

ASHANTI GOLDFIELDS CO LTD

Form 425

August 06, 2003





A powerful combination

AngloGold & Ashanti Goldfields

A transaction which brings together the financial and technical resources of AngloGold with the reserve base and growth potential of Ashanti creating a combination strategically placed for sustained value growth.





## A powerful combination

Filed by Ashanti Goldfields Company Limited  
Pursuant to Rule 425 under the Securities Act of 1933  
Subject Company: Ashanti Goldfields Company Limited  
Commission File No. 1-14212

### Certain forward-looking statements

Certain statements in this presentation are forward-looking within the meaning of Section 27A of Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, those statements concerning (i) timing, fulfillment of completion of the proposed transaction, (ii) the value of the transaction consideration, (iii) expectations regarding production and cost savings at the combined group's operations and its operating and financial performance and (iv) synergies and other benefits anticipated from the proposed transaction. Although AngloGold believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

For a discussion of important terms of the proposed transaction and important factors and risks in the companies' businesses, which could cause the combined group's actual operating and financial results to differ materially from such forward-looking statements, refer to AngloGold's and Ashanti's filings with the U.S. Securities and Exchange Commission (the "SEC") including AngloGold's annual report on Form 20-F for the year ended 31 December 2002, filed with the SEC on 7 April 2003 and Ashanti's annual report on Form 20-F for the year ended 31 December 2002, filed with the SEC on 17 June 2003 and any other documents in respect of the proposed transaction that are furnished to the SEC by AngloGold or Ashanti under cover of Form 6-K.

Neither AngloGold nor Ashanti nor the combined group undertakes any obligation to update publicly or release any revisions to publicly update any forward-looking statements discussed in this presentation, whether as a result of new information, future events or otherwise.

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

Shareholders are reminded that there can be no assurance that the Merger will be implemented. Consequently holders of AngloGold and Ashanti securities are advised to exercise caution when dealing with relevant securities until a further announcement is made.





## A powerful combination

### Summary

#### **The Transaction**

&#8226 AngloGold to merge with Ashanti by way of a scheme of arrangement  
Combined group to be called AngloGold Ashanti and will trade as

&#8226 Ashanti AngloGold in Ghana

#### **The Terms**

&#8226 0.26 AngloGold shares for every Ashanti share  
US\$8.36 per Ashanti share (as at close 1 August) <sup>1</sup>

&#8226 US\$7.96 per Ashanti share (as at close 15 May) <sup>2</sup>

&#8226 12% premium for Ashanti shareholders on 15 May<sup>2</sup>

&#8226 34% premium based on 30 day average price prior to 15 May<sup>3</sup>

#### **Anticipated Benefits**

&#8226 Accretive to earnings per share from 2004 <sup>4</sup>

&#8226 A 31% increase in reserves and significant brownfields exploration  
potential

&#8226 A US\$20/oz reduction in cash costs at Obuasi over the next 5 years

&#8226 US\$15 million per annum in synergies <sup>5</sup>

#### Notes:

<sup>1</sup> Based on AngloGold ADS/Ashanti GDS on NYSE as at close 1 August 2003, trading day prior to announcement

## Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

- 2 Based on AngloGold ADS/Ashanti GDS on NYSE as at close 15 May 2003, day prior to the announce
- 3 Based on average closing prices of AngloGold ADS/Ashanti GDS on NYSE for 30 trading days up t
- 4 Accretive to headline earnings per share before unrealised non-hedge derivative adjustments fo  
headline earnings per share before unrealised non-hedge derivative adjustments will be great
- 5 First full year after completion of the merger, before transaction expenses





4

## A powerful combination

AngloGold & Ashanti

**A powerful combination ...**

### **Growth**

&#8226 Underground potential (Obuasi)

