

Global Growth from an African Base

The title of my talk today is “Global Growth from an African Base”. Now, this is a mining in the Americas conference so some of you may ask: Why talk about other shores? A large proportion of production takes place in the African continent. However, given the current world economic trends, it is important that we demonstrate the ability of this great company to grow from being a major national gold company into a truly competitive global player. Today, I will talk about our progress to date in this regard.

3 original objectives

■ **Competitive cost of production** ✓

■ **Growth for future production** ✓

■ **Investor-friendly structure** ✓

ORIGINAL OBJECTIVES AND ACHIEVEMENTS

Since 1997, the following operation-related achievements have been made:

■ production costs dropped to an average of \$220 per ounce during the fourth quarter of 1998.

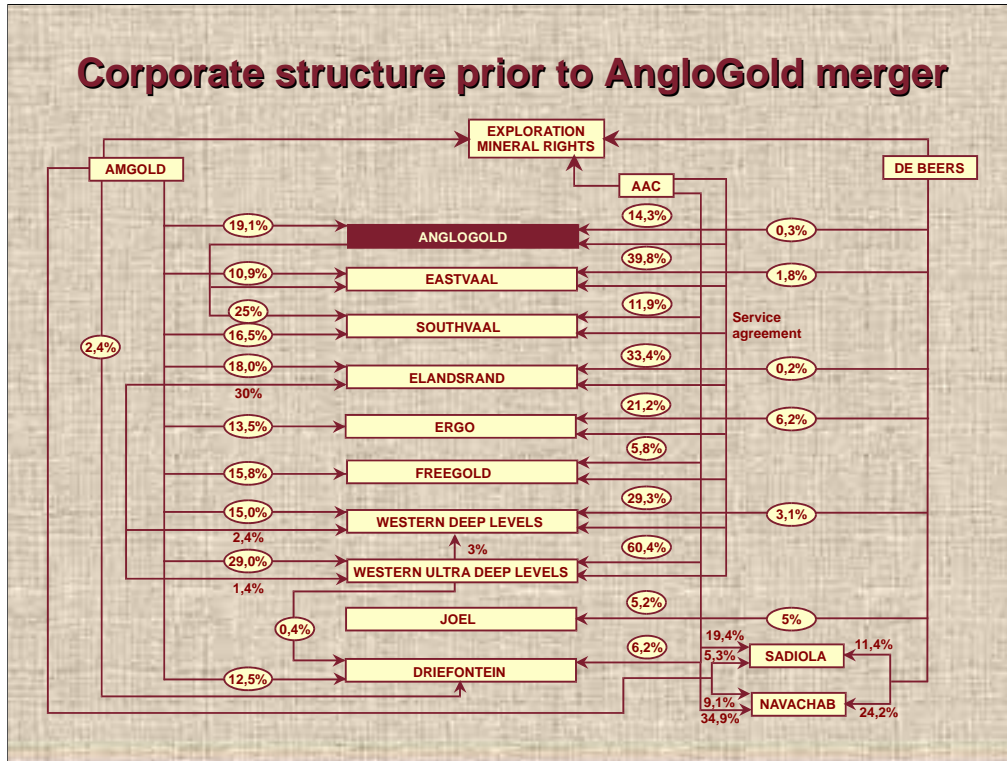
■ pre-feasibility studies at Western Ultra Deeps Levels (WUDLs) indicate an extra 30 million ounces which, we believe, can be mined at depths up to 5 000m below surface. The Western Deep Levels South Mine deepening is on schedule and the Moab Khotsong shaft sinking program is progressing well.

■ expansion into North and South America through the acquisition of Minorco's gold assets has been achieved.

■ In addition, the Business Development Unit (BDU) was formed whose charge is to drive AngloGold's exploration and acquisition strategy worldwide.

