Selling, administration and general charges	(10,828)	(13)	(13,254)	(13)	(33,845)	(32)	(39,195)	(35)	(12,238)	(19)
Other operating costs	24,961	32	(167,522)	(163)	(101,252)	(95)	(154,358)	(136)	(17,707)	(28)
Cash costs	239,961	303	218,056	212	247,098	232	303,484	267	155,778	246
Total Ounces produced	792,996		1,027,440		1,063,609		1,134,623		632,822	

The strengthening of the Rand against the Dollar and inflationary pressures on our costs have resulted in an increase in our cash costs per ounce figure to $303 per ounce in fiscal 2003 from $246 in 1999.

Our total cost per ounce of gold decreased to $268 in fiscal 2003 from $290 in fiscal 1999. This decrease is due to the fair value adjustment on our financial instruments, as well as foreign exchange gains or losses in 2003.

The increase in total cost per ounce of gold in fiscal 2000 was the result of impairments in our financial statements taken in connection with the Hargraves transaction as well as aborted acquisition cost related to the Rawas transaction.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable

D. RISK FACTORS

In addition to the other information included in or incorporated by reference into this prospectus, the considerations listed below could have a material adverse effect on our business, financial condition or results of operation, resulting in a decline in the trading price of our notes, ordinary shares or ADSs. The risks set forth below comprise all material risks currently known to us. However, there may be additional risks that we do not currently know of or that we currently deem immaterial based on information available to us.

Risks Relating to Us

We have a history of losses and may continue to incur losses in the future.

Although we generated a profit of $11,374,000 for fiscal 2003, we incurred net losses of $51,709,000 for fiscal 2002 and $84,481,000 for fiscal 2001. We may continue to incur substantial losses in the future. Our profit during fiscal 2003 would have been lower if we had not experienced a 13% increase in the Dollar price per ounce of gold. Furthermore, the net losses that we incurred during fiscal 2002 would have been greater had we not experienced a 2% rise in gold prices and a 27% devaluation of the Rand against the Dollar during fiscal 2002, factors which were beyond our control. Our revenues and income are dependent on many factors such as:

- changes in the market price of gold;
- changes in the Rand/Dollar exchange rate;
- our levels of gold production;
- our ability to control production costs;
- the emergence of unforeseen liabilities; and
- changes in market interest rates.

Changes in the market price for gold, which in the past has fluctuated widely, affect the profitability of our operations and the cash flows generated by those operations.

Substantially all of our revenues come from the sale of gold. Thus, the market price of gold has a significant effect on our results of operations, our ability to pay dividends and undertake capital expenditures, and the market price of our notes, ordinary shares and ADSs.

Historically, the gold price has fluctuated widely and is affected by numerous industry factors over which we have no control, including:

- the demand for gold for industrial uses and for use in jewelry;
- actual, expected or rumored purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- speculative trading 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 other currencies;
- financial market expectations regarding the rate of inflation; and

---

- interest rates.

The following table shows the average, high and low London Bullion market price of gold in dollars during the last three fiscal years:

	Year ended June 30,		
	2003	2002	2001
Average	$ 334	$ 296	$ 269
High	382	327	291
Low	302	265	260

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner, as current demand and supply affect the prices of other commodities. Since the potential supply of gold (including quantities held by governments and others) is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or the gold price.

We do not intend to enter into forward sales of gold. Therefore, we will not be protected against decreases in the gold price. If the gold price should fall below our cost of production and remain at such levels for any sustained period, we may experience losses and may be forced to curtail or suspend some or all of our operations. In addition, we might not be able to recover any losses we may incur during that period or maintain adequate gold reserves for future exploitation.

Because we operate primarily in South Africa and most of our production costs are in Rand, while gold is generally sold in Dollars, our operating results or financial condition could be materially harmed by an appreciation in the value of the Rand.

