



ANNUAL REVIEW 1998





anglogold

ANGLOGOLD LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 05/17354/06)



AngloGold operations and interests

Brazil

Serra Grande

Morro Velho

Argentina

Cerro Vanguardia

United States of America

Jerritt Canyon

Cripple Creek and

Victor

Mali

Sadiola

Namibia

Navachab

South Africa

Western Deep Levels - East

- West

- South

Elandsrand

Kopanang

Moab Khotsong

Joel

Great Noligwa

Matjhabeng

Tshepong

Tau Lekoa

Bambanani

Ergo

Deelkraal



AngloGold exploration

Brazil
Argentina
USA
Senegal
Mali
Democratic Republic of the Congo
South Africa
Tanzania
Botswana
Venezuela

AngloGold market development

South Africa
Mainland China
Dubai
India
Europe
USA
Hong Kong
Taiwan
Macau
Vietnam
Thailand
South Korea
Malaysia
Indonesia
Singapore

Philip Mostert



Model wearing gold jewellery by Jenna Clifford.

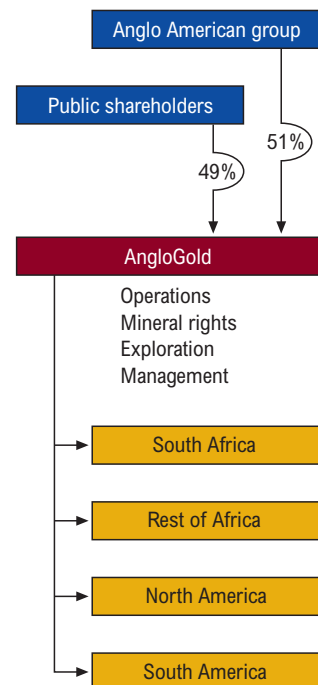
Corporate profile

South Africa-based AngloGold, formed in June 1998 through a merger of the gold operations, mineral rights and exploration activities of Anglo American Corporation and its associated companies, is the world's largest gold producer, at 7.1 million ounces a year. It also holds the largest reserves and resources (126 million ounces and 382* million ounces respectively). The company has 21 operations in six countries on three continents, and has exploration programmes in ten countries on three continents. The company can be financially characterised by high cash generation, substantial reinvestment in long-term growth and the payment of significant dividends. AngloGold distinguishes itself through its active involvement in the development of the gold market. It is the largest funder of the World Gold Council and is involved in a range of international market development activities of its own. Through this commitment, it has become a gold company rather than simply a gold mining and exploration company. AngloGold is listed on the Johannesburg, London, Paris, Brussels and New York stock exchanges.

*Includes resources not in life of mine.



What we promised ... What we delivered ...



What we promised for 1998

- Globally competitive performance
- Growth for future production
- An investor-friendly corporate structure

What we delivered

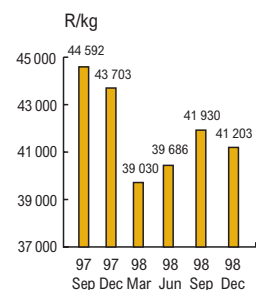
- The merger of the gold operations, mineral rights and exploration activities of Anglo American Corporation and its associated companies to form a single company, AngloGold, listed on the Johannesburg, London, Paris, Brussels and New York stock exchanges, and offering investors both significant dividends and growth.
- A 2 per cent reduction in cash costs to R40 439 per kilogram for the year (\$229 per ounce, down 18 per cent). Continued workplace re-structuring and the disposal of unprofitable operations, initiated in 1997, contributed to this achievement.
- Maintained revenue through a successful hedging programme, assisted by a devaluation in the rand against the dollar, despite a 10 per cent reduction in gold production.
- An increase in available profit of 20 per cent.
- Dividends of 1 550 cents per share.
- A focused, global quest for new quality reserves and resources through exploration and acquisition, by a dedicated Business Development Unit. During the year R204 million (\$37 million) was invested in exploration. An agreement was signed at the end of the year to acquire Minorco's international gold mining and exploration activities.

In this document, \$ refers to US dollars unless otherwise stated.

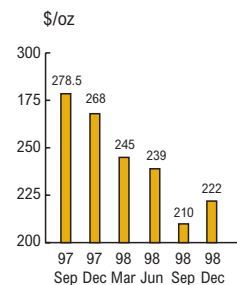
Summary of results

	1998	1997
Gold price		
\$/oz	326	377
R/kg	58 636	53 931
R/\$ exchange rate	5,49	4,59
Gold produced		
kg	215 377	239 218
oz (000)	6 924	7 691
Cash costs		
R/kg	40 439	41 188
\$/oz	229	279
Total production costs		
R/kg (IAS basis)	46 844	47 667
\$/oz (IAS basis)	265	323
Productivity		
g/employee – target	174	143
g/employee – actual	181	138
m ² /employee – target	4,41	3,71
m ² /employee – actual	4,16	3,58
Financials – R million (appropriation basis)		
Revenue	12 003	11 912
Cost of sales	8 887	9 635
Gold operating profit	3 116	2 277
Uranium and acid profit	99	84
Income from associates	221	112
Less: Marketing, exploration and corporate costs less other net income	336	70
Profit before taxation	3 100	2 403
Mining and normal taxation	885	419
Profit after taxation	2 215	1 984
Appropriation for capital expenditure	554	599
Available profit	1 661	1 385
Dividends	1 513	1 111
Gross capital expenditure	948	1 009
Less: Capital recoupments	403	103
Net capital expenditure	545	906

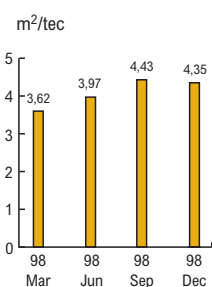
Cash cost improvements



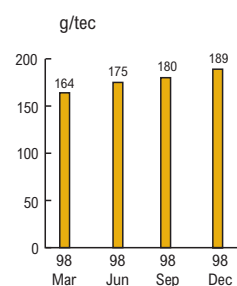
Cash cost improvements



Productivity – volume



Productivity – value





Nicky Oppenheimer

Board of Directors

Executive Directors



Bobby Godsell



Jonathan Best



Kelvin Williams

Non-executive Directors



Frank Arisman



Elisabeth Bradley



Colin Brayshaw



James Campbell



Russell Edey



Victor Fung



Mike King



James Motlatsi



Don Ncube



Julian Ogilvie Thompson



Tim Wadeson



Bob Garnett
Alternate director

The **AngloGold Board of Directors** comprises 12 non-executive and three executive members. Six committees have been established to focus on the following areas: audit; employment equity; executive; market development; remuneration; and safety, health and environment.

Nicky Oppenheimer (53) is the board chairman and a member of the Remuneration Committee. Chairman of De Beers Consolidated Mines Limited, he is also non-executive deputy chairman of Anglo American Corporation (AAC).

Bobby Godsell (46) is chief executive officer, chairman of the Executive Committee, and a member of the Employment Equity, Market Development and Safety, Health and Environment committees. He sits on the AAC board and is president of the Chamber of Mines of South Africa.

