

Aside from the investments referred to above, blocked rands may only be utilized for very limited purposes. Dividends declared on investments made prior to emigration remain subject to the blocking procedure. It is not possible to predict when existing exchange controls will be abolished or whether they will be continued or modified by the South African Government.

Shareholders

Under present exchange control regulations in South Africa, our ordinary shares and ADSs are the common currency of the area and are not convertible into rands by non-residents of the Common Monetary Area. In addition, the proceeds from the sale of ordinary shares on the JSE on behalf of shareholders who are not residents of the Common Monetary Area are freely remittable to such shareholders. Share certificates held by non-residents will be endorsed with the words "non-resident," unless dematerialized.

Dividends declared in respect of shares held by a non-resident in a company whose shares are listed on the JSE are freely

Any cash dividends paid by us are paid in rands. Holders of ADSs on the relevant record date dividends payable in respect of the shares underlying the ADSs, subject to the terms of the deposit agreement entered on August 12, 1996, and as amended and restated, between the Company and The Bank of New York, as the depository. Subject to exceptions provided in the deposit agreement, cash dividends paid in rand will be converted by the depository to dollars and paid by the depository to holders of ADSs, net of conversion expenses of the depository, in accordance with the deposit agreement. The depository will charge holders of ADSs, to the extent applicable, taxes and other governmental charges and specified fees and other expenses not limited to those imposed by South African law or by our MOI on the right of non-holders of South African shares.

10E. TAXATION

Material South African Income Tax Consequences

The following is a summary of material income tax considerations under South African income tax law. No representation is made to any particular purchaser of our securities is made hereby. Prospective purchasers are urged to consult their tax advisers with respect to their particular circumstances and the effect of South African or other tax laws to which they may be subject. South Africa imposes tax on worldwide income of South African residents. Generally, South African residents are subject to the following circumstances:

Income Tax and withholding tax on dividends

Non-residents will pay income tax on any amounts received by or accrued to them from a source within South Africa (including dividends) received from a South African source not exceeding (a) R32,000 if the taxpayer is 65 years of age or older or (b) R22,300 if the taxpayer is younger than 65 years of age at the end of the relevant tax year. Existing gold mining companies had the option to elect to be exempt from the 15% dividend tax. However, higher tax rate would apply for both mining and non-mining income. With the introduction of dividends tax at a rate of 15% which replaced STC with effect from April 1, 2012, there is no election on STC applicable anymore. These amendments are set out in Part VIII in Chapter II of the Income Tax Act. Section 64F of the amendments, sets out beneficial owners who are exempt from the withholding tax, which includes resident companies receiving a dividend after the effective date, being April 1, 2012. As a result of these amendments, the Convention between the United States of America and the Republic of South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains, or the Tax Treaty, would limit the rate of this tax with respect to dividends paid on ordinary shares or ADSs to a US resident (within the meaning of the Tax Treaty) to 5% of the gross amount of the dividends if such US resident is a company which holds directly at least 10% of our voting stock and 15% of the gross amount of the dividends in all other cases.

In fiscal 2012, the tax rates for taxable mining and non-mining income, for companies were 43% and 35%, respectively. For the 2010 and 2011 fiscal years, the tax rates for companies that elected the STC exemption for fiscal 2011 were 43% (2010: 43%) and 35% (2010: 35%), respectively. During those same years prior to fiscal 2012 the tax rates for companies that did not elect the STC exemption for fiscal 2011 were 34% (2010: 34%) and 28% (2010: 28%), respectively. The Company, is subject to 34% tax on mining income and 28% on non-mining income. Dividends received by the Company are subject to 15% dividends tax. The Company is not subject to 15% dividends tax on dividends received by or accrued to non-resident shareholders of companies listed in South Africa and non-residents will receive the same dividend as South African resident shareholders (prior to fiscal 2012 there was no dividend tax). Prior to fiscal 2012, the Company paid STC at a rate of 10% (before October 1, 2007 12.5%) of the excess of the dividends declared over dividends received in a dividend cycle, but the full amount of the dividend is paid to the shareholder. If the shareholder is a non-resident, the dividends are attributable to such permanent establishment situated in South Africa, or performs in South Africa, or is a permanent establishment in South Africa, and the dividends are attributable to such permanent establishment. If the shareholder is a resident of South Africa, the dividends are attributable to such permanent establishment in South Africa, and the dividends are attributable to such permanent establishment.

Non-residents are generally not subject to Capital Gains Tax, or CGT, in South Africa. They are subject to CGT on the disposal of capital assets if the assets disposed of consist of:

- immovable property owned by the non-residents situated in South Africa, or any interest or right in or to immovable property. A non-resident will have an interest in immovable property if it has a direct or indirect shareholding of at least 20% in a company, where 80% or more of the net assets of that company (determined on a market value basis) are

If the non-resident is a company, the assets are not subject to CGT unless the assets are disposed of and the disposal is carried on. If the non-resident is an individual, the assets are not subject to CGT unless the assets are disposed of and the disposal is carried on.

Material United States Federal Income Tax Consequences

The following is a summary of material US federal income tax consequences to US holders (as purchasers, owners and disposers) of ordinary shares or ADSs. It deals only with US holders who hold ordinary shares or ADSs as capital assets for US federal income tax purposes. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, published rulings, judicial decisions and the Treasury regulations, all as currently in effect and all of which are subject to change, possibly with retroactive effect. This discussion has no effect on the tax consequences of the sale or disposition of ordinary shares or ADSs by US holders who are not subject to US federal income tax, or by US holders who are subject to US federal income tax but who are not subject to US federal income tax on the sale or disposition of ordinary shares or ADSs. This discussion addresses only US federal income tax consequences and does not address the effect of any state, local or foreign tax laws, or the laws of any political subdivision thereof, that may apply. The alternative minimum tax or the application of the federal estate or gift tax.

- an estate, the income of which is subject to US federal income tax without regard to its source; or
- a trust, if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or if the trust has made a valid election to be treated as a US person.

If a partnership holds any ordinary shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner. Partners of partnerships holding any ordinary shares or ADSs are urged to consult their tax advisors.

Because individual circumstances may differ, US holders of ordinary shares or ADSs are urged to consult with their US federal income tax consequences applicable to their particular situations as well as any consequences to them arising under the tax laws of any foreign, state or local taxing jurisdiction.

For purposes of the Code, a US holder of ADSs will be treated for US federal income tax purposes as the owner of the ADSs. Exchanges of ordinary shares for ADSs and ADSs for ordinary shares generally will not be subject to US federal income tax.

[illegible]

Subject to the discussion below under the heading “Passive Foreign Investment Company”, upon taxable disposition of ordinary shares or ADSs, a US holder will recognize gain or loss in an amount equal to the difference between

the US dollar value of the amount realized on the sale or exchange and such holder’s adjusted tax basis in the ordinary shares or ADSs. Subject to the application of the “passive foreign investment company” rules discussed below, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the US holder has held the ordinary shares or ADSs for more than one year.

The US holder who receives funds in connection with the taxable disposition of ordinary shares or ADSs will have a capital loss if the US holder’s adjusted tax basis exceeds the US dollar value of the amount realized on the spot rate as determined on the settlement date of the disposition.

Ordinary shares or ADSs generally will be treated as a US-Source asset for purposes of the US federal estate tax if the settlor was a US citizen or resident at the time of death.

If the US holder is a non-US person, the US holder may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss.

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