Not applicable

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following selected consolidated financial data as of June 30, 2002 and 2001 and for the years ended June 30, 2002, 2001 and 2000 are derived from our consolidated financial statements set forth elsewhere in this Annual Report, which have been prepared in accordance with generally accepted accounting principles in the United States. These consolidated financial statements have been audited by Deloitte & Touche, whose report with respect to these financial statements appears elsewhere in this Annual Report. The selected consolidated financial data as of June 30, 2000, 1999 and 1998 and for the years ended June 30, 1999 and 1998 are derived from audited consolidated financial statements not appearing in this Annual Report which have been prepared in accordance with generally accepted accounting principles in the United States. The selected consolidated financial data set forth below should be read in conjunction with "Item 5. Operating and Financial Review and Prospects" and with the consolidated financial statements and the notes thereto and the other financial information appearing elsewhere in this Annual Report.

Selected Consolidated Financial Data
(in thousands, except share and ounce data)

	Year ended June 30,				
	2002	2001	2000	1999	1998
	$	$	$	$	$
Income Statement Data					
Revenues	303,858	291,325	327,568	173,184	157,747
Total costs	399,515	386,222	497,305	183,723	182,771
Loss before taxes & minority interest	(95,657)	(94,897)	(169,737)	(10,539)	(25,024)
Income tax benefit/(expense)	42,864	7,005	1,724	(464)	5,038
Minority interest	0	258	(76)	0	0
Net loss attributable to common shareholders	(52,793)	(87,634)	(168,089)	(11,003)	(23,264)
Basic loss per share	(33)	(65)	(161)	(19)	(67)
Diluted earnings/(loss) per share	(33)	(65)	(161)	(19)	(67)
Number of shares in issue	177,173,485	154,529,578	120,990,746	61,661,112	48,749,035

	Year ended June 30,				
	2002	2001	2000	1999	1998
	$	$	$	$	$
Other Financial Data:					
Cash costs per ounce(1)	212	232	267	246	310
Balance Sheet Data					
Net assets/(liabilities)	(11,228)	(14,310)	40,025	122,896	108,851
Cash and cash equivalents	23,852	13,889	13,786	13,685	12,675
Working capital	(9,642)	(16,500)	(32,110)	501	(4,652)
Total assets	201,549	199,878	243,159	195,298	166,252
Long term liabilities	(25,368)	(7,273)	(15,589)	(5,910)	0
Shareholders' deficit/(equity)	11,228	14,310	(40,025)	(122,896)	(108,851)
Total liabilities and shareholders' equity	201,549	199,878	243,159	195,298	166,252

(1) Cash cost is a term for working (production) cost, calculated by dividing cash operating costs by gold ounces produced for all periods presented. This is a non-US GAAP measurement typically used in the mining industry. Our cash operating costs consists primarily of production costs, and include mine production (which includes labor, consumable stores and utilities), transport and refinery costs. Cash costs per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders or as an indicator of our performance. Our definition of cash cost may differ to similarly titled measures of other companies. However, we believe that cash costs per ounce is a useful indicator to investors and management of a mining company's performance as it provides an indication of a company's profitability and efficiency, the trends in costs as the company's operations mature and a measure of a company's gross margins per ounce by comparison of total cash costs per ounce to the spot price of gold.

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 this Annual Report, the considerations listed below could have a material adverse effect on our business, financial condition or results of operations, resulting in a decline in the trading price of our securities. The risks set forth below comprise all of the 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. These factors should be considered carefully, together with the information and financial data set forth in this Annual Report.

Risk Relating to Us and Our Industry

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

We have incurred net losses during recent years, and we cannot assure you that we will not continue to incur substantial losses in the future. Furthermore, the net losses that we incurred during the year ended June 30, 2002, or 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 securities.

Historically, gold prices have fluctuated widely and are 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 by 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.

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.

If gold prices 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 rely on three mining operations for substantially all of our revenues and cash flow, our business will be harmed if those operations are negatively impacted.

Gold production at our Harties, Buffels and Blyvoor Sections together accounted for approximately 77% of our total gold production in fiscal 2002 and 78% in fiscal 2001. These mines are regarded as older, 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. Our results of operations, cash flows and financial condition could be materially and adversely affected by negative developments affecting these operations (such as seismic events, underground fires and labor interruptions).