Jonathan Best (50) is finance director and a member of the Executive Committee. He has been a director of AngloGold (then Vaal Reefs) since 1994.

Kelvin Williams (50) is marketing director and a member of the Executive and Market Development committees. The chairman of Rand Refinery, he is a director of AAC and of the World Gold Council.

Frank Arisman (54) is a member of the Employment Equity and Market Development committees. He is managing director of J P Morgan and lives in New York.

Elisabeth Bradley (60) is a member of the Audit and Market Development committees. She is executive chairman of Wesco Investments Limited and vice-chairman of Toyota SA Limited.

Colin Brayshaw (63) is chairman of the Audit Committee. He is the retired managing partner and chairman of Deloitte & Touche.

Dr James Campbell (49) is a member of the Market Development committee. He is an executive director of AAC.

Executive Committee

Russell Edey (56) is chairman of the Remuneration Committee and a member of the Audit Committee. Based in the United Kingdom, he is deputy chairman of N M Rothschild Corporate Finance Limited and of Rothschild Europe B V.

Dr Victor Fung (53) is chairman of the Market Development Committee. A Hong Kong resident, he is chairman of Prudential Asia Investments Limited and of Li & Fung Limited.

Mike King (61) is an executive director and a deputy chairman of AAC.

James Motlatsi (47) is chairman of the Employment Equity Committee and a member of the Market Development and Safety, Health and Environment committees. He is president of both the National Union of Mineworkers and the Southern Africa Miners' Federation.

Don Ncube (51) is chairman of the Safety, Health and Environment Committee and a member of the Remuneration Committee. He is executive chairman of Real Africa Holdings Limited.

Julian Ogilvie Thompson (65) is a member of the Remuneration Committee. Chairman of AAC, he is also non-executive deputy chairman of De Beers.

Tim Wadeson (62) is a member of the Employment Equity and Safety, Health and Environment committees. He is an executive director of AAC.

Bob Garnett (50) is a member of the Audit Committee. He is a finance manager of AAC.

Appointed by the Board of Directors, the **Executive Committee** is responsible for developing and implementing the strategy of the company. The committee comprises the three executive directors – Bobby Godsell, Jonathan Best and Kelvin Williams – and 11 other members as illustrated.



Ian Cockerill (44)
Executive Officer:
Business
Development



Richard Duffy (35)
Managing Secretary



James Duncan (43)
Executive Officer:
Corporate
Communications



Dick Fisher (57)
Executive Officer:
Safety, Health
and Environment



Dave Hodgson (51)
Executive Officer:
Technology
and Innovation



Steve Lenahan (43)
Executive Officer:
Corporate
Relations



Robin Mills (52)
Executive Officer:
International
Operations



John Myburgh (53)
General Counsel



Alan Smith (43)
Executive Officer:
South African
Operations



Barry Tapson (45)
Executive Officer:
Human
Resources



Nigel Unwin (46)
Executive Officer:
Labour Relations and
Strategic Planning

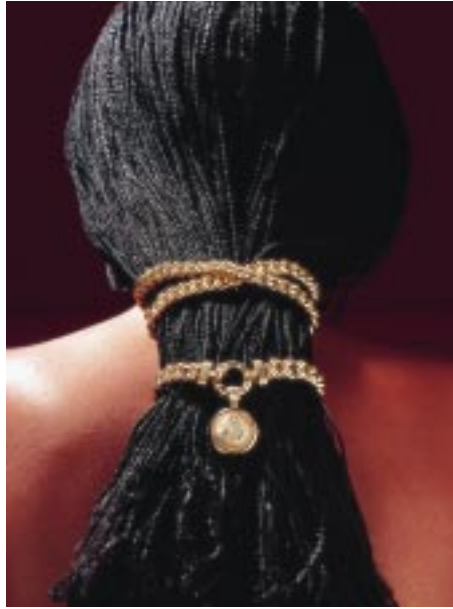
Our objectives in 1999 and beyond

Operational excellence

- Elimination of accidents through a zero tolerance approach to safety management.
- Use of the best and most appropriate technology through reinforcement of research and development programmes. We are investing \$14 million in this activity in 1999.
- Managers and employees with the education and skills to become well-paid, literate 21st century workers in a 21st century workplace, characterised by appropriate work design and technology. This is part of an ongoing programme that will last until the year 2003.
- Production of 7.1 million ounces of gold in 1999.
- Cash costs in 1999 of R41 000 per kilogram (\$209 per ounce), moving towards a target of R40 000 per kilogram (\$204 per ounce).
- Total production costs on an International Accounting Standards basis in 1999 of R47 000 per kilogram (\$240 per ounce), moving towards a target of R44 000 per kilogram (\$225 per ounce).



Jewellery by the Orpheo Twins.



Model wearing gold jewellery by Jenna Clifford.

Exploration and acquisition

- New ounces through a combination of exploration and acquisition.
- Increasing geographical and operational diversity.
- Exploration funded at a guideline level of \$10 per annual production ounce (up to \$70 million).
- Acquisitions, only if they enhance the value of the company.

Market development

- Investment of up to \$21 million in vigorous market development initiatives to promote consumption and increase the demand for gold.



Gold has been an inspiration to artists and craftsmen down the ages. It is estimated that the Tairona people of South America made this pendant some time between the 10th and 16th centuries.
Gift of the H L Banche Foundation, 1969 (69.7.10) (1982 The Metropolitan Museum of Art)



Non-executive Chairman Nicky Oppenheimer and
Chief Executive Officer Bobby Godsell.

Comments from the Chairman and the Chief Executive Officer

Challenges met

Considerable changes and major accomplishments were the hallmarks of 1998. In June, we merged the gold interests of Anglo American Corporation to create AngloGold, a gold company for the new millennium. We became – immediately – the largest gold producer in the world and holder of the biggest reserves and resources. Proud of this status, we nevertheless knew that we had some considerable work to do in respect of other important, measurable criteria before our stakeholders – indeed, we ourselves – could be persuaded that we were also the best.

We also knew from the outset that we would be judged, amongst other things, on the composition of our board. It would have to manifest both depth and variety of experience in its members. We now have such a board, comprising 15 directors with a wealth of value-adding knowledge in fields ranging from trade unionism to marketing. Seven of them are fully independent of Anglo American Corporation and only three are executives of AngloGold. To further assist the board in focusing on key areas of the business, five committees were established – audit; remuneration; market development; safety, health and the environment; and employment equity – each chaired by an independent, non-executive director.

Turning to our operating and financial performance, we aimed for and achieved a significant refocus of our gold production activities. We sold or closed 24 of our 41 South African shafts, yet contained



Jewellery by J Friedman.



An African lion called Arthur was taken to the New York Stock Exchange to celebrate AngloGold's listing on 5 August 1998. With Arthur are the president of the exchange, Dick Grasso (left), AngloGold Non-executive Director James Motlatsi and AngloGold Chief Executive Officer Bobby Godsell.

the consequent decline in production to only 10 per cent. We have reduced our unit production costs – in cash cost terms – by 2 per cent in rand terms to R40 439 per kilogram and by 18 per cent in dollar terms to \$229 per ounce.