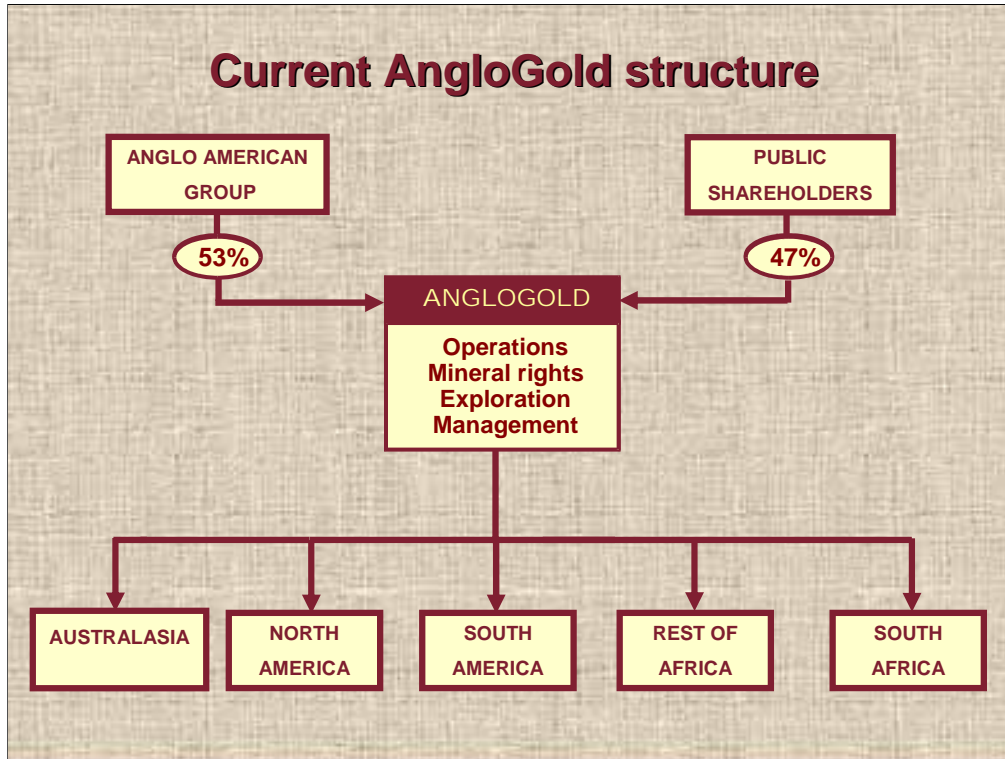
I will talk about the investor-friendly structure in the next few slides.

Corporate structure prior to AngloGold merger



INVESTOR-FRIENDLY STRUCTURE

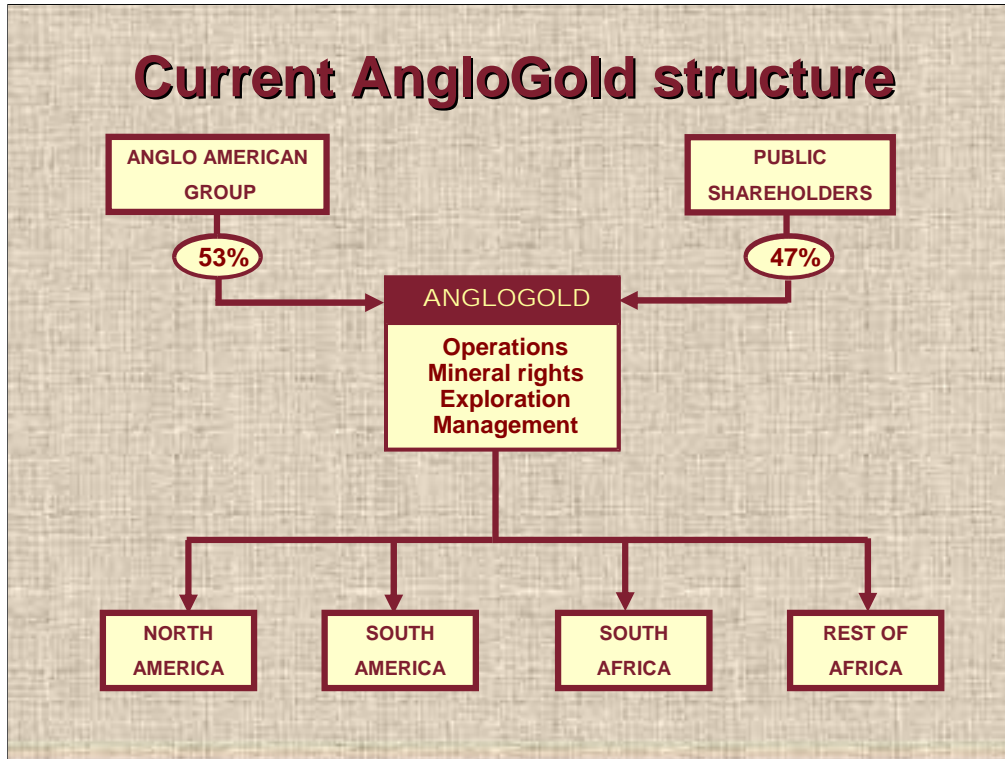
This is the way we used to look. Somewhat complex, you might say!



INVESTOR-FRIENDLY STRUCTURE

Our company structure is now much simpler and on a par with that of our international competitors.

Management, operations, exploration activities and mineral rights reside in one company. This structure, which is favoured by investors globally, allows a better alignment of interests to maximise value for our shareholders.



