the time, Bobby Godsell, then both Chairman and CEO, said: "It is our objective to develop, acquire and operate long-life, low-cost, world-class gold mining assets and to close or sell mines approaching the end of their profitable lives to operators who are better suited to extracting value from such assets."

The ARM/Harmony JV, Godsell said, met two important criteria that AngloGold set regarding the transaction: one was to encourage the consolidation of ownership and management in the region; the other was to promote BEE.

"The transaction will allow for meaningful participation of previously disadvantaged groupings in both ownership and management of a substantial gold mining operation."

Later, reflecting on AngloGold's three BEE transactions and the requirements of the Mining Charter, Godsell noted that, while the effect was the disposal of about a quarter of the company's production ounces, "we haven't lost one cent in terms of value. There is no Father Christmas in this Charter, there's no giving things away".

In respect of ownership and joint ventures, the Charter's associated scorecard poses the question: Has the mining company achieved historically disadvantaged South African (HDSA) participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% in 10 years?

"We believe we are sufficiently compliant to enable us to make an application for the conversion of our current mining titles into new-order rights soon after the Minerals and Petroleum Resources Development Act is promulgated, probably in May 2004."

6.2 Growing the market for gold

AngloGold believes that its business is gold, and that its role does not end when the gold has been mined and refined. The group recognises the need to participate in developing and stimulating the market for gold and is committed to fostering the development of a vibrant gold jewellery industry capable of sustaining strong physical demand for the metal. (Almost 80% of demand for gold comes from the jewellery industry). AngloGold spent US\$19 million per annum on gold marketing initiatives – on its own and through the World Gold Council.

The group's marketing initiatives include:

- Promoting excellent gold jewellery design. This is an important element in ensuring the continued appeal of the metal. Among the initiatives undertaken are the sponsorship of several gold jewellery design competitions around the world, including the Riches of Africa in the South Africa and the Brazilian Design Forum.
- Innovation in the beneficiation of gold. Central to this has been the group's 26.6% stake in OroAfrica, the largest manufacturer of gold jewellery in South Africa. Other beneficiation initiatives focus on assisting previously disadvantaged jewellery manufacturers to enter into the mainstream through sponsoring training, design facilities, marketing and logistical support ([See section on ADJO](#)). A partnership with Rand Refinery and the Spatial Development Initiative Programme of the Department of Trade and Industry to establish the Gold Zone at Rand Refinery will see AngloGold contributing a training centre for disadvantaged South Africans who aspire to become jewellers and a jewellery hive to enable newly skilled and talented goldsmiths to set up their own gold ventures.
- Preserving Africa's gold heritage. Since the launch of the Gold of Africa Museum in Cape Town in 2002, this has become a popular landmark for tourists and locals alike. The museum presents a collection of historical gold objects from West Africa and shows the creative goldsmithing skills through the ages. The heart of the museum is the permanent exhibition of one of the largest and most important collections dedicated to the art and craft of the African goldsmith – the famous Barbier-Mueller Collection comprising over 350 gold artifacts and jewellery from the 19th and 20th century from Mali, Senegal, Ghana and the Côte d'Ivoire. The museum also houses a Working Studio, where training courses are offered in the techniques and artistic heritage of the African goldsmith.
- Promotion of gold through the AngloGold jewellery collection. As a result of many of its initiatives AngloGold owns one of the world's largest all-gold, high-caratage jewellery collections that are representative of innovative design and manufacturing techniques from around the world. This collection is used extensively at both fixed exhibitions and prestigious events to showcase gold jewellery.



Designer John Louw's 18 carat neckpiece of 24 dragonfly wings was the overall winner in the Riches of Africa Design Competition 2003.

Riches of Africa Gold Jewellery Design Competition

Since its inception in 1999, AngloGold's South African jewellery design competition – Riches of Africa – has become a highlight on the local jewellery calendar. The competition, which attracted 204 entries in 1999, attracted some 1,100 entries in 2003. The competition is open to both professionals and non-jewellers, and now includes the use of white and rose gold as well. International judges have been added to the local line-up and finished pieces are judged according to a range of criteria, including originality, feasibility and functionality, aesthetic impact, quality of manufacture and visual impact. Workshops are held for all entrants on design and goldsmithing techniques.

AngloGold sponsors all the gold for the competition and awards prizes to the overall winners. More than that though the winners and their pieces are actively promoted by taking each collection on an exhibition tour, both nationally and internationally.

A new approach introduced in 2003 was the Riches of Africa Prêt-à-Porter range, which represents jewellery for everyday wear. See the AngloGold website for further information on the Riches of Africa competition.

Brazilian Designer Forum

AngloGold sponsors a jewellery design competition in Brazil every second year called the "Designer Forum". The competition has a strong commercial focus on making innovatively designed jewellery more accessible to consumers. The 2002 winning collection travelled around Brazil and 10 selected pieces were shown at an exhibition in Rome.

Sponsoring young disadvantaged designers

As part of AngloGold's programme to assist aspirant jewellers from previously disadvantaged communities, AngloGold sponsored seven young designers to produce a collection of gold jewellery reflecting the spirit of Africa and exhibited their jewellery in London in August 2003. The African Designer's and Jeweller's Organisation (ADJO) identified the young designers.



Designer Pitti Paludo has captured the essence of an authentic Brazilian product and elevated it into fine gold jewellery. This pair of 18 carat gold sandals was a winner at the Brazilian Design Forum 2002.



Ama Abrafi with exhibits from the Gold of Africa Museum collection.

Supporting the World Gold Council

AngloGold contributed US\$10.5 million to the World Gold Council (WGC) in 2003 in support of its initiatives and to facilitate and support its own international gold marketing projects.

Founded in 1987, the WGC is funded by some of the world's leading gold producers and aims to situate and maximise the demand for and holding of gold by consumers, investors, industry and the official sector. As well as undertaking marketing initiatives to drive demand, the WGC is also instrumental in working to lower regulatory barriers to the ownership of gold products, helping to improve distribution systems and promote the role of gold as a reserve asset in the official sector.



Lee Tau designed a Traditional Gold Bead Collection, inspired by the beadwork of the Ndebele culture. These pieces form part of the 2003 ADJO collection.

Useful gold websites:

www.anglogold.com
www.gold.org (World Gold Council)
www.goldofafrica.com (Gold of Africa Museum)
www.oroafrica.co.za (OroAfrica)