Financial performance, measured on the International Accounting Standards basis, improved significantly over 1997. Headline earnings rose by 99 per cent to R1 534 million (or in dollar terms by 63 per cent to \$277 million). The operating margin improved from 5 per cent to 20 per cent and the return on capital employed from 7 per cent to 21 per cent. We believe these are significant achievements in an industry where the product price is at a 14-year low in nominal terms and even lower in real terms.

Challenges ahead

Looking ahead, there are three areas in which our challenges lie:

- the market;
- our margins; and
- growth.

The market

We are convinced that the gold price does, over time, reflect the fundamentals of long-term demand and supply. In 1999 we will spend some \$20 million to stimulate demand. We will do this in part with other producers through their and our membership of the World Gold Council, and in part on our own. Collectively, we will continue to pursue the deregulation of key gold markets such as China, and seek to

More than 5 000 employees and guests attended the launch of AngloGold in Johannesburg, South Africa on 18 July 1998. The celebration was linked via satellite to 40 000 operations-based staff gathered at venues in the South African towns of Orkney, Welkom and Carletonville. The climax was the first public display of the new AngloGold logo.



improve the understanding of, and information available about, paper gold markets. On our own, we will promote design innovation and excellence through initiatives such as the competitions we have under way in South Africa, Asia and India. We are also examining ways to broaden and modernise Western gold markets. With concerns about disruptive central bank sales now receding, we are confident that, in time, the price will reflect the balance between physical demand and supply.

Our margins

Our market development activities have a medium-term focus. For 1999, we must create value at the gold prices prevailing at present. We must, therefore, remain focused on our margins and on improved levels of productivity. We have embarked upon ambitious programmes to redesign our workplaces, reskill our employees and managers, advance our technologies and dramatically improve our safety performance. While these programmes will extend over five years, we are confident of achieving benefits incrementally as we proceed with implementation.

Growth

We restructured AngloGold to ensure that it had the capacity for growth. We produce some 7 million ounces a year right now, so we do not necessarily view growth in terms of increasing size. Rather, we are committed to ensuring growth that both enhances the profitability of each ounce we produce, secures profitable replacement ounces and diversifies all aspects of risk attached to these ounces.



Philip Mostert

AngloGold's Corporate Office staff moved into new premises in 1998. A Johannesburg landmark, 11 Diagonal Street is an all-glass building in the Newtown precinct.

Our acquisition of Minorco's gold interests means we are now producing gold in six countries on three continents. In 1999, we plan to spend \$53 million on exploration in ten countries worldwide, a 43 per cent increase on the \$37 million we spent in 1998.

While continuing to exploit fully our proven expertise in deep-level gold mining, we are also seeking to diversify further into shallow and surface mining operations and to increase our production from such sources.

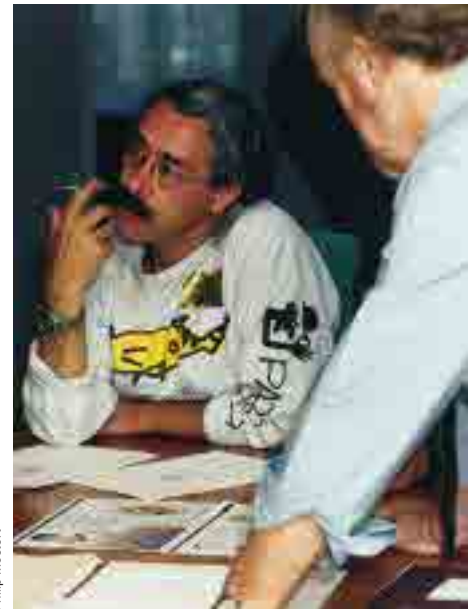
We expect a year of tough challenges for everyone involved in the gold industry and each productivity achievement simply raises the bar a little higher. We are confident that AngloGold has the people, the skills and the enthusiasm – from board level downward – to tackle the challenges ahead at least as effectively as it did in 1998.

Nicky Oppenheimer

Bobby Godsell

AngloGold launched a gold jewellery design competition in South Africa in October 1998. One of the members of the judging panel was leading South African jewellery designer Gilbert Torres, seen here with some of the sketches submitted.

Market development



The majority of gold mining companies operate in a product cycle quite removed from the final consumer market for gold metal. Gold is uniquely fungible*, and most gold produced by mining companies is sold directly to bullion banks for prompt cash payment. This separates the gold producer from the markets in which the value of the product is defined, and particularly from those physical end-markets which are ultimately responsible for sustaining the desirability and value of the metal we produce.

AngloGold believes that this separation is not in the interests of the long-term health of the market for our product. We have been firm supporters of the World Gold Council since its inception, and the council has undertaken valuable work over the past 11 years on a number of fronts, including generic promotion of gold, deregulatory work in major gold markets, gold jewellery design and fabrication innovation, jewellery trade education and leadership promoting the holding of gold by institutional investors and, last but not least, raising the profile of public policy and gold in respect of official holders of the metal. With the lack of interest shown by so many producers in their product, the council has come under funding pressures in recent years, and is no longer able to address all of the challenges which face gold in the market place today. As a leading gold company, we believe that we can play a positive role in improving the position of our product in world markets. From 1999, AngloGold will undertake market development activities in the name of the company, and in partnership with the Council and other agencies where this is to the best advantage of gold.

*Goods or materials that are interchangeable for commercial purposes.



A dazzling display of gold jewellery in a shop window in Istanbul, Turkey.
(World Gold Council)

Expenditure is currently targeted at \$21 million annually. Of this total, about \$9 million will go in the first instance to membership of the council, and the balance will be available for our own market development activities.

Whilst we are still at a preliminary stage in evaluating opportunities in the market place, it is our intention to fund activities or projects which have the potential to impact favourably on gold off-take; to improve sentiment in the gold market; or to yield benefits directly for AngloGold, either in the form of enhanced revenue, or improved standing for the company in our industry.

We are committed to undertaking a number of limited projects both in South Africa and in major gold off-take regions.

These activities include:

- The launch and sponsorship of gold jewellery design competitions in South Africa, the China/South-East Asia region, and India;
- The funding of market research and strategic scenario generation in respect of gold consumers in developed markets; and
- Support for gold as part of the 1999 Shopping Festival in Dubai.

We will continue actively to seek areas in which the company can play a role during 1999 and beyond.



This rhyton or drinking cup was made in Iran during the 5th century BC.
Fletcher Fund, 1954 (54.3.3)
(1982 *The Metropolitan Museum of Art*)

New business



Jewellery by
J Friedman.

AngloGold is actively involved in exploring for cost-effective replacement ounces to ensure that the group continues to be a significant gold producer well into the future. These replacement ounces will be found through in-house grass roots exploration programmes, the funding of exploration juniors, the acquisition of late-stage prospects and the outright acquisition of companies or existing operations. Importantly, AngloGold seeks to acquire only those ounces that will add value to the company. Our guideline for acquisitions and prospects is a double digit real rate of return, 200 000 ounces of annual production, reserves of 2 million ounces and cash costs below \$200 per ounce.