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1999 objectives

- **At current gold prices, increase profit margin**
- **Extend future reserves and resources**
- **Expand gold markets**
- **Grow shareholder value to compete with other investment types**

1999 OBJECTIVES

Having achieved our previous goals, it was time to build on these successes and search for new opportunities. This mindset gave rise to new objectives:

- continually improving profit margins – real growth
- cost-effective replacement ounces
- expansion of gold markets
- growth in shareholder value

Extending future reserves



FUTURE RESERVES

AngloGold's second objective is the focus of this presentation. We plan to extend our future reserves and resources through acquisitions and exploration. This includes the full spectrum of:

- grass roots exploration, including the funding of junior exploration activities
- buying into late-stage prospects or projects; and
- outright acquisitions of suitable companies or individual operations.

The strategy

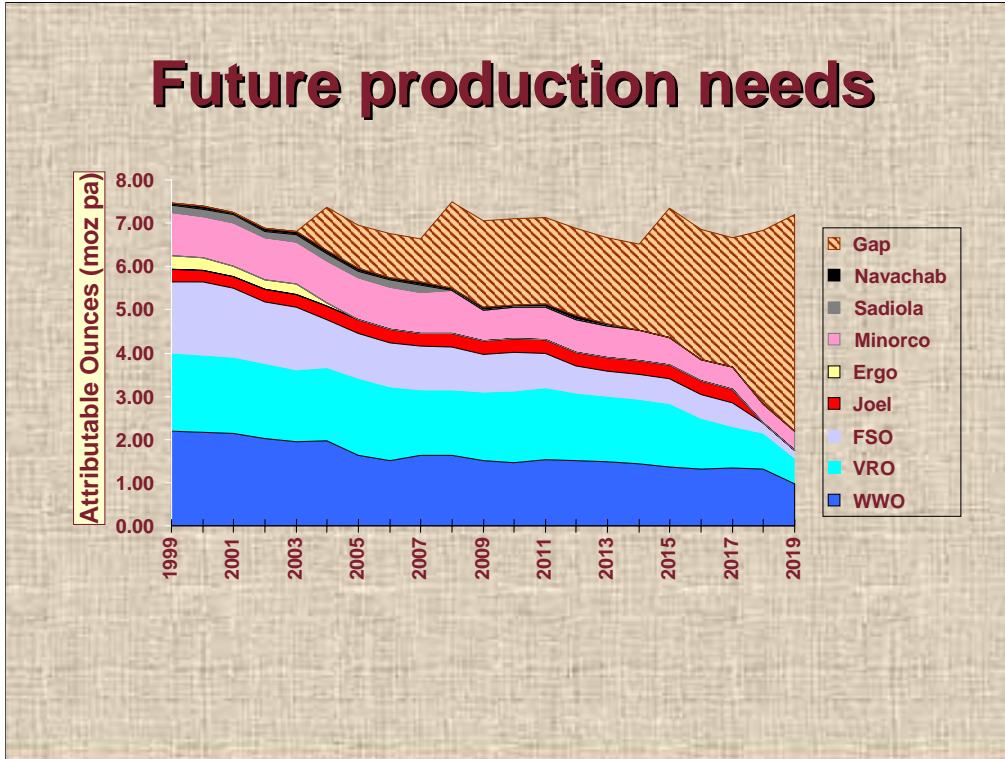
- **± 7 million ounces per annum**
- **Quality replenishment @ US\$200/oz**
- **Balanced country & technical risk**

THE STRATEGY

However, these additional ounces must meet certain criteria:

- the need to replenish our annual production ounces;
- US\$200 per ounce; and
- balanced country and technical risk.

