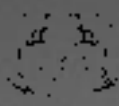
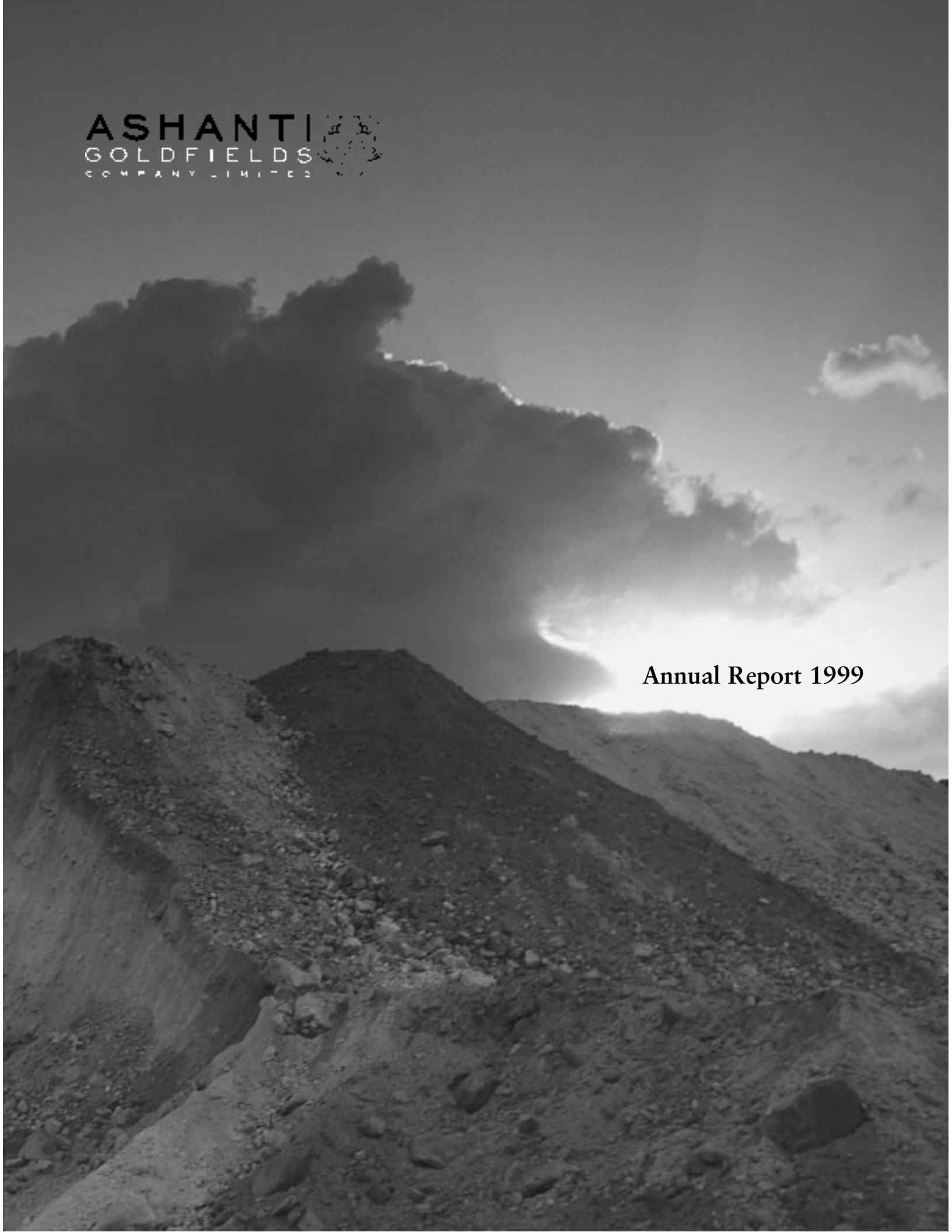


**ASHANTI**  
GOLDFIELDS  
COMPANY LIMITED



**Annual Report 1999**



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Financial Calendar	
Annual General Meeting	30 May 2000
First Quarter Results	May 2000
Second Quarter Results	July 2000
Third Quarter Results	October 2000
Full Year Results	February 2001

1999	1.56
1998	1.55
1997	1.17
1996	1.03
1995	0.93

Gold Production (millions of ounces)

1999	372.0
1998	385.0
1997	450.0
1996	444.0
1995	427.0

Gold Price Realised (US\$ per ounce)

1999	205.0
1998	218.0
1997	254.0
1996	252.0
1995	222.0

Cash Operating Costs (US\$ per ounce)

1999	211.2
1998	208.1
1997	171.4
1996	153.7
1995	157.4

Operating Cash Flow before exceptional items  
(US\$ millions)

1999	66.1
1998	73.9
1997	58.4
1996	60.0
1995	101.6

Earnings before exceptional items (US\$ millions)

NOTE: Data for 1995 and 1996 are for the 12 months ended 31 December and are unaudited.

Cover picture: Dawn at the rampart in Bibiani

**Ashanti Goldfields Company Limited is an African-based international gold mining and exploration group with six producing mines in three African countries: Ghana, Guinea and Zimbabwe. A seventh mine will be commissioned in Tanzania in the year 2000.**

The Group has 25 active exploration projects in six African countries and has 37 million ounces of measured and indicated gold resources. The largest of Ashanti's operations, the 100-year-old Obuasi mine in Ghana, is among the top producing gold mines in the world and the largest in Africa outside South Africa. Ashanti Goldfields is listed on six international stock exchanges.

### **Ashanti's Vision**

To be the premier gold producing company in Africa.

### **Ashanti's Objectives and Strategy**

Against a backdrop of last October's hedge and liquidity crisis, the continuing consolidation occurring within the industry and the Group's commitment to continual improvement, Ashanti has outlined the following objectives and strategies:

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**Objective:** Reduce debt levels

**Strategy:** Complete Geita project on schedule and gain access to project cash flows.  
Complete the sale of 50 per cent of Geita and raise at least US\$200 million in proceeds.

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**Objective:** Maintain appropriate levels of hedge protection to ensure that the Group can meet its commitments as and when they fall due

**Strategy:** Restructure the hedge book with the assistance of new external and internal resources.

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**Objective:** Retain and consolidate its position as a senior tier Gold producer for the long-term

**Strategy:** Maintain extreme cost and performance focus by setting and attaining critical measures in production, cost and profitability.

Secure operational and financial gains in a process of continually improving internal resources and systems and relationships with key stakeholders.

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**Objective:** Deliver improved potential and shareholder value for the long term

**Strategy:** Maintain and increase ore reserves by focusing on exploration near existing operations.

Increase asset portfolio with focused exploration in strategic countries.

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**Objective:** To maintain the best mining practices and highest safety standards

**Strategy:** Continue with the high degree of safety-consciousness established among staff with a view to achieving a National Occupational Safety Award (NOSA) Five-Star rating across the Group.

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**“Ashanti has survived many set-backs during its 102-year history and we look forward to putting the recent financial difficulties behind us and restoring investor confidence in the future prosperity of the Group.”**

In the Chairman's statement last year, Richard K Peprah noted that the Group's steady progress to date had provided a strong foundation for Ashanti's transition into the new millennium. This was underlined in 1999 by the achievement of record gold production of over 1.56 million ounces at a reduced cash operating cost of US\$205 per ounce.

The expansion of the Siguiri mine was successfully completed in the third quarter, increasing annual production to 8 million tonnes. It is also very satisfying to report that the development of the Geita project in Tanzania, which was expanded as a result of the acquisition of SAMAX at the end of 1998, commenced in April 1999 and was 50 per cent complete by the year end. Commissioning of the new mine, which is planned to produce approximately 500,000 ounces per annum at a cash operating cost below US\$180 per ounce from a resource base of 12 million ounces including inferred, is now expected to occur by the end of the second quarter of 2000.

#### Earnings and Dividend

Earnings before exceptional charges decreased by 11 per cent to US\$66.1 million (US\$0.59 per share). However, after exceptional charges of US\$250.0 million, there was a net loss of US\$183.9 million (US\$1.64 per share). In the circumstances, the directors do not recommend paying a dividend for 1999 (1998: US\$0.10 per share).

#### Corporate Developments

As a result of the short-term rise in the price of gold in September 1999, the Group was faced with a serious short term liquidity problem. This is dealt with in more detail in the Financial Review on page 19.

Prior to this problem arising, preliminary merger discussions had been underway with Lonmin Plc (Lonmin), the Company's largest single shareholder (32 per cent), which would have provided strong commercial, financial and strategic logic for both companies. The discussions were, therefore, accelerated in order to provide a possible solution to the liquidity crisis. Eventually, Lonmin's proposal valued Ashanti shares at US\$7 per share and included a US\$100 million unsecured line of credit to cover the Group's working capital needs. However, Lonmin's proposal was withdrawn because the conditions attaching to it could not be met.

Since the year-end, the Group has entered into agreements to overcome its financial difficulties and secure its future. These agreements provide a debt facility of US\$100 million to complete the Geita project and for general working capital purposes, the renewal of the US\$270 million Revolving Credit Facility and an agreement with its hedge counterparties to retain the benefits of hedge protection,

without the pressure of potential cash calls for a three-year period subject to satisfaction of certain conditions. Our bankers, led by Barclays Capital, and the hedge counterparties showed confidence in the Group by arranging the integrated package to finance the completion of the Geita Project and we thank them for their support.

On 5 April 2000, we announced the signing of a non-binding Heads of Agreement for the sale to AngloGold Limited (AngloGold) of a 50 per cent joint venture interest in the Geita project, which will result in a cash injection of US\$335 million to Ashanti. Further details of the transaction are contained in the Financial Review on page 19.

#### Board of Directors

It was with great regret that we announced in February this year the resignation of Richard Kwame Peprah as both Chairman and a director, due to the increasing burden of his responsibilities as Ghana's Minister of Finance. His stewardship since 1982 guided the Company through its most difficult years in the 1980s and through its recovery plan following the passing of the new mining law in 1986, which he was instrumental in implementing. In the 1990s he oversaw the development of the Company into a publicly quoted, pan-African gold mining group and the Board has placed on record its sincere thanks for his exemplary leadership and sterling support. We extend to him our very best wishes for the future.

In the meantime, pending the appointment of a new Chairman, the Board has asked me to assume the role of acting Chairman until my forthcoming retirement at the Annual General Meeting on 30 May 2000, by which time a successor should have been announced.

Also in February this year, as part of a plan to restructure the Board, we appointed as additional non-executive directors, Mr A Ashiabor, Mr E N Awoonor, Dr C A Crocker, Dr K Duffuor and Dr M P Martineau, followed in March by the appointment of The Rt. Hon. The Baroness Chalker of Wallasey PC and Mr T Gibian. In April, we also appointed Dr D R Creed as a non-executive director. We welcome them and the additional breadth of experience they bring to the Board. With effect from the Annual General Meeting, Messrs. Ansah, Keatley, Ohene-Kena and Otoo and Sir William Ryrie and I will retire from the Board. We thank them for their service and wish them well in the future. At the time of reporting, we have yet to appoint a Finance Director to fill the vacancy which will occur when Mr M B Keatley steps down from his position on 30 May 2000.

In October 1999, Mr J C Gandur resigned as a non-executive director due to his other business interests.



Philip M Tarsh *Chairman*

**Auditors**

Pannell Kerr Forster have indicated their intention to step down as one of the Company’s joint auditors at the close of the Annual General Meeting this year. Formerly known as Pannell Fitzpatrick, their long standing association with Ashanti dates from 1973 and I should like to express the Company’s appreciation for their valuable professional service since then and to wish their former senior partner, Mr J Q Bampoe-Addo, a long and well earned retirement.

Deloitte & Touche will now assume the responsibility of sole auditor.

**Future**

The past turbulent six months have been exceptionally traumatic, not only for management and employees but also for our shareholders, creditors and the communities in which we operate. We consider that these troubles are substantially resolved and we can now refocus our efforts on building on the considerable strengths which Ashanti possesses in its large and increasing gold resources and the new modern low-cost processing facilities currently under development.

Ashanti has survived many set-backs during its 102-year history and we look forward to putting the recent financial difficulties behind us and restoring investor confidence in the future prosperity of the Group. Ashanti is fully mindful of the challenges of modern mining in a global economy. However, the Group’s operating and management capabilities remain strong and that is the basis upon which the future of the Group ultimately rests.

Although 1999 was overshadowed by the Group’s financial crisis, there were many accomplishments which would not have been achieved without the unflagging resolve and untiring efforts of the Group’s 11,000 employees throughout Africa. As we look forward to a new beginning in this millennium, my colleagues on the Board join me in thanking the employees for their enormous contribution to the Group’s successful operating performance during the year.

Philip M Tarsh  
*Chairman*

**Salient Features**

- Record Group Gold production of 1.56 million ounces
- Operating cash cost reduced to US\$205 per ounce
- Geita’s resource including inferred increased to 12 million ounces
- Geita planned to produce 500,000 ounces per year at an operating cash cost below US\$180 per ounce – Commissioning ahead of schedule
- Company enters into an agreement with counterparties to secure its future
- US\$100 million additional financing secured to build the expanded Geita project
- Heads of Agreement signed for sale of 50 per cent of Geita project

**Highlights**

	1999	1998
<b>Financial (US\$)</b>		
Turnover	582.1m	600.3m
Earnings before exceptional items	66.1m	73.9m
Earnings after exceptional items	(183.9m)	40.7m
Operating cash flow before exceptional items	211.2m	208.1m
Earnings per share before exceptional items	0.59	0.68
Earnings per share after exceptional items	(1.64)	0.37
Dividend per share	-	0.10
<b>Gold Production (ounces)</b>		
Obuasi	743,111	885,342
Bibiani	261,899	151,727
Iduapriem	163,700	155,233
Ayanfuri	44,424	46,290
Siguiri	239,218	193,879
Freda-Rebecca	109,184	108,280
<b>Total</b>	<b>1,561,536</b>	<b>1,540,751</b>
<b>Production Costs (US\$ per ounce)</b>		
Cash operating costs	205	218
Royalties	8	8
Depreciation and amortisation	72	68
<b>Total costs before exceptional items</b>	<b>285</b>	<b>294</b>
<b>Ore Reserves and Mineral Resources (million ounces)</b>		
Proved and Probable Ore Reserves	22.6	23.0
Measured and Indicated Mineral Resources	37.1	36.9

## The year ended as one in which the Group set records in production and safety and registered the lowest production cost per ounce in five years.

Over the year, the Group produced a record 1,561,536 ounces at an average cash operating cost of US\$205 per ounce. The excellent operational results were achieved despite a 12-day illegal strike at Obuasi in the second quarter and flooding at Siguiri in the third quarter.

Our Freda-Rebecca and Bibiani mines attained South Africa's National Occupational Safety Award (NOSA) Four-Star ratings while Iduapriem was awarded a NOSA Three-Star.

In Tanzania, our geologists increased Geita's resource base from 6.4 million ounces to 12 million ounces including inferred, and the reserves increased from 4.1 million to 5.5 million ounces.

On the financial front, the Group faced a formidable challenge when the gold price rose dramatically late last September thereby exposing the Group to possible margin calls on its outstanding hedge contracts.

Existing and new credit lines that were being negotiated were frozen, triggering a working capital shortfall and jeopardising the completion of the Geita mine. After months of intense negotiations with the Group's hedging counterparties and creditor banks, resultant agreements enabled the Group to continue as a going concern. The solutions reached have given the Group three years of margin-free trading. In return, the Group issued equity warrants to its hedge banks and undertook to sell a 50 per cent interest in Geita in order to lower the debt level and reposition the Group for the future.

### Operations

Four of our six mines operated at record levels in 1999. These were Bibiani and Iduapriem in Ghana, Siguiri in Guinea and Freda-Rebecca in Zimbabwe. Iduapriem in particular posted excellent cost and production results, reducing costs by 8 per cent and increasing production by 5 per cent.

The Obuasi mine contributed over 740,000 ounces to Group production. Depletion of surface reserves warranted the rationalisation of Obuasi's operations, based on a revised life of mine plan to maximise the net present value of the ore reserves and resources. Open pit mining will come to an end at the end of 2000. Tailings re-treatment will cease at the end of 2002 while the Oxide, Tailings and Pompora Treatment Plants will cease operation. The Sulphide Treatment Plant will be upgraded to a capacity of close to three million tonnes per annum. Annual production of 2.5 million tonnes of ore will in future be produced from underground. The production and cost target of Obuasi from 2001 onward will be around 550,000 ounces a year at an average cash operating cost below US\$200 per ounce.

The commissioning of the Siguiri expansion in the third quarter of 1999 increased processing capacity to a throughput of 8.0 million tonnes per annum from the previous 4.0 million tonnes to increase annual production to approximately 300,000 ounces per year.

The Geita mine project made excellent progress during the year with construction 50 per cent complete by year-end. Commissioning is now expected by the end of the second quarter, ahead of schedule and within budget. The mine is planned to produce 500,000 ounces per year at an operating cash cost below US\$180 per ounce.



Sam E. Jonah *Chief Executive*

The Geita Mine



## Finance

The Group faced a major crisis late last September when the gold price rose US\$86 in eleven trading days and turned the mark-to-market valuation of the Group's hedge book from a positive US\$290 million at the end of the June quarter to an all-time low of negative US\$570 million in early October 1999. The large negative valuation required the Group to post US\$270 million in cash as collateral which was not available. The crisis was exacerbated by a working capital shortfall occasioned by the strike at Obuasi, the redundancy programme, and the exceptional weather conditions that affected production at the Siguiri mine in Guinea.

The crisis was partially resolved by an issue of equity warrants over 15 per cent of the Company's shares to its hedge counterparties in exchange for three years of margin-free trading and two subsequent years during which the margin limits will be higher than they are currently.

Ashanti also undertook to sell a 50 per cent interest in the Geita mine, as part of a long-term restructuring that would reduce its debt. On 5 April 2000, we were able to announce the signing of a non-binding Heads of Agreement for the sale of this interest to AngloGold, which we hope to complete by 30 September 2000.

In response to the financial challenges of 1999, the Group has implemented changes to strengthen its financial management and systems.

### Hedging

We have initiated a programme of restructuring the hedge book, the objectives being:

- The reduction of levels of commitments;
- The reduction of lease rate exposure;
- Maintaining prudent levels of protection;
- Ensuring that available margin limits, beyond our three year margin free trading period, will be sufficient to ensure that the Group is not once again exposed to margin calls.

The above mentioned objectives, which will be part of an ongoing process, are not achievable in the short term. However, considerable progress has already been made towards these objectives.

The hedging policy is under ongoing review and a new Managing Director of International Treasury, Mark Arnesen, is working together with recently appointed external hedging consultants to review hedge book reporting and monitoring procedures.

### The Future

The rationalised life-of-mine for Obuasi, which maximises the profitability of the mine, requires less capital expenditure, thereby giving it a higher net present value. With the same focus on greater profitability, the Group continues to target efficiencies through lower costs at other mines. This new spirit is best captured at Iduapriem where, through dedication and hard work, the employees have ensured an extended life-of-mine to the middle of 2001. Management is also hoping to extend the mine's life further through corporate acquisition.

The Geita mine will be very significant in Ashanti's future and is scheduled to be commissioned at the end of the second quarter. Though the Group is selling half of the mine, steps will be taken to ensure that it contributes effectively to Group results. Current estimates envisage a productive capacity that is almost twice previously planned levels. The choice of a partner was dictated by the consideration of factors that would help achieve the vision of the Group to be the premier gold producing company in Africa.

We have initiated plans to strengthen further the Treasury Group, and the departments of the Financial Controller, Internal Audit, Government and Public Affairs and Investor Relations, all of which have been restructured to revitalise internal systems and communication links with all stakeholders.



Siguri wet plant technicians sampling cyanide solution for gold content.

Sansu underground mining school, drilling instruction.

The Siguri Mine



Last year's crisis significantly taxed our management resources. We are grateful to all those in the management team who devoted themselves tirelessly to this problem. We recognise, however, that the task of rebuilding management credibility and shareholder value will be difficult, painstaking and long.

I shall continue to count on the perseverance and hard work of our employees and management team and the goodwill and support of you, our shareholders to re-establish real value for the Group.

In summary, Ashanti has recorded another strong operational performance despite the challenges it faced in 1999. We take pride in having consistently delivered on our operational targets during the last two years and look to the future with determination.

Sam E Jonah  
Chief Executive and Group Managing Director

## Ashanti posted a record operating performance in 1999 despite significant operational setbacks.

### Overview

Gold production at 1,561,536 ounces was better than the mid-year revised target and a record for the Ashanti Group. Cash operating costs at US\$205 per ounce were well below the Group target of US\$220 per ounce.

Construction on the Geita project started in April 1999 and made excellent progress during the year. Outstanding exploration results continued to be achieved in the Nyankanga deposit at Geita and resulted in an enlargement of the open pit with total reserves increasing to 5.5 million ounces. A potential underground operation based on an inferred resource of 10 million tonnes at 8.4 grammes per tonne was also identified. Commissioning of the Geita mine is now expected towards the end of the second quarter in 2000, which, if achieved, will be approximately three months ahead of schedule.

The new life of mine plan for Obuasi, based on a revised reserve estimate for the underground of 43.4 million tonnes grading 7.9 grammes per tonne, containing 11.0 million ounces of gold, was completed by year end. Details of the revised Obuasi resource and reserve estimates are provided on pages 26 and 27. The new plan has been adopted and will result in a slimmed down operation with a focus on the underground mine and an upgraded Sulphide Treatment Plant ("STP"). The STP is ideally located to treat the bulk tonnage from the central and southern sections of the mine. The new mine plan at Obuasi projects cash costs falling to below US\$200 per ounce in 2001 and sustaining capital expenditures falling to around US\$50 an ounce from 2003.

The Iduapriem mine turned in a strong performance with record gold production at costs substantially below target. As a result of the improved production and cost performance the closure of the Iduapriem mine, previously planned for the end of 1999, has been deferred until mid 2001.

Bibiani and Freda-Rebecca also achieved record production levels of 261,899 ounces at US\$162 per ounce and 109,184 ounces at US\$174 per ounce respectively.

Expansion of the low cost Siguiiri mine in Guinea to a throughput rate of 8 million tonnes per year was successfully completed at the end of the third quarter.

The Group continued to perform at world class levels of safety with a lost time injury frequency rate of less than three injuries per million man hours worked. Bibiani and Freda-Rebecca were upgraded to NOSA Four-Star ratings while Iduapriem, at its first attempt, achieved a Three-Star rating.

### Obuasi

#### Production and Costs

The mine produced 743,111 ounces of gold, 14,111 ounces above the target of 729,000 ounces which was revised downwards in the third quarter, following the strike in the second quarter and the decision to suspend high cost oxide mining and treatment operations. The strike resulted in a production loss of approximately 70,000 ounces. Operating costs continued to drop as a result of improved underground productivity, rationalisation of operations and tight controls on materials consumption. Obuasi's cash operating cost for 1999 was US\$222 per ounce compared to US\$234 per ounce the previous year.

Underground production increased to 2.3 million tonnes, 5 per cent above the 1998 total of 2.2 million tonnes. The overall head grade for the year was 7.86 grammes per tonne compared to the target of 7.96 grammes per tonne. Over the next five years the mined head grade is forecast to average close to 8 grammes per tonne.