&#8226 Land positions

&#8226 Potential of improved operating performance

&#8226 Consolidation of Geita ownership

&#8226 Financing, administrative costs

&#8226 Technical expertise

&#8226 #1 in reserves

&#8226 Leading gold producer

&#8226 US\$1 billion EBITDA

2

&#8226 Competitive cash costs

&#8226 Long-life assets

&#8226 Well diversified asset base

&#8226 c. US\$8.3 billion market capitalisation

3

&#8226 Enhanced share trading liquidity

&#8226 c. 2/3 trading in North America

4

### **Synergies**

#### **Scale**

1

#### **Operating strength**

#### **Investment appeal**

Notes:

1 Based on public filings

2

Pro forma earnings before interest, tax, depreciation and amortisation ("EBITDA") calculated in accordance with International Financial Reporting Standards for the 2002 financial year

3

Pro forma market capitalisation as at close 1 August 2003, the trading day prior to announcement (US\$32.15) (source: Datastream); the implied offer value per Ashanti GDS (US\$8.36) and current is

4

Based on share trading volumes for the twelve months up to and including 1 August 2003 (source: D





5

# A powerful combination

Ashanti

**Tonnes**

<b>Grade Reserves</b>	<b>Production</b>	<b>Costs</b>
-----------------------	-------------------	--------------

(million)

(g/t)

(Moz)

(oz)

(US\$/oz)

**Obuasi**

60.8

6.1

11.9

537,219

207

**Geita (50%)**

35.2

4.2

4.7

289,522

172

**Iduapriem (80%) /**

**Teberobie (90%)**

39.2

1.7

2.1

157,419

241

**Siguiri (85%)**

47.1

1.2

1.8

228,898

241

**Bibiani**

11.4

2.3

0.8

242,432

189

**Freda-Rebecca**

4.8

2.5

0.4

98,255

214

**Youga (45%)**

2.2

3.3

0.2

-

-

**TOTAL**

200.7

3.4

22.0

1,553,745

207

0

5

10

15

20

25

Source: Public filings as at 31 December 2002

Note: Data presented on an attributable basis costs represent cash costs including





6

## A powerful combination

Growth potential: Obuasi Deeps

- &#8226 Obuasi orebody extends at depth below the deepest level workings (1,500m depth)
- &#8226 High grade extensions of orebody projected below 50 level by exploration intersections down to 66 level (2,000m depth)
- &#8226 Orebody is extrapolated to extend to a depth of 3,000m
- &#8226 Higher grade of ore below 50 level compared to that mined the current plan for the remaining life of mine allows potential gold production and/or to transform operation to a low to medium gold producer
- &#8226 US\$44 million of exploration expenditure over the next 5 years
- &#8226 Dedicated project team to undertake feasibility study
- &#8226 Conceptual plans for optimal development under review
- &#8226 Total potential capital expenditure anticipated to be US\$1.5 billion in terms for the Obuasi Deeps development
- &#8226 Life of Obuasi potentially extended to 2040 or beyond

1

1

Note:

1 AngloGold management forecasts. US\$44 million of exploration expenditure is included in the





7

A powerful combination

AngloGold & Ashanti: Global presence

**Global presence, focused in some of the most prospective regions in the world...**

AUSTRALIA

Sunrise Dam

Union Reefs

NAMIBIA

Navachab

TANZANIA

MALI

Morila

Sadiola

Yatela

USA

Cripple Creek & Victor

BRAZIL

Morro Velho

Serra Grande

ARGENTINA

Cerro Vanguardia

SOUTH AFRICA

SA operations

ZIMBABWE

Freda-Rebecca

Geita

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

Siguiri

Obuasi

GUINEA

GHANA

Iduapriem / Teberebie  
Bibiani

Ashanti operations (as at 31 December 2002)

LEGEND

AngloGold operations (as at 31 December 2002)





## A powerful combination

AngloGold & Ashanti: African champion

### **Unparalleled operational and exploration activities Africa...**

NAMIBIA

Navachab

D R CONGO

MALI

Morila

Sadiola

Yatela

SOUTH AFRICA

TANZANIA

Geita

Siguiriri

IVORY COAST

Iduapriem / Teberebie  
Bibiani

Freda-Rebecca

ZIMBABWE

GHANA

ERGO

AngloGold operations (as at 31 December 2002)

