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ASHANTI GOLDFIELDS CO LTD

Form F-1/A

March 26, 2003

As filed with the Securities and Exchange Commission on March 26, 2003

Registration Statement No. 333-101682

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2 TO

FORM F-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ASHANTI GOLDFIELDS COMPANY LIMITED
(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of the Registrant's name in English)

Republic of Ghana (State or other jurisdiction of Incorporation or organization)	1041 (Primary Standard Industrial Classification Code Number)	Not applicable (I.R.S. Employer Identification No.)
----------------------------------------------------------------------------------------	---------------------------------------------------------------------	-----------------------------------------------------------

Gold House
Patrice Lumumba Road
Roman Ridge
P.O. Box 2665
Accra, Ghana
+ 233 21 772190
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 894-8940
(Name, address and telephone number of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Amount to be registered	Proposed maximum offering price per security(2)	Proposed maximum aggregate offering price(2)
-----	-----	-----	-----
Ordinary shares, no par value per share(1)	16,509,060	US\$5.40	US\$89,148,924
Rights to purchase ordinary shares	(3)	None.	None.

(1) Global depositary receipts evidencing global depositary securities issuable upon deposit of ordinary shares registered hereby have been registered pursuant to a separate registration statement on Form F-6 (Registration No. 333-101900).

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended.

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- (3) Includes rights issued upon exchange of rights to purchase global depositary securities. No separate consideration will be received for the rights offered hereby.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

=====

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2003
Ashanti Goldfields Company Limited

(a company incorporated with limited liability and registered under the laws of the Republic of Ghana, Registered No. 7094, ARBN 074 370 862)

Prospectus relating to the
proposed rights issue of up to _____ new ordinary shares
in the form of ordinary shares or global depositary securities

If you own ordinary shares:

- o You will receive _____ share rights for every _____ ordinary shares you own of record on _____, 2003.
- o You may transfer the rights we are offering to you separately from the ordinary shares you own.
- o You will need one share right to purchase one new ordinary share.
- o Each new ordinary share will cost you US\$_____.
- o You must exercise your rights before _____, 2003. Rights not exercised by that time will lapse.
- o Outstanding ordinary shares are quoted on the London Stock Exchange, or

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LSE, under the symbol "ASN" and on the Ghana Stock Exchange, or GSE, under the symbol "AGC".

If you own GDSs:

- o You will receive _____ GDS rights for every _____ GDSs you own of record on _____, 2003.
- o You may transfer the rights we are offering to you separately from the GDSs you own.
- o You will need one GDS right to purchase one new GDS. One GDS represents one ordinary share.
- o Each new GDS will cost you US\$_____.
- o You must exercise your rights before _____, 2003. Rights not exercised by that time will lapse.
- o Outstanding GDSs are quoted on the New York Stock Exchange, or NYSE, under the symbol "ASL" and on the LSE under the symbol "ASND".

We expect to deliver the new ordinary shares and new GDSs purchased through the exercise of rights on _____, 2003 or as soon thereafter as checks have cleared.

CIBC World Markets Inc. and Investec Bank (UK) Limited, acting through its division Investec Investment Banking ("the Managers"), are acting for us in connection with the rights issue and are not acting for any person other than us and will not be responsible to any person other than us for providing the protections afforded to their customers or for providing advice to any other person in connection with the rights issue.

The Managers are not required to sell any specific number or dollar amount of new ordinary shares or new GDSs offered in the rights offering but will use their reasonable endeavors to sell any unsubscribed ordinary shares or GDSs. The Managers have severally agreed to underwrite _____ new ordinary shares and/or new GDSs to be offered in the rights offering at the rights issue price.

See "Risk Factors" on page _____ to read about certain factors you should consider before buying new ordinary shares or new GDSs.

Assuming that all rights are exercised in full (excluding approximately _____% of the rights of Lonmin and the Government of Ghana), we will receive approximately US\$_____ from the offering of the new ordinary shares and new GDSs (before the deduction of fees and expenses). We estimate that our expenses in connection with the rights offering, including fees and commissions of the Managers and sub-underwriters, will be approximately US\$_____. As a result the maximum net proceeds to us will be approximately US\$_____, or US\$_____ per ordinary share or GDS. Taking into account the underwriting by the Managers of _____ new ordinary shares and/or new GDSs, the minimum net proceeds to us will be approximately US\$_____.

Neither the United States Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

The new ordinary shares to be offered to holders on the International Register,

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the GDSs, the provisional allotment letters and the GDS right certificates have not been and will not be registered under the securities law of any province or territory of Australia, France, Japan, Zimbabwe, South Africa or the ECOWAS countries and, accordingly, they may not, directly or indirectly, be offered, sold, renounced, taken up or delivered in Australia, France, Japan, Zimbabwe, South Africa or the ECOWAS countries or to or by any national, resident or citizen of such countries. The rights offering of new ordinary shares is being extended to holders of ordinary shares on the Ghanaian (Principal) Register (other than nationals, residents or citizens of Australia, France, Japan, Zimbabwe, South Africa or the ECOWAS countries (other than Ghana)) only by means of a separate prospectus complying with Ghanaian securities laws.

CIBC World Markets

Investec Investment Banking

_____, 2003

This document constitutes a draft prospectus which has been prepared solely in connection with the proposed rights offering of new ordinary shares of Ashanti Goldfields Company Limited in the form of ordinary shares or ordinary shares represented by new GDSs. The information in this document, which is in draft form, is confidential and subject to updating, completion, revision, further verification and amendment. We may not sell these securities until the registration statement filed with the United States Securities and Exchange Commission, of which the final form prospectus will form a part, is declared effective. In addition, although it is intended that the prospectus in its final form will be approved by the UK Listing Authority as a prospectus prepared in accordance with the listing rules made under section 74 of the Financial Services and Markets Act 2000, this document has not been so approved. Similarly, although it is intended that the prospectus in its final form will be delivered for registration to the Registrar of Companies pursuant to section 83 of that Act, this document has not been so delivered.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any new ordinary shares or new GDSs, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor. In particular, this document refers to certain events as having occurred that have not occurred at the date it is made available but which are expected to occur prior to publication of the prospectus.

The distribution of this document and the offering and sale of the new ordinary shares and new GDSs in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions could result in a violation of the laws of such jurisdiction. In particular, this document is not for distribution in or into Australia, France, Japan, Zimbabwe, South Africa, or the ECOWAS countries.

Recipients of this document who intend to acquire new ordinary shares or new GDSs in the proposed rights offering are reminded that any such acquisition may only be made on the basis of the information contained in the final form prospectus and any supplementary prospectus, which may be different from the information contained in this document. No reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of the information

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contained in this document.

No representation or warranty, express or implied, is made or given by or on behalf of Ashanti Goldfields Company Limited, CIBC World Markets Inc., or Investec Bank (UK) Limited or any of their respective affiliates or any of such person's directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document.

We are offering to our shareholders the right to buy new ordinary shares and the holders of our global depositary securities, or GDSs, the right to buy new GDSs. This prospectus provides you with information about the rights offering to holders of our shares on our International Register and to holders of our GDSs. The rights offering is being extended to holders of our ordinary shares on the Ghanaian (Principal) register by means of a separate prospectus complying with Ghanaian securities law.

If you have sold or otherwise transferred all of your interests in our ordinary shares or GDSs, please forward this document together with the accompanying documents at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

This document, which includes the prospectus filed with the United States Securities and Exchange Commission relating to us, is prepared in accordance with the UK Listing Rules made under section 74(4) to the Financial Services and Markets Act 2000 and has been delivered to the Registrar of Companies in England and Wales for registration as required by section 83 of that Act.

Ordinary Shares:

- o On _____, 2003, the latest practicable date prior to the public announcement of this offering, the closing price for the ordinary shares quoted on the LSE was US\$_____.
- o Applications have been made to the UK Listing Authority and to the LSE for the new ordinary shares to be admitted to (i) the Official List of the UK Listing Authority and (ii) trading on the LSE's market for listed securities. Dealings in the rights to buy new ordinary shares on the LSE are expected to commence on _____, 2003.
- o Application has been made to the GSE for the new ordinary shares to be traded on the GSE. Dealings in the rights to buy new ordinary shares on the GSE are expected to commence on _____, 2003.

GDSs:

- o On _____, 2003, the latest practicable date prior to the public announcement of this offering, the closing price for the GDSs quoted on the NYSE was US\$_____.

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- o Applications have been made to the UK Listing Authority and to the LSE for the new GDSs to be admitted to (i) the Official List of the UK Listing Authority and (ii) trading on the LSE's market for listed securities. Dealings in the rights to buy new GDSs on the LSE are expected to commence on _____, 2003.
- o Application has been made to the NYSE to list the new GDSs. Dealings in the rights to buy new GDSs on the NYSE are expected to commence on _____, 2003.

If the rights are exercised in full (other than as to approximately _____% of the entitlements of our major shareholders, Lonmin Plc and the Government of Ghana, who have already contractually agreed not to exercise these rights as consideration for the issuance by us of other exchangeable securities), up to _____ new ordinary shares will be issued by us and up to _____ new GDSs will be deposited in our GDS program.

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In this prospectus, references to "we," "us," "our," the "Group," the "Company" and "Ashanti" refer to Ashanti Goldfields Company Limited and its subsidiaries, except where it is clear from the context that such terms mean only Ashanti Goldfields Company Limited.

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PRESENTATION OF FINANCIAL INFORMATION

We are a company incorporated under the laws of Ghana and all of our mining operations are located in Africa. We earn our revenues in US dollars and the majority of our transactions are in US dollars or based on US dollars. Our books of account are maintained in US dollars and our annual and quarterly financial statements are prepared under the historical cost convention and in accordance with accounting principles generally accepted in the United Kingdom, or UK GAAP. UK GAAP differs in significant respects from generally accepted accounting principles in the United States, or US GAAP. This prospectus includes our consolidated balance sheets as of December 31, 2002, 2001 and 2000, and the related consolidated profit and loss accounts, cash flow statements, statements of total recognized gains and losses and the reconciliation of movements in shareholders' funds for each of the years then ended, or our consolidated financial statements. Note 32 to our consolidated financial statements sets forth a reconciliation from UK to US GAAP of shareholders' equity as of December 31, 2002, 2001 and 2000 and the profit/loss attributable to shareholders for each of the years then ended.

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FORWARD-LOOKING INFORMATION

This prospectus, including the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and

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Results of Operation," and "Description of Business," contains forward-looking information. In some cases you can identify forward-looking statements by phrases such as "in our view," "we cannot assure you," as well as by terminology such as "may," "will," "should," "expects," "intends," "plans," "objectives," "goals," "aims," "projects," "forecasts," "possible," "seeks," "could," "might," "likely," "enable," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these terms or other comparable terminology. These statements generally constitute statements of expectation, intent and anticipation and may turn out to be inaccurate.

We can give you no assurances that the results, including the actual production or commencement dates, construction completion dates, costs or production output or anticipated life of the projects and mines, projected cashflows, debt levels, and marked-to-market values of and cashflows from the hedgebook will not differ materially from the forward-looking statements contained in this prospectus. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause actual results to differ materially from those expressed in the forward-looking statements contained in this prospectus. These risks include those relating to leverage, gold price volatility, changes in interest rates, hedging operations, reserves estimates, exploration and development, mining, yearly output, power supply, Ghanaian political risks, environmental regulation, labor relations, general political risks, control by principal shareholders, Ghanaian statutory provisions, dividends and litigation. For example, future revenues from projects or mines will be based in part upon the market price of gold, which may vary significantly from current levels. Any variations, if materially adverse, may impact the timing or feasibility of the developments of a particular project or the expansion of specified mines.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of mines include the ability to profitably produce and transport gold to applicable markets, the impact of foreign currency exchange rates, the impact of any increase in the costs of inputs, and activities by governmental authorities where such projects or mines are being explored or developed, including increases in taxes, changes in environmental or other regulations and political uncertainty. Likewise marked-to-market values of and cashflows from the hedgebook can be affected by, amongst other things, gold price volatility, US interest rates, gold lease rates and active management of the hedgebook.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events, except as required by law, or unless required to do so by the Listing Rules of the UK Listing Authority.

Actual events or results may differ materially from any forward-looking statement. In evaluating these statements you should specifically consider various factors including the risks outlined under "Risk Factors". Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

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This summary highlights the material information contained elsewhere in this prospectus. You should read the entire prospectus carefully before deciding to buy our ordinary shares or GDSs. To facilitate an understanding of the descriptions of gold mining and the gold mining industry that appear in this prospectus, including descriptions of geological formations, exploration activities and mining processes, we have included a glossary of mining terms under the heading "Glossary of Defined Terms".

Ashanti Goldfields Company Limited

Our Business

We are engaged in the mining and processing of gold ores and the exploration and development of gold properties in Africa and in hedging activities in connection with our gold production. We have interests in major gold mines in Ghana, Guinea, Tanzania and Zimbabwe. In 2002, our gold production was 1.62 million ounces. As at December 31, 2002, we had proven and probable contained gold reserves of approximately 27.8 million ounces, before making any allowance for minority and joint venture interests.

We occupy a position of strategic significance within the Ghanaian economy. We are a major contributor of foreign exchange earnings to Ghana, Guinea, Tanzania and Zimbabwe. In addition, we are one of the largest companies listed on the Ghana Stock Exchange and a major employer, particularly in the Ashanti region of Ghana.

Our priority is to explore for, develop and operate gold mines in Africa and to remain a leading mining company in Africa, managed largely by Africans. We are currently focusing on developing the potential of our existing mines and increasing the efficiency of their operations. As part of this strategy, we are engaged in development projects to be completed over the next 15 months at three of our existing mines, Geita, Iduapriem/Teberebie and Siguiri, each of which will be funded from internal resources or through our revolving credit facility. At Geita and Iduapriem/Teberebie, processing throughput is planned to be increased by 40% and 50% respectively to between 5.5 million and 6.0 million tonnes per year and 4.5 million tonnes per year respectively. At Siguiri, the current heap leach operation has a capacity of 9.0 million tonnes per year (with a metallurgical recovery of some 80%). It is planned to construct a 9.0 million tonnes per year CIP plant which will have a metallurgical recovery of some 93% and to continue to use the heap leach plant but at a reduced rate of around 1.5 million tonnes per year.

We also continue to explore consolidation opportunities in the gold sector. As a leading mining company operating solely in Africa we are offered the opportunity to participate in a number of projects and properties throughout Africa, such as the platinum group metal project located in South Africa in which we recently acquired an exploration interest. We will continue to review opportunities which have low entry costs and high expected returns and allow us to apply our technical expertise.

Our History

In 1897, an English company named Ashanti Goldfields Corporation Limited, or Ashanti Goldfields, was founded and began to develop a mining concession in the area of our current operations at Obuasi. Several years later, underground

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mining began at the site and has continued to the present. In 1969, Ashanti Goldfields became a wholly owned subsidiary of Lonrho Plc, now called Lonmin Plc, or Lonmin, a UK listed company which at that time had interests in mining, hotels and general trade in Africa. Following the Lonmin acquisition in 1969, the Government of Ghana acquired 20% of Ashanti Goldfields from Lonmin in exchange for the Government of Ghana's agreement to extend the term of Ashanti Goldfields' mining lease over the concession area.

In 1972, the Government of Ghana formed us as a Ghanaian company to take over the assets, business and functions formerly carried out by Ashanti Goldfields. The Government of Ghana then held 55% of our outstanding shares, with Lonmin holding the remaining 45%.

In 1994, as part of its divestiture policy, the Government of Ghana sold part of its holding in us in a global offering. In connection with that offering, we were reorganized as a Ghanaian public limited company. As at March 12, 2003, the Government of Ghana owned approximately 17.2% and Lonmin owned approximately 28.1% of our outstanding shares.

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In 1996, we expanded our operations through the acquisition of companies holding interests in the Ayanfuri, Bibiani, Iduapriem, Siguiri, and Freda-Rebecca properties, which were already or were subsequently developed as mines, and acquired an interest in what was then the Geita exploration concession in Tanzania. In 1998, we acquired SAMAX Gold Inc., the principal asset of which was the other part of the interest in the Geita exploration concession adjacent to our existing license area. In 1999 and 2000, we developed the Geita mine and in 2000 sold a 50% equity interest in it to AngloGold Limited. In 2000, we acquired our interest in the Teberebie mine, which is adjacent to the Iduapriem mine.

Through the period from the end of 1999 to June 2002, commencing with a sharp rise in the price of gold which led initially to a liquidity crisis, we were engaged in a process of financial restructuring with our banks, hedge counterparties and noteholders.

Recent Restructuring

In June 2002, we completed a financial restructuring which involved:

- o entering into a new enlarged revolving credit facility of US\$200 million;
- o raising approximately US\$41.8 million from the early exercise of 70.3% of our warrants (which were previously issued to some of our banks and hedge counterparties and which were exchangeable for our shares);
- o agreement with our hedge counterparties for continued margin-free trading; and
- o raising US\$75.0 million through the issue to our largest shareholder, Lonmin, of mandatorily exchangeable notes, or MENs, which convert into our

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ordinary shares upon the completion of this rights issue.

The Government of Ghana has a call option in respect of approximately US\$28.4 million of these MENs. Lonmin and the Government of Ghana have both contractually agreed that the MENs represent approximately ____% of their entitlements under the rights issue and neither party will be exercising or dealing in this percentage of their rights.

Current Trading and Prospects

In 2003 we commenced the commissioning of the expanded CIL plant at Iduapriem/Teberebie and, although we have experienced unexpected delays in commissioning, currently anticipate that it will be completed during the second quarter of the year. The Bibiani mine experienced a slope failure on the western wall of the pit at the beginning of the fourth quarter of 2002. This is not expected to materially impact gold production, but will add approximately US\$3 million to costs over the first two quarters of 2003. At Siguiri, we have completed a feasibility study to assess the viability of converting the mine's processing plant to a hybrid, combining CIP and heap leach, and expect the conversion to be completed, at a total cost of US\$32 million, in the second quarter of 2004. At the Geita mine, we anticipate that production will be lower for at least the first two quarters of 2003 as compared to 2002, due to lower mined grades as waste stripping continues in cut 3 at Nyankanga.

Rising fuel prices, increases in power costs and wages, depreciation of the US dollar in which our revenues are denominated, the appreciation in currencies of countries from which we source our major inputs and rising costs of reagents will impact adversely on our cash operating costs this year. We are taking steps to minimise this impact but it is still likely that cash operating costs will increase by approximately 10% this year.

Our group production target for the year is approximately 1.6 million ounces, broadly in line with last year's actual production. This assumes that the stripping schedule for cut 3 at Nyankanga is completed by the end of July and that the CIL plant at Iduapriem/Teberebie is fully commissioned by the end of June. We expect our production for the first quarter of 2003 to be in the region of 375,000 ounces. This is 8% below the pro-rata figure for our annualised production target, primarily due to lower mined grades as waste stripping continues in Geita, and unexpected delays caused by the commissioning of the plant expansion at Iduapriem/Teberebie. Due to these factors, group production for the second quarter is likely to continue at the same level as for the first quarter, with the shortfall planned to be made up in the second half of the year. The reduced production levels anticipated for the first two quarters will have a consequential adverse impact on our unit cash operating costs for these quarters, as compared to the annualised level. However, our directors believe that the long term prospects of the business are good.

The Rights Offering

We are issuing to our holders of ordinary shares transferable rights to buy new

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ordinary shares and, through The Bank of New York, our depositary and GDS rights agent, we are issuing to holders of our global depositary securities, or GDSs, transferable rights to subscribe for new GDSs.

The subscription price per new ordinary share (of no par value) held on our International Register and per new GDS is US\$_____.

We will offer up to _____ new ordinary shares in the rights offering, in the form of ordinary shares or ordinary shares represented by GDSs.

We expect to have a maximum of _____ ordinary shares, in the form of ordinary shares or ordinary shares represented by GDSs, issued and outstanding after completion of the rights offering and exchange of the MENs. This is an expected increase of up to approximately _____% based on the number of our ordinary shares currently in issue and assuming all rights are exercised under the rights offering (other than the rights agreed by Lonmin and the Government of Ghana not to be exercised by them).

The Managers have severally agreed to underwrite a total of _____ new ordinary shares and/or new GDSs at the rights issue price. Certain of our existing institutional securityholders have agreed to sub-underwrite all of such underwritten shares, on terms that such securityholders may reduce their sub-underwriting participation by the number of new ordinary shares and/or new GDSs which they subscribe for pursuant to the rights offering.

The rights offering is conditional upon:

- o admission of the new ordinary shares "nil paid" (meaning without the subscription price being paid up for the shares), and the transferable rights to subscribe for new GDSs, to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, or LSE, by not later than 8.00am, London time, on _____, 2003, or at such other time or date as we may agree, being not later than _____, 2003, and
- o authorization for listing the transferable rights to subscribe for new GDSs on the New York Stock Exchange, or NYSE, subject to official notice of issuance, being received by not later than admission to listing on the UKLA and to trading on the LSE.

The rights issue agreement (which we have entered into with the Managers in respect of the underwriting and other matters relating to the rights issue) or the Managers' underwriting obligations under the agreement may be terminated in the event of certain material breaches of the agreement prior to admission (as described above). The agreement may also be terminated in the event of certain force majeure events occurring prior to [5.00 p.m.], London time, on __, 2003. If the rights issue agreement were to be terminated prior to admission, we reserve the right to proceed with the rights issue.

Detailed timetables of the rights offering with respect to ordinary shareholders and holders of GDSs appear in this prospectus under the heading "The Rights Offering".

Rights Offering to Holders of GDSs

Rights offering

You have the right to buy _____ new GDSs for every _____ GDSs you own.

We have arranged for our GDS depositary, The Bank of New York, to send to each record holder of GDSs a GDS rights certificate showing the number

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of new GDSs the record holder is entitled to buy.

GDS rights agent and depositary The Bank of New York.

Record date _____, 2003.