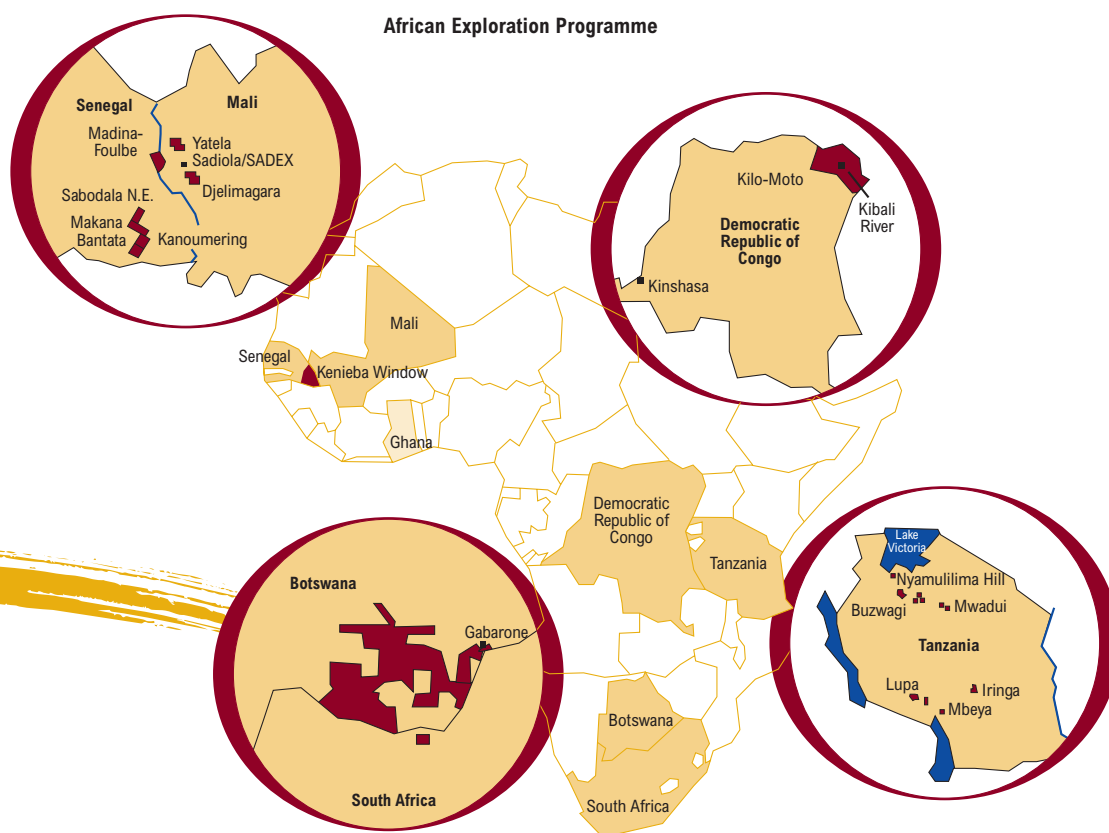
Exploration programme

AngloGold moved its exploration activities outside the borders of South Africa and Botswana for the first time in 1998. This happened through the purchase of Anglo American's gold prospecting programmes in Mali, Senegal and Tanzania. In addition, the company manages the joint venture exploration programme with Barrick Gold in Mali, Senegal and the Democratic Republic of the Congo (currently suspended).

South Africa

In South Africa, exploration activity was focused on the Western Ultra Deeps Levels property (WUDLS): the down-dip extension to the Western Deep Levels, Elandsrand and Deelkraal mining leases. Exploration commenced in mid-1998 on this very deep drilling programme (up to 5 000 metres) after assessing structural information derived from the R33 million (\$5.6 million) vibroseis programme undertaken in 1997. The exploration of the WUDLS ground is expected to take four years and to cost approximately R130 million (\$21 million). Further applications of vibroseis have been undertaken on the Moab Khotson and Tshepong South properties.

African Exploration Programme



Botswana

In Botswana, the final stages of the exploration programme have been put in place to evaluate the widespread gold anomaly picked up from a soil geochemistry programme. Latest indications are that an AngloGold-sized target is unlikely to be found. If so, the property will not be retained.

Mali and Senegal

In Mali and Senegal, exploration activity centred around the geologically favourable Kenieba/Kedegou window where the Mali-Senegal shear zone is host to the Sadiola deposit. This was undertaken through a joint venture with our Sadiola mine partner, Iamgold of Canada. Exploration has revealed several interesting deposits in close proximity to the Sadiola pit. Approximately 400 000 ounces of gold in oxide ore from this programme will be processed by the Sadiola plant. Exploration spend in Mali amounted to \$3.5 million in 1998.

About 35 kilometres north of Sadiola lies the Yatela deposit. This was purchased from Eltin in 1997 at a cost of \$7.5 million. A further \$7 million pre-feasibility budget was approved to evaluate this highly prospective ore body. To date, approximately 1.9 million resource ounces have been indicated and initial results from the pre-feasibility study are most encouraging. A final decision on the development of the Yatela deposit will be taken by mid-1999.

In Senegal, AngloGold is exploring 1 000 square kilometres of licence areas along a north-east/south-west splay feature off the Mali-Senegal

AngloGold was launched to employees of the Sadiola mine in Mali in December 1998. Hundreds attended the gathering where a traditional Malian stew was served. The guest of honour was the Governor of Mali's Kayes Province, Ibrahima Diallo.



Frans Roux

shear. Funding in 1998 amounted to \$4.2 million, which covered regional geochemistry, as well as rotary air blast and limited diamond drilling. Several anomalies have been identified on the northern end of the licence areas, which will require a more extensive follow-up drilling campaign in 1999.

Tanzania

The 1998 exploration programme in Tanzania was primarily aimed at proving up a mineable reserve at the two most advanced projects, Nyamulilima Hill, south-west of Ashanti's Geita mine and Buzwagi in the Kahama district. Drilling programmes were very successful, and a total of 3.5 million ounces of resources have been defined. Initial economic evaluations show promising returns and 1999 will be utilised to increase these deposits to AngloGold-sized targets.

Elsewhere in Tanzania, reconnaissance exploration continued around the old Lupa Goldfields and the Iringa district. AngloGold remains positive about its prospects in Tanzania and is actively pursuing more exploration licences. Funding in 1998 amounted to \$11.4 million.

Democratic Republic of Congo (DRC)

Along with some ground holdings in Mali and Senegal, AngloGold joined Barrick Gold on an exploration programme covering 57 000 square kilometres of the north-east portion of the DRC, adjoining Sudan to the north and Uganda to the east. Numerous geochemical anomalies were identified and follow-up drilling commenced in close proximity to the town of Doko. A mineralised open-pit-type deposit of approximately 1.3 million ounces was indicated but metallurgical test work revealed the refractory nature of a significant portion of the ore body. Drilling was stopped to



Karl Schoemaker

This headgear belongs to Cuiabá, one of the mines in Brazil which AngloGold acquired from Minorco at the end of 1998. The aerial ropeway is used to transport ore to the Queiroz gold plant, 15 kilometres away.

evaluate other options but the onset of civil unrest in late August led to the cessation of all activity and the withdrawal of personnel, data and equipment to a safe location.

