



Slide 1

Good afternoon.

Thank you for the invitation to speak. As all of us in the process of speaking at events such as this know only too well, the greater the distance from the event, the easier it is to accept. The closer the event comes in time, the more that ease erodes. This is especially true of the topic I have been given – the more I have thought about it, the harder it has been to gain confidence that we are indeed “winning hearts and minds” in gold marketing. I hope though to illuminate the challenges we face in this task and the efforts that are under way, together with AngloGold’s role in these endeavours.

Disclaimer

Except for the historical information contained herein, there are matters discussed in this presentation that are forward-looking statements. Such statements are only predictions and actual events or results may differ materially. For a discussion of important factors including, but not limited to, development of the Company's business, the economic outlook in the gold mining industry, expectations regarding gold prices and production, and other factors, which could cause actual results to differ materially from such forward-looking statements, refer to the Company's annual report on Form 20F for the year ended 31 December 2002, which was filed on Form 20F with the Securities and Exchange Commission on 7 April 2003.



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Gold consumers: The questions

- What do we mean by gold consumers?
- What is the importance of the gold consumer?
- Who should take responsibility for winning hearts and minds?
- What needs to be done to win the hearts and minds of consumers?



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In my speech I would like to deal with five broad areas of this issue of the gold consumer, being:

1. What do we mean by gold consumers?
2. What is the importance of the gold consumer?
3. Who should take responsibility for winning hearts and minds of this gold consumer?
4. What needs to be done to win the hearts and minds of consumers?

Before tackling these topics though, let me just note AngloGold has for some years now been active in engaging consumers on the metal that we produce, and supporting gold in a number of important areas.

AngloGold interaction with gold consumers

- Largest contributor to WGC since 1987
- 53% ownership of Rand Refinery
- 25% ownership of OroAfrica
- Gold jewellery design sponsorship 1998–2002N
- New York Fashion Week sponsorship
- International Herald Tribune Luxury Goods Conference sponsorship



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As a six million ounce annual producer, we have since 1987 been members of the World Gold Council, contributing 20%-30% of their budget over the past fifteen years, and contributing currently at a level of just over \$10 million per annum.

Beyond a commitment to generic promotion through the WGC, we have taken our own initiatives in several areas of the downstream business. We have a long-established position in the gold refining and value-added product business through our 53% share of Rand Refinery, which currently refines and processes over 400 tons of gold annually, and remains the largest single refining and small bar business in the world. Beyond refining, for the past three years we have had a 25% equity investment in OroAfrica, South Africa's largest gold jewellery manufacturer, which exports 65% of its machined gold jewellery product into the United States each year.

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In addition, we have been the only producer to work directly with the gold jewellery design community in countries spanning Africa, Asia, Latin America and Europe, to initiate, sponsor, manage and promote design competitions, as a means to promoting design excellence and innovation. This co-operative work with parts of the fashion industry on gold and gold jewellery issues has included participation in the New York Fashion Week for two years, together with our co-sponsorship with Dupont of the International Herald Tribune Annual Conference on Luxury Goods in Europe last year – and, in a very small way, through our launch of the GoldAvenue jewellery catalogue and internet business in the USA eighteen months ago.

It is this exposure in different aspects of the gold business beyond mining that has illuminated for us the significant challenge we face in defending and growing the market for our product – as I hope will become apparent as I walk through the five broad areas covering the gold consumer.



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1. GOLD CONSUMERS

We all know this market well, and the description I will give you of the gold market will be no news to you. As we know, the market splits into two pretty distinct universes being those of the:

- Physical market for gold metal; and
- Derivative market in gold

Both of these markets are important to gold for different reasons.

The derivative market gives our metal a unique liquidity amongst commodities, and is a reflection of the quasi-monetary nature of the metal. The derivative market plays an important and probably the determining role in the pricing of the metal, and the health and sentiment of the derivative market is vital to the gold price and to the market for gold in general.

However, by no stretch of the imagination does the derivative market have anything to do with consumers of gold, or with consumption of the metal. Those who go long gold in the derivative markets will ultimately and inevitably sell that metal back to the market, most of them within a fairly short timeframe. You only rarely see a long position on COMEX taking delivery of the metal. The derivative market is in effect a zero sum game which does little to address the need in the longer term for physical offtake and real flows of the metal.