Ex-rights date 9.30am, New York City time, on _____, 2003. If you sell or otherwise transfer all of your existing GDSs before 9.30am, New York City time, on _____, 2003, you will not be entitled to participate in the GDS rights offering.

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GDS subscription price You will need to pay the GDS rights agent the GDS subscription price of US\$_____ for each new GDS that you want to subscribe for. The GDS subscription price may only be paid in US dollars. Payment in US dollars must be made by certified check, bank draft drawn on a US bank or US postal or express money order, made payable to "The Bank of New York".

Exercise period From _____, 2003 through 3.00pm, New York City time, on _____, 2003.

Trading period in the GDS rights From _____, 2003 through _____, 2003 (on the NYSE) and _____, 2003 (on the LSE).

Rights expiration date 3.00pm, New York City time, on _____, 2003

Unexercised GDS rights New GDSs representing unexercised GDS rights or new ordinary shares underlying unexercised GDS rights may be sold through arrangements with _____. If they are sold at a price above the aggregate of the new GDS subscription price and expenses of sale (including any tax), any premium attributable to the unexercizing GDS holders will be paid to the depositary. The depositary will pay any amounts received by it, net of expenses (including a fee not in excess of US\$0.02 per GDS you hold) and any tax, to unexercizing holders of GDS rights pro rata to their unexercised GDS rights.

Delivery If you exercise your GDS rights, the depositary will provide you with global depositary receipts evidencing your new GDSs as soon as practicable after _____, 2003. The depositary will charge you a fee not in excess of US\$5.00 per 100 GDSs issued to you pursuant to the rights issue.

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Listing GDSs trade on the NYSE under the symbol "ASL". We expect the GDS rights will trade on the NYSE under the symbol "_____".

GDSs trade on the LSE under the symbol "ASND". We expect the GDS rights will trade on the LSE under the symbol "ASNDN".

US Information Agent _____

Toll-free Helpline Number _____

Rights Offering to Holders of Ordinary Shares on the International Register

Rights offering You have the right to buy _____ new ordinary shares for every _____ ordinary shares you own.

A provisional allotment letter, or PAL, which accompanies this document, shows the number of new ordinary shares you are entitled to buy.

Ordinary share subscription price US\$_____ per ordinary share, payable in US dollars.

Record date _____, 2003.

Ex-rights date 8.00am, London time, on _____, 2003. If you sell or otherwise transfer all of your existing ordinary shares before 8.00am, London time, on _____, 2003, you will not be able to participate in the ordinary share rights offering.

Exercise period From _____, 2003 through 10.00am, London time, on _____, 2003.

Trading period in the nil paid rights From _____, 2003 through _____, 2003 on the LSE.

Rights expiration date 10.00am, London time, on _____, 2003.

Unexercised ordinary share rights New ordinary shares relating to unexercised share rights or new GDSs representing unexercised share rights may be sold through arrangements

with _____. If they are sold at a price above the aggregate of the ordinary share subscription

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price and expenses of sale (including any tax), any premium will be paid to the unexercizing holders of share rights pro rata to their unexercised ordinary share rights, so long as such premium exceeds US\$_____. (Note that Lonmin and the Government of Ghana, who have undertaken not to deal in or take up approximately _____% of their rights, will not have shares representing this percentage of their unexercised rights sold for their benefit.)

Receiving Agents Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, UK, BR3 4TU.

Delivery We expect to mail definitive certificates for new ordinary shares subscribed for pursuant to the exercise of ordinary share rights by _____, 2003.

Listing Ordinary shares trade on the LSE under the symbol "ASN ". We expect the share rights will trade on the LSE under the symbol "ASNN ".

Information Agent _____

Helpline Number _____

Rights Offering in Ghana

The rights offering is being extended to holders of ordinary shares on the Ghanaian (Principal) register by means of a separate prospectus complying with Ghanaian securities laws. Holders of our shares on this register will also be sent a separate Ghanaian provisional allotment letter. Neither this document, nor the PALs or GDS rights certificates, will be sent to such holders. The offer to holders on the Ghanaian register will differ from this offer in that it will be made at a fixed price in cedis (the currency of Ghana) referable to the US dollar offer price. Such fixed price is _____ cedis (which represented US\$_____ on _____, 2003). The Ghanaian offer will constitute an offer of an aggregate of _____ ordinary shares and will remain open for _____ days after the offer set out in this document closes (to compensate for timing delays with distribution of documents in Ghana).

Issued Share Capital

We are offering a total of up to _____ new ordinary shares in the form of ordinary shares or GDSs. At March 12, 2003, we had 128,103,824 ordinary shares issued and outstanding (and one special rights redeemable preference share, or golden share) and we expect to have a maximum of approximately _____ ordinary shares issued and outstanding after completion of the rights offering. (This includes _____ ordinary shares which will be issued on exchange of the MENs, and assumes full take up under the rights offering other than in respect of the rights which Lonmin and the Government of Ghana have agreed not to take up.) This is an expected maximum increase of approximately _____% based on the number of our ordinary shares currently outstanding.

Summary Consolidated Financial and Operating Data

The following summary consolidated financial data presented below as of December 31, 2002, 2001 and 2000 and for each of the years then-ended have been derived from our audited consolidated financial statements and the notes thereto that are included elsewhere in this prospectus. The summary consolidated financial

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data presented below as of December 31, 1999 and 1998 and for the years then-ended has been derived from our audited consolidated financial statements and the notes thereto that are not included in this prospectus. We encourage you to read this summary in conjunction with the more detailed information contained in the financial statements that appear in this prospectus, including notes to the financial statements. We prepare our consolidated financial statements in accordance with UK GAAP, which differs in certain significant respects from US GAAP.

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	12 Months to Dec. 31, 2002	12 Months to Dec. 31, 2001 (Restated) (5)	12 Months to Dec. 31, 2000 (Restated) (5)
	-----	-----	-----
		(in US\$ millions e dividend and per share	
PROFIT AND LOSS ACCOUNT DATA(1) Amounts in accordance with UK GAAP:			
Group revenue	467.5	477.7	582.2
Total revenue	552.2	554.4	582.2
Group operating profit/(loss)	66.4	76.6	(126.1)
Total operating profit/(loss)	74.3	96.8	(126.1)
Profit/(loss) attributable to shareholders	56.2	59.9	(119.5)
Earnings/(loss) per share(2)	0.47	0.53	(1.06)
Diluted earnings/(loss) per share	0.44	0.52	(1.52)
Dividends per share - (US\$) (3)	--	--	--
- (cedi) (3)	--	--	--
Amounts in accordance with US GAAP:			
Revenue	492.4	474.5	582.2
Operating (loss)/profit	(135.1)	61.4	(407.9)
Net (loss)/profit before cumulative effect of an accounting change	(182.8)	33.1	(349.1)
Net (loss)/profit	(182.8)	65.4	(349.1)
Earnings per share (US\$):			
Basic:			
(Loss)/earnings per share before cumulative effect of an accounting change	(1.53)	0.30	(3.11)
Cumulative effect of an accounting change	--	0.28	--
(Loss)/earnings per share	(1.53)	0.58	(3.11)
Diluted:			
(Loss)/earnings per share before cumulative effect of an accounting change	(1.53)	0.29	(3.11)
Cumulative effect of an accounting change	--	0.28	--
(Loss)/earnings per share	(1.53)	0.57	(3.11)

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	As of Dec. 31, (4) 2002	As of Dec. 31, 2001 (Restated) (5)	As of Dec. 31, 2000 (Restated) (5)
	-----	-----	-----
	(in US\$ millions except dividend and share number)		
BALANCE SHEET DATA(1)			
Amounts in accordance with UK GAAP:			
Total assets	884.5	897.7	937.9
Long-term borrowings	254.2	300.6	358.5
Net assets	447.5	349.1	290.4
Equity shareholders' funds	446.3	347.1	286.3
Stated capital	588.2	545.2	544.3
Number of ordinary shares as adjusted to reflect changes in capital (million shares)	119.1	112.1	112.4
Amounts in accordance with US GAAP:			
Total assets	698.4	887.3	878.0
Long-term borrowings	254.2	300.6	358.5
Net assets	110.3	310.5	182.4
Shareholders' equity	109.1	308.5	178.3

NOTES:

- (1) Our consolidated financial statements are prepared in accordance with UK GAAP, which differs in certain significant respects from US GAAP. Details of the principal differences between UK GAAP and US GAAP relevant to us are set out in note 32 to our audited consolidated financial statements which is included elsewhere in this prospectus.
- (2) Based on profit after tax and minority interests and weighted average number of shares outstanding of 119.1 million shares for the 12 months to December 31, 2002, 112.1 million shares for the 12 months to December 31, 2001, 112.4 million for the 12 months to December 31, 2000, 111.4 million for the 12 months to December 31, 1999 and 108.7 million for the 12 months to December 31, 1998.
- (3) No interim dividend was paid in respect of the years ended December 31, 2002, 2001, 2000, 1999 and 1998. No final dividend was paid for 2002 (2001: Nil, 2000: Nil, 1999: Nil, 1998: US\$0.10). The local currency equivalents have been converted at the then prevailing cedi exchange rates.
- (4) Amounts shown in accordance with US GAAP as of and for the year ended December 31, 2002 reflect the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets ("SFAS 142") on January 1, 2002. Consequently, the financial information presented for comparative periods has not been prepared on a consistent basis in this regard. The effects of adoption of SFAS 142 are discussed in note 32 to our consolidated financial statements.
- (5) Amounts presented for comparative periods in accordance with UK GAAP have been restated for the adoption of Financial Reporting Standard 19, Deferred Taxation ("FRS 19"). The restated deferred tax assets/ (liabilities) were US\$6.9 million, US\$1.7 million, US\$(19.1) million and US\$(131.2) million as of December 31, 2001, 2000, 1999 and 1998

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respectively. Amounts presented for comparative periods in accordance with US GAAP have been restated for the adoption of SFAS No. 145 Rescission of FASB statements 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Conditions ("SFAS 145") on January 1, 2002. On adoption, extraordinary items of US\$0.8 million and US\$4.8 million for the years ended December 31, 1999 and 1998, respectively, were reclassified to non-operating income.

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RISK FACTORS

Because we have significant amounts of debt, our ability to exploit new business opportunities and to avail ourselves of other funding options may be constrained.

We remain highly leveraged. In our recent restructuring US\$218.6 million exchangeable notes and the balance of US\$48 million of the previous credit facility were replaced by an enlarged US\$200 million credit facility, of which US\$149.0 million was drawn as of December 31, 2002, and US\$75.0 million of mandatorily exchangeable notes, or MENs. The MENs will be treated as debt until their exchange into our ordinary shares. The MENs automatically exchange into our ordinary shares upon the completion of this rights offering. If our leverage remains high, the availability of other financing options will be limited, our business will be vulnerable to shortfalls in production and we may be unable to pursue other business opportunities including further development of our existing properties. In addition, because we have replaced the fixed interest rate existing notes with variable rate bank debt and because of the fees payable pursuant to the early exercise of some of our warrants, we are more exposed to an increase in general interest rates than before that replacement. Furthermore, we have given our lenders security interests over substantially all our assets. If they become entitled to enforce these interests, they may liquidate our assets without our consent.

Because our business is tied to the international market price of gold, and that price has been volatile in the recent past, our success may fluctuate based upon this price. Fluctuations of the gold price are not within our control.

Our profitability, viability, cash flow, ability to make capital expenditure and carry out expansion plans can be significantly affected by changes in the market price of gold as our revenues from mining are a product of gold production and price.

Historically, gold prices have fluctuated and are affected by numerous industry factors, such as sales and purchases of gold by central banks, demand for precious metals, forward selling by producers, and production and cost levels in major gold-producing regions. Moreover, gold prices are also affected by macroeconomic factors such as expectations for inflation, interest rates, currency exchange rates and global or regional political and economic

situations.

The price of gold is affected by supply and demand factors. However, these factors may not influence the price of gold as markedly as they do in other commodity markets owing to non-market related sales by central banks. The potential supply of gold consists of new mine production plus existing stocks of bullion and fabricated gold held by governments, central banks, financial institutions, industrial organizations and individuals. The demand for gold stems from jewelry demand, investment and industrial uses.

The price of gold has on occasion been subject to rapid short-term changes because of a number of factors including actions taken by central banks and financial institutions, economic conditions, announcements made by and in respect of gold producers, movements in US interest and gold lease rates, fluctuations in the US dollar, movements in stock market indices, speculative activities and market concerns about peace and stability. If gold prices should decline below our cash costs of production and remain at such levels for any sustained period, we could determine that it is not economically feasible to continue the commercial production of gold.

The following table sets forth the annual high, low and average of the afternoon gold price fixed by the London Gold Market for the previous six years.

Year	High US\$	Low US\$	Average US\$
-----	----	---	-----
1997	368	281	330
1998	313	273	294
1999	326	253	279
2000	313	264	279
2001	293	256	271
2002	349	278	310

As at March 12, 2003, the afternoon gold price fixed by the London Gold Market was US\$346.

We conduct hedging operations to reduce the risk associated with gold price volatility, but there is a risk that our hedging strategy will not be successful.

Our hedging operations, which are intended to protect us against falling gold prices, may cause us to lose the benefit of an increase in the price of gold or obligate us to make payments to our hedge counterparties.

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We engage in hedging transactions. We use various types of instruments in our hedging activities, which include forward sales, options, and lease rate swaps. We may not fully participate in increases in the spot price of gold on the portion of our production that is hedged.

The cash flows from and marked-to-market values of our hedge book can be affected by factors such as the market price of gold, gold price volatility, US interest rates and gold lease rates, which are not under our control. In some circumstances, we could have to make substantial payments to our hedge counterparties.

Cash payments in respect of hedging transactions (other than those of our Geita joint venture) will be made by our treasury company or us. Monies from the sale of gold will be received by the mines. Where the mine is held through a subsidiary company that has limitations on its ability to make distributions or loans to us then, in the event of a rise in the price of gold, we may not always be able to access the difference between the spot price of gold and the price at which payments in respect of related hedging contracts are triggered.

Our hedging agreements can be terminated in limited circumstances. This could require us to make substantial cash payments.

Our hedging transactions are now entitled to continuing margin-free trading arrangements. Any existing rights to call for margin have been canceled and we have agreed that, subject to limited exceptions, no new hedging agreements will benefit from rights to call for margin. If these provisions and others are breached by us, or if we are no longer in compliance with the hedge policy which is currently in place or if the hedge policy is amended other than with the approval of an appropriate majority of our hedge counterparties, then our hedge counterparties will have a right to terminate their hedging agreements with us. We cannot assure you that our affairs can be managed to prevent an event in the future which gives rise to the right of the hedge counterparties to terminate the hedging agreements.

Our hedging agreements also contain, among other things, events of default and termination events which could lead to early close-outs of our hedges. These include failure to pay, breach of the agreement, misrepresentation, default under our loans or other hedging agreements, bankruptcy, merger without assumption of our obligations and merger where the creditworthiness of the resulting, surviving or transferee entity is materially weaker than us. Our hedging agreements do not make express provisions for who would determine whether the creditworthiness of the resulting, surviving or transferee entity in a merger was materially weaker than us or the factors that would be taken into consideration in such a determination. If we and the relevant hedge counterparty or counterparties were unable to agree in this respect, the issue would be decided by a court or arbitrator applying English law. Some of our hedging contracts also contain optional early termination provisions pursuant to which the relevant hedge counterparty can unilaterally elect to terminate the relevant hedging contracts on specified dates. The first of these early termination provisions which can apply can be exercised on June 30, 2008 and each subsequent anniversary of the execution of the hedging contracts to which the option applies.

In the event of an early termination of our hedging agreements, the cash flows from the affected hedge instruments would cease and we and the relevant hedge counterparty would settle all of our obligations at that time. In that event, there could be a lump sum payment to be made either to or by us. The magnitude and direction of such a payment would depend upon, among other things, the

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characteristics of the particular hedge instruments that were terminated and the market price of gold and gold price volatility, US interest rates and gold lease rates at the time of termination. If we were required to make a sufficiently large payment, it could materially adversely affect our financial condition.

If the negative marked-to-market value of the Geita hedgebook exceeds a specified level, we will not be able to receive any cash from the Geita joint venture.

Our Geita joint venture also engages in hedging transactions in respect of production from the Geita mine. This hedging is carried out on a margin-free basis. However, if at any time the aggregate marked-to-market value of the Geita hedge book exceeds US\$132.5 million (negative), then we will be restricted from receiving

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cash from the joint venture until the marked-to-market value reduces below that threshold. The hedging arrangements also provide for events of default and termination events which could lead to early close-outs or lead to a default in Geita's US\$135.0 million project finance facility. The threshold of US\$132.5 million will increase during the life of the Geita facility as principal repayments are made and additional coverage becoming available under the political risk insurance.

Our reserve estimates may be revised downward in the future, as a result of re-assessment or because of a fall in the price of gold, which would materially harm our business.

We have prepared the ore reserve figures presented in accordance with industry practice. However, these figures are estimates and there is a risk that the indicated amount of gold might not be recovered. Reserve estimates may require revisions based on, among other things, actual production experience, changes to mining methods or processing techniques and changes in costs. Further, a decline in the market price of gold may render ore reserves containing relatively lower grades of gold mineralization uneconomical to recover and could ultimately result in a restatement of our reserves. In recent years, we have restated our reserves as a result of the decrease in the gold price. There is a risk that we will have to restate our reserve estimates in the future as a result of further decreases in the gold price or increases in costs. A downward restatement of reserve estimates could have a negative impact on the lives of our mines and/or future production levels which in turn could reduce future income and our earnings.

Gold exploration is frequently unsuccessful, so we may not be able to discover and exploit new reserves to replace those we are currently mining.

To maintain gold production into the future beyond the life of the current

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reserves or to increase production materially above planned levels, we will be required to discover further reserves. Exploration for gold is speculative in nature, involves many risks and frequently is unsuccessful. Any gold exploration program entails risks relating to the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and the construction of mining and processing facilities at any site chosen for mining. There is a risk that our exploration efforts will not result in the discovery of gold mineralization or that any mineralization discovered will not result in an increase of our reserves. If we develop our reserves, it can take a number of years and substantial expenditures from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. There is a risk that we will not be able to fund future expenditure through debt or equity issues for major developments to maintain production levels in future years. Our current proven and probable contained gold reserves as at December 31, 2002 were approximately 27.8 million ounces, prior to making allowance for minority and joint venture interests. There is a risk that our exploration programs will not result in the replacement of current production with new reserves, or that our development programs will not be able to extend the life of our existing mining operations or result in any new commercial mining operations.

Our mines are subject to environmental and geological risks which could shut down our operations.

The business of gold mining is subject to risks, including environmental hazards (which could occur, for example, on the collapse of a tailings dam), geological uncertainties and operating issues (for example, the collapse of a pit wall as occurred at Obuasi and the collapse of the slope in the pit wall as occurred at Bibiani), industrial accidents, discharge of toxic chemicals (such as cyanide), fire, earthquakes and extreme weather conditions. At Obuasi, we are heavily reliant on the availability of the KMS shaft and to a lesser extent KRS and GCS shafts. Any serious damage to these shafts or any major mechanical failure would have a significant impact on our revenues and any repair work could also require significant expenditure. In Guinea, our Siguiriri mine is responsible for shipping cyanide to the mine site over land, including part of the journey by ferry crossing over a river. Any spillage could cause environmental damage, expose us to liability and/or slow our production at the mine. Any of these hazards could delay production, increase production costs and result in liability for us.

We may sustain expenses related to mining risks that either exceed the values of, or are outside the scope of, our current insurance policies.

We insure against certain risks of mining and processing. Our ability to continue to obtain insurance at an economic price is largely dependent on the state of the insurance market. Our insurance has monetary limits

on the amount that can be claimed and the deductibles. We may not be able to maintain the current level of deductibles and may not be able to cover certain types of risk currently insured. We do not currently insure against

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non-accidental and some other environmental liabilities and are not able to obtain insurance for some movements of bullion. We may become subject to liability for pollution or other hazards against which we have not insured or cannot insure, including those in respect of past mining activities. Additionally, a large proportion of our insurance, including our main Property and Business Interruption policy, is placed in, and re-insured with, the African insurance market. These insurers may not have the same financial resources as our European or American insurers and so may not be able to pay a large claim in full. Additionally, if a Ghanaian insurance company was to become insolvent, then due to provisions of the Ghanaian insurance and insolvency laws, we may not be able to take full advantage of re-insurance placed in respect of our policies.

Because we use mining contractors, we may face delays or suspensions of mining activity that are beyond our control.

We use mining contractors to mine and deliver ore to the processing plants at a number of our mines. We do not own all the mining equipment at these sites. We may face disruption and incur costs and liabilities in the event any of the mining contractors has financial difficulties or should we encounter a dispute in renegotiating a mining contract or a delay in replacing an existing contractor.

Our actual gold production may be below target in any given year as a result of any one or more of numerous factors beyond our control. If so, we may have to fund hedging payments.

Our gold production in any year will be affected by a number of factors, including:

- o our ability to produce the required tonnages of ore;
- o the grade and type of ore available to be mined;
- o our ability to control the grade of ore;
- o the amenability of the ore to processing methods;
- o our ability to obtain the required recovery from processing;
- o availability of power;
- o disturbances affecting mining and processing (such as industrial strikes, fire, drought, floods and disturbances in fuel supply); and
- o delays in procurement of supplies and equipment and equipment failure.

In the past our annual gold production has been affected by these and other factors and, as a result, there is a risk that we will not be able to produce at budgeted levels in any financial year. In particular, a shortage of rainfall may impact on power supplies and also lead to insufficient water to maintain full production at our plants. Heavy rainfall, on the other hand, can adversely impact our heap leach operations, including those at Siguiri. We might also lose some gold through theft by employees and others. Production could be severely disrupted by the breakdown of, or where unscheduled maintenance is required on, certain items of mining or processing equipment.