Outlook for 1999

The major change in 1999, compared with 1998, is the introduction of an exploration programme in North and South America, with the purchase of the Minorco gold assets. Exploration activity will be centred around Nevada in the United States. In South America active exploration programmes are planned for Brazil, Argentina and Venezuela.

Total expenditure in 1999 for world exploration is budgeted at \$53 million, compared with \$37 million in 1998. The increase is a result of the greater geographic spread.

Acquisitions

During 1998 AngloGold investigated numerous opportunities on all continents. When measured against our investment criteria, many were rejected but several are still under active review.



Jewellery by J Friedman.

The chairman of the AngloGold board's Safety, Health and Environment Committee, Don Ncube (second left), visited Tau Lekoa mine.



Safety and health



Jewellery by
the Orpheo Twins.

AngloGold recognises that excellence in the management of safety and health is an integral part of its business and its policy provides the foundation for improving performance in these areas. Dick Fisher, a member of the company's Executive Committee, is dedicated exclusively to the strategic management of safety, health and environmental affairs, reporting to the CEO and also to a board committee, under the chairmanship of non-executive director Don Ncube. Company-wide compliance with the policy is monitored by regular audit reports to this committee.

Results and legal compliance

Safety results were disappointing at the South African operations. The number of fatalities rose from 89 in 1997 (the best year on record), to 99 in 1998. We are determined to achieve a significant improvement in all aspects of mine safety this year.

'Millionaire' status (one million fatality-free shifts) was attained at the Great Nologwa, Joel, Navachab and Bambanani mines. The Free State metallurgical plants worked five million hours without a lost time injury, which is a significant achievement by international standards.

The surface mines in Mali and Namibia showed good results, which were in line with internationally acceptable norms.

In occupational health, programmes have been drawn up to address the major health risks that result in lung diseases and noise-induced hearing loss.



Bambanani mine, near Welkom, achieved a million fatality-free shifts in two consecutive years. The latest feat – reached in December 1998 – was celebrated in great style.

Major initiatives and future outlook

During November 1998, a wide-ranging assessment of the status and effectiveness of health and safety management at the South African operations was conducted by internationally respected consultant, Geoff Green. Until two years ago, he was principal inspector on the United Kingdom’s Health and Safety Executive for mines and quarries. His brief was to evaluate the company’s performance in terms of international standards.

The Green report identified strategic and operational shortcomings. The recommended actions identified are currently being implemented.

In order to re-establish a downward trend in injury rates, a campaign of zero tolerance was introduced in late 1998. We are confident that strict adherence to standards will continue to produce the desired effect, particularly as the unions and employee associations have indicated their support.



An engraved Celtic gold cross. (World Gold Council)

Restructuring for excellence

In line with the strategic objectives of the company, large-scale reorganisation of operational structures took place during 1998.

Unprofitable and short-life high-cost operations were closed or sold. This process commenced with the sale of Vaal Reefs Nos. 1, 3, 4, 5, 6 and 7 shafts and the tributing of the No. 2 shaft to African Rainbow Minerals & Exploration (Proprietary) Limited (ARM). Also sold were the Freddie's Nos. 7, 8 and 9 shafts and the Freddie's treatment plant to Kades Barnea. This was followed by the sale of President Steyn Nos. 1, 1A and 2 shafts and the President Steyn gold plant to Kades Barnea in early 1998. The Western Holdings Nos. 1, 2, 3, 4, 6 and 7 shafts and the old Welkom gold plant were sold to ARM and the President Steyn Nos. 5, 6, 7 and 8 shafts to Harmony Gold Mining Company Limited.



Ancient gold bracelet decorated with rings and droplets.
(World Gold Council)

At the Masimong mine (previously known as Freegold 3) a comprehensive re-evaluation of the grade of the ore body indicated that the mine would not meet our criteria. This mine was subsequently sold to Harmony Gold Mining Company as a going concern.

Finally, the Tshepong South (previously known as Freegold 4) shaft project, which was in the shaft-sinking phase, was suspended as a result of a re-evaluation of the risks and the



The Joel Taung North project where a shaft and decline system are being sunk to access untapped ore bodies. It is expected that this mine will produce an additional 3.8 million ounces of gold.

prevailing financial returns. Improvement in the gold price could see the resumption of work to exploit this reserve.

AngloGold now operates 13 deep-level underground mines in South Africa as well as Ergo, the dump retreatment operation on the East Rand.

Significant efforts are being made to achieve operational excellence at mine level through:

- Taking a zero tolerance approach to safety and health management;
- Applying the most appropriate technologies and systems to enhance safety, profitability and productivity performances, to render the workplace appropriate for the 21st century;
- Equipping managers and employees with the education and skills required for a 21st century organisation; and
- Ensuring that each mine consistently achieves a margin of at least \$50 an ounce, by reducing cash costs to R40 000 per kilogram (or \$204 an ounce at an exchange rate of R6,1 to \$1).



Jewellery by the Orpheo Twins.

Progress towards a 21st century workforce

Recognising the need to create a workforce ready for the 21st century, management has established a five-year programme, focusing on the need to re-profile the workplace, and the management and supervision structures, in order to modernise AngloGold's organisation.

The main features of this initiative include a significant upgrading of adult basic education and training to eradicate illiteracy and innumeracy. Appropriate education standards for operators and supervisors, both existing and new employees, have been targeted. Although much of this education takes place on a part-time basis, with incentives for acquiring qualifications, key production personnel and supervisors are released to attend courses on a full-time basis. Off the base of a R9 million (\$1.5 million) allocation for 1998, a further R50 million (\$8.5 million) has been budgeted for increased activity in 1999.



An unusual double gold bangle featuring
fish tail and leaf motifs.
(World Gold Council)



AngloGold employee Boaverntura Chanbal excelled in the company's Adult Basic Education and Training (ABET) programme. He received three awards, including one for top student.

As part of the restructuring of AngloGold in 1998, several management levels were eliminated. There are now two key levels of decision-making: strategic (or corporate) and operational with the latter being located at mine or business unit level. This has resulted in an annual saving in overheads of some R250 million (\$46 million).

Flatter, more efficient organisation structures are essential in global companies, and it is management's intention to advance this principle in the creation of a 21st century organisation. Specific initiatives in this regard are being pursued at a number of operations. Tau Lekoa has been singled out as a pilot site for the introduction of an operational plan that radically departs from tradition, relying on self-directed production teams with management taking on a support, coaching and safety promotion role. Consultation with organised labour and its involvement in these initiatives is ongoing, and is critical to successful outcomes.

To support this strategy, particular effort is being applied to production team training with a focus on team building and understanding the business consequences of good team efficiencies. Specific programmes aimed at getting supervisory and management commitment to changing work practice will be a feature of the company's human resource development effort during 1999. A review of conditions of employment, pay structures and health care provision is also being conducted to ensure their appropriateness to this new work structure.

Cleaning up and clearing out: scrap metal is cut and recycled at a plant at AngloGold's Matjhabeng mine in Welkom, South Africa.



Frans Roux

The environment

AngloGold is committed to the concept of *sustainable development*. In terms of this concept it seeks the highest possible standards of environmental management.