Gold physical demand

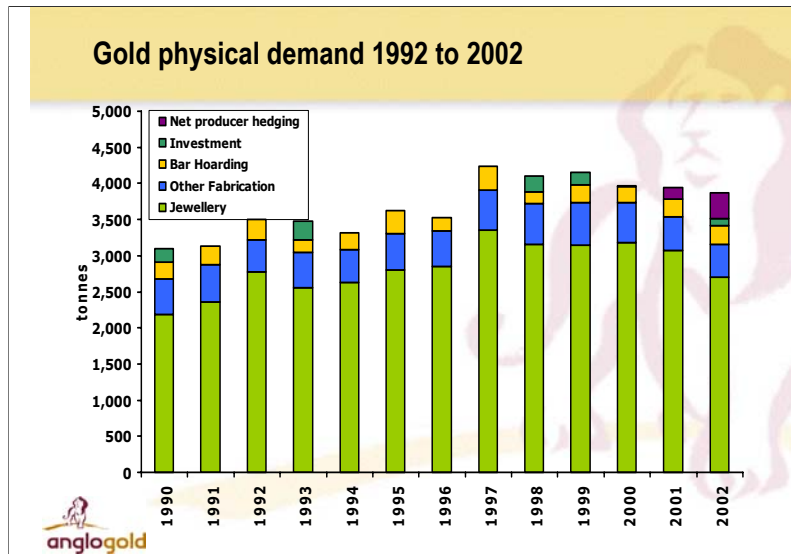
Three broad areas of demand only:

- Gold jewellery
- Industrial/electronic applications
- Bullion bars, coins and medallions



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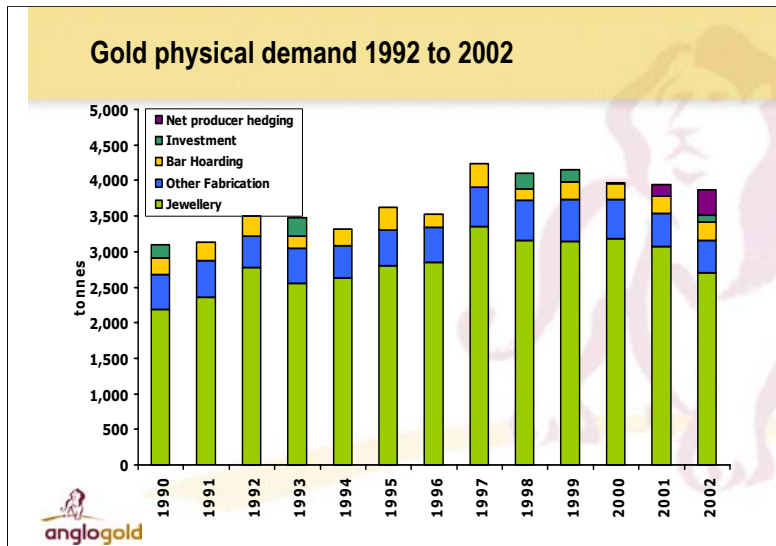
The consumers we refer to then, come from the physical market, and in this physical market there are really three sources of demand only, although these three sources of demand do in turn break down into sub-categories of offtake, with varying regional or cultural buying motivations.



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The three areas in which we find the consumers for our metal are, quite simply, jewellery, industrial applications and the catch-all physical investment category of bullion bar, gold coins and medallions. Of these three, you are very well aware that jewellery has for some years represented between 75% - 80% of physical demand. Industrial offtake is responsible for 12% - 14% of physical gold demand, and bar, coin and medallion hoarders for 5% - 8%.

It is clear, then, to anyone concerned with fundamentals of the market, that the health of the physical business in gold turns most critically on the health of jewellery offtake in all its many forms in all the different parts of the world.



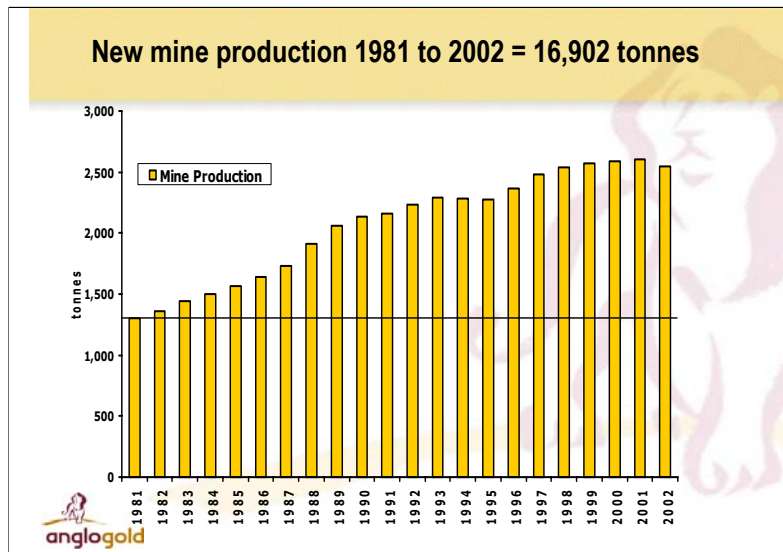
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2. WHAT IS THE IMPORTANCE OF THE GOLD CONSUMER?

We all understand that we occupy an unusual market in respect of gold. This is a metal which is a commodity and a physical good in some respects, a store of value and a vehicle in other respects. It has a quasi-monetary identity in the financial markets and trades much like a currency in its derivatives markets.

However, at the end of the day, there is a physical volume of gold which needs to be taken from the market to keep the market stable and to keep some balance to the market. If all metal currently produced had to circulate repeatedly looking for a buyer, and if there were not continuous and healthy physical demand, we would face a substantially weaker market than we do today.