Our hedging policy defines targeted commitment levels that are calculated as a percentage of forecast production. If the mines suffer significant production

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shortfalls then we may have to fund hedging payments which will reflect the gold price at that time but not receive any cash from lost gold production.

Our power supplies are unreliable and have on occasion forced us to halt or curtail activities at our mines.

Substantial portions of our mining operations in Ghana are dependent for their electricity supply on hydroelectric power supplied by the Volta River Authority, or VRA, an entity controlled by the Government of Ghana, although we also have access to VRA electricity supply from a recently constructed smaller thermal plant. The VRA's principal electricity generating facility is the Akosombo Dam and during periods of below average inflows from the Volta reservoir electricity supplies from the Akosombo Dam may be curtailed, as occurred in 1998. In addition, this electricity supply has been subject to voltage fluctuations, which can damage our equipment. Other than short-term stand-by generators, which are not sufficient to allow us to continue mining operations, we have no means of obtaining alternative power in the event of a supply shortage from the VRA. The VRA also obtains power from neighboring Cote d'Ivoire, which has recently

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experienced some political instability and civil unrest. These factors may cause interruptions in our power supply or result in increases in the cost of power even if they do not interrupt supply.

Our mining operations in Guinea and Tanzania are dependent on power supplied by outside contractors and for supplies of fuel being delivered by road. Our power supply has been disrupted in the past and we have suffered resulting production loss as a result of equipment failure. At Geita we entered into agreements under which Rolls-Royce agreed to supply power to the mine and to sell generators to Geita and operate them. From inception, the generators proved unreliable, resulting in disruptions to the Geita operations and causing us to rely on Rolls-Royce's provision of alternative power generation, at their cost.

AIDS poses risks to us in terms of productivity and costs.

The incidence of AIDS in Africa poses risks to us in terms of potentially reduced productivity. The exact extent to which our workforce is infected is not known. Recently, 20% of the workforce at our Freda-Rebecca mine who agreed to voluntary testing, tested positive for HIV. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

If Ghana's recent political and economic stability ends, our assets may be nationalized or our business may otherwise be harmed.

We are a Ghanaian company. Our principal operations and headquarters are in Ghana and a substantial portion of our gold production is mined in Ghana. Although political conditions in Ghana have been stable in comparison with those in many other African states, it has a history of instability in both the

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economy and the political system. Although presidential and parliamentary elections were conducted under the present constitution in 1992, 1996 and 2000, the possibility that a Ghanaian government may adopt substantially different policies in the future, which might extend to the renationalization of privatized assets and the adverse modification of the regulatory or fiscal regime governing mining companies in Ghana, or the withdrawal or modification of consents in respect of the retention and use of proceeds from the sale of gold outside Ghana, cannot be ruled out.

Several other countries in Africa in which we operate are currently politically and economically unstable, which may result in sudden, unpredictable change that may be harmful to our business.

Outside Ghana, we are actively engaged in exploration projects throughout Africa and in mining and exploration projects in Zimbabwe, Tanzania, Guinea and the Democratic Republic of Congo. These countries may offer relatively high risk of political and economic instability. In these countries, government policy may be unpredictable, and the institutions of government may be unstable and may be subject to rapid and not necessarily peaceful change. Our activities in these countries might also be adversely affected by any sanctions against the country, new rules against foreign investors and worker unrest as a result of any political change. At the moment Zimbabwe is going through substantial political upheaval and economic difficulties. This upheaval may also affect us in another way. Over the last year the price realized on the sale of gold from our Freda-Rebecca mine to the Government of Ghana was substantially higher than the prevailing market price due to a price support mechanism set by the Government of Zimbabwe. If this price support mechanism were withdrawn or substantially reduced, the financial results of our Freda-Rebecca mine would be harmed. Due to conflict in the Democratic Republic of Congo, we are currently unable to access our mine site there.

Because several of our mines are located in countries which are either currently politically unstable, such as Zimbabwe, or which lack a long tradition of political stability, we face the risk that our property and equipment may be damaged or destroyed by general civil unrest or by sabotage, whether directed at us or not.

Any existing or new mining project carried on by us outside Ghana will be subject to various national and local laws, policies and regulations governing the prospecting, developing and mining of mineral resources, taxation, exchange controls, employee relations, health and safety, the environment and other matters. Any investment by us outside Ghana will also require approval under Ghanaian exchange control regulations. Any necessary permits, authorizations and agreements to implement planned projects, to remit monies and to maintain foreign currency in offshore accounts may not be obtained under conditions or within time frames that make such plans economical. Also, applicable laws or the governing political authorities may change, having a material adverse effect on us.

If current environmental regulations are made more stringent, we may incur

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expenses associated with remediation or may be prohibited from mining in some areas.

The countries in which we operate do not currently have fully developed systems of environmental regulation. These countries may adopt more stringent regulations in the future which could adversely affect our operational flexibility and costs. Additionally, we could be required to provide for reclamation in the form of a cash deposit or financial guarantee, as we have had to do at our Ghanaian mines, or new environmental rules could restrict us from mining certain areas, particularly mining in designated forest areas. Furthermore, our lenders are increasingly requiring us to comply with higher international environmental standards and practices.

If labor strikes are held again by our workforce or the workforce of our mining contractors, our business will be harmed.

We and our mining contractors rely to a large degree on a unionized work force. In 1999 we experienced strikes at our Obuasi mine, and in 2000 at our Freda-Rebecca mine, and there is a risk that strikes or other types of conflict with unions or employees may occur in the future.

If our wage costs and other expenses, like those of fuel and disposables, increase, our financial performance will be harmed.

We have in the past experienced increases in some of our costs, including the wages of our employees, the costs of fuel, power and of consumables necessary to our business, like cyanide, cement and lime. Ghana recently experienced a 100% increase in fuel costs and we therefore anticipate difficult negotiations over wages with our labor unions in 2003. Also, our agreement with a power supplier, the Volta River Authority, expires in May 2003 and we expect a significant increase in the applicable tariff upon renewal of that agreement. We cannot predict when, if or how much these costs may increase, but they have historically risen when the price of gold has risen, among other things.

Our principal shareholders have substantial control over us, which they may exercise in their own interests as opposed to those of all shareholders.

Approximately 28.1% of our current issued share capital is held by Lonmin and approximately 17.2% is held by the Government of Ghana. The Government of Ghana also has a veto right in respect of some specified changes regarding us. If Lonmin and the Government of Ghana vote in the same manner on any matter requiring approval of a simple majority of the outstanding ordinary shares, they will materially influence whether that matter will be approved or defeated. In addition, Lonmin and the Government of Ghana may be able to prevent any take-over of us. The interests that the Government of Ghana may seek to protect may at times differ from those of our other shareholders.

Additionally, through the Ghanaian Mining Law, the Government of Ghana has the power to object to any person becoming or remaining a "shareholder controller," "majority shareholder controller" or an "indirect shareholder controller" of us if they consider that the public interest would be prejudiced. Relations with the Government of Ghana were strained during the period of our liquidity crisis in late 1999 and early 2000. The Government of Ghana has had substantial influence over and continues to take a keen interest in us.

Following exchange of the MENs and as a result of outstanding put options entered into by Lonmin with warrant holders who agreed to exercise their warrants

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for our ordinary shares, there is a possibility that (if there is no take-up of rights under the rights issue) Lonmin's shareholding could rise to a maximum of approximately ____%. We have also entered into undertakings with Lonmin restricting our ability to complete some share issues without shareholder approval and restricting our ability to effect this rights issue at more than US\$5.40 per share or, if the rights issue is effected at less than US\$5.40 per share, at more than a 5% discount to the then-current market value of an ordinary share.

Following this rights issue, our directors will only have a maximum of ____ of our ordinary shares authorized for issuance without the need for prior approval of our shareholders by means of a special resolution. To pass a special resolution, it must be approved by holders of three quarters of the shares voted on it.

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If we are unable to attract and retain key personnel our business may be harmed.

Our ability to operate our mines and to explore our portfolio of mineral rights will depend upon the skills and efforts of a small group of management and technical personnel, including Sam Jonah, our Chief Executive and Group Managing Director. Factors critical to retaining our present staff and attracting additional highly qualified personnel include our ability to provide these individuals with competitive compensation arrangements and other benefits. If we are not successful in attracting highly qualified individuals in key management positions, or if we lose any of our key personnel, our business may be harmed. We do not maintain "key man" life insurance policies on members of our executive team.

The Ghana Company Law which regulates our activities and the Ghanaian courts that enforce this law may not yield results predictable by the standards of English or US law and these results may harm our business.

We are a Ghanaian company and thus regulated by Ghana law and subject to the jurisdiction of the Courts of Ghana. Although this law is based substantially on English company law, the decisions of the English Courts may not be followed in reaching the judgment of an issue in Ghana. In early 2000, a legal action was commenced against us with a view to a general meeting being convened at short notice so as to replace the then board of directors; an injunction was also sought to prevent us from, among other things, entering into a US\$100 million bank financing. Although initial orders made by the Ghanaian High Court to convene an extraordinary general meeting and the grant of an injunction prohibiting us from entering into the bank financing were later withdrawn, rescinded and revoked by the Court, we cannot guarantee that a similar action might not be brought in the future. In the event that another similar action is brought, we cannot guarantee you that we will be able to defend it successfully.

If currently pending securities litigation in the US is resolved against us, our business will be harmed if we are forced to pay substantial sums in compensatory and punitive damages.

We are subject to litigation, including a consolidated class action lawsuit

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pending in the US alleging misstatements and non-disclosures in connection with SEC filings and other public statements made in 1999 concerning our hedging program. The plaintiffs are seeking unspecified damages. These matters may adversely affect our business and financial condition. The outcome of this litigation may not be known for some time.

Our ability to obtain desirable mineral exploration projects in the future will be adversely affected by competition from other exploration companies.

In conducting our exploration activities, we compete with other mining companies in connection with the search for and acquisition of properties producing or possessing the potential to produce gold. Many of these companies have significantly greater resources than us. Existing or future competition in the mining industry could materially and adversely affect our prospects for mineral exploration and success in the future.

We have not paid dividends for the last several years and may not do so in the future.

We did not pay dividends with respect to the financial years 1999, 2000, 2001 or 2002, and we currently have a substantial deficit on distributable reserves. In light of this deficit, we do not anticipate paying dividends for the foreseeable future.

In some cases, The Bank of New York may not make subsequent rights offerings or other distributions to GDS holders.

If we make a subsequent rights offering to holders of securities, The Bank of New York may make these rights available to you after we instruct it to do so and provide it with evidence that it is legal to do so. If we fail to do this and The Bank of New York determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case, you may receive no value for them.

Additionally, The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any GDS holder and we have no obligation to take any other action to permit a distribution. This means that you may not receive the distribution we make on ordinary shares or any value for it if it is illegal or impractical for us to make them available to you.

The consolidated net asset value of each ordinary share is substantially lower than the rights offering price.

The rights offering price is substantially higher than the consolidated net asset value per share after this rights offering. If you purchase our ordinary shares in this rights offering, you will experience immediate and substantial dilution in consolidated net asset value per share with regard

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to your new investment. The ordinary shares owned by existing shareholders will receive an increase in the consolidated net asset value per share. Based on the rights offering price of US\$_____ per share, the dilution to investors in this rights offering will be approximately US\$_____ per share.

It may be difficult for you to effect service of process and enforce legal judgments against us or our affiliates.

We are incorporated in Ghana and our directors and senior executives other than two non-executive directors are not residents of the United States. Virtually all of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us, although we have submitted to the jurisdiction of New York State and the United States federal courts sitting in New York City.

The principal statute governing proceedings before the Ghanaian courts is the Courts Act, 1993, which includes provisions relating to the enforcement of foreign judgments in Ghana. Under the Courts Act, it is possible to enforce a judgment obtained outside Ghana if, among other things, the courts of the country in which the judgment was given have been specifically recognized for the purposes of the Courts Act. The courts of the United States are not recognized for the purposes of the Courts Act. Apart from the legislative provisions, at common law a judgment obtained outside Ghana, not registrable under the Courts Act, may be enforced by bringing an action in Ghana based on that judgment. In that case, the right to bring the action would not depend on whether or not the foreign court in which the judgement was given has been specifically recognized under the Courts Act. However, we have been advised by our Ghanaian counsel that the Ghanaian courts would not directly enforce any judgment obtained before a court in the United States. A separate action must be brought before the Ghanaian courts in order to give effect to a United States judgement. Furthermore, it is doubtful whether you could bring an original action based on United States Federal securities laws in a Ghanaian court.

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USE OF PROCEEDS

Assuming full take up of the rights offering (other than as to approximately _____% of their rights by Lonmin and the Government of Ghana, who have contractually committed not to take up these rights), we expect the maximum net proceeds to us from the offering to be US\$_____ after deducting estimated offering expenses of US\$_____. We plan to use the net proceeds from this offering initially to repay borrowings under our new US\$200.0 million five year revolving credit facility dated June 28, 2002, and/or repay in whole or in part several other loan facilities under which our subsidiaries Ghanaian --Australian Goldfields Limited and Teberebie Goldfields Limited are borrowers. On December 31, 2002, borrowings outstanding under the revolving credit facility were US\$149.0 million. We have used these borrowed funds to refinance previously existing indebtedness. Interest accrues on amounts outstanding under the revolving credit facility for the first two years at the London Interbank Offer Rate plus 175 basis points (becoming 200 basis points after two years). We would use any additional net proceeds to finance exploration and development

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activities and to fund working capital requirements by re-drawing our revolving credit facility.

The Managers have agreed to underwrite _____ of the new ordinary shares and/or GDSs offered pursuant to the rights offering. Other than in respect of the issue of such shares, which at the rights offering price will raise US\$_____, we will only receive proceeds from the rights offering to the extent that the share rights and the GDS rights are exercised or through the sale of new GDSs or new ordinary shares representing unexercised GDS or share rights.

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DIVIDENDS

We are continuing to strengthen our financial position. However, under Ghanaian law we are unable to consider paying dividends until we have positive reserves on our balance sheet. Our individual company accounts currently show a substantial deficit. Unless we are able to restructure our balance sheet, we will not be able to pay dividends in the foreseeable future.

The new ordinary shares and new GDSs, when issued and fully paid, will rank equally in all respects with the existing ordinary shares and GDSs, respectively, including the right to receive any dividends or other distributions made, paid or declared after the date of this prospectus.

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CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalization and indebtedness computed in accordance with UK GAAP, as of December 31, 2002: (i) on an actual basis and (ii) as adjusted for the rights offering and the application of the estimated maximum net proceeds of US\$_____ as described above under "Use of Proceeds."

You should read this information in conjunction with "The Rights Offering," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Our Share Capital."

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	As of December 31, 2002	
	Actual	As adjusted
	-----	-----
	(amounts in US\$ millions)	
Short-term debt (including current maturities) (1)	2.7	----
Long-term debt (excluding current maturities)		
US\$200.0 million revolving credit facility (2), (4)	149.0	
Project finance loans (3)	23.4	
MENs	75.0	
Other loans and overdrafts (1)	11.3	
	-----	----
Total long-term debt	258.7	
	-----	----
Total debt	261.4	
	-----	----
Capital and reserves		
Stated capital	588.2	
Reserves	(141.9)	
	-----	----
Equity shareholders' funds	446.3	
	-----	----
Total capitalization	707.7	
	=====	=====

Indebtedness excludes our 50% share of the US\$113.4 million non-recourse Geita project finance loan.

Security

- (1) Of the short term debt and other loans totaling US\$14.0 million, US\$5.8 million is secured over certain of our assets.
- (2) The lenders under the revolving credit facility, or RCF, have security over all the hedging contracts entered into by Ashanti Treasury Services Limited and Geita Treasury Services Limited, gold refining and purchasing agreements, insurance contracts, gold in transit and bank accounts.

Security has also been granted over substantially all the assets of Ashanti Goldfields Company Limited and Ashanti Goldfields (Bibiani) Limited located in Ghana including the mining leases relating to the Obuasi and Bibiani mines. We have also agreed to use our best endeavors to give security over our shares in Cluff Resources Limited, which owns the Geita Mine. In addition, we have effected a political risk insurance policy, or PRI, of up to US\$131.0 million in relation only to Ghana for the benefit of the lenders who, prior to the closing of syndication, elected to take the benefit of PRI.

- (3) The project finance loans are secured by fixed and floating charges over the related project assets.

Guarantees

- (4) The RCF is guaranteed jointly and severally by us (as parent), Ashanti

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Treasury Services Limited, Geita Treasury Services Limited, Societe Ashanti Goldfields de Guinee S.A., and Ashanti Goldfields (Bibiani) Limited.

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DILUTION

Our consolidated net asset value as of December 31, 2002 was US\$447.5 million, or US\$3.51 per ordinary share. Consolidated net asset value per share represents the total amount of our consolidated tangible assets reduced by the amount of our consolidated liabilities and divided by the number of ordinary shares outstanding on December 31, 2002. Our consolidated net asset value at December 31, 2002 after giving effect to the sale of ____ ordinary shares, or their GDS equivalents, in the rights offering and exchange of the MENs at a price of US\$____ per ordinary share, and after deducting estimated offering expenses, would be US\$____ million, or US\$____ per share. This represents an immediate increase in pro forma net asset value of US\$____ per ordinary share to existing shareholders and an immediate dilution of US\$____ per ordinary share to purchasers of ordinary shares or GDSs in the offering.

Assuming all existing shareholders exercise 100% of their share or GDS rights (other than Lonmin and the Government of Ghana in respect of ____% of their rights), there will be no dilution per share to existing shareholders.

Dilution per share represents the difference between the price per share to be paid by new investors for the ordinary shares, or GDS equivalents, sold in the offering and the pro forma consolidated net asset value per share immediately after the offering and exchange of the MENs. The following table illustrates this per share dilution:

Price per share in the rights offering

Consolidated net asset value per share as of December 31, 2002	3.51
----------------------------------------------------------------	------

Increase in consolidated net asset value per share attributable to investors in the offering	
----------------------------------------------------------------------------------------------	--

Consolidated net asset value per share after the offering	
-----------------------------------------------------------	--

Dilution per share to new purchasers in the offering	
------------------------------------------------------	--

The following table presents the differences between the total consideration paid to us by investors purchasing ordinary shares and GDSs in the offering and the average price per share paid by shareholders:

	Shares Purchased		Total Consideration		Avg. Price/
	Number	Percent	Amount	Percent	Share
	-----	-----	-----	-----	-----
Shareholders					
Investors in the offering					
	-----	-----	-----	-----	-----
Total					
	=====	=====	=====	=====	=====

Between January 1, 1998 and the present, our directors and officers acquired our ordinary shares upon exercise of outstanding share purchase options at a weighted share purchase option exercise price of US\$_____.

Existing shareholders who do not subscribe to the offering will experience dilution. The following table illustrates that dilution for a shareholder holding 1% of our share capital prior to the offering:

Shareholding prior to this rights offering	1%
Shareholding following this rights offering	%

THE RIGHTS OFFERING

The discussion that follows is divided into four sections. The first section concerns subscription by holders of GDSs. The second section concerns subscription by holders of ordinary shares. The third section concerns exchange privileges. The last section concerns employee share plans. In this discussion, unless we state otherwise, references to global depositary securities, or GDSs, include direct registration statements in respect of those GDSs.

Introduction

We are offering up to _____ new ordinary shares, in the form of new ordinary shares or new GDSs, in a pre-emptive rights offering to holders of our ordinary shares on our International Register and holders of our GDSs. The subscription price per new ordinary share (of no par value) held on our International Register and per new GDS is US\$_____.

We will, through our depositary and GDS rights agent, The Bank of New York, make available to holders of GDSs transferable rights to subscribe for new GDSs. The

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Bank of New York will send holders of record of GDSs transferable GDS rights certificates evidencing GDS rights and instructions relating to the exercise of these GDS rights. We are sending eligible holders of ordinary shares (including those whose registered addresses are in the United States) a transferable provisional allotment letter, or PAL, evidencing ordinary share rights. Holders of GDSs or ordinary shares on ____, 2003 will be eligible to participate in the rights offering.

We expect that GDS rights certificates will be sent to holders of record of GDSs on or about ____, 2003, and PALs are being sent to eligible holders of ordinary shares with this document.

The Managers have severally agreed to underwrite a total of ____ new ordinary shares and/or new GDSs at the rights issue price. Certain of our existing institutional securityholders have agreed to sub-underwrite all of such underwritten shares, on terms that such securityholders may reduce their sub-underwriting participation by the number of new ordinary shares and/or new GDSs which they subscribe for pursuant to the rights offering.

The rights offering is conditional upon:

- o admission of the new ordinary shares "nil paid" (meaning without the subscription price being paid up for the shares), and the transferable rights to subscribe for new GDSs, to the Official List of the UK Listing Authority and to trading on the London Stock Exchange, or LSE, by not later than 8.00am, London time, on ____, 2003, or at such other time or date as we may agree, being not later than ____, 2003, and
- o authorization for listing the transferable rights to subscribe for new GDSs on the New York Stock Exchange, or NYSE, subject to official notice of issuance, being received by not later than admission to listing on the UKLA and to trading on the LSE.

The rights issue agreement (which we have entered into with the Managers in respect of the underwriting and other matters relating to the rights issue) or the Managers' underwriting obligations under the agreement may be terminated in the event of certain material breaches of the agreement prior to admission (as described above). The agreement may also be terminated in the event of certain force majeure events occurring prior to [5.00 p.m.], London time, on __, 2003. If the rights issue agreement were to be terminated prior to admission, we reserve the right to proceed with the rights issue.