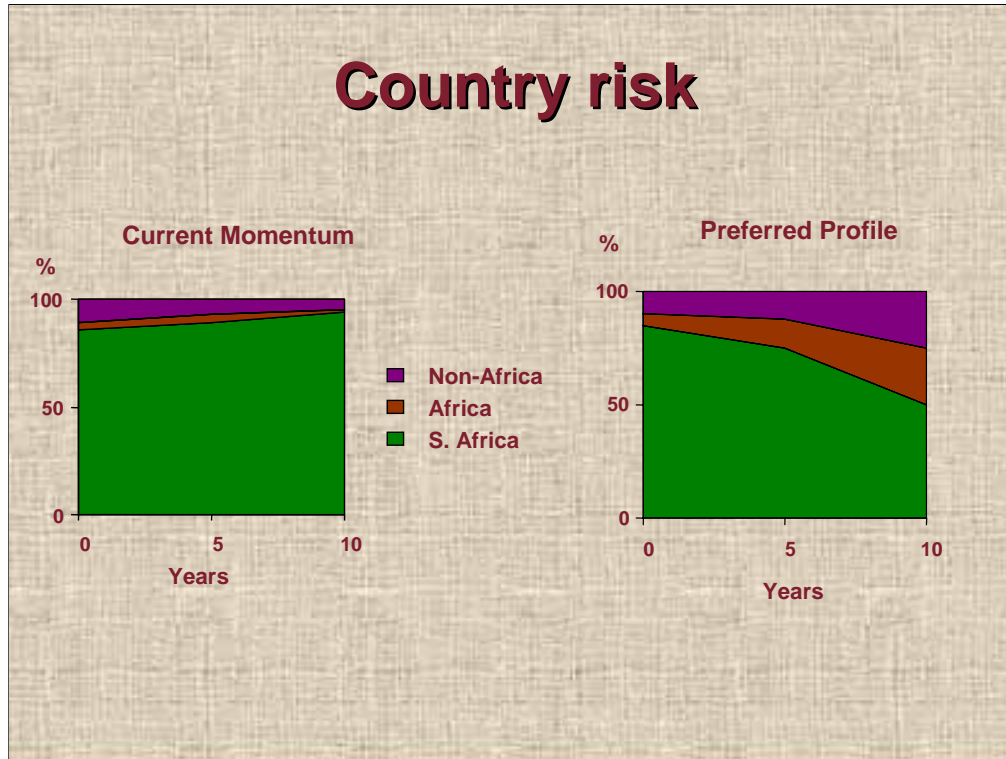
Future production needs



FUTURE PRODUCTION NEEDS

In order to maintain our production profile above 6 million ounces per annum, a new greenfield project or acquisition must come on stream by 2007. In the short term we do not have a need to make an aggressive acquisition but we are placing emphasis on a well-timed and developed exploration programme to bear fruit.

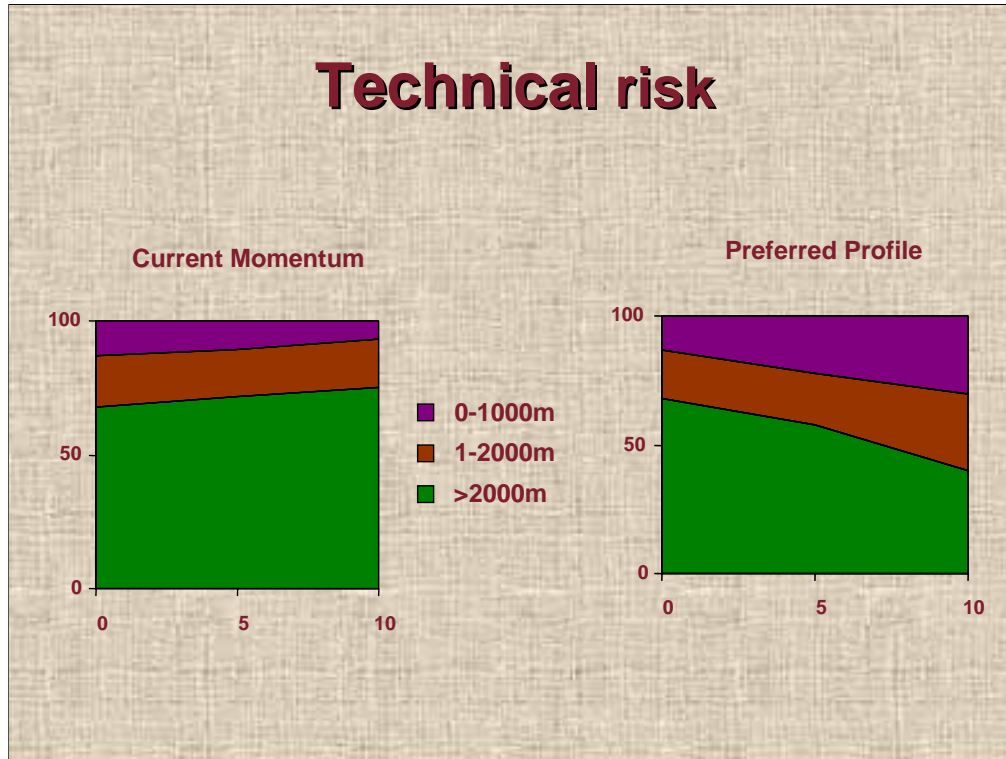
Country risk



COUNTRY RISK

This graph depicts the current momentum profile for country risk. Note the increased dependence on South Africa if nothing changes over the next ten years. For us this is not a problem but international investors still see SA as a “high risk” country. If AngloGold is to continue attracting new investment capital, then it needs to diversify its operational base to the preferred profile as depicted.

Technical risk



TECHNICAL RISK

Prior to the acquisition of the Minorco gold assets our momentum profile showed increased dependence on ever-deeper sources of ore when the ideal would be an increase in open-pit and shallow underground operations. Our mines in the Americas give us exposure on this front and, in this way, help to balance our technical and operational risk.