Gold is sold throughout the world principally in Dollars, but our operating costs are incurred principally in Rand. As a result, any significant and sustained appreciation of the Rand against the Dollar may, in Dollar terms, materially increase our costs and reduce revenues.

The Rand has experienced significant depreciation against the Dollar in recent years, with the Rand depreciating by approximately 58.6% during 2001. The long-term trend of depreciation of the Rand against the Dollar may not continue. In fiscal 2003, the Rand appreciated against the dollar by 27.9%. If the appreciation trend for the Rand continues, this change could increase our costs and reduce our revenues and profitability.

Since the determination of the exchange rate of the Rand is primarily tied to market forces, its value at any time cannot be considered a true reflection of underlying value so long as the exchange controls implemented by the South African government exist. We have no foreign exchange hedging contracts to offset currency fluctuations.

Because we rely on three mining operations for substantially all of our revenues and cash flow, our business will be harmed if one or more of those operations are negatively impacted.

Gold production at our North West and Blyvoor operations together accounted for approximately 90% of our total gold production in fiscal 2003 and 77% in fiscal 2002. This increase is due to the sale of 60% of the Crown Section to KBH on July 1, 2002. These mines are regarded as older, higher cost, lower-grade gold producers. Our ability to identify ore reserves that can be mined economically and to maintain sufficient controls on production and other costs will have a material influence on the future viability of these mines. On July 21, 2003, we entered into a 60-day review period on the North West Operations designed to restore the operations to profitability. On August 25, 2003, management announced a proposal to meet this target. This proposal was submitted to all stakeholders, including organized labor, the Department of Labor and the Department of Minerals and Energy for their input.

An agreement was reached with all labor organizations and the process was finally completed on September 21, 2003, with some 3,000 employees retrenched at a cost of $5.4 million and the placing of certain infrastructure (Shaft Number 6) on a `care and maintenance' program. This resulted in a 5% reduction of the planned production profile at the North West Operations.

Any further negative developments affecting these operations (such as seismic events, underground fires and labor interruptions) could cause our results of operations, cash flows and the price of our securities to decline.

We may incur increased costs or lose opportunities for gains as a result of our agreement with Eskom.

In October 2000, we entered into a five year contract to buy electricity from Eskom. Under the terms of our agreement, we pay Eskom a standard electricity tariff for all energy we consume, including the 75 GWh per month specified in the contract. In addition, every 12 month-period starting in October we adjust the cost incurred in that period in accordance with an established formula based on the gold price.

If the price of gold rises significantly in Rand terms, it could deprive us of an opportunity to recognize gains and could increase the cash cost of electricity to us. Significant increases in the costs of our electricity would increase our production costs and decrease our profitability. At June 30, 2003, when the gold price was $346.00 per ounce and the Rand/Dollar exchange rate was R7.47, the fair value of our Eskom position was negative $30.9 million.

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

Other than our agreement with Eskom, we do not intend to enter into new forward contracts to reduce our risk of exposure to volatility in the gold price. A forward contract is an agreement where one party promises to buy an asset from another party at some specified time in the future at some specified price. No money changes hands until settlement date, which normally takes place at maturity date. These contracts can be either physically settled by delivering the underlying asset or net cash settled. Accordingly, generally, if the gold price decreases significantly we will realize reduced revenues.

Following the sale of 60% of our interest in Crown Gold Recoveries (Pty) Ltd, or CGR, we no longer have full management control over the operations at the Crown Section.

On July 1, 2002, we sold 60% of our interest in CGR for R105 million ($10.1 million). Prior to the sale, CGR was wholly-owned by Crown Consolidated Gold Recoveries Ltd, or Crown, our wholly-owned subsidiary. Accordingly, we no longer exercise full board control over the Crown Section and cannot unilaterally cause CGR to adopt a particular budget, pay dividends or repay its indebtedness, including debt held by us. Because we do not have board control over CGR, its current management may not continue to manage CGR in a manner that is favorable to us. Decisions which reduce gold production, revenues or profitability at CGR, over which we have no control, may serve to reduce our cash flows and decrease our profitability.

