

The ability to grow through acquisitions may be restricted by not successfully achieving our acquisition strategy.

Our objective is to grow our business by improving efficiency at our existing operations as well as through the acquisition of mining assets including Ore Reserves, development properties, operating mines

or mining companies. Successfully acquiring mining assets may be hindered by the following:

- the market for acquisitions is competitive and we may not always be successful in identifying and purchasing assets that
- the ability to conduct a comprehensive due diligence analysis could be restricted due to unavailable information
- the combination of historical and projected data in order to evaluate the financial and operational assets. These analyses are based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, metal prices and projected economic returns and evaluations of existing or potential liabilities associated with the property
- and acquisitions at an appropriate price could adversely affect our financial position and the value of our equity
- the evaluation process, which could result in an incorrect evaluation of the quality of the assets to be acquired; to obtain the financing necessary to complete future acquisitions;
- we may not be able to obtain necessary approvals from regulatory authorities;
- acquisitions financed through the issue of shares may result in a dilution in the value of our shares
- as a marginal gold producer, in the past we have acquired, and we plan to continue to acquire, marginal properties with high production costs and lower returns. We may not be able to reduce the production costs or increase the returns on these properties in the short to medium term, due to:
 - accessibility of reserves on an economically feasible basis;
 - unexpected technical difficulties;
 - the inability to extend the life of mine; and
- we could experience financial loss through costs incurred in evaluating and pursuing acquisitions or overpaying for failed acquisitions

Any problems experienced by us in connection with an acquisition as a result of one or more of these factors could have an adverse effect on our operating results and financial condition.

Because we do not use forward sale arrangements to protect against low gold prices with production, we are exposed to the impact of any significant drop in the gold price.

We do not intend to enter into new forward sale arrangements to reduce our risk of exposure to fluctuations in the gold price. According to our production, we are not protected against decreases in the gold price therefore if the gold price decreases significantly we run the risk of reduced revenues.

We may need to improve our internal controls over financial reporting and our independent attestations may not be sufficient to

We have evaluated our internal controls surrounding the financial reporting process so that they meet the standards required by Section 404 of the United States Sarbanes-Oxley Act of 2002. During the course of this evaluation, we have identified areas within our internal controls over the financial reporting process that need improvement (refer to Item 15: "Controls and Procedures"). As we have identified deficiencies within our internal controls surrounding the financial reporting process and implemented the appropriate remediation steps to address these deficiencies, we may identify other conditions that may result in significant deficiencies or material weaknesses in the future. This could impact our ability to comply with Section 404 in a timely manner and in turn our independent auditors may not be able to attest to the effectiveness of our internal controls over financial reporting at the fiscal 2008 deadline. As a result, we could experience a negative reaction in the financial markets and incur additional costs in improving the condition of our internal controls.

We have made, and expect to make in the future, expenditures to comply with these laws and estimates of these liabilities at \$83.2 million and included them in the discounted provision for the Group's environmental rehabilitation, reclamation and closure costs of \$43.4 million on our balance sheet as at June 30, 2007. However, the ultimate amount of rehabilitation costs may in the future exceed the current estimates due to influences beyond our control, such as changing legislation or unidentified rehabilitation costs. The closure of mining operations, without sufficient financial provision, could impact the going concern of our operations.

of rehabilitation liabilities, or unacceptable damage to the environment, including pollution or environmental degradation. Risk that seismic activity and/or other natural disasters could cripple operations. On March 10, 2005, the North West Operations suffered the effects of an earthquake of 5.3 on the Richter scale. As a consequence of the extensive damage caused by the earthquake, the No. 5 Shaft of the North West Operations was closed. There was continuing seismic activity in the area and on March 16, 2005, the Company closed the No. 2 Shaft because of concern that a shaft void could cause us to incur liabilities for environmental damage.

harmful effect on our business, operating results and financial condition. Mining areas is an inherent risk at our South African Operations. If the rate of rise of water levels could potentially rise to the surface or decant into surrounding underground workings to draw off government pumping subsidies at Durban Deep and West Wagerpumping of underground water ceased these mines. Progressive flooding where these operations are located could eventually cause the discharge of polluted water to the surface and to local water sources.

