

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.

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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.

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Summary

The Transaction

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

• Ashanti AngloGold in Ghana

The Terms

• 0.26 AngloGold shares for every Ashanti share
US\$8.36 per Ashanti share (as at close 1 August) ¹

• US\$7.96 per Ashanti share (as at close 15 May) ²

• 12% premium for Ashanti shareholders on 15 May²

• 34% premium based on 30 day average price prior to 15 May³

Anticipated Benefits

• Accretive to earnings per share from 2004 ⁴

• A 31% increase in reserves and significant brownfields exploration
potential

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

• US\$15 million per annum in synergies ⁵

Notes:

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

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- 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

• Underground potential (Obuasi)

• Land positions

• Potential of improved operating performance

• Consolidation of Geita ownership

• Financing, administrative costs

• Technical expertise

• #1 in reserves

• Leading gold producer

• US\$1 billion EBITDA

2

• Competitive cash costs

• Long-life assets

• Well diversified asset base

• c. US\$8.3 billion market capitalisation

3

• Enhanced share trading liquidity

• 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 market value (US\$8.36)

4

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

5

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Ashanti

Tonnes

Grade Reserves	Production	Costs
-----------------------	-------------------	--------------

(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%) /
Teberbie (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

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Growth potential: Obuasi Deeps

- • Obuasi orebody extends at depth below the deepest level workings (1,500m depth)
- • High grade extensions of orebody projected below 50 level by exploration intersections down to 66 level (2,000m depth)
- • Orebody is extrapolated to extend to a depth of 3,000m
- • 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
- • US\$44 million of exploration expenditure over the next 5 years
- • Dedicated project team to undertake feasibility study
- • Conceptual plans for optimal development under review
- • Total potential capital expenditure anticipated to be US\$1.2 billion in terms for the Obuasi Deeps development
- • 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

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Siguiri

Obuasi

GUINEA

GHANA

Iduapriem / Teberebie
Bibiani

Ashanti operations (as at 31 December 2002)

LEGEND

AngloGold operations (as at 31 December 2002)

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AngloGold & Ashanti: African champion

Unparalleled operational and exploration activities Africa...

NAMIBIA

Navachab

D R CONGO

MALI

Morila

Sadiola

Yatela

SOUTH AFRICA

TANZANIA

Geita

Siguiiri

IVORY COAST

Iduapriem / Teberebie
Bibiani

Freda-Rebecca

ZIMBABWE

GHANA

ERGO

AngloGold operations (as at 31 December 2002)

LEGEND

Gold belt

AngloGold exploration projects

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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

& Victor

Serra Grande

Morila

Yatela
Sadiola

Siguiri

Boddington

D R CONGO

GUINEA

GHANA

MONGOLIA

Bibiani

LEGEND

Greenfields exploration

Mines with brownfields exploration

10

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Synergy benefits

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

• Consolidation of Geita ownership

• Reduced financing costs

• Reduction of administrative and procurement costs

• 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 ³

147 ³

Moab Khotsong ²

South Africa

360 ³

129 ³

Mines with 15+ year life of mine plans

Total AngloGold & Ashanti pro forma cash costs ⁴, estimated to be

per ounce for six months to 30 June 2003 ⁵,

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)

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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:

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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)

•

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

• Continue reducing combined hedge book by delivering i

• Combined scheduled maturities - 1.2 million ounces in

• Continue to actively manage the hedge book

• 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:

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

1

• Net Debt of US\$832 million (at 30 June 2003)

1

• Net Debt to Total Capital Employed of 17.6% (at 30 June 2003)

1

• Net Debt to EBITDA of 0.76 times (2002)

1,2

• EBITDA to Net Interest of 36 times (2002)

1,2

• 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 ¹

- 34% premium based on 30 day average price to 15 May ²

• 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

• Enhances AngloGold's strategic position

- Reserves: 31% increase ¹

- Production: 27% increase ¹

- Market capitalisation: 15% increase to US\$8.3 billion ²

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

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

- Risk diversification: Production outside South Africa increased by over 65% ¹

• Financially attractive

- accretive to earnings per share ⁴

• Good cultural fit

• Improved share trading liquidity

• 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

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AngloGold & Ashanti

A powerful combination ...

Growth

• Underground potential (Obuasi)

• Land positions

• Potential of improved operating performance

• Consolidation of Geita ownership

• Financing, administrative costs

• Technical expertise

• #1 in reserves

• Leading gold producer

• US\$1 billion EBITDA ²

• Competitive cash costs

• Long-life assets

• Well diversified asset base

• c. US\$8.3 billion market capitalisation 3

• Enhanced share trading liquidity

• 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\$) ¹

32.15

8.36 ²

Exchange ratio

0.26

Market capitalisation (US\$m)

7,163

1,089 ²

2002 Reserves (Moz)

71.2

22.0

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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

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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

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Asset base

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) ¹

South African

Great Noligwa

100

-

-

880

124

6.9

Kopanang

511

165

6.0

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

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Asset base (continued)

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) ¹

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

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Asset base (continued)

2002

Mine

% ownership

Attributable production

(`000 oz)

Total cash costs

(US\$ / oz)

Attributable reserves

(Moz) ¹

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

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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. 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.

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