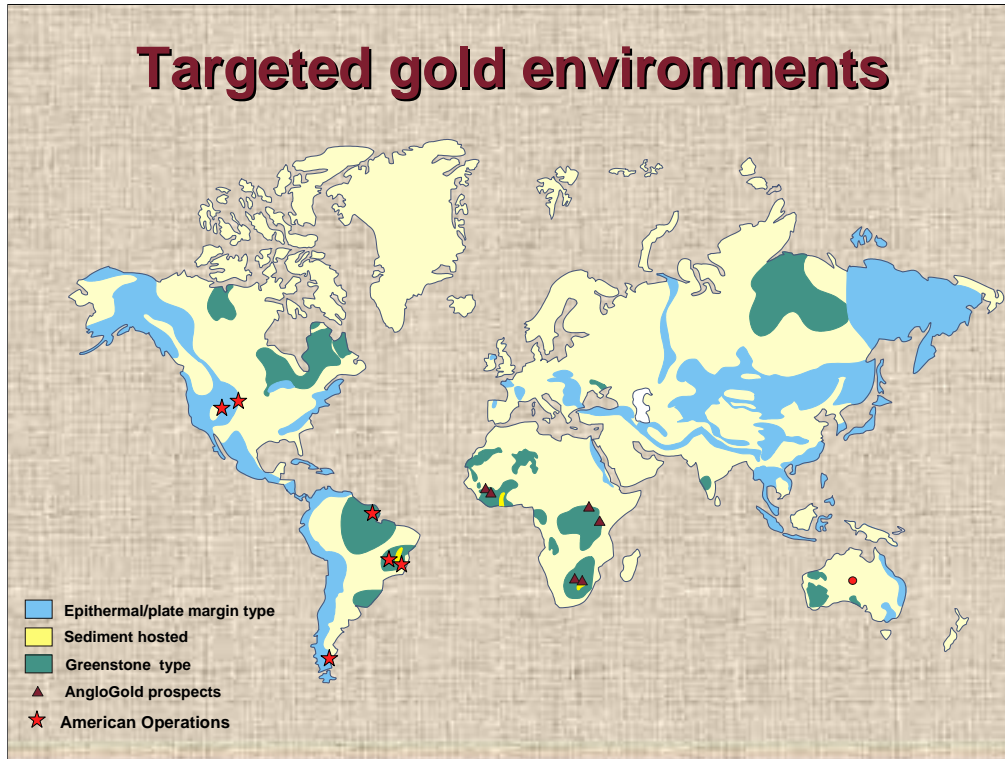
The new paradigm

- **Exploration expenditure @ US\$10 per production ounce**
- **Acquisitions & partnerships which add value**
- **Diversified portfolio**
- **Double digit returns**

THE NEW PARADIGM

According to the standard we have set ourselves, we will:

- allocate an amount equal to \$10/annual ounce of production to exploration.
- seek partnerships or acquisitions that add value.
- assign resources judiciously to create a diversified portfolio, particularly in the Americas and Australasia.
- only be involved in those projects that offer a realistic chance of achieving a double digit return.