The acquisition of East Rand Proprietary Mines Ltd, or ERPM, by CGR, our 40% owned company, is subject to risks and uncertainties which could have a material adverse effect on CGR and, accordingly, on our results of operations.

In October 2002, CGR purchased ERPM, a South African gold mining company. CGR acquired ERPM as is, without indemnification for any disclosed or undisclosed liabilities, which could ultimately have a material adverse effect on CGR's results of operation and financial condition by requiring CGR to incur significant financial obligations to satisfy any liability. ERPM is exposed to all the risks applicable to a mining operation in the ordinary course. In particular, during October and November

2002, ERPM experienced some labor unrest during which several striking contract workers were wounded and two workers were killed by employees of a private security company. ERPM's business could suffer if such activities are repeated. Additionally, there is a regular ingress of water into the underground workings of ERPM, and the failure of the mine's pumping operations or the installed plugs could result in significant flooding. This flooding could result in ERPM incurring significant financial liability which would increase its costs and reduce its profitability.

Additionally, Jetvac CC has instituted proceedings against ERPM claiming R21.5 million ($2.0 million) in a dispute under a stope vacuuming contract. If Jetvac CC is successful in its claim, payment of this amount to Jetvac CC could reduce ERPM's profitability. Because we own an interest in ERPM through CGR, the occurrence of these events could also reduce our profitability.

Our production costs may fluctuate and have an adverse effect on our results of operations.

Our historical production costs have varied significantly and we cannot predict what our production costs may be in the future. Production costs are affected by, among other things:

- labor stability, lack of productivity and increases in labor costs;
- unforeseen changes in ore grades and recoveries;
- unexpected changes in the quality or quantity of reserves;
- unstable or unexpected ground conditions with seismicity;
- technical issues;
- environmental and industrial accidents;
- permitting requirements;
- gold theft;
- environmental factors; and
- pollution.

Any material increase in our production costs will likely reduce our profitability which would have a negative impact on our results of operations.

We may experience problems in managing new acquisitions and integrating them into existing operations which could have a material adverse effect on us.

Our objective is to grow our business by improving our existing operations as well as through acquisitions. Our success at completing any acquisitions will depend on a number of factors, including, but not limited to:

- identifying acquisitions which fit our strategy;
- negotiating acceptable terms with the seller of the business to be acquired; and
- obtaining approval from regulatory authorities in South Africa and the jurisdiction of the business to be acquired.

If we do make any acquisitions, any positive effect on our results will depend on a variety of factors including:

- assimilating the operations of an acquired business in a timely and efficient manner;
- maintaining our financial and strategic focus while integrating the acquired business;

- implementing uniform standards, controls, procedures and policies at the acquired business; and
- to the extent that we make an acquisition outside of markets in which we have previously operated, conducting and managing operations in a new operating environment.

As a marginal producer, we tend to acquire marginal mines with high production costs and low returns. We may not be able to reduce these production costs or increase the returns on these mines in the short to medium term due to:

- high employment costs;
- accessibility of reserves on an economically feasible basis;
- unexpected technical difficulties; and
- inability to extend life of mine.

Acquiring additional businesses could place increased pressure on our cash flow if such acquisitions are accomplished by applying cash. The integration of our existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation will require us to incur significant costs in connection with, among other things, implementing financial and planning systems. We may not be able to integrate the operations of the recently acquired subsidiary companies or restructure our previously existing operations without encountering difficulties. In addition, this integration and restructuring may require significant attention from our management team, which may detract attention from our day-to-day business. Over the short-term, difficulties associated with integration and restructuring could result in decreased production, increased costs and decreased profitability. Also, if we are unable to successfully acquire additional businesses, we may have to continue to rely on our Harties, Buffels and Blyvoor operations, which are regarded as older, higher cost, lower-grade gold producers, for substantially all of our revenues and cash flows.

Flooding at our operations may cause us to incur liabilities for environmental damage.