Position of Lonmin and the Government of Ghana

Lonmin and the Government of Ghana have contractually agreed not to take up or deal in approximately ____% of the rights offered to them in connection with the rights issue. Lonmin was issued with US\$75.0 million of mandatorily exchangeable notes, or MENs, in connection with our recent financial restructuring. The Government of Ghana has a call option in respect of approximately US\$28.4 million of those MENs. The MENs will automatically convert into ____ of our ordinary shares upon completion of the rights issue, at the rights issue price of US\$____. Lonmin and the Government of Ghana agreed at the time of the issue of the MENs that the MENs represented their entitlements under this rights issue to the extent that the number of

shares offered to them under this offering equaled the number of shares to be issued to them on exchange of the MENs. Therefore, as the number of shares offered to Lonmin and the Government of Ghana under the rights issue (in accordance with their pro rata entitlements) is slightly larger than the number of shares into which the MENs exchange, Lonmin and the Government of Ghana are entitled to take up or otherwise deal in approximately ____% of their rights issue entitlements.

Subscription by Directors

Our directors intend to take up an aggregate of ____% of their entitlements to new ordinary shares in respect of their own beneficial holdings of ordinary shares.

Rights Offering in Ghana

The rights offering is being extended to holders of ordinary shares on the Ghanaian (Principal) register by means of a separate prospectus complying with Ghanaian securities laws. Holders of our shares on such register will also be sent a separate Ghanaian provisional allotment letter. Neither this document, nor the PALs or GDS rights certificates, will be sent to such holders. The offer to holders on the Ghanaian register will differ from this offer in that it will be made at a fixed price in cedis (the currency of Ghana) referable to the US dollar offer price. Such fixed price is ____ cedis (which represented US\$____ on ____, 2003). The Ghanaian offer will constitute an offer of an aggregate of ____ ordinary shares and will remain open for ____ days after the offer set out in this document closes (this is to compensate for timing delays with distribution of documents in Ghana).

Issued Share Capital

We are offering a total of up to ____ new ordinary shares in the form of ordinary shares or GDSs. At March 12, 2003, we had 128,103,824 ordinary shares issued and outstanding (and one special rights redeemable preference share, or golden share) and we expect to have a maximum of approximately ____ ordinary shares issued and outstanding after completion of the rights offering. (This includes ____ ordinary shares which will be issued on exchange of the MENs and assumes full take up under the rights offering other than in respect of the rights which Lonmin and the Government of Ghana have agreed not to take up.) This is an expected maximum increase of approximately ____% based on the number of our ordinary shares outstanding at ____, 2003.

Subscription by Holders of GDSs

This section applies to you if you hold GDSs. If you are a holder of ordinary shares see "Subscription by Holders of Ordinary Shares" below.

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The timetable below lists certain important dates relating to the rights offering to holders of GDSs, which may be adjusted upon public notice to the NYSE, the LSE, the GDS rights agent and, where appropriate, to our GDS holders.

All times referred to in this timetable and this section are New York City times unless stated otherwise.

Record date for GDS rights	12.00am on	___, 2003
GDS rights certificates sent to eligible GDS holders	Commencing on	___, 2003
GDS ex-rights date	9.30am on	___, 2003
Trading in GDS rights on the NYSE commences	9.30am on	___, 2003
Trading in GDS rights on the LSE commences	8.00am on London time	___, 2003
Latest time for exchanging GDS rights for share rights	12.00pm on	___, 2003
Trading in GDS rights on the NYSE ends	5.00pm on	___, 2003
Trading in GDS rights on the LSE ends	Close of Business London time	___, 2003
Latest time to complete a transfer of a GDS right on the books of the GDS rights agent	2.15pm on	___, 2003
GDS rights expiration date (latest time for acceptance and payment and delivery of a notice of guaranteed delivery)	3.00pm on	___, 2003
Latest date for delivery of GDS rights certificate pursuant to a notice of guaranteed delivery	3.00pm on	___, 2003
Expected date for evidencing new GDSs	Commencing on or about	___, 2003

The eligible holders of GDSs may subscribe for new GDSs representing new ordinary shares as follows:

GDS Rights Record Date

The record date for determining those holders of GDSs who are eligible to participate in the GDS rights offering is 12.00am on ___, 2003. This date was announced on ___, 2003.

GDS Rights Certificates

GDS rights are evidenced by transferable GDS rights certificates. The GDS rights agent, The Bank of New York, will mail the GDS rights certificate together with a letter of instructions and this prospectus on or about ___, 2003, to all holders of record of GDSs.

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Every _____ GDSs held of record on the GDS rights record date will entitle the holder to _____ GDS rights. The holder of one GDS right is entitled to subscribe for one new GDS at the GDS subscription price.

The GDS rights are to be issued under the terms of a rights agency agreement relating to the rights offering between us and The Bank of New York. The Bank of New York is the GDS rights agent and the depositary for the GDSs. We have filed copies of both the GDS deposit agreement and the rights agency agreement as exhibits to this document and copies are available for inspection at the offices of The Bank of New York at _____.

If you lose your GDS rights certificate, please call The Bank of New York on _____. All other inquiries in relation to the GDS rights certificate or the rights offering in relation to GDS rights should be addressed to _____ on _____.

If there is a discrepancy between this prospectus and the GDS rights certificate, please rely on the GDS rights certificate and the accompanying instruction form.

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GDS Ex-Rights Date

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your existing GDSs between 12.00am on __, 2003 and 9.30am on __, 2003, (the GDS ex-rights date), you will not be entitled to participate in the GDS rights offering. The purchaser or transferee of your GDSs between 12.00am on __, 2003 and 9.30am on __, 2003 is entitled to participate in the rights offering in your place. Therefore, please send this document and accompanying documentation immediately to the purchaser or transferee or to the bank, broker or other agent through whom you sell or transfer, or have sold or transferred, your GDSs for delivery to the purchaser or transferee.

GDS Rights Agent

The Bank of New York, the depositary for our GDSs, is acting as GDS rights agent to accept subscriptions for new GDSs.

Fractional Entitlements

The GDS rights agent will not allot GDS rights for fractions of new GDSs in making the initial allocations of GDS rights. These fractional GDS rights will be aggregated and the new GDSs or new ordinary shares underlying these GDS rights will be sold in the market through an arrangement with the Managers. If the GDSs/ordinary shares are sold at a price which, net of the expenses of sale, including any tax, is above the ordinary share subscription price, any premium will be paid to the GDS rights agent. The GDS rights agent will forward such

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premium (net of any depositary fees) for payment to each GDS holder entitled to the proceeds from such sale.

GDS Subscription Price

You will need to pay the GDS rights agent the GDS subscription price of US\$___ for each new GDS that you wish to subscribe for. For information on how to pay, see "Procedure for exercising GDS rights" below.

Procedure for Exercising GDS Rights

The exercise of GDS rights is irrevocable and may not be canceled or modified. You may exercise your GDS rights as follows:

Subscription by DTC participants:

If you hold GDS rights through The Depository Trust Company, or DTC, you can exercise your GDS rights by delivering completed subscription instructions for new GDSs through DTC's PSOP Function on the "agent subscriptions over PTS" procedure and instructing DTC to charge your applicable DTC account for the GDS subscription payment for the new GDSs and to deliver such amount to the GDS rights agent. DTC must receive the subscription instructions and the payment of the GDS subscription payment for the new GDSs by the GDS rights expiration date.

Subscription by registered GDS holders:

If you are a registered holder of GDSs, you can exercise your GDS rights by delivering to the GDS rights agent a properly completed GDS rights certificate and paying in full the subscription payment for the new GDSs. You may make such payment by certified check or bank draft, payable to "The Bank of New York", as GDS rights agent.

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The properly completed GDS rights certificate and payment should be delivered to:

By Mail:
The Bank of New York
Tender & Exchange Dept.
P.O. Box 11248
Church Street Station
New York, NY 10286-1248

By Hand or Overnight Courier:
The Bank of New York
Tender & Exchange Dept.
101 Barclay Street
New York, NY 10286

For additional information, contact:
The Bank of New York
by telephone (800-507-9357) or
by fax (for eligible institutions only) (212-815-6433)
for confirmation of fax (212-815-6212)

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The GDS rights agent must receive the GDS rights certificate and payment of the GDS subscription price on or before the GDS rights expiration date. Deposit in the mail will not constitute delivery to the GDS rights agent. The GDS rights agent has discretion to refuse to accept any improperly completed or unexecuted GDS rights certificate.

Subscription by beneficial owners:

If you are a beneficial owner of GDSs and wish to subscribe for new GDSs, but are neither a registered holder of GDSs nor a DTC participant, you should timely contact the securities intermediary through which you hold GDS rights to arrange for their exercise and to arrange for payment of the GDS subscription payment in US dollars.

The GDS rights agent will determine all questions about the timeliness, validity, form and eligibility of exercising GDS rights. We, in our sole discretion, may waive any defect or irregularity, or permit you to correct a defect or irregularity within the time we determine. GDS rights certificates will not be considered received or accepted until we have waived all irregularities or you have cured them in time. Neither we nor the GDS rights agent has to notify you of any defect or irregularity in submitting GDS rights certificates. We and the GDS rights agent will not incur any liability for failing to do so.

You will elect the method of delivering GDS rights certificates and notices of guaranteed delivery and paying the subscription price to the GDS rights agent, and you will bear any risk associated with it. If you send GDS rights certificates, notices of guaranteed delivery or payments by mail, you should use registered mail, properly insured, with return receipt requested, and allow sufficient time to ensure delivery to the GDS rights agent and clearance of payment before the appropriate time.

Guaranteed Delivery Procedures

If you desire to subscribe, but time will not permit your GDS certificate to reach the GDS rights agent before the time the GDS rights expire, you may still subscribe if, at or before the GDS rights expiration date, the GDS rights agent has received a properly completed and signed notice of guaranteed delivery, substantially in the form provided with the instructions distributed with the GDS rights certificates, from a financial institution that is a participant in the Securities Transfer Agents Medallion Program, or STAMP, the Stock Exchange Medallion Program, or SEMP, or the New York Stock Exchange Inc. Medallion Signature Program, or MSP. These institutions are commonly referred to as eligible institutions. Most banks, savings and loan associations and brokerage houses are participants in these programs and therefore are eligible institutions. The GDS rights agent must also receive payment in good funds of the GDS subscription payment on or before the GDS rights expiration date. The notice of guaranteed delivery must state your name and the number of new GDSs you are subscribing for and must irrevocably guarantee that the GDS rights certificate will be:

- o properly completed and signed, and
- o delivered by one of the financial institutions listed above to the GDS rights agent before 3.00pm (New York City time) on __, 2003.

You may deliver the notice of guaranteed delivery by hand, transmit it by facsimile or mail it to the GDS rights agent. If you hold your GDS rights through DTC, your DTC participant must deliver the notice of guaranteed delivery to the GDS rights agent through DTC's confirmation system. If the financial institution fails to deliver a properly completed and signed GDS rights certificate before 3.00pm on __, 2003, the GDS rights agent will refund to you the total GDS subscription payment you paid to the GDS rights agent, without interest, after deducting any loss and expenses it incurred from the failed guarantee.

GDS Rights Expiration Date

GDS rights will expire at 3.00pm on __, 2003. If unexercised, your GDS rights will be void but you may receive net proceeds from the sale of the new GDSs or new ordinary shares representing your unexercised GDS rights as described below.

Dealings in GDS Rights

We expect dealings on the NYSE and the LSE in the GDS rights to commence on __, 2003.

Transfer and Partial Exercise of GDS Rights

GDS rights may be exercised, sold, transferred or assigned to others. GDS rights may be bought or sold on the NYSE until 5.00pm (New York time) on __, 2003 and on the LSE until close of business London time on __, 2003, or through banks or brokers until close of business (London time) on __, 2003.

If you wish to subscribe for a portion of your new GDSs or to transfer a portion of your GDS rights to more than one person, you must follow the instructions that will be included with your GDS rights certificate.

Non-US and Non-UK Holders of GDSs

Due to restrictions under the securities laws of Australia, France, Japan, Zimbabwe, South Africa, and the ECOWAS countries, neither this prospectus nor the GDS rights certificate in relation to new GDSs will be sent to GDS holders with registered addresses in Australia, France, Japan, Zimbabwe, South Africa or the ECOWAS countries. In addition, the new GDSs may not be transferred or sold to or delivered in any of these countries. Accordingly, no offer of new GDSs is being made under this prospectus to GDS holders with registered addresses in Australia, France, Japan, Zimbabwe, South Africa, or the ECOWAS countries, and these GDS holders will be treated as unexercizing holders and thus the Managers will endeavor to procure subscribers for the new GDSs or the new ordinary shares underlying the new GDSs. Copies of the prospectus received by any of these GDS holders are for their information only.

For the purposes of this prospectus, the Economic Community of West African States, or the ECOWAS countries, comprises Benin, Burkina Faso, Cape Verde, Cote

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d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

This prospectus and any accompanying GDS rights certificate in respect of the new GDSs are being sent to holders of GDSs with registered addresses in Canada pursuant to an exemption from the rules and policies applicable to rights offerings in Canada including the requirement to send a rights offering circular compliant with applicable Canadian securities laws.

Unexercised GDS Rights

If an entitlement to new GDSs is not validly taken up by 3.00pm on __, 2003, that entitlement to new GDSs will be deemed to have been declined and will lapse. The Managers will use reasonable endeavors to procure, on behalf of the non-exercising holders, by not later than 4.30pm, London time, on __, 2003, subscribers for the new GDSs or the new ordinary shares underlying the new GDSs, at a price at least equal to the subscription price per new ordinary share.

New GDSs or new ordinary shares for which subscribers are procured on this basis will be allotted to those subscribers. GDS holders who do not exercise all or part of their rights will be entitled to receive only the aggregate premium, if any, of the amount paid by the subscribers after deducting the GDS subscription price and the expenses of procuring the subscribers (including any tax and a depositary commission not in excess of US\$0.02 per GDS you hold). The aggregate premium will be paid (without interest) to those persons entitled

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to it in proportion to the relevant lapsed GDS rights and share rights (excluding any lapsed share rights in relation to the rights offering to holders on the Ghanaian Register, which will be treated separately).

Any transactions undertaken pursuant to unexercised GDS rights will be deemed to have been undertaken at the request of the persons whose rights have lapsed (if a premium to the subscription price plus costs of sale is achieved) and otherwise at our request. None of the Managers, the GDS depositary, the GDS rights agent, ourselves or any other person procuring new subscribers will be responsible for any loss arising from the terms or timing of the subscription or the failure to procure subscribers on the basis described above. Checks for the amount due will be sent at the risk of the entitled person(s) to their registered addresses (the registered address of the first named in the case of joint holders).

The Managers may cease to use reasonable endeavors to procure subscribers as described above at any time after 9.30am, London time, on __, 2003 if, in their opinion, there is no reasonable likelihood that any subscribers could be procured on the basis described above at a price at least equal to the subscription price per share, by not later than 4.30pm, London time, on __, 2003.

The Managers do not have any liability to you if new GDSs or new ordinary shares representing unexercised GDS rights are not sold, or with respect to the price at which they may be sold.

Delivery of GDSs

The depositary will be credited with fully paid rights to receive ordinary shares representing your entitlement to new GDSs on or about __, 2003. The depositary will then provide you with new GDSs as soon as practicable thereafter, provided that your payment of the GDS subscription price has cleared. The depositary will charge you a fee not in excess of US\$5.00 per 100 new GDSs issued to you pursuant to the rights issue.

We will announce the results of the rights issue, including the number of new securities taken up and the results of any sale of any unexercised rights, by __, 2003.

Ranking

The new GDSs, when issued and fully paid, will rank equally in all respects with existing issued GDSs, including the right to receive dividends or other distributions made, paid or declared after the date of this prospectus.

The Information Agent and GDS Holder Helpline

_____ is acting as information agent for the rights offering. If you have any questions about the offering of GDS rights, please telephone _____ at _____. This helpline is available from 8.30am to 11.00pm, Monday to Friday.

Please note that this helpline will only be able to provide you with information contained in this prospectus, and will not be able to give advice on the merits of the rights offering or to provide financial or investment advice.

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Subscription by Holders of Ordinary Shares

This section applies to you if you hold ordinary shares and not GDSs.

The timetable below lists certain important dates relating to the offering to holders of ordinary shares, which may be adjusted upon public notice to the UK Listing Authority and to the LSE.

All times referred to in this timetable and this section are London times unless stated otherwise.

Record date for ordinary share rights	5.00pm on	__, 2003
Mailing of PALs		__, 2003

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Ordinary share ex-rights date	8.00am on	__, 2003
Dealings in nil paid rights on the LSE expected to commence	8.00am on	__, 2003
Latest time and date for exchanging a share right for a GDS right	5.00pm on	__, 2003
Latest time and date for splitting PALs	10.00am on	__, 2003
Dealings in nil paid rights on the LSE ends	Close of business on	__, 2003
Ordinary share rights expiration date (latest time and date for acceptance and payment in full)	10.00am on	__, 2003
Dealings in fully paid rights on the LSE expected to commence	8.00am on	__, 2003
Expected date for mailing of definitive certificates for new ordinary shares		By __, 2003

The eligible holders of ordinary shares may subscribe for new ordinary shares as follows:

Ordinary Share Rights Record Date

The record date for determining which holders of ordinary shares are eligible to participate in the rights offering is 5.00pm on __, 2003. This date was announced on __, 2003.

PALs

Nil paid rights are evidenced by transferable provisional allotment letters, or PALs, which we will mail, together with this prospectus, to shareholders eligible to participate in the rights offering. Every _____ ordinary shares held on the share rights record date will entitle the holder to _____ ordinary share rights.

All inquiries in relation to the PALs or the rights offering in relation to share rights should be addressed to _____. If you lose your PAL, please call _____ on _____, who will refer you, as necessary, to the shareholder helpline in the United Kingdom or the United States.

In the event there is a discrepancy between the terms of your PAL and this prospectus, you should refer to your PAL.

Ordinary Share Ex-rights Date

If you sell or otherwise transfer, or have sold or otherwise transferred all of your existing ordinary shares between 5.00pm on __, 2003 and 8.00am on __, 2003 (the ordinary share ex-rights date), you will not be entitled to participate in the rights offering. The purchaser or transferee of your ordinary shares between 5.00pm on __, 2003 and 8.00am on __, 2003 is entitled to participate in the rights offering in your place. Therefore, please send this prospectus together with any accompanying PAL (with Form X completed), immediately to the purchaser or transferee or to the bank, broker or other agent through whom you sell or transfer, or have sold or transferred, your ordinary shares, for delivery to the

purchaser or transferee.

Fractional Entitlements

We will not issue fractions of new ordinary shares to holders of ordinary shares. The number of new ordinary shares available to holders of ordinary shares eligible to participate in the offering will be rounded down to

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the nearest whole number of new ordinary shares. We have made arrangements to aggregate and sell, on our behalf, any fractions of new ordinary shares (or GDSs representing fractions of such new ordinary shares). Any proceeds received from such sale will be retained for our benefit.

Ordinary Share Subscription Price

The ordinary share subscription price is US\$_____ per new ordinary share.

Ordinary Share Rights Expiration Date

Ordinary share rights will expire at 10.00am on __, 2003. If you do not exercise your ordinary share rights by that time, you will not be able to take up new ordinary shares but you may receive proceeds from the sale of the new ordinary shares or GDSs attributable to your unexercised ordinary share rights.

Procedure for Exercising Share Rights

The PAL will explain how to accept and pay for the new ordinary shares if you wish to take up part or all of your rights. To subscribe in whole or in part, you should send the PAL in accordance with its instructions, together with the full amount payable, as described below:

By Mail Or By Hand
During Normal Business Hours
to our Receiving Agent
Capita IRG Plc,
Corporate Actions,
PO Box 166,
The Registry,
34 Beckenham Road,
Beckenham, Kent
BR3 4TH,
United Kingdom

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The PAL must be received no later than 10.00am on __, 2003. If payment is not received in full by 10.00am on __, 2003, the provisional allotment will be deemed to have been declined and will lapse.

We may, in our sole discretion, treat a PAL as valid and binding even if it is not submitted complete or in accordance with the relevant instructions or not accompanied by a valid power of attorney, where required. In addition, we reserve the right, but shall not be obliged, to treat as valid (1) PALs and accompanying payments which are received through the post not later than 10.00am on __, 2003 (the cover bearing a legible postmark not later than 10.00am on __, 2003) and (2) applications in respect of which payments are received prior to 10.00am on __, 2003 from an authorized person, as defined in Section 31(2) of the UK Financial Services and Market Act 2000, specifying the number of new ordinary shares to be acquired and undertaking to submit the relevant PAL duly completed in due course.

If you have any further questions about completing the PAL, you may call Capita IRG Plc at 0870 162 3100 (or, if calling from outside the UK, on +44 208 639 2157).

All subscription payments must be in US dollars and you should make your check or bank draft payable to "Capita IRG Plc, New Issues re Ashanti Goldfields Company Limited" and crossed "A/C payee only." Checks or bank drafts must be drawn on (i) a US dollar account at a bank or branch of a bank in the United States or (ii) on a US dollar account of a bank or building society or branch of a bank or building society in the United Kingdom that falls into one of the following categories:

- o is a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited; or
- o is a member of either of the committees of the Scottish or Belfast Clearing Houses; or
- o has arranged for its checks and bank drafts to be cleared through the facilities provided by any of the companies or committees above.

In all cases, the checks or bank drafts must bear the appropriate sort code in the top right hand corner. Checks or bank drafts will be presented for payment upon receipt. We reserve the right to instruct

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Capita IRG Plc to seek special clearance of checks or bank drafts to allow us to obtain the payments at the earliest opportunity. We will not pay interest if your payment is made early. Checks not honored on first presentation may be treated as invalid acceptances.

Dealings in Nil Paid Rights

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We expect dealings on the LSE in nil paid rights to commence at 8.00am on __, 2003. Nil paid rights represent your entitlement to purchase new ordinary shares, subject to your paying for them, in accordance with the terms of the rights offering.

You can transfer nil paid rights by transferring your PAL in accordance with the instructions printed on it and delivering the PAL to the transferee. We expect dealings in nil paid rights to end on __, 2003.