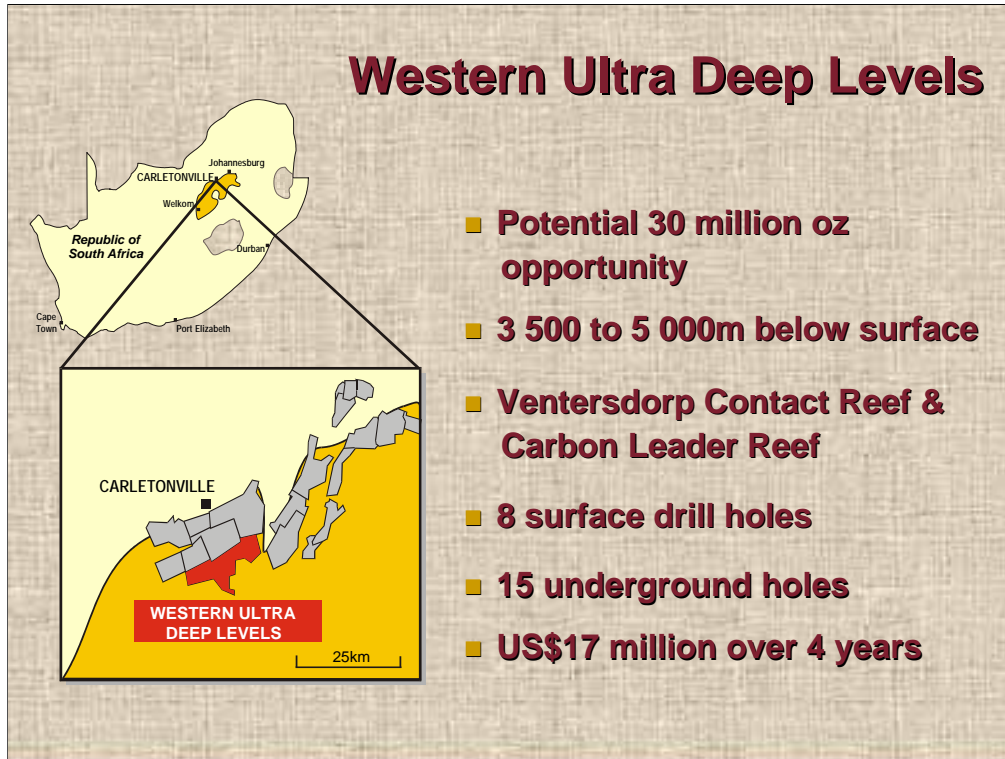


TARGETED GOLD ENVIRONMENTS

Gold essentially comes from three prime source areas :

- Sediment hosted e.g. Wits Basin or Carlin type
- Greenstone environments
- Plate margin/epithermals

This map shows not only our current commanding position in sediment-hosted areas (presently the Witwatersrand Basin), but also our increasing presence in greenstone belts. With the Minorco deal we have not only diversified our asset base but we have also been catapulted into the plate margin environment. This is a promising start to our diversification programme but we will continue to seek out more opportunities in the most prospective areas around the world.

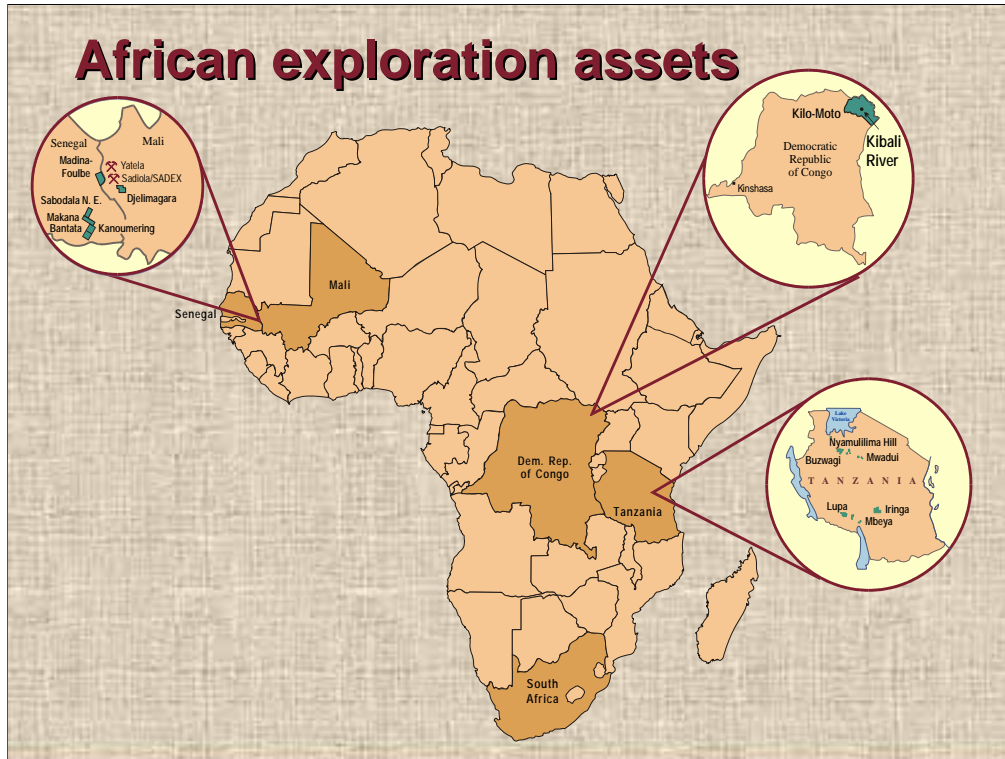


GROWTH IN SOUTH AFRICA

The use of seismic reflective technology, e.g. vibrosies, has enabled the construction of the underlying geological structure of the Western Deep Ultra Levels ore body. Together with the geological knowledge of its up-dip extension i.e. Western Deep Levels and Elandsrand Mines, this cutting edge technology has enabled the more accurate siting of very deep +5 km diamond drill holes. The cost of the vibrosies program, which is in the region of \$5 million, will be more than adequately compensated for by reduction in the number of boreholes required to evaluate the Western Ultra Deep Levels (WUDLs) ground.

Comprising both the Ventersdorp contact and Carbon Leader Reefs which lie at depths of between 3 500 and 5 000 metres below surface, WUDLs present a 30 million ounce exploration opportunity.