Like a number of other mining companies in South Africa, we have received financial assistance from the South African government for the pumping of extraneous water from underground mine workings in the past. However, the South African government withdrew their pumping subsidy effective April 1, 1998. With the withdrawal of the pumping subsidy, and due to the low gold price, we made the decision to cease underground operations at the Durban Deep and West Wits Sections in August 2000. During fiscal 1998 we received $1.0 million in pumping subsidies and $0.8 million in fiscal 1997, compared to total revenue of $157.7 million in fiscal 1998 and $61.7 million in 1997. We expect that the progressive flooding of both the western and central basin, where these operations are located, will eventually cause the discharge of polluted water to the surface and to local water sources. Flooding of the central basin and the western basin in the area where we have ceased mining operations may cause environmental damage for which we and other parties may be liable. We cannot estimate the amount of any potential liability to us. However, in the event of joint and several liability the amounts could be significant. The incurrence of significant financial liability could increase our costs and reduce our profitability.

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 small group of management and technical personnel, including Mark Wellesley-Wood, our Executive Chairman. 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. If we are unable to execute our business plans, our production may decrease, costs may increase and profitability may be reduced.

Our insurance coverage may prove inadequate to satisfy potential claims.

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. Our existing property and liability insurance contains exclusions and limitations on coverage. We have coverage in the amount of R5,929 million ($794 million) for assets and R2,795 million ($374 million) for loss of profits due to business interruption. These policies are limited by initial deductible amounts covering loss of surface and underground assets, losses due to seismic events and machinery breakdown. Business interruption is only covered after an initial period. The deductible amounts vary, between $1 million and $2 million for each type of loss. Claims for each and every event are limited by South African insurers to $24 million (except engineering which is limited to $48 million) and by overseas insurers in a range from $9.6 million to $96 million. In addition, we have experienced large increases in our insurance premiums recently, and insurance may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us, including claims for environmental or industrial accidents or pollution, for which coverage is not available. If we are required to meet claims which exceed our insurance coverage, our costs may increase which could decrease our profitability.

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

Acquired Immune Deficiency Syndrome, or AIDS, represents a very serious threat to us and the mining industry in South Africa as a whole in terms of the potential reduced productivity and increased medical costs. The exact extent of infection in our workforce is not known at present. However, it is estimated by the industry that the prevalence of HIV, the virus that causes AIDS, in the mining industry workforce in South Africa is approximately 30%. Reductions in productivity and increases in medical costs would reduce our production and profitability.

Risks Related to Our Industry and to Doing Business in South Africa and Papua New Guinea

Our gold reserve figures are estimates based on a number of assumptions and may yield less gold under actual production conditions than we currently estimate.

Our ore reserves figures are estimates which may not reflect actual reserves or future production. Reserve estimates require revisions based on actual production experience or new information. Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, reserve 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 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. Additionally, 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 in any particular period.

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

Exploration for gold is highly speculative in nature. 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. 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. Our mineral exploration rights may not contain commercially exploitable reserves of gold. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. Our operations are subject to all of the operating hazards and risks normally incidental to exploring for and developing mineral properties, such as:

- encountering unusual or unexpected formations;
- environmental pollution;
- personal injury and flooding; and
- decrease in reserves due to a lower gold price.

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 will use the evaluation work of professional geologists, 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 whether or not the deposit contains economically recoverable mineralization. As a result of these uncertainties, we may not successfully acquire additional mineral rights, or identify new proven and probable reserves in sufficient quantities to justify commercial operations in any of our properties.

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would incur a writedown on our investment in that interest. All of these factors may result in losses in relation to amounts spent which are not recoverable.

In particular, we estimate that approximately R7.5 billion ($1 billion) will be required to complete the first stage of the Argonaut Project, known as the Central Shaft. The current exploration and feasibility study will require approximately R500 million ($66.9 million) to complete which includes R200 million ($26.8 million) needed to complete the initial seismic survey. We may not be able to raise the finances required to complete these activities.