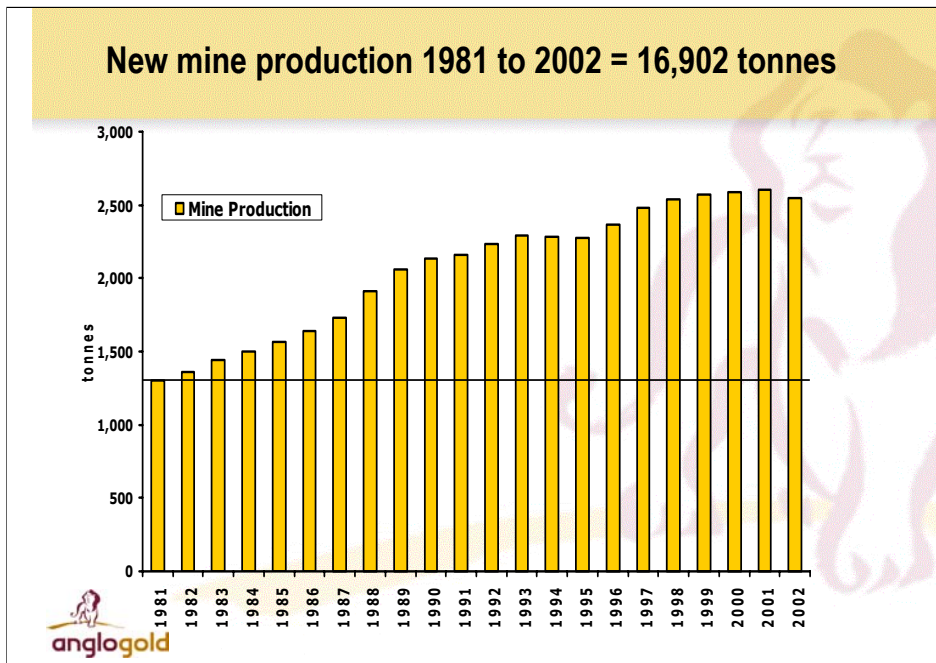
One way of understanding the importance of physical offtake in a practical way is to look at the thousands of tons placed on the market by gold producers in the last twenty years.



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If we look only at incremental new gold mine production brought into play since 1980 – the year of the famous \$850 per ounce gold price spike – we can see that gold producers alone have needed the market to absorb almost 17 000 tons of gold over and above 1980 levels of production during this period. There was a time when that volume of metal might have been bought by central banks or official institutions. We all know this is no longer the case. The metal needed an end-consumer, and in our market today that end-consumer is the jewellery buyer.

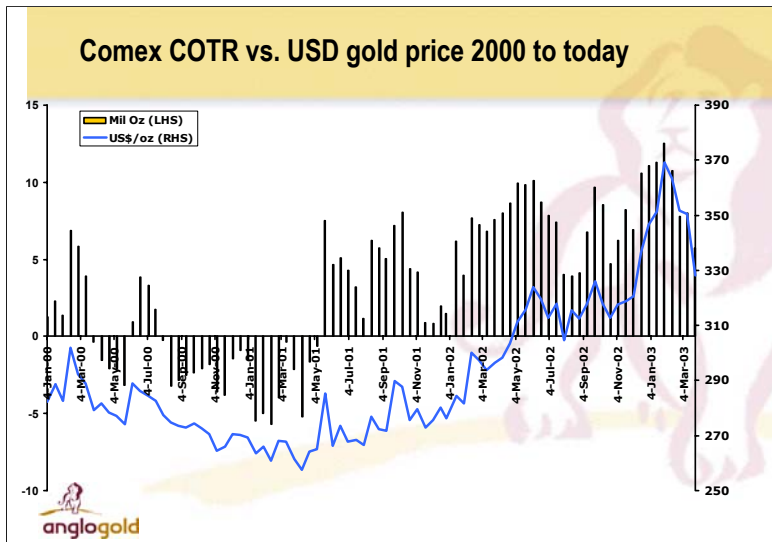
As I will show in a moment on a different slide [slide 10], it is interesting to note as an aside that of this total net incremental supply of almost 17,000 tonnes of new mine production over the past 21 years, net producer hedging constitutes only 15% of this – indeed only 7.5% of total gold supply in the period – which suggests that the villain in the piece when it comes to price erosion is the sheer quantum of new mined gold placed on the market with negligible associated marketing spend or strategy, rather than the tactics employed by producers to manage their margin and risk.



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I make this obvious point about new mine supply as laboriously as I do simply because so many gold mining companies, and not a few analysts and commentators on this market, take the physical demand for the metal for granted, or view it as somehow irrelevant, or if not irrelevant, than somehow beyond their concern.