Estimates of the probable rate of rise of water in those mines are contradictory and lack underground water supplies, however, a natural subterranean equilibrium, and in the event that underground water rises, the environmental damage and pollution of ground water, streams and water bodies would be a direct result of our business, operating results and financial condition.

We have ageing assets in South Africa, which exposes us to greater risk of our maintenance structures failing, a higher greater health, safety and environmental liabilities.

Our South African assets are made up predominantly of mature assets, which we acquired after the plants had been closed by their previous owners, and our strategy has been to revive these assets through specialist planning and mining techniques. The ageing infrastructure and installations typical of these operations require constant maintenance and continuing capital expenditure. This materially increases our operational costs. The mature state of these assets, coupled with the technology applied in many of our installations was not regularly updated and accordingly has become obsolete compared to the business and because our marginal mines predominantly are comprised of older assets, we are exposed to greater health, safety and environmental liabilities which we are unable to mitigate.

Due to the nature of our business, our employees face health and safety risks.

Regrettably eight people died in work-related incidents during fiscal 2007, compared to four in 2006. The fatalities were attributed to seismicity-related rockfalls. The other five fatalities resulted from one noxious fumes incident, one truck and tramming incident, one rigging incident and two fatalities in a helicopter accident. While seismic monitoring continues to be an invaluable tool in the management of seismicity, there is still risk of seismic induced fatalities occurring which we may not be able to prevent. Preventing occupational diseases such as tuberculosis and noise-induced hearing loss is a priority and is addressed through close adherence to legislated requirements. Mine and safety regulations of the countries in which we conduct our operations impose various duties on us at our mines and grant the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters. In the event of any future accidents at any of our mines, regulatory authorities could take steps, including temporary suspension of underground mining, which could increase our costs or reduce our production capacity. This could have a material adverse effect on our business, operating results and financial condition.

Events may occur for which we are not insured which could affect our cash flows and profitability.

Because of the nature of our business, we may become subject to liability for pollution or other damage caused by our operations in respect of past mining activities. Our existing property and liability insurance contains certain exclusions and limitations on coverage. We have insured property, including loss of profits due to business interruption in the amount of \$212 million (R1.5 billion). Claims for each and every event are limited by the insurers to \$141 million (R1.0 billion). This policy is limited by initial deductible amounts covering the loss of surface and underground assets, and losses due to seismic events, machinery breakdown, flooding, fire and accidents. Business interruption is only covered from the time the loss actually occurs. Our life insurance coverage may not cover the extent of claims brought against us, including deductibles and co-payments. We have insured our mineral reserves with the maximum deductible being \$5.7 million. Indemnification for pollution and other accidents, for which coverage is not available. If we are required to pay the cost of a pollution claim, our costs may increase which could have a material adverse effect on our business. Our general liability insurance cover is in the amount of \$141 million (R1.0 billion). If we are unable to attract and retain key personnel our business may be harmed.

The success of our business will depend, in large part, upon the skills and efforts of a technical and management team. Our success is highly dependent upon our Chief Executive Officer and our Chief Financial Officer. Factors critical to retaining our present staff and attracting additional highly qualified personnel include our ability to provide these individuals with competitive compensation arrangements, equity participation and other benefits. If we are not successful in retaining or attracting highly qualified individuals in key management positions, our business may be harmed. We do not maintain "key man" life insurance policies on any members of our executive team. The loss of any of our key personnel could prevent us from executing our business plans which may result in decreased production, increased costs and decreased profitability.

Risks related to the price of gold, which in the past has fluctuated widely, is beyond our control. Historically, the gold price has fluctuated widely and is affected by numerous industry factors, including:

- the physical supply of gold from world-wide production and scrap sales, and the purchase, sale and lease of gold bullion;
- the demand for gold for investment purposes, industrial and commercial use, and in the speculative of jewelry activities in gold;
- the overall level of forward sales by other gold producers;
- the overall level and cost of production of other gold producers;
- international or regional political and economic events or trends;
- the strength of the Dollar (the currency in which gold prices generally are quoted) and of the Rand;
- market expectations regarding the rate of inflation; and
- interest rates.