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 and continued to weaken against the Dollar throughout calendar 2001, with the Rand depreciating by approximately 58.6% in 2001. The long-term trend of depreciation of the Rand against the Dollar may not continue. If the depreciation trend for the Rand reverses, this change could have a material adverse effect on our operating results or financial condition. During the first six months of 2002, the Rand appreciated by approximately 14% against the Dollar, which has had an adverse effect on our operating results.

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.

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. We have prepared these figures in accordance with industry practice and SEC Industry Guide number 7, converting mineral resource estimates to an ore reserve through the preparation of a mining plan. The ore reserve estimates contained herein have been determined and valued based on assumed future gold prices, cut-off grades and operating costs that may prove to be inaccurate. 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 adversely affect our results of operations. 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 adversely affect our profitability in any particular period.

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

Under the terms of our agreement with Eskom, our electricity provider, we are obligated to deliver to Eskom fixed amounts of gold at future dates as payment for some of our electricity requirements. If the price of gold rises significantly in Rand terms the value of the gold we deliver to Eskom would increase, thereby depriving us of an opportunity to recognize revenue gains and increasing the cost of electricity to us. Significant increases in the costs of our electricity could have a material adverse effect on our results of operations.

Because we do not use forward sale arrangements 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.

We do not intend to enter into new forward sales to reduce our risk of exposure to volatility in the gold price. Accordingly, with respect to most of our production, we are not protected against decreases in the gold price and 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, our ownership interest in the Crown Section decreased to 40%. Accordingly, we no longer exercise full management 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. We cannot assure you that CGR's current management will manage CGR in a manner that is favorable to us. Our results of operations may be adversely affected by conduct over which we have limited control.

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 entered into an agreement to purchase ERPM, a South African mining company. CGR is acquiring ERPM as is, without indemnification for any disclosed or undisclosed liabilities, which liabilities could ultimately have a material adverse effect on ERPM's results of operation and financial condition. ERPM is exposed to all the risks applicable to a mining operation in the ordinary course. In particular, ERPM has recently experienced some labor unrest, and ERPM could suffer a material adverse effect on its business 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 have a material adverse effect on ERPM's results of operations and financial condition.

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, the result could have a material adverse effect on ERPM's results of operations and financial condition.

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 have a material adverse effect on our results of operations.

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

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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 ($711 million) 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 ($47.4 million) to complete which includes R200 million ($19 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. We cannot assure you that such third party financing will be available to us on acceptable terms, or at all.

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.

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 have a material adverse effect on our business, operating results, financial condition and price of our securities.

Due to the nature of mining 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 by its nature 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 radioactivity;
- 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 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.

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. Application for such assistance is made on an annual basis. However, effective April 1, 1998, the South African government withdrew our pumping subsidy and on July 1, 1998 all pumping at the Durban Deep and West Wits Sections ceased. We expect that the progressive flooding of both the western and central basin 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, which amount could materially and adversely effect our financial condition and could have a significant impact on us in the event of joint and several liability.

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 Chairman and Chief Executive 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 adversely impact our ability to execute our business plan which may adversely effect our results of operations.

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. 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. If we are required to meet claims which exceed our insurance coverage our results of operations would be adversely affected.

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

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 Bill

The Mineral and Petroleum Resources Development Bill, or the Bill, was assented to by the President of South Africa on October 4, 2002. However, the Department of Minerals and Energy, or the Department, is unclear as to when it will come into effect. In order to ensure proper administration, promulgation can only take place once the Money Bill, the amendments to the Mining Titles Registration Act, 1967 (as amended), Regulations, or the Regulations, and the Mining Charter have been completed.

The Money Bill is currently being drafted by the Department of Finance to provide for the manner in which royalty payments payable by the holder of a prospecting or mining right to the State will be determined. The Money Bill is expected to be published for comment before the end of this year. The Department has prepared the draft to the Mining Titles Registration Act, 1967 (as amended), or the Act, but this has not yet been published and the drafting team still requires further meetings before the amendments can be finalized. It is unlikely that the amendments will be released for public comment before the end of December. The Department is intending to extensively amend the Act. These amendments are needed to bring the provisions contained in the Act in line with those contained in the Bill. The Regulations are also required prior to promulgation of the Bill so as to give effect to certain provisions of the Bill such as the prescribed social and labor plan and the terms and conditions of prospecting and mining rights. The final draft of the Mining Charter was submitted to the President of South Africa for review on October 4, 2002. It was published on October 9, 2002.

