ANGLOGOLD LTD
Form 6-K
October 31, 2003

Report

for the quarter and nine months ended 30 September 2003

Group results for the quarter ...

Adjusted headline earnings[1] increase by 2% to $67m

Adjusted operating profit[2] down by 3% to $136m

Total cash costs increase by 6% to $237/oz impacted by strong local currencies and wage increases in South Africa

Gold production (on a comparable basis[3]) increases marginally to 1.39Moz

Good performances at Great Noligwa, Kopanang and Geita

Problems persist at Cerro Vanguardia and at CC&V, which are being addressed

Received gold price[4] up by 3% to $364/oz

Ashanti board unanimously recommends revised AngloGold offer and Government of Ghana indicates support for the AngloGold/Ashanti merger

ANGLOGOLD QUARTERLY REPORT SEPTEMBER 2003 . WWW.ANGLOGOLD.COM

Pokwana Buleni
is a surface
backfill plant
operator
in South Africa.

Quarter ended
9 Months ended
Quarter ended
9 Months ended
Sept
June
Sept
Sept
Sept
June
Sept
Sept
2003
2003
2003
2002
2003
2003
2003
2002
Rand/Metric
Dollar/Imperial
Gold
Produced

- kg / oz (000)
43,240
44,613 131,457
136,543
1,390
1,434
4,226
4,390
Price received[4]

- R/kg / $/oz
86,619
87,983
88,852
103,567
364
354
354
299
Total cash costs
- R/kg / $/oz
56,311
55,502
55,966
54,242
237
223
223
157
Total production costs
- R/kg / $/oz
65,502
65,654
65,891
68,270
275
264
263
197
Operating profit
- R / $ million
1,304
1,094
3,607
5,026
176
142
463
466
Adjusted operating profit
2

- R / $ million
1,004
1,082
3,303
5,205
136
140
422
483
Net profit
- R / $ million
729
444
1,721
2,489
97
57
219
231
Headline earnings
- R / $ million
674
513
1,794
2,899
90
66
228
268
Adjusted headline earnings
1
- R / $ million
497
516
1,628
2,996
67
66
207
277
Capital expenditure
- R / $ million
661
538
1,687
1,962
88
69
216
182
Earnings per ordinary share

Basic
- cents/share
327
199
773
1,123
44
26
98
104
Diluted
- cents/share
326
199
769
1,116
43
26
98
104
Headline
- cents/share
303
230
805
1,307
40
30
102
121
Adjusted headline earnings
1
- cents/share
223
232
731
1,351
30
30
93
125
Dividends
- cents/share
375
675
51
64
Note: 1. Headline earnings before unrealised non-hedge derivatives and marked-to-market of debt financial instruments
2. Operating profit excluding unrealised non-hedge derivatives
3. Prior quarter production includes 56,000oz from Jerritt Canyon, which was sold with effect from 30 June 2003.

Reported production is
not comparable
4. Price received includes realised non-hedge derivatives $ represents US dollar, unless otherwise stated

Dear Shareholder

The decision this week by the Government of Ghana to support AngloGold's proposed merger with Ashanti Goldfields is a significant step towards completion of this transaction.AngloGold has now secured the support of the Ashanti board and its two largest shareholders, the Government of Ghana
and Lonmin. Although a further period of three to six months will be required for the completion of the merger, AngloGold's management has already been planning the successful integration of the companies. In this regard, the fiscal and regulatory undertakings that the Government of Ghana has confirmed that it would give, will allow us to lay the foundations for the Obuasi Deep Project, lengthening the life of mine by more than 20 years at current production rates or higher. Obuasi represents possibly the longest life gold orebody in the world.

The merger creates a combination of some of the best gold assets and mining talent on the African continent, with a spread of long-life, low-cost operations and reserves around the world. AngloGold's management will be greatly strengthened by the talented Ashanti management team. When the transaction is complete, AngloGold Ashanti will be ready to show how a thoroughly African company can be a world leader in its sector. This is very good news for AngloGold and Ashanti shareholders, the governments and people of both Ghana and South Africa, the employees of both companies and their communities.

AngloGold has produced a solid set of financial results for the September quarter which are similar to those for the second

quarter this year, despite the 4% strengthening of the rand and higher wage costs in South Africa. Cash operating costs on the South African mines only increased by 2% in local currency terms. Operating profit, adjusted to exclude unrealised gains on non-hedge derivatives, decreased marginally to $136 million. Despite this reduction, headline earnings, similarly adjusted, increased slightly to $67 million, mainly as a result of lower corporate administration costs.

The quarter saw good operating performances from Geita, Sadiola, Kopanang and Great Noligwa, all of which reported higher gold production and lower unit total cash costs. Grades on the South African operations and the underground operations as a whole increased by some 4%, while those on the open-pit mines decreased by some 4%, largely as a consequence of the anticipated and significant grade decline at Morila

We expect that the operating problems at Cerro Vanguardia in Argentina, which resulted in a 16% decline in production over the quarter, will be overcome with the commissioning there this month of a material scrubber. At Cripple Creek & Victor, difficulties with the haul truck fleet and the crusher have been resolved and those associated with the heap leach continue to receive management attention.