The current exploration programme, involving both surface and underground exploration drilling, is estimated to cost US\$17 million over the next four years.



EXPLORATION IN AFRICA

Apart from South Africa, we have exploration activities on the go in Mali, Senegal and Tanzania. We believe that the areas chosen are highly prospective, although our work in the Democratic Republic of Congo (DRC), in a joint venture with Barrick, has been stalled owing to the unrest in that area. However, we remain committed to the DRC as a prospective gold region.

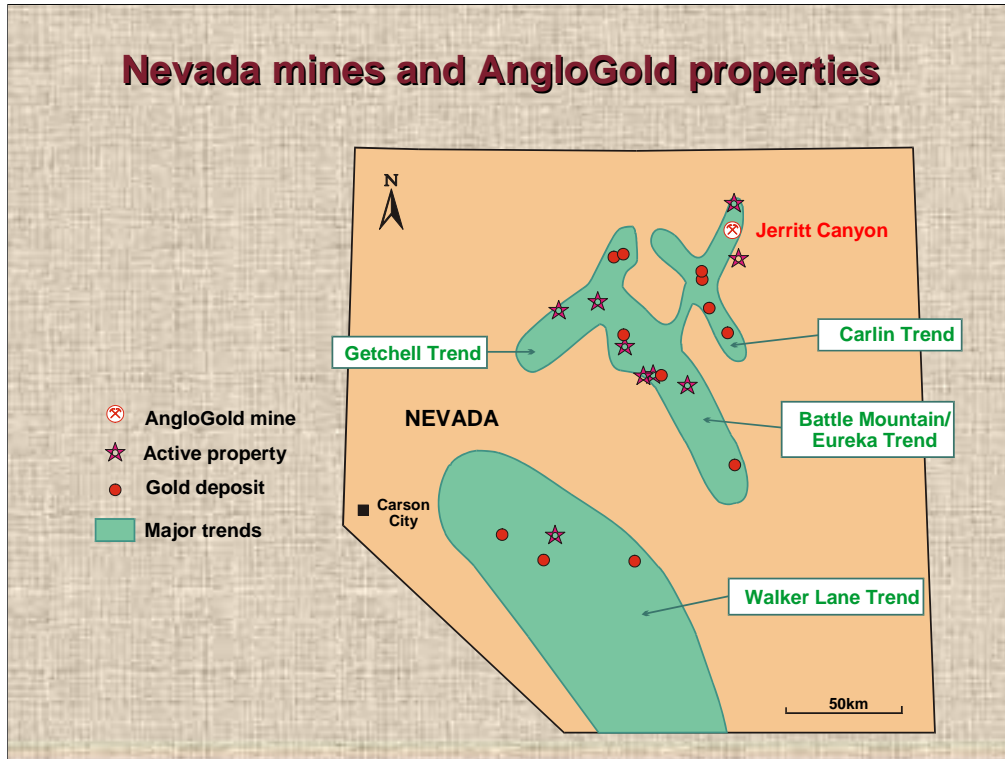
In terms of progress in our exploration activities, recent resource estimates for the Yatela gold deposit in Mali, a 50:50 joint venture with Canadian junior, lamgold, reveal an estimated 1.92 million ounces of gold. The feasibility study for this deposit, which is located some 25 kilometres from our Sadiola operation, remains on schedule for completion in mid-1999.

We will continue to look for opportunities throughout the continent in geologically suitable terrains and in countries with the appropriate risk profile.