Our company's profitability may be negatively impacted if revenue from gold sales drops and the cost of production for gold increases.

The exploration of mineral properties is highly speculative in nature, involves substantial expenditures, and is frequently unproductive.

We must continually replace Ore Reserves that are depleted by production. Notably during the period 2005, we discontinued our Operations since Buffelsfontein, which owns the North West Operations, was placed into provisional liquidation on March 22, 2005. Additionally, with the disposal of the Vatukoula mine during fiscal 2007 and of our remaining interest in Emperor in fiscal 2008, we have lost access to our Australasian Operations' Ore Reserves. Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Gold mining companies may undertake exploration activities to discover gold mineralization, which in turn may give rise to new gold bearing ore bodies. Exploration is highly speculative in nature and requires substantial expenditure for drilling, sampling and analysis of ore bodies in order to quantify the extent of the gold reserve. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be mined profitably. If we discover a viable deposit, it usually takes several years from the initial phases of exploration until production is possible.

During this time, the economic feasibility of production may change. Moreover, we rely on professional judgments of geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined with any degree of accuracy whether or not the deposit contains economically recoverable mineralization. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. As a result of these uncertainties, we may not successfully obtain additional mineral rights or identify new Proven and Probable Ore Reserves in sufficient quantities to justify commercial operations in any of our properties. Our mineral exploration rights may also not contain commercial Ore Reserves. Figures described in this document are the best estimates of our current Proven and Probable Ore Reserves, and the amount of gold we will be able to produce, as the result of these figures may be recovered and we could incur a write-down on our investment in that interest or the irrecoverable loss of funds spent. Should we encounter mineralization or formations different from those predicted by past examinations, reserves and estimates may have to be adjusted and mining plans may have to be altered in a way that might ultimately cause our results of operations and financial condition to decline. Moreover, if the price of gold declines, or stabilizes at a price that is lower than recent levels, or if our production costs, and in particular our labor costs, increase or recovery rates decrease, it may become uneconomical to recover Ore Reserves containing relatively lower grades of mineralization. Under these circumstances, we would be required to re-evaluate our Ore Reserves. Short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different grades, may increase our production costs and decrease our profitability during any given period. These factors have and could result in reductions in our Ore Reserve quantities. Our mining operations are exposed to numerous risks and events, the occurrence of which may result in the loss of or personal injury to, employees, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage, loss of the license to mine, and potential claims for environmental damage and pollution, including the discharge of gases, toxic chemicals, and other hazardous materials into the air and water. The risks and hazards associated with the business of gold mining include, but are not limited to:

- seismic activity which could lead to rock bursts, cave-ins, pit slope failures or, in the event of underground mines, closure of sections or an entire underground mine;
- unexpected geological formations which reduce or prevent mining from taking place;
- flooding, landslides, sinkhole formation, ground subsidence, ground and surface water pollution and waterway
- underground fires and explosions, including those caused by flammable gas;
- accidents caused from and related to drilling, blasting, removing, transporting and processing of material and the collapse of
- decrease in labor productivity due to labor disruptions, work stoppages, disease, slowdowns or labor strikes.

In addition, deep level underground mines in South Africa, as compared to other gold mining operations, are associated with open pit or surface rock dump and tailings dam retreatment operations. These risks and hazards include underground fires, encountering unexpected geological formations, unanticipated ground and water conditions, fall-of-ground accidents and seismic activity. The level of seismic activity in a deep level gold mine varies based on the rock formation and geological structures in the mine. The occurrence of any of these hazards could delay production, increase production costs and may result in legal claims.

Risks related to doing business in South Africa

Political or economic instability in the regions in which we operate may reduce our production and profitability.