Although total cash costs were well controlled in local currency terms, the continued strength of these currencies against the dollar led to a 6% increase in dollar-denominated costs, to $237 per ounce. A $10 per ounce increase in the received gold price, which was again this quarter higher than the gold spot price, ameliorated the effect of reduced production and stronger operating currencies.

We will continue to give shareholders a clear picture of the value creation they can expect from both AngloGold's existing operations and from our merger with Ashanti in the months that lie ahead.

Russell Edey
Bobby Godsell
Chairman
Chief Executive Officer
30 October 2003

Russell Edey
Chairman
Bobby Godsell
Chief Executive Officer
Letter from
Chairman and CEO

Overview of the quarter

This quarter saw a recovery by Great Noligwa, Kopanang and Geita while problems persisted at Cripple Creek & Victor and Cerro Vanguardia. In the case of the latter, a scrubber to prepare wet ground for treatment was installed at the end of September and production is expected to improve in the December quarter. Gold production for the quarter (after adjusting for the sale of Jerritt Canyon[2)]was marginally up by 12,000oz to 1.39Moz.

The South Africa region performed well, with gold production increasing by 31,000oz (4%). By contrast, production in South America declined by 3% and in Australia by 4%, while North America was 12,000oz (15%) lower (on a comparable basis[2])
as a result of ongoing problems at CC&V. East and West Africa
produced substantially the same amount as last quarter, however, as predicted at the end of last quarter, production at Geita was 42% higher and Morila down 16%, with Yatela being 33% lower.

Total cash costs per ounce were well controlled in local currency terms, notably in South Africa where total unit costs increased by only 2% despite a 10% wage increase.

Again, strong currencies in the operating regions had an impact on dollar per ounce costs. These increased from $223/oz to $237/oz with half of the increase being directly exchange rate-related, which indirectly affected costs in local currencies.

As a result, adjusted operating profit[1]decreased marginally by
3% to $136m. Taking into account a $38m increase in unrealised profit from non-hedge derivatives, operating profit increased from $142m to $176m. It is AngloGold's practice to judge the performance of the company on the adjusted operating profit[1]as there can be no certainty that the unrealised profit will eventually be brought to account.

At a corporate level, corporate administration costs decreased
by $5m and other costs by $7m. Consequently adjusted
headline earnings 1

increased by 2% to $67m.

During the quarter, the profit on disposal of investments in East African Gold Mines and Randgold Resources Limited was $38m. Savuka was impaired by $35m as a result of the lower rand gold price. These, together with the unrealised gain on non-hedge derivatives resulted in a net profit of $97m, 70% up on the previous quarter.

Operating results for the quarter

South Africa Great Noligwa's gold production improved by 11% or 687kg (21,000oz) due to higher volume mined and a 6% rise in yield to 10.62g/t. Total cash costs at R52,183/kg ($219/oz) were 2% lower than those of the previous quarter, despite the inclusion of wage increases which were effective from July and higher treatment costs associated with the increased volumes mined. Adjusted operating profit
[1]improved by 25% to R258m ($35m) largely as a result of the higher gold production and lower total cash costs. Two employees tragically lost their lives in a fall of ground incident, whilst the lost time injury frequency rate
(LTIFR) improved by 35% over the previous quarter.

At **Kopanang** the positive impact of team training is evident in the 7% increase in volumes mined during the quarter. Yield improved by 11% to 7.4g/t, with gold production up by 15% to 4,119kg (132,000oz). The impact of the wage increases in July was contained and total cash costs improved by 6% to R62,189/kg ($261/oz). Adjusted operating profit
[1]was up by 54% to R105m ($14m) because of the higher gold production
at lower total cash costs. A gassing incident on 20 August
resulted in the death of one employee.

The volume mined at **Tau Lekoa** decreased by 2% and gold production fell to 2,449kg (79,000oz) as a result of this and reduced yield. Total cash costs, impacted by wage increases, seasonal power increases and lower gold output, rose by 12% to R75,407/kg ($317/oz). Adjusted operating profit
[1]reduced by R14m (30%) to R32m ($4m) mainly due to production
problems and higher total cash costs.

Improved face length and face advance at **Savuka** resulted in an 11% increase in volume mined. However, grade was reduced to 5.49g/t (12%) with gold produced falling by 17% to 1,376kg (44,000oz). The lower gold production and the effect of wage increases caused total cash costs to go up by 21% to R115,931/kg ($487/oz). During the quarter, some 170 people were retrenched as part of planned reductions in the labour force. The continued operating difficulties at Savuka have been reviewed and AngloGold management has decided to declare an impairment of the Savuka assets and have, as a result, charged profits with an amount of R138m ($19m) in respect of this impairment, net of tax. No fatalities were
recorded during the quarter.

Financial
and Operating Review

Mponeng's gold production at 4,055kg (130,000oz) benefited from greater face length availability resulting in increased volumes mined (5%). However, this was partially offset by a slightly lower yield of 8.81g/t. Total cash costs increased by 2% to R59,039/kg ($248/oz) following the impact of the wage increases in July. Adjusted operating profit[1]is down by 20% to R73m ($10m) mainly due to the higher total cash costs, increased amortisation charges (R4m) ($1m) and the impact of inventory movements (R6m) ($1m). Two employees lost their lives in two separate falls of ground incidents.

At **TauTona** gold production at 5,272kg (170,000oz) was 5% higher than the previous quarter mainly due to a higher yield (13.19g/t) as a result of the exclusion of lower grade tonnes from the area affected by the underground fire during August.
The volume mined was held at previous levels despite the impact of the fire. Total cash costs rose by 2% to R47,096/kg ($198/oz) as a result of the wage increases, costs associated with the fire and increased seasonal power cost increases. Adjusted operating profit[1]was down by 7% to R182m ($25m). Two employees lost their lives during the quarter. The first incident was due to a seismic-induced fall of ground whilst the second related to a scraper winch accident.

At **Ergo** gold production of 1,407kg (45,000oz) was down by 8% following lower tonnages treated, which were partially offset by a higher head grade. Tonnage throughput decreased following repeated water monitor pipeline failures. Ergo showed an increase in operating loss of R14m ($2m) to R22m
($3m) predominantly from the lower gold output, higher unit costs and lower received price. The operation is scheduled to close by the end of 2004. In the meantime, discussions are being held with prospective buyers.

East and West Africa

At **Geita** (50% attributable), gold production increased by 42% to 88,000oz, largely due to an anticipated 48% improvement in recovered grade to 3.83g/t. As has been reported in previous quarterly reports, further improvements are expected going forward. Total cash costs decreased by 18% to $188/oz due to the higher production whilst adjusted operating profit[1]rose by $6m to $9m.

Production at **Morila** (40% attributable) was down by 16% to 80,000oz. A 7% increase in milled plant throughput was offset by a 21% decrease in recovered grade to 7.55g/t. A further decline in grade is expected in the fourth quarter and going forward into 2004. Total cash costs increased by 16% to $109/oz, whilst adjusted operating profit[1]for the quarter decreased by 24% to $14m. Commissioning of the plant expansion project is on schedule for the fourth quarter. There were four lost time injuries recorded this quarter and regrettably one fatal accident occurred on 24 September 2003.

At **Navachab**, a 2% decrease in milled tonnage throughput, coupled with a 13% decline in recovered grade, resulted in a 14% drop in gold production to 18,000oz. Tonnage throughput for the quarter was adversely affected by plant down time caused by a transformer failure and damage to mill girth gear. Total cash costs increased by 38% to $303/oz while adjusted operating profit[1] for the quarter fell by $2m due to the lower production and the additional cost incurred as a result of the plant down time. There were no lost time injuries recorded at Navachab this quarter. With effect from 1 January 2004,
Navachab will make the transition to owner mining.

Production at **Sadiola** (38% attributable) went up by 8% to 42,000oz due to an 11% increase in recovered grade to 2.79g/t. Total cash costs decreased by 8% to $195/oz, whilst adjusted operating profit[1] increased by 72% to $5m as a result of the higher production and a 7% improvement in price. There were no lost time injuries recorded during the quarter.

At **Yatela** (40% attributable), gold production decreased by 33% to 20,000oz mainly as a result of a 32% decrease in tons treated. Tonnage throughput for the quarter was adversely affected by problems experienced with the commissioning of the new crusher circuit. Commissioning problems have subsequently been resolved and the plant is operating at design capacity. In addition, recovered grade decreased by 5% to 3.18g/t. Total cash costs increased by 26% to $250/oz and adjusted operating profits[1] decreased to $1m as a result of the lower production. Mining commenced at Alamoutala during the quarter and exceeded original targets with hauling of higher grade Alamoutala ore proceeding to plan. Yatela recorded one lost time injury during the quarter.

North America

At **Cripple Creek & Victor** (67% ownership with 100% interest in production until the initial loans are repaid) production was down by 15% quarter-on-quarter at 66,000oz due to mining of lower grade areas and failure to realise sustainable improvements in leach solution chemistry during the quarter. Total cash costs were 15% higher than those of the second quarter at $217/oz as chemical consumption increased in an effort to resolve the leach solution chemistry issues. Despite increased costs, adjusted operating profit[1] remained consistent with the second quarter at $3m due to favourable gold prices and inventory movements. There were no lost time injuries for the quarter and one lost time injury year to date.

The new processing facilities exceeded design capacity in August and September, and haulage fleet production

improved to budgeted levels. Phase 4B of the leach pad construction continues and is ahead of schedule. While stacking has commenced, this area of the leach pad is not yet under irrigation due to continuing construction activities. As these activities are completed during the fourth quarter, increased production should be realised.

As announced in the June quarter, AngloGold sold its interests in the **Jerritt Canyon** joint venture to Queenstake Resources. The transaction took effect on 30 June 2003.

South America At **Cerro Vanguardia** (92.5% attributable) gold production decreased by 16% to 41,000oz partly due to lower recovered grades, down by 10% to 6.05g/t. During the quarter, the plant was fed with lower grade, dry ore from a contingency stockpile as the recurring problem of excess water in the pits continued to prevent the mine from delivering higher grade material. As planned, a full range material scrubber was successfully commissioned in late September, which will enable the treatment of wet, higher grade material. Total cash costs were 14% higher than those of the previous quarter at $173/oz, chiefly because of a decrease in the gold produced and increased operational and maintenance costs, due to the abnormal operational conditions. Adjusted operating profit[1] decreased by 67% to $2m, largely as a result of the decreased sales volumes at a lower received price and the higher total cash costs.

At **Morro Velho**, gold production was up by 7% at 59,000oz, due to higher recovered grade at 6.48g/t and an increase in ore treated. Total cash costs rose by 2% to $146/oz due to higher labour costs as the result of the annual union agreement negotiations in August. Adjusted operating profit[1] was largely unchanged from the previous quarter. There was one fatal accident recorded at Cuiab during the quarter.

At **Serra Grande** (50% attributable) production remained at a similar level to the previous quarter at 24,000oz. Total cash costs increased by 5% to $109/oz due to higher maintenance costs and a slightly lower recovered grade of 7.89g/t. Adjusted operating profit[1] decreased by 8% to $4m largely because of a decrease in gold sold and the higher total cash costs.

The LTIFR for the region year to date is 4.55. This compares favourably with the Ontario underground metalliferous mines benchmark of 6.5.

Australia At **Sunrise Dam**, production increased marginally to 85,000oz despite mining continuing in the lower grade areas of the
orebody, with milled grade at 3.62g/t in the quarter compared to 3.85g/t in the previous quarter and recovery rates constant at around 80%. Mining will progressively move to the higher grade areas during the fourth quarter. Total cash costs decreased by 3% to A$368/oz ($242/oz), however adjusted operating profit[1] was down by 44% to A$5m ($3m), due to a lower received price and a reduction in the volumes sold.

Development work associated with the underground feasibility study has begun, with the award of the underground contract and the mobilisation of the contractor to site. There were two lost time injuries recorded during the quarter.

At **Union Reefs**, mining was completed at the end of July. Processing of low-grade stockpiles continued during the quarter, the throughput rate decreased progressively from mid- September until the final mill shutdown on 3 October 2003. Clean-up work and the preparation of the plant for care and maintenance and possible sale commenced during September. This final mining and decommissioning activity has reduced production to 23,000oz compared to 28,000oz for the previous quarter, while total cash costs were maintained at A$364/oz ($240/oz). Progressive rehabilitation of the site means that only minor works, which have been provided for, are required now that operations have ceased. The adjusted operating profit[1] decreased by A$1m ($1m) to A$3m ($2m). There were again no lost time injuries recorded for the quarter. Union Reefs has now operated for two years without a lost
time injury.

The **Boddington** Joint Venture partners have committed to an update of the November 2000 Expansion Project Feasibility Study. It is anticipated that this work will be completed in the second quarter of 2004.

Note:

All references to price received includes the realised non-hedge derivative gains (losses).

Rounding of figures may result in computational discrepancies.
In the case of Joint Venture operations, all production and financial results are attributable to AngloGold.
1.
Adjusted to exclude unrealised gains/losses on non-hedge derivatives.
2.
Prior quarter production includes 56,000oz from Jerritt Canyon, which was sold with effect from 30 June 2003.
Reported production is not comparable.

AngloGold's exploration activities are focused on discovering long-life, low-cost orebodies, utilising multi-disciplinary teams and appropriate state-of-the-art exploration techniques and technology. **During the quarter** Exploration continued to yield encouraging results from several projects the satellite oxide exploration programme at Sadiola and deeper mineralisation extensions at Sunrise Dam in particular.

Regional exploration overview

1.
In **Mali** drilling for satellite oxide resources at Sadiola continued to yield positive results. Reverse Circulation (RC) results at the FE3 Southern Extension included: 22m at 8.90g/t from 68m in AFE3S-115 and 44m at 3.71g/t from 36m in AFE3S-114. Resource delineation drilling of the Western Lobe at FE4 continued during the quarter and the deposit still appears to be open-ended to the south-west and west of the current pit position. RC results included: 32m at 2.58g/t from 142m in AFE4-387 and 10m at 2.04g/t from 38m in AFE4-383.

Phase VI of the hard sulphides diamond drilling programme at Sadiola is 73% complete.

2.
Encouraging results continue to be received from a first pass Rotary Airblast (RAB) drilling campaign at the Garalo greenfields prospect, some 100km south-west of Morila. These will be followed by an RC drilling programme after the rainy season in the fourth quarter.

3.
At Geita in **Tanzania**, exploration drilling was completed at Nyankanga West and East and restarted at Geita Hill. Follow-up diamond drilling of a high-grade zone at Nyankanga West intersected further high-grade mineralisation in drillhole NYDD0147. Results included 4m at 190.20g/t from 189m and 13m at 66.20g/t from 184m. Results of infill down-dip drilling of the north-eastern side of the Geita Hill pit included: 7m at 7.00g/t from 316m in GHDD-127 and 6m at 6.31g/t from 316m in GHDD-129.

4.
Drilling at the Navachab expansion project in **Namibia** was completed. The pre-feasibility study is scheduled for completion in the fourth quarter and, if the results are positive, a feasibility study will take place in 2004.

5.
In **North America**, exploration continued at Cripple Creek, where over 21,500m of drilling was completed to define new mineralisation at the Wild Horse Extension (WHEX) project and to test targets proximal to the current reserve areas. In addition, drill testing for deep, high-grade mineralisation in the district continued. Encouraging results were obtained and additional drilling has been scheduled for the fourth quarter.

6.
In **Alaska** exploration continued on greenfields projects within the Tintina Gold Belt where geophysical surveying, geochemical sampling and approximately 2,000m of drilling was completed on three projects. Encouraging results were obtained and will be the focus of follow-up exploration.

7.
In **Canada**, exploration at the Red Lake Joint Venture was devoted to the Rivard area where geochemical sampling and over 1,600m of drilling was conducted in the quarter. Results of three years of exploration suggest that the western portion of the Red Lake Greenstone Belt is more prospective. Accordingly, AngloGold has arranged with its partner Rubicon, to dissolve the Joint Venture and rationalise the tenement portfolio to leave AngloGold holding 100% of the western area at Rivard.

8.
In **South America** ongoing diamond drilling of the Cachorro Bravo orebody at Crrego do Stio in **Brazil** has confirmed flat, north-plunging, sulphide mineralisation over a down-plunge length of 800m, to a vertical depth of 350m. Intersections ranged in grade between 4.00g/t and 13.00g/t over widths of 2m to 4m. The exploration ramp has intersected the 4m thick, well-developed, main ore zone at its anticipated position and assay results are pending. All intersection lengths closely approximate to true widths.

9.

At the Crixs Mine in **Brazil**, diamond drilling of the upper Forquilha Sul ore zone has confirmed continuity of mineralisation over a strike length of approximately 200m and a down-plunge length of 300m at an approximate vertical depth of 350m. This ore zone, which overlies the principal Mina III orebody, has been intercepted in 8 diamond holes, spaced approximately 50m both along strike and downdip, yielded grades varying between 3.00g/t and 7.50g/t over widths of 3 to 10m. The

Exploration

mineralisation has been closed off up-plunge but is still open down-plunge. All intersection lengths are closely approximate to true widths.
10.
At Cerro Vanguardia in **Argentina**, drilling continued to define depth and strike extensions of the Loma del Muerto, Loma Sur, Paula and Mangas Sur veins for possible future open-pit and underground resources.
11.
In **Peru**, regional greenfields exploration was focused on further reconnaissance and property-scale investigation in different areas of the Peruvian Andean region. At La Rescatada the present diamond drilling programme has been extended to year-end to drill test three oxide targets and conduct metallurgical test work in order to reach a decision point by year-end.
12.
Australia drilling at Sunrise Dam has largely focused on deep drilling within and beneath the Sunrise Shear. The Sunrise Shear mineralisation was extended approximately 200m to the northwest on the down-dip extension of the underground resource. The Dolly Lode was intersected at a drilled depth of 1,071m (6m at 5.92g/t in CD827W2), approximately 400m beneath previous drill intercepts, indicating extensions of the structure at depth. Additional narrow, high-grade mineralisation was intersected in the Dolly Hanging Wall Lodes, including 3m at 19.43g/t from 704m (CD827). Shallow mineralisation was again intersected immediately west of the pit in the previously defined Mako and Duckpond areas and could indicate potential for a small high-grade pod of saprolite mineralisation. Furthermore, a new zone of mineralisation has been identified immediately to the west of the current pit design with an intersection of 6m at 5.15g/t from 153m (CRC101) and 2m at 41.31g/t from 61m (CRC104). Further drilling is required to understand the geometry and extent of this zone.
13.
In **South Africa** two diamond drill holes G49 and G51 are in progress at Goedgenoeg to the west of Tau Lekoa. Diamond drill hole G50 was completed during the quarter and intersected the Ventersdorp Contact Reef at a depth of 2,227m, yielding a mean borehole value of 22.08g/t over 18.52cm for 409cmg/t. The five deflection values varied between 83.60g/t over 16.91cm for 1,414cmg/t to 0.26 g/t over 11.88cm for 3cmg/t (corrected width).
Note:
Unless otherwise stated, all intercepts are at drilled widths and drilled depths.
Joint venture tenements
now 100% Rubicon
Rubicon/Redstar JV
Joint venture tenements
now 100% AngloGold
TENEMENT RATIONALISATION - RUBICON JV
Red Lake
Cochenour
Campbell
0
10 km
West End Block
Rivard
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9

The gold market saw yet another volatile and active quarter with a price range of over $50/oz and a closing price of $385/oz almost $40/oz higher than for the opening price for the quarter. The average price of $363/oz was $16/oz higher than the average for the previous quarter. Currency markets also remained volatile, with the US dollar gaining strongly against the Euro for much of the quarter only to end the period close to its lows of $1.19 to the Euro, and fully 10% weaker against the yen. The rand also benefited from the weaker dollar, touching R6.85 to the dollar during the quarter.

Gold price drivers

The gold price rallied again during the quarter in spite of the strong recovery in the US dollar against the Euro during July and August, and in spite of rallies in important equity markets. Also, physical demand for gold remained depressed and provided no help for the price.

The driver behind the price was overwhelmingly new and growing investor interest in gold, reflected in buying on the New York Commodity Exchange (Comex). The quarter saw repeatedly higher levels of net long open positions on the Comex, reaching a twenty year high of some 17.1Moz or 532t net long in early September, pushing the gold price to its high of $393/oz for the quarter.

The new levels of interest were driven by a number of factors, including concerns about global economic recovery, and scepticism about US recovery in particular. Most analysts also see the US dollar as still overvalued, and the US currency weakened sharply again during the last month of the quarter. Many investors in gold now justify their interest in the metal as appropriate to a range of economic circumstances, good both in the case of a weaker dollar (stronger US growth and exports, some danger of inflation, and strong gold and commodity prices) and of a stronger dollar (dampener on US recovery, threat of deflation, weaker equity markets and gold holding valuable as a defensive measure).

This investor interest could be sustained over a number of economic circumstances, and several analysts have recently published higher spot gold price forecasts for next year.

Investment

The appearance of new investors in gold has been the critical incremental factor in this market, and the rising gold price over the past eighteen months has been driven by investment and speculative demand for gold. Although volatile, this demand essentially fills the gap caused by falling jewellery demand in the face of higher spot gold prices. The net long positions of investors on the Comex have been primary drivers of the gold price over the past two years. The past year has also seen the emergence of new gold investment products in the form of exchange traded gold funds. The first of these has been the Australian instrument launched by Gold Bullion Limited, but further such investment products are under consideration elsewhere. These products provide both institutional and private investors with the opportunity to invest in a traded instrument whose sole underlying asset is physical gold. These products, if successful could add a new category of demand for gold, and would help to sustain a healthier price environment.

Physical

The physical market for gold continues to reflect the negative impact of higher spot prices. Supply is up, and demand is down.

On the supply side, gold mine production for the first half of 2003 increased by 2% against 2002, whilst scrap gold for sale increased sharply by 26% year on year, at 513t in the first half of 2003. Net mine supply onto the market, however, was reduced by over 300t of gold producer hedge reductions. Net central bank sales were slightly higher than in 2002 at 290t for

US$/oz
Moz
COTR for Gold: Futures & Options
2002 Today

Review of the
gold market

the first six months of 2003. By contrast, global gold demand for jewellery was down in most areas, with a fall overall of some 4% in gold offtake for jewellery worldwide.

Central bank The September meetings of the IMF saw the first public comment about a renewal of the 1999 Washington Agreement on official gold sales and lending. The subject will be considered by the central banks concerned early in 2004, and comments seem to imply that renewal is a matter of detail, not of principle. In any extended agreement, the Swiss National Bank would wish to sell a further 130t to complete its original sales target of 1,300t (or approximately half of its reserves in 1999 when the decision to sell was taken). The Bundesbank has also expressed an interest in selling 400 to 600t of its current holdings of 3.440t (second only in the world to the US holdings of 8.135t). It seems likely that the form and extent of the renewal will be orderly and will not negatively impact the gold market.

Set against any gold sales programme of a renewed Washington Agreement, the quarter saw news of official sector interest in increasing gold holdings as well.

Liberalisation of the gold market in China has opened up a measure of debate on gold's possible role in that economy. The quarter saw comment by the Bank of China indicating that it was reasonable that gold should make up a larger percentage of the State's foreign exchange reserves. In addition, a survey indicated Chinese consumer willingness to consider gold in the arena of private savings. Support was also voiced during the quarter by the Russian central bank for a level of gold reserves higher than their current official gold holdings.

In the current global economic environment, with American trade and budget deficits likely to endure for some time, and most analysts and commentators forecasting further US dollar weakness against both the Euro and major Asian currencies, the comments from China and Russia seem to reflect a diffidence about further growth in official US dollar reserves, and a willingness to reconsider gold as an important reserve asset.

Currency

Although the US dollar recovered steadily against the Euro from early June, reaching its strongest point of $1.075 to the Euro in August, the recovery was not sustained. During September, the US currency fell back again close to its weakest point of $1.19 to the Euro. An important element in the weakening of the dollar was Japan's retreat from the strategy of the past year of buying dollars to keep the Japanese currency relatively weak against the dollar. During this third quarter, the yen was allowed to strengthen by fully 10% against the dollar, from an opening exchange rate of y120/$ to its current level of y108/$. The return of US dollar weakness to the market was given some official context at the meeting of the G7 Finance Ministers in Dubai in late September, where members of the G7 stated their position that exchange rates should reflect economic fundamentals, and that greater flexibility in exchange rates is desirable for major countries as a means of promoting effective adjustments reflecting market realities in the international financial system. This public position by the G7 was viewed as a recognition of the need for further US dollar weakness.

The rand remains strong, disproportionately so by comparison with the weakening of the US dollar against the Euro. The most important single factor here is almost certainly the large interest rate spread in favour of the rand against all major currencies, and the resultant carry trade in rand-denominated instruments. This trade is likely to endure until South African interest rates reduce sufficiently to discourage such funds, or until some other circumstance changes to the disadvantage of the local currency. Until this does, local gold producers along with many other sectors of the South African economy will suffer from lower income derived from US dollar-denominated product, and from higher production costs expressed in US dollars.

Euro/US$ & US$/Yen Indexed
2003 YTD

As at 30 September 2003, the group had outstanding, the following forward-pricing commitments against future production. The total net delta tonnage of the hedge on this date was 8.66Moz or 269.5t (at 30 June 2003: 8.73Moz or 271.5t).

The marked-to-market value of all hedge transactions making up the hedge positions was a negative $447m (negative R3.1bn) as at 30 September 2003 (as at 30 June 2003: negative $179.3m negative R1.35bn). These values were based on a gold price of $383.50/oz, exchange rates of R/$6.95 and A$/$0.6850 and the prevailing market interest rates and volatilities at the time.

As at 30 October 2003, the marked-to-market value of the hedge book was a negative $423.2m (negative R2.9bn), based on a gold price of $386.40/oz and exchange rates of R/$6.86 and A$/$0.7053 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are in no way predictive of the future value of the hedge position or of future impact on the revenue of the company. The valuation represents the cost of buying all hedge contracts at the time of valuation, at market prices and rates available at the time.

Year
2003
2004
2005
2006
2007
2008-2012
Total
DOLLAR GOLD
Forward contracts
Amount (kg)
18,374
26,576
19,862
18,974
25,878
109,664
$ per oz
$315
$324
$333
$337
$355
$334
Put options purchased Amount (kg)
1,016
5,772
2,624
4,918
728
15,058
$ per oz

$405
$382
$363
$363
$292
$369
*Delta (kg)
737
2,555
920
1,587
80
5,879
Put options sold
Amount (kg)
6,532
13,997
2,799
4,354
27,682
$ per oz
$351
$341
$345
$339
$343
*Delta (kg)
440
3,136
715
1,036
5,327
Call options purchased
Amount (kg)
7,268
2,189
9,457
$ per oz
$343
$328
$340
*Delta (kg)
6,996
1,863
8,859
Call options sold
Amount (kg)
10,939
12,361
18,227
16,547

14,308
54,245
126,627
$ per oz
$378
$363
$338
$346
$336
$363
$356
*Delta (kg)
5,820
8,367
13,966
12,245
11,122
41,435
92,955
RAND GOLD
Forward contracts
Amount (kg)
1,450
8,426
9,078
4,500
4,541
3,732
31,728
Rand per kg
R43,860
R87,523
R116,891
R96,436
R114,915
R119,580
R102,886
Put options purchased
Amount (kg)
1,875
1,875
1,875
5,625
Rand per kg
R93,602
R93,602
R93,602
R93,602
*Delta (kg)
1,329
590

459
2,378
Put options sold
Amount (kg)
1,866
1,866
Rand per kg
R89,266
R89,266
*Delta (kg)
1,692
1,692
Call options purchased
Amount (kg)
632
632
Rand per kg
R75,428
R75,428
*Delta (kg)
632
632
Call options sold
Amount (kg)
8,091
2,813
4,687
4,688
2,986
11,944
35,209
Rand per kg
R93,689
R129,715
R131,944
R132,647
R173,119
R209,288
R152,798
*Delta (kg)
825
94
1,457
1,794
493
2,733
7,396
Hedge position