Depending on the capital required, we may seek third party financing to fund the development of our exploration projects that we believe have the potential to be profitable. Our ability to obtain outside financing will depend upon the price of gold and the industry's perception of gold's future price and other factors outside of our control. Such third party financing may not be available to us on acceptable terms, or at all.

Due to the nature of mining in South Africa and the type of gold mines we operate, we face a material risk of liability, delays and increased production costs from environmental and industrial accidents and pollution.

The business of gold mining in South Africa, by its nature due to deep underground mining as compared to other gold mining countries, involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with our underground mining operations include:

- rock bursts;

- seismic events;
- discharges of gases and toxic chemicals;
- underground fires and explosions, including those caused by flammable gas;
- cave-ins or falls of ground;
- releases of radioactive materials;
- flooding;
- sinkhole formation and ground subsidence;
- other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine; and
- accidents associated with transportation.

Hazards associated with our open pit mining operations include:

- flooding of the open pit;
- collapses of the open pit walls;
- accidents associated with the operation of large open pit mining and rock transportation equipment;
- accidents associated with the preparation and ignition of large scale open pit blasting operations;
- production disruptions due to weather; and
- hazards associated with processing, such as groundwater and waterway contamination.

Hazards associated with our rock dump mining and tailings disposal include:

- accidents associated with operating a rock dump and rock transportation;
- production disruptions due to weather;
- collapses of tailings dams; and
- ground and surface water pollution.

We are at risk of experiencing any and all of these environmental or other industrial hazards. In particular, due to the extreme depth of the Argonaut Project we could face heightened risks due to heat, seismicity and rock stresses. The occurrence of any of these hazards could delay production, increase production costs and result in liability for us.

Government policies aimed at vesting the custodianship of mineral resources in the State in South Africa may adversely impact our operations and profits.

Surface Right Permits

In South Africa, surface right permits are not property but are statutory rights issued under repealed mining legislation to use an area of the surface of the land for a specific purpose incidental and ancillary to mining which supercedes the rights of third party ownership of the surface. To the extent that rights to any surface infrastructure or surface use is not held by us or any of our subsidiaries under a surface right permit then we will have to rely on surface ownership or we must reach an agreement with the owner of the surface for such surface use or surface infrastructure.

Government Regulation and Legal Proceedings

Our activities are subject to extensive laws and regulations controlling not only the mining of and exploration for mining properties, but also the possible effects of such activities upon the environment. Permits from a variety of regulatory authorities are required for many aspects of mine operations and reclamation. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of our properties. The extent of the adverse financial impact cannot be predicted.

The Mineral and Petroleum Resources Development Act, 2002

Our rights to own and exploit our mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of our mineral reserves and deposits are located in South Africa.

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act, 2002, or the Act, which was passed by parliament in June 2002. The Act will come into operation on a date to be proclaimed by the President which is expected to be sometime in 2004. Until then, the existing regulatory regime for mineral rights will remain in place whereby the holder of mineral rights is entitled to mine on obtaining a mining authorization from the State.

The Act vests custodianship of South Africa's mineral resources in the State which will issue prospecting rights or mining rights to applicants in the future. The existing common law prospecting, mining and mineral rights will cease to exist but transitional arrangements are provided in order to give holders of existing rights the opportunity to acquire new rights.

Where we hold mineral rights and mining authorizations and conduct mining operations on the date on which the Act comes into effect, we will be able, within five years from the date of effectiveness of the Act, to submit the old rights and authorizations for conversion to a new mining right. We will need to submit a mining work program to substantiate the area and period of the new right, and also to comply with the requirements of the Charter discussed below. A similar procedure applies where we hold prospecting rights and a prospecting permit and conduct prospecting operations, but we must apply for a conversion to a new prospecting right within the two years from the date of effectiveness of the Act for which purpose a prospecting work program must be submitted. Where we hold unused rights however, we will have one year to apply for new prospecting rights or mining rights, the requirements of which are more stringent than for conversion, and involve non-concentration of resources, fair competition, no exclusionary effects, and proof of financial and technical ability.