We are incorporated and own operations in South Africa. As a result, political and economic conditions relating to South Africa may reduce our production and profitability. Large parts of the South African population are unemployed and do not have access to adequate education, health care, housing and other services, including water and electricity. Government policies aimed at alleviating and redressing the disadvantages suffered by the majority of citizens under previous governments may increase our costs and reduce our profitability. In recent years, South Africa has experienced high levels of crime. These problems in the South African economy have prompted emigration of skilled workers and investment in the South African economy has been growing at a relatively slow rate, inflation has been high and the South African Rand has been volatile. South Africa has a relatively high unemployment rate, and foreign currency reserves have been low relative to other emerging markets. In the early 1980s and early 1990s, inflation in South Africa reached record highs of 20.6%. This increase in inflation resulted in considerable year on year increases in operational costs. In recent years, the inflation rate has decreased significantly however, as of June 2007, the Consumer Price Inflation Index, or CPIX, stood at 6.4%, up from 4.8% since June 2006. Analysts expect inflation to decrease slightly this year but still believe that the CPIX target band would be in the 6-7% range. The rapid growth in the private sector. As of September 2007, the CPIX rate further increased to 6.7% which is higher than the maximum annualised rate of increase. A return to high levels of inflation in South Africa for prolonged periods and the associated impact of HIV/AIDS, represents a very serious health care challenge in South Africa. An increase in the price of gold, could result in an increase in our costs and reduce our profitability. The virus that causes AIDS and South Africa has one of the highest HIV infection rates in the world. It is estimated that approximately 35% - 40% of the mining industry workforce in South Africa are HIV positive. The exact extent of the impact of HIV/AIDS on the mining industry is not known at this stage. The existence of the disease in terms of the potential reduction in productivity and increase in medical costs.

Government regulation

The mining industry in South Africa is extensively regulated through legislation and government directives. These involve directives in respect of health and safety, the mining and exploration of minerals, and managing the impact of mining operations on the environment. A variety of permits and authorities are required to mine lawfully, and the Mineral and Petroleum Resources Development Act, 2002 government departments.

On May 1, 2004, the new Minerals and Petroleum Resources Development Act, or the MPRD Act, places all mineral and petroleum resources under the custodianship of the state. Private title and ownership in minerals, or the "old order rights," are to be converted to "new order rights," essentially the right to mine. The MPRD Act allows the existing holders of mineral rights a period of five years to apply for the conversion of used old order rights, and one year for new order rights. To the extent that we are unable to convert some of our old order rights, once these periods have lapsed, the holders may have to compete to acquire the rights for compensation as provided by law. It is not possible to forecast with any degree of certainty whether our old order rights will be converted to new order rights. In the event of a breach or, in the case of mining rights, non-optimal mining in accordance with the mining work program.

The implementation of the MPRD Act will result in significant adjustments to our property extent ~~over the past decade~~. To protect some of our old order rights to new order rights, and that the operations of the MPRD Act may result in significant adjustments to our operations. If we enjoyed under the previous statutory regime are diminished, the operations of the MPRD Act may result in significant adjustments to our operations. We do not believe that the operations of the MPRD Act would have a material adverse effect on the underlying value of our operations.

The South African government has declared its intention to revisit the taxation regime of companies in the South African mining industry is taxed under the gold taxation formula which recognizes the high level of capital expenditure required to sustain a mining operation over the life of the mine. This results in an additional tax benefit not afforded to other mineral processing companies. In addition, the South African Government has indicated that it is looking at a revenue based royalty for mining companies, as outlined in the draft Mineral and Petroleum Royalty Bill, 2003, or Royalty Bill, which was released in March 2003 for comment. The Royalty Bill proposed a three percent royalty on gross revenue for gold mining companies.

In conjunction with the South African Mining Development Association we have made submissions to the government outlining our concerns about a revenue based royalty and recommended a profit based royalty be introduced instead. In his budget speech in February 2004, the South African Finance Minister acknowledged that the draft Royalty Bill may need some refinement, but also stated that the government's preference is for a revenue based royalty, with introduction of the royalty as of 2009. After extensive consultation with the South African government, we have agreed to a significant reduction of royalty rates compared to the proposals in the first draft of the Royalty Bill. The new Royalty Bill provides for a royalty of 1.5% of gross revenue per year, payable against net profits after tax deductible and the cost of depletion is set at 8% of the value of the assets used in the mining process.