Trevor S Schultz *Chief Operating Officer*

The Bibiani Mine



During the year, the 41 level high capacity haulage was extended to the Brown Sub-Vertical Shaft (“BSVS”). This facilitates access to the lower levels of the mine’s south section from the Kwesi Mensah and George Cappendell shafts.

**Surface Mining**

Surface mining operations are scheduled to cease in 2000. Ore production was 3.0 million tonnes at a grade of 3.03 grammes per tonne as against 4.2 million tonnes of a grade of 3.22 grammes per tonne in 1998.

**Processing**

Tonnage processed for the year fell to 7,043,000 tonnes in 1999 from 8.7 million tonnes in 1998. In the last quarter, the Oxide Treatment Plant (“OTP”) was shut down for two months and then reopened in December to batch treat ore mined at the Kubi deposit. Recoveries at all treatment plants except the STP were higher than the previous year. Recovery, at the STP, was affected by the larger than planned tonnage of open pit transition ore processed during the year.

**Exploration**

Underground diamond drilling continued to delineate the resource base of the new BSVS North ore body being drilled on 38, 41 and 50 levels.

Intersections included:

	Grade (g/t)	Width (metres)
38 Level	19.8	8
	15.7	11
	15.0	8
	7.6	22.6
39 Level	10.4	18.5
44 Level	42.1	9.2
	13.8	16.4
57 Level	15.0	9.6

### Ayanfuri

Ayanfuri gold production reduced to 44,424 ounces in 1999 from 46,290 ounces in 1998 as the mining operation moved to lower grade deposits. Metallurgical recovery from the leach pads improved to 85 per cent compared to 70 per cent the previous year and consequently the decrease in gold production was kept at only 4 per cent. Cash operating cost for the year fell to US\$202 per ounce from US\$210 in 1998.

The life of the Ayanfuri mine has been extended to September 2000. The search is ongoing to identify mineralised zones within economic trucking distance of the processing plant.

### Iduapriem (80%)

The mine produced a record 163,700 ounces of gold. Its cash operating costs reduced to US\$248 per ounce from US\$266 per ounce although the mined grades were lower than the previous year. The major reasons for this improved performance were increased plant throughputs and sustained cost control efforts from the employees and management team. Mineral resources in Blocks 4 and 5 were positively re-evaluated during the year as future sources of production and the mine closure planned for the end of 1999 has been deferred until mid 2001.

Negotiations to acquire additional resources on the Tarkwa gold belt have made good progress.

### Bibiani

Bibiani produced 261,899 ounces of gold at a cash operating cost of US\$162 per ounce during the year under review compared to 151,727 ounces at a cash operating cost of US\$180 per ounce in 1998.

Milled throughput for the year was 2.48 million tonnes at a head grade of 3.82 grammes per tonne. As was the case in 1998, the reconciliation between the resource model and the actual mined grade and tonnage showed a positive variance and the operation continues to outperform the feasibility study and mine plan. An evaluation of underground mining to exploit extensions of open pit resources at depth was encouraging and the evaluation will continue in 2000.

Business initiatives to acquire prospective ground within economic haulage distance of the processing plant to extend mine life beyond 2004 are also being progressed.

The Bibiani mine was upgraded, from a Three-Star NOSA rating, awarded in 1998, to Four-Star, in 1999. The injury frequency rate was reduced to 2.74 injuries from 5.74 injuries per million man hours worked in 1998.

### Siguiri – Guinea (85%)

239,218 ounces of gold were produced at a cash operating cost of US\$185 per ounce for the year. Both production and cash costs were heavily impacted by exceptionally heavy rains in the third quarter. The result was a loss of approximately 15,000 ounces in production and increased cash costs.

The Siguiri mine expansion, commissioned in the third quarter of the year, has doubled planned throughput from an annualised rate of 4.0 million tonnes to 8.0 million tonnes. With the expansion commissioned and operating efficiently, the production in 2000 is expected to be approximately 300,000 ounces.

Exploration results were encouraging and the reserves depleted during the year were replaced by new material.



Bibiani acting foreman, Ben Apovor on dozer at rampart

Sansu mine surveyor, Joseph Ansong giving direction and grade lines

The Freda-Rebecca Mine



**Freda-Rebecca – Zimbabwe**

Gold production was a record 109,184 ounces at a cash operating cost of US\$174 per ounce.

Underground production for the year was 1.03 million tonnes at a head grade of 3.78 grammes per tonne. Work on the main access ramp development was completed during the year, adding flexibility to the haulage system and providing ready access to the major ore blocks that will be exploited over the next five years.

A new primary crusher station was commissioned during the second quarter increasing the crushed ore stockpile capacity to over 5,000 tonnes thereby providing operational flexibility.

Work has been initiated on identifying major new resource areas below the currently delineated mineralised zones. This is expected to continue in 2000. The programme has had success identifying a sub parallel structure which will require further drilling. Exploration work continued on a number of joint venture prospects in the vicinity of the mine.

The Freda-Rebecca mine, the first Ashanti mine to be awarded the NOSA Three-Star rating in 1998, was upgraded to a Four-Star in 1999 and recognised by the Zimbabwe Chamber of Mines as outstanding for its environmental management programme.

## 1999 was an excellent year for Ashanti Exploration. We tripled the Nyankanga total resource at Geita from 2.3 to 7.4 million ounces.

### Exploration

During the year Ashanti Exploration focused on the main producing gold belts of West, East and Southern Africa and especially around the Group's existing operations and developments.

Nyankanga at Geita is one of the most significant new discoveries found in Africa over the last five years. It contributed significantly to increasing the total resources including inferred at Geita to 12.0 million ounces.

Over the last three years, Ashanti Exploration has outlined resources of 9.5 million equity ounces at a discovery cost of less than US\$5.0 per ounce, one of the lowest in the industry.

#### East Africa

In Tanzania, apart from ongoing work at Geita, exploration continued on the Bulyanhulu South and Rubondo projects (Pangea Joint Venture) with a limited reverse circulation drilling programme being completed at Kakindu.

In November, Ashanti reached a joint venture agreement with Spinifex on a number of properties including Buckreef.

#### West Africa

Reverse circulation and core drilling on a number of prospects in the Youga project (Ashanti – Echo Bay Joint Venture) in Burkina Faso outlined resources of 1.2 million ounces including inferred. This drilling was undertaken as part of the full feasibility study.

At Sigui, exploration on the Eureka Hill deposit increased the resource including inferred, during the year to 9.0 million tonnes at a grade of 1.59 grammes per tonne (0.5 million ounces). In addition, a new deposit, Tubani, was found immediately to the south of Sanu Tinti. Further drilling will be undertaken to fully define this new deposit. At year-end, reserves remained unchanged from 1998.

Several early and late stage projects in south-west Ghana were evaluated during 1999 with the focus being on projects in the vicinity of Ashanti's existing operations. We reached an agreement with Birim on their Mampon deposit, which can be processed at Ayanfuri and Obuasi. A small resource was also outlined on Semafo's Anwia deposit where Ashanti is earning a majority interest.

#### Southern Africa

Exploration focused around the Freda-Rebecca mine. A number of geochemical and geophysical targets in geological settings similar to Freda-Rebecca were drilled on the surrounding Mazowe exclusive prospecting order (Kinross joint venture). Groundwork also commenced on the RAN mine claims, immediately east of Bindura.

#### Central Africa

In the north-eastern area of the Democratic Republic of Congo (DRC), Ashanti now has an 86.22 per cent interest in Kilo-Moto International S.Z.A.R.L. ("Kimin"), a mining company which holds exploration and mining rights over a potentially rich gold belt. Development of the project is currently on hold due to continued unrest in the area.

### Project Development

Construction on the Geita project was approximately 50 per cent complete by the year end. Commissioning is expected at the end of the second quarter of 2000.

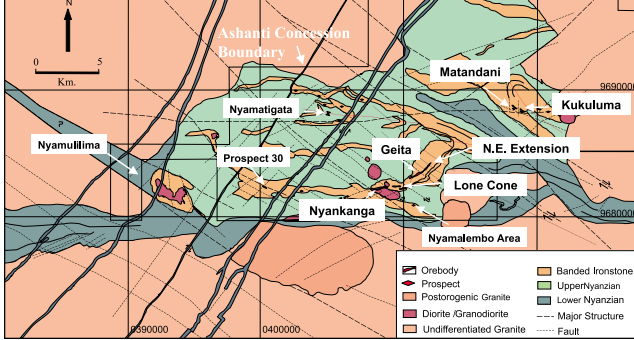
Leach tanks were completed at the end of the year, as were major foundations, permanent accommodation, airstrip and access roads to Bulyanhulu and Nungwe Bay. Extensive work on the power plant, tailings dam, mine development, process plant and water pipeline has also been completed.

The capital cost estimate for the project currently stands at US\$165 million. By the end of 1999 the total amount committed was US\$130 million, of which US\$80 million had been spent.

At the end of the year the Geita resource and reserve stood at 12.0 million ounces, including inferred, and 5.5 million ounces respectively compared to 6.4 million and 4.1 million ounces respectively at the end of 1998.

Exploration has defined several additional targets and the potential for further increases as extensions to Nyankanga and in new areas is considered excellent.

The mine is planned to produce 500,000 ounces a year at a cash cost below US\$180 ounce from 2001, the first full year of production.



Geita Greenstone – Tanzania

The Obuasi Mine



**Youga, Burkina Faso**

A positive scoping study was presented to the Joint Venture Partners (Echo Bay 50%) in June 1999 and, after additional resource drilling, a feasibility study report was presented to the Burkina Faso Government in December. The key points from the feasibility study were:

- Total resources including inferred of 15.05 million tonnes at 2.62 grammes per tonne containing 1.25 million ounces;
- Capital cost of US\$46 million;
- Operating cost of US\$170 per ounce.

A number of areas must still be evaluated with a view to identifying further drill targets and to outline fully some of the ore bodies. The Bitou deposit, which is located within trucking distance of Youga, will be drilled in the second quarter of 2000.

A mining convention is in the process of being negotiated with the Government of Burkina Faso and a decision on whether to proceed with the development of this project will be made in 2000.

## Environmental work on all operating units proceeded according to plan with rehabilitation of dumps, monitoring of air, water and noise pollution levels and implementation of services for local communities.

### Environment

Environmental audits were undertaken at all mines and there were no significant out-of-compliance reports relating to the environment within the Group.

The Environmental Impact Statement for Geita was completed and a report presented to the Tanzanian authorities.

Preparation of the Ayanfuri mine closure plans continued and the major components of the rehabilitation programme were prioritised, allocated, costed and scheduled. A plan was also prepared to monitor progress and develop quality control procedures over the work carried out on the mine closure/rehabilitation programmes.

Test work that was undertaken to determine the treatment requirements for arsenic tainted water pumped from the old workings at Bibiani achieved the desired result. The next phase of the investigation will focus on the disposal options for arsenic and the process design parameters for the reactor.

Ashanti participated in the drafting and submission of proposed guidelines for mining in forest reserve areas in Ghana to the relevant government authorities for review.

A team of consultants from SGS visited all operations and prepared a report on the technical aspects and costs of mine closure requirements for each operation.

In 1999 Freda-Rebecca mine was runner up in the Natural Resources Board/Chamber of Mines national mines environmental competition in Zimbabwe.

### Health and Safety

The Group continued to pursue international best practice in health and safety standards and as a result further improvements on the already low lost time injury rate were achieved in 1999. Group lost time injury rate for 1999 was 2.62 per million man hours compared with 3.03 per million man hours in 1998. At Obuasi the lost time injury rate was 2.54 injuries per million man hours compared to 3.39 in 1998, which is a world class performance for an underground mine with a large labour force.

High-level executive support, regular workshops, rigorous training in safety practices and regular safety audits and awards throughout the Group's operations were the key factors contributing to the improved safety performance. The Freda-Rebecca and Bibiani mines were awarded the NOSA Four-Star safety rating during the year whilst Iduapriem was awarded a Three-Star rating.

The Bibiani mine was awarded the Chief Executive's award for the best safety performance in 1999.

The Ayanfuri and Iduapriem Mines



## 2000 Operational and Financial Goals

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The Company's specific goals for 2000 are as follows:

- Produce 1.65 million ounces of gold at a cash operating cost of US\$205 per ounce
  - Achieve return on capital employed of nine per cent for the Group
  - Achieve an injury frequency rate of less than five per year for the whole Group
  - Improve and upgrade:
    - Human Resource Management Systems
    - Information Systems
    - Supply Chain Management Systems
    - and improve on Engineering Maintenance Costs
  - Reduce the Group debt levels so as to reduce ongoing interest charges and financial risk
  - Negotiate greater flexibility in Ashanti's debt structure and banking covenants to permit the Group to respond to business development opportunities and to allow more flexibility in possible dividend payments
  - Generate maximum levels of cash flow from the business to achieve satisfactory returns on the considerable investments that Ashanti has made in its mine developments
  - Access other financial resources to sustain Ashanti's growth
-

### Summary

- Record Group gold production of 1,561,536 ounces
- Group average cash operating costs per ounce, down 6 per cent to US\$205 per ounce
- Earnings before exceptional items, down 11 per cent to US\$66.1 million
- Implementation of rationalisation programme at Obuasi to further reduce operating costs. Cash flows will improve but exceptional charges totalling US\$240 million have been taken in respect of Obuasi
- Operating cash flow US\$211.2 million, up from US\$208.1 million in 1998
- New debt facility of US\$100 million secured to complete Geita Project

### Revenue

Revenue from gold activities fell to US\$581.1 million (1998: US\$596.9 million) due to lower average realised gold price of US\$372 per ounce (1998: US\$385 per ounce). This was US\$93 per ounce over the average spot price. Revenue included US\$77.7 million (US\$50 per ounce) in cash proceeds from maturing hedging contracts, and US\$65.3 million (US\$42 per ounce) in income from previously closed-out hedging contracts.

In accordance with Ashanti's accounting policy, income from early close-outs is credited to revenue for the originally designated delivery period. At 31 December 1999, deferred hedging income earned forward totalled US\$157 million (1998: US\$231 million) of which US\$42 million will be credited to revenue in 2000.

### Cash Operating Costs

Cash operating costs for the Group for 1999 fell by 6 per cent to US\$205 per ounce. Cash costs for the fourth quarter were US\$183 per ounce. This is in line with Ashanti's objective of reducing Group cash operating costs to below US\$200 per ounce on a sustainable basis.

### Obuasi

Obuasi cash operating costs fell from US\$234 per ounce in 1998 to US\$222 per ounce in 1999, a reduction of 5 per cent. Cost cutting measures initiated two and half years ago, resulted in a fall in material costs of 12 per cent. This benefit

was reduced by the fall in production due to the unofficial strike action in May. The implementation of the rationalisation programme in September 1999 is expected to reduce Obuasi operating costs by US\$7 million per annum equivalent to US\$9 per ounce at current production levels.

Underground production of 490,013 ounces (1998: 503,570) was, at a cash operating cost of US\$207 per ounce, unchanged from last year despite lower production, reflecting tight control of cost during the year.

Gold production from surface mining declined from 332,332 ounces in 1998 to 209,797 ounces in 1999 at a cash operating cost of US\$277 per ounce (1998: US\$289 per ounce). Despite declining costs, on-going reassessments have indicated that surface mining is uneconomic at current gold prices and will be phased out during 2000.

Retreatment of tailings contributed 43,301 ounces (1998: 49,440 ounces) at a cash operating cost of US\$144 per ounce (1998: US\$141 per ounce).

### Ayanfuri

Production at Ayanfuri was 44,424 ounces, (1998: 46,290 ounces). Cash operating costs fell 4 per cent to US\$202 per ounce (1998: US\$210 per ounce) reflecting continued cost control measures and efficiency drives at Ayanfuri. The mine is expected to close by the end of 2000.

### Bibiani

Bibiani recorded an excellent year with gold production of 261,899 ounces exceeding target (1998: 151,727 ounces). Cash operating costs fell by 10 per cent to US\$162 per ounce, the lowest in the Group, due to tighter cost control and increased production.

### Iduapriem

Iduapriem had another record year with gold production at 163,700 ounces (1998: 155,233 ounces). Cash costs declined by 7 per cent to US\$248 per ounce as a result of increased productivity. The planned closure of Iduapriem at the end of 1999 has been deferred as a result of a revaluation of mine reserves.



Mark Keatley  
Chief Financial Officer

### Siguiri (Guinea)

Production at Siguiri for the year was 239,218 ounces at a cash cost of US\$185 per ounce (1998: 193,879 ounces at US\$162 per ounce). The Siguiri mine expansion was commissioned in the third quarter of 1999, more than doubling processing capacity. However, exceptionally heavy rains severely affected production in the third quarter resulting in a 14 per cent increase in annual cash operating costs.

### Freda-Rebecca (Zimbabwe)

Freda-Rebecca produced 109,184 ounces, marginally above 1998 production of 108,280 ounces at a cash operating cost of US\$174 per ounce (1998: US\$170). Improved underground infrastructure completed during the year will enable production levels to be maintained in the coming year.

### Exploration

US\$12.4 million was written off against profit as the cost of early stage exploration compared to US\$13.4 million in 1998. The fall of 7 per cent reflects the rationalisation of the exploration portfolio, focusing on the main gold producing belts around existing operations.

### Corporate Administration Cost

Corporate costs for the year fell marginally to US\$25.8 million (1998: US\$26.5 million).

### Depreciation

Depreciation charges increased from US\$108.6 million in 1998 to US\$114.9 million due principally to full year charges at Bibiani and Siguiri.

### Total Costs

Total operating costs before exceptional operating items at US\$485.8 million were marginally down on last year reflecting lower cash operating costs offset by higher depreciation charges. Total cost of production was equivalent to US\$285 per ounce (1998: US\$294 per ounce).

### Exceptional Items

Exceptional items have been identified separately in the profit and loss account to show the impact of the exceptional items on the underlying results of the business. The charge in 1999 totalled US\$250.0 million (1998: US\$33.2 million).

Exceptional items include a US\$171.1 million write-down of fixed assets at Obuasi resulting from the re-engineering of the mine to maximise future cash flows. This mainly arises from the plan to close surface mining, and certain shafts at the north end of the mine and to consolidate processing operations around STP, leading to the closure of PTP. A further provision of US\$30 million has been made for the carrying value of assets compared to future cash flows based on proved and probable reserves. In conjunction with this, provision has been made for redundancy costs of US\$22.0 million which relates to redundancies announced in the second quarter for 2,155 employees, payments in respect of former employees and rationalisation in the last quarter of 1999. Obsolete stocks of US\$10.0 million have been provided and costs of US\$7.4 million were incurred in the second quarter in relation to the strike at Obuasi.

Following the hedge crisis in 1999, Ashanti in conjunction with its financial advisors and lawyers sought several long term solutions for the Group. The professional costs which have been incurred totalled US\$9.0 million and have been written off as exceptional costs.

### Profit on Disposal of Businesses

During the year the Company realised a profit of US\$0.2 million on the disposal of interests in non core activities, namely Jei River Farms Limited and Hotel Investments (Ghana) Limited. An interest in Saoura, an exploration project in Niger, was also disposed of at approximately book value. The Company also sold its 50 per cent interest in the Golden Pride mine in Tanzania which was carried as a current asset investment (see note 14 to the financial statements).

### Royalties

Royalties of US\$12.2 million (1998: US\$12.6 million) were paid to the Governments of Ghana and Guinea at a rate equal to 3 per cent of revenue derived in both countries.

### Summary of production and cash operating costs per ounce

	Obuasi Underground	Obuasi Surface	Obuasi Tailings	Obuasi Total	Ayanfuri	Iduapriem	Bibiani	Siguiri	Freda- Rebecca	Total/ Average
<b>Year ended 31 Dec 1999</b>										
Production (ounces)	490,013	209,797	43,301	743,111	44,424	163,700	261,899	239,218	109,184	1,561,536
Cost per ounce (US\$)	206	277	144	222	202	248	162	185	174	205
<b>Year ended 31 Dec 1998</b>										
Production (ounces)	503,570	332,332	49,440	885,342	46,290	155,233	151,727	193,879	108,280	1,540,751*
Cost per ounce (US\$)	207	289	144	234	210	266	180	162	170	218*

\*excludes Asikam

### Taxation

The tax charge for the year of US\$2.7 million relates to tax charges due in respect of prior years. No tax charge arose out of gold operations in 1999 as the Group continues to benefit from capital allowances arising out of its ongoing high level of investments in its operations.

### Financing Costs

Total interest cost for the year was US\$41.4 million (1998: US\$37.9 million) due to additional interest on the US\$270 million Revolving Credit Facility which was fully drawn down. US\$1.8 million has been capitalised in respect of interest cost incurred during the development of the Geita mine.

Interest income of US\$11.5 million (1998: US\$14.7 million) includes a gain of US\$5.3 million on the refinancing of the US\$15.8 million prepaid forward sale facility for Freda-Rebecca in Zimbabwe.

### Dividend

No dividend is proposed for 1999, given the Group's commitment to strengthen its financial position and the current banking covenants prohibit the payment of cash dividends until gross borrowings fall below US\$300 million. Of the final dividend of US\$10.9 million for 1998, US\$7.5 million was paid in cash and US\$3.4 million was issued in shares to shareholders who elected to receive their dividends in scrip.

### Earnings

Earnings before exceptional items were US\$66.1 million, down from US\$73.9 million in 1998. The fall in earnings was principally due to a reduction in realised gold price from US\$385 per ounce in 1998 to US\$372 per ounce in 1999. Tighter control of operating costs and increased productivity offset the effects of the US\$13 per ounce drop in revenue. After exceptional charges of US\$250.0 million the Group made a loss of US\$183.9 million (1998: profit of US\$40.7 million). Earnings per share before exceptional items were US\$0.59 per share (1998: US\$0.68 per share).

### Cash Flow

Operating cash flow before operating exceptionals for 1999 was US\$211.2 million. Net cash inflow from operating activities was US\$120.3 million, with the difference relating mainly due to the release of deferred hedging income. Net interest and dividend paid were US\$28.8 million and US\$7.5 million respectively whilst US\$189.0 million was invested in developing the Group's operations, resulting in a net cash outflow before financing of US\$89.7 million.

### Capital Expenditure

Cash outflows on capital expenditure increased to US\$189 million (1998: US\$161 million) with a large proportion of this amount invested in Geita and Obuasi.

### Capital Expenditure



### Obuasi

Capital expenditure at Obuasi was US\$59.2 million, (1998: US\$77.3 million). Of this, 72 per cent was on underground mining, 12 per cent on surface mining and the rest on processing. Of the US\$42.5 million (1998: US\$48.9 million) spent underground US\$12 million was on mine development and US\$13.4 million on further improvements to hoisting and tramping.

### Geita

Capital expenditure at Geita of US\$82.5 million relates to the development of the mine due to commence operations in the second half of year 2000.

### Siguiri

Total capital expenditure at Siguiri was US\$21.2 million (1998: US\$36.2 million) of which US\$6.6 million was on heap leach development and US\$9.8 million was on the completion of the Siguiri expansion project.

### Bibiani

Capital expenditure for the year was US\$6.9 million (1998: US\$16.8 million) of which US\$3.4 million was spent on rehabilitating the tailings dam and plant modification.