If we do not acquire new rights under the Act, we would be entitled to claim compensation from the State if we can prove that thereby our property has been expropriated as provided for under the Constitution of South Africa. Whether mineral rights constitute property and whether the Act does bring about an expropriation are both aspects which are the subject of legal debate and which are likely to be settled ultimately by litigation. The factors in determining compensation include not only fair market value but also history of acquisition and use and aspects of redress and reform which could have the effect of reducing the compensation.

Even where the new rights are obtained under the Act, these rights will not be equivalent to the existing rights. The area covered by the new rights may be reduced by the State if it finds that the prospecting or mining work programs submitted by an applicant do not substantiate the need to retain the area covered by the old right. The duration of the new rights will no longer be perpetual but rather, in the case of new mining rights, a maximum of 30 years with renewals of up to 30 years each and in the case of prospecting rights, up to five years with one renewal of up to three years. The Act provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition, and

non-exclusion of others. In addition, the new rights will be transferable subject to the approval of the Minister of Mines, or the Minister. Mining or prospecting must be conducted continuously and actively thereafter.

The implementation of the Act may result in significant adjustments to our property ownership structure, which could have a material adverse effect on our financial condition and results of operation.

The new rights can be suspended or cancelled by the Minister on breach of or, in the case of mining rights, on non-optimal mining in accordance with the mining work program.

The new rights will be subject to a royalty payable to the State, calculated on gross revenue as proposed in the draft Royalty Bill, 2003, which was released in March 2003 for comment, and which proposes a quarterly royalty payment of three percent of gross revenue in the case of gold. As proposed, royalty payments will commence upon the conversion and granting of a new mining right.

The Act calls for a Broad Based Socio-Economic Charter, or Charter, to be developed by the Minister within five years of commencement of the Act, but the content of which has largely been agreed with mining industry representatives (including us), and with representatives of other stakeholders. The Charter's stated objectives include;

- expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation,
- expansion of the skills base of such persons, the promotion of employment and advancement of the social and economic welfare of mining communities, and
- promotion of beneficiation.

The Charter requires that each mining company achieve 15 percent ownership by historically disadvantaged South Africans of its South African mining assets within five years and 26 percent ownership within ten years. It contemplates that this will be achieved by, among other methods, disposals of assets by mining companies to historically disadvantaged persons on a willing seller/willing buyer basis at fair market value. In addition, the Charter requires mining companies to formulate plans for achieving employment equity at management level with a view to achieving 40 percent participation by historically disadvantaged persons in management and ten percent participation by women in the mining industry, each within five years. When considering applications for the conversion of existing rights, the State will take a "scorecard" approach, evaluating the commitments of each company to the different facets of promoting the objectives of the Charter. The draft scorecard was published by the government in February 2003. Failure to comply with the requirements of the Charter could result in the suspension or cancellation of one or more of our licenses or cause us to be subject to fines.

The loss of any rights or the refusal of a substituted rights could prevent us from continuing to mine at an operation. This could reduce our production capacity and profitability.

Since our labor force has substantial trade union participation, we face the risk of disruption from labor disputes and new South African labor laws.

We currently employ and contract approximately 19,000 people in South Africa, of whom, approximately 65% are members of trade unions or employee associations. This includes all employees of CGR and employees at ERPM. Accordingly, we are at risk of having our production stopped for indefinite periods due to strikes called by unions and other labor disputes. In South Africa, in addition to strikes, on occasion we experience work stoppages based on national trade union "stay away" days regardless of the state of our relations with workforce. We have entered into various agreements regulating wages and working conditions at our South African mines through June 30, 2005 at which time we will need to re-negotiate these agreements. Significant labor disruptions may reduce our

production and cause us to incur significant costs which could reduce our profitability. We are not able to predict whether we will experience significant labor disputes in the future.

In recent years, labor laws in South Africa have significantly changed in ways that affect our operations. In particular, laws that provide for mandatory compensation in the event of termination of employment for operational reasons and that impose large monetary penalties for non-compliance with the administrative and reporting requirements of affirmative action policies could result in significant costs to us. In addition, future South African legislation and regulations relating to labor may further increase our costs or alter our relationship with our employees.

Our operations in South Africa and Papua New Guinea are subject to extensive regulations which could impose significant costs and burdens.

Environmental

Our South African operations are subject to various environmental laws and regulations including, for example, those relating to water management, waste treatment, emissions and disposal, and must comply with permits or standards governing, among other things, tailings dams and waste disposal areas, water use, air emissions and water discharges. We may, in the future, incur significant costs to comply with the South African environmental requirements imposed under existing or new legislation, regulations or permit requirements or to comply with changes in existing laws and regulations or the manner in which they are applied. Also, we may be subject to litigation and other costs as a result of environmental rights granted to individuals under South Africa's Constitution or other sources of rights. These costs could reduce our profitability.

The Blyvoor Section has its own unique environmental risks, due to its dolomitic geology, sinkholes and subsidences which require remediation using appropriate cost-effective filling techniques.

Additionally, two of our operations have to pump mine water to the surface. The consequence of this pumping could be that ground water, streams and wetlands become polluted. Also, dolomitic rock will be dissolved, resulting in an increased risk of sinkholes and possible pollution of fresh water resources stored in dolomitic formations. As the water reaches the surface, there will be an increased risk of damage to municipal services, foundations of buildings and properties. We have not conducted an assessment of the full scope of such potential environmental damage, nor are we aware to what extent we may be liable for such damage, if any, resulting from continued or previous flooding of our mines, including the affected mines or other mines not currently experiencing flooding problems.

The Argonaut Project will, if it is developed, be situated below the southern Johannesburg metropolitan area. Recently, local opposition groups in South Africa have managed to delay or prevent operations of other extractive enterprises. Because of this, it is possible that public opposition to the project could delay our application for the necessary permits or prevent the implementation of the project.

The Tolukuma Section in Papua New Guinea also has site specific environmental risks associated with its operations. Tailings are routinely discharged into the Auga/Angabanga river system in accordance with a permit issued by the Papua New Guinea Department of the Environment. Due to the elevated concentrations of heavy metals naturally occurring in the ore, in particular lead, mercury and arsenic, discharges are monitored closely in accordance with the terms of an environmental monitoring program. Cyanide associated with the tailings deposited is detoxified and cyanide levels are monitored daily. However, should we be unable to control the cyanide, the increased levels of cyanide could pose potential adverse health risks to the surrounding communities and may result in us violating our mining permit conditions under the PNG Environmental Act 2000 and Regulations 2000 and may expose us to civil and criminal liability when this legislation comes into effect. However, we have encountered local opposition from indigenous peoples and landowners regarding our discharge of

tailings. This opposition could cause delays or stoppages which could reduce our production capacity and results of operations.

South African mining companies are required by law to undertake rehabilitation works as part of their ongoing operations. In addition, during the operational life of their mines, they must provide for the cost of mine closure and post-closure rehabilitation and monitoring once mining operations cease. We fund these environmental rehabilitation costs by making contributions into environmental trust funds established for each of the operations, which amounts are approved by the authorities. As of June 30, 2003, we had a total of $17.9 million invested in the funds. Changes in legislation or regulations (or the approach to enforcement of them) or other unforeseen circumstances may cause us to incur additional future environmental expenditures or increase the level or accelerate the timing of our provisioning for these expenditures.

In the future, compliance with the Mine Health and Safety Act, 1996 (as amended) and the Compensation for Occupational Injuries and Diseases Act, 1993 (as amended), may require significant expenditures which could reduce our profitability.

Land Claims

Our privately held land and mineral rights in South Africa could be subject to land restitution claims under the Restitution of Land Rights Act, 1994 (as amended), or Land Rights Act. Under the Land Rights Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices is granted certain remedies, including 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.

Political or economic instability in South Africa or regionally may reduce our production and profitability.

We are incorporated and own significant operations in South Africa. As a result, political and economic risks relating to South Africa could reduce our production and profitability. Large parts of the South African population 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 and unemployment. These problems have impeded fixed inward investment into South Africa and have prompted emigration of skilled workers. As a result, we may have difficulties attracting and retaining qualified employees.

Recently, the South African economy has been growing at a relatively slow rate, inflation and unemployment have been high by comparison with developed countries, and foreign reserves have been relatively low. In the late 1980s and early 1990s, inflation in South Africa reached record highs. This increase in inflation resulted in considerable year on year increases in operational costs. In recent years, the inflation rate has decreased and as of September 2003 the inflation rate stood at 3.7%. A return to significant inflation in South Africa, without a concurrent devaluation of the Rand or an increase in the price of gold, could result in an increase in our costs which could reduce our profitability.

There has been regional political and economic instability recently in neighboring Zimbabwe. Any similar political or economic instability in South Africa could have a negative impact on our ability to manage and operate our South African operations which could result in an increase in our costs and a decrease in our production and profitability.

Our ability to conduct business outside South Africa could be materially constrained by South African exchange control regulations.

South Africa's exchange control regulations restrict the export of capital from South Africa, the Republic of Namibia, and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area. Transactions between South African residents (including companies) and non-residents of the Common Monetary Area are subject to exchange controls enforced by the South African Reserve Bank. As a result, our ability to raise and deploy capital outside the Common Monetary Area is restricted. In particular, we are:

- generally not permitted to export capital from South Africa or to hold foreign currency without the approval of the South African Reserve Bank;
- generally required to repatriate to South Africa profits of our foreign operations; and
- limited in our ability to utilize the income of one foreign subsidiary to finance the operations of another foreign subsidiary.

These restrictions could prevent us from obtaining adequate funding on acceptable terms for our acquisitions and exploration projects outside South Africa.

An acquisition of non-South African shares or assets, or South African shares or assets from a non-South African, by South African resident purchasers is subject to exchange control regulations and may not be granted regulatory approval.

Potential acquisitions of non-South African shares, or assets or South African shares or assets from a non-South African by South African resident purchasers, are subject to prior approval by the South African Reserve Bank, or SARB, pursuant to South African exchange control regulations. The SARB may refuse to approve such proposed acquisitions by us in the future. As a result, our management may be limited in its ability to consider strategic options and our shareholders may not be able to realize the premium over the current trading price of our ordinary shares which they might otherwise receive upon such an acquisition.

Political or economic instability or difficulties in Papua New Guinea may reduce our production and profitability.

In Papua New Guinea, there is a greater level of political and economic risk as compared to South Africa. For example, open pit operations at the Porgera mine have been temporarily suspended in the past due to interruptions in the electrical power supply as a result of election related vandalism. There is also a risk that social unrest and government intervention could be exacerbated during the mine closure process. The Porgera mine's infrastructure including power, water and fuel may be at risk of sabotage. Porgera has extensive community relations and security groups to anticipate and manage social issues that may arise because of the evolving nature of its community.

Also, the Porgera mine has, on a number of occasions, experienced delays in the granting of operating permits and licenses, necessary for this mine to conduct its lawful operations. Although there has never been an interruption to operations due to an issue of this nature, if at any time in the future permits essential to lawful operations are not obtained or exemptions not granted, there is a risk that the Porgera mine may not be able to operate for a period of time. Future government actions cannot be predicted but may impact on the operations and regulation of mines including Porgera.

Any suspension of operations at the Porgera mine would decrease our production and profitability.

Investors in the United States may have difficulty bringing actions, and enforcing judgments, against us, our directors and our executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United