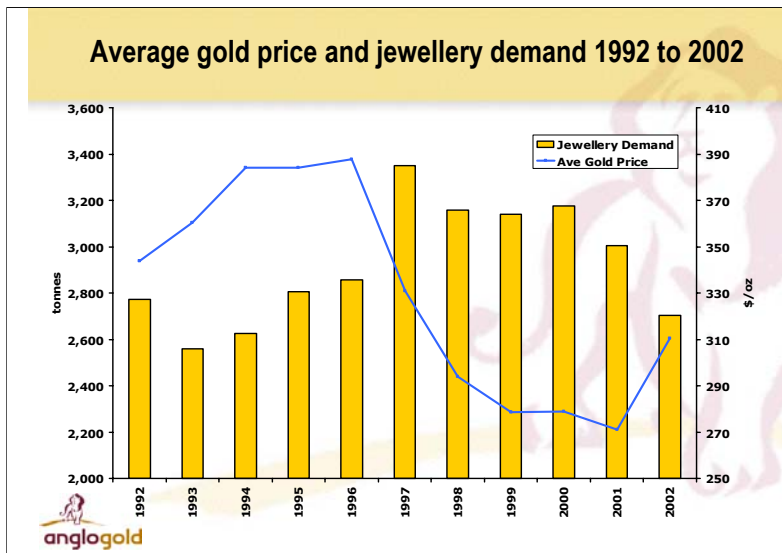
Once again, we understand very well that this physical market, however important it is for overall balance, is not a price driver for gold.



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The price driver in our market is undoubtedly the derivative market for the metal, shown very clearly in the gold price behaviour and net Comex trading behavior these past two years.

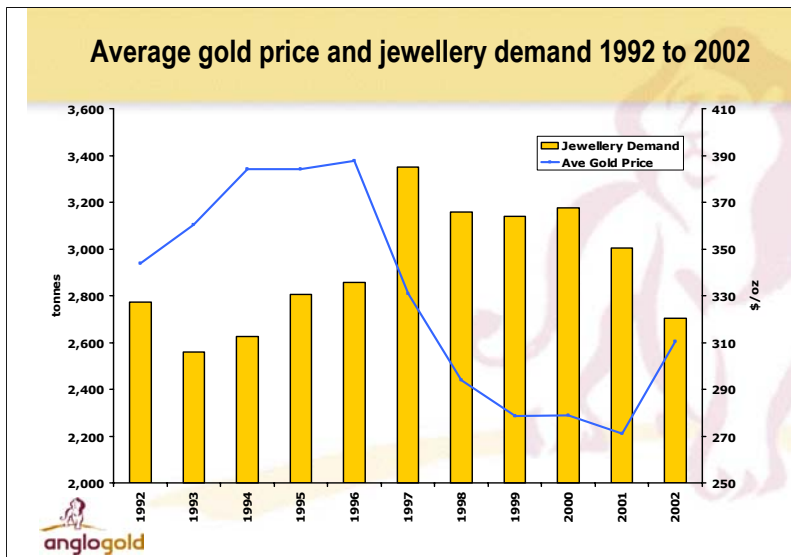
In AngloGold, we have never looked at physical demand to lift the price for our metal. Our view is that physical demand in fact operates rather in a self-correcting way on the price. In this regard, as we know, when the gold price rises, physical demand falls, particularly in discretionary spending areas like jewellery in developing markets.



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However, the importance of the physical market is that when the gold price weakens, a healthy physical market will buy more, and will thereby place support under the gold price at a time when speculators are most likely to be sellers of the metal.

So, in conclusion, our strong view is that without healthy physical gold offtake – and that means in this market a healthy jewellery offtake – we gold producers would face an unfavourable supply/demand imbalance, much greater fragility in the ability of the market to absorb gold from time to time, and a loss of price support for the metal during those fragile times.



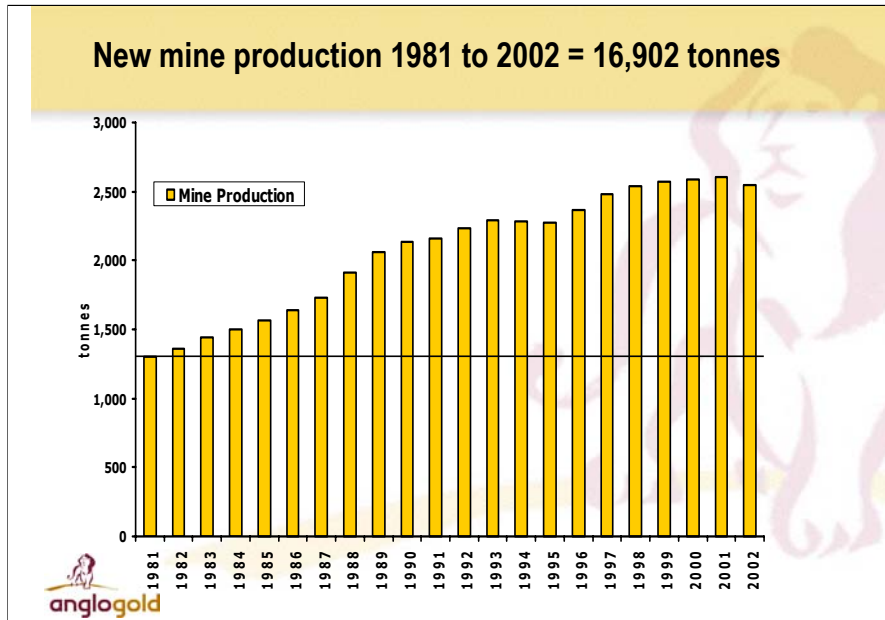
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3. WHO SHOULD TAKE RESPONSIBILITY?