### Other

Capital expenditure at the other locations amounted to US\$19.3 million (1998: US\$30.7 million) of which US\$10.2 million was at Freda-Rebecca principally on underground development and equipment and US\$3.8 million was spent on exploration.

### Financings

During 1999 Ashanti drew down fully the US\$270 million Revolving Credit Facility (“RCF”) signed in December 1998. US\$203 million of the facility was used to repay existing facilities and the balance of US\$67 million was used primarily for the development of Geita.

In mid 1999 Ashanti was in discussions with a number of banks to secure further financing to complete the construction of the expanded Geita mine project in Tanzania due to the cash flow shortfall caused by the Obuasi strike and poor weather conditions at Siguiri. With the problems caused by margin calls on the hedge book, these discussions were put on hold.

After late September 1999, when the gold price rose sharply, the Group was faced with margin calls from its hedge counterparties, which the Group could not meet and this caused a short term liquidity crisis. Although agreement was reached with the hedge counterparties exempting the Group from the requirement to post margin on any of its contracts up to 2002, the Company continued to experience a liquidity crisis due to the fact that it had not been able to secure the additional financing it needed to put in place to develop Geita, nor to close out hedge contracts early at a profit.

The Board of Ashanti reviewed several long-term solutions to the crisis, and following discussions with the Government of Ghana and its banks, the solution which the Group felt would be acceptable to all stakeholders was to secure a new US\$100 million debt facility to enable the completion of Geita and to secure the sale of a 50 per cent joint venture interest in Geita in order to reduce debt levels.

In February 2000, Ashanti signed an agreement for a new US\$100 million loan facility arranged by Barclays Capital which was syndicated amongst existing lenders under the RCF. The facility is repayable on the earlier of 30 September 2000 and the date of the completion of a sale of assets to raise a net amount of at least US\$200 million. The facility will carry a margin over US LIBOR at an average of 350 basis points. At the same time, Ashanti agreed amendments to its existing RCF which has been increased to US\$326 million from US\$270 million following the consolidation of various bilateral facilities which were fully drawn. The revised RCF carries a margin over US LIBOR of 200 basis points for the facilities repayable by December 2000 and 250 basis points for the balance. US\$151 million of the facility is due for repayment by 31 December 2000 and the balance of US\$175 million is repayable in January 2003.

At 31 December 1999, the Group’s cash balance stood at US\$89.7 million (1998: US\$112.9 million). Total borrowings were US\$582.6 million (1998: US\$490.3 million) of which

US\$159.4 million is repayable within one year. Net gearing equates to 126 per cent. Writing back goodwill written off in previous years net gearing was 55 per cent.

### Millennium Compliance

In January 1998, Ashanti set up a programme to ensure that all critical computer systems and computer controlled plant and equipment would be Year 2000 compliant. The principal objective was to ensure that neither business performance nor functionality were adversely affected prior to, during and after Year 2000.

There was no disruption to any of Ashanti’s operations or offices as a result of the rollover into the year 2000.

The Group will continue to monitor the position over the next few months to ensure all systems are proved fully compliant. The costs involved in ensuring compliance were not significant.

### Going Concern

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

It should be noted, however, that the Group has significant commitments in 2000 under the terms of the banking arrangements, including the need to raise US\$200 million by 30 September 2000 from asset sales, in order to retire a US\$100 million bridge loan facility and repay US\$151 million of the US\$326 million RCF by 31 December 2000. The Group expects to repay these facilities from the proceeds of the sale of a 50 per cent interest in the Geita project in Tanzania. In connection with this Ashanti announced in early April 2000 that it had signed a non-binding Heads of Agreement with AngloGold. The terms of the agreement are that the Group will receive US\$205 million in cash for a 50 per cent interest in the project and AngloGold will procure or provide project financing for the Geita project totalling US\$130 million. The project financing will be used to repay in full the existing US\$100 million bridge facility arranged by Barclays Capital and the balance will be used to reduce inter-company loans made to the project by Ashanti. AngloGold will acquire 50 per cent of the balance of these inter-company loans. The result will be that Ashanti will have available US\$335 million in cash to make its repayment commitments. The sale of the 50 per cent will require the approval of Ashanti’s shareholders and certain other regulatory approvals.

### Objectives

Ashanti's gold hedging programme has the primary objective of protecting the Group's revenue stream such that the cashflow of the Group going forward will be adequate to meet all obligations as they fall due. This objective takes into account the level of Ashanti's commitments, in terms of operating costs, capital expenditure and debt service obligations, relative to the potential fluctuations in the gold price. This objective is pursued in a manner that is intended to preserve, to the extent that is reasonably possible, the exposure of Ashanti's cashflows to potential increases in the gold price.

### Summary of Ashanti's Gold Hedging Portfolio

Ashanti has entered into gold hedging contracts in order to achieve certain minimum prices for its gold production. A summary of the Ashanti hedging programme is provided in

this section and the programme details are presented in an Appendix on page 53. The hedge portfolios at both 31 December 1999 and 3 March 2000 have been included, so as to reflect certain adjustments during the early part of 2000, which have resulted in a simplification of the hedge portfolio and a reduction in the number of committed ounces. The analysis and tabulations of the hedge portfolio in this section and in the Appendix on page 53 have been prepared by the consultants, Standard Risk and Treasury Management Services (Pty) Limited of South Africa (SRTMS).

In summary, as at year-end 1999, Ashanti was protected against downward movement in the gold price to the extent of 8.13 million ounces at an average price of approximately US\$364.3 per ounce. This amount is made up of 5.38 million

### Hedging commitments as at 31 December 1999

Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals
Forward Sales (ounces)	626,639	611,758	602,500	1,003,750	1,048,500	358,000	219,600	206,320	149,080	130,000	180,000	80,000	80,000	80,000	5,376,147
(US\$/ounce)	334.66	358.85	363.39	358.22	353.98	382.10	353.77	374.60	331.57	317.48	362.11	264.50	264.50	280.13	351.79
Contango Locks (ounces)	-	-	-	-	-	-	-	100,000	100,000	100,000	-	100,000	100,000	-	500,000
	-	-	-	-	-	-	-	4.71%	4.78%	4.80%	-	4.95%	4.97%	-	4.84%
<b>Puts:</b>															
Bought (ounces)	190,000	190,003	170,000	50,000	-	-	-	-	-	-	-	-	-	-	600,003
(US\$/ounce)	323.16	321.05	319.41	354.00	-	-	-	-	-	-	-	-	-	-	324.00
Sold (ounces)	150,000	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	-	-	350,000
(US\$/ounce)	270.00	270.00	270.00	270.00	270.00	-	-	-	-	-	-	-	-	-	270.00
Subtotal (ounces)	40,000	140,003	120,000	-	(50,000)	-	-	-	-	-	-	-	-	-	250,003
<b>Calls:</b>															
Sold (ounces)	323,550	1,050,100	1,179,500	935,800	482,050	410,550	420,520	348,740	304,740	96,220	56,500	56,500	56,500	56,500	5,777,770
(US\$/ounce)	395.52	343.18	357.98	370.37	386.50	363.57	365.73	368.60	366.95	362.38	350.00	350.00	350.00	350.00	363.62
Bought (ounces)	100,000	-	-	212,000	302,000	32,000	265,000	265,000	182,000	200,000	200,000	200,000	200,000	150,000	2,308,000
(US\$/ounce)	300.00	-	-	443.16	440.73	430.00	399.81	399.81	364.07	350.00	350.00	350.00	350.00	350.00	381.92
Subtotal (ounces)	223,550	1,050,100	1,179,500	723,800	180,050	378,550	155,520	83,740	122,740	(103,780)	(143,500)	(143,500)	(143,500)	(93,500)	3,469,770
<b>Convertible Structures:</b>															
Put Protection (ounces)	-	-	100,000	200,000	279,200	279,200	279,200	279,200	179,200	179,200	179,200	100,000	100,000	50,000	2,204,400
(US\$/ounce)	-	-	400.75	402.13	396.93	398.72	400.51	402.30	390.47	390.47	390.47	400.75	400.75	401.00	397.80
Forward Commitment (ounces)	-	-	200,000	300,000	300,000	300,000	300,000	300,000	200,000	100,000	100,000	100,000	100,000	50,000	2,350,000
(US\$/ounce)	-	-	400.75	401.67	403.33	405.00	406.67	408.33	400.75	400.75	400.75	400.75	400.75	401.00	403.47
Call Commitment (ounces)	-	-	-	-	79,200	79,200	79,200	79,200	79,200	179,200	179,200	100,000	100,000	50,000	1,004,400
(US\$/ounce)	-	-	-	-	380.00	380.00	380.00	380.00	380.00	391.58	391.58	400.75	400.75	401.00	389.31
Put Swaptions (ounces)	100,000	100,000	100,000	-	-	-	-	-	-	-	-	-	-	-	300,000
(US\$/ounce)	307.30	312.30	317.30	-	-	-	-	-	-	-	-	-	-	-	312.30
<b>Summary</b>															
Protected (ounces)	766,639	851,761	922,500	1,203,750	1,277,700	637,200	498,800	485,520	328,280	309,200	359,200	180,000	180,000	130,000	8,130,550
Committed (ounces)	850,189	1,661,858	1,982,000	2,027,550	1,607,750	1,115,750	754,320	669,260	551,020	305,420	315,700	136,500	136,500	88,500	12,200,317
Put Binaries	-	-	-	-	-	-	(\$2m)	(\$2m)	(\$3m)	(\$4m)	(\$4m)	(\$4m)	(\$4m)	(\$3m)	(\$26m)
Lease Rate Swap (ounces)	7,645,812	7,303,500	6,895,438	6,369,500	5,608,375	4,760,575	3,853,963	3,047,853	2,390,520	1,897,650	1,454,470	1,015,250	623,750	216,000	7,645,812
Amortising Volume															

This table should be read in conjunction with the Gold Market and Hedging Appendix on page 53.

ounces of forward sales at an average price of about US\$352 per ounce, and a net amount of 2.45 million ounces (2.75 million ounces including Swap Options) of put options. The forward contracts represent a commitment to deliver gold at a specific price while the put options give Ashanti the right, but not the obligation, to sell gold at specified prices. Ashanti's downside protection represented 38 per cent of the Group's proved and probable reserves at year-end 1999.

In constructing the hedge portfolio, Ashanti has entered into contracts for call options and contingent forward sales. As at year-end 1999, the maximum number of ounces committed under Ashanti's hedge contracts, if all call options and contingent positions were to materialise, was 12.2 million ounces at an average gold price of US\$364.7 per ounce. This is equivalent to 58 per cent of proved and probable reserves. The call options sold, which cover a net amount of

3.47 million ounces, represent a potential commitment to deliver gold if the price rises. In addition, under certain conditions, which would be triggered by the spot gold price in future years exceeding certain "trigger" levels ranging between US\$340 to US\$373 per ounce (see note on page 53), 2.2 million ounces of the 2.45 million ounces of puts mentioned above would convert to 2.35 million ounces of forward sales at an average price of US\$403 per ounce and 1 million ounces of calls sold at an average price of US\$389 per ounce.

#### Changes in the Portfolio

As at 31 December 1999 the hedge book had not changed materially from the 30 September quarterly report. All contracts that were due for maturity in 1999 were rolled forward into year 2000, under the Standstill Agreement with the Group's hedging counterparties.

#### Hedging commitments as at 3 March 2000

Type	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Totals
Forward Sales (ounces)	525,008	501,758	572,500	953,750	528,500	318,000	319,600	306,320	249,080	230,000	140,000	140,000	120,000	120,000	5,024,516
(US\$/ounce)	334.81	353.72	352.26	349.36	361.69	360.12	356.89	360.32	358.04	357.70	346.86	346.86	348.00	348.00	352.35
Contango Locks (ounces)	-	-	-	-	-	-	-	100,000	100,000	100,000	-	-	-	-	300,000
	-	-	-	-	-	-	-	4.71%	4.78%	4.80%	-	-	-	-	4.76%
<b>Puts:</b>															
Bought (ounces)	190,000	190,003	170,000	50,000	-	-	-	-	-	-	-	-	-	-	600,003
(US\$/ounce)	323.16	321.05	319.41	354.00	-	-	-	-	-	-	-	-	-	-	324.00
Sold (ounces)	50,000	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	-	-	250,000
(US\$/ounce)	270.00	270.00	270.00	270.00	270.00	-	-	-	-	-	-	-	-	-	270.00
Subtotal (ounces)	140,000	140,003	120,000	-	(50,000)	-	-	-	-	-	-	-	-	-	350,003
<b>Calls:</b>															
Sold (ounces)	273,550	1,010,100	1,091,500	830,900	377,150	305,650	315,620	287,840	287,840	96,220	56,500	56,500	56,500	56,500	5,102,370
(US\$/ounce)	384.65	341.72	356.20	369.26	388.53	358.21	361.25	366.48	366.48	362.38	350.00	350.00	350.00	350.00	360.81
Bought (ounces)	-	-	60,000	240,000	280,000	60,000	173,000	173,000	-	-	-	-	-	-	986,000
(US\$/ounce)	-	-	380.00	429.13	444.43	380.00	418.44	418.44	-	-	-	-	-	-	423.74
Subtotal (ounces)	273,550	1,010,100	1,031,500	590,900	97,150	245,650	142,620	114,840	287,840	96,220	56,500	56,500	56,500	56,500	4,116,370
<b>Convertible Structures:</b>															
Put Protection (ounces)	-	-	100,000	100,000	179,200	179,200	179,200	179,200	179,200	179,200	179,200	100,000	100,000	50,000	1,704,400
(US\$/ounce)	-	-	400.75	400.75	390.47	390.47	390.47	390.47	390.47	390.47	390.47	400.75	400.75	401.00	393.19
Forward Commitment (ounces)	-	-	200,000	200,000	200,000	200,000	200,000	200,000	200,000	100,000	100,000	100,000	100,000	50,000	1,850,000
(US\$/ounce)	-	-	400.75	400.75	400.75	400.75	400.75	400.75	400.75	400.75	400.75	400.75	400.75	401.00	400.76
Call Commitment (ounces)	-	-	-	-	79,200	79,200	79,200	79,200	79,200	179,200	179,200	100,000	100,000	50,000	1,004,400
(US\$/ounce)	-	-	-	-	380.00	380.00	380.00	380.00	380.00	391.58	391.58	400.75	400.75	401.00	389.31
<b>Summary:</b>															
Protected (ounces)	665,008	641,761	792,500	1,053,750	657,700	497,200	498,800	485,520	428,280	409,200	319,200	240,000	220,000	170,000	7,078,919
Committed (ounces)	798,558	1,511,858	1,804,000	1,744,650	904,850	842,850	741,420	700,360	816,120	605,420	475,700	396,600	376,500	276,500	11,995,286
Lease Rate Swap (ounces)	6,089,750	5,907,250	5,693,875	5,376,375	4,781,500	4,041,200	3,252,400	2,559,415	1,945,520	1,427,650	1,014,470	695,250	428,750	161,000	6,089,750
Amortising Volume															

This table should be read in conjunction with the Gold Market and Hedging Appendix on page 53.

Between 31 December 1999 and 3 March 2000, Ashanti reduced the hedge portfolio and effected a number of simplifications. The number of contracts that provide downside protection was reduced to 7.1 million ounces (33 per cent of reserves) at an average price of about US\$362.7 per ounce. The maximum number of ounces that would be committed, if all call options were to be exercised, was reduced to just below 12 million ounces (57 per cent of reserves) at an average price of about US\$360.64 per ounce. Actions taken to simplify the portfolio included reductions in all types of option contracts outstanding and a reduction in the number of ounces covered by lease rate swaps to 6.1 million ounces.

#### Projected Realised Gold Prices and Cash Flows

A simulation of the prices realised by the hedge programme has been calculated for both 31 December 1999 and 3 March 2000. It shows how the average price and volume delivered depends on the spot price of gold, assuming a three month gold lease rate of 2 per cent. The realised price and volume are also sensitive to changes in lease rates. A 1 per cent change in lease rates can have an impact of approximately US\$20 per ounce on the average realised price.

It is estimated that the portfolio as at 3 March 2000 will generate positive cash flows for Ashanti totalling US\$420 million (undiscounted) if the spot gold price trades at US\$300 per ounce and the 3 month gold lease rate trades at 2% over the portfolio's life.

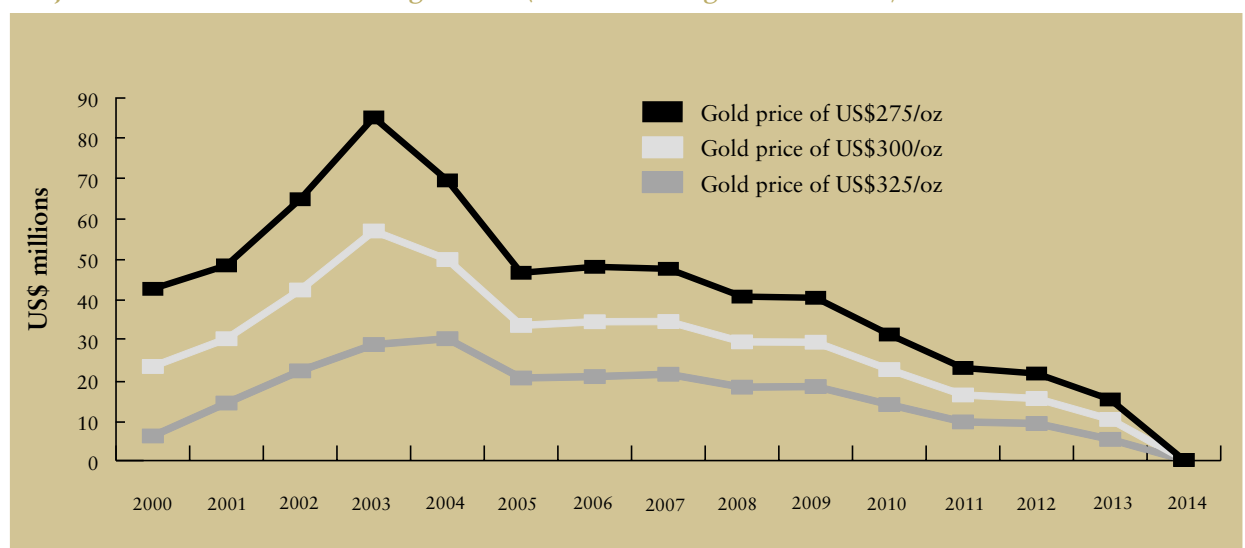
#### 31 December 1999 Spot Price

	Ounces delivered (million)	Average price per ounce (US\$)	Cashflow (US\$ million)
US\$275	8.89	348.9	656.7
US\$300	8.92	347.5	423.9
US\$325	8.19	353.1	229.9

#### 3 March 2000 Spot Price

	Ounces delivered (million)	Average price per ounce (US\$)	Cashflow (US\$ million)
US\$275	7.35	358.6	614.0
US\$300	7.38	357.0	420.5
US\$325	7.05	358.1	233.4

#### Projected cash flows from Hedge Book (assumes 2% gold lease rate)



### Mark-to-Market Valuations

The hedge book had a negative mark-to-market value of US\$231 million at 31 December 1999 (at a gold price of US\$290 per ounce) and a negative value of US\$253 million at 3 March 2000 (at a gold price of US\$289 per ounce). These mark-to-market valuations give an indication of the cost of closing out the hedge portfolio at that time. As an ongoing concern, however, Ashanti will realise the prices and cashflows indicated as on the previous page, subject to the given assumptions.

The increase in the negative mark-to-market since year-end 1999 was primarily due to an increase in US dollar interest rates. US\$9.4 million of cash was also realised during this period.

The delta in Ashanti's hedge portfolio as at 3 March 2000 was negative 9.2 million ounces. This provides an indication that under the same market conditions, a US\$1 change in the spot price of gold would change the mark-to-market valuation by approximately US\$9.2 million.

### Strategy and Policy

The Board of Directors has approved a revised gold hedging policy. While the objectives of the revised policy are broadly similar to the previous policy the revised policy has the effect of:

- limiting protection and commitments levels to a percentage of future forecast production levels, the above mentioned percentage decreasing over time.
- setting a minimum level of protection sufficient to ensure that the Group should be able to meet its commitments as and when they fall due.
- limiting lease rate exposure to a percentage of protection.

Under the revised policy it is unlikely that the size of the hedge book will be increased (unless production substantially increases). The portfolio will, however, have to be restructured to meet the objectives set out on page 6.

The implementation and management of the policy will also take into account a wider range of potential movements in the gold price and other market parameters, in order to minimise the risk of exceeding the margin limits (post the margin free period) provided to Ashanti by its hedge counterparties.

The Board has also reviewed the adequacy of the resources and controls in the gold hedging area. Resources have been strengthened in January 2000 by the appointment of an experienced individual as Managing Director, International Treasury and the engagement of SRTMS as independent consultants. Controls have been further strengthened by the creation of a Risk Management Committee chaired by a non-executive director.

### Outlook

Ashanti has an agreement with its hedging counterparties that provides for margin-free trading up to the end of 2002, and expanded margin limits during 2003 and 2004. During the three years ending 31 December 2002, protection contracts covering 2.1 million ounces and commitment contracts covering 4.1 million ounces are currently scheduled to expire. The analysis described earlier, which was performed as of 3 March 2000, indicates that, at the market conditions prevailing at that date, the mark-to-market value of Ashanti's hedging portfolio would reduce to about US\$90 million negative by year-end 2002 and the delta would reduce to about 6 million ounces. Under the assumptions in this forecast it is estimated that Ashanti's exposure to margin calls will be substantially reduced.

Ashanti management are reviewing further ways to maintain or improve the levels of hedge protection for future years' production, while reducing commitment levels.

	12 months to 31 Dec 1999	12 months to 31 Dec 1998
<b>Obuasi</b>		
<b>Underground Mining</b>		
Ore production ('000 tonnes)	2,348	2,241
Ore grade (g/t)	7.86	8.57
<b>Surface Mining</b>		
Ore production ('000 tonnes)	3,035	4,321
Ore grade (g/t)	3.03	3.22
Waste mined ('000 tonnes)	21,513	29,796
Strip ratio	7.1	6.9
<b>Sulphide Treatment Plant</b>		
Ore processed ('000 tonnes)	2,322	2,598
Head grade (g/t)	4.97	5.29
Recovery (%)	76.9	78.8
Gold produced (ounces)	285,842	347,975
<b>Pompora Treatment Plant</b>		
Ore processed ('000 tonnes)	1,611	1,748
Head grade (g/t)	8.31	8.65
Recovery (%)	83.0	81.8
Gold produced (ounces)	357,542	398,002
<b>Oxide Treatment Plant</b>		
Ore processed ('000 tonnes)	1,343	2,268
Head grade (g/t)	1.77	1.74
Recovery (%)	73.9	68.2
Gold produced (ounces)	56,344	87,580
<b>Tailings Treatment Plant</b>		
Ore processed ('000 tonnes)	1,765	1,850
Head grade (g/t)	2.31	2.61
Recovery (%)	33.1	31.9
Gold produced (ounces)	43,301	49,440
<b>Heap Leach</b>		
Ore stacked ('000 tonnes)	1	217
Head grade (g/t)	0.55	0.71
Gold produced (ounces)	82	2,345
<b>Obuasi Total Processed</b>		
Ore processed ('000 tonnes)	7,043	8,700
Head grade (g/t)	4.46	4.35
Recovery (%)	73.5	72.9
Gold produced (ounces)	743,111	885,342
<b>Distribution of Obuasi Production (ounces)</b>		
Underground	490,013	503,570
Surface	209,797	332,332
Tailings	43,301	49,440
Total	743,111	885,342
<b>Ayanfuri</b>		
<b>Mining</b>		
Ore production ('000 tonnes)	1,293	1,482
Ore grade (g/t)	1.33	1.47
Waste mined ('000 tonnes)	1,606	2,661
Strip ratio	1.2	1.8
<b>Heap Leach</b>		
Ore stacked ('000 tonnes)	1,392	1,519
Head grade (g/t)	1.16	1.35
Recovery (%)	85.3	70.0
Gold produced (ounces)	44,424	46,290

	12 months to 31 Dec 1999	12 months to 31 Dec 1998
<b>Iduapriem</b>		
<b>Mining</b>		
Ore production ('000 tonnes)	5,901	4,170
Ore grade (g/t)	1.15	1.37
Waste mined ('000 tonnes)	13,019	9,908
Strip ratio	2.6	2.4
<b>CIL Plant</b>		
Ore processed ('000 tonnes)	2,929	2,328
Head grade (g/t)	1.46	1.75
Recovery (%)	93.7	94.0
Gold produced (ounces)	128,865	123,076
<b>Heap Leach</b>		
Ore stacked ('000 tonnes)	2,817	2,323
Head grade (g/t)	0.77	0.84
Recovery (%)	53.8	51.3
Gold produced (ounces)	34,835	32,157
<b>Total Gold Produced (ounces)</b>	<b>163,700</b>	<b>155,233</b>
<b>Bibiani</b>		
<b>Mining</b>		
Ore production ('000 tonnes)	3,014	2,149
Ore grade (g/t)	3.65	2.74
Waste mined ('000 tonnes)	12,240	15,963
Strip ratio	4.1	7.4
<b>CIL Plant</b>		
Ore processed ('000 tonnes)	2,481	1,695
Head grade (g/t)	3.82	2.89
Recovery (%)	85.9	91.9
Gold produced (ounces)	261,899	151,727
<b>Siguiri</b>		
<b>Mining</b>		
Ore production ('000 tonnes)	6,832	4,938
Ore grade (g/t)	1.86	2.46
Waste mined ('000 tonnes)	3,370	6,518
Strip ratio	0.5	1.32
<b>Heap Leach</b>		
Ore stacked ('000 tonnes)	6,341	4,098
Head grade (g/t)	1.73	2.29
Recovery (%)	67.8	64.5
Gold produced (ounces)	239,218	193,879
<b>Freda-Rebecca</b>		
<b>Underground Mining</b>		
Ore production ('000 tonnes)	1,030	1,090
Ore grade (g/t)	3.78	3.19
<b>Processing</b>		
Ore processed ('000 tonnes)	1,141	1,124
Head grade (g/t)	3.32	3.31
Recovery (%)	89.6	90.5
Gold produced (ounces)	109,184	108,280
<b>Group Summary (ounces)</b>		
Managed gold production	1,561,536	1,540,751*
Less minority interests	68,623	62,871
<b>Group Attributable Total (ounces)</b>	<b>1,492,913</b>	<b>1,477,880</b>

\*Excluding Asikam

## Measured and Indicated Mineral Resources as at 31 December 1999

Location	Measured		Indicated		Total		Gold (million ounces)
	Tonnes (million)	Grade (g/t)	Tonnes (million)	Grade (g/t)	Tonnes (million)	Grade (g/t)	
<b>Obuasi</b>							
Underground	22.5	11.1	36.0	9.5	58.5	10.1	19.1
Surface	17.7	3.0	–	–	17.7	3.0	1.7
Tailings	4.1	2.4	0.5	2.7	4.6	2.5	0.4
	44.3	7.1	36.5	9.4	80.8	8.1	21.2
<b>Other Locations</b>							
Ayanfuri	2.3	1.7	–	–	2.3	1.7	0.1
Iduapriem (80%)	21.5	1.5	6.5	1.6	28.0	1.5	1.3
Bibiani	5.8	1.3	10.2	3.3	16.0	2.6	1.3
Siguiri (85%)	61.4	1.3	9.7	1.5	71.1	1.4	3.1
Freda-Rebecca	17.2	2.6	0.8	2.6	18.0	2.6	1.5
Geita	40.8	3.5	26.9	3.8	67.7	3.6	7.9
Youga (45%)	–	–	7.3	3.2	7.3	3.2	0.7
	149.0	2.1	61.4	3.0	210.4	2.4	15.9
<b>Total</b>	<b>193.3</b>	<b>3.2</b>	<b>97.9</b>	<b>5.4</b>	<b>291.2</b>	<b>3.9</b>	<b>37.1</b>
1998 Total	177.2	3.3	97.6	5.6	274.8	4.2	36.9

## Proved and Probable Ore Reserves as at 31 December 1999

Location	Proved		Probable		Total		Gold (million ounces)
	Tonnes (million)	Grade (g/t)	Tonnes (million)	Grade (g/t)	Tonnes (million)	Grade (g/t)	
<b>Obuasi</b>							
Underground	6.9	7.6	36.5	7.9	43.4	7.9	11.0
Surface	1.7	4.6	–	–	1.7	4.6	0.3
Tailings	4.1	2.4	0.5	2.7	4.6	2.5	0.4
	12.7	5.6	37.0	7.9	49.7	7.3	11.7
<b>Other Locations</b>							
Ayanfuri	0.9	1.6	–	–	0.9	1.6	0.1
Iduapriem (80%)	5.3	1.1	2.9	1.2	8.2	1.1	0.3
Bibiani	5.8	1.3	9.4	3.2	15.2	2.5	1.2
Siguiri (85%)	52.9	1.4	7.5	1.4	60.4	1.4	2.7
Freda-Rebecca	4.6	2.8	2.2	2.6	6.8	2.7	0.6
Geita	33.5	3.4	16.3	3.6	49.8	3.5	5.5
Youga (45%)	–	–	4.8	3.3	4.8	3.3	0.5
	103.0	2.1	43.1	2.9	146.1	2.3	10.9
<b>Total</b>	<b>115.7</b>	<b>2.5</b>	<b>80.1</b>	<b>5.2</b>	<b>195.8</b>	<b>3.6</b>	<b>22.6</b>
1998 Total	111.6	2.6	71.9	5.8	183.5	3.9	23.0

1. This ore reserve and mineral resource statement is classified according to the Australasian Code for the Reporting of Identified Mineral Resources and Ore Reserves issued by the Joint Committee for the Australasian Institute of Geoscientists and the Australian Mining Industry Council (JORC).
2. All Identified Mineral Resources are reported as *in situ* or contained resources utilising JORC guidelines and are inclusive of the stated Ore Reserve.
3. The Proved and Probable Ore Reserves contained within the Identified Mineral Resource has been estimated using guidelines of the JORC code and are reported as recoverable ore reserves to which appropriate factors have been applied to allow for mining loss and dilution.
4. For economic studies and the determination of cut-off grades, a gold price of US\$300 per ounce was assumed.
5. The Ore Reserve and Identified Mineral Resource reported represents 100 per cent of the Ore Reserve and Mineral Resource at the respective properties and no allowance has been made for minority interests. Ashanti's percentage interest is shown in brackets for properties where Ashanti has less than 100 per cent ownership.
6. The competent persons who have overseen the estimation of the Ore Reserve and Identified Mineral Resource are listed as follows:
 

Mine	Resources	Reserves
Obuasi	J Amanor	J Chamberland
Ayanfuri	J Amanor	J Chamberland
Iduapriem	K Osei	S Ndede
Bibiani	C P de Vente	J Seaward
Siguiri	R Breyley	R Breyley
Freda-Rebecca	J Chinyaukira	V Utete
Geita	D Bansah	D Holly
Youga	D Bansah	M Hill
7. Inferred mineral resources are not reported in the statement.
8. Obuasi ore reserves decreased by 2.0 million ounces as compared to end 1998. This was due to the depletion of surface oxides, closer spaced drilling which reduced widths in some areas, application of a reconciliation grade factor more in line with what is currently being achieved in the predominately lower grade sulphide blocks, as well as normal annual depletion.

#### Reconciliation for 1999 (million ounces)

Location	Measured and Indicated Mineral Resource			Proved and Probable Ore Reserve		
	Opening	Net (Depletion)/ Additions	Closing	Opening	Net (Depletion)/ Additions	Closing
Obuasi	23.4	(2.2)	21.2	13.7	(2.0)	11.7
Ayanfuri	0.2	(0.1)	0.1	0.1	–	0.1
Iduapriem (80%)	1.0	0.3	1.3	0.2	0.1	0.3
Bibiani	1.9	(0.6)	1.3	1.4	(0.2)	1.2
Siguiri (85%)	3.2	(0.1)	3.1	2.7	–	2.7
Freda-Rebecca	1.5	–	1.5	0.8	(0.2)	0.6
Geita	5.3	2.6	7.9	4.1	1.4	5.5
Youga (45%)	0.4	0.3	0.7	–	0.5	0.5
<b>Total</b>	<b>36.9</b>	<b>0.2</b>	<b>37.1</b>	<b>23.0</b>	<b>(0.4)</b>	<b>22.6</b>

**adit** A tunnel driven horizontally into a mountainside providing access to an ore deposit.

**BIOX®** Gencor's registered name for its bio-oxidation leaching process.

**bio-oxidation** The use of bacterial activity to oxidise sulphide minerals.

**carbon-in-leach (CIL) process** A modification of CIP whereby carbon is added directly into the slurry during leaching as opposed to CIP where carbon is added after leaching is complete.

**carbon-in-pulp (CIP) process** A process used to recover dissolved gold from a cyanide leach slurry. Coarse activated carbon particles are moved counter-current to the slurry, absorbing the gold as it passes through the circuit. Loaded carbon is removed from the slurry by screening. The gold is recovered from the loaded carbon by stripping in a caustic cyanide solution followed by electrolysis or by zinc precipitation.

**cash operating cost** A measure of the average cost of producing an ounce of gold, calculated by dividing the total working costs in a period by the total gold production over the same period. Working costs represent total operating costs less royalties and depreciation.

**contained ounces** Represents ounces in the ground without reduction due to mining loss or dilution.

**cyanide leaching** The extraction of a precious metal from an ore by its dissolution in a cyanide solution.

**decline** An inclined underground access way.

**diamond drilling or core drilling** A drilling method, where the rock is cut with a diamond bit, usually to extract cores.

**dilution** Waste which is commingled with ore in the mining process.

**feasibility study** A detailed technical and economic analysis of the viability of a project covering all aspects from geology, environmental and legal matters to mining, processing and operations.

**flotation** A recovery process by which valuable minerals are separated from waste to produce a concentrate. Selected minerals are induced to become attached to air bubbles and to float.

**forward sales** The sale of a commodity for delivery at a specified future date and price, usually at a premium to the spot price.

**geochemical sampling** Samples of soils, stream sediments or rock chips taken to ensure the quantities of trace and minor elements.

**grade** The relative quality or percentage of ore metal content.

**heap leaching** A low-cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

**indicated mineral resource** That part of a Mineral Resource which has been explored, sampled and tested through appropriate techniques at locations which are too widely or inappropriately spaced to confirm geological and/or grade continuity but which are spaced closely enough for continuity to be assumed, and from which data have been collected to allow tonnage, densities, shape, physical characteristics, grade and mineral content to be estimated with a reasonable level of confidence.

**inferred mineral resource** That part of a Mineral Resource inferred from geological evidence and assumed but not verified geological and/or grade continuity, where information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes is limited or of uncertain quality and reliability and on the basis of which tonnage, grade and mineral content can be estimated with a low level of confidence.

**measured mineral resource** That part of a Mineral Resource which has been explored, sampled and tested through appropriate techniques at locations such as outcrops, trenches, pits, workings and drill holes which are spaced closely enough to confirm geological and/or grade continuity, and from which detailed reliable data have been collected to allow tonnage, densities, shape, physical characteristics, grade and mineral content to be estimated with a high level of confidence.

**milling/mill** The comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

**mineralised zone** Any mass of host rock in which minerals, at least one of which has commercial value occur.

**mtpa** Million tonnes per annum.

**ore** Material that contains one or more minerals, at least one of which has commercial value and which can be recovered at a profit.

**open pit/open cut** Surface mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

**orebody** A continuous well defined mass of material of sufficient ore content to make extraction economically feasible.

**oxide** That portion of a mineral deposit within which sulphide minerals have been oxidised, usually by surface weathering processes.

**pre-stripping** Removal of overburden in advance of beginning operations to remove ore in an open pit operation.

**probable ore reserve** That mineable part of a Measured and/or Indicated Mineral Resource, inclusive of diluting materials and allowing for losses which may occur when the material is mined, on which appropriate assessments have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors, to demonstrate at the time of reporting that extraction could reasonably be justified.

**prospect** A mineral deposit with insufficient data available on the mineralisation to determine if it is economically recoverable, but warranting further investigation.

**prospecting licence** An area for which permission to explore has been granted.

**proved ore reserve** That mineable part of a Measured Mineral Resource, inclusive of diluting materials and allowing for losses which may occur when the material is mined, on which appropriate assessments have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors, to demonstrate at the time of reporting that extraction could reasonably be justified.

**reclamation** The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use.

**recoverable ounces** Represents ounces in the ground factored for mining loss and dilution.

**recovery** A term used to indicate the proportion of valuable material obtained during the mining or processing of an ore. The recovery is generally expressed as a percentage of the material recovered compared to the total material present.

**reverse circulation drilling** A drilling method employing double walled drill rods. The drilling fluid (usually air or water) is pushed down the annulus between the rods. The cuttings are blown up the middle.

**spot price** The current price of a metal for immediate delivery.

**stope** The underground excavation from which ore is extracted.

**strike length** Horizontal distance along the direction that a structural surface takes as it intersects the horizontal.

**stripping** The process of removing overburden to expose ore.

**strip ratio** The ratio of overburden and segregable waste to ore in an open pit operation.

**sulphide** A mineral characterised by the linkages of sulphur with a metal or semi-metal, iron sulphide. Also a zone in which sulphide minerals occur.

**tailings** The waste material from ore after the economically recoverable metals or minerals have been extracted. Changes in the metal prices and improvements in technology can sometimes make the tailings economic to reprocess at a later date.

**trenching** Making elongated open-air excavations for the purposes of mapping and sampling.

**waste** Rock lacking sufficient grade and/or other characteristics of ore to be economic.

#### Metric Conversion

1 tonne	= 1 t	= 1.10231 tons
1 gramme	= 1 g	= 0.03215 ounces
1 gramme per tonne	= 1 g/t	= 0.02917 ounces per ton
1 hectare	= 1 ha	= 2.47105 acres
1 kilometre	= 1 km	= 0.621371 miles
1 metre	= 1 m	= 3.28084 feet

All tons are short tons of 2,000 pounds.

All ounces are troy ounces: 29.166 troy ounces equal one ton.

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**Philip M Tarsh\*†‡ (1,2)**

*Chairman of the Board and the Audit and Remuneration and Nomination Committees*

Age 69. British. Appointed a director in April 1978 and acting Chairman in February 2000. Formerly a director of Lonrho Plc.

**Sam E Jonah (3,4,5,6)**

*Chief Executive and Group Managing Director, Chairman of the Strategic Planning Committee, Finance Committee and the Charitable Donations Committee*

Age 50. Ghanaian. Appointed in May 1982. Director of Lonmin Plc, First Atlantic Merchant Bank Limited, Commonwealth Africa Investment Fund Limited and Ecobank Transnational Incorporated.

**Kofi Ansah\*‡ (2)**

Age 54. Ghanaian. Appointed in May 1989. Director of Aluworks Company Limited and Volta River Authority. Formerly Chief Executive of the Ghana Minerals Commission.

**Alex Ashiabor\* (1, 2)**

Age 66. Ghanaian. Appointed in February 2000. Executive Chairman of Metropolitan & Allied Bank (Ghana) Limited and a member of the Board of the Ghana Institute of Statistical, Social and Economic Research and the University of Ghana's Board of Trustees. Former Governor of the Bank of Ghana.

**Ekow N Awoonor\* (2)**

Age 51. Ghanaian. Appointed in February 2000. Principal of Awoonor Law Consultancy, a director of SSB Bank Limited and African Tiger Mutual Fund Limited.

**Michael E Beckett\* (1,2)**

Age 63. British. Appointed in March 1994. Chairman of Horace Clarkson Plc and Watts Blake Bearne Limited. Director of North Limited, BPB PLC, British Borneo Oil and Gas PLC, Viglen Technology PLC, Northern Platinum PLC.

**Merene Botsio-Phillips**

*General Counsel*

Age 42. Ghanaian. Appointed in October 1996. Director of The Air Transport Licensing Authority of Ghana. Formerly a director and Company Secretary of Ghana Airways Limited.

**The Rt. Hon. The Baroness Chalker of Wallasey PC\* (2)**

Age 58. British. Appointed in March 2000. President of Southern Africa Business Association, Intermediate Technology and Transparency International UK. President and Chairman of the Boards of Management of the British Executive Service Overseas and the London School of Hygiene and Tropical Medicine. Director of Capital Shopping Centres plc., Former British Government Minister.

**Dr David R Creed\* (2,6)**

*Chairman of the Risk Management Committee*

Age 57. British. Appointed in April 2000. Director General of the Association of Corporate Treasurers. Director of The Housing Finance Corporation and Foreign & Colonial Emerging Markets Investment Trust PLC and a Governor and the Deputy Chairman of Newham College of Further Education. Formerly Group Treasurer of Tate & Lyle PLC.

**Dr Chester A Crocker\* (1,2)**

Age 59. American. Appointed in February 2000. Professor of Strategic Studies at Georgetown University's School of Foreign Service. Chairman of the Board of United States Institute of Peace and an advisor on strategy and negotiations to a number of US and European Companies. Director of ASA Limited and a former director of Minorco S.A.. Former US Assistant Secretary of State for African Affairs.

**Dr Kwabena Duffuor\* (1, 2)**

Age 57. Ghanaian. Appointed in February 2000. Governor of the Bank of Ghana and a director of the Ghana Cocoa Board and the Ghana Cocoa Marketing Company Limited.

**Mr Thomas Gibian\* (2)**

Age 46. American. Appointed in March 2000. Managing Director of Emerging Markets Partnership and Chief Operating Officer of AIG African Infrastructure Fund. Director of Inter WAVE Communications and Trustee of Sidwell Friends School, Washington DC. Former Managing Director of Emerging Markets Partnership's Asian Funds and Executive Director and Co-Head of Structured Finance for the Asia-Pacific Region of Goldman Sachs (Asia) Limited.

**Mark B Keatley‡ (3,4,6)**

*Chief Financial Officer*

Age 42. British. Appointed in August 1994. Formerly with the International Finance Corporation as Divisional Manager, Treasury and Financial Policy.

**Dr Michael P Martineau\* (2)**

Age 55. British. Appointed in February 2000. Director, President and Chief Executive Officer of Axmin Limited and Carpathian Gold Limited and a director of Adryx Mining & Metals Limited. Former Chief Executive Officer of SAMAX Gold Inc., with extensive experience in mining and exploration in Africa, Australia, United Kingdom and USA including Cluff Resources Plc, SAMAX Resources Limited and Rayrock Resources Limited.

**Nicholas J Morrell\* (2)**

Age 52. British. Appointed in February 1997. Director and Chief Executive of Lonmin Plc.

**Eleanor D Ofori Atta (3,5)**

*Executive Director, Corporate Relations*

Age 56. Ghanaian. Appointed in March 1994. She is responsible for corporate services including human resources.

**Ferdinand Ohene-Kena\*‡ (2)**

Age 64. Ghanaian. Appointed in September 1995. Formerly Minister for Mines and Energy of the Republic of Ghana.

**Henry K A Otoo‡ (3)**

*Executive Director, Government Affairs*

Age 61. Ghanaian. Appointed in December 1986. He was previously with the Nigerian Mining Corporation.

**Sir William S Ryrie, KCB\*‡ (1,2)**

Age 71. British. Appointed in September 1995. Chairman of Baring Emerging Europe Trust and director of W S Atkins plc. Formerly Head of the International Finance Corporation of the World Bank Group.

**Trevor S Schultz (3,4,6)**

*Chief Operating Officer*

Age 57. American/Australian. Appointed in October 1996. Formerly Senior Vice President and Chief Operating Officer Pegasus Gold Company.

\*Non-executive director

†Senior independent director

‡Retiring directors

(1) Audit Committee Member

(2) Remuneration & Nomination Committee Member

(3) Finance Committee Member

(4) Strategic Planning Committee Member

(5) Charitable Donations Committee Member

(6) Risk Management Committee Member

**Board Committees****Audit**

The Audit Committee reviews and reports to the Board on the compliance, integrity and major judgemental aspects of the Group's published financial statements, the scope and quality of the external audit and the adequacy of the Group's internal controls.

**Finance**

The Finance Committee examines and approves all investment projects and financial transactions within the authority delegated by the Board and monitors operational profitability and asset utilisation.

**Remuneration & Nomination**

The Remuneration & Nomination Committee determines the level and structure of executive directors' remuneration and reviews their performance and service agreements annually. The Committee also makes recommendations to the Board on the appointment of non-executive directors.

**Strategic Planning**

The Strategic Planning Committee identifies critical strategic objectives and reviews new business opportunities, joint ventures and exploration projects for further consideration by the Board.

**Charitable Donations**

The Charitable Donations Committee implements the Board's charitable assistance policy, which is to support Ghana's national charities in the educational and health sectors of the community.

**Risk Management**

The Risk Management Committee was set up in April 2000 with authority to review and monitor the execution of risk management policies of the Group with particular focus on financial risks, including hedging and, where necessary, make recommendations to the Board.

The directors present their report and the audited financial statements for the year ended 31 December 1999.

#### Principal Activities

The principal activities of the Group are the exploration, development and mining of gold. The progress of the business during the year and likely future developments are reported in the Chairman's Statement, the Chief Executive's Review and the Operations Review.

#### Results and Dividend

The results for the year are set out on page 34. The directors do not recommend paying a dividend for the year ended 31 December 1999.

#### Employment Policies

The Group respects and values its employees as individuals and places emphasis on policies which benefit both the Group and its employees. The Group is committed to providing equal advancement opportunities, safe, clean working conditions and remuneration in the upper range of the industry. It recognises the merit of all employees, yet it endeavours to attract and retain the best people by rewarding superior performance and giving them opportunities to expand their skills, develop their potential and apply their creativity.

#### Directors

Details of the directors of the Company are given on page 30. All the directors shown served throughout the year with the exception of Mr J C Gandur, who resigned on 4 October 1999, Mr A Ashiabor, Mr E N Awoonor, Dr C A Crocker, Dr K Duffuor and Dr M P Martineau, who were appointed on 22 February 2000, The Rt. Hon. The Baroness Chalker of Wallasey PC and Mr T Gibian, who were appointed on 24 March 2000 and Dr D R Creed, who was appointed on 7 April 2000. All of the directors appointed in the current year will retire and offer themselves for election at the Annual General Meeting.

Since the year end, Mr R K Pephrah resigned as a director and Chairman of the Board on 11 February 2000 and was succeeded as acting Chairman by Mr P M Tarsh.

The directors retiring by rotation at the Annual General Meeting are Mr K Ansah, Mr H K A Otoo, Mr N J Morrell and Mr P M Tarsh of whom only Mr Morrell offers himself for re-election. Sir William Ryrrie, who has reached retirement age for non-executive directors, will also retire at the Annual General Meeting.

As non-executives, none of the directors offering themselves for election or re-election has a service agreement.

As part of a general restructuring of the Board, Mr M B Keatley and Mr F Ohene-Kena will retire as directors at the Annual General Meeting and Mrs M Botsio-Phillips will become a substitute director for Mrs E D Ofori Atta.

#### Directors' Interests

The interests of the directors holding office at the end of the year in the ordinary shares of the Company are shown in note 24 to the financial statements.

None of the directors had any interests in the shares of any of the Company's subsidiaries at any time during the year. None of the directors had a material interest in any contract of significance with the Group during the year, other than Mr S E Jonah, who had an interest in a Technical Services Agreement dated 14 March 1994 between the Company and Lonmin Plc. Under this agreement, Lonmin Plc has agreed to provide to Ashanti technical services and the services of Mr S E Jonah. As remuneration for such services, the Company paid Lonmin Plc a total of US\$1.8 million during the year.

#### Share Capital

Details of the changes in the share capital during the year including treasury shares and the number of ordinary shares reserved for issue at the year end are shown in note 23 to the financial statements.

As has been our annual practice, the directors are seeking renewal at the Annual General Meeting of the authority to allot shares for cash with a disapplication of pre-emption rights. Similarly authority for the Company to purchase its own shares, as and if appropriate, is being sought.

#### Donations

Charitable donations for the year amounted to US\$0.3 million. No donations were made for political purposes.

#### Substantial Shareholders

Details of the Company's 20 largest shareholders are shown on page 59.

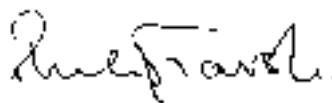
#### Auditors

Pannell Kerr Forster have indicated their intention to step down as joint auditors of the Company after the Annual General Meeting and Deloitte & Touche have agreed to continue as the Company's sole auditors. A resolution to authorise the directors to determine the auditors' remuneration will be proposed at the Annual General Meeting.

#### Annual General Meeting

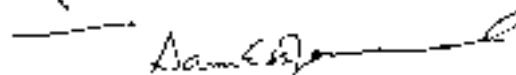
The Annual General Meeting will be held at the Len Clay Stadium, Obuasi, Ghana on Tuesday 30 May 2000 at 11.00 a.m. Full details are given in the Notice of Meeting on page 62.

By order of the Board



Philip M Tarsh  
Chairman

12 April 2000



Sam E Jonah  
Chief Executive and  
Group Managing Director

12 April 2000

#### Statement of Compliance with the Provisions of the Combined Code

All companies listed on the London Stock Exchange, other than overseas companies such as the Company, are required to report on their compliance with the Combined Code on Corporate Governance, which forms part of the Listing Rules of the London Stock Exchange. Notwithstanding this dispensation, the Board reports that the Company, in applying the principles of good governance, has complied throughout the year with the provisions of Section 1 of the Combined Code, except for paragraphs A.3.2, A.6.2, B.1.7 and B.3.1, where the requirements differ from general practice in Ghana.

#### Statement of Appliance of the Principles of the Combined Code

The Board of directors, which currently comprises six executive and fourteen non-executive directors, meets formally at least five times a year. During 1999, the Board met more than twenty times due to the financial crisis that was faced by the Group. The Board's primary role is to determine the Group's long-term direction and strategy and to monitor the management of the business to ensure that agreed performance targets are achieved.

The strong representation of non-executive directors on the Board, who are drawn from a wide variety of backgrounds, brings a broad diversity of experience to the business.

There is a clear separation between the roles of the Chairman and the Chief Executive. The Chairman is responsible for the effectiveness of the Board, the balance of membership and for ensuring that all directors' views are heard. The Chief Executive is responsible for the day-to-day operation of the business and for developing future strategies. In this, he is assisted by his fellow executive directors and the other senior managers who, together, form the Chief Executive's Committee as detailed on page 61.

Biographical details of the Board of directors and a brief description of the roles and functions of the principal Board committees are given on page 30.

The Remuneration & Nomination Committee is responsible for determining the level and composition of the executive directors' remuneration, linked to corporate performance targets.

Regular meetings are held with institutional shareholders, fund managers and brokers' analysts, which also include visits to the Company's operations, with a view to ensuring that the plans and objectives of the Company are fully understood.

Shareholders' interests and the Group's assets are safeguarded by a system of internal control overseen by the Audit Committee.

#### Internal Control

The Group has adopted the transitional approach for the internal control aspects of the Combined Code as set out in the letter from the London Stock Exchange dated 27 September 1999. During 1999 the Group Internal Audit Department initiated a review of the Group's risk management processes and controls throughout its operations. Risk identification and assessment training was provided to ensure ongoing procedures for identifying, evaluating and managing

risk under the control of risk committees, which have been or are being established at each operating location and corporate office. We expect these procedures to be fully in place by 30 September 2000.

The directors' review of the effectiveness of the Group's system of internal control for which they are responsible was restricted to a review of the effectiveness of internal financial control, as permitted by the London Stock Exchange. In discharging that responsibility, the directors have evolved a system of financial control which is designed to safeguard the assets of the Group and the integrity of its accounting records, although such a system can provide only reasonable, but not absolute, assurance against material misstatement or loss. The directors have reviewed the effectiveness of the Group's system of internal financial control for the year and the period to the date of approval of the financial statements and have considered the major business risks and the control environment. These controls and procedures include:

#### Organisational Structure

The Group operates through a clearly defined organisational structure. The Board of directors, which meets regularly, is responsible for overall strategy, while the Chief Executive and Group Managing Director, assisted by the Chief Executive's Committee, has day to day operational responsibility. The Finance Committee is responsible for monitoring operational profitability and asset utilisation.

#### Financial Reporting

Budgets are prepared annually for financial performance, operating costs and capital expenditure. Financial information is produced monthly and monitored against budgets. Variances are considered by the relevant management and appropriate action taken. Financial information is reviewed in relation to comprehensive information regarding production information, primarily quantities and grades.

#### Approval Procedures

Systems are in place to ensure that transactions in respect of major areas of risk are subject to approval procedures, including the need for Finance Committee approval of any significant capital expenditure.

#### Controls over Hedging Transactions

The hedging programme is carried out within the risk management policy approved by the Board. Controls include the authorisation procedure referred to above, the prohibition of speculative transactions, the separation of dealing and settlement functions, regular reconciliations of positions by the two functions and regular monitoring and reporting of market positions.

Since the year end, the Board has set up a Risk Management Committee responsible for ongoing monitoring of the risk management activities of the treasury function.

#### Monitoring of Controls

An internal audit function monitors the control procedures of the Group. The Audit Committee, comprising certain non-executive directors, monitors the adequacy of the Group's systems of internal financial control.

**Directors' Responsibilities**

The Ghana Companies Code, 1963 (Act 179) ("the Companies Code") requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Code. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The above statement, should be read in conjunction with the statement of the auditors' responsibilities set out below.

**Auditors' Report**

to the shareholders of Ashanti Goldfields Company Limited

We have audited the financial statements on pages 34 to 52 which have been prepared under the accounting policies set out on pages 38 and 39.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described above the financial statements. Our responsibilities, as independent auditors, are established by statute, the United Kingdom Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Ghana Companies Code, 1963 (Act 179). We also report to you as to whether in our opinion the financial statements are in agreement with the books, whether the books have been properly kept, whether we obtained the information and explanations we required and if, in our opinion, the directors' report is not consistent with the financial statements.

We review whether the corporate governance statement on page 32 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the Group meeting its commitments under the terms of its banking arrangements. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

The financial statements are in agreement with the books, which in our opinion have been properly kept. We obtained the information and explanations we required. In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1999 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Ghana Companies Code, 1963 (Act 179) and United Kingdom Accounting Standards.

**Basis of Audit Opinion**

We conducted our audit in accordance with Auditing Standards issued by the United Kingdom Auditing Practices Board. An

Deloitte & Touche  
Accra, Ghana  
12 April 2000

Pannell Kerr Forster  
Accra, Ghana  
12 April 2000

## Group Profit and Loss Account

For the year ended 31 December

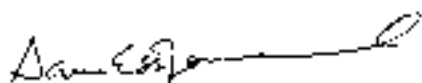
	Notes	1999			1998		
		Before exceptional items US\$m	Exceptional items US\$m	After exceptional items US\$m	Before exceptional items US\$m	Exceptional items US\$m	After exceptional items US\$m
Turnover	2	582.1	–	582.1	600.3	–	600.3
Operating costs	3, 4	(358.7)	(49.1)	(407.8)	(379.6)	(9.2)	(388.8)
Royalties		(12.2)	–	(12.2)	(12.6)	–	(12.6)
Depreciation	4	(114.9)	(30.0)	(144.9)	(108.6)	–	(108.6)
<b>Total costs</b>		<b>(485.8)</b>	<b>(79.1)</b>	<b>(564.9)</b>	<b>(500.8)</b>	<b>(9.2)</b>	<b>(510.0)</b>
Operating profit	5	96.3	(79.1)	17.2	99.5	(9.2)	90.3
Exceptional provision for loss on disposal of fixed assets	6	–	(171.1)	(171.1)	–	–	–
Profit/(loss) on sale/termination of businesses	7	–	0.2	0.2	–	(24.0)	(24.0)
<b>Profit/(loss) on ordinary activities before interest</b>		<b>96.3</b>	<b>(250.0)</b>	<b>(153.7)</b>	<b>99.5</b>	<b>(33.2)</b>	<b>66.3</b>
Net interest payable	9	(29.9)	–	(29.9)	(23.2)	–	(23.2)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>66.4</b>	<b>(250.0)</b>	<b>(183.6)</b>	<b>76.3</b>	<b>(33.2)</b>	<b>43.1</b>
Taxation	10	(2.7)	–	(2.7)	–	–	–
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>63.7</b>	<b>(250.0)</b>	<b>(186.3)</b>	<b>76.3</b>	<b>(33.2)</b>	<b>43.1</b>
Equity minority interests		2.4	–	2.4	(2.4)	–	(2.4)
<b>Profit/(loss) attributable to shareholders</b>		<b>66.1</b>	<b>(250.0)</b>	<b>(183.9)</b>	<b>73.9</b>	<b>(33.2)</b>	<b>40.7</b>
Dividend	11	–	–	–	(10.9)	–	(10.9)
<b>Retained profit/(loss) for the year</b>	<b>25</b>	<b>66.1</b>	<b>(250.0)</b>	<b>(183.9)</b>	<b>63.0</b>	<b>(33.2)</b>	<b>29.8</b>
Earnings per share (US\$)	12	0.59	(2.23)	(1.64)	0.68	(0.31)	0.37
Diluted earnings per share (US\$)	12	0.54	(2.30)	(1.76)	0.68	(0.31)	0.37

## Balance Sheets

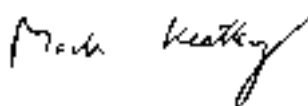
As at 31 December

	Notes	1999		1998	
		Group US\$m	Company US\$m	Group US\$m	Company US\$m
<b>Fixed assets</b>					
Property, plant and equipment	13	1,008.0	623.5	1,099.4	832.3
Intangible assets	14	131.5	–	111.5	–
Investments	15	–	520.4	2.2	556.0
		<b>1,139.5</b>	<b>1,143.9</b>	<b>1,213.1</b>	<b>1,388.3</b>
<b>Current assets</b>					
Stocks	16	76.4	39.5	99.0	69.6
Debtors	17	31.8	220.6	64.3	187.8
Cash	18	89.7	22.8	112.9	47.2
		<b>197.9</b>	<b>282.9</b>	<b>276.2</b>	<b>304.6</b>
<b>Creditors: amounts falling due within one year</b>					
Creditors	19	(181.6)	(57.0)	(206.4)	(66.5)
Borrowings	20	(159.4)	(7.2)	(76.0)	(4.7)
		<b>(341.0)</b>	<b>(64.2)</b>	<b>(282.4)</b>	<b>(71.2)</b>
<b>Net current (liabilities)/assets</b>		<b>(143.1)</b>	<b>218.7</b>	<b>(6.2)</b>	<b>233.4</b>
<b>Total assets less current liabilities</b>		<b>996.4</b>	<b>1,362.6</b>	<b>1,206.9</b>	<b>1,621.7</b>
<b>Creditors: amounts falling due over one year</b>					
Creditors	19	(155.4)	(860.1)	(217.9)	(597.3)
Borrowings	20	(423.2)	(9.3)	(414.3)	(164.6)
<b>Provisions for liabilities and charges</b>	22	<b>(25.5)</b>	<b>(5.2)</b>	<b>(21.5)</b>	<b>(5.2)</b>
		<b>392.3</b>	<b>488.0</b>	<b>553.2</b>	<b>854.6</b>
<b>Capital and reserves</b>					
Stated capital	23	544.3	544.3	518.6	518.6
Reserves	25	(153.1)	(56.3)	30.8	336.0
<b>Equity shareholders' funds</b>		<b>391.2</b>	<b>488.0</b>	<b>549.4</b>	<b>854.6</b>
Equity minority interests		1.1	–	3.8	–
		<b>392.3</b>	<b>488.0</b>	<b>553.2</b>	<b>854.6</b>

The financial statements were approved by the Board of directors on 12 April 2000 and signed on its behalf by:



Sam E Jonah  
Director



Mark B Keatley  
Director

## Group Cash Flow Statement

For the year ended 31 December

	Notes	1999 US\$m	1998 US\$m
<b>Cash inflow from operating activities</b>	<b>27</b>	<b>120.3</b>	<b>310.8</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		4.5	7.3
Interest paid		(33.3)	(32.5)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(28.8)</b>	<b>(25.2)</b>
<b>Taxation</b>			
Corporate tax paid		(3.4)	–
<b>Capital expenditure and financial investment</b>			
Purchase of property, plant and equipment		(189.0)	(161.0)
Proceeds from sale of fixed assets		–	3.0
Purchase of own shares		–	(22.6)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(189.0)</b>	<b>(180.6)</b>
<b>Acquisitions and disposals</b>		<b>7.4</b>	<b>(94.0)</b>
<b>Equity dividends paid</b>		<b>(7.5)</b>	<b>(5.2)</b>
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(101.0)</b>	<b>5.8</b>
Management of liquid resources		11.3	(11.4)
<b>Cash outflow before financing</b>		<b>(89.7)</b>	<b>(5.6)</b>
<b>Financing</b>			
Loans drawn down		289.0	163.3
Loan repayments		(214.5)	(153.7)
<b>Net cash inflow from financing</b>		<b>74.5</b>	<b>9.6</b>
<b>(Decrease)/increase in cash</b>		<b>(15.2)</b>	<b>4.0</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/increase in cash		(15.2)	4.0
(Decrease)/increase in liquid resources		(11.3)	11.4
Cash inflow from increase in debt		(26.5)	15.4
Other		(74.5)	(9.6)
		(14.5)	28.1
<b>Movement in net debt</b>	<b>28</b>	<b>(115.5)</b>	<b>33.9</b>
Net debt at 1 January		(377.4)	(411.3)
<b>Net debt at 31 December</b>		<b>(492.9)</b>	<b>(377.4)</b>

## Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December

	1999 US\$m	1998 US\$m
(Loss)/profit for the year	(183.9)	40.7
Dividend	–	(10.9)
New share capital issued	25.7	3.0
Purchase of own shares	–	(22.6)
Re-issue of purchased shares	–	19.0
Opening shareholders' funds	549.4	520.2
Closing shareholders' funds	391.2	549.4

There are no recognised gains or losses other than as disclosed in the Group Profit and Loss Account.

## 1 Accounting policies

The principal accounting policies adopted by the Group and used in the preparation of these financial statements are set out below. The accounting policies used in preparing the financial statements are consistent with those used by the Group in its financial statements for the period ended 31 December 1998 except as noted below.

In the year ended 31 December 1999 a number of changes in accounting policy has been introduced in order to implement the requirements of new Financial Reporting Standards.

The Group has adopted the requirements of the following Financial Reporting Standards:

FRS 12 – Provisions, contingent liabilities and contingent assets.

FRS 13 – Derivatives and other financial instruments: disclosures.

FRS 14 – Earnings per share.

FRS 15 – Tangible Fixed Assets.

The changes arising from the implementation of FRS 12 are set out in the policy below on environmental and site restoration obligations. The disclosures required by FRS 13 have been included in the financial statements. The calculation of earnings per share have been revised to comply with FRS 14 and the requirements of FRS 15 have been adopted early.

### Basis of preparation

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

It should be noted, however, that the Group has significant commitments in 2000 under the terms of the banking arrangements, including the need to raise US\$200 million by 30 September 2000 from asset sales, in order to retire a US\$100 million bridge loan facility and repay US\$151 million of the US\$326 million RCF by 31 December 2000. The Group expects to repay these facilities from the proceeds of the sale of a 50 per cent interest in the Geita project in Tanzania. In connection with this Ashanti announced in early April 2000 that it had signed a non-binding Heads of Agreement with AngloGold Group.

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Because the Group earns all its revenue in US dollars and the majority of its transactions are in US dollars, or based on them, the Group's functional and reporting currency is US dollars.

### Basis of consolidation

The Group accounts comprise a consolidation of the results, assets and liabilities of the Company and its subsidiary undertakings. The results and cash flows of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal. Investments in associated undertakings are accounted for under the equity accounting method. An associated undertaking is one in which the Group's interest is considered to be long term and is substantial and over which the Group exercises a significant influence.

Businesses that were acquired with the sole intention of a subsequent resale are included as a current asset valued at net realisable value. The trading results of these businesses are not consolidated in the Group profit and loss account.

### Goodwill

Goodwill, arising from the purchase of subsidiary undertakings and interests in associates and joint ventures represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired. Goodwill in accordance with FRS 10 is capitalised and amortised over the life of the underlying mine assets. Prior to 1 January 1998, goodwill was charged to reserves in the year of acquisition.

On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging or crediting the amount of any goodwill previously charged to reserves or capitalised and not yet charged to the profit and loss account.

### Transactions in other currencies

Monetary assets and liabilities denominated in currencies other than the US dollar are translated at the rates of exchange ruling at the year end. Transactions denominated in currencies other than US dollars are translated at the rates ruling at the dates of the transactions. All translation differences are taken to the profit and loss account.

### Revenue recognition

Sale of bullion is recognised when doré is produced in the gold room. The proceeds from sales of bullion produced immediately prior to the year end but which have not been received are included as 'gold in transit' within cash balances.

### Property, plant and equipment

Tangible assets are recorded at cost less depreciation. Repairs and maintenance expenditures are charged against profits; major improvements and replacements which extend the useful life of an asset are capitalised.

Costs associated with initial or grass roots exploration are charged against profits in the year in which they are incurred. When it has been established that a mineral property has development potential, further exploration costs and the costs of developing the mine, are capitalised. Major development expenditures incurred to expose the ore body, to increase production or extend the life of the mine are capitalised.

## 1 Accounting policies (continued)

Depreciation is provided, other than on assets in the course of construction, so as to amortise the assets over their estimated useful economic lives of the specific assets concerned or the life of the mine as follows:

(a) Shafts, development and pre-production costs, plant and equipment and processing plants are depreciated using the unit of production method based on recoverable proved and probable gold reserves at the commencement of the year, or on a straight line basis over their estimated useful lives if shorter.

For assets depreciated on a straight line basis, the estimated useful lives range from three years for software to five years for vehicles and five to 15 years for plant and equipment.

(b) Buildings are depreciated using the straight line method, based on an estimated useful life of up to 30 years.

(c) Assets in the course of construction are depreciated in accordance with the policies described above from the time that they become operational.

Interest costs related to the period of construction of mines are included in the costs of such assets and are depreciated as part of the total cost.

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the expected future cash flows of the relevant operation or its disposable value, if higher, in accordance with FRS 11.

### Stocks

Stocks are valued at the lower of cost and net realisable value (which includes an appropriate proportion of production overheads).

### Interest and finance costs

Interest payable is charged against profits in the year in which it arises.

Front end fees, commitment fees, and other costs associated with the initial loan are brought into account and amortised over the term of the loan.

Interest costs directly related to funding mine development are included as part of the capital cost up to the start of commercial operations.

### Financial Instruments

In order to protect against the impact of falling bullion prices, the Group enters into hedging transactions which provide a minimum price for future production and allow the Group to take advantage of increases in the gold price. Hedging transactions include spot deferred, gold price swaps and forward sale contracts, put and call option contracts and gold loans.

Gains and losses on all hedging contracts, including premiums receivable and payable on options, are recognised in the profit and loss account as designated production is delivered. In the case of early settlement of hedge contracts, gains or losses are deferred and brought into income at the originally designated delivery date.

### Deferred taxation

Provision is made for deferred taxation only to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

### Environmental and site restoration obligations

Mining operations are generally required to restore mine and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group's environmental policies. The expected cost of any committed decommissioning or restoration programme, discounted to its net present value is provided and capitalised at the beginning of each project and amortised over the life of the mine concerned. Although this is a change in accounting policy from the previous method of accruing for such costs over the life of the mine concerned it had no material effect on prior years' provisions. The new accounting policy has resulted in US\$4.3 million of the increase in provision during 1999 being capitalised.

### Stripping costs

Pre-stripping costs are the costs of removing overburden to expose ore. These costs are capitalised prior to the commencement of production and are expensed on a unit of production basis relative to the mine's estimated surface ore reserves.

Stripping costs are the costs associated with the removal of waste materials after ore has been exposed. These costs are deferred and expensed relative to waste materials associated with the ore mined during the period under review.

### Investments

In the Company balance sheet, investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value.

### Leased assets

Assets acquired under finance leases are included in the balance sheet at cost less depreciation. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

2 Turnover		1999		1998	
		US\$m		US\$m	
Bullion revenue		438.1		457.9	
Gain on hedging transactions		143.0		139.0	
Non-gold mining activities		1.0		3.4	
		582.1		600.3	
3 Operating costs before exceptional operating items					
		1999		1998	
		US\$m	Cost/Oz	US\$m	Cost/Oz
<b>Analysis by business group:</b>					
Gold mining – Cash operating cost		319.8	205	337.5	218
– Corporate administration		25.8	17	26.5	17
Sub-total		345.6	222	364.0	235
Non-gold mining activities		0.7	–	2.2	–
Exploration		12.4	–	13.4	–
Total		358.7	222	379.6	235
<b>Analysis by cost element:</b>					
Salaries		29.1	19	31.8	21
Wages		37.7	24	36.6	24
Materials		162.9	105	186.6	120
Other working costs		115.9	74	109.0	70
Sub-total		345.6	222	364.0	235
Non-gold mining activities		0.7	–	2.2	–
Exploration		12.4	–	13.4	–
Total		358.7	222	379.6	235

Costs include audit fees of US\$0.4 million (1998: US\$0.4 million).

