

## MEDIA RELEASE

05 August 2003

### ANGLOGOLD AND ASHANTI MERGER

#### Summary

Lonmin refers to today's announcement by AngloGold and Ashanti that their Boards of Directors have entered into a transaction agreement (the "Transaction Agreement") setting out the terms of a recommended merger of the two companies ("the Merger").

Lonmin has signed an undertaking to AngloGold pursuant to which Lonmin has agreed to vote in favour of and support the Merger in respect of its 36,000,000 Ashanti ordinary shares (representing approximately 27.6% of Ashanti's current issued share capital). Lonmin has agreed not to solicit alternative offers and to withdraw its support only if the Ashanti Board publicly announces the withdrawal of its recommendation or if the Transaction Agreement is terminated.

Lonmin also holds Ashanti Mandatorily Exchangeable Notes ("MENs") with a face value of US\$75 million. Upon completion of the Merger, Ashanti Capital (Second) Limited, a subsidiary of Ashanti, will redeem these MENs for US\$75 million plus accrued and unpaid interest thereon in cash.

Commenting on the agreement, Lonmin's Chairman Sir John Craven said:

"Lonmin is pleased to support the merger between AngloGold and Ashanti, which enhances the value of our financial investment.

I believe this significant development in the global gold mining industry will enable both parties to build on their considerable strengths. As Ghana's largest employer, Ashanti has entered a transaction which enhances the opportunities for employment there and will maximise the Group's operational performance across all their assets."

Lonmin's Chief Executive Officer, Edward Haslam, is a member of the Board of Directors of Ashanti and did not take part in the deliberations of the Ashanti Board relating to the recommendation of the Merger. Ashanti's Chief Executive Officer, Sam Jonah, KBE, is a member of the Board of Directors of Lonmin and did not take part in the deliberations of the Lonmin Board relating to its decision to agree to support the Merger. Sam Jonah, in addition to joining the Board of the enlarged entity, will play a leading role in the executive management in the position of President, and will join a five person Executive Committee chaired by AngloGold Chief Executive Officer Bobby Godsell.

#### Terms of the Merger

The terms of the Merger are set out in the joint announcement made earlier today by AngloGold and Ashanti, which includes, *inter alia*, the following information:

- The Merger will be effected by means of a scheme of arrangement (the "Scheme") between Ashanti and its shareholders under Ghanaian law
- Each holder of an Ashanti ordinary share ("Ashanti Share") or Ashanti Global Depositary Security ("Ashanti GDS") will be entitled to elect to receive either 0.26 AngloGold ordinary shares ("AngloGold Shares") or 0.26 AngloGold American Depositary Shares ("AngloGold ADSs") for each Ashanti Share or Ashanti GDS
- Ashanti shareholders resident in Ghana will have the option of receiving AngloGold Ghanaian Depositary Shares ("AngloGold GhDSs"), 100 of which shall represent one AngloGold share, at an exchange ratio of 26 AngloGold GhDSs for each Ashanti Share or Ashanti GDS
- Completion of the Merger is conditional on, among other things, the approval of the Merger by Ashanti shareholders, the receipt of the required regulatory approvals (in addition to the approvals from the Government of Ghana referred to below), third party consents and the confirmation of the Scheme by the High Court of Ghana prior to 31 March 2004
- The Merger is conditional on AngloGold receiving undertakings from the Government of Ghana (holder of approximately 16.9% of Ashanti's issued ordinary share capital) to vote in favour of the Merger and is also subject to receiving certain regulatory and other approvals and undertakings that have been requested by AngloGold and Ashanti from the Government of Ghana prior to the date of the Transaction Agreement. The Transaction Agreement will terminate if these conditions are not satisfied (or waived by AngloGold) on or before 30 September 2003 or such later date as Ashanti and AngloGold may agree
- Based on the closing market price of AngloGold ADSs on the New York Stock Exchange on 1 August 2003, the last practicable trading day prior to this announcement, of US\$32.15, the Merger values each Ashanti Share (and each Ashanti GDS) at US\$8.36 and the current issued share capital of Ashanti at approximately US\$1,089 million.

This represents a premium of approximately 4% to the closing market price of Ashanti GDSs on the New York Stock Exchange on 1 August 2003, the last practicable trading day prior to this announcement, of US\$8.00 and, on the bases of closing prices for AngloGold ADSs and Ashanti GDSs on the New York Stock Exchange on 15 May 2003, the day prior to the announcements of discussions between AngloGold and Ashanti, of US\$30.63 and US\$7.10 respectively, a premium of approximately 12%. Based on the average closing prices of Ashanti GDSs and AngloGold ADSs on the New York Stock Exchange over the 30 trading days to 15 May 2003 these terms represent a premium of approximately 34%.

### **Effect of the Merger on Lonmin**

Based on the Merger ratio of 0.26 AngloGold Shares or AngloGold ADSs per Ashanti Share and Lonmin's current shareholding, Lonmin will receive 9,360,000 AngloGold Shares or AngloGold ADSs upon closing of the Merger (representing approximately 3.6% of AngloGold's enlarged issued share capital). Based on the closing market price of AngloGold ADSs on the New York Stock Exchange on 1 August 2003, the last practicable trading day prior to this announcement, of US\$32.15, these shares have a value of approximately US\$301 million.

Lonmin's Ashanti shareholding is shown as a fixed asset investment in Lonmin's 2002 financial statements and 2003 Interim Report at a Directors' valuation of US\$200 million. The investment made no contribution to Lonmin's attributable net income in the year ending 30 September 2002 or the six months ending 31 March 2003 as Ashanti did not pay any dividends for the years ended 31 December 2001 or 2002 or in the first quarter of 2003. Lonmin does not expect to incur a taxable gain

on its Ashanti Shares as a result of the Merger transaction. AngloGold's most recent interim and final dividends were declared on 31 July 2003 (3.75 Rand per share, ex dividend date 18 August 2003) and 30 January 2003 (6.75 Rand per share), respectively. Ashanti shareholders will not be entitled to receive AngloGold's 2003 interim or final dividends.

Lonmin's Ashanti MENs are also shown as a fixed asset investment in Lonmin's 2002 financial statements and 2003 Interim Report, at a valuation of US\$77 million. Upon completion of the Merger, Ashanti Capital (Second) Limited, a subsidiary of Ashanti, will redeem the Ashanti MENs held by Lonmin for cash at their face value of US\$75 million plus accrued and unpaid interest thereon (approximately US\$2.7 million to date).

In the event that the Merger does not complete and subject to the agreement of the Government of Ghana, Lonmin has agreed to extend from 28 December 2003 to 31 December 2004 (i) the deadline for Ashanti to undertake a rights issue as part of its Cash Redemption Alternative recapitalisation programme announced on 28 June 2002, and (ii) the final exercise date of the call option granted by Lonmin to the Government of Ghana on 28 June 2002 in relation to US\$28.4 million MENs.

Lonmin has yet to determine whether or not the AngloGold Shares or AngloGold ADSs it would receive on completion of the Merger will be sold or retained. Concurrently with the Shareholder Support Deed of Agreement entered into between Lonmin and AngloGold, the parties have entered into a Registration Rights Agreement which gives Lonmin additional flexibility in selling its AngloGold Shares or AngloGold ADSs following closing of the Merger, should it so choose.

Morgan Stanley & Co. Limited is acting as financial adviser to Lonmin Plc.

- **Information on Ashanti**

Ashanti, headquartered in Accra, Ghana, is engaged in the mining and processing of gold ores and the exploration and development of gold properties in four African countries - Ghana, Guinea, Tanzania and Zimbabwe. Ashanti also has an extensive exploration programme in Africa.

For the six months ended 30 June 2003 Ashanti reported (in accordance with UK GAAP):

- Gold production of 0.7 million ounces (attributable)
- Cash operating costs (including royalties) of US\$232 per ounce (attributable)
- Revenue of US\$257 million
- Pre-exceptional net earnings of US\$14.6 million
- Pre-exceptional net earnings per share of US\$0.11
- Net assets of US\$478 million
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**For further information relating to Lonmin Plc:**

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*A copy of the Prospectus containing details of the Rights Issue is available from the registered office of the Company and on the Company's website at [www.lonmin.com](http://www.lonmin.com) provided that the Prospectus will not, subject to certain exceptions, be available (whether through the website or otherwise) to Shareholders in the United States or any Excluded Territories.*

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