NORTH AMERICA

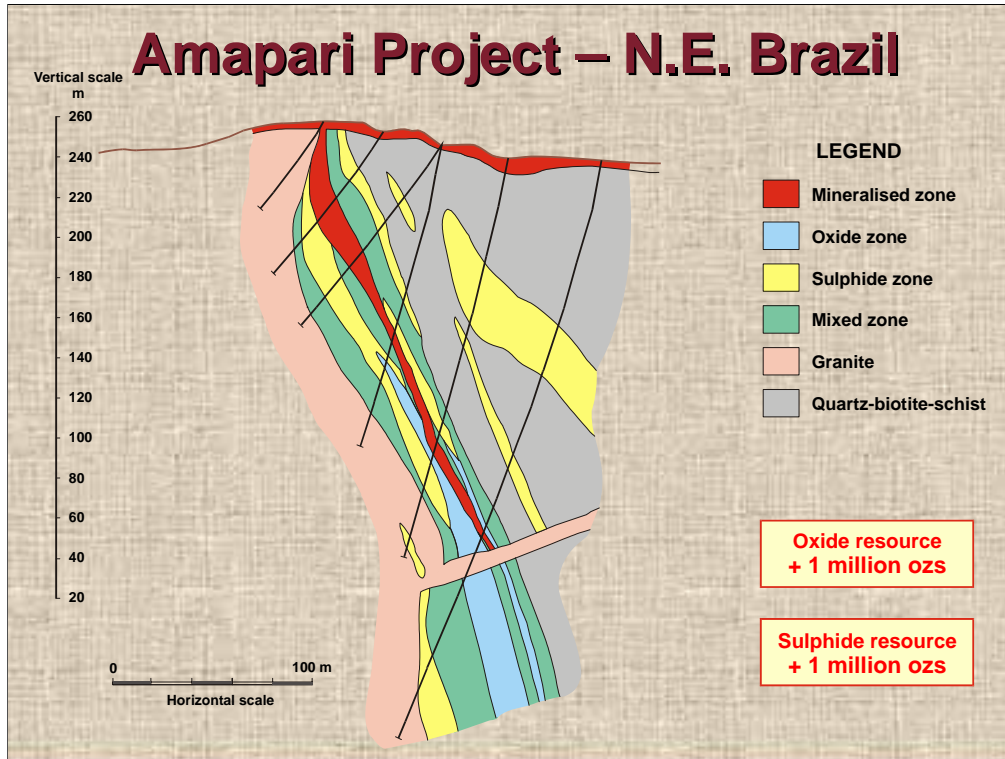
As you can see from this map, our gold assets in North America are positioned on the Carlin Trend and plate margin where we also have an active exploration programme.



NORTH AMERICAN EXPLORATION

Over the past 18 months, the main focus for new deposits in North America has been Nevada. We have now moved onto the next phase of that programme with five properties ready to drill. An option to drill three more properties is pending.

Discussions are already under way with other companies with a view to increasing our geographic spread in prospective North American geological addresses.



SOUTH AMERICAN EXPLORATION

In terms of our exploration in South America, priorities will be:

- the feasibility study on the Amapari project in North-East Brazil, an area covering over 18 000 hectares; and
- areas around the Morro Velho mining district.



SOUTH AMERICA – ACTIVE PROPERTIES AND EXPLORATION

We continue:

- exploring the Amapa Regional potential which covers over 1.7 million hectares.
- looking for CVG analogues and disseminated Au/Ag bulk mineable deposits in and around the Santa Cruz district of southern Argentina, along with our JV partners, Perez Companc.
- the evaluation of the Minas Guariche project in Venezuela.

It would also be our desire to secure prospective exploration ground or an operating asset in Peru, an area we rate favourably.



OTHER AREAS

In addition, we have a team of professionals actively generating gold targets across the globe in a variety of geological regimes. Who knows, perhaps next year we will have teams on the ground in the Eastern time zone stretching from South-East Asia into Australasia, along with an increased interest in the Americas.

Regrettably, even the best-focused exploration programmes do not always produce an AngloGold mine. So far, our track record in respect of current cost of discoveries stands at \pm US\$8/oz and our ultimate intention is to keep them well below US\$20/oz.

Acquisition criteria

■ “The Triple 2”

2m oz reserve/resource

>200 000 oz production p.a.

<\$200 /oz cost

■ *Double digit returns*

ACQUISITIONS CRITERIA

The second method in which this company will be expanded is through acquisitions. A lot of people have asked, “When are you going to buy something?” Well buying a gold mine is easy, all you do is write out a cheque or issue new stock.

The question is, will it result in added value to AngloGold or will it be dilative? To help ensure we really do add value, we’ve created “The Triple 2” concept, i.e :

- new acquisitions should have a resource/reserve in excess of 2m oz;
- be capable of supporting a 200 k oz p.a. mine; and
- have total costs less than \$200/oz.

However the overriding principle is that these new assets should be capable of producing double digit returns. AngloGold’s belief is that even gold investors can only tolerate single digit returns for a short period. If we are to compete with other forms of investment double digit returns offering real value to investors will be essential.

Realizing opportunities

- **Search for value**
- **Exploration**
- **Acquisition**

REALISING OPPORTUNITIES

AngloGold's search and realisation of blue sky potential, in Africa and beyond, will advance well into the 21st Century. We will continue to:

- search for value;
- maintain a focused, efficient global exploration programme in the most prospective areas;and
- research and seek out quality acquisitions and partnerships around the world where we can add value and where the acquired target adds value to AngloGold.



CONCLUSION

At AngloGold we view the dawn of the 21st century as a very symbolic period for our company. As this presentation has sought to demonstrate, the company has a diversified portfolio and believes in making long-term investments in the future of gold.

Mindful of the historic roots that bind us firmly to the African soil, we will spearhead our global diversification from this base, affirming AngloGold's rightful place as the world's leading gold mining company.