Dealings in Fully Paid Rights

Once you have accepted the allotment of new ordinary shares allocated to you and paid in accordance with the applicable requirements, you will be able to deal in the fully paid rights. We expect dealings on the LSE in fully paid rights to commence by 8.00am on __, 2003. A transfer of fully paid rights can be made by transferring your fully paid PAL in accordance with the instructions printed on it and delivering the PAL to Capita IRG Plc at the above address by not later than 10.00am on __, 2003. However, fully paid PALs will not be returned to subscribers unless such return is requested by ticking Box 4 on page 1 of the PAL. For further information regarding renunciation and transfer of fully paid rights, see the instructions printed on the PAL.

Transfer and Partial Exercise of PALs

You may transfer your share rights by properly executing your PAL in accordance with its instructions and delivering the PAL to the transferee.

If you wish to subscribe for only a portion of the new ordinary shares represented by your share rights or to transfer a portion of your share rights to one or more people, which we refer to as "splitting", you must first apply for split PALs by completing Form X on page 4 of the PAL and returning it to Capita IRG Plc at the above address by 10.00am on __, 2003. If you wish only to take up some of your rights, but not sell the rest yourself, you should also follow the procedure to apply for split PALs. The last time for splitting a PAL is 10.00am on __, 2003.

Purchase and Sale of Share Rights and New Ordinary Shares

Share rights may be exercised, sold or transferred to others in accordance with the terms of the PAL. New ordinary shares may be bought or sold through banks or brokers and will be traded on the LSE and the GSE.

Your exercise of share rights is irrevocable and may not be cancelled or modified.

Ashanti Depositary Interests

The rights offering will be processed entirely outside CREST. Accordingly, those shareholders who hold ordinary shares as Ashanti Depositary Interests will receive a PAL in respect of the underlying shares. Those shareholders who hold ordinary shares both in certificated form and also in the form of Ashanti Depositary Interests will be sent a separate PAL in respect of each holding. The new ordinary shares will be initially in certificated form. Any person wishing to hold his new ordinary shares as Ashanti Depositary Interests following the rights offering will need to comply with the relevant procedure for the conversion of such shares into Ashanti Depositary Interests following receipt of

his definitive share certificates.

Unexercised Share Rights

If an entitlement to new ordinary shares is not validly taken up by 10.00am on __, 2003, that provisional allotment of ordinary shares will be deemed to have been declined and will lapse. The Managers will use reasonable endeavors to procure, by not later than 4.30pm on __, 2003, subscribers for those new ordinary shares (or GDSs representing such new ordinary shares), at a price at least equal to the subscription price per share. Lonmin and the Government of Ghana, who have undertaken not to deal in or take up approximately __% of their rights, will not have shares representing this percentage of their unexercised rights sold for their benefit.

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New ordinary shares or GDSs for which subscribers are procured on this basis will be re-allotted to those subscribers. Shareholders (other than Lonmin and the Government of Ghana in respect of __% of their entitlements) who do not exercise part or all of their rights will be entitled to receive only the aggregate premium, if any, of the amount paid by the subscribers after deducting the ordinary share subscription price and the expenses of procuring the subscribers (including any tax). The aggregate premium will be paid (without interest) to those persons entitled to it in proportion to the relevant lapsed provisional allotments (excluding any lapsed provisional allotments in relation to the rights offering to holders on the Ghanaian Register, which will be treated separately) and lapsed GDS rights. Amounts of less than US\$_____ per holding will not be so paid to unexercising shareholders but will be aggregated and retained for our benefit.

Any transactions undertaken pursuant to unexercised share rights will be deemed to have been undertaken at the request of the persons whose rights have lapsed (if a premium to the subscription price plus costs of sale is achieved) and otherwise at our request. None of us, the Managers or any other person procuring new subscribers will be responsible for any loss arising from the terms or timing of the subscription or the failure to procure subscribers on the basis described above. Checks for the amount due will be sent at the risk of the entitled persons to their registered address (the registered address of the first named in the case of joint holders).

The Managers may cease to use reasonable endeavors to procure subscribers as described above at any time after 9.30am on __, 2003 if, in their opinion, there is no reasonable likelihood that any subscribers could be procured on the basis described above at a price at least equal to the subscription price per share, by not later than 4.30pm on __, 2003.

The Managers do not have any liability to you if new ordinary shares or new GDSs representing unexercised share rights are not sold, or with respect to the price at which they may be sold.

Ranking

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When issued and fully paid, new ordinary shares will rank equally in all respects with existing issued ordinary shares including the right to receive all dividends or distributions made, paid, or declared after the date of this prospectus.

Money Laundering Regulations

If the value of your subscription exceeds US\$_____ (which represented 'E' 15,000 on __, 2003) (or is one of a series of linked subscriptions, the aggregate value of which exceeds that amount) and either you do not pay by a check drawn on an account in your own name and/or the account from which payment is to be made is not held within an institution that is authorized in the United Kingdom by the Financial Services Authority under the UK Financial Services and Markets Act 2000 or by the Building Societies Commission under the UK Building Societies Act 1986 or that is a European Union authorized credit institution, then the verification of identity requirements of the UK Money Laundering Regulations 1993, or the Money Laundering Regulations, will apply. Capita IRG Plc is entitled to require, at its absolute discretion, verification of identity from any person submitting a PAL including, without limitation, any person who appears to Capita IRG Plc to be acting on behalf of some other person. Submission of a PAL will constitute a warranty and undertaking by you to provide promptly to Capita IRG Plc such information as may be specified by Capita IRG Plc as being required for the purpose of the applicable money laundering regulations. Pending the provision of evidence satisfactory to Capita IRG Plc as to identity, Capita IRG Plc may retain a PAL lodged by you for new ordinary shares and/or the check, bank draft or other remittance relating to it and/or not enter the new ordinary shares to which it relates on the register of members or issue any share certificate in respect of them. If satisfactory evidence of identity has not been provided within a reasonable time, then the acceptance will not be valid but will be without prejudice to our right to take proceedings to recover any loss suffered by us as a result of your failure to provide satisfactory evidence. In that case, the monies (without interest) will be returned to the bank or building society account from which payment was made.

The following guidance is provided in order to reduce the likelihood of difficulties, delays and potential rejection of an application (but does not limit the right of Capita IRG Plc to require verification of identity as stated above).

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- o You are urged if possible to make your payment by your own check. If this is not practicable and you use a check drawn by a building society or other third party or a bank draft, you should:
 - (i) write your name and address on the back of the building society check, bank draft or other third party check and, in the case of an individual record your date of birth against your name; and
 - (ii) if a building society check or bank draft is used, ask the building society or bank to print on the check your full name and account number of the person whose building society or bank account is being

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debited or to write those details on the back of the check and add their stamp.

- o If an application is delivered by hand you should ensure that you have with you evidence of identity bearing your photograph, for example, a valid full passport.

If you are making an application as agent for one or more persons and you are not a UK or European Union regulated person or institution (e.g. a UK financial institution), irrespective of the value of the application, Capita IRG Plc is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Applicants making an application as agent should specify on the PAL if they are a UK or European Union regulated person or institution.

Delivery of New Ordinary Shares

We expect to dispatch all definitive certificates for new ordinary shares subscribed for pursuant to the exercise of ordinary share rights by __, 2003. After such dispatch, PALs will cease to be valid for any purpose whatsoever. No temporary documents of title will be issued and, pending dispatch of definitive share certificates, instruments of transfer will be certified by Capita IRG Plc against the register.

We will announce the result of the rights issue, including the number of new securities taken up and the results of any sale of unexercised rights, by __, 2003.

Non-US and Non-UK Holders of Ordinary Shares

Due to restrictions under the securities laws of Australia, France, Japan, Zimbabwe, South Africa, and the ECOWAS countries, neither this prospectus nor the accompanying PAL in relation to the new ordinary shares will be sent to shareholders with registered addresses in Australia, France, Japan, Zimbabwe, South Africa, or the ECOWAS countries. No offer of new ordinary shares is being made under this prospectus to our shareholders with registered addresses in Australia, France, Japan, Zimbabwe, South Africa, or the ECOWAS countries, and these shareholders (other than shareholders on the Principal Register with registered addresses in Ghana) will be treated as unexercizing holders and thus the Managers will endeavor to procure subscribers for the new ordinary shares or GDSs representing new ordinary shares. Copies of this prospectus received by any of these shareholders are for their information only.

This prospectus and any accompanying PAL in relation to new ordinary shares are being sent to shareholders with registered addresses in Canada pursuant to an exemption from the rules and policies applicable to rights offerings in Canada including the requirement to send a rights offering circular compliant with applicable Canadian securities laws.

Shareholder Helpline

If you are a holder of ordinary shares and you have any questions on the offering of share rights, please phone _____ on _____. This helpline is available from ____am to ____pm, Monday to Friday.

Please note that the helpline will only be able to provide you with information contained in this prospectus and will not be able to give advice on the merits of the rights offering or to provide financial advice.

Exchange Privilege

If you deliver a GDS rights certificate or a PAL pursuant to the exchange privilege, you must pay any associated taxes or levies.

Exchange of GDS Rights for Ordinary Share Rights

At any time prior to 12.00pm, New York City time, on __, 2003, you may surrender a GDS rights certificate representing GDS rights to the GDS rights agent either by hand, courier or mail to The Bank of New York at Tender & Exchange Department, 101 Barclay Street, 11W, New York, NY 10286. No surrender will be deemed received by the GDS rights agent until it is actually received by it at the above address. You or your assignee will receive a PAL from Capita IRG Plc. Your PAL will represent the right to subscribe for the appropriate number of new ordinary shares at the subscription price for new ordinary shares.

Exchange of Ordinary Share Rights for GDS Rights

At any time prior to 12.00pm, New York City time, on __, 2003, you may surrender to the GDS rights agent a PAL representing any amount of rights to subscribe for new ordinary shares. The GDS rights agent will then deliver to you or your broker, agent or assignee, GDS rights representing the right to subscribe for the appropriate number of new GDSs at the GDS subscription price.

Share Plans

The AGC Senior Management Share Option Scheme

Options granted under this plan will (subject to any local legal restrictions) be adjusted so that the number of ordinary shares in respect of which they may be exercised and the price at which those ordinary shares may be acquired takes account of the rights offering.

In addition, the class and/or number of shares which may be issued under this plan shall also be adjusted to take account of the rights offering. Any such adjustments shall be made by the Management Development and Remuneration

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Committee in the manner it determines.

The AGC 1994 Employee Share Scheme

The net proceeds of the sale, nil paid, of the rights attributable to the trustee in respect of a participant's award shall either (at the trustee's election):

- o be retained in cash and invested in an interest-bearing account which will then be transferred to the awardholder when the award vests; or
- o be invested in ordinary shares which will form part of the awardholder's award and will be deemed to have been awarded to him when his award was first made.

The Ashanti Performance Share Plan

Awards under this plan will be adjusted as the trustee deems to be appropriate.

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LISTING AND PRICE HISTORY

Our ordinary shares and/or GDSs are listed on the following international stock exchanges and trade under the symbols shown:

Ghana	AGC (shares)
London	ASN (shares), ASND (GDSs)
New York	ASL (GDSs)
Zimbabwe	No symbol

Our GDSs are traded on the London Stock Exchange, or LSE, and the New York Stock Exchange, or NYSE, by way of a sponsored global depositary receipt, or GDR, facility with The Bank of New York as depositary. The ratio of our GDSs to our ordinary shares is 1:1.

On the Zimbabwe Stock Exchange, our shares are also traded by way of a sponsored Zimbabwe depositary receipt, or ZDR, facility. The ratio of ZDRs to our shares is 100:1.

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The table below sets forth for the periods indicated, the reported high and low

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sales prices for our ordinary shares on the Ghana Stock Exchange.

	Cedis per ordinary share		Translated into US Dollars		Average daily trading volume (number of ordinary shares)
	High	Low	High	Low	
Financial Year					
1997					
January 1 - March 31, 1997	22,500	20,510	11.89	10.84	234
April 1 - June 30, 1997	22,050	21,300	11.30	10.88	185
July 1 - September 30, 1997	22,050	19,900	10.08	9.10	418
October 1 - December 31, 1997	21,100	15,400	9.40	6.85	348
1998					
January 1 - March 31, 1998	17,000	16,500	7.42	7.20	564
April 1 - June 30, 1998	18,000	18,000	7.80	7.80	70
July 1 - September 30, 1998	18,000	15,300	7.74	6.58	65
October 1 - December 31, 1998	18,000	16,500	7.73	7.03	150
1999					
January 1 - March 31, 1999	19,000	18,000	7.45	7.86	57
April 1 - June 30, 1999	18,700	18,700	7.39	7.39	49
July 1 - September 30, 1999	18,700	18,700	7.00	7.00	--
October 1 - December 31, 1999	18,700	18,700	5.34	5.34	40
2000					
January 1 - March 31, 2000	18,700	18,700	4.57	4.57	57
April 1 - June 30, 2000	18,700	18,600	3.46	3.44	6
July 1 - September 30, 2000	18,600	18,600	2.85	2.85	--
October 1 - December 31, 2000	18,600	18,600	2.76	2.69	--
2001					
January 1 - March 31, 2001	18,600	18,500	2.67	2.60	2
April 1 - June 30, 2001	18,600	18,500	2.57	2.56	--
July 1 - September 30, 2001	18,800	18,500	2.60	2.57	2,805
October 1 - December 31, 2001	18,800	18,500	2.61	2.57	1,772
2002					
January 1 - March 31, 2002	18,800	18,800	2.55	2.50	28
April 1 - June 30, 2002	18,800	18,800	2.46	2.40	22
July 1 - September 30, 2002	18,807	18,800	2.33	2.23	36
October 1 - December 31, 2002	18,807	18,807	2.28	2.28	2,764
2003					
January, 2003	28,100	27,000	3.34	3.21	36
February, 2003	28,500	28,100	3.35	3.30	250

NOTES:

1. In April 1994, our ordinary shares and GDSs were listed in Ghana and London. In 1996, our GDSs were listed in New York, and our ordinary shares were listed in Australia and Toronto. We delisted from Toronto and Australia in 2002. In 1997, we listed Zimbabwean depositary receipts on the

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Zimbabwe Stock Exchange, one hundred of which represent one ordinary share.

2. The cedi prices have been translated into US dollars using the average of the buy and sell rates of the Bank of Ghana on the date of each such high and low amount.

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Our shares are traded on the NYSE in the form of global depository securities, or GDSs, which are evidenced by GDRs. Each GDS represents one share. The closing price of our GDSs on March 12, 2003, was US\$5.81 per GDS. The table below sets forth, for the periods indicated, the reported high and low trading prices for our GDSs on the NYSE.

Year	Per GDS		Average daily trading volume (number of shares)
	High US\$	Low US\$	
1997			
January 1 - March 31, 1997	15.63	11.88	148,772
April 1 - June 30, 1997	13.63	11.50	124,570
July 1 - September 30, 1997	12.00	9.63	96,355
October 1 - December 31, 1997	12.13	6.50	156,116
1998			
January 1 - March 31, 1998	10.00	6.63	143,725
April 1 - June 30, 1998	11.00	7.13	138,675
July 1 - September 30, 1998	9.25	5.25	225,073
October 1 - December 31, 1998	12.00	7.50	197,045
1999			
January 1 - March 31, 1999	10.69	7.69	189,316
April 1 - June 30, 1999	9.69	6.69	231,381
July 1 - September 30, 1999	10.13	5.63	243,425
October 1 - December 31, 1999	9.38	2.44	561,308
2000			
January 1 - March 31, 2000	3.75	1.63	296,614
April 1 - June 30, 2000	2.56	1.38	114,986
July 1 - September 30, 2000	3.06	1.50	154,510
October 1 - December 31, 2000	2.94	1.56	97,310
2001			
January 1 - March 31, 2001	3.05	1.88	64,066
April 1 - June 30, 2001	3.31	1.93	156,360
July 1 - September 30, 2001	4.18	2.99	152,220
October 1 - December 31, 2001	4.30	3.10	75,642

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2002			
January 1 - March 31, 2002	5.45	3.51	253,683
April 1 - June 30, 2002	6.50	4.57	403,968
July 1 - September 30, 2002	6.30	3.81	345,484
October 1 - December 31, 2002	6.58	4.91	383,555
2003			
January, 2003	6.84	5.56	527,686
February, 2003	6.75	5.75	534,016

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The table below sets forth the closing midmarket quotations for a GDS as derived from the Daily Official List as published by the LSE for the first dealing day in each of the six months prior to the date of this prospectus and for the last dealing day before the announcement of the rights issue.

Date	Ordinary share price (US\$)
-----	-----
September 2, 2002	4.88
October 1, 2002	5.55
November 1, 2002	5.50
December 2, 2002	5.25
January 2, 2003	5.60
February 3, 2003	6.05
March 3, 2003	6.25
March __, 2003	

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SELECTED FINANCIAL DATA

The selected consolidated financial data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our historical consolidated financial statements and the notes to those statements included elsewhere in this prospectus.

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The selected consolidated financial data presented below as of December 31, 2002, 2001 and 2000 and for each of the years then-ended, have been derived from our audited consolidated financial statements and the notes thereto that are included elsewhere in this prospectus. The selected consolidated financial data presented below as of December 31, 1999 and 1998 and for the years then-ended has been derived from our audited consolidated financial statements and the notes thereto that are not included in this prospectus. The selected consolidated financial data presented below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 in the United Kingdom. We prepare our consolidated financial statements in accordance with UK GAAP, which differs in certain significant respects from US GAAP.

	12 Months to Dec. 31, 2002	12 Months to Dec. 31, 2001 (Restated) (5)	12 Months to Dec. 31, 2000 (Restated) (5)	t (R
	-----	-----	-----	---
			(in US\$ millions except dividend and per share numb	
PROFIT AND LOSS ACCOUNT DATA(1)				
Amounts in accordance with UK GAAP:				
Group revenue	467.5	477.7	582.2	
Total revenue	552.2	554.4	582.2	
Group operating profit/(loss)	66.4	76.6	(126.1)	
Operating profit/(loss)	74.3	96.8	(126.1)	
Profit/(loss) attributable to shareholders	56.2	59.9	(119.5)	
Earnings/(loss) per share(2)	0.47	0.53	(1.06)	
Diluted earnings/(loss) per share	0.44	0.52	(1.52)	
Dividends per share - (US\$) (3)	--	--	--	
- (cedi) (3)	--	--	--	
Amounts in accordance with US GAAP:				
Revenue	492.4	474.5	582.2	
Operating (loss)/profit	(135.1)	61.4	(407.9)	
Net (loss)/profit before cumulative effect of an accounting change	(182.8)	33.1	(349.1)	
Net (loss)/profit	(182.8)	65.4	(349.1)	
Earnings per share (US\$):				
Basic:				
(Loss)/earnings per share before cumulative effect of an accounting change	(1.53)	0.30	(3.11)	
Cumulative effect of an accounting change	--	0.28	--	
(Loss)/earnings per share	(1.53)	0.58	(3.11)	
Diluted:				
(Loss)/earnings per share cumulative effect of an accounting change	(1.53)	0.29	(3.11)	
Cumulative effect of an accounting change	--	0.28	--	
(Loss)/earnings per share	(1.53)	0.57	(3.11)	

	As of Dec. 31, 2002 (4)	As of Dec. 31, 2001 (Restated) (5)	As of Dec. 31, 2000 (Restated) (5)	As of Dec. 31, 1999 (Restated) (5)
	-----	-----	-----	-----
	(in US\$ millions except dividend and share numbers)			
BALANCE SHEET DATA(1)				
Amounts in accordance with UK GAAP:				
Total assets	884.5	897.7	937.9	1,337.4
Long-term borrowings	254.2	300.6	358.5	423.2
Net assets	447.5	349.1	290.4	382.3
Equity shareholders' funds	446.3	347.1	286.3	381.2
Stated capital	588.2	545.2	544.3	544.3
Number of ordinary shares as adjusted to reflect changes in capital (million shares)	119.1	112.1	112.4	111.4
Amounts in accordance with US GAAP:				
Total assets	698.4	887.3	878.0	1,560.3
Long-term borrowings	254.2	300.6	358.5	445.2
Net assets	110.3	310.5	182.4	528.4
Shareholders' equity	109.1	308.5	178.3	527.3

NOTES:

- (1) Our consolidated financial statements are prepared in accordance with UK GAAP, which differs in certain significant respects from US GAAP. Details of the principal differences between UK GAAP and US GAAP relevant to us are set out in note 32 to our audited consolidated financial statements, which are included elsewhere in this prospectus.
- (2) Based on profit after tax and minority interests and weighted average number of shares outstanding of 119.1 million shares for the 12 months to December 31, 2002, 112.1 million shares for the 12 months to December 31, 2001, 112.4 million for the 12 months to December 31, 2000, 111.4 million for the 12 months to December 31, 1999 and 108.7 million for the 12 months to December 31, 1998.
- (3) No interim dividend was paid in respect of the years ended December 31, 2002, 2001, 2000, 1999 and 1998. No final dividend was paid for 2002 (2001: Nil, 2000: Nil, 1999: Nil, 1998: US\$0.10). The local currency equivalents have been converted at the then-prevailing cedi exchange rates.
- (4) Amounts shown in accordance with US GAAP as of and for the year ended December 31, 2002 reflect the adoption of SFAS 142 on January 1, 2002. Consequently, the financial information presented for comparative periods has not been prepared on a consistent basis in this regard. The effects of adoption of SFAS 142 are discussed in note 32 to our consolidated financial statements.

- (5) Amounts presented for comparative periods in accordance with UK GAAP have been restated for the adoption of FRS 19. The restated deferred tax assets/(liabilities) were US\$6.9 million, US\$1.7 million, US\$(19.1) million and US\$(131.2) million as of December 31, 2001, 2000, 1999 and 1998 respectively. Amounts presented in accordance with US GAAP for comparative periods have been restated for the adoption of SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections ("SFAS 145") on January 1, 2002. On adoption, extraordinary items of US\$0.8 million and US\$4.8 million for the years ended December 31, 1999 and 1998, respectively, were reclassified to non-operating income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion and analysis together with our consolidated financial statements, including the related notes, appearing elsewhere in this prospectus.