Year
2003
2004
2005
2006
2007
2008-2012
Total
A DOLLAR GOLD
Forward contracts
Amount (kg)
6,771
5,443
6,221
9,331
8,398
13,343
49,507
A$ per oz
A$503
A$531
A$685
A$655
A$623
A$635
A$614
Put options purchased Amount (kg)
A$ per oz
*Delta (kg)
Put options sold
Amount (kg)
A$ per oz
*Delta (kg)
Call options purchased Amount (kg)
5,443
3,110
6,221
3,732
11,197
29,703
A$ per oz
A$637
A$724
A$673
A$668
A$702
A$682
*Delta (kg)
1,623

877
2,988
1,964
6,365
13,817
Call options sold
Amount (kg)
4,666
4,666
A$ per oz
A$675
A$675
*Delta (kg)
299
299
Total net gold:
Delta (kg)
5,848
38,260
57,216
45,754
41,644
80,756
269,478
Delta (oz)
188,004
1,230,090
1,839,506
1,471,034
1,338,896
2,596,393
8,663,924
The following table indicates the group's currency hedge position at 30 September 2003
Year
2003
2004
2005
2006
2007
2008-2012
Total
RAND DOLLAR (000)
Forward contracts
Amount ($)
Rand per $
Put options purchased
Amount ($)
Rand per $
*Delta ($)
Put options sold
Amount ($)

Rand per $
*Delta ($)
Call options purchased Amount ($)
Rand per $
*Delta ($)
Call options sold
Amount (kg)
10,000
10,000
Rand per $
R7.55
R7.55
*Delta ($)
5
5
A DOLLAR (000)
Forward contracts
Amount ($)
29,428
29,275
10,847
69,550
A$er $
A$0.59
A$0.59
A$0.51
A$0.58
Put options purchased
Amount ($)
10,000
10,000
A$er $
A$0.63
A$0.63
*Delta ($)
6,175
6,175
Put options sold
Amount ($)
10,000
10,000
A$er $
A$0.68
A$0.68
*Delta ($)
4,114
4,114
Call options purchased Amount ($)
A$er $
*Delta ($)
Call options sold

Amount (kg)
20,000
20,000
A$er $
A$0.60
A$0.60
*Delta ($)
5,676
5,676
*The Delta position indicated above reflects the nominal amount of the option multiplied by the mathematical probability of the option being
exercised. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities as at
30 September 2003.

Index

Operations
at a glance
for the quarter ended 30 September 2003
%
%
%
%
%
$/oz
Variance
oz **Variance**
$/oz
Variance
$m
Variance
$m
Variance
**
(000)
**
**
**
**
Great Noligwa
384
5
217
11
219
2
37
28
35
30
TauTona
358
170
6
198
6
27
25
Morila*
350
4
80
(16)
109
16

19
(17)
14
(18)
Kopanang
385
6
132
15
261
(3)
16
45
14
56
Mponeng
358
130
2
248
6
15
(6)
10
(17)
Geita*
334
9
88
42
188
(18)
12
140
9
243
Cripple Creek & Victor
363
6
66
(15)
217
15
12
(14)
3
Morro Velho
355
(1)
59
7

146
2
12
9
Sadiola*
373
7
42
8
195
(8)
8
33
5
67
Sunrise Dam
357
(2)
85
1
242
(1)
8
(33)
3
(50)
Cerro Vanguardia*
320
(7)
41
(16)
173
14
7
(42)
2
(67)
Tau Lekoa
385
6
79
(4)
317
17
5
(29)
4
(33)
Serra Grande*
354
(1)

24
109
5
5
(29)
4
(8)
Yatela*
358
3
20
(33)
250
26
3
(25)
1
(90)
Union Reefs
360
(1)
23
(18)
240
3
2
(33)
2
(33)
Navachab
360
4
18
(14)
303
38
(100)
(100)
Ergo
361
3
45
(8)
408
16
(3)
200
(3)
200
Savuka
358

44
(17)
487
27
(8)
700
(8)
300
Other
27
(68)
(9)
(57)
7
40
AngloGold Group
364
3
1,390
(3)
237
6
168
136
(3)
1. Price received includes realised non-hedge derivatives
2. Operating profit excluding unrealised non-hedge derivatives
* Attributable
**Variance September 2003 quarter on June 2003 quarter Increase (decrease)
Adjusted
operating profit
2
Price received
1
Production
Total cash costs
EBITDA

GROUP OPERATING RESULTS
Statistics are shown in metric units and financial figures in South African rand.
Quarter ended
Nine months ended
September
June
September
September
2003
2003
2003
2002
GOLD
UNDERGROUND OPERATIONS
Tonnes milled
- 000
3,223
3,429
9,951
9,926
Yield
- g/t
8.18
7.84
7.96
8.35
Gold produced
- kg
26,380
26,885
79,214
82,869
PRODUCTIVITY
g/employee
- target
238
247
238
245
- actual
232
231
229
238
SURFACE AND DUMP RECLAMATION
Tonnes treated
- 000
8,665
9,397
27,779
28,623

Yield
- g/t
0.26