The third question that I promised to address on the subject of gold consumers is the question of who it is that should take responsibility for a healthy offtake of gold - who should really care about winning those hearts and minds of the gold consumer?

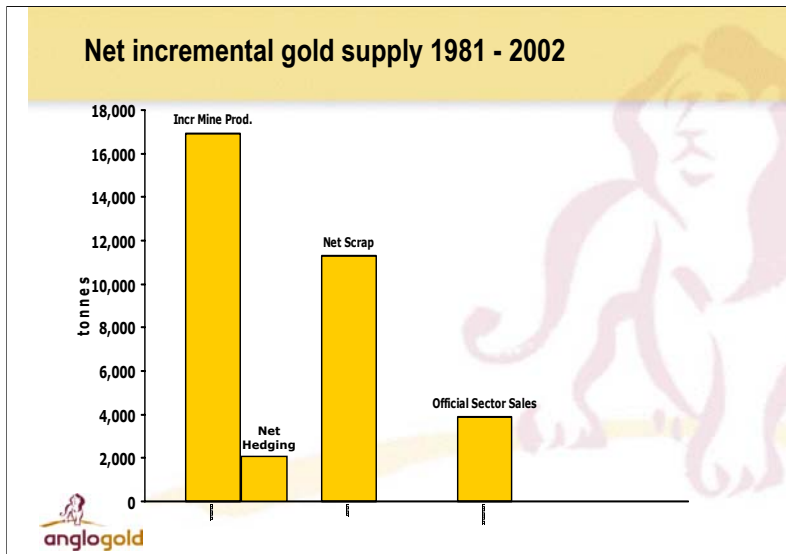
In AngloGold, we have quite strong and quite clear views on this, and I have no doubt that those strong and clear views are known to most of you at this conference. Our view is that the responsibility for promoting and supporting and developing healthy physical demand for gold in all of its applications lies very firmly with gold producers.

New mine production 1981 to 2002 = 16,902 tonnes



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At its crudest, you need only look at the graph I showed you a few moments ago on incremental new sales of gold onto the market by gold producers since 1980 to see who has demanded most from gold consumers.



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To show that figure in a different manner, let me show you the comparative figures for incremental net supply onto the market from other sources during the period. It must be clear that it is ourselves the gold producers who make the most demands on gold offtake, and who have the greatest dependence on a healthy market.

Quite aside from this crude volume argument, there are several other reasons which cause us to conclude that the primary responsibility for this role should lie in our industry.

Gold producers and gold marketing

- Gold mining is the only sector whose sole interest is gold
- Gold mining resources are better than the rest of the gold product chain
- Gold mining is better structured/better organized



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These include:

i) The gold mining sector is the one sector whose sole interest lies in gold, and only gold.

By comparison with gold mining companies, the businesses downstream of gold producers – particularly jewellery manufacturers and jewellery retailers – profit from a range of alternative metals/precious products, including silver, platinum, coloured gemstones and diamonds that provide them with a range of product loyalties and options when it comes to selling strategies and marketing effort. (This is not only so in developed markets – there are dangerous examples of retailers in India and the Gulf turning increasingly to diamond-set jewellery in competition with gold for very good margin reasons.)

ii) On the whole, cash resources in gold mining are probably more reliable than in the other businesses in the gold product chain. The intermediate businesses of gold refining, jewellery manufacturing, wholesaling and distribution are known for their slim margins. Jewellery retail has substantial margins in the developed markets, but structural reasons make them ineffective in this area;

iii) The structure of gold mining companies - particularly the nature of ownership and management, coupled with real balance sheets and, on balance, strong cash flows - argue that gold producers should play the leadership role in gold marketing.

Gold producers and gold marketing

- Gold mining is the only sector whose sole interest is gold
- Gold mining resources are better than the rest of the gold product chain
- Gold mining is better structured/better organized



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By comparison, the gold jewellery manufacturing and retailing sectors are populated by numerous small companies with few formal resources beyond those applied directly to the running of the business at hand.

No doubt other sectors or business associated with gold product should also play some role. These include gold refineries who produce gold bars, gold coins and other investment products or jewellery manufacturers, or jewellery wholesalers, or finally but not least, jewellery retailers themselves, since they are most directly involved in the sale of the product to the consumers. These all have a role to play, and the challenge lies in developing and implementing a concerted approach amongst these varying interests.

4. WHAT NEEDS TO BE DONE TO WIN THE HEARTS AND MINDS OF CONSUMERS?

This is the point, I guess, that I reach the most difficult part of this topic.