Policy and governance

Environmental policy and its effective implementation falls under the board's Safety, Health and Environment Committee, chaired by Don Ncube.

Environmental management system

An environmental management consultancy was established this year to offer specialised input to the operations and to facilitate the development of environmental management systems (EMS) where these do not already exist.

These are being established in accordance with the internationally used ISO 14 004 guideline.

As an integral part of the EMS, AngloGold will produce an environmental progress report by the end of January 2000.



Jewellery by J Friedman.



Frans Roux

Anna Denis and Mathews Mzizi of Ergo's Environmental Department, survey the results of a free-drainage rehabilitation project, now in its second year. Ergo is AngloGold's dump retreatment operation near Brakpan, South Africa.

Legal compliance and legislation (South African Operations)

All AngloGold operations have approved environmental management programme reports. The programme obligations, which are legally binding, will be integrated into the EMS action plans.

There is no pending environmental litigation against AngloGold and no environmental fines were paid in 1998. The 14 pollution incidents which occurred during the year, were all reported to the relevant government authorities and appropriate mitigation measures were implemented.

Two new environmental laws, the National Water Act and the National Environmental Management Act, have materially changed the legal environment in which mining companies in South Africa operate. AngloGold is confident that it is well placed to comply with the requirements of this new legislation.

Radiation

All South African operations have completed public hazard assessments and have made submissions to the Council for Nuclear Safety (CNS) in accordance with the requirements of the Nuclear Energy Act.

The potential radiation exposure to the public from AngloGold's activities is well within the internationally accepted dose limits of 1 000 μ Sv/a and also within the limit set by the CNS of 250 μ Sv/a per individual mine.

Production workers at AngloGold's Joel mine, near Welkom, South Africa, wear gumboots made of PVC, which can be recycled and is more environment-friendly than rubber.



Philip Mostert

Water

All operations have implemented extensive water monitoring programmes.

The average 1998 water consumption figures are:

- 0,55 kilolitres of water per ton of rock hoisted;
- 0,81 kilolitres of water per ton of ore treated; and
- 60 per cent of used water recycled.

Detailed water and salt balances are currently being implemented at all operations to manage water resources effectively and identify further opportunities to improve water quality and save costs. Objectives and targets to reduce water consumption and improve quality will be set during 1999.

Land

In South Africa, more than 2 000 hectares of land have been set aside as conservation areas. Tailings dam grassing projects across AngloGold are at various stages of development and, on average, 38 per cent of these dams has been vegetated.



Jewellery by Jenna Clifford.

Closure liability

The AngloGold Environmental Trust Fund has been established to ensure sufficient resources for closure rehabilitation. During 1998, R29 million was contributed to this fund.



Frans Roux

Organic waste is recycled and used to make compost for the rehabilitation of slimes dams around AngloGold's operations in the Orkney region of South Africa.

The total estimated closure liability as at July 1998 was R1 005 million. The value of the fund was R220 million at the end of 1998. The shortfall will be financed by ongoing annual contributions.

Operating expenditure of R70 million was spent on environmental maintenance during 1998.

Awards

Western Deep Levels won a silver award in the KPMG and University of Pretoria Environmental Reporting Survey.



Jewellery by J Friedman.

Building for the future – capital expenditure

One of AngloGold's core objectives is to extend and enhance its mineral reserves and resources in order to replenish annual production ounces. Apart from activities in the fields of exploration and new acquisitions, the company is spending money on accessing new reserves in a number of major projects. Gross capital expenditure in 1998 amounted to R948 million.

SOUTH AFRICA

Moab Khotsong

Situated in the Klerksdorp area, this new mine forms part of the Vaal River operations. It is envisaged that Moab Khotsong will produce 9.4 million ounces of gold and that it will come into production in 2003, reaching full production in 2005.

The main shaft, which was commissioned in the second quarter of 1998, is planned to a depth of 3 100 metres with the deeper ore being accessed via two declines to 3 500 metres, thus eliminating the need for two sub-vertical shafts. This new plan reduces costs and provides for the more rapid access of mineral reserves whilst retaining complete flexibility with regard to reserves below 3 600 metres.



A gold pin in a classic spiral design.
(World Gold Council)



Karl Schoemaker

The main shaft of Moab Khotsong, a new AngloGold mine in development, was commissioned during 1998. It is planned to a depth of 3 100 metres.

Western Deep Levels – South Deepening

This mine is in the Carletonville area. The existing sub-shaft system is being deepened from 2 684 metres to 4 117 metres to facilitate the mining of both the Ventersdorp Contact and the Carbon Leader reefs.

The mining capacity of the shaft will be increased from 150 000 tons to 240 000 tons of reef per month. Once the project is completed, it is anticipated that Western Deep Levels South mine will produce an additional 15.3 million ounces of gold. The shaft is expected to reach full production in 2005 and will continue to produce gold until 2026.

Elandsrand Shaft Deepening Project

Also in the Carletonville area, the Elandsrand project involves deepening the sub-shaft from 3 102 metres to 3 574 metres to facilitate the mining of the Ventersdorp Contact Reef in the south-western corner. It is envisaged that the mine will produce an additional 4 million ounces of gold.

The actual deepening of the shaft was completed during 1998. The high-speed tunnelling project at 3 000 metres and 3 200 metres to access ground on the western boundary will continue during 1999. An evaluation of the lower areas of Elandsrand (below 2 600 metres) as well as Deelkraal (below 2 900 metres) is under way.



Jewellery by Jenna Clifford.

This gold neckpiece from the catacombs of Tilia-Tépé in Afghanistan dates back to the 6th century BC.
(World Gold Council)



Joel/Taung North

Joel is near Welkom in the Free State. The objective of the project is to establish a second shaft system to access the deeper portion of the ore body. The shaft has been sunk to 1 064 metres and will reach a final depth of 1 520 metres.

It is expected that Joel mine will produce an additional 3.8 million ounces of gold.

REST OF AFRICA

Sadiola

Sadiola is an opencast operation in Mali. In 1998, a drilling programme to test the tenor and resource base of the sulphide ore extensions below the current pit was completed with positive results. Importantly, work also started on an exploration programme within its exploitation licence area, 187 square kilometres in extent. This resulted in a delineation of 12 geochemical anomalies. The programme will continue in 1999, focusing on the evaluation of identified targets.



Jewellery by Jenna Clifford.



Paulo Arumaá

Cuiabá mine forms part of the Morro Velho operations, situated near the city of Belo Horizonte in Brazil.

NORTH AMERICA

There will be significant exploration within the mining lease areas of both operations in North America: Cripple Creek and Victor in Colorado, and Jerritt Canyon in Nevada. The focus will be on converting resources to reserves and on finding additional resources, to extend the life of mine in the case of Jerritt Canyon, and to substantially increase production at Cripple Creek and Victor.

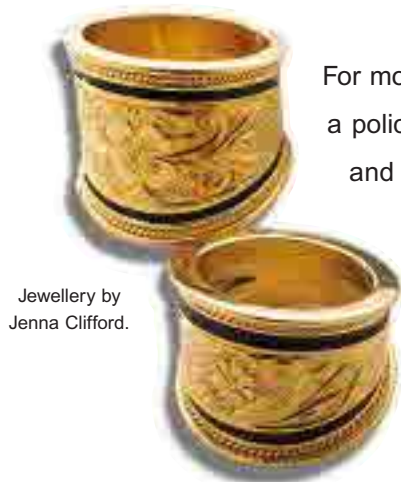
SOUTH AMERICA

There are three feasibility studies under way: in Brazil, at Morro Velho (particularly on the Cuiabá mine) and Serra Grande with the aim of increasing production; and at Amapari to the north of the Amazon, where new production is being sought. In addition, there will be a considerable amount of exploration within the mining lease areas of the existing operations in Brazil and around Cerro Vanguardia in Argentina.



This bracelet was made in Iran in the first half of the 11th century.
(Harris Brisbane Dick Fund, 1957) (57.88a-c)
(1982 Metropolitan Museum of Art)

Employment equity



Jewellery by
Jenna Clifford.

For more than a decade, AngloGold (and its predecessors) has been pursuing a policy of employment equity with a specific focus on South African realities and the need to advance employees from previously disadvantaged backgrounds. Since the establishment of AngloGold as an independent company, and the constitution of a new Board of Directors, an Employment Equity Board Committee, headed by James Motlatsi, has been formed to take this initiative further.

This committee has drafted, and the board approved, an employment equity philosophy, applicable worldwide, which seeks to afford each employee developmental opportunities to advance to his or her optimal level of potential within AngloGold. This requires a supporting organisation culture, and an environment free of discrimination or structural impediments.

The philosophy takes account of particular legal and cultural circumstances within the countries in which the company has operations. Specifically in the South African context, this approach is fully consistent with the provisions of new employment equity legislation, which seeks to remove workplace discrimination and advance the interests of those previously disadvantaged. Following expected promulgation in June 1999, the Employment Equity Act will come into effect by the end of the year, and will require employers to report against agreed targets on the advancement of black employees, women and those who are physically disabled. In other countries, such as Namibia, Mali and Brazil,



These children attend the Lingeletu Junior Secondary School near Lusikisiki in the Eastern Cape Province of South Africa, which recently received R60 000 from the AngloGold Fund for the building of new classrooms.

employment equity initiatives will focus on developing citizens to aspire to career opportunities currently held by expatriate personnel.

In South Africa, downsizing of the organisation in the strategic move from volume to value during the latter part of 1997, and the early part of 1998, resulted in reduced opportunities. This, associated with negative perceptions of mining industry economics, and labour market demands, saw the loss of a number of young high-potential employees. Apart from enhancing the competitiveness of the company's employment packages, steps are being taken to revise career paths, and reinforce human resource development as a criterion in the evaluation of management performance.

Further initiatives include ongoing investments in university and technikon bursaries, graduate training programmes, and career marketing. The direction of AngloGold Fund expenditure towards rural schooling in the areas from which we draw our labour, is intended to enhance the capacity of school leavers to enter meaningful careers in the mining industry, and therefore support the process of employment equity advancement.



Jewellery by J Friedman.

Community investment



Jewellery by
Jenna Clifford.

The gold mining operations previously contributed to the Anglo American and De Beers Chairman's Fund; however, with the creation of AngloGold in 1998, the company has taken direct responsibility for its own corporate social investment activities. The AngloGold Educational Trust and the AngloGold Fund were registered as trusts during 1998 to deal with these activities. The AngloGold board has approved the funding of these two trusts through an annual contribution by the company of 1 per cent of all dividends declared, plus an amount equal to the tax relief obtained in South Africa in respect of all contributions made towards secondary and tertiary education in this country (the only tax deductible form of donation).

The new AngloGold trusts will pay particular attention to the needs of education, especially for the most disadvantaged communities. Other priority areas for social investment include community development, community health and entrepreneurial development. During 1998, between 60 and 70 per cent



Residents of the Mfiki community in the Eastern Cape Province of South Africa are doing a mapping exercise as part of a course offered by the Community Development Unit of the University of Port Elizabeth (UPE). The AngloGold Fund has contributed R120 000 to UPE's Centre for Continuing Education.

of social responsibility expenditure by AngloGold was made in educational and social related fields, whilst the balance of expenditure was spread over other community projects. In fulfilling their social investment mandate, the trusts attempt to do more than simply give money away to worthy causes; they contribute ideas and share experiences with people searching for effective policies to address evolving educational, social and welfare needs. In as many ways as they can, the trusts will help to influence the development of an environment in which all can contribute to their nation's longer-term well-being and development.



This ornament was made by a Baule artist from Côte d'Ivoire in the 19th or early 20th century.
*The Michael C. Rockefeller Memorial Collection, bequest of Nelson A Rockefeller, 1979
(1997 The Metropolitan Museum of Art)*

Technology



With significant in-house research and development capabilities, AngloGold is already at the forefront in the global mining industry when it comes to the use of advanced technology to improve mine planning, productivity, health and safety.

This activity will receive even more attention in 1999 since the strategic plan targets the development and application of appropriate technology in the 21st century workplace as one of the ways to enhance profitability and reduce risks. Dave Hodgson, a member of the company's Executive Committee has been appointed exclusively to direct technology and research, and increased resources have been allocated to these activities.

Technology expenditure in 1999 across all disciplines will amount to R54 million (\$9 million): this amount is further geared owing to collaborative research projects and those undertaken for the Safety in Mines Research Advisory Committee (Simrac). Significant areas of current research are rock engineering practices, communication methods, alternative energy systems such as hydro-power, and improved rope and winder drum technology for longer, single lift, vertical hoisting.

As outlined below, significant progress has been made in a number of areas in the past year.

Deep Mine Project

A major success has been the initiation and growth of the Deep Mine project, commissioned to acquire knowledge and develop the appropriate technology for safe, efficient and profitable ultra-deep-level mining down to 5 000 metres.

Involving industry role players (AngloGold, Gold Fields Limited and Durban Roodepoort Deep Limited) as well as government, labour and tertiary education institutions, this project has identified 15 technology research areas.



Very sophisticated and highly computerised, the Blair Winder at Moab Khotsong mine will be the deepest single winder in South Africa.

The budget is R72 million (\$12 million) over the first three years of an envisaged four years with AngloGold's contribution for years 1 and 2 being R3 million (\$0.5 million) and R3,5 million (\$0.6 million), respectively.

ISS International Limited (ISSI)

The integrated seismic system developed by AngloGold subsidiary ISSI has become a worldwide standard for monitoring the response of rock mass to all types of mining. It is also being used to monitor strategic engineering structures, and in earthquake hazard assessment. The system has been sold in 15 countries.

Rock radar technology has reached maturity and sales to platinum and chrome mines and a barite mine in Nigeria have been concluded.

Apart from geophysical consulting to AngloGold mines for rock engineering applications, engineering geophysical services have been carried out in a range of areas including bedrock mapping, ground water contamination and the location of subsurface contours. In addition to South Africa, these services have been provided in Poland, Canada, Zimbabwe, Botswana, Qatar and Nigeria.

Technical Development Services

Underground production trials with diamond wire and diamond saw machines are continuing. These trials are working towards establishing benchmark parameters and termination criteria. A diamond wire machine is operating under contract in a gold mine in Fiji and the potential exists for another site in Australia.



Jewellery by Jenna Clifford.

Great care is always taken to weigh gold as accurately as possible.
(World Gold Council)



Trading, hedging and the market

The gold price closed 1998 at \$288 per ounce, practically unchanged from the price at the end of 1997. The year brought a number of disappointments for gold, but also a measure of reassurance, as the spot price held repeatedly around a floor of \$280 per ounce, and traded for the greater part of the year within a range of \$285 to \$300 per ounce (see Graph 1). Currency markets saw substantially greater volatility, as the financial crises in Russia and elsewhere impacted on major currencies. Along with other emerging market economies, the South African currency depreciated sharply during the middle of the year, at one stage losing well over 30 per cent of its opening value of R4,88 to the dollar. The rand firmed in the final quarter to close at R5,86. Overall, this weakness benefited the local spot price of gold which averaged R52 213 per kilogram for 1998 or nearly 16 per cent higher than the opening level.

The prime disappointment in 1998 was certainly the failure of gold to react positively to major currency, financial and equity crises. The Russian financial collapse and subsequent world equity market corrections during the third quarter of the year, and the dramatic fall of the dollar against the Japanese yen at the end of that quarter, brought no support for gold. This disappointment was repeated in the final quarter, when buying on the New York Commodities Exchange (Comex) failed to lift the price substantially. Since the second quarter of 1996, sentiment towards gold on the New York Comex has



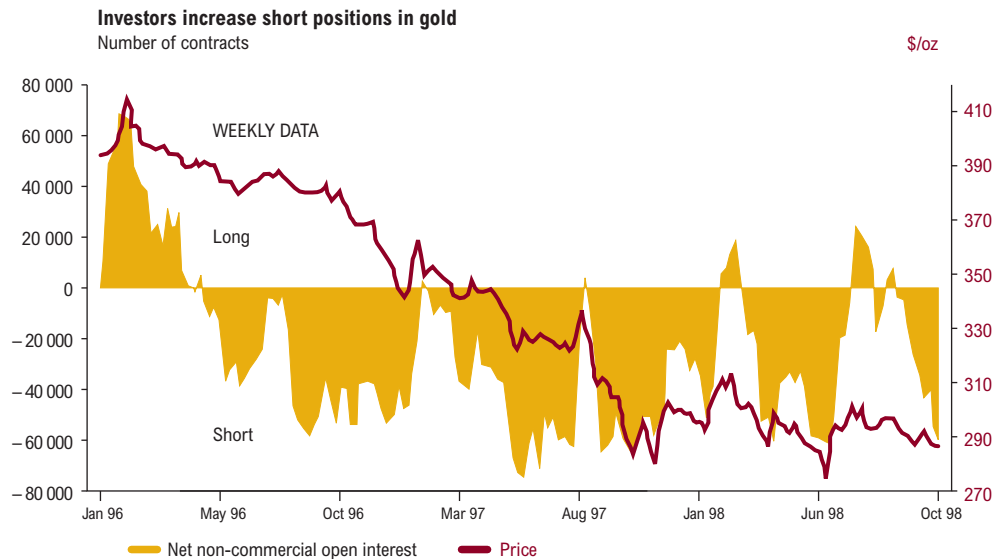
AngloGold is selling its gold directly into Dubai in ten tola bars (see above) with a purity of 99,99 per cent – with the Asian jewellery market as the intended customer.



Graph 1

remained almost consistently negative, with that exchange running net short positions in gold amounting to between 6.5 million and 7.5 million ounces (200 to 230 tonnes of gold). This position has weighed heavily on the gold price for over two years. In October, speculators steadily bought back gold and briefly reversed their short positions (see Graph 2). Because of the orderly way in which the buy-back occurred, the move attracted little publicity, and the gold price improved only marginally.

Looking to the year ahead, the state of the physical gold market offers encouragement. After a very bad start in 1998, caused by private dis-hoarding from South Korea in particular, gold demand firmed steadily throughout 1998, with an all-time record physical off-take in the final quarter of the year. India's estimated off-take of 815 tonnes, and gold off-take of 428 tonnes in the United States both represented new annual highs. The physical market has remained firm into 1999 and, in stable world conditions, should remain healthy. On the supply side, the formal launch of the European Central Bank in 1998 has brought considerable reassurance to the gold market. With the exception of the Swiss National Bank gold sales, which are planned to be spread over a number of years, we do not believe that there will be major sales of gold from the European central banks in the foreseeable future. Sales and purchases of gold by central banks outside of Europe will remain an ongoing feature and a necessary part of the liquidity of this market. This removes one of the chief sources of negative sentiment in the gold market. With sound physical fundamentals looking likely for 1999, the critical and determining factor in the health of the gold market will be that of investor sentiment in the developed countries, and particular attention should be paid to this element.



Graph 2


Hedging activities during 1998 focused both on delivering price protection to AngloGold operations during a year of volatile local prices, and at rebuilding and expanding the hedge to meet the needs of the growing AngloGold production base. The year opened with total hedge cover of some 241 tonnes in place for the South African operations at an average forward price of R73 068 per kilogram. This cover was spread over six years, with 54 per cent of the positions scheduled to mature during the first two years. During 1998, over R1,3 billion of value was transferred from the hedge book to mining and non-mining revenue, using much of the hedge cover available for that year. During the latter half of 1998, hedge cover for the local operations was rebuilt to a total of 255 tonnes spread over ten years at an average price of R80 369 per kilogram, and 59 per cent priced in rands; 58 per cent of this cover is scheduled to mature in the first two years. In addition, we extended cover for Sadiola in Mali and Navachab in Namibia. Following AngloGold's successful tender for the gold assets in Minorco, we entered into additional forward sales of some 113 tonnes of gold priced in dollars to guarantee revenues from these new acquisitions as part of the conditions of loan financing obtained against this acquisition. In the year ahead, we intend to maintain the level of hedging, and to manage actively forward sales contracts which mature during this period.



Jewellery by Jenna Clifford.

CERTAIN FORWARD-LOOKING STATEMENTS

Certain statements contained in this document, including without limitation, those concerning: (i) the economic outlook for the gold mining industry, (ii) expectations regarding gold prices and production, (iii) the completion and commencement of commercial operations of certain of the company's exploration and production projects, and (iv) the company's liquidity and capital resources and expenditure, contain certain forward-looking statements concerning the company's operations, economic performance and financial condition. Although the company 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. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic and market conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in gold prices and exchange rates, and (v) business and operational risk management.



This Annual Review is one of a set of three year-end documents published by AngloGold. The other publications are the Report to Shareholders and the Form20-F (a report required by the Securities and Exchange Commission in the United States). These are available:

* In printed format from

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Facsimile: +27 11 637 6399/6400
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* On the Internet where the website address is <http://www.anglogold.com>

Supplementary information on mineral resources as well as development and financial statistics, prepared on a business unit basis, are obtainable from the above sources. Plans of underground workings are also available on request.