We are engaged in the mining and processing of gold ores and the exploration and development of gold properties in Africa and in hedging activities in connection with our gold production. We have interests in major gold mines in Ghana, Guinea, Tanzania and Zimbabwe. In 2002, we produced 1.62 million ounces of gold. As at December 31, 2002, we had proven and probable reserves of 27.8 million ounces, before making any allowance for minority and joint venture interests.

We occupy a position of strategic significance within the Ghanaian economy. We are a major contributor of foreign exchange earnings to Ghana, Guinea, Tanzania and Zimbabwe. In addition, we are one of the largest companies listed on the Ghana Stock Exchange and a major employer, particularly in the Ashanti region of Ghana.

Our History

In 1897, an English company named Ashanti Goldfields Corporation Limited, or Ashanti Goldfields, was founded and began to develop a mining concession in the area of our current operations at Obuasi. Several years later, underground mining began at the site and has continued to the present. In 1969, Ashanti Goldfields became a wholly owned subsidiary of Lonrho Plc, now called Lonmin Plc, or Lonmin, a UK listed company which at that time had interests in mining, hotels and general trade in Africa. Following the Lonmin acquisition in 1969, the Government of Ghana acquired 20% of Ashanti Goldfields from Lonmin in exchange for the Government of Ghana's agreement to extend the term of Ashanti Goldfields' mining lease over the concession area.

In 1972, the Government of Ghana formed us as a Ghanaian company to take over the assets, business and functions formerly carried out by Ashanti Goldfields. The Government of Ghana then held 55% of our outstanding shares, with Lonmin holding the remaining 45%.

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In 1994, as part of its divestiture policy, the Government of Ghana sold part of its holding in us in a global offering. In connection with that offering, we were reorganized as a Ghanaian public limited company. As at March 12, 2003, the Government of Ghana owned approximately 17.2% and Lonmin owned approximately 28.1% of our outstanding shares.

In 1996, we expanded our operations through the acquisition of companies holding interests in the Ayanfuri, Bibiani, Iduapriem, Siguiri, and Freda-Rebecca properties, which were already or were subsequently developed as mines, and acquired an interest in what was then the Geita exploration concession in Tanzania. In 1998, we acquired SAMAX Gold Inc., the principal asset of which was the other part of the interest in the Geita exploration concession adjacent to our existing license area. In 1999 and 2000, we developed the Geita mine and in 2000 sold a 50% equity interest in it to AngloGold Limited. In 2000, we acquired our interest in the Teberebie mine, which is adjacent to the Iduapriem mine.

Through the period from the end of 1999 to June 2002, commencing with a sharp rise in the price of gold which led initially to a liquidity crisis, we were engaged in a process of financial restructuring with our banks, hedge counterparties and noteholders.

Recent Restructuring

In June 2002, we completed a financial restructuring which involved:

- o entering into a new enlarged revolving credit facility of US\$200 million;
- o raising approximately US\$41.8 million from the early exercise of 70.3% of our warrants (which were previously issued to some of our banks and hedge counterparties and which were exchangeable for our shares);
- o agreement with our hedge counterparties for continued margin-free trading; and

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- o raising US\$75.0 million through the issue to our largest shareholder, Lonmin, of mandatorily exchangeable notes, or MENs, which convert into our ordinary shares upon the completion of this rights issue.

The Government of Ghana has a call option in respect of approximately US\$28.4 million of these MENs. Lonmin and the Government of Ghana have both contractually agreed that the MENs represent approximately _____% of their entitlements under the rights issue and neither party will be exercising or dealing in this percentage of their rights.

Current Trading and Prospects

In 2003 we commenced the commissioning of the expanded CIL plant at

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Iduapriem/Teberebie and, although we have experienced unexpected delays in commissioning, currently anticipate that it will be completed during the second quarter of the year. The Bibiani mine experienced a slope failure on the western wall of the pit at the beginning of the fourth quarter of 2002. This is not expected to materially impact gold production, but will add approximately US\$3 million to costs over the first two quarters of 2003. At Siguiri, we have completed a feasibility study to assess the viability of converting the mine's processing plant to a hybrid, combining CIP and heap leach, and expect the conversion to be completed, at a total cost of US\$32 million, in the second quarter of 2004. At the Geita mine, we anticipate that production will be lower for at least the first two quarters of 2003 as compared to 2002, due to lower mined grades as waste stripping continues in cut 3 at Nyankanga.

Rising fuel prices, increases in power costs and wages, depreciation of the US dollar in which our revenues are denominated, the appreciation in currencies of countries from which we source our major inputs and rising costs of reagents will impact adversely on our cash operating costs this year. We are taking steps to minimise this impact but it is still likely that cash operating costs will increase by approximately 10% this year.

Our group production target for the year is approximately 1.6 million ounces, broadly in line with last year's actual production. This assumes that the stripping schedule for cut 3 at Nyankanga is completed by the end of July and that the CIL plant at Iduapriem/Teberebie is fully commissioned by the end of June. We expect our production for the first quarter of 2003 to be in the region of 375,000 ounces. This is 8% below the pro-rata figure for our annualised production target, primarily due to lower mined grades as waste stripping continues in Geita, and unexpected delays caused by the commissioning of the plant expansion at Iduapriem/Teberebie. Due to these factors, group production for the second quarter is likely to continue at the same level as for the first quarter, with the shortfall planned to be made up in the second half of the year. The reduced production levels anticipated for the first two quarters will have a consequential adverse impact on our unit cash operating costs for these quarters, as compared to the annualised level. However, our directors believe that the long term prospects of the business are good.

Impact of Sale of 50% Interest in Geita

In December 2000, we sold 50% of our interest in the Geita joint venture to AngloGold Limited for US\$335 million (including US\$130 million from the project financing loan). The cash received from this disposal enabled us to restructure our balance sheet and repay some of our loans. The impact of the disposal is that we will now only share in 50% of the profits and surplus cash flows from Geita and we have a joint venture partner who will share the cost of funding any further Geita expansion projects.

General

We earn all of our revenues in US dollars and the majority of our transactions and costs are denominated in US dollars or based on US dollars. We also have cedi and other currency denominated costs, primarily wages and local material purchases.

Impact of Economic and Political Environment in Main Countries in Which We Operate

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Our current significant operations are primarily located in Ghana, Tanzania and Guinea, and are therefore subject to various economic, fiscal, monetary and political factors that affect companies operating in Ghana, Tanzania and Guinea, as discussed elsewhere in this prospectus.

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Changes in Accounting Policy

We have implemented FRS 19 in our financial statements for the year ended December 31, 2002. Under FRS 19, a basis of "full" rather than "partial" provision is adopted for all deferred tax liabilities and assets, with assets being recognized where it is considered more likely than not that they will be recovered. Adoption of FRS 19 required the UK GAAP comparative figures for the tax on operating profit on ordinary activities for 2001 and 2000 to be restated from the previously reported charges of US\$6.8 million and US\$8.8 million to a charge of US\$9.6 million and a credit of US\$12.8 million, respectively. For the year ended December 31, 2002, there was a tax credit under FRS 19 of US\$3.7 million compared to a tax charge of US\$9.6 million in 2001.

We adopted SFAS 142 with effect from January 1, 2002. SFAS 142 requires that goodwill and other intangible assets that have an indefinite useful life no longer be amortized but rather be tested at least annually for impairment. SFAS 142 also required us to perform a transitional assessment of whether there is an indication that goodwill was impaired at the date of initial application, January 1, 2002. We are also required to review other intangible assets for impairment and to reassess the useful lives of such assets and make necessary adjustments. No write-down of goodwill has been made following the completion of the transitional impairment test. Disclosures of the effects of adopting SFAS 142 in comparative periods are provided in note 32 to our consolidated financial statements, included elsewhere in this prospectus.

We adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, or SFAS 144, effective January 1, 2002. SFAS 144 establishes a single accounting model, based on the framework established in SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, or SFAS 121, for long-lived assets to be disposed of by sale, resolves significant implementation issues related to SFAS 121 and establishes new rules for reporting of discontinued operations. We did not recognize any impairments in 2002 pursuant to SFAS 144.

We adopted SFAS 145, Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections, or SFAS 145, as of January 1, 2002. The principal change reflected in these pronouncements is that gains or losses from extinguishment of debt which are classified as extraordinary items by SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt an amendment of APB Opinion No. 30, will no longer be classified as such. We adopted SFAS 145 on January 1, 2002. No restatement of amounts previously reported for the years ended December 31, 2001 or 2000 resulted from the adoption of SFAS 145.

Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board, or FASB, issued SFAS No. 143, Accounting for Asset Retirement Obligation, or SFAS 143, which is effective for financial statements issued for fiscal years beginning after June 5, 2002. The pronouncement addresses the recognition and remeasurement of obligations associated with the retirement of a tangible long-lived asset. We are currently reviewing this statement to determine its impact on future financial statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Disposal or Exit Activities, or SFAS 146. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force-Abstract No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring), or EITF 94-3. This statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF 94-3, a liability for an exit cost as defined in EITF 94-3 was recognized at the date of an entity's commitment to an exit plan. This statement provides that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. Therefore, SFAS 146 eliminates the definition and requirements for recognition of exit costs in EITF 94-3 until a liability has been incurred and establishes that fair value is the objective for initial measurement of the liability. However, this standard does not apply to costs associated with exit activities involving entities acquired under business combinations or disposal activities covered under SFAS 144. The adoption of SFAS 146 will not have an impact on previous results reported.

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In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation -- Transition and Disclosure -- an amendment of FASB Statement No. 123, or SFAS 148. SFAS 148 amends SFAS No. 123 Accounting for Stock-Based Compensation, or SFAS 123, and provides alternative methods for accounting for a change by registrants to the fair value method of accounting for stock-based compensation. Additionally, SFAS 148 amends the disclosure requirements of SFAS 123 to require disclosure in the significant accounting policy footnote of both annual and interim financial statements of the method of accounting for stock-based compensation and the related pro-forma disclosures when the intrinsic value method continues to be used. The statement is effective for fiscal years beginning after December 15, 2002, and disclosures are effective for the first fiscal quarter beginning after December 15, 2002. We do not intend to adopt the fair value method of accounting for stock-based compensation. Consequently SFAS 148 will not have an impact on our results of operation and financial position.

In November 2002, the FASB issued Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, or FIN 45. This interpretation requires certain disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 are effective for interim and

annual periods after December 15, 2002 and we have adopted those requirements for our financial statements. The initial recognition and initial measurement requirements of FIN 45 are effective prospectively for guarantees issued or modified after December 31, 2002. We are assessing, but at this point do not believe the adoption of the recognition and initial measurement requirements of FIN 45 will have a material impact on its financial position, cash flows or results of operations.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities -- an interpretation of ARB No. 51, or FIN 46. FIN 46 clarifies the application of Accounting Research Bulletin No. 51, Consolidated Financial Statements, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 explains how to identify variable interest entities and how an enterprise assesses its interest in a variable interest entity to decide whether to consolidate that entity. It requires existing unconsolidated variable interests entities to be consolidated by their primary beneficiaries if the entities do not effectively disperse risks among parties involved. It also requires certain disclosures by the primary beneficiary. FIN 46 is effective immediately to variable interest entities created after January 31, 2003 and no variable interest entities in which an enterprise obtains an interest after that date, and effective for the first fiscal year or interim period beginning after June 15, 2003 to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. FIN 46 requires an entity to disclose certain information regarding a variable interest equity if, when the Interpretation becomes effective, it is reasonably possible that an enterprise will consolidate or have to disclose information about that variable interest entity, regardless of the date on which the variable entity interest was created. We do not expect that, when FIN 46 becomes effective, we will have to consolidate or disclose any information regarding variable interests.

Critical Accounting Policies and Estimates

This discussion is based upon our consolidated financial statements. These financial statements are prepared in accordance with UK GAAP and are reconciled to US GAAP both of which require us to make estimates about the effect of matters that are uncertain and to make difficult, subjective and complex judgements. These estimates and assumptions affect the reported amounts in the financial statements and disclosure of contingent assets and liabilities. We evaluate all these estimates on an ongoing basis. Actual results could differ from estimates.

We believe the following represent our critical accounting policies and estimates having considered both UK and US GAAP.

- o Revenue Recognition. We recognize revenue when gold is produced in the form of dore in the gold room, and is based on the quantity and spot price at that date. Gold is a liquid commodity that is dealt with on the international markets, and we have refining and purchase agreements with several international banks. These provide that the actual sale price is the spot price no later than the first

working day after the date of delivery to the refiner and the actual quantity invoiced is the quantity after the gold is refined usually within one day. Consequently we process an adjustment on completion of the refining process to adjust revenues recognized at the time of producing dore to actual revenues. While this adjustment has historically been de minimis, any significant reduction in the spot price or reduction in quantity of gold before and after refining may have a material adverse impact on our operating results.

- o Environmental Liabilities. We are required by environmental regulations in the jurisdictions in which we operate and the terms of our mining licenses to restore mining sites to their original condition. The expected cost of any decommissioning or other site restoration programs incurred during the construction of the mine as determined by independent environmental experts is discounted at the weighted average cost of capital and capitalized at the beginning of each project and amortized over the life of the mine using the unit of production method. In determining these costs, assumptions are made based on current mining methods, statutory regulations, scope of work to be performed and related costs. We regularly review the adequacy of closure and reclamation accruals based on current estimates of future costs. A significant change in the assumptions underlying the estimate of the expected cost of decommissioning or other site restoration programs may result in a material adverse impact on our operating results.
- o Impairment of Long-lived Assets. Our long-lived assets include long-term investments, goodwill and other tangible assets. In assessing the potential for impairment of its long-lived assets we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. Effective January 1, 2001, under US GAAP, expected future cash flows from derivative instruments are not included in asset impairment tests. If these estimates or their related assumptions change in future, we may be required to record impairment charges for these assets not previously recorded and this may have a material adverse impact on our operating results.
- o Life of Mines. At least annually, we review mining schedules, production levels and asset lives in our life of mine planning for all of our operating development properties. Significant changes in the life of mine plans may occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology and gold prices. Based on the analysis we review our accounting estimates and adjust depreciation, amortization, deferred mining and reclamation costs and evaluation of each mine for impairment where necessary. Accordingly, such adjustments may have a material adverse impact on our operating results.
- o Deferred Tax. Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. When a deferred tax asset arises we review the asset for recoverability and establish a valuation allowance where we determine it is more likely than not that such an asset will not be realized. If we determine that additional valuation allowance is required, or there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, an additional tax charge may arise that will

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increase our effective tax rate and result in a material adverse impact on our operating results.

- o Foreign Exchange. We earn all of our revenues in US dollars and the majority of our transactions and costs are denominated in US dollars or based on US dollars. However, any significant changes in the transactions and costs that are not denominated in US dollars, or based on US dollars, may have a material adverse impact on our operating results.
- o Ore Reserves. We estimate on an annual basis our ore reserves at our mining operations. There are a number of uncertainties inherent in estimating quantities of reserves, including many factors beyond our control. Ore reserve estimates are based upon engineering evaluations of assay values derived from samplings of drill holes and other openings. Additionally, declines in the market price of gold may render certain reserves containing relatively lower grades of mineralization uneconomic to mine. Further, availability of permits, changes in operating and capital costs, and other factors could materially and adversely affect ore reserves. We use our ore reserve estimates in determining the unit basis for mine depreciation and closure rates, as well as in evaluating mine asset impairments. Changes in ore reserve estimates could significantly affect these items.

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Cash Operating Costs

Operating costs before corporate administration, exploration and other costs are referred to as "cash operating costs." Cash operating costs per ounce are calculated by dividing cash operating costs by ounces of gold produced. Cash operating costs have been calculated on a consistent basis for all periods presented.

Cash operating costs should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other GAAP measures or as an indicator of our performance, and may not be comparable to other similarly titled measures of other companies. However, we believe that cash operating costs in total by mine and per ounce by mine are useful indicators to investors and management of a mine's performance as they provide:

- o an indication of a mine's profitability and efficiency;
- o the trend in costs as the mine matures;
- o a measure of a mine's gross margin per ounce, by comparison of the cash operating costs per ounce by mine to the price of gold; and
- o an internal benchmark of performance to allow for comparison against other mines.

A reconciliation of cash operating costs to total operating costs, as included in our audited financial statements for each of the three years in the period ended December 31, 2002 is presented below. In addition, we have also provided

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below details of the ounces of gold produced by mine for each of those periods.

	12 months to December 31					
	2002		2001		2000	
	Total (US\$m)	Production (Ounces)	Total (US\$m)	Production (Ounces)	Total (US\$m)	Production (Ounces)
Mine						
Obuasi	106.4	537,219	101.4	528,451	133.5	640,988
Ayanfuri	--	--	2.8	11,517	8.9	36,316
Iduapriem	43.0	185,199	44.0	205,130	43.2	193,868
Bibiani	43.6	242,432	43.1	253,052	36.8	273,711
Siguiri	61.9	269,292	62.2	283,199	54.8	303,381
Freda-Rebecca	21.0	98,255	22.8	102,654	22.2	112,164
Geita	47.2	289,522	38.9	272,781	25.7	176,836
	-----	-----	-----	-----	-----	-----
Total cash operating costs	323.1	1,621,919	315.2	1,656,784	325.1	1,737,264
		-----		-----		-----
Corporate administration costs	16.5		21.2		25.3	
Exploration costs	3.8		6.5		14.2	
Other	11.3		6.8		--	
	-----		-----		-----	
Operating costs	354.7		349.7		364.6	
Exceptional operating costs	32.3		--		215.2	
Royalties	14.6		13.0		13.7	
Depreciation and amortisation	88.4		94.9		114.8	
	-----		-----		-----	
Total costs	490.0		457.6		708.3	
	-----		-----		-----	

Our average cash operating costs in 2002 were US\$199 per ounce compared with US\$190 per ounce in 2001, due to the challenging operating environment and to lower production.

Results of Operations

12 Months Ended December 31, 2002 Compared to 12 Months Ended December 31, 2001

Revenue

Higher spot prices enabled us to achieve total revenue of US\$552.2 million for the year ended December 31, 2002, just below the US\$554.4 million achieved

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during the same period in 2001, despite lower production and the reduction in release of deferred hedging income. Spot revenue amounted to US\$506.4 million, compared with US\$455.8 million in 2001. The average gold price realized during 2002 was higher, at US\$340 per ounce, than that realized in 2001, US\$335 per ounce.

Hedging

Net hedging income for the year totaled US\$45.8 million, of which US\$11.5 million was realized from the close-outs of maturing hedging contracts during the year and US\$34.3 million was released from deferred hedging income, i.e. income from previously closed-out hedging contracts.

In accordance with our accounting policy, income from early close-outs is credited to revenue for the originally designated delivery period. As at December 31, 2002, deferred hedging income carried forward to future periods totaled US\$27.8 million, compared to US\$65.6 million for the corresponding period in 2001, of which US\$14.7 million and US\$13.1 million will be credited to revenue in 2003 and 2004 respectively.

The table below shows the movement in fair value of the hedge book and its component parts (excluding Geita):

	As at December 31,		Movement
	2002	2001	
	-----	-----	-----
	(in US\$ millions except valuation spot price)		
	-----	-----	-----
Forward Sales	(56.0)	117.6	(173.6)
	-----	-----	-----
Puts: Bought	24.9	52.7	(27.8)
	-----	-----	-----
Sold	--	(1.7)	1.7
	-----	-----	-----
Calls: Sold	(112.9)	(53.7)	(59.2)
	-----	-----	-----
Bought	10.2	5.4	4.8
	-----	-----	-----
Convertible Structures	--	10.5	(10.5)
	-----	-----	-----
Lease Rate Swaps	(16.2)	(42.0)	25.8
	-----	-----	-----
Total	(150.0)	88.8	(238.8)
	-----	-----	-----
Valuation Spot Price (US\$)	345	277	68
	-----	-----	-----

The fair value of each component is based on the prevailing gold spot price, US interest rates, gold forward rates and volatilities. The net decrease in fair value of the hedge book in the period was primarily attributable to high spot prices partially offset by lower US interest rates.

We account for derivative contracts using hedge accounting and therefore these

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instruments are not marked-to-market on the balance sheet under UK GAAP. The accounting treatment of these instruments under US GAAP differs from that under UK GAAP. Details of this difference are set out in note 32 to our consolidated financial statements included elsewhere in this prospectus.

Costs

Cash Operating Costs

Total cash operating costs were US\$199 per ounce as compared to US\$190 per ounce in 2001, due to the challenging operating environment and to lower production.

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Obuasi In 2002, Obuasi produced 537,219 ounces from underground and tailings retreatment operations and from a small open pit deposit on the Homase concession located approximately 16 kilometers to the north, compared with 528,451 ounces that the mine produced from underground and tailings retreatment in 2001. Cash operating costs were US\$198 per ounce in 2002 compared to US\$192 per ounce in 2001. The higher cost resulted from the mining and processing of higher tonnage of lower grade material.

Ayanfuri No gold was produced at Ayanfuri in 2002, as the mine ceased operations in June 2001. Gold production at Ayanfuri was 11,517 ounces in 2001. Cash operating costs per ounce in 2001 were US\$243 per ounce.

Bibiani Bibiani produced 242,432 ounces in 2002 at a cash operating cost of US\$180 per ounce, compared to 253,052 ounces at a cash operating cost of US\$170 per ounce in the previous year. The reduction in gold production was due to processing harder ore, resulting in lower plant throughput and lower metallurgical recovery and, in turn, this resulted in a higher cash operating cost per ounce produced. Costs were also impacted by a water shortage in the first quarter of 2002.