#### 4 Exceptional operating costs

	1999 US\$m	1998 US\$m
Exceptional operating costs comprise the following:		
Obuasi		
Redundancy and related costs	22.0	–
Obsolete stock provision	10.0	–
Strike related costs	7.4	–
Deferred mining costs written off	–	9.2
	39.4	9.2
Head Office		
Legal and professional fees incurred in respect of hedging and Group funding and restructuring	9.0	–
Ayanfuri		
Redundancy costs	0.7	–
	49.1	9.2

A review of the carrying value of fixed assets at Obuasi was carried out under FRS 11, by comparing Obuasi future cash flows based on proved and probable reserves discounted at a real rate of 5.3 per cent with its asset value. The result is an exceptional charge of US\$30.0 million included in depreciation.

#### 5 Operating profit analysis by business area before exceptional operating items

Year ended 31 December 1999

	Obuasi	Ayanfuri	Iduapriem	Bibiani	Siguri	Freda- Rebecca	Hedging Income	Explor- ation	Corp. Admin.	Non gold	Total
Production ozs	743,111	44,424	163,700	261,899	239,218	109,184	–	–	–	–	1,561,536
<i>US\$ million</i>											
Revenue											
– spot	208.3	12.3	45.6	73.2	67.3	31.4	–	–	–	–	438.1
– hedging	–	–	–	–	–	–	143.0	–	–	–	143.0
– other	–	–	–	–	–	–	–	–	–	1.0	1.0
	208.3	12.3	45.6	73.2	67.3	31.4	143.0	–	–	1.0	582.1
Operating costs	(164.6)	(9.0)	(40.6)	(42.4)	(44.3)	(18.9)	–	(12.4)	(25.8)	(0.7)	(358.7)
Royalties	(6.2)	(0.4)	(1.4)	(2.2)	(2.0)	–	–	–	–	–	(12.2)
Operating cash flow	37.5	2.9	3.6	28.6	21.0	12.5	143.0	(12.4)	(25.8)	0.3	211.2
Depreciation	(66.9)	(4.7)	(0.5)	(16.1)	(14.4)	(9.4)	–	(0.8)	(1.9)	(0.2)	(114.9)
Operating profit											
1999	(29.4)	(1.8)	3.1	12.5	6.6	3.1	143.0	(13.2)	(27.7)	0.1	96.3
1998	(17.5)	(4.9)	(4.3)	7.2	6.2	16.3	139.0	(14.9)	(27.4)	0.9	99.5*

\* Including Asikam

#### 6 Exceptional provision for loss on disposal of fixed assets

The recently announced revised life of mine plan at Obuasi results in the cessation of surface mining, the closure of low capacity shafts at the north end of the mine, and the reduction in the number of treatment plants in operation. A write-down of US\$171.1 million has been made against the carrying value of these assets.

7 Profit/(loss) on sale/termination of businesses	1999 US\$m	1998 US\$m
Closure costs of Iduapriem mine	–	(30.0)
Profit on sale/termination of businesses	0.2	6.0
	0.2	(24.0)

8 Employees	1999	1998
The average number of employees during the year was as follows:	No.	No.
Underground mining	5,284	6,566
Surface mining	2,716	2,788
Administration	3,200	3,496
	11,200	12,850

Remuneration paid to directors of the Company amounted to US\$1.7 million (1998: US\$2.5 million).

9 Net interest payable	1999 US\$m	1998 US\$m
Interest payable on Exchangeable Notes	12.0	12.6
Interest payable on Revolving Credit Facilities	17.9	10.5
On other loans	13.3	15.5
	43.2	38.6
Interest capitalised	(1.8)	(0.7)
	41.4	37.9
Interest receivable	(4.9)	(7.3)
Gain on refinancing of Prepaid Forward Sale Facility	(5.3)	–
Gain on buy back of securities	(1.3)	(7.4)
	29.9	23.2

10 Taxation	1999 US\$m	1998 US\$m
Corporate tax – current year	–	–
– in respect of prior years	2.8	–
Deferred Tax	(0.1)	–
	2.7	–

No provision has been made for tax on current year results due to the continuing benefit of accelerated capital allowances.

**11 Dividend**

	1999 US\$m	1998 US\$m
Proposed: US\$ Nil (1998: US\$0.10) per ordinary share	–	10.9

Under the Share Dividend Plan US\$3.4 million of the 1998 dividend was paid by way of shares.

**12 Earnings per share**

The calculation of earnings per share is based on earnings after tax and minority interests and the weighted average number of shares outstanding during the year of 111.9 million (1998: 109.2 million). Earnings per share has been shown before and after exceptional items in order to show the impact of the exceptional items on the underlying results of the business.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares being, for profits from continuing operations, those warrants (under the agreement with the Company's hedge counterparties as subsequently amended in February 2000) granted where the exercise price is less than the average price of the Company's ordinary shares during the period and those share options (under the Senior Management Share Option Scheme) where the exercise price is more than the average price of the Company's ordinary shares during the period.

	1999 US\$m	1998 US\$m
<b>Before exceptional items</b>		
Basic and diluted earnings attributable to ordinary shareholders	66.1	73.9
Weighted average number of ordinary shares (millions)	111.9	109.2
Dilutive warrants (millions)	10.8	–
<b>Adjusted weighted average number of ordinary shares (millions)</b>	<b>122.7</b>	<b>109.2</b>
Basic earnings per share (US\$)	0.59	0.68
Diluted earnings per share (US\$)	0.54	0.68
<b>After exceptional items</b>		
Basic and diluted earnings attributable to ordinary shareholders	(183.9)	40.7
Weighted average number of ordinary shares (millions)	111.9	109.2
Dilutive share options (millions)	(7.4)	–
<b>Adjusted weighted average number of ordinary shares (millions)</b>	<b>104.5</b>	<b>109.2</b>
Basic (loss)/earnings per share (US\$)	(1.64)	0.37
Diluted (loss)/earnings per share (US\$)	(1.76)	0.37

## 13 Property, plant and equipment

	Mine shafts, development and pre-production costs US\$m	Plant and equipment US\$m	Processing plants US\$m	Buildings US\$m	Assets in the course of construction US\$m	Total US\$m
<b>Group</b>						
<b>Cost</b>						
At 1 January 1999	720.0	518.2	363.8	93.0	23.4	1,718.4
Additions	84.9	29.5	10.9	3.3	101.5	230.1
Disposals	(4.8)	(9.9)	(0.7)	(1.8)	–	(17.2)
Transfers	–	–	32.5	–	(32.5)	–
<b>At 31 December 1999</b>	<b>800.1</b>	<b>537.8</b>	<b>406.5</b>	<b>94.5</b>	<b>92.4</b>	<b>1,931.3</b>
<b>Depreciation</b>						
At 1 January 1999	190.9	264.1	130.0	34.0	–	619.0
Charges	65.6	36.8	35.6	6.9	–	144.9
Disposals	(2.0)	(7.9)	(0.7)	(1.1)	–	(11.7)
Exceptional provision for loss on disposal	83.6	24.5	58.2	4.8	–	171.1
<b>At 31 December 1999</b>	<b>338.1</b>	<b>317.5</b>	<b>223.1</b>	<b>44.6</b>	<b>–</b>	<b>923.3</b>
<b>Net book value</b>						
<b>At 31 December 1999</b>	<b>462.0</b>	<b>220.3</b>	<b>183.4</b>	<b>49.9</b>	<b>92.4</b>	<b>1,008.0</b>
At 31 December 1998	529.1	254.1	233.8	59.0	23.4	1,099.4
<b>Company</b>						
<b>Cost</b>						
At 1 January 1999	441.1	403.2	320.2	86.0	2.3	1,252.8
Additions	38.6	24.1	3.0	0.6	8.1	74.4
Disposals	(11.1)	(6.8)	(0.7)	(1.6)	–	(20.2)
<b>At 31 December 1999</b>	<b>468.6</b>	<b>420.5</b>	<b>322.5</b>	<b>85.0</b>	<b>10.4</b>	<b>1,307.0</b>
<b>Depreciation</b>						
At 1 January 1999	87.5	181.6	119.4	32.0	–	420.5
Charges	45.1	32.0	17.8	4.3	–	99.2
Disposals	–	(5.6)	(0.7)	(1.0)	–	(7.3)
Exceptional provision for loss on disposal	83.6	24.5	58.2	4.8	–	171.1
<b>At 31 December 1999</b>	<b>216.2</b>	<b>232.5</b>	<b>194.7</b>	<b>40.1</b>	<b>–</b>	<b>683.5</b>
<b>Net book value</b>						
<b>At 31 December 1999</b>	<b>252.4</b>	<b>188.0</b>	<b>127.8</b>	<b>44.9</b>	<b>10.4</b>	<b>623.5</b>
At 31 December 1998	353.6	221.6	200.8	54.0	2.3	832.3

The net book value of tangible assets in the Group and Company includes US\$5.5 million (1998: US\$6.0 million) in respect of assets held under finance leases included within buildings. The net book value of assets of the Group at 31 December 1999 includes US\$1.8 million of interest which has been capitalised during the course of construction of the new mine development at Geita in Tanzania.

	1999 US\$m	1998 US\$m
<b>Capital commitments</b>		
Contracts placed	65.8	14.5
Expenditure authorised, not yet contracted	4.8	13.3
	<b>70.6</b>	<b>27.8</b>

**14 Intangible assets**

Group	Goodwill US\$m
At 1 January 1999	111.5
Additions	20.0
<b>At 31 December 1999</b>	<b>131.5</b>

The intangible asset of US\$131.5 million represents the goodwill on the acquisition of SAMAX Gold Inc. in 1998. In accordance with FRS 10 this will be amortised over the directors' estimate of its useful economic life commencing in year 2000 on the commissioning of Geita. The additional goodwill of US\$20 million in 1999 relates to a re-assessment of the fair value of Ashanti's 50% interest in the Golden Pride mine in Tanzania held as a current asset investment, following the sale of the property during the year.

**15 Investments**

Group	1999 US\$m	1998 US\$m
Investment in Hotel Investments (Ghana) Limited	–	2.2

The Company disposed of its 22.5 per cent investment in Hotel Investments (Ghana) Limited during 1999 for a consideration of US\$1.5 million.

**Company**

Investments represent the Company's investment in subsidiary undertakings at cost less provisions for diminution in value.

	Investment US\$m	Subsidiary undertakings shares US\$m	Total US\$m
<b>Cost</b>			
At 1 January 1999	2.2	553.8	556.0
Sale of investments	(2.2)	(3.4)	(5.6)
<b>At 31 December 1999</b>	<b>–</b>	<b>550.4</b>	<b>550.4</b>
<b>Provisions</b>			
At 1 January 1999	–	–	–
Provided in year	–	30.0	30.0
<b>At 31 December 1999</b>	<b>–</b>	<b>30.0</b>	<b>30.0</b>
<b>Net book value of investments</b>			
At 31 December 1999	–	520.4	520.4
At 31 December 1998	2.2	553.8	556.0

The principal subsidiary undertakings are:

Company and country of incorporation	Class of Principal activities	Group interest Shares held	per cent
<b>Ghana</b>			
Ashanti Goldfields (Ayanfuri) Limited	Gold Mining	Ordinary No par value	100
Ashanti Goldfields (Bibiani) Limited	Gold Mining	Ordinary No par value	100
Ghanaian-Australian Goldfields Limited	Gold Mining	Ordinary No par value	80
<b>Guinea</b>			
Société Ashanti Goldfields de Guinée S.A.	Gold Mining	Ordinary	85
<b>Tanzania</b>			
Ashanti Goldfields Tanzania Limited	Gold Mining	Ordinary	100
<b>Zimbabwe</b>			
Ashanti Goldfields Zimbabwe Limited	Gold Mining	Ordinary	100
<b>Isle of Man</b>			
Ashanti Treasury Services Limited	Treasury	Ordinary	100
Geita Treasury Services Limited	Treasury	Ordinary	100
<b>Cayman Islands</b>			
Ashanti Capital Limited	Financing	Ordinary	100
Ashanti Finance (Cayman) Limited	Financing	Ordinary	100

16 Stocks	Group		Company	
	1999 US\$m	1998 US\$m	1999 US\$m	1998 US\$m
Mine stores	53.0	79.7	35.1	63.3
Stores in transit	2.2	2.5	1.7	1.8
Ore in stockpiles	16.2	11.2	0.4	0.9
Gold in process	5.0	5.6	2.3	3.6
	76.4	99.0	39.5	69.6

17 Debtors	Group		Company	
	1999 US\$m	1998 US\$m	1999 US\$m	1998 US\$m
Sundry debtors	23.4	45.9	5.5	1.6
Prepayments	2.9	1.7	2.1	1.1
Deferred expenses	5.5	16.7	–	–
Amounts due from subsidiary undertakings	–	–	213.0	185.1
	31.8	64.3	220.6	187.8

18 Cash	Group		Company	
	1999 US\$m	1998 US\$m	1999 US\$m	1998 US\$m
Cash at bank and in hand	58.6	86.6	7.6	31.1
Gold in transit	31.1	26.3	15.2	16.1
	89.7	112.9	22.8	47.2

Cash at bank includes US\$18.0 million on deposit with Standard Chartered Bank in Ghana as collateral for a loan to Ashanti Goldfields Zimbabwe Limited.

19 Creditors	Group		Company	
	1999 US\$m	1998 US\$m	1999 US\$m	1998 US\$m
<b>Amounts falling due within one year:</b>				
Trade creditors	41.8	51.6	18.9	24.8
Deferred purchase consideration	4.8	11.5	–	–
Dividend	–	10.9	–	10.9
Accruals and deferred income	135.0	132.4	38.1	30.8
	181.6	206.4	57.0	66.5
<b>Amounts falling due over one year:</b>				
Deferred purchase consideration	40.9	60.2	20.0	–
Accruals and deferred income	114.5	157.7	13.2	18.2
Amounts due to subsidiary undertakings	–	–	826.9	579.1
	155.4	217.9	860.1	597.3

The total deferred purchase consideration of US\$45.7 million comprises US\$31.2 million in respect of Kimin and US\$14.5 million in respect of the acquisition of Golden Shamrock Mines Limited in 1996.

Accruals and deferred income of US\$249.5 million includes US\$156.9 million (1998: US\$231.0 million) in respect of deferred hedging income arising from the early close out of hedging contracts. The movement in this account during the year comprises: inflows from hedging contracts totalling US\$18 million; credits to 1999 earnings of US\$65 million; and costs of US\$27 million in respect of the repurchase during 1999 of option contracts relating to future years.

**20 Borrowings**

	Group		Company	
	1999 US\$m	1998 US\$m	1999 US\$m	1998 US\$m
5½ per cent Exchangeable Notes	215.3	221.2	–	–
Revolving Credit Facility	326.0	152.6	–	152.6
Prepaid Forward Sale Facility	–	17.9	–	–
Suppliers' credit	2.8	5.9	2.8	5.9
Finance leases	5.6	5.9	5.6	5.9
Aviation loans	3.5	3.9	3.5	3.9
Bank loans and overdrafts	29.4	32.9	4.6	1.0
Acquisition facility	–	50.0	–	–
	<b>582.6</b>	<b>490.3</b>	<b>16.5</b>	<b>169.3</b>
Repayments falling due:				
Between one year and two years	4.8	17.2	4.8	2.4
Between two and five years	418.4	397.1	4.5	162.2
In five years or more	–	–	–	–
After more than one year	423.2	414.3	9.3	164.6
Within one year	159.4	76.0	7.2	4.7
	<b>582.6</b>	<b>490.3</b>	<b>16.5</b>	<b>169.3</b>

Details of the conversion rights of the 5½ per cent Exchangeable Notes are set out in note 23. These are repayable on 15 March 2003.

The Revolving Credit Facility of US\$326 million carries a margin over US LIBOR of 200 basis points for the facilities repayable by December 2000 and 250 basis points for the balance. US\$151 million of the facility is due for repayment by 31 December 2000 and the balance of US\$175 million is repayable in January 2003. Other borrowings carry variable interest rates and repayment profiles.

Certain of the tranches of the Revolving Credit Facility are secured on the Geita project, certain offshore bank accounts and certain other contracts and arrangements with hedging counterparties outside Ghana.

Loans under Revolving Credit Facilities have been categorised according to the date of the longest refinancing permitted by each tranche of the facility.

The Group had fully drawn its committed borrowing facilities as at 31 December 1999.

**21 Financial instruments**

The Group has adopted the recommendations of FRS 13 Derivatives and other Financial Instruments in this year's accounts. Debtors and creditors arising directly from the Group's operations and gold in transit are excluded from the following disclosures.

**Interest rate profile of financial liabilities**

The interest rate profile of the Group's financial liabilities at 31 December 1999 and 31 December 1998 which are predominately US dollar denominated were as follows:

	Floating rate borrowings US\$m	Fixed rate borrowings US\$m	Total gross borrowings US\$m	Fixed rate borrowings Weighted average interest rate %	Weighted average time for which period fixed Years
31 December 1999	367.3	215.3	582.6	5.5	3.2
31 December 1998	269.1	221.2	490.3	5.5	4.2

Interest on floating rate borrowings are determined primarily by reference to US LIBOR.

**Interest rate profile of financial assets**

The interest rate profile of the Group's financial assets at 31 December 1999 and at 31 December 1998 which are predominately US dollar denominated were as follows:

	Fixed rate US\$m	Floating rate US\$m	Interest free US\$m	Total US\$m
31 December 1999	–	55.1	3.5	58.6
31 December 1998	–	81.9	4.7	86.6

The financial assets of the Group comprise cash at bank and in hand.

## 21 Financial instruments (continued)

### Currency exposures

The Group had no significant currency exposures given that all revenues are US dollar denominated as are the majority of its costs, monetary assets and financial liabilities.

### Fair values of financial assets and liabilities

The fair value of the Group's financial instruments is as follows:

	Book value US\$m	1999 Fair value US\$m	Book value US\$m	1998 Fair value US\$m
Financial instruments held or issued to finance the Group's operations:				
Long term convertible debt	215.3	148.6	221.2	172.5
Other long term borrowings	207.9	207.9	193.1	193.1
Short term borrowings	159.4	159.4	76.0	76.0
Cash	58.6	58.6	86.6	86.6
Derivative financial instruments to hedge the Group's exposure to gold price risk:				
Forwards	-	48.8	-	255.4
Lease rate swaps	-	(203.8)	-	-
Put options	-	15.4	-	92.8
Call options granted	-	(82.1)	-	(31.9)
Other instruments	-	(9.5)	-	(4.0)

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting cash flows at prevailing gold prices and interest rates. The fair values have been determined using market information and appropriate methodologies, but are not necessarily indicative of the amounts that the Group could realise in the future.

### Hedging

As explained in the section Gold Market and Hedging on page 20, it is the Group's policy to hedge the risk of movements in the gold prices using several types of derivative financial instruments.

Gains and losses on instruments used for hedging the gold price are not recognised until the exposure that is being hedged is recognised. Unrecognised gains and losses on the instruments used for hedging and the movements therein, are as follows:

	Gains US\$m	Losses US\$m	Net Gains/(Losses) US\$m
Unrecognised gains and losses at 1 January 1999	231.2	-	231.2
Gains arising in previous years recognised in the year	(73.6)	-	(73.6)
Gains arising before 1 January 1999 not recognised in the year	157.6	-	157.6
Gains and losses arising in the year and not recognised	-	(5.7)	(5.7)
Unrecognised gains and losses on hedges at 31 December 1999	157.6	(5.7)	151.9
Gains and losses expected to be recognised within one year	42.6	-	42.6
Gains and losses expected to be recognised after one year	115.0	(5.7)	109.3

## 22 Provisions for liabilities and charges

Group	Deferred tax US\$m	Site rehabilitation US\$m	Total US\$m
At 1 January 1999	9.2	12.3	21.5
Released in the year	(0.1)	(0.2)	(0.3)
Provided and capitalised in the year	–	4.3	4.3
<b>At 31 December 1999</b>	<b>9.1</b>	<b>16.4</b>	<b>25.5</b>

Deferred taxation comprises:	Amount provided US\$m	Full potential US\$m
Accelerated capital allowances	9.1	208.7
Other timing differences	–	(0.4)
Losses carried forward	–	(189.2)
<b>At 31 December 1999</b>	<b>9.1</b>	<b>19.1</b>
At 31 December 1998	9.2	131.2

Deferred taxation is calculated under the liability method using a tax rate of 35 per cent.

### Company

	Site rehabilitation US\$m
<b>At 31 December 1999 and 1998</b>	<b>5.2</b>

## 23 Stated capital

Authorised		
200,000,000 ordinary shares of no par value	200,000,000	
1 special rights redeemable preference share of no par value	1	
	200,000,001	
	Issued shares	Stated capital US\$m
<b>Allotted and fully paid</b>		
<b>At 1 January 1999:</b>		
Ordinary shares of no par value in issue	108,801,583	518,551,355
Ordinary shares issued during the year	3,137,736	22,277,926
Issue of 420,511 ordinary shares of no par value under the Share Dividend Plan at US\$8.18	420,511	3,439,780
Ordinary shares repurchased during the year	(22,888)	–
<b>At 31 December 1999:</b>		
Ordinary shares of no par value in issue	112,336,942	544,269,061
Ordinary shares in treasury	559,405*	–
1 special rights redeemable preference share of no par value	1	1
	112,896,348	544,269,062

\*The 559,405 ordinary shares held in treasury do not qualify for dividends and do not have voting rights.

### 23 Stated capital (continued)

The Government of Ghana holds the special rights redeemable preference share of no par value (the “Golden Share”). The Golden Share is non-voting but the holder is entitled to receive notice of and to attend and speak at any general meeting of the members or at any separate meeting of the holders of any class of shares. On winding up, the Golden Share has a preferential right to return of capital, the value of which will be 1,000 cedis.

The Regulations of the Company provide that certain matters, principally matters affecting the rights of the Golden Share, the winding up of the Company or the disposal of a material part of the Group’s assets, shall be deemed to be a variation of the rights attaching to the Golden Share and shall be effective only with the written consent of the holder of the Golden Share.

All of the ordinary shares rank *pari passu* in all respects.

On 27 April 1999, the Company in general meeting passed a special resolution renewing an existing authority to make market purchases of its own shares up to an aggregate of 11,000,000 ordinary shares at a price per share (exclusive of expenses) of not more than 5 per cent above the average of the middle market quotations for the shares taken from the Daily Official List of the London Stock Exchange for the five business days immediately before the date of purchase. Between 23 March and 16 June 1999 the Company purchased 22,888 of its ordinary shares, increasing the number held in treasury to 559,405 ordinary shares. On 31 March 1999 the Company issued 3,137,736 ordinary shares as consideration for the redemption of approximately 53 per cent of Mandatorily Exchangeable Securities issued by its wholly-owned subsidiary, Ashanti Goldfields (Samax) Limited, following the acquisition of SAMAX Gold Inc. in 1998. The authority for the Company to purchase its own shares will expire on 26 July 2000 or at the conclusion of the Annual General Meeting at which it is proposed to renew the authority.

In February 1996, the Group raised US\$250 million through an issue by a subsidiary of seven year 5½ per cent Exchangeable Notes listed on the New York and London stock exchanges. The noteholders have the option of converting the notes into ordinary shares at a conversion price of US\$27 per share. The notes may be redeemed by the Company in whole at par at any time after 15 March 2000 and will mature on 15 March 2003, unless converted or redeemed earlier. As at 31 December 1999, the Company had purchased US\$25 million of the notes which remain uncanceled. The conversion rights of the US\$225 million notes still in circulation could give rise to the issue of up to 8,333,000 ordinary shares.

In November 1999, pursuant to an agreement with the Company’s hedge counterparties as subsequently amended in February 2000, a wholly-owned subsidiary, Ashanti Warrants Limited, issued unlisted warrants to subscribe for Mandatorily Exchangeable Securities under which the securityholders have the option of converting the securities into ordinary shares at a conversion price of US\$3 per share. The warrants were issued in three equal tranches with expiry dates of 28 April 2004, 28 October 2004 and 28 April 2005. The conversion rights of the warrants could give rise to the issue of up to 19,835,001 ordinary shares.

As at 31 December 1999, the following options granted under the Senior Management Share Option Scheme remained outstanding:

Period of exercise	Code	Option price US\$	Number of ordinary shares of no par value
26 April 1997–25 April 2004	A	20.00	192,900
14 June 1997–13 June 2004	B	22.58	15,000
1 February 1998–31 January 2005	C	20.95	672,135
15 December 1998–14 December 2005	D	20.43	584,812
19 June 1999–18 June 2006	E	18.45	238,158
10 January 2000–9 January 2007	F	12.30	638,134
20 May 2000–19 May 2007	G	13.24	516,884
13 August 2000–12 August 2007	H	10.63	3,377,793
18 May 2001–17 May 2008	I	9.42	1,510,385
25 September 2001–24 September 2008	J	7.57	80,000
5 November 2001–4 November 2008	K	8.37	380,571
<b>Total</b>			<b>8,206,772</b>

## 24 Directors' interests

The beneficial interests, including family interests, of the directors holding office at the end of the year in ordinary shares of the Company are set out below:

	Shares		1 January 1999	Shares under option Granted during the year	31 December 1999
	1 January 1999	31 December 1999			
K Ansah	103	105	-	-	-
M E Beckett	1,344	1,359	-	-	-
M Botsio-Phillips	100	100	45,000	-	45,000
S E Jonah	30,914	45,302	290,000	-	290,000
M B Keatley	4,046	11,743	135,000	-	135,000
N J Morrell	-	-	-	-	-
E D Ofori Atta	553	553	45,000	-	45,000
F Ohene-Kena	100	100	-	-	-
H K A Otoo	562	3,439	45,000	-	45,000
R K Peprah	200	200	-	-	-
Sir William S Ryrie	-	-	-	-	-
T S Schultz	15,851	23,548	128,050	-	128,050
P M Tarsh	1,034	1,049	-	-	-

An analysis of options held by directors as at 31 December 1999 using the codes shown in note 23 is set out below:

	A	B	C	D	E	F	G	H	I	J	K	Total
M Botsio-Phillips	-	-	-	5,230	-	15,600	24,170	-	-	-	-	45,000
S E Jonah	20,000	-	73,670	3,150	-	28,960	164,220	-	-	-	-	290,000
M B Keatley	-	15,000	37,220	1,820	-	28,760	52,200	-	-	-	-	135,000
E D Ofori Atta	12,800	-	3,910	-	-	-	28,290	-	-	-	-	45,000
H K A Otoo	13,300	-	4,780	-	-	-	26,920	-	-	-	-	45,000
T S Schultz	-	-	-	-	-	128,050	-	-	-	-	-	128,050
Total	46,100	15,000	119,580	10,200	-	201,370	295,800	-	-	-	-	688,050

Between 1 January 2000 and 11 April 2000, there were no changes in the directors' interests.

At the Annual General meeting held on 27 April 1999, shareholders approved the introduction of a Bonus Co-Investment Plan and a Performance Share Plan, the main features of which are as follows:

### Bonus Co-Investment Plan

Under the Bonus Co-Investment Plan, executive directors and key employees are invited to invest a percentage of their annual remuneration in Ashanti ordinary shares ("Ashanti shares"). These are designated "Invested Shares" for the purposes of the Plan. Participants are then granted without further payment rights to receive additional shares referable to the number of shares which they have purchased as Invested Shares. These additional shares are designated "Matching Shares" for the purposes of the Plan. Normally, so long as the participant does not sell the Invested Shares within a two-year period following their purchase, the Matching Shares will be released to the employee in equal installments on the first and second anniversaries of the award. Rights to receive Matching Shares will normally lapse if the participant leaves the Company or sells the Invested Shares within two years of the purchase of the Invested Shares.

### Performance Share Plan

Under the Performance Share Plan, executive directors and key employees receive free Ashanti shares, if Ashanti achieves certain performance conditions within a three-year period. The full number of shares to which a participant is entitled would only be received if Ashanti meets challenging internal and/or external goals. Rights to receive shares will normally lapse if the participant leaves the Company within three years of the grant of the award.

Both the Bonus Co-Investment Plan and the Performance Share Plan use Ashanti shares which have already been issued and these are purchased by an employee trust, which is funded by Ashanti on terms agreed by the Board.

On 22 June 1999 awards were made to the following directors under the Company's Bonus Co-Investment Plan and Performance Share Plan:

Name	Shares awarded under the Bonus Co-Investment Plan	Shares awarded under the Performance Share Plan
M Botsio-Phillips	-	3,000
S E Jonah	14,388	3,000
M B Keatley	7,697	3,000
E D Ofori Atta	-	3,000
H K A Otoo	2,877	3,000
T S Schultz	7,697	3,000
Total	32,659	18,000

**25 Reserves**

	Profit and loss account US\$m	Group Share deals account US\$m	Total US\$m	Profit and loss account US\$m	Company Share deals account US\$m	Total US\$m
At 1 January 1999	11.8	19.0	30.8	317.0	19.0	336.0
Retained loss for the year	(183.9)	–	(183.9)	(392.3)	–	(392.3)
<b>At 31 December 1999</b>	<b>(172.1)</b>	<b>19.0</b>	<b>(153.1)</b>	<b>(75.3)</b>	<b>19.0</b>	<b>(56.3)</b>

In accordance with the Ghana Companies Code 1963 (Act 179), all transactions relating to the purchase and re-issue of the Company's own shares are recorded in a non-distributable share deals account.

Group reserves is after goodwill written off in previous years of US\$501 million arising on the acquisition of subsidiary undertakings.

**26 Acquisitions and disposals**

During 1999 the Company sold its 73 per cent interest in Jei River Farms Limited, its 22.5 per cent interest in Hotel Investments (Ghana) Limited and its Saoura concession in Niger for a total consideration of US\$7.4 million.

**27 Reconciliation of operating profit before exceptional operating costs to operating cash flows**

	1999 US\$m	1998 US\$m
Operating profit before exceptional operating costs	96.3	99.5
Depreciation and amortisation	114.9	108.6
<b>Operating cash flow</b>	<b>211.2</b>	<b>208.1</b>
Decrease/(increase) in stocks	2.2	(6.8)
(Increase)/decrease in debtors	(0.2)	16.5
Decrease in creditors	(26.5)	(34.0)
(Decrease)/increase in deferred hedging income	(47.5)	127.0
Decrease in provisions	(0.3)	–
Outflows related to exceptional operating costs	(18.6)	–
<b>Net cash inflow from operating activities</b>	<b>120.3</b>	<b>310.8</b>

**28 Analysis of net debt**

	At 1 Jan 1999 US\$m	Cash flow US\$m	Other non-cash movements US\$m	At 31 Dec 1999 US\$m
Cash at bank	47.2	(11.9)	–	35.3
Bank overdraft	(1.3)	(3.3)	–	(4.6)
Cash	45.9	(15.2)	–	30.7
Short term deposits and collateralised cash (liquid resources)	65.7	(11.3)	–	54.4
Borrowings	(489.0)	(74.5)	(14.5)	(578.0)
<b>Net debt</b>	<b>(377.4)</b>	<b>(101.0)</b>	<b>(14.5)</b>	<b>(492.9)</b>

**29 Related party transactions**

The Company's principal shareholder is Lonmin (32 per cent) which provides certain management and technical services to the Group (including the services of Mr S E Jonah) for which it received US\$1.8 million (1998: US\$1.0 million) for the year. Another major shareholder is the Government of Ghana (20 per cent) to which the Group pays royalties, corporate and other taxes, social security contributions and utility charges in the normal course of business.

**30 Contingent liabilities**

The Company has been served with a class action complaint filed against it in New York by a US resident investor, on behalf of others in the same class, which relates to allegations of non-disclosure and misstatement by Ashanti of Ashanti's hedge position during the period 28 July 1999 to 5 October 1999. The Company intends to defend the proceedings. The Company believes the action will have no material adverse affect on the Company's financial position.

In 1997 the Company acquired from the Mindev mining group, a shareholding in Kimin, a Congolese company which holds exploration and mining rights in the Democratic Republic of Congo. The Company and Mindev are involved in a post-completion dispute and arbitration proceedings are taking place. The Company intends to defend vigorously Mindev's claims and having taken legal advice, the directors of the Company believe that the claims brought by Mindev against the Company will have no adverse effect on the Company's financial position.

### Details of the Hedging Portfolio

#### Forward Sales:

All bought and sold forward contracts are netted off. For example, a short position of 20,000 ounces at US\$300 and a long position of 10,000 ounces at US\$310 will result in a short position of 10,000 ounces at US\$290.

#### Contango Locks:

Ashanti may enter into a contract to sell the specified volume for the corresponding future dates before June 2000. The contango used for this calculation is fixed. The contango locks may be cash settled.

#### Put Options:

Ashanti has purchased 600,000 ounces of put options that entitle Ashanti to receive an average gold price of US\$324 per ounce. Ashanti has also sold 350,000 ounces of put options at an average strike price of US\$270 per ounce.

#### Call Options:

As at year-end 1999, Ashanti had sold call options covering 5.8 million ounces at an average strike price of approximately US\$364 per ounce. As a partial offset, Ashanti had also bought 2.3 million ounces of call options at an average strike price of about US\$382 per ounce. The bought call options enable Ashanti to participate in the upside potential of the gold price above the relevant strike price.

As at 3 March 2000, the number of both sold and bought call options had reduced, with consequential changes in the relevant strike prices.

#### Convertible Structures:

The portfolio contains four types of convertible structures:

1. Ashanti owns 500,000 ounces of put options at strike levels ranging from US\$403.50 to US\$423.50 for the period March 2003 to December 2007. Each option converts to a forward contract if gold trades above a predetermined barrier level within a specified time period. This period starts 3 months before expiry of each option and ends at expiry. The barrier level for each option is US\$20 above the strike level for that option. (This structure has been cancelled since 31 December 1999.)
2. Ashanti has sold 554,400 ounces of call options at a strike price of US\$380 for the period March 2004 to December 2010. These call options convert to put options (with a strike price of US\$377.50) if gold trades below predetermined barrier levels on specified dates starting from 2002. The average barrier level is US\$347.
3. Ashanti owns 700,000 ounces of put options for the period March 2002 to December 2008 with strike prices of US\$401. Each option has a conversion level and a strip of conversion dates associated with it. If the conversion occurs the put options convert into twice the amount of forward sales at the same strike price.
4. Ashanti owns 450,000 ounces of put options for the period March 2009 to December 2013 with strike prices of US\$401. Each option has a conversion level and a strip of conversion dates associated with it. If the conversion occurs the put options convert into twice the amount of forward sales and calls (sold) at the same strike price.

The average conversion level for Convertibles 3 and 4 is US\$356. Note: A short-term spike above the conversion levels will not cause any puts to convert into forwards and calls.

The hedging tables break the above structures into protected and committed ounces. The "Put Protection" represents the amount of ounces that may be sold should gold continue trading at current levels. Under certain conditions (given above) these puts may cease to exist and may be replaced by forward sales and calls sold ("Forward Commitment" and "Call Commitment").

#### Swaptions:

As of 13 January 2000, Ashanti had the right but not the obligation to exercise any of the put swaptions. Each exercised put swaption converts into a one year strip of 25,000 ounces per quarter forward sales at the price indicated. (These contracts have been cancelled since 31 December 1999.)

#### Deferred Payment Binary options:

As of year-end 1999, Ashanti had sold binary put options for the period March 2001 to December 2008 at a strike price of US\$320 per ounce. If gold fixes below US\$320 at expiry of any contract then Ashanti has the obligation to pay a fixed cash amount five years from that date. This cash amount is US\$500,000 for the first ten quarters, US\$1,000,000 for the next 20 quarters and US\$500,000 for the last two quarters. – (These contracts have been cancelled since 31 December, 1999.)

**Gold Lease Rate Swaps:**

As of 31 December 1999, 7.6 million ounces of Ashanti's hedged production (equivalent to approximately 76 per cent of the delta of the hedge book) was exposed to the floating one, three, and six month lease rate. By 3 March 2000, this quantity had been reduced to 6.1 million ounces, equivalent to 66 per cent of the delta of the hedge portfolio. This quantity amortises each year.

The lease rate swaps as at year-end 1999 can be broken down into the following types. As noted in the following table, under most of these contracts Ashanti receives a certain lease rate income, which can be regarded as compensation for the lease rate exposure that Ashanti takes on.

	Fixed Rate (%)	Volume (ozs)
Ashanti pays a monthly floating rate and receives a monthly fixed rate of 2%	2.00	294,500
Ashanti pays a three monthly floating rate and receives 0%	0	175,000
Ashanti pays a six monthly floating rate and receives a six monthly fixed rate of 2%	2.00	1,546,000
Ashanti pays a three monthly floating rate and receives a six monthly fixed rate of 1.75%. The fixed amount of ounces is converted to dollars at a fixed spot price of US\$290	1.75	3,470,312
Ashanti pays a three monthly floating rate and receives a fixed amount of dollars at maturity. The quarterly amount is rolled until maturity of each forward contract. The fixed amount for each contract is calculated using the formula: $\text{Volume} * \text{YearsToMaturity} * 302 * 1.75\%$	2.00	1,080,000
Ashanti pays a three monthly floating rate and receives a fixed rate ranging from 0% to 1.75% depending on where gold fixes	1.75	840,000
<b>Gold Fix</b>	<b>Fixed Rate Received</b>	
Spot<US\$345	1.75%	
US\$345<Spot<US\$400	Linearly interpolated between 0% and 1.75%	
US\$400<Spot	0%	
Ashanti pays a three monthly floating rate and receives a fixed rate ranging from 0% to 2.25% depending on where gold fixes	2.25	240,000
<b>Gold Fix</b>	<b>Fixed Rate Received</b>	
Spot<US\$360	2.25%	
US\$360<Spot<US\$400	Linearly interpolated between 0% and 2.25%	
US\$400<Spot	0%	
<b>Total</b>		<b>7,645,812</b>

**Deferred Premiums:**

Ashanti has obligations totalling approximately US\$27 million, which arose during the third and fourth quarters of 1999, with respect to the purchase of option contracts on a deferred basis. As part of the agreements entered into in February 2000 with Ashanti's banks and hedge counterparties, these obligations have been included in Ashanti's secured debt facilities within Tranche D of the Revolving Credit Facility. They are not included in any of the hedge valuations or tables.

**Changes subsequent to year-end 1999**

Between 31 December 1999 and 3 March 2000 there was:

- a reduction in lease rate swaps
- a reduction in convertible options
- a reduction in contango locks
- cancellation of all binaries
- cancellation of all swaptions
- a reduction in both calls sold and calls bought
- a reduction in sold puts
- a reduction in forward sales

**Delta:**

The amount of gold (in ounces) that needs to be bought (negative delta) or sold (positive delta) to neutralise the effect of a small movement in the gold price on the mark-to-market value of a hedge portfolio. It can, therefore, be used to calculate the approximate change in mark-to-market value given a movement in the gold price.

### Mark-to-Market Valuations

On 31 December 1999 the portfolio had a negative mark-to-market value of US\$231.2 million. This valuation was based on a spot price of US\$290 and the then prevailing mid US interest rates, gold forward rates and volatilities. This valuation is presented as an indicative valuation of the Ashanti gold hedge position based on prevailing market conditions on that day. The delta at that time was negative 10.17 million ounces. This implies that a US\$1 increase in the price of gold would have a US\$10.17 million negative impact (approximate) on the mark-to-market valuation of the hedge book. Movements in US interest rates, gold lease rates, volatilities and time will also have a sizeable impact on the mark-to-market valuation. All these variables can change significantly over short time periods and can consequently materially affect the mark-to-market valuation.

On 3 March 2000 the portfolio had a negative mark-to-market value of US\$252.9 million. The delta at that time was 9.18 million ounces. These values were calculated using a spot price of US\$289.

The difference in mark-to-market from 31 December 1999 to 3 March 2000 was primarily due to:

- Realising value from the portfolio from maturing deals and restructuring positions (a total amount of US\$9.4 million was realised)
- An increase in US interest rates
- A decrease in lease rates (this is favourable to Ashanti in terms of cashflows, because lease rate swaps are then fixed at a lower rate. However, it increases the hedge book's overall negative mark-to-market value).

The approximate breakdown by type of contract of the mark-to-market valuation at 3 March 2000 was as follows:

Table 2	US\$ m
Forward contracts and contango locks	(5.2)
Put options (net bought)	15.3
Other options (including convertibles)	(129.4)
Lease rate swaps	(133.6)
	(252.9)

The negative valuation is largely explained by call options and lease rate swaps and is influenced by the following factors:

- (1) The mark-to-market values for options are strongly influenced by the prevailing level of gold volatilities. Market conditions on 3 March, 2000 assume a volatility of 19 per cent over three months reducing to 11.5 per cent over ten years. These levels of volatility are relatively high compared to long term historical averages. Lower volatility levels and the passage of time would normally reduce the exposure to this portion of Ashanti's hedge portfolio. Conversely, higher volatility levels would normally increase the exposure.
- (2) Market conditions on 3 March, 2000 are based on contango rates derived from a yield curve with rates of 5.7 per cent per annum for one month, 5.16 per cent per annum for one year and 5.23 per cent per annum for ten years. These contango rates are relatively high as compared to long term historical averages. Lower contango rates would normally reduce the negative mark-to-market valuation.
- (3) The mark-to-market estimate of the gold lease rate swaps is based on the gold lease rate curve with rates increasing to 5.0 per cent per annum over ten years. Ashanti will receive fixed rate payments of approximately 1.75 per cent on a short-term basis and will pay the prevailing market short-term lease rate. Short-term gold lease rates on 3 March 2000 were indicating 0.6 per cent per annum for three months and 0.9 per cent per annum for six months. Ashanti normally manages its lease rate exposure with roll overs of three to six months and is therefore currently benefiting from these arrangements. Based on average historical short term gold lease rates of 1.35 per cent, Ashanti's lease rate exposure should provide cashflows over time (provided gold remains within its current range).

The "theta" (time decay factor) of the portfolio shows how the value of the portfolio changes with respect to time, all else remaining equal. As of the 3 March 2000, the portfolio's mark-to-market improves by approximately US\$2.8 million per week. This value is not constant and will change with changes in market rates, calculation date and as contracts expire.

The gold rho and dollar rho show how changes in interest rates affect the mark-to-market valuation of the portfolio. A 5pt (0.05 per cent) parallel shift upwards in annual gold interest rates will improve the mark-to-market valuation of the portfolio by US\$1.8 million. A 5pt (0.05 per cent) parallel shift upwards in annual US interest rates will decrease the mark-to-market valuation by US\$5.6 million.

The vega of the portfolio shows how changes in volatilities affect the mark-to-market valuation of the portfolio. A 1 per cent parallel shift upwards in volatilities decreases the mark-to-market valuation by US\$7.4 million. A 1 per cent parallel shift downwards in volatilities will cause an improvement in mark-to-market valuation by approximately the same amount.

#### Projected Realised Prices:

Tables 3 and 5 show the amount of ounces committed at the specified assumed spot prices and the effective hedge price achieved at that level. Note that in some years as the spot price increases the effective hedge price decreases. This is due to bought calls that help to cap Ashanti's exposure to losses on forward commitments at high gold prices. Hence, the resultant volume delivered will also decrease leaving a greater percentage of production being sold at the higher spot price. All lease rate resets are assumed at a rate of 2 per cent.

The number of ounces committed in these tables indicates how many ounces Ashanti would sell through forward sales, as well as calls and puts, bought and sold, which would be exercised under the various assumed spot prices.

Tables 4 and 6 demonstrate the effect of different levels of lease rate resets on the effective hedge price. A spot price of US\$300 per ounce is assumed.

**Table 3**

#### Realised price projections as at 31 December 1999

Effective hedge prices and quantities delivered at assumed spot prices with lease rates fixed at 2 per cent.

Year		Assumed spot price			
		US\$250	US\$300	US\$350	US\$400
2000	ounces	681,023	837,141	642,099	690,209
	US\$/ounce	340	325	334	324
2001	ounces	863,834	925,289	1,549,625	1,618,981
	US\$/ounce	341	333	332	328
2002	ounces	954,982	1,015,786	1,718,055	1,833,665
	US\$/ounce	351	343	346	343
2003	ounces	1,222,047	1,282,033	1,389,978	2,145,204
	US\$/ounce	363	357	358	355
2004	ounces	1,293,534	1,352,219	1,379,873	1,833,299
	US\$/ounce	362	356	357	357
2005	ounces	651,180	658,520	685,026	1,295,833
	US\$/ounce	381	377	377	372
2006	ounces	511,015	517,000	442,335	1,060,365
	US\$/ounce	367	363	361	371
2007	ounces	496,008	500,797	425,146	908,683
	US\$/ounce	378	375	376	379
2008	ounces	337,118	340,881	264,403	652,458
	US\$/ounce	345	341	339	367
2009	ounces	316,421	319,595	242,661	247,606
	US\$/ounce	339	336	335	350
2010	ounces	364,862	367,350	289,926	226,959
	US\$/ounce	359	357	363	375
2011	ounces	184,130	185,931	187,218	44,683
	US\$/ounce	311	308	327	246
2012	ounces	182,568	183,601	184,338	41,392
	US\$/ounce	313	312	332	266
2013	ounces	130,991	131,312	131,542	38,214
	US\$/ounce	301	301	323	255
Total	ounces	8,189,714	8,617,455	9,532,225	12,637,551
Average	US\$/ounce	355	348	349	353

**Table 4**

Lease rate sensitivity as at 31 December 1999 at a spot price of US\$300 per ounce.

Year		@ lease rate setting of		
		1%	2%	3%
2000	ounces	785,801	837,141	888,557
	US\$/ounce	346	325	306
2001	ounces	849,570	925,289	1,001,131
	US\$/ounce	363	333	308
2002	ounces	944,567	1,015,786	1,087,123
	US\$/ounce	369	343	321
2003	ounces	1,216,651	1,282,033	1,347,527
	US\$/ounce	376	357	340
2004	ounces	1,295,296	1,352,219	1,409,244
	US\$/ounce	372	356	342
2005	ounces	610,200	658,520	706,929
	US\$/ounce	407	377	351
2006	ounces	477,458	517,000	556,615
	US\$/ounce	393	363	337
2007	ounces	469,314	500,797	532,341
	US\$/ounce	400	375	352
2008	ounces	316,144	340,881	365,668
	US\$/ounce	368	341	318
2009	ounces	299,835	319,595	339,395
	US\$/ounce	358	336	316
2010	ounces	351,931	367,350	382,800
	US\$/ounce	373	357	343
2011	ounces	175,126	185,931	196,758
	US\$/ounce	327	308	291
2012	ounces	177,110	183,601	190,107
	US\$/ounce	323	312	3001
2013	ounces	129,070	131,312	133,558
	US\$/ounce	306	301	295
Total	ounces	8,098,073	8,617,455	9,137,752
Average	US\$/ounce	371	348	328

**Table 5**  
Realised price projections as at 3 March 2000  
Effective hedge prices and quantities delivered at assumed  
spot prices with lease rates fixed at 2 per cent.

Year		Assumed spot price			
		US\$250	US\$300	US\$350	US\$400
2000	ounces	709,745	759,806	760,437	785,302
	US\$/ounce	334	330	334	326
2001	ounces	644,558	698,438	1,405,934	1,431,232
	US\$/ounce	350	342	338	332
2002	ounces	791,879	849,579	1,661,059	1,627,007
	US\$/ounce	357	349	348	342
2003	ounces	1,013,945	1,071,928	1,178,443	1,795,522
	US\$/ounce	359	352	354	351
2004	ounces	679,308	736,867	763,716	1,051,639
	US\$/ounce	378	367	367	362
2005	ounces	474,257	481,059	507,180	952,799
	US\$/ounce	374	368	370	366
2006	ounces	500,616	506,741	432,177	1,005,382
	US\$/ounce	371	367	361	368
2007	ounces	482,686	488,261	413,171	896,229
	US\$/ounce	374	369	364	370
2008	ounces	412,912	417,964	342,408	864, 254
	US\$/ounce	374	369	363	371
2009	ounces	406,794	411,436	335,551	513,458
	US\$/ounce	374	370	365	365
2010	ounces	317,100	321,394	245,261	383,261
	US\$/ounce	374	369	381	361
2011	ounces	238,108	242,436	245,528	304,347
	US\$/ounce	372	366	361	356
2012	ounces	218,310	222,683	225,806	284,549
	US\$/ounce	375	367	362	357
2013	ounces	168,535	173,001	176,192	235,084
	US\$/ounce	367	357	351	347
Total	ounces	7,058,753	7,381,594	8,692,864	12,130,165
Average	US\$/ounce	364	357	352	353

**Table 6**  
Lease rate sensitivity as at 3 March 2000 at a spot price of  
\$300 per ounce

Year		@ lease rate setting of		
		1%	2%	3%
2000	ounces	731,731	759,806	787,911
	US\$/ounce	343	330	318
2001	ounces	656,226	698,438	740,721
	US\$/ounce	364	342	323
2002	ounces	798,520	849,579	900,759
	US\$/ounce	371	349	329
2003	ounces	1,022,743	1,071,928	1,121,278
	US\$/ounce	369	352	337
2004	ounces	692,694	736,867	781,262
	US\$/ounce	390	367	346
2005	ounces	442,792	481,059	519,623
	US\$/ounce	400	368	341
2006	ounces	474,306	506,741	539,568
	US\$/ounce	392	367	344
2007	ounces	461,002	488,261	516,030
	US\$/ounce	391	369	349
2008	ounces	394,848	417,964	441,736
	US\$/ounce	391	369	349
2009	ounces	391,796	411,436	431,968
	US\$/ounce	389	370	352
2010	ounces	303,988	321,394	339,822
	US\$/ounce	390	369	349
2011	ounces	226,509	242,436	259,615
	US\$/ounce	391	366	341
2012	ounces	207,637	222,683	239,239
	US\$/ounce	394	367	342
2013	ounces	158,760	173,001	189,046
	US\$/ounce	389	357	327
Total	ounces	6,963,482	7,381,594	7,808,577
Average	US\$/ounce	378	357	337

## Five Year Financial Summary

	Year to 30 Sept 1995 US\$m	Year to 31 Dec 1996 US\$m	Year to 31 Dec 1997 US\$m	Year to 31 Dec 1998 US\$m	Year to 31 Dec 1999 US\$m
<b>Profit and Loss</b>					
Turnover	405.6	458.7	531.3	600.3	582.1
Total costs	(299.7)	(377.3)	(452.4)	(500.8)	(485.8)
Operating profit before exceptional items	105.9	81.4	78.9	99.5	96.3
Profit before taxation and exceptional items	100.7	60.1	60.4	76.3	66.4
Exceptional items	–	–	(4.7)	(33.2)	(250.0)
Taxation	0.9	(0.1)	(2.4)	–	(2.7)
Profit/(loss) after taxation and exceptional items	101.6	60.0	53.3	43.1	(186.3)
Profit attributable to shareholders	101.6	60.0	53.7	40.7	(183.9)
Dividend	(32.6)	(39.0)	(21.8)	(10.9)	–
Retained profit/(loss) for the year	69.0	21.1	31.9	29.8	(183.9)
Earnings per share before exceptional items (US\$)	1.17	0.64	0.50	0.68	0.59

	30 Sept 1995 US\$m	31 Dec 1996 US\$m	31 Dec 1997 US\$m	31 Dec 1998 US\$m	31 Dec 1999 US\$m
<b>Balance Sheet</b>					
Fixed assets	644.2	962.6	1,101.2	1,213.1	1,139.5
Current assets	237.0	267.3	258.1	276.2	197.9
Creditors:					
Amounts due within one year	(89.1)	(175.2)	(206.3)	(282.4)	(341.0)
Net current assets/(liabilities)	147.9	92.1	51.8	(6.2)	(143.1)
Total assets less current liabilities	792.1	1,054.7	1,153.0	1,206.9	996.4
Creditors:					
Amounts due over one year	(201.2)	(490.4)	(614.4)	(632.2)	(578.6)
Capital and reserves					
Stated capital	150.3	489.5	515.6	518.6	544.3
Reserves	435.4	68.3	4.6	30.8	(153.1)
Shareholders' funds	585.7	557.8	520.2	549.4	391.2

In 1996 the financial year end changed from 30 September to 31 December.

## Shareholder Profile

as at 24 March 2000

Category:	Number of shareholders	Per cent of total shareholders	Number of shares	Per cent of issued shares
Private individuals	27,817	96.40	2,100,459	1.87
Pension funds	27	0.09	511,161	0.46
Insurance companies	151	0.52	222,076	0.19
Private/investment trusts	150	0.52	542,323	0.48
Other corporate holders	714	2.47	108,960,923	97.00
<b>Total</b>	<b>28,859</b>	<b>100.00</b>	<b>112,336,942*</b>	<b>100.00</b>

## Size of Holding

1 – 100	26,114	90.49	348,025	0.31
101 – 500	1,965	6.81	425,144	0.38
501 – 1,000	337	1.17	240,020	0.21
1,001 – 5,000	338	1.17	715,003	0.64
5,001 – 10,000	46	0.16	361,451	0.32
10,001 and over	59	0.20	110,247,299	98.14
<b>Total</b>	<b>28,859</b>	<b>100.00</b>	<b>112,336,942*</b>	<b>100.00</b>

\*Excluding 559,405 ordinary shares held in treasury

## 20 largest ordinary shareholders (representing 97.03 per cent of issued ordinary shares)

Name	Shares held	Name	Shares held
Depository Nominee, Inc.*	44,735,343	The Professional Trust Company Limited	239,999
Lonmin Plc	36,000,000	James Capel (Nominees) Limited	204,985
Government of Ghana	21,978,104	Redmayne Nominees Limited Trust	200,000
Libyan Arab African Investment Company Limited	1,601,309	Social Security & National Insurance Trust	178,876
Global Custody Nominees Limited	1,412,110	AGC Share Incentive Trustee Limited	165,000
CHESS Depository Nominees PTY Limited	935,600	Temple Assets Executor & Trust Co. (PVT) Ltd.	100,000
Chase Nominee Limited	701,714	Smith Bros. Nominees Limited	97,223
State Street Nominees Limited	400,000	Reste Nominees Limited	89,028
Ghana Cocoa, Coffee & Sheanut Farmers Association	247,593	Gold Coast Securities Limited	87,273
		James Capel (Second Nominees) Limited	85,722
		Royal Bank of Canada	84,711

\*Depository for Global Depository Receipts

### Listing of Ordinary Shares

The Company's ordinary shares are listed on the following international stock exchanges and trade under the symbols shown:

Australia	AHA
Ghana	AGC
London	AGLS
New York	ASL (CUSIP # 043743202)
Toronto	AHD.U (CUSIP # 043743202)
Zimbabwe	-

On the Australian Stock Exchange, the shares also trade as CHESS Units of Foreign Securities (CUFS).

The Company's shares are also traded on the London, New York and Toronto stock exchanges by way of a sponsored Global Depositary Receipt (GDR) facility with The Bank of New York as Depositary. The ratio of GDRs to ordinary shares is 1:1. The securities are also traded as ordinary shares on the Ghana and London stock exchanges.

On the Zimbabwe Stock Exchange, the Company's securities are traded by way of a sponsored Zimbabwe Depositary Receipt (ZDR) facility with Temple Assets Executor and Trust Company (Private) Limited as Depositary and are also traded as ordinary shares. The ratio of ZDRs to ordinary shares is 100:1.

### Dividend Payments

The Company's ordinary dividends are declared and paid in US dollars to shareholders on the International Register unless they elect to receive them in pounds sterling.

Shareholders on the Australian Register receive their dividends in Australian dollars unless they elect to receive them in US dollars or pounds sterling.

Shareholders on the Ghana Register receive their dividends in Cedis unless they are non-resident and elect to receive them in US dollars or pounds sterling.

Shareholders on the Zimbabwe Register receive their dividends in Zimbabwe dollars.

The exchange rates used to determine the payments in other currencies are as at the dividend record date.

### Dividend Mandates

Shareholders who wish to have their dividends paid directly into a bank or building society account should contact their Registrars for a dividend mandate form.

### Share Dividend Plan

Shareholders are normally offered the opportunity under the Ashanti Share Dividend Plan to reinvest their cash dividends in the Company's shares. In 1999 a share dividend was offered in respect of the final dividend for 1998. For tax purposes, the cash equivalent value of one new share in respect of the dividend was US\$8.18.

To date the Ashanti Share Dividend Plan has not been offered to shareholders on the Zimbabwe Register because they would be disadvantaged by the significant share price differential between the London and Zimbabwe stock exchanges. The Company is monitoring the share price differential and will offer a share alternative once the differential is considered to be immaterial.

### Shareholder Enquiries:

#### International Registrars'

##### UK Transfer Office

IRG plc  
Bourne House,  
34 Beckenham Road,  
Beckenham,  
Kent BR3 4TU  
Telephone: (208) 639 2000  
Fax: (020) 8639 2487

#### Australian Registrars

Perpetual Securities  
Registration Services  
Level 4  
333 Collins Street  
Melbourne, Victoria 3000  
Telephone: (+61-3) 9205 4999  
Fax: (+61-3) 9205 4900

#### Ghana Registrars

Barclays Bank of Ghana Limited  
Registrar's Department  
High Street  
P O Box 2949  
Accra  
Telephone: (+233-21) 669404  
Fax: (+233-21) 667420

#### Zimbabwe Registrars

Syfrets Corporate and  
Merchant Bank  
1st Floor  
99 Jason Moyo Avenue  
P O Box 2540  
Harare, Zimbabwe  
Telephone: (+263-4) 736 011  
Fax: (+263-4) 736 022

### GDR Holder Enquiries:

The Bank of New York  
ADR Department  
101 Barclay Street, 22nd Floor  
New York, NY 10286  
Telephone: (+1-212) 815 5133  
Fax: (+1-212) 571 3050

### Corporate Office

S E Jonah \*  
*Chief Executive and  
Group Managing Director*

Mrs M Botsio-Phillips \*  
*General Counsel*

M B Keatley \*  
*Chief Financial Officer*

Mrs E D Ofori Atta \*  
*Executive Director,  
Corporate Relations*

H K A Otoo \*  
*Executive Director,  
Government Affairs*

T S Schultz \*  
*Chief Operating Officer*

E Abankroh \*  
*Company Secretary*

J K Anaman \*  
*Managing Director, Public Affairs*

K Awotwi \*  
*Managing Director,  
Strategic Planning & New Business Development*

M. Arnesen  
*Managing Director, International Treasury*

A Darko \*  
*Managing Director,  
Information Systems & Telecoms*

E Dwomoh-Appiah  
*Group Manager, Properties*

A de Freitas  
*Group Mining Engineer*

E Harlley \*  
*Group Manager, Internal Audit*

E Twum-Barimah  
*Group Human Resources Co-ordinator*

J E McGinley  
*Group Health & Safety Co-ordinator*

S Okrah  
*Corporate Executive, Industrial Relations*

A Owusu Ansah  
*General Manager, Logistics and Shipping*

G Townsend  
*Group Financial Controller*

K Tshribi  
*General Manager, Legal*

### Freda-Rebecca, Zimbabwe

A Ntini  
*Managing Director*

K Akosah-Bempah  
*Finance Director*

### Bibiani Mine

D M A Owiredu  
*Managing Director*

### Iduapriem Mine

B Horochuck  
*General Manager*

### Obuasi and Ayanfuri Mines

A Dods  
*Managing Director*

M K Mracek  
*Deputy Managing Director*

M A Aorney  
*Financial Controller*

J A Amanor  
*Senior Manager, Geology*

Mrs E Kwami  
*Acting General Manager, Human Resources*

D Mensah-Abrampah  
*General Manager, Processing*

S Osei-Bempah  
*General Manager, Ayanfuri*

S Oti-Brako  
*General Manager, Mining*

J Y Timbilla  
*General Manager, Projects*

### Siguiri, Guinea

I Danso  
*Directeur Générale and Managing Director,  
Société Ashanti Goldfields de Guinée*

P Davies  
*Deputy Managing Director, Siguiri*

Y Acheampong  
*Mine Manager, Siguiri*

### Group Projects

G Potter \*  
*Managing Director*

### Geita, Tanzania

H Michael  
*Managing Director*

O Majuru  
*Finance Director*

### Ashanti Exploration

P N Cowley \*  
*Managing Director*

\*Member of the Chief Executive's Committee

## Notice of Annual General Meeting

Notice is hereby given that the twenty-seventh Annual General Meeting of Ashanti Goldfields Company Limited will be held at the Len Clay Stadium, Obuasi, Ghana on Tuesday 30 May 2000 at 11.00 a.m. to transact the following business:

### Ordinary Resolutions

#### Ordinary Business

1. To receive and consider the reports of the directors and auditors and the accounts for the year ended 31 December 1999.
2. To re-elect as a director Mr N J Morrell who is retiring by rotation.

To elect the following directors who were appointed by the Board since the last Annual General Meeting:

3. Mr A Ashiabor
4. Mr E N Awoonor
5. The Rt. Hon. The Baroness Chalker of Wallasey PC
6. Dr D R Creed
7. Dr C A Crocker
8. Dr K Duffuor
9. Mr T Gibian
10. Dr M P Martineau

11. To authorise the directors to determine the fees of the Company's auditors.

#### Special Business

12. THAT the directors be and they are hereby generally and unconditionally authorised pursuant to Section 202(1) of the Companies Code, 1963 (Act 179) to exercise all the powers of the Company to allot and issue:
  - (a) ordinary shares in connection with any option scheme or share scheme for directors and/or employees approved by the members in General Meeting,
  - (b) up to 38,000,000 ordinary shares without offering such shares to existing shareholders in accordance with the provisions of sub-paragraph (b) of the said Section 202(1) PROVIDED that this authority shall be limited so that, otherwise than pursuant to the authority referred to above and a rights issue or similar offer where shares or other securities are offered to ordinary shareholders and such holders of other securities of the Company as the directors may determine on a fixed record date in proportion (as nearly as may be) to their then holdings of securities or in accordance with the rights attached thereto (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions, obligations or practical problems arising from or under the laws or the requirements of any territory or of any recognised regulatory body or stock exchange or otherwise howsoever) the aggregate number of shares to be issued for cash by the directors pursuant to the authority contained in this sub-paragraph (b) shall not in aggregate exceed 5,600,000 ordinary shares and such authority (unless previously revoked or renewed) shall expire on 30 August 2001 or the conclusion of the next Annual General Meeting of the Company (whichever is the earlier) save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the directors may allot and issue shares in pursuance of such offer or agreement as if the said authority had not expired.
13. THAT subject to the passing of Resolution 12 above the provisions of Section 202(2) of the Companies Code, 1963 (Act 179) be and they are hereby disapplied in connection with: (i) any issue of shares pursuant to the authorities conferred by Resolution 11 above; and (ii) any issue of treasury shares.

It is proposed by Resolution 12 to enable the directors to allot unissued and uncommitted share capital of the Company amounting to 38,000,000 Ashanti shares (representing approximately one-third of the current issued share capital of the Company) until 30 August 2001 or the conclusion of the next Annual General Meeting (whichever is the earlier). This Resolution is proposed so as to give the directors the necessary flexibility to take advantage of business opportunities as they arise. The directors, other than in connection with option schemes or share plans, have no present intention of using this authority which renews an existing authority given to the directors each year.

It is also proposed by Resolution 12 to empower the directors to allot equity securities for cash without first offering them to existing shareholders in proportion to their holdings, subject to a maximum of 5,600,000 Ashanti shares representing approximately 5 per cent of the current issued share capital. The directors, other than in connection with option schemes or share plans, have no present intention of using this authority which replaces the equivalent resolution passed at the last Annual General Meeting and will expire on 30 August 2001 or at the conclusion of next year's Annual General Meeting (whichever is the earlier). This Resolution is proposed so as to give the directors the necessary flexibility to take advantage of business opportunities as they arise and the 5,600,000 ordinary shares limit for issues of shares for cash ensures that existing shareholders' interests are protected.

### Special Resolution

14. THAT the Company be and it is hereby unconditionally authorised to exercise all the powers of the Company to make market or off market purchases of the Company's ordinary shares up to an aggregate of 12,000,000 ordinary shares at a price per share (exclusive of expenses) of not more than 5 per cent above the average of the respective middle market quotations for the shares as derived from the Daily Official List of the London Stock Exchange for the 5 business days before the purchase is made, such authority (unless previously revoked or renewed) shall expire on 30 August 2001 or at the conclusion of the next Annual General Meeting of the Company (whichever is the earlier) save that the Company may before such expiry enter into a contract to purchase shares which would or might require to be executed wholly or partly after such expiry and may make a purchase of shares pursuant to such contract as if the said authority had not expired.

By order of the Board

*Registered Office*  
Gold House  
Patrice Lumumba Road  
Roman Ridge  
PO Box 2665  
Accra

Ernest Abankroh  
Secretary

12 April 2000

It is proposed by Resolution 14 to renew the Company's authority to purchase its own issued shares at a price which is not more than 5 per cent (exclusive of expenses) above the average of the market values of Ashanti shares taken from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The authority will be for the purchase of a maximum of 12,000,000 Ashanti shares (approximately 10 per cent of the Company's current issued share capital) and will expire on 30 August 2001 or at the conclusion of next year's Annual General Meeting (whichever is the earlier). It is presently intended that a resolution for its renewal will be proposed at each succeeding Annual General Meeting. The Company will continue to make purchases when it considers appropriate although no purchases will be made unless the effect will be to increase expected earnings per share and such purchases would be in the best interests of shareholders generally.

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board, must be deposited at the offices of the Company's Registrars in Ghana, Barclays Bank of Ghana Limited, High Street, PO Box 2949, Accra, Ghana or at the UK Transfer Office of the Company's International Registrars, IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK or at the offices of the Company's Registrars in Australia, Perpetual Securities Registration Services, Level 4, 333 Collins Street, Melbourne, Victoria 3001, Australia or at the offices of the Company's Registrars in Zimbabwe, Syfrets Corporate and Merchant Bank, 1st Floor, 99 Jason Moyo Avenue, PO Box 2540, Harare, Zimbabwe, not less than 48 hours before the time appointed for holding the meeting.

**FAILURE TO DEPOSIT THE FORM OF PROXY AS REQUIRED WILL RESULT IN THE PROXY NOT BEING ADMITTED TO, OR PARTICIPATING IN THE MEETING.**

3. In the case of joint registered holders of any share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the register.
4. Copies of the directors' service agreement of more than one year's duration will be available for inspection during business hours at the Company's registered office and the UK Transfer Office referred to in Note 2 above from the date of this Notice and at the Len Clay Stadium, Obuasi, Ghana from 10.00 a.m. on Tuesday 30 May 2000 until the end of the meeting.

This annual report contains a number of statements relating to future results of Ashanti that are considered “forward looking statements” as defined in the Private Securities Litigation Reform Act 1995 of the United States of America. Statements that are not historical facts, including statements about our beliefs and expectations, are forward looking statements. Such statements may include statements regarding future plans, objectives or goals, anticipated production or construction commencement dates, construction completion dates, expected costs or production output and the anticipated productive lives of mines.

These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Ashanti can give no assurances that such results, including the actual production or commencement dates, construction or completion dates, costs or production output or anticipated lives of the projects and mines discussed will not differ materially from the statements contained in the annual report. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Ashanti, which may cause actual results to differ materially from those expressed in the statements contained in this annual report. For example, future revenues from projects or mines described herein will be based in part upon the market price of gold, which may vary significantly from current levels. Such variations, if materially adverse, may impact the timing or feasibility of the developments of a particular project or the expansion of specified mines.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of mines include the ability to profitably produce and transport gold extracted therefrom to applicable markets, the impact of foreign currency exchange rates on market prices of gold and activities by governmental authorities where such projects or mines are being explored or developed, including increases in taxes, changes in environmental and other regulations and political uncertainty.

Forward looking statements speak only as of the date they are made, and Ashanti undertakes no obligation to update publicly any of them in light of new information or future events.

## Ashanti Goldfields Company Limited

Registered in Ghana No. 7094 ARBN 074 370 862

### Registered Office

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Ernest Abankroh

*Company Secretary*

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### London Office

3rd Floor, Roman House  
Wood Street  
London EC2Y 5BA  
United Kingdom  
Telephone: (+44-20) 7256 9938  
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### Investor Relations

#### Corporate Office

Kweku Awotwi

*Managing Director, Strategic Planning*

*New Business Development*

Telephones: (+233-21) 772331  
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Fax: (+233-21) 776501  
E-Mail Address awotwi@ashanti.net

#### London Office

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*UK Representative*

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#### 4C Communications Ltd

Carina Corbett

Telephone: +44 (0)20 8949 7171  
Fax: +44 (0)20 8942 5733  
E-Mail Address 4C4U@ukgateway.net

#### Golin Harris

Allan Jordan (New York)

Telephone: (+1-212) 697 9191  
Fax: (+1-212) 697 3720

### Ayanfuri Mine

PO Box 393, Dunkwa-on-Offin, Ghana  
Telephones: (+233-31) 21451/2  
(+233-31) 21448  
(Satellite) 871 68620025  
Fax: (+233-31) 21572  
(Satellite) 871 68620026

### Bibiani Mine

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Telephone: (+233-51) 20118  
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### Freda-Rebecca Mine

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### Iduapriem Mine

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### Obuasi Mine

PO Box 10, Obuasi, Ghana  
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### Geita Mine

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Oyster Bay, Dar es Salaam  
PO Box 75803  
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### Siguiri Mine

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KM4, Cameroun B.P. 1006  
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### Ashanti Exploration

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