The new Royalty Bill also provides for a number of exemptions from the royalty, including those relating to small scale miners, who are defined as having less than five years experience and 26 percent black ownership, and to certain minerals produced by Parliament, the payment of royalties will commence on May 1, 2009. The introduction of the new Royalty Bill, however, does not mean that the sale of assets to historically disadvantaged persons would no longer be subject to the requirements of the Mining Charter. The Mining Charter requires that the sale of assets to historically disadvantaged persons must be done at their market value. When considering applications for the conversion of former BEE shares, the Board must comply with the requirements of the Mining Charter and the "scorecard" could subject us to negative consequences. We may incur expenses in giving additional effect to the Mining Charter and the "scorecard".

We understand that the government may incur in facilitating the financing of initiatives towards ownership by historically disadvantaged persons. There is also no guarantee that any steps we might take to comply with the Mining Charter would ensure that we could successfully acquire new order mining rights in place of our existing rights. In addition, the terms of such new order rights may not be as favorable to us as the terms applicable to our existing rights. We run the risk of losing our current mining rights if the new order rights in South Africa could be subject to land claim proceedings and the implementation of the Mining Charter. The land claims Act, 1997, gives all persons whose possession of rights to land has been affected by past racially discriminatory laws or practices is granted the right to sue for the restoration of the land. The initial deadline for such claims was December 31, 1998. We have not been notified of any land claims, but it is possible that administrative delays in the processing of claims could have delayed such notification. Any claims of which we are notified in the future could have a material adverse effect on our right to the properties to which the claims relate and prevent us using that land and exploiting any mineral reserves located there. This could have an adverse effect on our business, operating results and financial condition.

~~We may be subject to an increase in compliance costs with our continued efforts to increase the transparency and changing corporate governance initiatives.~~

As a result of our listings on the Nasdaq Capital Market and JSE, we are required to comply with the reporting and disclosure requirements of the exchanges. We have over recent years emphasized an increase in the transparency of public disclosure. The associated regulatory standards set forth by the exchanges' governing bodies may change over time and may be subject to interpretation. As a result we may not execute the application of these standards properly and will congruently experience an increase in the cost of our compliance efforts. For example, management's required assessment of our internal controls over the financial reporting process stipulated by Section 404 of the Sarbanes-Oxley Act of 2002 commands the need for resources from management in

~~addition may not be possible for you to effect service of legal process, enforce judgments of foreign courts outside of South Africa, or bring actions outside of South Africa against us or any of our directors or executive officers.~~

Our compliance efforts are highly prioritized in our organization and with our continued efforts to comply with these laws, currently effective and any future legislative introductions or changes, we will continue to incorporate the best interests of our shareholders. If any of our directors or executive officers are either wholly or substantially located outside the United States. As a result, it may not be possible for you to effect service of legal process, within the United States or elsewhere outside South Africa, upon most of our directors or officers, including those arising under United States federal securities laws or applicable judgments of foreign courts outside South Africa, including the United States, based on the civil liability provisions of the securities laws of those countries, including those of the United States. A foreign judgment is not directly enforceable in South

Africa, but constitutes a cause of action which will be enforceable in South African courts according to the provisions in our articles of incorporation and memorandum of association.

Under the provisions of the South African law of evidence, the court will not give effect to a foreign judgment if:

- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy or to the principles of justice which require that no award is enforceable unless the defendant was duly served with documents initiating proceedings, that he was given a fair opportunity to be heard and that the judgment was not obtained by fraudulent means;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Personal Information Act 1997 (as amended).

It is the policy of South African courts to award compensation for the loss or damage to the claimant, but the award of punitive damages is generally unknown to the South African legal system. That does not mean that such awards are necessarily contrary to public policy. Whether a judgment was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court.

South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities laws may be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South African courts. It is not possible therefore for an investor to seek to impose criminal liability on us in a South African court arising from a violation of United States federal securities laws.