Iduapriem and Teberebie Gold production at Iduapriem/Teberebie for 2002 was 185,199 ounces, compared to 205,130 ounces in 2001. The cash operating costs increased to US\$232 per ounce in 2002 from US\$214 per ounce in 2001, due to the lower gold production primarily because of a fire at the production plant.

Siguiri In 2002, Siguiri produced a total of 269,292 ounces at a cash cost of US\$230 per ounce compared with 283,199 ounces at US\$220 per ounce in 2001. Production and cash costs were impacted by lower than targeted gold production from the stacked material during the year and higher mined tonnages.

Freda-Rebecca Full year production in 2002 was 98,255 ounces at a cash operating cost of US\$214 per ounce, compared to 102,654 ounces at US\$222 per ounce in 2001. The economic and political situation in Zimbabwe during 2002 continued to pose a series of difficult problems for the management team, as in 2001. The lack of foreign exchange and the fixed exchange rate coupled with high inflation put severe pressure on the supply function, causing delays in receiving supplies.

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Geita In 2002, Geita mine produced a record total of 579,043 ounces at a cash operating cost of US\$163 per ounce, compared to 545,562 ounces at US\$143 per ounce in 2001. Cash operating costs increased principally due to higher mining costs as a result of higher tonnages at lower ore grades. As expected, gold production in the fourth quarter, at 122,742 ounces, was lower than the previous quarters of the year as mining in the Nyankanga pit moved into lower grade zones. We expect this trend will continue for the first half of 2003.

Exploration and Corporate Administration

Exploration expenditure during 2002 was lower at US\$3.8 million, compared to US\$6.5 million in 2001, due to the termination of our involvement in Pangea Goldfield's concession in Tanzania. Corporate administration expenditure for the year was also lower, at US\$16.5 million, than the US\$21.2 million in 2001.

Depreciation

Total depreciation and amortization charges amounted to US\$88.4 million in 2002, lower than the US\$94.9 million recorded in 2001, primarily due to lower production.

Total Costs

Total costs, including US\$32.3 million of exceptional operating costs (compared to nil in 2001) (see "Exceptional Items"), amounted to US\$490.0 million in 2002, compared with US\$457.6 million in 2001. Total costs per ounce, excluding exceptional operating costs of US\$32.3 million, increased by US\$6 per ounce, from the US\$276 per ounce in 2001 to US\$282 per ounce in 2002, mainly due to the increase in cash operating costs referred to above.

Other Income

Other income of US\$12.1 million comprises US\$8.8 million in respect of the transfer of a receivable from AngloGold to us for no consideration (see "Exceptional Items") and US\$3.3 million relating to additional consideration received in respect of the sale, in 1999 of our interest in the Golden Pride mine. This consideration crystallised in 2002 following the gold price rally. No further consideration is due under the terms of the sale agreement.

Exceptional Items

Exceptional items, which have been identified separately in the profit and loss account, comprised the following in 2002:

- (i) refinancing and restructuring costs of US\$23.5 million. These include professional fees and financing costs for both the proposed note restructuring, which was later withdrawn and the cash redemption

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alternative outlined below, which was implemented in June 2002; and

- (ii) as provided for in the sale and purchase agreement entered into in 2000 in respect of the Geita mine, AngloGold transferred the Ridge 8 property to Geita during the year. The consideration of US\$17.6 million will be left outstanding until the project finance loans are fully repaid by Geita, AngloGold has transferred to us for no consideration, its 50% share which resulted in an exceptional gain of US\$8.8 million. In line with our accounting policy on exploration costs the cost of this property has been expensed, thereby recording a compensating exceptional loss of US\$8.8 million.

Financing Costs

Net interest charges fell by 23% from US\$29.4 million in 2001 to US\$22.6 million in 2002. This decrease was due primarily to a reduction in net debt from US\$270.7 million at December 31, 2001 to US\$215.6 million at December 31, 2002.

Taxation

Taxation for the year was a credit of US\$3.7 million. This comprised a credit of US\$8.3 million in respect of prior years corporate tax offset by a current year corporate tax charge of US\$0.3 million and a deferred tax charge of US\$4.3 million (net of deferred tax credit of US\$7.0 million in respect of the Geita joint venture).

Earnings

Our 2002 earnings before exceptional items were 33% higher at US\$79.7 million than the US\$59.9 million in 2001. The improvement in earnings as compared to last year was principally due to higher spot prices, lower financing costs and lower taxation, offset partly by lower production and higher cash operating costs. Earnings after charging exceptional refinancing and restructuring costs of US\$23.5 million (compared to nil in 2001) were US\$56.2 million (compared to US\$59.9 million in 2001). Earnings per share before exceptional items for the year, after taking into account the warrants that were exercised as part of the refinancing in June 2002, were US\$0.67, compared to US\$0.53 in 2001.

Dividend

We continue to strengthen our financial position. However, we have significant negative profit and loss account reserves as at December 31, 2002.

The Ghana Companies Code, 1963, prohibits the payment of dividends where there are no positive balances in distributable reserves. In the light of the above, no dividend is proposed for 2002.

Cash Flow

The net cash inflow from operating activities before exceptional items was US\$117.5 million (2001: US\$95.4 million), due partly to higher spot prices. The net cash inflow from operating activities after meeting refinancing and restructuring costs of US\$22.3 million was US\$95.2 million.

Net interest paid decreased to US\$18.8 million, compared with US\$22.4 million in 2001, due to the reduction in net debt during the year of US\$55.1 million.

Cash inflows from management of liquid resources of US\$6.0 million (compared to US\$9.7 million in 2001) was primarily as a result of the release of funds of US\$8.7 million as at December 31, 2001 on deposit as collateral for a loan to Ashanti Goldfields Zimbabwe Limited.

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Cash outflows in respect of financing activities of US\$19.2 million (compared to US\$40.6 million in 2001) is the net cash outflow following the debt restructuring in June 2002 and repayments of the enlarged revolving credit facility (see "Liquidity and Capital Resources").

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Capital Expenditure

Our capital investment in our operations increased from US\$49.6 million in 2001 to US\$64.5 million in 2002. Our capital expenditure in 2002 focussed on: (i) the expansion of the CIL processing plants at Iduapriem and Teberebie, (ii) mining and processing equipment, and upgrade of the shafts at the Obuasi mine, and (iii) the mining equipment, plant and tailings dam at the Freda-Rebecca mine.

12 Months Ended December 31, 2001 Compared to 12 Months Ended December 31, 2000

Revenue

Total revenue for 2001 of US\$554.4 million was 5% lower than 2000's level of US\$582.2 million, due to lower production. Spot revenue generated amounted to US\$455.8 million (2000: US\$485.2 million), and hedging income totaled US\$98.6 million (2000: US\$97.0 million). The average gold price realized during the year of US\$335 per ounce was in line with the price realized in 2000.

Hedging

Net hedging income for the year totaled US\$98.6 million, of which US\$41.6 million was realized from the closeouts of maturing hedging contracts and US\$57.0 million was released from deferred hedging income i.e. income from previously closed-out hedging contracts.

In accordance with our accounting policy, income from early close-outs is credited to revenue for the originally designated delivery period. At December 31, 2001, deferred hedging income totaled US\$65.6 million, compared to US\$120.0 million for the corresponding period in 2000, of which US\$35.0 million was credited to revenue in 2002.

The table below shows the movement in fair value of the hedge book and its component parts (excluding Geita):

As at December 31,		
2001	2000	Movement
(in US\$ millions except valuation spot price)		

Forward Sales	117.6	93.3	24.3
	-----	-----	-----
Puts: Bought	52.7	24.5	28.2
Sold	(1.7)	(1.6)	(0.1)
	-----	-----	-----
Calls: Sold	(53.7)	(55.0)	1.3
Bought	5.4	6.5	(1.1)
	-----	-----	-----
Convertible Structures	10.5	22.4	(11.9)
	-----	-----	-----
Lease Rate Swaps	(42.0)	(61.0)	19.0
	-----	-----	-----
Total	88.8	29.1	59.7
	-----	-----	-----
Valuation Spot Price (US\$)	277	273	4
	-----	-----	-----

The fair value of each component is based on the prevailing gold spot price, US interest rates, gold forward rates and volatilities. The net increase in fair value of the hedge book in the period was primarily attributable to the reduction in US interest rates and time decay of the book.

We account for derivative contracts using hedge accounting and therefore these instruments are not marked-to-market on the balance sheet under UK GAAP. The accounting treatment of these instruments under US GAAP differs from that under UK GAAP. Details of this difference are set out in note 32(e) to our consolidated financial statements included elsewhere in this prospectus.

Costs

Cash Operating Costs

Total cash operating costs were US\$190 per ounce as compared to US\$187 per ounce in 2000, due to lower production primarily at Siguiri and Bibiani. Obuasi's cash operating costs however fell by 8% from US\$208 per ounce in 2000 to US\$192 per ounce in 2001.

Obuasi Cash operating costs at Obuasi decreased from US\$208 per ounce in 2000 to US\$192 per ounce in 2001, a drop of 8% due to the closure of high cost surface operations as well as cost control measures and re-engineering of mining and processing operations. Underground production fell marginally from 493,926 ounces in 2000 to 485,452 ounces in 2001. Tailings retreatment produced 42,999 ounces for the year ended December 31, 2001, compared to 43,756 ounces for the corresponding period in 2000.

Ayanfuri Gold production at Ayanfuri was 11,517 ounces in 2001, compared to

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36,316 ounces in 2000, as the mine ceased operations in June 2001. Cash operating costs per ounce in 2001 were US\$243 per ounce (2000: US\$245 per ounce).

Bibiani Bibiani produced 253,052 ounces, compared to 273,711 ounces in 2000, at a cash operating cost of US\$170 per ounce, compared to US\$134 per ounce in 2000. The reduction in gold production was due to the reduced mill feed grade and lower recovery. This also resulted in higher cash operating cost per ounce.

Iduapriem and Teberebie Gold production for 2001 was 205,130 ounces, exceeding 193,868 ounces in 2000. Cash operating costs were reduced to US\$214 per ounce from US\$223 per ounce in 2000.

Siguiri Siguiri produced 283,199 ounces, compared to 303,381 ounces in 2000, at a cash operating cost of US\$220 per ounce, compared to US\$181 per ounce in 2000. Production and cash operating costs were impacted by lower than expected metallurgical recovery from the material stacked during the year.

Freda-Rebecca Full year production in 2001 was 102,654 ounces at a cash operating cost of US\$222 per ounce, compared to 112,164 ounces at US\$198 per ounce in 2000.

The economic and political situation in Zimbabwe during 2001 continued to pose a series of difficult problems for the management team. The lack of foreign exchange and the fixed exchange rate coupled with high inflation put severe pressure on the supply function, causing delays in receiving supplies.

Geita The Geita mine, in its first full year of production, produced a total of 545,562 ounces at a cash operating cost of US\$143 per ounce, of which 50% is attributable to us. Following the sale of a 50% interest in Geita in December 2000, the Geita joint venture in 2001 is accounted for using the gross equity method of accounting.

Exploration and Corporate Administration

Exploration expenditure during the year was lower at US\$6.5 million, compared to US\$14.2 million in 2000, due to rationalization of non-mine site exploration expenditure. Corporate administration expenditure for the year was also lower by 16% at US\$21.2 million, compared to US\$25.3 million in 2000, due to our cost reduction efforts.

Depreciation

Total depreciation and amortization charges (before exceptional items) for the year were lower at US\$94.9 million, compared to US\$114.8 million in 2000, due to the asset impairment recorded at the end of 2000.

Total Costs

Total costs before exceptional items but including depreciation and amortization for the year amounted to US\$457.6 million, compared to US\$493.1 million in 2000. The total costs per ounce fell from US\$284 per ounce in 2000 to US\$276 per ounce in 2001.

Redundancy Costs

Total costs in 2000 included redundancy costs at Obuasi of US\$3.0 million. In 2001 no further employees were made redundant and no further costs were charged.

Financing Costs

Net interest charges fell by 43% from US\$51.3 million in 2000 to US\$29.4 million in 2001. This significant reduction was due primarily to lower debt levels as compared to 2000.

Taxation

Total taxation charged to the profit and loss account amounted to US\$9.6 million, compared to a credit of US\$12.8 million in 2000. This included US\$6.6 million of corporate tax for the current year, US\$8.2 million in respect of prior years and a release of deferred tax of US\$5.2 million.

Earnings

Earnings for the year were US\$59.9 million, compared to a loss in 2000 of US\$119.5 million. The reduction in earnings was due principally to an impairment of fixed assets totalling US\$193.5 million and other one-off costs of US\$21.7 million offset by a profit of US\$46.6 million on the sale of 50% of our interest in Geita. Earnings per share was US\$0.53, compared to a loss of US\$1.06 per share in 2000.

Dividend

The banking covenants under our then-existing revolving credit facility prohibited the payment of cash dividends at all times while our gross borrowings exceeded US\$300.0 million. In light of these factors and the deficit on our reserves, we were unable to pay dividends for the year ended December 31, 2000. These covenants, which restricted our ability to pay dividends, were released when this revolving credit facility was refinanced on June 28, 2002. Our current revolving credit facility dated June 28, 2002 no longer restricts our ability to pay dividends. However, we did not pay a dividend for the year ended December 31, 2001 and will not for the year ended December 31, 2002 because of the deficit on our reserves.

Cash Flow

The net cash inflow from operating activities was US\$95.4 million, compared to US\$149.4 million in 2000. The reduction in 2001 was due principally to the non-consolidation of Geita following the sale of a 50% interest in December 2000 and lower cash flows from other operations.

Net interest paid decreased to US\$22.4 million, compared to US\$56.4 million in 2000, following the reduction in amounts outstanding on our then-existing revolving credit facility in December 2000. Capital expenditure reduced to US\$49.6 million, compared to US\$145.6 million in 2000, after the completion of the Geita project in 2000. Expenditure in 2001 comprised US\$30.1 million invested at the Obuasi mine and US\$19.5 million at other mines.

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Cash inflows from management of liquid resources of US\$9.7 million, compared to US\$13.3 million in 2000, primarily resulted from a reduction in funds on deposit as collateral for a loan to Ashanti Goldfields Zimbabwe Limited.

Cash outflows relating to financing activities decreased to US\$40.6 million, compared to US\$186.3 million in 2000, primarily representing repayments on our then-existing revolving credit facility, together with repayments on other loans.

Capital Expenditure

Our capital expenditure decreased from US\$145.6 million in 2000 to US\$49.6 million in 2001, primarily due to the completion of the Geita project in 2000. Our capital expenditure during 2001 included US\$30.1 million at Obuasi and US\$19.5 million at the other mines, excluding Geita. Ashanti's 50% share of Geita's 2001 capital expenditure amounted to US\$7.5 million.

Differences between UK GAAP and US GAAP

The net profit for 2002 of US\$56.2 million, net profit for 2001 of US\$59.9 million and net loss for 2000 of US\$119.5 million under UK GAAP, compare with a net loss of US\$182.8 million, net income of US\$65.4 million and a net loss of US\$349.1 million, respectively, under US GAAP. Shareholders' equity for 2002 of

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US\$446.3 million and for 2001 of US\$347.1 million, under UK GAAP, compare with shareholders' equity of US\$109.1 million and of US\$308.5 million, respectively, under US GAAP.

The differences arise principally from the differing accounting treatment for amortization of goodwill and other intangible assets, impairment of long-lived assets, financial instruments, warrants, write-down of non-recourse loans, asset write-back, prepaid forward gold facility, pensions, environmental provisions and minority interest. Details of the reconciling differences are given in note 32 to our consolidated financial statements included elsewhere in this filing.

Liquidity and Capital Resources

Our net debt level as at December 31, 2002 was US\$215.6 million. This amount excludes our 50% share of the US\$102.7 million non-recourse Geita project finance loan, which is fully drawn.

We also secured an extension of our working capital facilities on a voluntary basis from our then-existing lending banks by way of extension, to December 30, 2002, of the drawdown period in our then-existing revolving credit facility in respect of US\$25.4 million of that credit facility. No drawings were made under our then-existing revolving credit facility during 2001. The amounts outstanding

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under that facility fell from US\$88.8 million in 2000 to US\$55.0 million in 2001. This working capital facility was cancelled in June 2002 when we entered into our current revolving credit facility described below.

On January 25, 2002, we announced a proposed restructuring of our then-existing exchangeable notes through a scheme of arrangement under which the exchangeable notes would be cancelled and exchanged for approximately 14.8 million ordinary shares and US\$163 million of new exchangeable guaranteed notes.

On June 28, 2002, we announced that we had withdrawn the proposed restructuring described above and that we had effected a refinancing of the then-existing revolving credit facility and then-existing exchangeable notes using the proceeds arising from an alternative cash redemption financing plan. We also reached agreement with our hedge counterparties for continued margin-free trading.

The cash redemption plan, which was implemented on June 28, 2002, involved the repayment of the credit facility and the notes from the proceeds of:

- o an enlarged US\$200 million, five year revolving credit facility;
- o the early exercise of 70.3% of our warrants previously issued to certain of our lenders and hedge counterparties, which raised approximately US\$41.8 million; and
- o US\$75.0 million mandatorily exchangeable notes, which were issued to Lonmin at par and for cash.

The proceeds of this financial restructuring were used to repay US\$219 million of our then-existing notes, repay US\$48 million of our then-existing revolving credit facility and meet refinancing costs, with the balance being used to fund ongoing operations.

The US\$75 million of MENs convert into equity on completion of this rights issue. As at December 31, 2002, the new enlarged US\$200 million facility has been drawn down as to US\$149.0 million.

Our recent refinancing is further detailed in "Additional Information" below.

Working Capital

Management believes that our working capital resources, by way of internal sources and banking facilities, are sufficient to fund our currently foreseeable future business requirements.

We are of the opinion that, having regard to the financing facilities available to our group, the working capital available to our group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

Significant Change

Except as disclosed in "Current Trading and Prospects" above, there has been no significant change in the financial or trading position of our group since December 31, 2002.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments consist primarily of credit facilities, as described above. The related obligations as at December 31, 2002 are set out below:

Contractual Obligations -----	Payments due by period (US\$ million)				
	Total -----	Less than 1 year -----	1 - 2 years -----	2 - 5 years -----	After 5 years -----
Debt (including capital lease obligations)	261.4	3.7	3.0	138.8	115.9
Capital commitments	13.1	13.1	--	--	--
Deferred purchase consideration	8.8	3.0	3.0	2.8	--
	-----	-----	-----	-----	-----
Total Contractual Cash Obligations	283.3	19.8	6.0	141.6	115.9
	-----	-----	-----	-----	-----

Off Balance Sheet Financing Arrangements

We have not entered into any off balance sheet transactions, arrangements or other relationships with unconsolidated special purpose entities or other persons that are reasonably likely to affect materially liquidity or the availability of or requirements for capital resources.

Capital Expenditures

The following table sets forth our expenditures (including capitalized exploration) on our properties for the last three years.

	2002 US\$m ----	2001 US\$m ----	2000 US\$m -----
Obuasi	35.1	30.1	32.6
Bibiani	2.9	1.0	2.8
Siguiri	9.4	7.0	11.6
Freda-Rebecca	6.4	6.8	4.8
Geita mine construction	--	--	85.7
Iduapriem	10.5	3.6	2.6

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Others	0.2	1.1	5.5
	----	----	-----
	64.5	49.6	145.6
	=====	=====	=====

Capital expenditure at Obuasi related principally to the mechanization of transportation, hoisting processes and development expenditure for the underground operations in order to increase ore production as the high cost surface operations were phased out.

Expenditure at Geita reflects the construction of the mine which was completed in June 2000. Following the disposal of 50% of Geita, it is no longer our subsidiary.

Exploration and New Business Expenditures

Our expenditures on exploration, development and new business activities for the past three years are as follows:

	2002	2001	2000
	----	----	----
	(US\$m)		
Burkina Faso	0.1	0.2	0.3
Mali	0.2	0.4	1.6
Ghana	1.4	1.4	3.4
Guinea	--	--	--
Tanzania	0.5	0.8	5.6
Cote d'Ivoire	0.6	0.7	0.5
Zimbabwe	0.1	0.4	0.7
Democratic Republic of Congo	0.9	1.4	1.5
Other Countries	--	1.2	0.6
	---	---	----
Total Exploration Cost	3.8	6.5	14.2
	===	===	=====

Realization of current assets

Under UK GAAP, ore in stockpiles of US\$20.1 million and US\$16.2 million as at December 31, 2002 and 2001 respectively, are recorded in current assets, within stocks, while under US GAAP, ore in stockpiles is included in non-current assets. Under US GAAP the classification of ore in stockpile in non-current assets is appropriate given that, while it is management's intention to process the stockpiled ore prior to the end of the mine life, there is not reasonable certainty that that ore will be processed within the next 12 months.

There is estimation involved in the assessment of ore in stockpiles, particularly as to the period in which ore in stockpiles will be processed. There is also a possibility that changes in the economic or operating environment as well as future changes in the mine plan could result in ore in stockpile never being processed. However, it is our intention to process all of our stockpiled ore that is included in stocks before the end of the life of the mine to which the ore relates.

Quantitative and Qualitative Disclosures About Market Risk

Gold Price Risk

Our principal business is the mining and processing of gold. Our revenues and cash flows are therefore strongly influenced by the price of gold, which can fluctuate widely and over which we have no control.

Our principal market risk exposure relates to changes to the market price of gold and gold lease rates. We also have limited exposure to currency risk and interest rate risk.

Like many other gold producers, we engage in hedging activities to protect our cashflows against the risk of decreases in the gold price. Prior to its amendment in February 2000, our previous revolving credit facility required us to hedge certain amounts of gold. Whilst this requirement was deleted as part of an amendment in February 2000, our new revolving credit facility and margin-free trading letter require us to comply with our strategies outlined in the current hedging policy. The hedging instruments employed by us are discussed in more detail below.

Objectives

Our gold hedging program has the primary objective of providing us with sufficient gold price protection to enable us to meet our cashflow obligations as they fall due. This objective takes into account the level of commitments, in terms of operating costs, capital expenditure and debt service obligations, relative to the potential fluctuations in the gold price. We pursue our objective in a manner that is intended to preserve, to the extent that is reasonably possible, our ability to benefit from potential increases in the gold price.

Strategy and Policy

The major goals of our hedging policy, which are monitored and reviewed by our Risk Management Committee, are to:

- o limit our commitments to a maximum of 50% of attributable production. Attributable production normally includes all the proven and probable reserves of mines in which we or our subsidiaries hold an interest of more than 50% and otherwise the relevant percentage of proven and probable reserves where we or our subsidiaries hold at least a 20% interest in the relevant mine. However, there will be excluded from this calculation production from certain project financed assets (although, with the approval of the relevant majority of hedge counterparties, production following the planned date for repayment of such project financing may be included) and, subject to certain exceptions, production from other mines where the physical assets of the mine are secured in favor of our senior

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lenders,

- o limit our aggregate commitments and those of our project financed entities (for so long as any person has recourse to us in relation to a project financing) to a maximum of 75% of attributable production (excluding any production attributable to such project financed entities),
- o for so long as any person has recourse to us in relation to a project financing, limit (without the approval of the relevant majority of hedge counterparties) the aggregate commitments relating to all project financed entities (where there is a recourse to us in respect of such entities) to not more than 4.50 million ounces, and

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- o ensure that all hedging transactions (other than hedging transactions of project financed entities) are entered into so as to move towards certain defined target limits for (i) "protection" contracts (being hedging contracts providing us with the right or obligation to sell gold at set prices e.g. by use of forward contracts or put options); (ii) "commitment" contracts (being hedging contracts which commit us to provide gold or cash equivalent at an agreed price as a contractual obligation or at the counterparty's option e.g. by use of forward contracts, sold call options or other cash settlement arrangements) and (iii) gold lease rate exposures.

The table below compares, as at December 31, 2002, the contents of the hedge book with the goals set by our current hedge policy.

	Existing Hedge Book			Hedge Policy	
	% of forecast production	million ounces		million ounces	(Outside)/ within policy
Committed ounces	48%	6.5	Maximum	6.4	(0.1)
Protected ounces	37%	5.0	Minimum	3.8	1.2
Lease rate swaps	n/a	2.6	Maximum	2.4	(0.2)

Forecast gold production over the life of the hedge book

(excluding Geita production for the period of the project finance i.e. 2002-2007):

13.6 million ounces

Total proven and probable reserves (excluding Geita):

17.0 million ounces

The existing hedge book column shows the number of committed ounces, protected ounces and lease rate swap ounces of the hedge book as at December 31, 2002, both in ounces and as a percentage of forecast production. The hedge policy column shows the amount of committed ounces, protected ounces and lease rate swap ounces, which would be called for by the target limits of our current hedge policy. The final column shows the difference between the contents of the hedge book and the revised policy's target limits as at December 31, 2002.

The table above shows that protection levels are fully implemented as set out in the hedging policy. Commitment ounces and lease rate ounces need to be reduced by the amount shown on the table for full implementation. There are no set deadlines for compliance with these goals, as our ability to affect restructurings is dependant upon market conditions.

Our hedging transactions are entered into by Ashanti Treasury Services Limited and Geita Treasury Services Limited and on behalf of the Geita joint venture by Geita Management Company Limited. When payments have to be made to hedge counterparties in respect of hedges, which normally only happens when the spot gold price or lease rate rises above hedged gold price or lease rate as at the date of close-out or lease rate fixing, as applicable, of the relevant contract, these payments will be made by the relevant treasury company. If these payments exceed that company's available resources then we, in the case of our hedges, and Geita Gold Mining Limited, in the case of the Geita hedges, will have to make the payments. We currently have approval from the Bank of Ghana to retain and use US dollars held outside Ghana to meet such payments. The Bank of Tanzania has given its approval to Geita Gold Mining Limited for paying US dollars offshore to Geita Management Company Limited for application to hedging liabilities. Under our hedging policy, attributable production includes 100% of the production of the Iduapriem/Teberebie mine. In the event that payments have to be made in respect of hedges, we will normally be benefiting from an increased spot price in respect of gold deliveries. However, to the extent that we, or our treasury company, have to make payments in respect of the Iduapriem/Teberebie mine we will not be able to access the cash flow received from the sale of gold from the mine until full repayment of Iduapriem's bank debt. Likewise, if payments are received in respect of the hedges which relate to Iduapriem/Teberebie production, we are not obliged to (and therefore do not) account to, or pay these proceeds to Iduapriem/Teberebie.

Margin-Free Arrangements

Hedging other than Geita

Under our previous margin-free trading letter we would have benefited from margin-free trading with our hedge counterparties until December 31, 2002 and from increased margin thresholds until December 31,

2004, subject in each case to compliance with covenants and no event of default being declared. However, in order to implement the refinancing, we needed to enter into appropriate continuing margin-free arrangements in respect of our

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hedging activities for the period after December 31, 2002. We achieved this by the execution of the interim margin-free agreements (which have now terminated) and the new margin-free trading letter which has now become effective and replaces the interim margin-free arrangement.

The new margin-free trading letter provides for margin-free trading on an ongoing basis. The existing counterparties have agreed that, amongst other things, any rights to call for margin are canceled and that no new hedging agreements will benefit from rights to call for margin. If these provisions and other provisions are breached, or if we are no longer in compliance with the hedge policy which is currently in place or if the hedge policy is amended other than with the approval of an appropriate majority of the hedge counterparties, then the hedge counterparties will have a right to terminate their hedging agreements with us.

Geita hedging

Our Geita joint venture also engages in hedging transactions in respect of its production. The hedges are carried out on a margin-free basis. However, if at any time the aggregate marked-to-market value of the Geita hedge book exceeds US\$132.5 million (negative), we will be restricted from receiving cash from the joint venture until the marked-to-market value of the hedge book reduces below that threshold. The hedging arrangements also provide for events of default and termination events which could lead to early close-outs or lead to a default in Geita's US\$135.0 million project finance facility. The threshold of US\$132.5 million will increase during the life of the Geita facility as principal repayments are made and additional coverage becomes available under the political risk insurance. While we have not directly guaranteed the Geita joint venture's obligations under either the hedges or the project finance facility, any early close-outs of the hedges or a default under the project finance would reduce revenues to us from the Geita joint venture and/or reduce the value of its assets as stated in our balance sheet.

Hedging as at December 31, 2002

As at December 31, 2002, our hedge book, excluding Geita, had a negative marked-to-market value of US\$150.0 million based on a spot price of US\$345 per ounce (2001: US\$88.8 million positive based on a spot price of US\$277 per ounce). The decrease in the marked-to-market value was primarily due to high spot prices partially offset by lower US interest rates. As at December 31, 2002, our share of the Geita hedge book was marked-to-market negative at US\$44.3 million (2001: US\$2.4 million negative)

As at December 31, 2002, our hedge book, excluding Geita, had 5.0 million ounces of protection at an average price of US\$358 per ounce and 6.5 million ounces of commitments at an average price of US\$346 per ounce. As at December 31, 2002, we had 48% of our forecast production over the life of the hedge book committed and 37% protected (excluding production for Geita for the 2003-2007 period of the project financing).

During the year the principal restructurings of the hedge book included:

- o The conversion of all convertible structures into vanilla options resulting in a simpler structure and additional protection of 128,000 ounces at a strike price of US\$350 per ounce.
- o 150,000 ounces of sold puts with strikes at US\$270 per ounce were removed from the hedge book.
- o Exposure to floating lease rates was reduced from a total of 5.0 million

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ounces to 2.6 million ounces.

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The following table sets out our hedge portfolio as at December 31, 2002:

		2003	2004	2005	2006		
		-----	-----	-----	-----		
Forward Sales	(ounces)	899,392	529,992	520,996	410,000		
	(US\$/ounce)	344	352	347			
		-----	-----	-----	-----		
Puts:							
Bought	(ounces)	50,000	111,200	111,200	111,200		
	(US\$/ounce)	354	370	370			
		-----	-----	-----	-----		
Calls:							
Sold	(ounces)	640,692	628,972	425,528	312,000		
	(US\$/ounce)	337	339	344			
		-----	-----	-----	-----		
Bought	(ounces)	240,000	280,000	60,000	172,000		
	(US\$/ounce)	429	444	380			
		-----	-----	-----	-----		
Subtotal	(ounces)	400,692	348,972	365,528	139,000		
		-----	-----	-----	-----		
Lease Rate Swap							
ounces due	(ounces)	430	--	--			
Summary:							
		-----	-----	-----	-----		
Protected	(ounces)	948,962	641,192	632,196	521,000		
		-----	-----	-----	-----		
Committed	(ounces)	1,299,654	878,964	886,524	549,000		
		-----	-----	-----	-----		
Lease Rate Swap	(ounces)	2,367,000	2,587,000	2,251,000	1,915,000		
		-----	-----	-----	-----		
Total committed ounces as a percentage of total forecast production (excluding Geita for the period of the project financing ie 2003 - 2007)							
		-----	-----	-----	-----		
Deferred							
Hedging Income (US\$m)		15	13	--			
		-----	-----	-----	-----		
		2009	2010	2011	2012	2013	Tot
		-----	-----	-----	-----	-----	-----
Forward Sales		334,250	304,250	268,250	215,313	186,500	4,288
		358	367	367	374	365	

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Puts:	-----	-----	-----	-----	-----	-----
Bought	79,200	79,200	--	--	--	732
	378	378	--	--	--	
	-----	-----	-----	-----	-----	-----
Calls:						
Sold	123,970	84,250	84,250	77,188	28,000	3,145
	383	384	384	387	401	
	-----	-----	-----	-----	-----	-----
Bought	--	--	--	--	--	925
	--	--	--	--	--	
	-----	-----	-----	-----	-----	-----
Subtotal	123,970	84,250	84,250	77,188	28,000	2,219
	-----	-----	-----	-----	-----	-----
Lease Rate Swap						
ounces due	--	--	--	--	--	
Summary:						
	-----	-----	-----	-----	-----	-----
Protected	413,450	383,450	268,250	215,313	186,500	5,020
	-----	-----	-----	-----	-----	-----
Committed	458,220	388,500	352,500	292,500	214,500	6,507
	-----	-----	-----	-----	-----	-----
Lease Rate Swap	982,000	646,000	310,000	130,000	--	2,587
	-----	-----	-----	-----	-----	-----
Total committed ounces as a percentage of total forecast production (excluding Geita for the period of the project financing ie 2003 - 2007)						
	-----	-----	-----	-----	-----	-----
Deferred						
Hedging Income (US\$m)	--	--	--	--	--	
	-----	-----	-----	-----	-----	-----

	Marked- to-market value 2002 (US\$ million)	Marked- to-market value 2001 (US\$ million)	Marked- to-market value 2000 (US\$ million)
	-----	-----	-----
Forward Sales	(56.0)	117.6	93.3
	-----	-----	-----
Puts:			
Bought	24.9	52.7	24.5
	-----	-----	-----
Calls:			
Sold	(112.9)	(53.7)	(55.0)
	-----	-----	-----
Bought	10.2	5.4	6.5
	-----	-----	-----
Subtotal			
	-----	-----	-----
Lease Rate Swap			

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ounces due

Summary:

	-----	-----	-----
Protected			
	-----	-----	-----
Committed			
	-----	-----	-----
Lease Rate Swap	(16.2)	(42.0)	(61.0)
	-----	-----	-----
Total committed ounces as a percentage of total forecast production (excluding Geita for the period of the project financing ie 2003 - 2007)	48%	61%	75%
	-----	-----	-----
Deferred Hedging Income (US\$m)			
	-----	-----	-----

NOTES:

Under US GAAP, following the implementation of SFAS 133 during 2001, these instruments are all marked-to-market and reported at fair market value.

Protected ounces include net bought put options plus forward sales.

Committed ounces include net call options sold plus forward sales (there is thus some overlap between the figures for 'protected' and 'committed' ounces).

Convertible structures in the hedgebook are represented as either protection and/or commitments as defined above.

Details of Hedging Contracts outstanding at December 31, 2002

Forward Sales:

Forward sales contracts are entered into to lock in the future price of gold for the anticipated sale of our production. Since we are exposed to the risk of fluctuations in the future price of gold, forward sales contracts are employed as part of our hedging strategy to minimize the risk of future gold prices falling. At December 31, 2002, we held contracts for the forward sale of 4.29 million ounces at an average price of US\$355 per ounce.

Put Options:

We held purchased put options that gave us the right, but not the obligation, to sell 732,400 ounces of gold at certain strike prices. The average strike price was US\$371 per ounce.

Call Options:

We held written call options that gave the counterparty the right, but not the obligation, to buy 3.15 million ounces of gold at an average strike price of US\$357 per ounce. As a partial offset, we bought 0.93 million ounces of call options at an average strike price of US\$427 per ounce which began maturing in 2002.

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Gold Lease Rate Swaps:

A gold lease rate swap is a contract whereby we and a counterparty select a notional amount of gold, and thereafter over the life of the contract one party pays a fixed lease rate based on that amount of gold and the other party pays a floating lease rate based on the same amount of gold.

Lease rate swaps are entered into in conjunction with forward sales contracts to hedge the anticipated sales of our gold production. The forward price for gold is derived, in part, from the current spot rates plus a premium derived from LIBOR-based interest rates less the fixed gold lease rates for a term consistent with the term of the forward contract. Lease rate swaps alter the fixed gold lease rate in the gold forward price to a

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floating gold lease rate. The combination of a lease rate swap and a forward contract creates a forward contract with a floating forward rate that adjusts for changes in the short term gold lease rates.

As of December 31, 2002, a maximum of 2.59 million ounces of our hedged production will be exposed to the floating 3 month lease rate at any one time.

The lease rate swaps can be broken down into the following types (under all of these contracts we receive a certain lease rate income, which can be regarded as compensation for the lease rate exposure that we took on).

Description -----	Fixed Rate -----	V (o ----
We pay a quarterly floating rate and receive a weighted average quarterly fixed rate of 1.81%	1.81 ----	2,4 ----
We pay a quarterly floating rate and receive a fixed amount of dollars at maturity. The quarterly amount is rolled until maturity of each forward contract. The fixed amount for each contract is calculated using the formula: Volume*YearsToMaturity*302*2.00%.	2.00 ----	3 ----
Total		2,7 ----

Marked-to-market Valuations

On December 31, 2002, the portfolio had a negative marked-to-market value of US\$150.0 million. This valuation was based on a spot price of US\$345 per ounce and the then prevailing applicable US interest rates, gold forward rates and

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volatilities. The delta at that time was 5.9 million ounces. This implies that a US\$1 increase in the price of gold would have had a US\$5.9 million negative impact (approximate) on the marked-to-market valuation of the hedge book. Movements in US interest rates, gold lease rates, volatilities and time will also have a sizeable impact on the marked-to-market. Movements in US interest rates, gold lease rates and volatilities can change significantly over short time periods and can consequently materially affect the marked-to-market valuation.

The approximate breakdown by type of the marked-to-market valuation at December 31, 2002, 2001 and 2000 was as follows:

	2002 US\$m	2001 (1) US\$m	2000 (2) US\$m
	-----	-----	-----
Forward contracts	(56.0)	117.6	93.3
European Put options (net bought)	24.9	51.0	22.9
European Call options (net sold)	(102.7)	(48.3)	(48.5)
Convertible structures	--	10.5	22.4
Lease rate swaps	(16.2)	(42.0)	(61.0)
	-----	-----	-----
	(150.0)	88.8	29.1
	-----	-----	-----

- (1) Under US GAAP, following the implementation of SFAS 133 during 2001, these instruments are all marked-to-market and reported at fair market value. The related net unrealized gains or losses are reported as a component of net income, except for the transitional adjustment at January 1, 2001, which is reported as accumulated other comprehensive income.
- (2) Under US GAAP, prior to the implementation of SFAS 133, forward contracts and lease rate swaps were designated as hedging instruments as we utilized them to manage our exposure to the risks associated with fluctuations in the price of gold. Gains and losses on these instruments were recognized as income when the underlying hedged gold sales were recorded. All other instruments were not designated as hedging instruments and, accordingly were marked-to-market and reported at fair market value with the net unrealized gains or losses reported as a component of net income.

Hedge Book Sensitivities

All of the projections set out below are forward-looking statements and have been prepared to provide supplementary information, based on the assumptions and sensitivities set out below and the hedge book as at December 31, 2002. Accordingly, the actual realized prices, cash flows, marked-to-market values and portfolio sensitivities could differ materially from those set out below as a result of a number of factors including changes in market conditions and active management of the hedge book.

Marked-to-market Projections

The following table shows projected marked-to-market of the portfolio for specified dates at specified spot gold prices. These marked-to-market values are calculated using mid-rates, and no volatility skew for options is assumed. Note also that there is one lease rate swap that is not paid out immediately but is paid out in line with forward sales - for this a fixing rate of 2% is assumed. All amounts are in US\$ millions.

Spot	US\$250/oz	US\$275/oz	US\$300/oz	US\$325/oz	US\$350/oz	US\$375/oz	US\$400/oz
-----	-----	-----	-----	-----	-----	-----	-----
Dec 03	331.53	230.36	125.47	15.46	(100.27)	(220.69)	(343.72)
Dec 04	297.47	212.89	125.92	35.67	(58.23)	(155.14)	(254.02)
Dec 05	258.41	189.51	119.08	46.64	(28.10)	(105.06)	(183.80)
Dec 06	221.97	165.88	108.63	49.65	(11.55)	(75.10)	(140.66)
Dec 07	187.58	142.52	96.82	50.07	1.80	(48.32)	(100.32)
Dec 08	155.48	118.99	82.12	44.78	6.85	(31.74)	(71.01)
Dec 09	116.10	89.66	62.92	35.73	8.01	(20.24)	(49.00)
Dec 10	75.65	58.67	41.52	24.01	5.97	(12.77)	(32.24)
Dec 11	46.15	35.86	25.51	15.02	4.24	(6.94)	(18.60)
Dec 12	20.48	15.64	10.79	5.92	1.01	(3.99)	(9.12)
Dec 13	--	--	--	--	--	--	--
-----	-----	-----	-----	-----	-----	-----	-----

Cash Flow Projections

The following table shows a breakdown of the cash flows that would be received or paid under specified spot and lease rate assumptions. The specified lease rates are used for all rate-sets, i.e. three month. The specified spot price is used to cash-settle all contracts. All amounts are in US\$ millions.

Spot Lease Rate	US\$250/oz			US\$275/oz			US\$300/oz		
	1%	2%	3%	1%	2%	3%	1%	2%	3%
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
2003	93.28	90.65	88.03	69.77	66.88	63.99	46.26	43.10	39.95
2004	72.26	66.39	60.53	56.70	50.25	43.80	41.14	34.10	27.07
2005	68.37	62.94	57.52	52.98	47.02	41.05	37.60	31.09	24.58
2006	60.04	55.26	50.47	47.37	42.10	36.83	34.69	28.94	23.20
2007	52.93	48.79	44.64	41.94	37.37	32.81	30.94	25.96	20.98
2008	45.73	42.09	38.46	36.99	32.99	29.00	28.25	23.89	19.53
2009	48.62	45.54	42.45	38.44	35.04	31.65	28.25	24.55	20.85
2010	46.12	43.65	41.18	36.62	33.90	31.18	27.11	24.14	21.17
2011	32.67	30.80	28.93	25.97	23.92	21.86	19.27	17.03	14.78
2012	27.49	26.06	24.63	22.04	20.48	18.91	16.60	14.89	13.18

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2013	21.79	20.51	19.23	17.03	15.62	14.21	12.27	10.73	9.19
Total	569.30	532.68	496.07	445.85	405.57	365.29	322.38	278.42	234.48

Spot Lease Rate	US\$325/oz			US\$350/oz		
	1%	2%	3%	1%	2%	3%
2003	21.30	17.88	14.47	(9.51)	(13.18)	(16.86)
2004	24.32	16.70	9.08	2.91	(5.30)	(13.51)
2005	22.22	15.17	8.12	2.01	(5.59)	(13.18)
2006	22.01	15.79	9.56	9.09	2.38	(4.32)
2007	19.94	14.55	9.15	7.91	2.10	(3.71)
2008	19.51	14.79	10.06	10.06	4.98	(0.11)
2009	18.07	14.06	10.05	7.89	3.57	(0.75)
2010	17.60	14.39	11.17	8.10	4.63	1.17
2011	12.57	10.14	7.71	5.87	3.25	0.63
2012	11.16	9.31	7.45	5.72	3.72	1.72
2013	7.50	5.84	4.17	2.74	0.94	(0.85)
Total	196.20	148.62	100.99	52.79	1.50	(49.77)

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Spot Lease Rate	US\$375/oz			US\$400/oz		
	1%	2%	3%	1%	2%	3%
2003	(47.61)	(51.55)	(55.49)	(84.69)	(88.89)	(93.09)
2004	(27.19)	(35.99)	(44.78)	(54.70)	(64.08)	(73.46)
2005	(20.85)	(28.99)	(37.13)	(43.09)	(51.77)	(60.45)
2006	(4.74)	(11.92)	(19.10)	(19.13)	(26.80)	(34.46)
2007	(5.22)	(11.45)	(17.67)	(19.72)	(26.36)	(33.00)
2008	(0.84)	(6.29)	(11.74)	(13.91)	(19.73)	(25.54)
2009	(3.00)	(7.63)	(12.26)	(12.90)	(17.84)	(22.77)
2010	(2.12)	(5.83)	(9.54)	(10.55)	(14.51)	(18.46)
2011	(1.54)	(4.34)	(7.15)	(8.95)	(11.94)	(14.93)
2012	(0.25)	(2.39)	(4.53)	(6.23)	(8.51)	(10.79)
2013	(2.03)	(3.95)	(5.87)	(6.79)	(8.84)	(10.89)
Total	(115.39)	(170.33)	(225.41)			