This is because there is no doubt that we are currently facing evidence of a failure to win the hearts and minds of certain gold consumers in jewellery right now, rather than the opposite. I would certainly not go so far as to say that we have lost these consumers, but if we were an industry which paid more attention to the health of the physical market for its product, we might find some cause for concern.

Gold producers and gold marketing

- Gold mining is the only sector whose sole interest is gold
- Gold mining resources are better than the rest of the gold product chain
- Gold mining is better structured/better organized



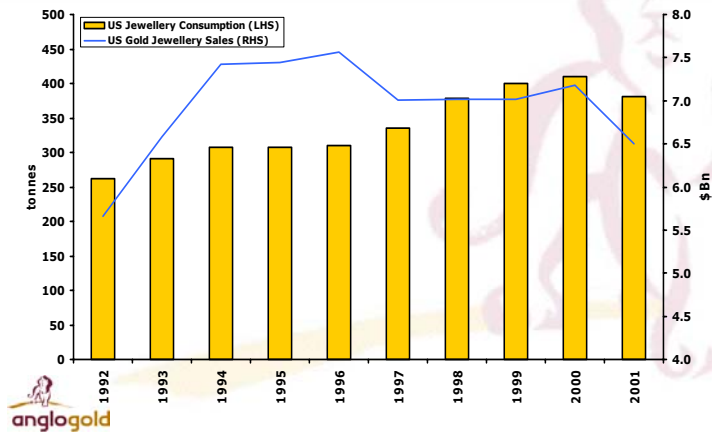
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However, we know that for developing markets such as India, in which gold jewellery and other gold objects sell for close to the underlying cost of the metal, times of sharply rising prices or price volatility inevitably lead to a fall in demand for a period of time, and I would be disinclined to draw conclusions of a secular change in the Indian market on the strength of the fall in gold offtake last year.

This is not to say that all is well with gold offtake in the developing markets. There are elements of change in gold offtake behaviour in major developing markets which ought to give rise to real concern amongst those who pay attention to gold consumption – the rising share of diamond jewellery sales in India and Dubai, for example, and the penetration of platinum jewellery in major urban areas in China – but for immediate purposes I shall share with you mostly my concerns about the second biggest gold offtake market in the world, the USA.

By comparison with the short-term reactions in Indian offtake, some of the statistics which have been extracted in regard to the US market over the past decade point to a secular trend which should concern us, and to a marketing challenge which our mining industry should recognize and meet.

USA : Gold in jewellery offtake vs. gold jewellery sales value 1992 to 2001

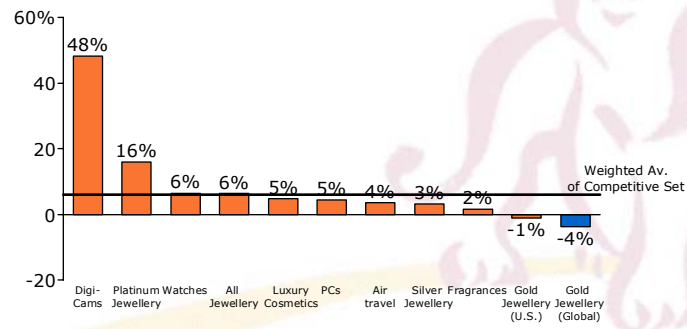


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During the decade of the 1990's, we watched with approval how the United States jewellery offtake in tons of gold increased every year. However, on closer analysis, it has become clear that in dollar terms, the gross value of gold jewellery sales in the USA actually eroded during the decade.

Gold jewellery is losing share of consumers' discretionary wallet

US consumer spend growth
(CAGR 97-01)

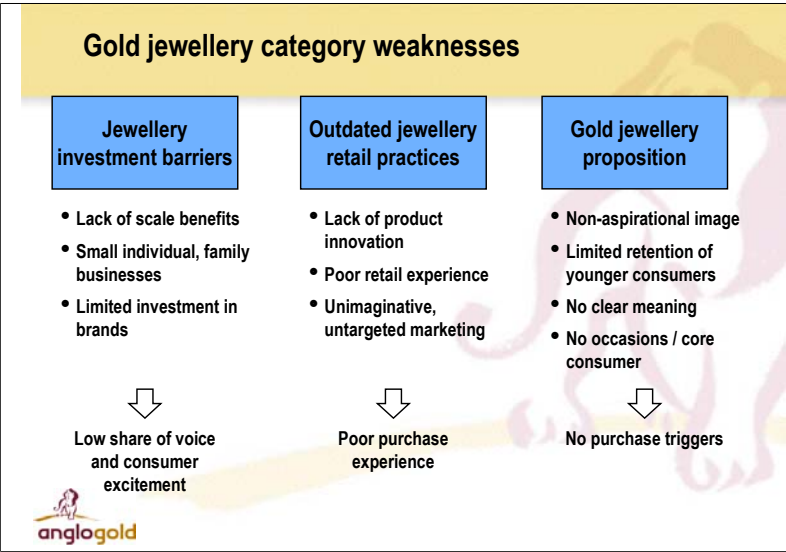


Source: Euromonitor; CSFB 2001

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Looked at in context, US spending on gold jewellery most certainly did not match either the increase over that period in gross consumer spending, or the increase in disposable income spent specifically on competitive luxury goods. The reasons for this slippage are several and it would be difficult to analyse them in great detail in this short presentation.

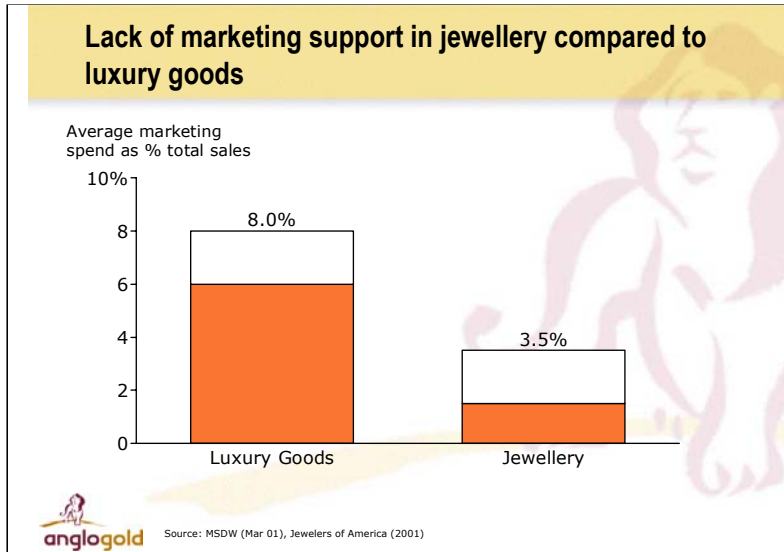
However, some of these reasons you will recognize from your own experience as consumers.



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These include the reality that the gold jewellery offer to the consumer is not in the best or most competitive hands in respect of the jewellery retail business today. Jewellery retailing in the USA, and in other developed countries, is a sector with inherent dysfunctions. It is made up in large part of small individual family businesses, and it has developed few of the benefits of scale and modern retail management which we take for granted in almost every other sector of the consumer retail business with which we deal as consumers ourselves.

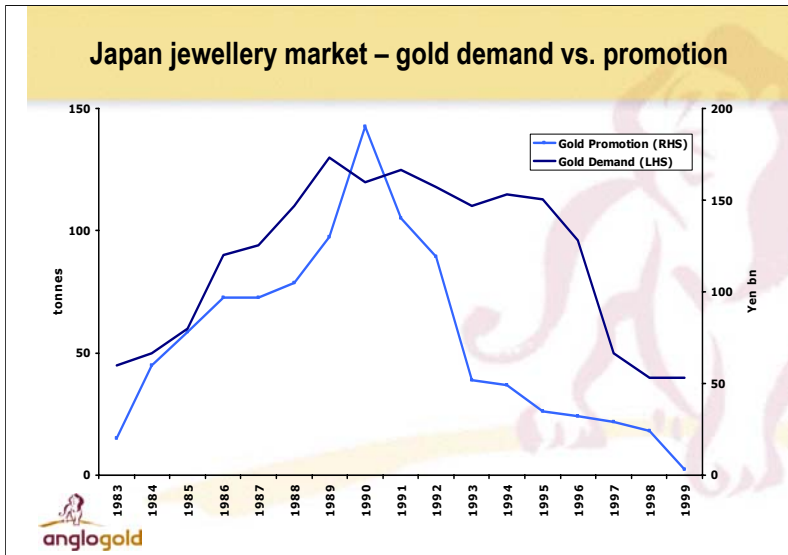
Jewellery retailing has an extremely limited investment in brands, and its fragmented state is in fact largely resistant to brands – this in a modern retail environment in which brands are an almost inescapable aid to consumer choice. This has contributed in no small measure to the commoditification of gold jewellery product. The other side effects of this fragmented and undercapitalized industry include unimaginative and inadequate marketing, poor in-shop retail experiences and, as the other side of the coin to not branding, limited product innovation.



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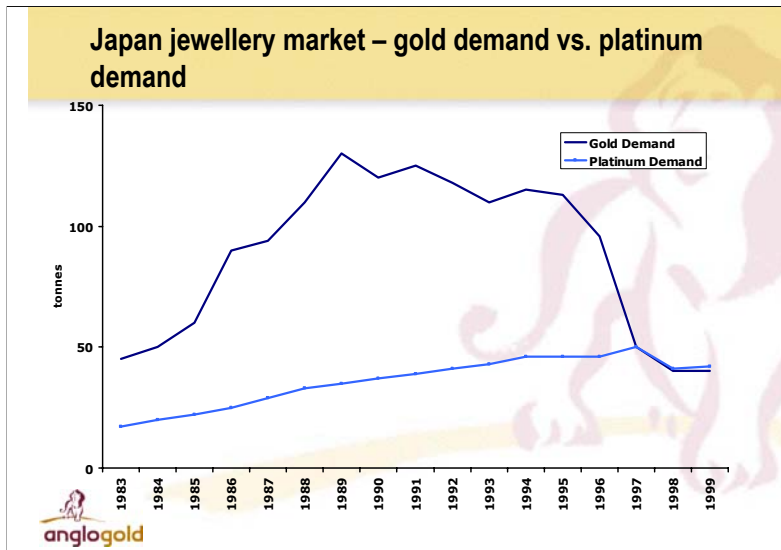
Perhaps the most important denominator of the weakness of this retail jewellery sector is its failure to spend competitively on its gold jewellery product at the levels that are spent by the products with which we compete.

At the end of a record decade of retail boom in the USA, the result is that the most important product for the offtake of the metal we produce – ie gold jewellery – has lost ground in its share of consumer spending in that market. There are indications that similar slippage in gold jewellery offtake is occurring in other developed markets. This has certainly been evident in Italy in recent years with gold consumption in jewellery falling annually now for the past four years, most recently in 2002 by 9% against 2001.



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The problem is all the more acute in Japan, where the almost complete halt to WGC funding for that market during the 1990's – a halt forced on the WGC by the lack of producer support – has seen the offtake of gold for jewellery in Japan fall by two thirds or almost 70% since the mid-1990's.



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Do not think that this fall has been due solely to the difficult economic circumstances in Japan; offtake of platinum jewellery suffered no such fall, and in fact grew steadily through the 1990's on the back of sustained Platinum Guild marketing spending on that metal in Japan.

5) THE MARKET BATTLE FOR JEWELLERY CONSUMERS : THE WAY FORWARD

Whilst we may hope for circumstances in developing markets to continue to favour our metal in the medium term – and these favourable circumstances will include such elements as increasing GDP per capita in developing markets, increasing disposable wealth, currency insecurities, etc – the situation in developed markets reflects more mature circumstances, and requires active intervention rather than simply hope.

Those producers who are members of the World Gold Council are to some degree engaging this challenge already. Some 30% of world gold production contributes to the funding of this organization, and provide it with funding of just over \$50 million for all aspects of gold market work. Of this total funding of \$50 million, \$21 million is available for gold jewellery market support, concentrated in five major offtake markets, of which the US market enjoys the lions' share. This funding, by the way equates to a contribution from those members of the Council of just on half of 1% of their turnover at a gold price of \$330 per ounce.

AngloGold market development: 2002 competing marketing expenditure

COMPANY	SPEND	PERCENTAGE TURNOVER
AngloGold	US\$19 million	1.1 %
De Beers	US\$220-\$160 million	3.5 %
Amplats	US\$26 million	3.0 %



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By comparison, it should be noted that platinum producers and De Beers respectively each allocated a little in excess of 3,5% of turnover in marketing efforts in support of their products in the consumer markets.

This limited spending through the World Gold Council in turn attracts a certain amount of jewellery trade co-funding, and the total is leveraged up to more than double that amount of \$20 million. Nevertheless, by comparison with competitive luxury and fashion good products which compete with gold jewellery for consumer spend, the amount spent on marketing and promotion and the percentage of turnover by value spent on value and promotion is lower by far than that spent by other sectors and we must face the reality that we are under-funded and under-resourced for tackling this competition.

For AngloGold, our concern therefore has been to attempt to supplement this central generic promotional activity by the WGC with strategic initiatives aimed selectively at publicity for gold jewellery, and at enhancing the desirability and appeal of gold jewellery product to consumers. We have also approached some of these initiatives beyond the smelthouse gate as real business ventures.

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As you are aware, AngloGold has a return on capital of 15%, and a track record of consistently creating real shareholder returns. New initiatives such as our downstream activities are also evaluated by the core company objectives of making returns on shareholders capital. Whilst this has made us cautious in some respects in our initiatives, we remain committed to following the opportunities and challenges that exist in the businesses downstream of mining.

What is still missing in this battle in the hearts and minds of the gold consumer? I will leave you with two thoughts only on what we fear as still lacking in this equation: the first one is the obvious one : we lack broad-based support from the gold mining industry globally in fighting the battle for consumers to buy more gold. Without broader support and the greater resources that would come with that support, this remains in some respects a guerilla warfare, with small victories in various parts of the world, but no ability to deal with the war as a whole.

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The second is that the jewellery retailing industry lacks an innovative and catalyzing champion. Put at its simplest, we need a Starbucks to take charge of jewellery retailing. Gold jewellery is one of the oldest product franchises known to man, and we in the gold industry have relied on this as being a sufficient strength for our product. However, research is showing that modern consumers in developed markets are seeing this oldest franchise as also an old-fashioned franchise, and we need a modern 21st century force to reinvigorate the category of gold jewellery, and to catalyze other retailers to seeing the true potential appeal of gold jewellery to the many and various constituencies of modern consumers. Our concern as gold miners should be over the role that we might play either individually or collectively to help facilitate this catalyst, and to bring about the reinvigoration of our most important product, gold jewellery.

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