LEGEND

Gold belt

AngloGold exploration projects

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

GUINEA

Ashanti operations (as at 31 December 2002)

Ashanti exploration projects

Obuasi

VAAL RIVER

Tau Lekoa

Kopanang

Great Noligwa

Moab Khotsong

WEST WITS

TauTona

Savuka

Mponeng





## A powerful combination

# Growth potential: Greenfields/Brownfields

### **Global growth prospects**

AUSTRALIA

NAMIBIA

TANZANIA

BRAZIL

ARGENTINA

SOUTH AFRICA

PERU

Geita

Navachab

SA operations

Union Reefs

Sunrise Dam

Morro Velho

Cerro Vanguardia

Obuasi

ZIMBABWE

IVORY COAST

Iduapriem / Teberebie

MALI

USA

CANADA

Cripple Creek

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

& Victor

Serra Grande

Morila

Yatela  
Sadiola

Siguiri

Boddington

D R CONGO

GUINEA

GHANA

MONGOLIA

Bibiani

LEGEND

Greenfields exploration

Mines with brownfields exploration





10

## A powerful combination

Synergy benefits

**Total annual synergies of US\$15 million per annum expected ... 1**

&#8226 Consolidation of Geita ownership

&#8226 Reduced financing costs

&#8226 Reduction of administrative and procurement costs

&#8226 Technical capabilities including potential to reduce expenditure for  
outsourced functions

Note:

1 From first full year after completion of the merger, before transaction expenses





11

## A powerful combination

Scale: #1 in reserves

### **The world's largest reserve base ...**

Source: Public filings as at 31 December 2002

#### Note:

1 AngloGold reserves adjusted for sale of Amapari and Jerritt Canyon

2 Adjusted for sale of interest in TVX Newmont Americas and Echo Bay

3 As at 30 June 2003

71.2

52.9

81.1

83.2

86.9

22.0

0

20

40

60

80

100

120

Placer Dome

Gold Fields

Newmont

Barrick

AngloGold & Ashanti

Attributable proven and probable gold reserves (Moz)

93.2

**... 31% increase relative to AngloGold's existing reserve base**





12

## A powerful combination

Scale: Production

### **Leading production ...**

Source: Public filings as at 31 December 2002

#### Notes:

1 Gold sales, with estimated adjustments to exclude equity interests in TVX Newmont America

2 AngloGold production adjusted for the sale of Jerritt Canyon

3 Adjusted to 31 December 2002 year end

2.8

4.5

5.7

5.7

7.3

1.6

7.3

0

2

4

6

8

10

Placer Dome

Gold Fields

Barrick

AngloGold & Ashanti

Newmont

2002 pro forma attributable gold production (Moz)

**... 27% increase relative to AngloGold's existing production**





## A powerful combination

Operating strength: Quality assets

Substantial long-life asset base ...

Country

`02 Production

(`000 oz)

`02 Cash costs 4

(\$/oz)

Geita

Tanzania

579

175

Mponeng

South Africa

466

178

Morro Velho

Brazil

205

131

Obuasi

Ghana

537

207

Boddington expansion project 1

**Australia**

225 <sup>3</sup>

147 <sup>3</sup>

**Moab Khotsong <sup>2</sup>**

**South Africa**

360 <sup>3</sup>

129 <sup>3</sup>

Mines with 15+ year life of mine plans

Total AngloGold & Ashanti pro forma cash costs <sup>4</sup>, estimated to be

per ounce for six months to 30 June 2003 <sup>5</sup>,

Source: AngloGold and Ashanti 2002 annual reports

Notes:

1 Due to commence construction following agreement of JV partners

2 Due to commence production in 2003

3 Estimated average annual attributable production and average annual cash cost

4 Inclusive of royalties on an attributable basis

5 In 2003 AngloGold has been adversely effected by the weaker US dollar

... with competitive cash costs





14

## A powerful combination

Operating strength: Diversification

### **A well diversified portfolio**

Attributable reserves - pro forma geographic distribution

South  
America  
5%

North  
America  
5%

Australia  
7%

East &  
West Africa  
33%

South  
Africa  
50%

Source: Public filings as at 31 December 2002





15

## A powerful combination

Investment appeal: Size

### **Re-enforcing AngloGold's leading market position ...**

Source: Datastream (as at close 1 August 2003, the trading day prior to announcement)

Notes:

1

Pro forma market capitalisation as at close 1 August 2003, the trading day prior to announcement (source: Datastream); the implied offer value per Ashanti GDS (US\$8.36) and current issued share

2 Merger of Harmony and ARMgold pending, separate market capitalisation data shown

7,163

14,452

9,257

5,588

5,014

2,355

2,299

2,180

2,029

1,896

1,254

823

992

773

1,089

8,252

0

2,000

4,000

6,000

8,000

10,000

12,000

14,000

Avgold

ARMgoldz

Lihir

Meridian

Newcrest

Kinross

Goldcorp

Buenaventura

Harmonyz

Placer Dome

Gold Fields

AngloGold/Ashanti

Barrick

Newmont

Market capitalisation (US\$m)





## A powerful combination

Investment appeal: Share liquidity

**...with liquidity on a par with the North American majors**

Last twelve months average daily shares traded relative to free float

0.8%

0.9%

1.0%

1.2%

1.2%

0.0%

0.2%

0.4%

0.6%

0.8%

1.0%

1.2%

1.4%

Gold Fields

Barrick

AngloGold &  
Ashanti

Placer Dome

Newmont

Source:

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

Datastream (twelve months up to and including 1 August 2003, the trading day prior to announcement of AngloGold data only, illustrating average daily shares traded relative to current shares in issue)





17

## A powerful combination

Investment appeal: Liquidity

**... trading largely driven by North America**

AngloGold & Ashanti share trading pro forma geographic distribution

Source: Datastream

### Notes:

1 Based on share trading volumes over the twelve months up to and including 1 August 2003, t

2 AngloGold share trading volume does not include Australian Stock Exchange listing

3 Only includes Ashanti share trading volumes on NYSE

South Africa  
27%

Europe  
2%

US  
71%





18

## A powerful combination

Investment appeal: Dividends

**... continuing to pass strong cash flow to shareholders**

0.5

0.8

1.3

3.3

4.5

0.0

0.5

1.0

1.5

2.0

2.5

3.0

3.5

4.0

4.5

5.0

Newmont

Placer Dome

Barrick

Gold Fields

AngloGold

Source:

Datastream (as at close 1 August 2003, the trading day prior to announcement)







19

## A powerful combination

Hedging

### **Actively managed hedging position**

Pro forma June 2003 hedge position

2002

Hedge

Hedge

Production

Delta

marked-to-market

('000 oz)

(Moz)

(US\$m)

AngloGold

5,939

8.7

(179.3)

Ashanti

1,626

6.0

(147.6)

### **Combined**

**7,565**

**14.7**

**(326.9)**

&#8226

Combined hedge within AngloGold policy, percentage hedged of f. production moves from 29% to 39%, only a small position beyond year limit

&#8226 Continue reducing combined hedge book by delivering i

&#8226 Combined scheduled maturities - 1.2 million ounces in

&#8226 Continue to actively manage the hedge book

&#8226 Ashanti marked-to-market loss absorbed in fair value





20

## A powerful combination

Debt

### **Combined company gearing at comfortable levels**

Pro forma debt position for the combined group:

&#8226 Total Debt of US\$1,183 million (at 30 June 2003)

1

&#8226 Net Debt of US\$832 million (at 30 June 2003)

1

&#8226 Net Debt to Total Capital Employed of 17.6% (at 30 June 2003)

1

&#8226 Net Debt to EBITDA of 0.76 times (2002)

1,2

&#8226 EBITDA to Net Interest of 36 times (2002)

1,2

&#8226 Likely restructuring of debt to effect planned savings

Notes:

1

Pro forma estimates based on 30 June 2003 and 31 December 2002 figures, net debt includes estimates of debt extinguishment options and proceeds from the exercise of the remaining Ashanti warrants

2

EBITDA calculated in accordance with International Financial Reporting Standards





21

## A powerful combination

AngloGold & Ashanti

• Significant premium

- US\$8.36 per share <sup>1</sup>

- 34% premium based on 30 day average price to 15 May <sup>2</sup>

• Enhanced operating profile

- significantly larger reserve base
- lower cash costs
- well diversified asset portfolio

• Increased financial strength

- removes existing capital constraints to future development
- high dividend yield

• Much improved share trading liquidity

• Sharing in upside potential

- synergies
- growth through greenfields/brownfields development

### **A compelling transaction ... for Ashanti shareholders**

Notes:

- 1 Based on AngloGold ADS/Ashanti GDS on NYSE as at close 1 August 2003, the trading day prior
- 2 Based on average closing prices of AngloGold ADS/Ashanti GDS on NYSE for 30 trading days up





22

## A powerful combination

AngloGold & Ashanti

### **A compelling transaction ... for AngloGold shareholders**

&#8226; Enhances AngloGold's strategic position

- Reserves: 31% increase <sup>1</sup>

- Production: 27% increase <sup>1</sup>

- Market capitalisation: 15% increase to US\$8.3 billion <sup>2</sup>

- Cash costs: US\$220 per ounce at 30 June 2003 on a pro forma basis <sup>3</sup>

- Life: Two key long-life assets, Obuasi and outstanding interest in Geita

- Risk diversification: Production outside South Africa increased by over 65% <sup>1</sup>

&#8226; Financially attractive

- accretive to earnings per share <sup>4</sup>

&#8226 Good cultural fit

&#8226 Improved share trading liquidity

&#8226 Sharing in upside potential

- synergies

- greenfields/brownfields development

Notes:

1 Based on information from AngloGold Form 20-F for the year ended 31 December 2002 (adjusted)  
2

Pro forma market capitalisation as at close 1 August 2003, the trading day prior to announcement (source: Datastream); the implied offer value per Ashanti GDS (US\$8.36) and current issued share

3

Based on information from AngloGold and Ashanti second quarter results

4 Accretive to headline earnings per share before unrealised non-hedge derivative adjustments

that headline earnings per share before unrealised non-hedge derivative adjustments will be greater





## A powerful combination

AngloGold & Ashanti

**A powerful combination ...**

### **Growth**

&#8226 Underground potential (Obuasi)

&#8226 Land positions

&#8226 Potential of improved operating performance

&#8226 Consolidation of Geita ownership

&#8226 Financing, administrative costs

&#8226 Technical expertise

&#8226 #1 in reserves

&#8226 Leading gold producer

&#8226 US\$1 billion EBITDA <sup>2</sup>

&#8226 Competitive cash costs

&#8226 Long-life assets

&#8226 Well diversified asset base

## Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

&#8226 c. US\$8.3 billion market capitalisation 3

&#8226 Enhanced share trading liquidity

&#8226 c. 2/3 trading in North America 4

### **Synergies**

#### **Scale**

1

#### **Operating strength**

#### **Investment appeal**

Notes:

1 Based on public filings

2

Pro forma 2002 earnings before interest, tax, depreciation and amortisation ("EBITDA") calculated

3

Pro forma market capitalisation as at close 1 August 2003, the trading day prior to announcement (source: Datastream); the implied offer value per Ashanti GDS (US\$8.36) and current issued share

4

Based on share trading volumes for the twelve months up to and including 1 August 2003 the trading





Supplementary materials

APPENDIX





25

# A powerful combination

Company summary

## **Fact sheet**

AngloGold

Ashanti

Stand-alone

Stand-alone

Ordinary shares outstanding (m)

222.8

130.3

Share price (US\$) <sup>1</sup>

32.15

8.36 <sup>2</sup>

Exchange ratio

0.26

Market capitalisation (US\$m)

7,163

1,089 <sup>2</sup>

2002 Reserves (Moz)

71.2

22.0

## Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

*Contribution to combined group (%)*

76

24

2002 production ('000 oz) (attributable)

5,702

1,554

*Contribution to combined group (%)*

79

21

(US\$m)

311

Debt

891

292

Cash

48

Net debt

580

244

Shareholders' equity

1,622

478

Shareholding in combined group (%)

87

13

Source: 2003 Second quarter report, except where stated. Financial information for AngloGold is

with International Financial Reporting Standards and financial information for Ashanti is present with UK GAAP

Notes:

1

## Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

As at close 1 August 2003, the trading day prior to announcement for AngloGold (Source: Datastream) effective share price implied by the offer for Ashanti

2

Implied offer value





26

# A powerful combination

Asset base

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) <sup>1</sup>

South African

Great Noligwa

100

-

-

880

124

6.9

Kopanang

511

165

6.0

Edgar Filing: ASHANTI GOLDFIELDS CO LTD - Form 425

<b>Tau Lekoa</b>	<b>100</b>
100	
311	
192	
3.9	
<b>Surface operations--Vaal River</b>	
100	
99	
137	
2.4	
<b>Ergo</b>	<b>100</b>
264	
184	
0.8	
<b>Mponeng</b>	<b>100</b>
466	
178	
9.5	
<b>Savuka</b>	<b>100</b>
236	
245	
2.7	
<b>TauTona</b>	<b>100</b>
643	
132	
6.3	
<b>Moab Khotsong</b>	
100	

9.0

Surface operations--West Wits

100

2

46

0.0

East & West Africa

Geita 100

580

175

9.4

Morila 40

421

74

1.7

Navachab 100

85

147

0.6

Sadiola 38

182

163

1.2

Yatela 40

107

175

**0.5**

Source: AngloGold and Ashanti public filings as at 31 December 2002

Note:

1

Proven and probable reserves





27

## A powerful combination

Asset base (continued)

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) <sup>1</sup>

East & West Africa (continued)

Iduapriem / Teberebie

80 / 90

157

241

2.1

Bibiani

100

242

189

0.8

Siguiri

85

229

241

1.8

Obuasi

100

537

207

11.9

Freda-Rebecca

100

98

214

0.4

Youga

45

-

0.2

North America

Cripple Creek & Victor

100

225

187

4.3

South America

Cerro Vanguardia

92.5

179

104

2.2

**Morro Velho**

100

205

131

1.7

**Serra Grande**

50

94

100

0.5

Source: AngloGold and Ashanti public filings as at 31 December 2002

Note:

1

Proven and probable reserves





# A powerful combination

Asset base (continued)

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) <sup>1</sup>

Australia

-

Boddington 33.33

2

3.6

Sunrise Dam

100

382

177

2.6

**Union Reefs**

100

118

224

0.1

**Totals**

7,256

168

93.2

Source: AngloGold public filings as at 31 December 2002

Note:

1 Proven and probable reserves





## A powerful combination

### Additional information

In connection with the proposed transaction, AngloGold will file with, or otherwise furnish to, the SEC a scheme document/prospectus. Investors and security holders are urged to carefully read the scheme document/prospectus regarding the proposed transaction when it becomes available, because it will contain important information. Investors and security holders may obtain a free copy of the scheme document/prospectus (when it is available) and other documents containing information about AngloGold and Ashanti, without charge, at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of the scheme

document/prospectus together with any SEC filings that may be incorporated by reference in the scheme document/prospectus may also be obtained free of charge by directing a request to: AngloGold Limited, 11 Diagonal Street, Johannesburg 2001, PO Box 62117, Marshalltown 2107, South Africa, Attention: Chris R. Bull, Company Secretary, telephone +27 11 637 6000, fax: +27 11 637 6624.

UBS Investment Bank and First Africa Group Holdings (Pty) Limited ("First Africa") are acting for AngloGold and no one else in connection with the proposed transaction and will not be responsible to anyone other than AngloGold for providing the protections afforded to clients of UBS Investment Bank or First Africa or for providing advice in relation to the proposed transaction.

CIBC World Markets plc is acting for Ashanti and no one else in connection with the proposed transaction and will not be responsible to anyone other than Ashanti for providing the protections afforded to clients of CIBC World Markets plc or for providing advice in relation to the proposed transaction.