The President of South Africa stated publicly that empowerment in the mining industry is a matter of black participation and not nationalization. Black participation would have to take into account fair market value of the affected assets. The key elements of the Mining Charter are: human resources development, employment equity, access to finance and technology, ownership, access to viable deposits, socio-economic issues, beneficiation strategy and mineral specific constraints. The Mining Charter requires that ownership of 26% of the mining industry assets of each operation must vest in Historically Disadvantaged South Africans, or HDSA's, within ten years of enactment of the Bill. A number of ownership criteria will be considered in determining whether to grant a prospecting or mining right, such as employment equity and human resource development. The transfer of ownership must be transparent and for fair market value. The South African mining industry has committed to assist HDSA's in securing financing to fund participation in an amount of R100 billion within the first five years of enactment of the Bill.

The Bill proposes that the State will become the custodian of all South Africa's mineral resources. The State will have the right to grant, control and administer access to those mineral resources. Royalties are payable to the State in consequence of exercising the prospecting and mining rights to be granted under the Bill, when enacted. Ensuring security of tenure for existing operations is a primary objective of the Bill in view of it extinguishing ownership of mineral rights in a phased manner. All existing prospecting operations have two years and existing mining operations have five years after enactment of the Bill to convert existing rights to prospect or mine in order to bring those rights within the proposed new order. We have to comply with a number of requirements to effect such conversion which will be based on the principle of "use it and keep it", including the provisions of the Mining

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Charter and prescribed social and labor plans. The refusal of a substituted right may have a material adverse effect on our operations.

In respect of the Argonaut Project, we must submit an application for a prospecting permit. Before being in a position to do so, we must obtain the consent of the local authority and engage in a public consultation process with interested and effected parties as a result of the project underlying residential township areas. It is possible that, as a result of these requirements, a delay of six to eight months or more will be incurred before we will be in a position to submit our application for a prospecting permit. If the Bill is enacted in the interim, we will have one year within which to apply for a prospecting permit under the new mining regime. If the application is not submitted within the one year period or is refused, our registered title to the mineral rights falling within the Argonaut Project will be extinguished.

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 21,000 people in South Africa, of whom, approximately 70% are members of trade unions or employee associations. This includes all employees of CGR but excludes 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, 2003 at which time we will need to re-negotiate these agreements. Significant labor disruptions may have a material adverse effect on our operations and financial condition. 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 have a material adverse effect on our business, operating results and financial condition.

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

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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 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.

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, 2002, we had contributed a total of $12.1 million to the funds. Changes in legislation or regulations (or the approach to enforcement of them) or other unforeseen circumstances may materially and adversely affect our future environmental expenditures or the level and 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 have a material and adverse effect on our operations.

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, as a result, on our business, operating results and financial condition.

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 37%. Reductions in productivity and increases in medical costs would adversely effect our results of operations.

Political or economic instability in South Africa or regionally may have an adverse effect on our operations and profits.

We are incorporated and own significant operations in South Africa. As a result, political and economic risks relating to South Africa could adversely affect business operating results and financial conditions. 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 have an adverse impact on our operations and profits. 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 November 2002 the inflation rate stood at 12.7%. A return to significant inflation in South Africa, without a concurrent devaluation of the Rand or an increase in the price of gold, could have a material adverse effect on our operating results and financial condition.

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 and could adversely effect our results of operations.

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 adversely affect our operations, particularly our ability to fund 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

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realize the premium over the current trading price of our ordinary shares which they might otherwise receive upon such an acquisition.

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 States or any state thereof.

We are incorporated in South Africa. Substantially all of our directors and executive officers (and certain experts named herein) reside outside of the United States. Substantially all of the assets of these persons and substantially all of our assets are also located outside the United States. As a result, it may not be possible for investors to effect service of process on these persons or us within the United States or to enforce a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof against these persons or us. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that: