

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and, subject to certain limited exemptions, may not be offered, sold, pledged or otherwise transferred directly or indirectly in the United States or to United States persons.

This document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules of the Financial Services Authority made under section 73A of the United Kingdom Financial Services and Markets Act 2000 ("FSMA") and in terms of the JSE Limited Listings Requirements and Chapter VI of the South African Companies Act 61 of 1973, as amended. This prospectus has been approved by and filed with the Financial Services Authority ("FSA") and was registered by the South African Registrar of Companies on 31 October 2007. This prospectus will be made available to the public in accordance with the Prospectus Rules.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1989 was obtained on 11 September 2007 by the Company for the issue of ordinary shares in the capital of the Company (the "Shares") and associated fund raising. In giving its consent, neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accept responsibility for the financial soundness of the Company or for the correctness of any of the statements made, or opinions expressed with regard thereto. This prospectus relates to a private placement and does not constitute an offer to the public in Guernsey or South Africa to subscribe for the Shares. To the extent to which any promotion of the Shares is deemed to take place in Guernsey, the Shares are only being promoted in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) or (ii) to persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, (Bailiwick of Guernsey) Law, 2000. Promotion is not being made in any other way.

The Company and the Directors of the Company, whose names and functions appear on page 23, accept responsibility for the information contained in this prospectus and to the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import. The Directors certify that to the best of their knowledge and belief there are no facts that have been omitted from this prospectus which would make any statement found within this prospectus false or misleading.



Central Rand Gold Limited

Central Rand Gold Limited

(formerly Central Rand Gold Consols Limited)

(Incorporated as a company with limited liability under the laws of Guernsey, Company Number 45108)

(Incorporated as an external company with limited liability under the laws of South Africa, registration number 2007/019223/10)

Placing of 60,000,000 Shares

and admission to a primary listing on the Official List

and to trading on the London Stock Exchange and a secondary listing on the

JSE Limited

at a Placing Price of 125p and ZAR 16.94

UKLA Sponsor, Global Co-ordinator and Bookrunner

Evolution Securities

and

JSE Sponsor and Co-Lead Manager

Macquarie First South

Co-Lead Manager

RBC Capital Markets

Ordinary Share Capital Immediately Following Admission

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£10,000,000	1,000,000,000	Ordinary Shares of 1 pence each	£2,465,996.50	246,599,650

The Shares are not currently traded on any exchange or quotation system. Applications have been made to the Financial Services Authority for all the Shares issued and to be issued to be admitted to listing on the Official List of the Financial Services Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Shares to be admitted to trading on the London Stock Exchange's regulated market for listed securities under the share code "CRND" (together "UK Admission"). The JSE Limited ("JSE") has also conditionally approved the listing of the Shares on the Main Board under the share code "CRD". Listing on the JSE will be subject to the Company fulfilling all the listing requirements of the JSE before the date of Admission (the "JSE Admission" and together with the UK Admission ("Admission")). It is expected that Admission will become effective and that dealings in the Shares will commence on the London Stock Exchange at 8.00am (London time) and at 10.00 a.m. (SA time) on the JSE on 8 November 2007.

The Placing on behalf of the Company of 60,000,000 fully paid Shares at a price of 125p per Share (the "Placing"), by Evolution Securities Limited ("Evolution"), Macquarie First South Corporate Finance (Proprietary)

Limited (“Macquarie”) and RBC Capital Markets, a trading division of Royal Bank of Canada Europe Limited (“RBC”) (collectively, the “Managers”), pursuant to the terms of an agreement dated 1 November 2007 (the “Placing Agreement”) among the Managers, the Directors and the Company is conditional, *inter alia*, on Admission taking place on or before 8 November 2007 (or such later date as the Company and the Managers agree but in any event no later than 14 December 2007).

There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus.

The distribution of this prospectus and the placing of the Shares in certain jurisdictions may be restricted by law and your attention is drawn to the paragraphs headed “Important Information” on pages 19 to 20 of this prospectus.

The Shares are being offered outside the United States in offshore transactions in reliance on Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “US Securities Act”). The Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States except pursuant to an applicable exemption from, or in a transaction not subject to the registration requirements of the US Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

No action has been or will be taken by the Company, the Company’s shareholders at the date of this prospectus (the “Existing Shareholders”), the Managers or any other person to permit a public offering of the Shares or to permit the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the Shares) in any jurisdiction where action for that purpose may be required. Accordingly, neither this prospectus nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The distribution of this prospectus is subject to the restrictions set out on pages 19 to 20 of this prospectus.

Investment in the Shares is highly speculative and involves significant risks. Anyone considering acquiring Shares in the Placing should read this prospectus in its entirety and, in particular, “Risk Factors” on pages 9 to 18 of this prospectus.

The Shares to be issued and made available pursuant to the Placing will, following Admission, rank *pari passu* in all respects with the other issued Shares of the Company and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the issued Shares after the date of Admission.

Prospective investors should rely only on the information in this prospectus. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or any of the Managers. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and rule 3.4 of the Prospectus Rules of the FSA or under rules 6.13 and 6.14 of the JSE Listing Requirements neither the delivery of this prospectus nor any subscription or purchase of the Shares made pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and its subsidiaries and subsidiary undertakings from time to time (the “Group”) since, or that the information contained herein is correct at any time subsequent to, the date of this prospectus.

The contents of this prospectus are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice. If you are in any doubt about the contents of this prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be noted that the price of securities and the income from them can go down as well as up.

In connection with the Placing, the Managers, or any of their respective affiliates acting as an investor for its or their own account(s) may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this prospectus to the Shares being issued, offered, acquired or otherwise dealt with should be read as including any issue or placing to, or acquisition or dealing by, the Managers or any of them or any of their affiliates acting as an investor for its or their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Evolution is acting for the Company and no one else in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, or for providing advice in relation to the Placing or any transaction or arrangement referred to in this prospectus. Macquarie is acting for the Company and no one else in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protection afforded to its clients, or for providing advice in relation to the Placing or any transaction or arrangement referred to in this prospectus. RBC is acting for the Company and no one else in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protection afforded to its clients, or for providing advice in relation to the Placing or any transaction or arrangement referred to in this prospectus.

The Managers, as exclusive agents for the purposes of the Placing, will conditionally place the Shares on a reasonable endeavours basis, subject to prior sale, as and when issued by the Company and accepted by the Managers in accordance with the conditions contained in the Placing Agreement.

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SUMMARY

This summary should be read as an introduction to this prospectus only. Any decision to invest in the Shares should be based on the consideration of this prospectus as a whole by the investor and not just this summary. Under the Prospectus Directive (Directive 2003/71/EEC), in each member state of the European Economic Area (“EEA”) civil liability attaches to those persons who are responsible for the summary, including any translations of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of this prospectus. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA states, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

Overview

Central Rand Gold Limited (the “Company”) is a company focused on gold prospecting in the Central Rand Goldfield of South Africa with the goal of becoming a substantial gold producer.

The Company and its subsidiaries (the “Group”) was established in June 2007 as a result of the restructuring of Rand Quest Syndicate Limited (“RQS”) and its subsidiaries (the ‘RQS Group’).

In addition to being the holder of certain New Order prospecting rights, the RQS Group has contracts to acquire certain New Order prospecting rights which will be transferred into the Group upon the approval of the South African Department of Minerals and Energy (“DME”), pursuant to Section 11 Applications. These comprise eight contiguous New Order prospecting rights, located immediately to the south of Johannesburg, and a large area comprising one New Order prospecting right application located immediately to the south. The eight New Order prospecting rights from west to east are; Western Areas A, B and E, Consolidated Main Reef, Langlaagte, Crown Mines, Anglodeeps, Village Main, Robinson Deep, City Deep and Simmer & Jack (the “Prospecting Rights”). The Prospecting Rights extend over an area from west to east along strike of about 40 kilometres and north to south of about 7 kilometres (the “Central Rand Project”). In addition, the Southern Deeps New Order prospecting right application (the “Prospecting Application”), if granted, would extend the Central Rand Project by a further 13 kilometres to the south.

The establishment of the Group has enabled Puno Gold Investments (Proprietary) Limited (“Puno”) to become a 26 per cent. shareholder in Central Rand Gold South Africa (Proprietary) Limited (“CRGSA”), the Group’s operating subsidiary, which was an important part of the Group becoming compliant with South Africa’s black empowerment legislation as required by the Mineral and Petroleum Resources Development Act 28 of 2002 (“MPRDA”). Consequently the Company, through a wholly owned subsidiary, holds 74 per cent. of the issued share capital of CRGSA.

Key Strengths

The Directors believe that the Group’s key strengths include:

- the Central Rand Project being a large prospecting area in a known gold producing region
 - 270km² brown-field area
 - additional 400km² in respect of the Prospecting Application
 - 33.8m oz JORC compliant gold resource base
- the ability to utilise existing mine infrastructure to reduce exploration costs and expedite exploration activity
- the contiguity of the Prospecting Rights facilitates the development of surface and subsurface mining operations
- targeting near term gold production:
 - 500,000oz pa production by 2010; 1,000,000 oz pa by 2012
- an experienced Board and management team with significant mining expertise
- being fully BBBEE compliant with its partner, Puno
- the availability of infrastructure and labour in Johannesburg

Central Rand Goldfield

Between 1886 and the early 1970s the Central Rand Goldfield is estimated to have produced some 247 million ounces of gold at a reported average head grade (run of mine grade) of 8.2 g/t. Most of the old mines closed in the late 1960s and early 1970s as they were considered uneconomic at the prevailing gold price.

The Group has identified the potential for further exploitation of the Central Rand Goldfield in the current gold price environment using modern exploration, mining and processing technologies.

Central Rand Project Resource Estimates

Table 1.1 is Snowden's compilation of the classified Mineral Resource estimate of the Central Rand Project as presented in the Competent Persons' Report. The resource estimates have been prepared to the JORC standard.

Table 1.1 Central Rand Project Mineral Resource Estimate, July 2007

<i>Reef</i>	Indicated			Inferred		
	<i>Mt</i>	<i>g/t Au</i>	<i>Moz Au</i>	<i>Mt</i>	<i>g/t Au</i>	<i>Moz Au</i>
Main Reef	39.4	6.3	8.0	16.2	7.3	3.8
Main Reef Leader	35.6	11.7	13.4	9.9	12.6	4.0
Pyritic Quartzite	—	—	—	0.9	45	1.3
South Reef	—	—	—	5.3	6	1.0
Bird Reef	—	—	—	9.4	3.8	1.2
Kimberley Reef	—	—	—	10.4	3.3	1.1
Total	<u>75.0</u>	<u>8.9</u>	<u>21.4</u>	<u>52.1</u>	<u>7.4</u>	<u>12.4</u>

The Group is engaged in further exploration and development activity with the objective of finding additional gold resources and upgrading resources to reserves.

Current Trading

In late 2006 the RQS Group commenced a shallow drilling exploration programme to identify the most important and immediately available shallow gold mining opportunities within the Central Rand Project.

The Group has currently selected nine areas that warrant further assessment for shallow mining operations. These areas, termed "slots" by the Group, are located over the Main, Bird and Kimberley Reefs. Currently the exploration programme is targeting the Kimberley Reef sequence on Consolidated Main Reef. Whilst this programme is continuing, none of the exploration results have been used in the resource estimates presented in Table 1.1 above because of the slow turn-around in processing assays.

The Group, through its consultants has undertaken conceptual mine planning and processing studies to support FEIC's New Order mining right application ("FEIC Mining Right Application") for Consolidated Main Reef, Langlaagte, Crown Mines and City Deep within the Central Rand Project which was submitted to the DME on 25 July 2007 and formally accepted (although not yet approved) on 10 August 2007. The Company submitted an updated conceptual study to the DME on 1 October 2007. The FEIC Mining Right Application is currently awaiting approval by the DME. The Group has a contractual entitlement to acquire the entire issued share capital in FEIC upon ministerial approval being granted to a Section 11 Application. In so doing, the Group will ultimately become the holder of the mining right.

The Group intends to continue updating and refining this work in order to complete a definitive feasibility study by the end of the first quarter of 2008 covering the initial intended gold production.

As at 23 September 2007, the Group had completed some 36,076 metres of drilling and had submitted 75,003 samples to SANAS accredited laboratories for assaying. However, of the samples submitted, 50 per cent. have been returned to the Group due to capacity restraints being experienced in the mining industry.

Conceptual Mining and Processing Approach

Within the Central Rand Project there are many kilometres of existing shafts, inclines, declines and drives. The Group intends to utilise some of these old workings, within the constraints of modern mining best practise and health and safety legislation, to conduct underground exploration. However, it is not the intention of the Group to recommence mining in old stopes or on old faces.

The Group plans to mass mine shallow underground areas using modern techniques accessed through the old workings. Wider stopes are expected to be developed by the Group with the focus on removing the economic mineralised zone. It is the intention to use new and, where possible, old workings to backfill processed tailings. As a consequence of the backfilling, the Group expects to rehabilitate considerable areas of land making them more suitable for surface economic use.

The Admission, Placing and Use of Proceeds

The reason for the Admission is to enable the Group to access capital from the international capital markets.

The gross proceeds received by the Company from the Placing are expected to be £75 million. The net proceeds of the Placing after deducting the estimated costs of the Placing (in aggregate estimated to be approximately £6.1 million) are expected to be approximately £68.9 million.

The Company intends to use the net proceeds received by it pursuant to the Placing in order of priority to invest approximately:

- £6 million in the completion of the definitive feasibility study for the initial intended production.
- £45 million in the acquisition of capital equipment and development of mining infrastructure.
- £5 million in mining and related expenditure.
- £9 million in further brownfield exploration.
- £3.9 million for general corporate purposes including working capital.

The Company intends to use the funds available to it as stated above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

Objectives and Milestones

The Company's objectives for the next twelve months are:

- to continue upgrading the available mineral resources and identify additional JORC resources;
- to complete the transfer of the New Order prospecting rights from the RQS Group to the Group by obtaining DME consent to the relevant Section 11 Applications;
- to be granted a New Order prospecting right for the Southern Deeps area pursuant to the Prospecting Application;
- to complete the definitive feasibility study in support of the FEIC Mining Right Application; and
- to obtain DME approval for the acquisition of the entire issued share capital in FEIC and thereby become the holder of the FEIC Mining Right Application.

Summary Historical Financial and Operating Information

The financial information in this prospectus has been extracted without material adjustment from the Group's internal records and has been primarily derived from the historical audited financial statements of the RQS Group.

Since inception in 2003, RQS and after the Reorganisation, the Group has had no trading profit as its principal activities have been those of exploration and the progression of feasibility studies over the Central Rand Project.

Dividend Policy

The Company has never declared or paid any dividends on its Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business.

Risk Factors

Prior to investing in the Shares, prospective investors should carefully consider all of the information in this prospectus, including the following risk factors, which the Directors consider to be all of the known material risks specific to the gold mining industry, the Group's business, the countries in which it operates and/or the Shares.

Risks Relating to the Gold Mining Industry:

- exploration activities are speculative and are often unproductive activities that require substantial expenditure to establish gold resources or reserves;
- gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business such as environmental hazards, industrial accidents; underground fires; labour disputes; unexpected geological formations; unanticipated ground and water conditions; legal and regulatory restrictions and other natural phenomena;
- security issues such as illegal mining, theft, threats to mine workers' lives and safety as well as industrial espionage may negatively impact operations; and
- there are potentially unidentified costs associated with complying with environmental regulations which are constantly evolving.

Risks Relating to the Group's Business:

- the Group's exploration, mining and processing activities are dependent upon the consent from the DME to the transfer of the Prospecting Rights from the RQS Group to the Group;
- the grant of a New Order prospecting right for the Southern Deeps is dependent upon consent from the DME;
- the Group's intended mining activities for the Consolidated Main Reef, Langlaagte, Crown Mines and City Deep within the Central Rand Project are dependent on the granting of the FEIC Mining Right Application and the Section 11 Application by the DME;
- the granting and continuance of necessary prospecting and mining rights by the DME cannot be guaranteed and such rights and/or ownership of material deposits could be challenged;
- the laws and regulations of South Africa relating to foreign investment, subsoil use, licensing, companies, tax, customs, currency, banking and competition are developing, and changes in the law could have a material adverse effect on the Group's operations;
- the Group's reported mineral resources are only statistical estimates that are based on limited sampling and consequently are uncertain because the samples may not be representative;
- the volume and grade of the ore the Group recovers may not conform to current expectations;
- there is no guarantee that the Group will be able to establish economic reserves and/or undertake gold mining on an economic basis;
- the actual costs of developing and operating mines may differ from the Group's current estimates;
- the profitability of the Group's operations and the cash flows generated by these operations will be affected by changes in the market price for gold;
- to date, the Group has not recorded any revenues from mining operations and there can be no assurance that losses will not occur in the near future, or that the Group will be profitable in the future;
- the preparation of consolidated financial statements requires the Group to use estimates and assumptions, in particular, the assessment of whether economic quantities of reserves or resources have been found;
- the Company expects that it will need to raise further funds to complete future development plans and there is no guarantee that such funds will be available;
- the holding company structure could cause restrictions on the Company's ability to pay dividends due to the restrictions on the Company receiving distributions from its subsidiaries;
- it is not always possible or economic to obtain insurance against all risks facing the Group;
- currency fluctuations may affect the Group's revenue and operating results from its operations;

- the Group does not currently use commodity or derivative instruments to protect against a fall in gold prices;
- it is expected that the employees engaged in the mining operations once commenced, will be members of one or more labour unions;
- AIDS could pose risks to the Group when it reaches the stage of staffing the mine(s); and
- the Group may experience difficulties in sourcing and retaining the services of highly qualified management and technical personnel, suitably qualified and/or experienced personnel and appropriate equipment;
- the proximity to urban areas and the associated risks perceived by the inhabitants; and
- the Group may have legal proceedings against it issued and whilst none currently exist Ditholwana has threatened legal action although a conditional settlement agreement in relation to the dispute has been signed.

Risks Relating to South Africa and Emerging Markets Generally:

- emerging market economies are generally subject to greater risks including legal, regulatory, economic and political risks, and are potentially subject to rapid change; and
- the government may legislate that in the event that uranium resources are discovered and subsequently any uranium mined, the whole or a part must be offered for consumption by the State.

Risks Relating to the Shares:

- as there has been no prior public trading market for the Shares there can be no assurance that an active trading market will develop or be sustained in the future;
- the future sales of the Shares could adversely affect their price; and
- the Share price may fluctuate because of factors outside of the Group's control.

RISK FACTORS

Investing in the Shares involves a high degree of risk. Prospective investors should carefully consider the following risk factors, and all information contained in this prospectus, before investing in the Shares. Additional risks and uncertainties that the Company is not aware of or that the Company currently believes are immaterial may also adversely affect the Group's business, operating results and financial condition. If any of these events occur, the Group's business, operating results and financial condition could be materially and adversely affected, the price of the Shares may decline and/or its ability to pay dividends could be impaired. Prospective investors should pay particular attention to the fact that the majority of the Group's assets are located in South Africa which has a legal and regulatory regime that may differ in material respects from the legal and regulatory regimes of Guernsey, the UK and other countries.

Risks relating to the gold mining industry

Gold mining companies face many risks related to their operations (including their exploration and development activities) that may affect their cash flows and overall profitability

Uncertainty and cost of mineral exploration and acquisitions

Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to establish gold resources or reserves through drilling and metallurgical and other testing techniques, determine appropriate recovery processes to extract gold from the ore and construct, renovate or expand mining and processing facilities.

Once gold mineralisation is discovered it can take several years to determine whether gold reserves exist. During this time the economic viability of production may change.

The Group may consider from time to time the acquisition of gold reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Its decisions to acquire these properties will be based on a variety of factors including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, the gold price and projected economic returns, and evaluations of existing or potential liabilities associated with each property and its operations. Other than historical operating results, all of these parameters may differ significantly from the Group's estimates and assumptions.

Gold mining industry risks

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business. These events include, but are not limited to: environmental hazards, including discharge of metals, pollutants or hazardous chemicals; industrial accidents; underground fires; labour disputes; unexpected geological formations; unanticipated ground and water conditions; fall of ground accidents; failure of mining stopes and tailings dam walls; and other natural phenomena, such as floods or adverse weather conditions, legal and regulatory restrictions and changes to such restrictions.

The occurrence of one or more of these events may result in the death of or personal injury to miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage and potential legal liabilities. As a result, the Group's operations could be affected and, if such effects were material, its financial position could be adversely impacted to a significant extent.

Security risks and loss control issues

The Group's operations are based in or near the urban area of Johannesburg and adjacent to informal settlements. Whilst mine security and loss control procedures have been enhanced, the risk remains of illegal mining, theft, threats to mine workers' lives and safety as well as industrial espionage, information loss and the loss of the operational efficiency of the mine. The Company has retained the services of independent security consultants to assist it in the ongoing management of these risks and issues.

Risks Relating to the Group's Business

The Group's mining licences and contracts

The Group's current exploration and future mining and processing objectives are dependent upon the grant, renewal or continuance in force of appropriate surface and/or subsurface use contracts, licences, permits and regulatory approvals and consents which may be valid only for a defined time

period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such surface and/or subsurface use contracts, licences, permits, regulatory approvals or consents would be granted, renewed or continue in force, or, if so, on what terms.

To the extent that the Group has controlled the process through which its existing subsidiaries obtained licences and/or entered into surface and/or subsurface use contracts, it has complied with all rules it considered applicable. To the extent the Group has acquired subsidiaries with existing licences or which have already entered into surface and/or subsurface use contracts, the process of the initial granting of such licences or entering into surface and/or subsurface use contracts was beyond its control and the Group cannot be certain about the occurrence of any previous violations that could cause the South African Government or a third party to challenge the validity of any of these licences or contracts. The Group has so far not been subject to any such challenge and believes that it has a good working relationship with the Department of Minerals and Energy (“DME”) that plays the most significant role in the surface and/or subsurface use contract approval process.

The Group’s surface and/or subsurface use contracts and related working programmes contain a range of obligations on the Group, and there may be adverse consequences of breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the Group’s surface and/or subsurface use licences and/or surface and/or subsurface use contracts. In its past dealings with the South African regulators responsible for the approval of the Group’s prospecting rights and related working programmes, the Group has found that such regulators have been willing to entertain the proposals made by the Group and has accordingly secured satisfactory terms in its surface and/or subsurface use contracts or related working programmes. However, it cannot be guaranteed that the South African regulators responsible for monitoring the Group’s compliance with the terms of its surface and/or subsurface use contracts and related working programmes will continue to be as receptive in respect of any future negotiations in relation to varying the Group’s obligations under the terms of its existing surface and/or subsurface use contracts or related working programmes and that the Group will be able to avoid any adverse consequences if it were held to be in breach of the obligations under its surface and/or subsurface use contracts or related working programmes in the future.

Under the MPRDA the Group requires ministerial consent in terms of Section 11 Applications (which consent is still outstanding) to:

- (i) the cession to Central Rand Gold SA of the prospecting rights held by Gravelotte Mines Limited (once the option is exercised) and AngloGold Ashanti Limited;
- (ii) the cession to Central Rand Gold SA of the prospecting rights in respect of Village Main, Simmer & Jack and Western Areas;
- (iii) to confirm a change of control in the shareholding in Ferreira Estate and Investment Company Limited; and
- (iv) the cession to Central Rand Gold SA of the prospecting rights for Southern Deeps once granted to RQS.

An applicant in a Section 11 Application must demonstrate that it is capable of carrying out and complying with the obligations and the terms and conditions of the right in question and that it satisfies the requirements contemplated in Section 17 or 23 of MPRDA (the grant and duration of a prospecting right and mining right respectively). There is no fixed format for such application and beyond lodging the necessary documentation with the DME there are no formal procedures which must be followed by an applicant. There is a degree of ministerial discretion, in particular in relation to compliance with the Mining Charter. Accordingly despite the Group’s best endeavours, the granting of the Section 11 applications may be delayed until the minister’s requirements are satisfied. Once a Section 11 Application is granted, the transfer must be lodged for registration at the Mining Titles Office within 30 days of the relevant grant.

Withdrawal of licences, termination of surface and/or subsurface use contracts or failure to secure requisite licences or the cession thereof or surface and/or subsurface use contracts in respect of any of the Group’s operations may have a material adverse impact on the Group’s business, operating results and financial condition.

For further information regarding the Group’s surface and/or subsurface use licences, surface and/or subsurface use contracts and working programmes, see Parts II, III and VIII of this prospectus.

Receipt of Necessary Mining Rights Cannot Be Guaranteed and Mining Rights and/or Ownership of Material Deposits Could Be Challenged

At the date of this prospectus, the Group has not obtained any prospecting or mining rights and government approvals required to develop its proposed gold projects.

The acquisition and retention of New Order prospecting and mining rights is a detailed and time-consuming process. Central Rand Gold SA has applied for ministerial consent for the transfer of the prospecting rights from the vendors of its projects to Central Rand Gold SA. While the Company expects the transfer of these rights to be completed during the last quarter of 2007 or early 2008, there is no guarantee that the transfer of the prospecting rights to Central Rand Gold SA will be approved by the DME within this time frame. Any transfer of these prospecting rights requires obtaining ministerial consent and such consent may be delayed pending the Group's compliance with the DME's requirements. Failure to obtain such consent would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Central Rand Gold SA has and will apply in the future, where appropriate, for the Minister of Minerals and Energy's consent to take cession of prospecting and/or mining rights from the vendors of its projects. A wide range of factors and principles must be taken into account by the Minister of Minerals and Energy when considering such applications. The factors taken into consideration include the applicant's access to financial resources and the applicant's technical ability to conduct the proposed mining operation. The mining operations must not result in unacceptable pollution, ecological degradation or damage to the environment. The applicant must provide financially and otherwise for a prescribed social and labour plan, the applicant must have the ability to comply with the relevant provisions of the Mine Health and Safety Act of 1966 ("MHS Act"). The application must substantially and meaningfully expand opportunities for historically disadvantaged South Africans (including women) to enter the mineral and petroleum industry and to benefit from the exploitation of the nation's minerals and petroleum resources and promote employment and advance the social and economic welfare of all South Africans. In addition, the granted prospecting and mining rights may be disputed or challenged by third parties.

Failure to comply with the MPRDA, or failure to secure the transfer and assignment of the prospecting and mining rights, would materially delay, restrict or permanently prevent Central Rand Gold SA from proceeding with its exploration activities or any project development or future potential mining operations. A change in Central Rand Gold SA's BEE status could also result in a loss of mining and/or prospecting rights or licenses.

The Mining Charter sets out a framework, targets and timetables for effecting the entry of historically disadvantaged South Africans into the mining industry in South Africa, as set out in this prospectus.

While Central Rand Gold SA has taken reasonable measures to investigate the title of the holders of prospecting and/or mining rights that it will acquire and is satisfied with the results of its investigations, there is no guarantee that title to any of these prospecting and/or mining rights will not be challenged by third parties in the future. An impairment to, or defect in, Central Rand Gold SA's ownership of any material prospecting and/or mining rights could impede Central Rand Gold SA's ability to secure material mining rights required for its projects and could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The laws and regulations of South Africa relating to foreign investment, subsoil use, licensing, companies, tax, customs, currency, banking and competition are developing, and changes in the law could have a material adverse effect on the Group's operations

Exchange Control Regulations

Exchange Control Regulations restrict the export of capital from the Common Monetary Area (which includes South Africa), subject to SARB approval. These regulations apply to transactions involving South African residents, including both natural and corporate persons. These regulations also affect a company's ability to borrow funds from non-South African sources for use in South Africa or to repay these borrowings from South Africa and, in some cases, the Company's ability to guarantee the obligations of any subsidiaries which may be formed by the Company from time to time, with regard to these borrowings. The South African Government has expressed an intention to gradually relax Exchange Control Regulations with a view to ultimately abolishing exchange control.

The taxation system in South Africa

All persons (whether natural or corporate) who are residents or who are deemed to be residents in South Africa for income tax purposes are subject to taxation in South Africa. South Africa is party

to a number of double taxation treaties and a person's residency status under any double taxation treaty will take precedence over the definition of a resident in terms of the South African Income Tax Act. The extent to which any person may qualify for relief under any of the double taxation treaties should be established prior to investing in the shares of the Company.

Information on resources in this prospectus

Information regarding the Group's resources has been reviewed by Snowden in connection with the preparation of the Competent Persons' Report included in Part VII of this prospectus. The Competent Persons' Report should be read in its entirety.

The Group's reported mineral resources are only estimates. Mineral resource estimates are based on limited sampling and consequently are uncertain because the samples may not be representative. There are numerous uncertainties inherent in estimating mineral resources, including factors beyond the control of the Group. The estimation of mineral resources is a subjective process and the accuracy of any such estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing, production, evaluation of mine plans and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. There is no assurance that mineral resources can be economically mined. Mineral resources that are not mineral reserves do not have demonstrated economic viability. A mineral resource is not the equivalent of a commercially mineable ore body or a mineral reserve.

The Company and the Directors cannot give any assurance that the estimated mineral resources will be recovered if the Group proceeds to production or that they will be recovered at the volume, grade and rates estimated. The failure of the Group to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, such as hardness, the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Changes in the Group's capital costs and operating costs are likely to have a significant impact on its profitability. Its main planned production expenses will be mining contracting costs, transport costs, treatment costs and overheads. Changes in costs of the Group's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral resources uneconomic to mine. Many of these changes may be beyond the Group's control.

The volume and grade of the ore the Group recovers may not conform to current expectations

The Group's resources constitute estimates that comply with standard evaluation methods and are stated in accordance with the JORC Code. In respect of these estimates, no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral resources can be mined or processed profitably. Actual resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below or above the estimated levels. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions or during production.

Lower market prices, increased production costs, reduced recovery rates and other factors may render the Group's resources uneconomic to exploit and may result in revision of its resource estimates from time to time. Resource data is not indicative of future results of operations. If the Group's actual mineral resources are less than current estimates, the Group's results of operations and financial condition may be materially impaired.

No current production

To date, the Group has not recorded any revenues from mining operations nor has the Group commenced commercial production on any of its projects. There can be no assurance that losses will not occur in the near future or that the Group will be profitable in the future. The Group's operating expenses and capital expenditures will increase in subsequent years as personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration

and development, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Group's acquisition of additional projects and other factors, many of which are beyond the Group's control.

The Group expects to continue to incur losses unless and until such time as its projects enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Group's projects will require the commitment of substantial resources to conduct exploration and development of projects. There can be no assurance that the Group will generate any revenues or achieve profitability.

There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Development and operating risks

The Group's profitability will depend, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from the Group's current estimates. The development of the Group's mining projects may be subject to unexpected problems and delays. The Group's decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new development, on the results of a feasibility study. Feasibility studies derive estimates of expected or anticipated project economic returns. These estimates are based on assumptions about future gold prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of gold from the ore, anticipated capital expenditure and cash operating costs and the anticipated return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. These uncertainties include, in addition to those discussed immediately above: the timing and cost, which can be considerable, of the construction of mining and processing facilities; the availability and cost of skilled labour, power, water, consumables, such as cyanide, lubricants, fuel and transportation facilities, the availability and cost of appropriate smelting and refining arrangements; the need to obtain necessary environmental and other governmental permits, and the timing of those permits and the availability of funds to finance construction and development activities.

The funds of the Group currently available and to be raised under the Placing are not expected to be sufficient to complete all future exploration and development by the Group. Accordingly, the Group may need to raise further capital and/or debt financing. The success or otherwise and the pricing of any such capital raising and/or debt financing will depend upon the prevailing market conditions at that time, the outcome of relevant feasibility studies and exploration programmes of the Group and other factors. If additional capital is raised by an issue of securities, this may have the effect of diluting shareholders' interests in the Group. Any debt financing, if available, may involve financial covenants which limit the Group's operating flexibility. If the Group cannot obtain such additional capital, the Group may not be able to complete the development of its projects or may be required to reduce the scope of any expansion which could adversely affect its business, operating results and financial condition.

Estimates in financial statements

Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires the Group to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. The Group's accounting policies regarding exploration and evaluation require management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves or resources have been found. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

Holding company structure and restrictions on dividends

The Company's operating results and its financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends will depend on the

level of distributions, if any, received from the Company's subsidiaries. The Group's members may from time to time be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations, regulatory, fiscal or other restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's business, operating results and financial condition.

The Company has not, since the date of its incorporation, declared or paid any dividends on its Shares, and does not currently have a policy with respect to the payment of dividends.

The Company does not plan to pay cash dividends on its Shares for the foreseeable future although this will be reviewed periodically by the board of directors of the Company.

The profitability of the Group's operations and the cash flows generated by these operations are significantly affected by changes in the market price for gold

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond the Group's control, including: speculative positions taken by investors or traders in gold; changes in the demand for gold use in jewellery, for industrial uses and for investment; changes in the supply of gold from production, disinvestment, scrap and hedging; financial market expectations regarding the rate of inflation; the strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies; changes in interest rates; actual or expected gold sales by central banks; gold sales by gold producers in forward transactions; global or regional political or economic events; and costs of gold production in major gold-producing nations, such as South Africa, Australia, the United States, China, Peru and Russia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above ground stocks of the metal, in comparison to other commodities, these factors typically do not affect the price in the same manner or degree as the supply of and demand for other commodities tend to affect their market prices.

If revenue from gold sales, including the effects of hedging or other derivative instruments, falls below the cost of production for an extended period, the Group will experience losses and may be forced to curtail or suspend some or all of its capital projects and/or operations and change its dividend payment policies. In addition, the Group would have to assess the economic impact of low gold prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves.

Uninsured risks

It is not always possible to obtain insurance against all risks facing the Group and the Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. Although the Group maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the Shares.

Currency risks

Currency fluctuations may affect the Group's revenue from its operations. The Group's revenue from gold and other mineral sales, the Placing and other financing activities will be received in Pounds Sterling, USD and South African Rand, while a significant portion of its operating expenses will be incurred in South African Rand. Accordingly, foreign currency fluctuations may adversely affect the Group's financial position and operation results.

As the Group does not currently use commodity or derivative instruments to protect against a fall in gold prices, the Group is exposed to the impact of any significant drop in the gold price

The Group currently intends to sell its gold production at market prices and has not entered into forward sales, derivative or other hedging arrangements to establish a price in advance for the sale of its future gold production. In general, hedging in this manner reduces the risk of exposure to a fall in the gold price. As the Group does not currently enter into transactions to hedge against the future

price at which its gold production is sold and does not expect to in the near future, the Group can realise the positive impact of any increase in the gold price. However, this also means that the Group is not protected against decreases in the gold price and if the gold price decreases significantly, the Group's revenues will be materially adversely affected.

Labour unions

As at the date of this prospectus none of the Group's employees are members of any recognised labour union in South Africa and the Group is not party to any collective bargaining agreements. In the event that the Group commences its intended mining operations, it is expected that the employees engaged in the mining operations will be members of one or more labour unions and accordingly the Group will ultimately be subjected to collective agreements with such labour unions.

Typically, South African labour unions issue their demands to employers in June of each year resulting in the negotiation of collective agreements regulating the basic conditions of employment for the following 12 months. Such demands may include *inter alia* wage increases, limitation on hours of work, leave entitlement increases and the provision of death benefits payable to employees' dependents.

AIDS could pose risks to the Group if and when it reaches the stage of operational mining in terms of productivity and costs

Human Immunodeficiency Virus ("HIV"), Acquired Immune Deficiency Syndrome ("AIDS") and tuberculosis, which is exacerbated in the presence of HIV/AIDS, are major healthcare challenges in South Africa where the Group operates. The impact of AIDS on the Group's proposed mining projects will continue to be assessed by the Company. Under South African law, the Group is prohibited from requiring employees to be tested to determine their HIV status. Due to the high prevalence of HIV/AIDS in South Africa, the Group may incur costs relating to the loss of personnel and the related loss of productivity. The Company is not able to quantify these costs accurately and these costs may have a material adverse effect on the Group and its business.

Risks relating to key personnel

The Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Group must attract and retain additional highly qualified management and technical personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors.

Availability of personnel and equipment

The world gold industry is currently buoyant. As a result of this, the Group may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced drilling contractors, assay laboratories, geotechnical experts and mining engineers and metallurgical processors. The Group may also have difficulties in sourcing, on a timely basis, the appropriate equipment for production and exploration.

Proximity to urban areas and associated perceived environmental risks

The Group's planned mining activities will occur adjacent to or under urban areas and environmental groups may misconstrue the method of mining and its impact on the environment. Consequent mobilisation of local communities to participate in mass action against the Group may occur, however ill-founded such action may be.

Litigation

While the Group currently has no pending litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since the mining industry, as with all industries, is subject to legal claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results or operations.

As set out more fully at paragraph 15 of Part VIII, Ditholwana Mining and Exploration (Proprietary) Limited ("Ditholwana"), a founding member of the Group's broad based black economic empowerment consortium, which was ultimately constituted as Puno Gold Investments

(Proprietary) Limited, has threatened litigation in respect of 10 per cent. of Central Rand Gold SA's shares, on the basis of a heads of agreement which was later superceded by the BEE Heads of Agreement set out at paragraph 16.8 of Part VIII. On 30 October 2007 a sale of shares and claims agreement was signed between African Development Group (Proprietary) Limited ("ADG"), Ditholwana and Puno settling the dispute. The agreement provides for 15 per cent. of the issued share capital of Puno owned by ADG to be transferred to Ditholwana and for this transfer to be in full and final settlement of all and any claims between the parties and against the Group. The Group, through third party rights, can seek to enforce this agreement. Subject to certain administrative and logistical conditions regarding the transfer of the shares in Puno being satisfied between the date of this prospectus and Admission, there will be no outstanding issue regarding Ditholwana. Following the agreement becoming unconditional, ADG will own 45 per cent. of Puno, Ditholwana 15 per cent. with minorities making up the remaining holders.

State requiring a percentage of any uranium mined

To the extent that the Group mines uranium within the same ore body as gold, it is likely that it will be legislated that the whole or a percentage of any uranium mined must be offered for consumption within South Africa. This will in all likelihood be a term of any mining right ultimately granted to the Group within South Africa.

Environmental risks

In addition to industry accepted best practice, South Africa has adopted environmental regulations requiring industrial companies to undertake programmes to reduce, control or eliminate various types of pollution and to protect natural resources. The Group must actively monitor specific emission levels, ambient air quality, quality of nearby surface water, level of contaminants in soil and creation of solid waste. The Group must also submit an annual report on pollution levels to the environmental authorities in South Africa. Environmental authorities may conduct additional testing to validate the Group's results. If the Group exceeds certain emissions levels in South Africa, additional payment obligations arise. The Group's near term production plans are expected to be conducted through gravity concentration and flotation enrichment. As the risk of environmental pollution is greater when using heap leaching and cyanidation, compared with gravity concentration and flotation enrichment, the Group's transition to heap leaching and cyanidation in the event that the Group determines heap leaching and cyanidation is desirable will require greater efforts from the Group to comply with its environmental obligations.

Under South African environmental laws and regulations, upon the cessation of mining operations, gold mining companies are obligated to close their operations and rehabilitate the lands that they mine in accordance with these laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially. As detailed further in Part II of this prospectus, the Group expects to conduct active rehabilitation by back-filling newly stoped ground as a means of tailings disposal. The Group also expects to backfill existing old stopes, rehabilitating significant tracts of land for future surface use for urban or non-mining commercial purposes.

As required under its surface and/or subsurface use contracts, the Group will once it commences mining operations make regular contributions into rehabilitation trust funds to be used upon the cessation of prospecting and mining operations for environmental clean-ups of the territories covered by its surface and/or subsurface use contracts. However, in the event that these funds are insufficient to meet the cost of the Group's obligations, the Group will be obliged to fund any such shortfall.

Environmental laws and regulations are subject to change and are generally becoming more restrictive. If the Group's environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions it makes to estimate liabilities, or if unanticipated conditions were to arise in its operations, the Group's expenses and provisions may increase to reflect these changes. If material, these expenses and provisions could adversely affect its business, operating results and financial position.

The Group's proposed mining projects are subject to the risk of radioactive materials exposure. The Group has put systems in place to regularly test radon gas, however, exposure to radioactive materials by the Group's employees could cause lost employee man-hours and may make finding skilled labour more difficult.

Competition

Whilst the Group will not experience competition for its sales, as gold is a worldwide commodity, it may encounter competition in identifying and acquiring exploration and development rights for attractive gold properties both in South Africa and elsewhere.

For the Group to expand its operations either in South Africa or elsewhere, it is likely to face competition from both domestic gold mining companies in such countries and any international gold mining companies which already have significant operations in these countries, together with potential new entrants into such markets, any of which might have greater financial, technological and other resources than the Group.

There is a high degree of competition for the discovery and acquisition of properties considered to have a commercial potential. The Group competes with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Risks relating to South Africa and emerging markets generally

All of the Group's operational activities are conducted in South Africa. Accordingly, the Group is substantially dependent on the economic and political conditions prevailing in South Africa.

Investors in companies whose assets are located in emerging economies such as South Africa should be aware that these economies are subject to greater risk than more developed economies, including in some cases significant legal, regulatory, economic and political risks. Investors should also note that emerging economies such as South Africa's are subject to rapid change and that the information set out in this prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of these risks, investing in the Shares is appropriate. Generally, investment in a company whose assets are located in emerging economies is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and investors are urged to consult with their own legal and financial advisors before making an investment in the Shares.

Although a world leader in the gold mining industry, South Africa is unique in a mining context because of the Mining Charter. The implementation of the Mining Charter is closely aligned to the policy of the government of South Africa. Thus if policy and/or governing party changes this may have an effect on the implementation of the Mining Charter and how it affects the Group.

Risks relating to the Shares

No prior market for the Shares

Prior to Admission and the Placing, there has been no public market for the Shares. As a consequence there can be no assurance that an active trading market will develop after the Placing or, if developed, that an active trading market will be sustained, or that the Share price will not decline below the Placing Price.

The Placing Price will be determined by way of a bookbuilding procedure and negotiations among the Company and the Managers and may not be indicative of prices that will prevail on the market following the Placing. The Company cannot predict the extent to which investor interest in the Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders and may not be able to resell the Shares at or above the Placing Price.

Future sales of Shares could adversely affect the Share Price

Sales of additional Shares into the public market following the Placing, on the LSE or the JSE or otherwise, could adversely affect the market price of the Shares.

Each of the Directors and certain of the existing Shareholders have agreed, subject to certain exceptions, that they will not and that they will use their reasonable endeavours to procure that their connected persons will not, with regard to, *inter alia*, their and their connected persons' holdings of Shares, amounting to approximately 16.85 per cent. of the Company's issued share capital following the Placing, dispose of any interests they have in the Shares without the prior written consent of Evolution for a period of 12 months after the date of Admission except in certain limited circumstances. Further details of the lock-in arrangements are set out in paragraph 17 of Part VIII of this prospectus.

Evolution may release any of the Directors and/or existing Shareholders from such obligation in its sole discretion at any time. Substantially all of the Shares that are not subject to these lock-ins, which is expected to be approximately 83.15 per cent. of the Company's issued share capital, may be freely tradeable in the form of Shares immediately after the Placing. Upon expiration of the lock-in period (or earlier with consent) sales of substantial amounts of Shares, or the availability of the Shares for sale, could decrease the market price of the Shares.

Share price may fluctuate

Publicly traded securities from time to time experience price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Shares may prove to be volatile. The market price of the Shares may fluctuate in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; changes to mineral resource and reserve statements; additions or departures of key personnel; any shortfall in revenues or net income or any increase in losses from levels expected by securities analysts; future issues or sales of Shares; and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Shares.

Financing risk

The Company's goal is to eventually finance its exploration and development activities with cash flow from operations, but in the absence of such cash flow, the Group relies on the issue of equity share capital, to finance its activities.

The Company maintains tight financial and budgetary control to keep its operations cost effective. However, there can be no assurance that adequate funding will be available if or when it is required to finance the Group's activities.

IMPORTANT INFORMATION

General

This prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy Shares in any jurisdiction in which such offer or solicitation is unlawful and is not for distribution in or into the United States of America, Australia, Canada, or Japan. In particular, the Shares offered by this prospectus have not been and will not be registered under the applicable securities laws of the United States of America, Australia, Canada, or Japan and, may not be offered or sold directly, or indirectly, in or into the United States of America, Australia, Canada, or Japan, or to any person resident in the United States of America, Australia, Canada, or Japan.

No action has been or will be taken in any jurisdiction, other than the United Kingdom and South Africa, that would permit a public offering of the Shares, or possession or distribution of this prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The distribution of this prospectus and the offer of the Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus does not constitute an offer to subscribe for or buy any of the Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United States

The Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold within the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. The Shares are being offered and sold outside of the United States in reliance on the exemption from the registration requirements of the US Securities Act afforded by SEC Regulation S.

Each purchaser of Shares outside the United States will be required to acknowledge that it has received a copy of this prospectus and to represent, warrant and agree that:

- the purchaser acknowledges that the Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
- the purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares is, outside the United States at the time the buy order for the Shares is originated and continues to be located outside the United States, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares reasonably believes that the purchaser is outside the United States and neither the purchaser nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States;
- neither the purchaser nor the person, if any, for whose account or benefit the purchaser is acquiring the Shares is a US Person within the meaning of Regulation S;
- the purchaser is aware of the restrictions on the offer, sale, pledge or other transfer of the Shares pursuant to Regulation S; and
- any offer, sale, pledge or other transfer of the Shares made other than in compliance with the restrictions imposed by Regulation S or the requirements of US securities law will not be recognised by the Company.

The information in this prospectus is not intended or written to be used, and cannot be used by any person, for the purpose of avoiding United States federal tax penalties, and was written to support the promotion or marketing of the Placing. Each prospective investor should seek advice based on his, her or its particular circumstances from an independent tax adviser.

Guernsey

Each of the Managers has represented and agreed that it will not, directly or indirectly, offer for subscription or sale, or purchase or issue invitations to subscribe for or buy or sell Shares or distribute any draft or definitive documentation in relation to any such offer, invitation or sale to persons resident for income tax purposes in Guernsey other than regulated financial services businesses in the normal course of business.

Consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances 1959 to 1989 was obtained on 11 September 2007 by the Company for the issue of ordinary shares in the capital of the Company and associated fund raising. In giving its consent, neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accept responsibility for the financial soundness of the Company or for the correctness of any of the statements made, or opinions expressed with regard thereto.

South Africa

Each of the Managers has represented and agreed that it has not and will not make an offer of the Shares to the public in South Africa prior to the publication of a prospectus in relation to the Shares and the Placing that has been approved by the JSE and has been registered by the South African Registrar of Companies, provided that it may make an offer which will be deemed not to constitute an offer to the public in terms of section 146 of the South African Companies Act in circumstances which do not require the publication of a prospectus and the offer is communicated by invitation to the named party, who is acting as a principal, on a non-renounceable basis, where the aggregate subscription price including any premium exceeds ZAR100,000, and the necessary Reserve Bank approvals have been obtained.

Switzerland

The Shares may not be offered or sold, and will not be offered or sold to any investors in Switzerland other than on a non-public basis. This prospectus does not constitute a prospectus within the meaning of Article 652a or Article 1156 of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht*) and neither the Placing nor the Shares has been or will be approved by any Swiss regulatory authority.

Transfer Restrictions

Due to the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares.

Each purchaser of Shares in the Placing, by its acceptance thereof, will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- The purchaser (i) is, and the person, if any, for whose account it is acquiring the Shares is, purchasing the Shares outside the United States in an offshore transaction in compliance with Regulation S and (ii) is not an affiliate of the Company or a person acting on behalf of such an affiliate.
- The purchaser is aware that the Shares have not been and will not be registered under the US Securities Act and are being offered outside the United States in reliance on Regulation S.
- The purchaser will not offer, resell, pledge or otherwise transfer such Shares, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements which reflect the current view of the Company or, as appropriate, of the Directors with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Group's products and services).

These forward-looking statements relate to the Group and the sectors and industries in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature identify forward-looking statements for purposes of the US federal securities laws or otherwise.

All forward-looking statements included in this prospectus address matters that involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include but are not limited to those described in the section of this prospectus on Risk Factors, which should be read in conjunction with the other cautionary statements that are included in this prospectus. Although the Company and the Directors have attempted to identify all factors that may influence the accuracy of any forward-looking statement there remain factors which are impossible to foresee and which may cause results or events to differ materially from those predicted. Any forward-looking statements in this prospectus reflect the Company's and Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity.

Any forward-looking statements speak only as of the date of this prospectus. Subject to any obligations under the Prospectus Rules, the Listing Rules and the JSE Listing Requirements, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise. All subsequent written and oral forward-looking statements attributable to the Company, the Directors, or any member of the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this prospectus which could cause actual results to differ before making an investment decision.

PART I

ADMINISTRATION, ADVISERS AND PRESENTATION OF INFORMATION

Expected Timetable of Principal Events (All times are London times)

Expected Admission and commencement of dealings in the Shares on the LSE and JSE	8.00 am on 8 November 2007
CREST Accounts Credited	8 November 2007
STRATE Accounts Credited	8 November 2007
Expected date of despatch of share certificates in respect of Shares	12 November 2007

The dates set out in the expected timetable of principal events above and mentioned throughout this prospectus may be adjusted by the Company (save that Admission cannot occur later than 14 December 2007), in which event details of the new dates will be notified to the UKLA, the LSE and the JSE.

Under the terms and subject to the conditions contained in the Placing Agreement, the Company has agreed to issue and allot 60,000,000 Shares at 125p to raise net proceeds of £68.9 million. The Managers have severally agreed, on a reasonable endeavours basis, to procure subscribers for 60,000,000 Shares at 125p per Share. The Company intends to use the net proceeds received by it pursuant to the Placing for capital expenditure in connection with its exploration programme and for general corporate purposes. No minimum subscription has been specified in terms of the Placing Agreement.

Placing Statistics

Placing Price ⁽¹⁾	
per Share placed outside South Africa	£1.25
per Share placed in South Africa	ZAR16.94
Number of Shares to be issued pursuant to the Placing	60,000,000
Number of Shares in issue immediately following Placing and Admission ⁽²⁾	246,599,650
Expected market capitalisation of the Company at the Placing Price immediately following Placing and Admission ⁽²⁾	£308.2 million
Percentage of enlarged issued share capital subject to the Placing ⁽²⁾	24.33 per cent.
Net Proceeds of the Placing ⁽³⁾	£68.9

Notes:

(1) No shares will be issued at a discounted rate pursuant to this prospectus

(2) Assuming no exercise of the outstanding share options more particularly described in paragraph 11 of Part VIII of this prospectus.

(3) Net proceeds receivable by the Company are stated after deduction of expenses of the Placing

Directors, Secretary and Advisers

Directors	Alastair John Mackenzie Walton Gregory David James Michael Allan Sullivan Riccardo Maria Emanuele Vittino Sedupe Josiah Ramokgopa Nicholas Campbell Farr-Jones Robert Wynn Kirkby Miklos Salamon	<i>Non-Executive Chairman</i> <i>Chief Executive Officer</i> <i>Chief Operating Officer</i> <i>Chief Financial Officer</i> <i>Executive Director Corporate Affairs</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
Secretary and Registrar	Artemis Corporate Services Limited Sydney Vane House Admiral Park St Peter Port Guernsey	
Registered Office and Principal Place Of Business	Sydney Vane House Admiral Park St Peter Port Guernsey	
South African Office	6-10 Riviera Road Block C Houghton Johannesburg South Africa 2193	
UKLA Sponsor, Global Co-ordinator and Bookrunner	Evolution Securities Limited 100 Wood Street London EC2V 7AN United Kingdom	
Co-Lead Manager and JSE Sponsor	Macquarie First South Corporate Finance (Proprietary) Limited Block D Macquarie First South Office Park 181 Jan Smuts Avenue, Parktown North Johannesburg 2193 PO Box 1773 Parklands 2121 South Africa	
Co-Lead Manager	Royal Bank of Canada Europe Limited 71 Queen Victoria Street London EC4V 4DE United Kingdom	

Legal Advisers to the Company

as to English Law
Hunton & Williams
30 St Mary Axe
London
EC3A 8EP
United Kingdom

as to South African Law
Taback & Associates
(Proprietary) Limited
13 Eton Road
Parktown
Johannesburg
PO Box 3334
Houghton, 2041
South Africa

as to Guernsey Law
Carey Olsen
PO Box 98
7 New Street
St. Peter Port
Guernsey
GY1 4BZ

Legal Advisers to the Placing

as to English Law
Stikeman Elliott
4B Frederick's Place
London
EC2R 8AB
United Kingdom

as to South African Law
Webber Wentzel Bowens
10 Fricker Road
Illovo Boulevard
Johannesburg 2196
South Africa

Auditors

Moore Stephens LLP
St Paul's House
Warwick Lane
London
EC4M 7BP
United Kingdom

Reporting Accountants

Moore Stephens LLP
St Paul's House
Warwick Lane
London
EC4M 7BP
United Kingdom

**CREST and STRATE
Transfer Agents**

Jersey and UK
Computershare Investor Services
(Channel Islands) Limited
Ordnance House
31 Pier Road
St Helier
Jersey

South Africa
Computershare Investor Services
2004 (Proprietary) Limited
70 Marshall Street
Johannesburg
South Africa

Competent Person

Snowden Mining Industry
Consultants PTY Limited
87 Colin St
West Perth
WA 6005
Australia

Presentation of Financial and Other Information

Financial Data

Unless otherwise indicated, the financial information in this prospectus has been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Anyone considering acquiring Shares must rely on their own examination of the Group, the terms of the Placing and the financial information in this prospectus.

Certain figures contained in this prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the number in a column or a row in tables contained in this prospectus may not conform exactly to the total figure given for that column or row.

Market, Economic and Industry Data

Market, economic and industry data used throughout this prospectus has been derived from various industry and other independent sources. The accuracy and completeness of such information is not guaranteed.

Information contained in this prospectus relating to the gold mining industry and the competitors of the Group (which may include estimates and approximations) was derived from publicly available information, including press releases and filings under various securities laws. The Company confirms that such information has been accurately reproduced from its sources and, as far as the Company is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. However, the Company has relied on the accuracy of this information without carrying out an independent verification. Certain of the information in this prospectus in relation to South Africa has been extracted from other prospectuses and other publications released by, and is presented on the authority of, various officials and other public and private sources, including participants in the capital markets and financial sector in South Africa. There is not necessarily any uniformity of views among such sources as to the information provided therein. Accordingly, the Company only accepts responsibility for accurately reproducing such extracts as they appear in this prospectus. It accepts no further or other responsibility in respect of such information.

Ore reserve and mineral resource reporting-basis of preparation

Snowden has reviewed certain of the Group’s resources set out in the tables contained in the Competent Persons’ Report set out in Part VII of this prospectus. For information on certain risks relating to ore reserve and resource estimation, see the section on “Risk Factors”.

In this prospectus, the resource estimates which have been reviewed by Snowden are based on data initially prepared by the Company in accordance with the JORC Code and have been substantiated by evidence obtained from Snowden’s site visits and observation and are supported by details of drilling results, analyses and other evidence and take account of all relevant information supplied by the management and the Directors.

Investors are advised to consult with their own tax advisors

Currency Presentation

Unless otherwise indicated, all references in this prospectus to “Pounds Sterling”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom, all references to “\$” or “US dollars” are to the lawful currency of the United States and all references to “ZAR”, “Rand” or “R” are to the lawful currency of the Republic of South Africa.

References to Defined Terms

Certain terms used in this prospectus, including certain capitalised terms and certain technical and other terms, are defined, and certain selected industry and technical terms used in this prospectus are defined and explained in Part IX of this prospectus.

Exchange Rates

Except where otherwise stated, an exchange rate of £: \$2.01 has been used.

PART II

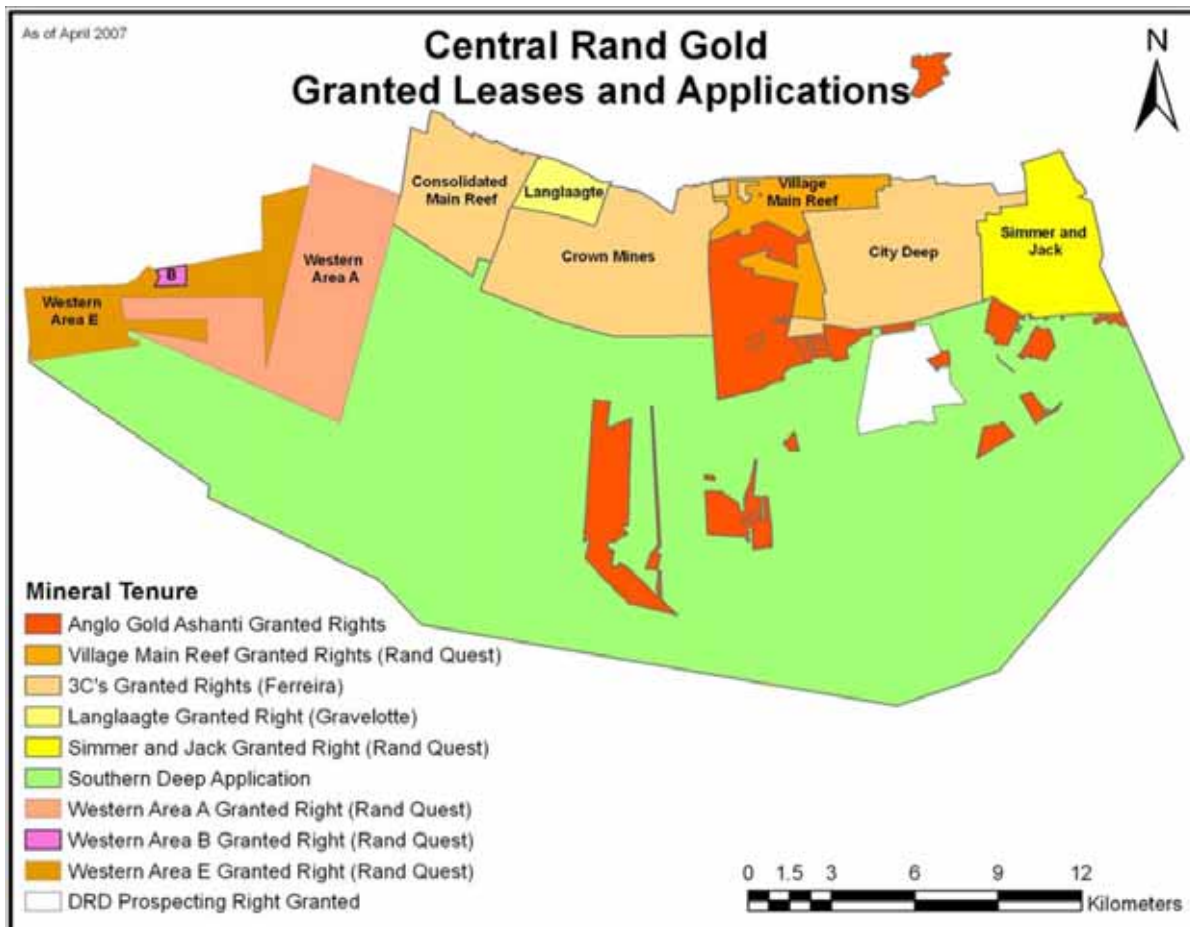
INFORMATION ON THE GROUP

The Business

Central Rand Gold Limited (the “Company”) is a company focused on gold prospecting in the Central Rand Goldfield of South Africa with the goal of becoming a substantial gold producer.

The Company is the holding company for a group of companies (the “Group”) and the Group’s principal operating subsidiary, Central Rand Gold South Africa (Proprietary) Limited (“Central Rand Gold SA”) is engaged in gold prospecting in the Central Rand Goldfield, located in or near the southern part of Johannesburg.

The Group was established in June 2007 as a result of the restructuring of Rand Quest Syndicate Limited (‘RQS’) and its subsidiaries (the ‘RQS Group’). In addition to being the holder of certain New Order prospecting rights, the RQS Group has contracts to acquire certain New Order prospecting rights all of which will be transferred into the Group upon the approval of the South African Department of Minerals and Energy (‘DME’). These comprise eight contiguous New Order prospecting rights, located immediately to the south of the City of Johannesburg and a large area comprising one New Order prospecting right application located to the south of the New Order prospecting rights. The eight New Order prospecting rights constitute from west to east, Western Areas A, B and E, Consolidated Main Reef, Langlaagte, Crown Mines, Anglodeeps, Village Main, Robinson Deep, City Deep and Simmer & Jack (the “Prospecting Rights”). The Prospecting Rights extend over an area from west to east of about 40 kilometres and north to south of about 7 kilometres (the “Central Rand Project”). In addition, the Southern Deeps New Order prospecting right application (the “Prospecting Application”), if granted, would extend the Central Rand Project by a further 13 kilometres to the south.



The Consolidated Main Reef, Crown Mines and City Deep Mines are colloquially referred to as the “3Cs”. Details of the Group’s title to the Prospecting Rights are set out on page 29 under the heading New Order Prospecting Rights and in paragraph 16.17 of Part VIII.

As at the date of this prospectus, the Group has Indicated Resources within the Central Rand Project of 21.4 million ounces of gold and Inferred Resources of 12.4 million ounces of gold as represented in table 1.1 on page 34.

Background

The business of the Group was established in 2003 as Rand Quest Syndicate Limited (“RQS”), an unlisted Australian public company, and its subsidiaries (the “RQS Group”). The vision of the RQS Group was to re-establish commercial gold mining activities in the Central Rand Goldfield using modern exploration, mining and processing technologies.

As the mining laws in South Africa changed, as described in Part III, and the companies that held the prospecting and mineral rights were faced with a more rigorous maintenance policy, the RQS Group was able to negotiate and secure contracts with various companies that held the Old Order mineral rights over certain areas within the Central Rand Goldfield and ensure that these were converted to New Order prospecting rights with RQS Group as the exclusive contractor in connection with the exploitation of these New Order prospecting rights.

The RQS Group entered into contracts over the following New Order prospecting rights: the 3C’s with iProp Limited; Langlaagte with Gravelotte Mines Limited and Anglo Deeps with AngloGold Ashanti Limited. Further details of these contracts can be found in paragraph 16 of Part VIII.

The contracts include various terms with the above named parties but a common theme is that royalties of between US\$8 and US\$10 per ounce of gold mined become payable to the relevant counterparty upon the production of gold. In addition to these contracts, in 2006 the RQS Group applied in its own name for New Order prospecting rights over Village Main and Robinson Deeps and these were granted by the South African Department of Minerals and Energy (“DME”). In 2007 the Simmer & Jack and Western Areas (A, B and E) New Order prospecting rights were also granted to the RQS Group by the DME.

In October 2006, the RQS Group initiated a drilling programme covering the 3C’s and Langlaagte. As at 23 September 2007, this programme had completed some 36,076 metres of drilling and had submitted 75,003 samples to SANAS accredited laboratories for assaying. Of the samples submitted, only 50 per cent. have been returned due to capacity restraints being experienced as a result of the extended high levels of activity in the South African mining industry. This delay has had an impact on the surface and near-surface resource definition programme.

The RQS Group also began a shaft re-access programme, whereby specific shafts could be utilised for shallow underground exploration. As at the date of this prospectus, three shafts have been reopened with the Village Main Shaft No. 1 and Consolidated Main Reef East Shaft already equipped, enabling access to the shallow underground.

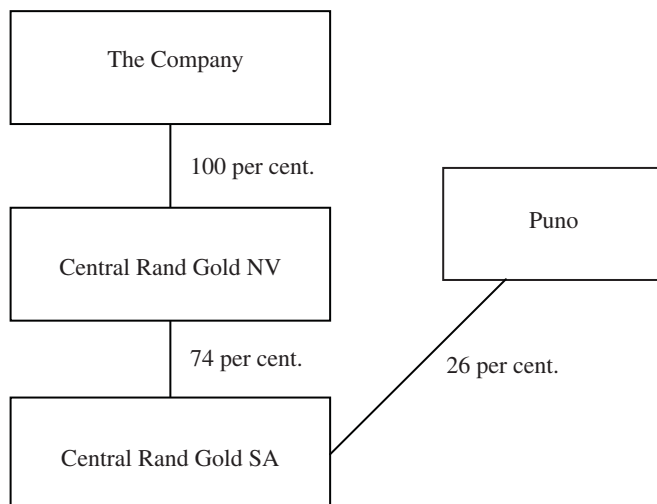
In June 2007, RQS underwent a corporate restructuring (the “Reorganisation”) whereby the Company, incorporated under the laws of Guernsey, became the holding company for the Group and in which its principal operating subsidiary, Central Rand Gold SA, acquired the material business and assets of the RQS Group. The material business and assets of the RQS Group included the interest in and/or contracts to acquire all of the RQS Group’s interests in the Prospecting Rights and the Prospecting Application.

The RQS Group’s New Order prospecting rights and contracts to acquire certain New Order prospecting rights will be transferred into the Group upon the approval of the DME, pursuant to the relevant Section 11 Applications. Details of the Section 11 Applications are set out on page 29 under the paragraph titled “New Order Prospecting Rights”.

In consideration for the Re-organisation, RQS received Shares in the Company on a one for one basis, which were subsequently distributed to its shareholders as a dividend. The Reorganisation, approved unanimously by the shareholders of RQS at an extraordinary general meeting, was effected to comply with the requirements of the DME and to domicile the holding company’s operations in Guernsey.

The establishment of the Group also enabled Puno Gold Investments (Proprietary) Limited (“Puno”) to become a 26 per cent. shareholder in Central Rand Gold SA, which was an important part of the Group becoming compliant with South Africa’s black empowerment legislation as required by the Mineral and Petroleum Resources Development Act 28 of 2002 (“MPRDA”). Consequently the Company, through its wholly owned subsidiary, Central Rand Gold NV, holds 74 per cent. of the issued share capital of Central Rand Gold SA.

Following the Reorganisation, the Group's corporate structure is as follows:



As at the date of this prospectus, the RQS Group does not form part of the Group and it is the intention of the directors of RQS that after the transfer of the Prospecting Rights and the Prospecting Application to the Group is approved by the DME they will dissolve the RQS Group. Currently there are nine directors of RQS, of whom seven are also directors of the Company. The Chairman of RQS, Alastair Walton, is also the Non-executive Chairman of the Company.

For further details of the Reorganisation please refer to paragraph 8 of Part VIII.

Property descriptions and locations

The following is a description of the Central Rand Project. The information in this section is based on the Competent Persons' Report set out in Part VII of this prospectus.

The Central Rand Project is largely located on undeveloped ground to the west, south and east of Johannesburg. It is within close proximity to a wide range of infrastructure including road, rail, residential, commercial and industrial. Additionally, the proximity of the Central Rand Project to Johannesburg provides access to a readily available workforce.

Central Rand Goldfield

Between 1886 and the early 1970s the Central Rand Goldfield is estimated to have produced some 247 million ounces of gold (7,696 tonnes) at a reported average head grade (run of mine grade) of 8.2 g/t. In total, an estimated 1,510 million ounces of gold have been extracted from the Witwatersrand Basin over the same period. Most of the old mines closed in the late 1960s and early 1970s as they were considered uneconomic at the prevailing gold price.

Historically, gold was mined from five separate quartz pebble reefs occurring within three distinct reef sequences – the Main Reef Sequence, Bird Reef Sequence and Kimberley Reef Sequence. The reefs within the Main Reef Sequence were historically by far the most important and most extensively mined.

By the early 1970s the mines of the Central Rand Goldfield were considered to be substantially “worked out”. Infrastructure was old and the operating faces were generally deep (down to 2,800 m in places) and expensive to operate. These factors were further compounded by the low price of gold and a lack of international demand to stimulate the market. This prompted the mine operators to develop higher grade, lower cost mines in the “newer” goldfields of the Witwatersrand Basin such as in the Carletonville and Free State Goldfields.

Since the mines in the Central Rand Goldfield closed they have remained dormant except for Simmer & Jack where contract miners are reported to have recovered gold through “sweepings” (sweeping old stopes), “vampings” (recovery of broken ore that was never previously hoisted to surface) and some recovery of reef from roof support pillars (“pillar robbing”).

The Group recognises the mining and exploration potential of the old Central Rand Goldfield mines through unmined reefs, the low cost extraction of disseminated gold outside the conventional reef

boundaries and the current market demand for gold. Upon approval by the DME of the relevant Section 11 Applications, the Group will have consolidated the 3Cs, Langlaagte, Village Main, Robinson Deeps, Simmer & Jack Mines, Anglo Deeps and Western Areas (A, B and E) into the Central Rand Project. The consolidation of these areas as accomplished by the Group, is, in Snowden's opinion, a significant achievement.

The timings and costs associated with the collation of the Prospecting Rights set out above can be found in Note 13 of the Accountants' report in Part VI of this Prospectus.

New Order Prospecting Rights

In terms of the provisions of the MPRDA, a prospecting or mining right (or an interest therein) may only be alienated, ceded, transferred or otherwise disposed of, to another party subject to Ministerial consent from the DME. Such consent is granted on the basis that the applicant to whom such right is being transferred demonstrates, by means of an application in terms of Section 11 of the MPRDA, to the satisfaction of the Minister that it is capable of carrying out and complying with the obligations and terms and conditions of the right in question and that the applicant satisfies the requirements set out under Section 17 (for the granting and duration of a prospecting right) or Section 23 (for the granting and duration of a mining right), as the case may be, of the MPRDA. The only element of such Section 11 Application in which the Minister may exercise discretion is in regards to compliance by the transferee with the requirements of the MPRDA and the Mining Charter.

The New Order prospecting rights, in which the Group has an interest, may be broadly classified into three groups.

The first group relates to those New Order prospecting rights granted to RQS in its own name, which formed part of the Sale of Business Agreement between RQS and Central Rand Gold SA referred to in paragraph 16.5 of Part VIII below. It is intended that these New Order prospecting rights (being in respect of Robinson Deep Village Main, Simmer & Jack and Western Areas A, B and E) will be transferred to Central Rand Gold SA. Section 11 Applications have been lodged in respect of these New Order prospecting rights and as all the information relating to RQS is mirrored in Central Rand Gold SA, the Group does not anticipate opposition from the Minister to these Section 11 Applications.

The second group relates to those New Order prospecting rights applied for by third parties, with whom the RQS Group entered into contractor and option agreements (collectively "agreements"). All of these agreements were assigned to Central Rand Gold SA in terms of the Sale of Business Agreement referred to in paragraph 16.5 of Part VIII and the Cession and Assignment Agreement referred to in paragraph 16.7 of Part VIII below. Central Rand Gold SA will become entitled to take cession of the New Order prospecting rights upon the exercise of the options contained in the respective agreements. At the time Central Rand Gold SA exercises the options, with the exception of the option in respect of the 3C's area, should it elect to do so, it will be obliged to make a Section 11 Application. A Section 11 Application has already been made in respect of the 3C's area, and in terms of the notarial addendum to the iProp agreement (referred to in paragraph 16.1 of Part VIII below) the option will be deemed to have been exercised on the date on which Ministerial consent to the cession is obtained. The Group does not anticipate opposition from the Minister to the Section 11 Application that has been lodged.

The third group relates to the Southern Deeps. The original application for a New Order prospecting right lodged by RQS was initially rejected by the DME due to the DME's stance on prospecting in residential areas. Pursuant to consultation with the DME its concerns were addressed regarding exploration in residential areas and the Prospecting Application was thereafter successfully lodged and is currently in process. The Prospecting Application formed part of the Sale of Business Agreement referred to in paragraph 16.5 of Part VIII, such that when the right is finally granted to RQS it will, upon obtaining ministerial consent pursuant to a Section 11 Application, be ceded to Central Rand Gold SA. As the Southern Deeps underlies residential townships situated to the south of Johannesburg, the Group has been requested by the DME to provide detailed analysis as to how the proposed prospecting and mining operations may be conducted so as to minimise and/or negate any negative impacts on the immediate and surrounding areas. In the event that the DME does not, on a reasoned basis, agree with the conclusions reached in such analysis, or in the event that the analysis tend to prove that there is a likelihood that damage to the residential townships may occur as a result of the proposed prospecting and mining activities, the boundaries of the Prospecting

Application may have to be amended so as to exclude those areas which underlie residential townships.

In the event that any of the relevant Section 11 Applications are either refused or delayed, Central Rand Gold SA has been granted exclusive rights by the RQS Group to conduct prospecting activities on all of the above mentioned areas, excluding Southern Deeps until such time as new Section 11 Applications may be lodged and granted.

Geological Setting

The Central Rand Project is underlain by rocks of the Central Rand Group (a geological term as used in the Competent Persons' Report) within the upper part of the Witwatersrand Supergroup. The Central Rand Group comprises a 7 kilometres thick sequence of quartz-rich sediments within which there are three principal sequences of quartz pebble reefs which are named the Main Reef, Bird Reef and Kimberley Reef Sequences. Within these reef sequences heavy minerals, including gold and pyrite, have been concentrated to a greater or lesser extent.

The Main Reef Sequence lies at or near the base of the Central Rand Group and was historically considered to be the most important of the three reef packages encountered. It contains several distinct sheet-like reefs dipping at about 40 degrees south (measured at surface), each with their own geological characteristics. The principal gold bearing reefs in the Main Reef Sequence, named from the bottom upwards, are North Reef, Main Reef, Main Reef Leader, South Reef and South South Reef. The Main Reef Leader was the most important gold bearing reef and was comprehensively mined out (except for a few small reef blocks) over all the old mine leases within the Central Rand Project down to a vertical depth of about 2,800 metres below surface – in other words for a down-dip distance of about 5 kilometres. South of the limit of mining within the old mine leases the available information indicates the reef persists and continues to dip south into the Southern Deeps where there has been no previous mining.

The Main Reef Leader was generally high grade i.e. over 12 g/t gold across a reef width of about 60 cm. High and low grade areas of gold mineralisation can be distinguished within the reef and are, in Snowden's opinion, related to fluvial channel processes at the time of reef sedimentation.

The Main Reef, which underlies the Main Reef Leader, is a well developed pebble conglomerate but generally contains lower gold grades than the Main Reef Leader. Over most of the Central Rand Project the Main Reef was mined in patches. The most extensive mining of this reef was on the Simmer & Jack mining lease in the east of the Central Rand Goldfield.

The South Reef was mined quite extensively across the Central Rand Goldfield area although mining was terminated at a much shallower depth than was the case for the Main Reef Leader. Records suggest that in the case of the South Reef gold grades within the reef diminished progressively down dip.

Mining of a particular reef within the Bird Reef Sequence only occurred on a small scale, with mining restricted to the west of the Central Rand Goldfield. This was also the case for the Kimberley Reef Sequence where, amongst its numerous pebble reefs, only one, the K9A Reef, was mined albeit to a limited extent.

A number of other reefs occur within the Central Rand Project such as the Johnstone and Livingstone reefs. However, these reefs were not exploited during previous mining operations.

Use of Existing Infrastructure

Within the Central Rand Project there are many kilometres of existing shafts, inclines, declines and drives. The Group intends to utilise some of these old workings, to the extent possible within the constraints of modern mining best practice and health and safety legislation, to conduct underground exploration. During the course of this utilisation, some of these old workings will require refurbishment. However, it is not the intention of the Group to recommence mining in old stopes or on old faces using conventional or old mining techniques. Recent exploration work by the Group has discovered that gold mineralisation within and proximate to the reef sequences is widely disseminated, albeit at lower grades than the reef strata proper. Such mineralisation may lend itself to much larger stope widths of 2.5 to 3.5 metres. The Group intends to mass mine shallow underground areas using modern techniques accessed through the old workings. Wider stopes are expected to be developed by the Group in unmined reefs and new discoveries with the focus on removing the economic mineralised zone. It is the intention to use new and, where possible, old workings to backfill processed tailings before they are brought to surface. As a consequence of the backfilling, the Group

expects to rehabilitate considerable areas of land making them more suitable for surface economic use.

Exploration, Drilling, Sampling and Verification

In late 2006 the RQS Group commenced a shallow drilling exploration programme to identify the most important and immediately available shallow gold mining opportunities within the Central Rand Project. None of the exploration results from this on-going programme have been used in the resource estimates presented in Section 17 of the Competent Persons' Report because of the slow turn-around in processing assays. The Group engaged Dunrose Trading 186 (Proprietary) Limited, trading as Shango Solutions, a firm of geological and exploration consultants based in Johannesburg, to manage the day to day activities of its exploration programme. Shango Solutions, in consultation with the Group, has engaged a number of other consulting firms to undertake specific work programmes, including Snowden's exploration consultants based in Johannesburg who are responsible for overseeing the quality assurance and quality control of the exploration data. Shango Solutions' work is guided by the Group's Chief Operating Officer, Mike Sullivan and the Geology Manager, Barry Venter.

The Group has currently selected nine targets that warrant further assessment for shallow mining operations. These targets, termed "slots" by the Group, are located over the Main, Bird and Kimberley Reefs. Currently the exploration programme is targeting the Kimberley Reef sequence on Consolidated Main Reef.

Historically uranium has been extracted from the Witwatersrand Goldfields in association with gold production. Although specific uranium exploration is not an immediate priority of the Group uranium assays are being undertaken as part of the current gold exploration programme.

Historical Maps and Plans

The RQS Group identified the potential and importance of the historical mine plans and maps pertaining to the Central Rand Project. These plans and maps were sourced, collated, scanned and then converted into an electronic format so that they could be used as reference material in modern software packages. As at the date of this prospectus about 21,000 maps and plans have been scanned and indexed by the Group. All the relevant information from each map or plan has been captured in a central database for easy reference. Coupled with the underground peg records, this data is used to digitize the extent and position of the existing mine infrastructure in three dimensions. To date, in the order of 170,000 original mine survey peg records have been captured into a customised database. These pegs were then geo-referenced through conversions from their original survey systems to a more modern, standard system.

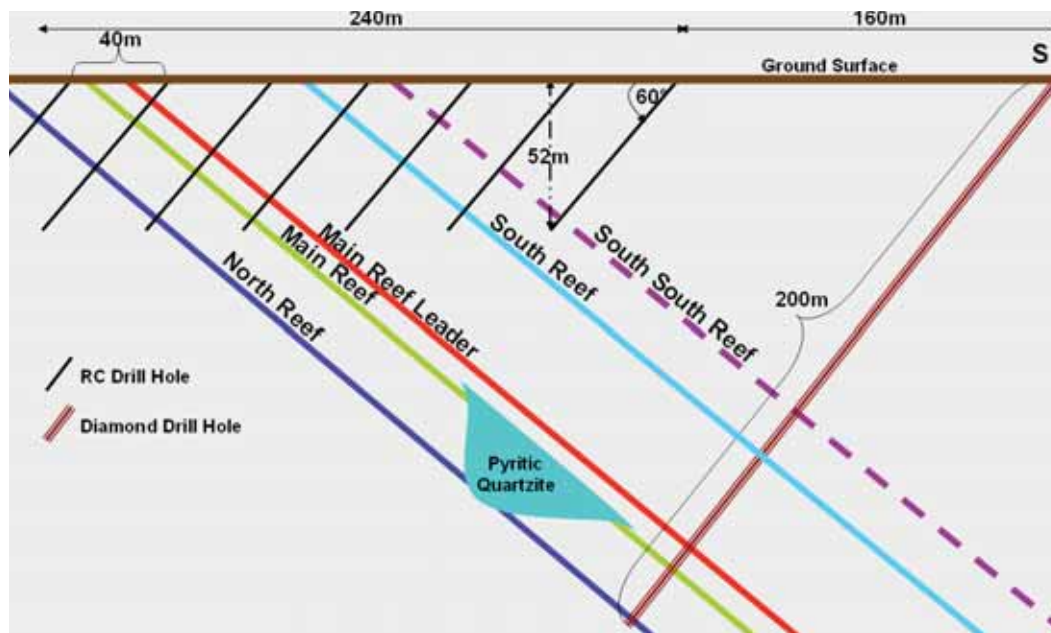
Exploration Drilling

The Group's exploration drilling programme commenced with one reverse circulation ("RC") percussion drill rig and soon built up to two RC and two diamond drill rigs. The drill lines are located relative to the outcrop of the major reefs of the Central Rand Group.

The primary objective of the drilling programme is to determine the near surface potential of areas that may be mined in the near term.

The initial phase of exploration drilling comprised RC drill lines (referred to as "line drilling"), on dip, around 600 metres apart. The actual length of the line and the distance apart was dependant on the infrastructure. RC drill holes were spaced 40 metres apart along the lines, drilled at an inclination of 60 degrees to the north, against the dip (Figure 1). Each hole was 60 metres long and samples were collected at half metre intervals, to provide a better resolution. As at 23 September 2007, 26,562 metres of RC drilling has been completed.

Figure 1: Exploration Drilling Configuration



Diamond drill holes have been used to clarify the detailed geology and to correlate the results of the RC holes. This drilling is significantly slower than the RC, around 30 metres per day versus 90 metres of the RC, but provides far greater lithological definition. As of 23 September 2007, 7,004 metres of diamond drilling has been completed, including 86 holes drilled exclusively for geotechnical purposes.

Reconnaissance Sampling and Mapping

In conjunction with the drilling programme, a reconnaissance sampling and mapping programme is being conducted on the Bird Reef outcrops on Crown Mines, the Main Reef sequences on Langlaagte and the Kimberley Reef sequences on Consolidated Main Reef.

The mapping to date indicates a far more complex geological structure of the known reef sequences due to regional and localised faulting and dyking displacements.

Target Identification

Samples have been sent to a number of SANAS accredited laboratories in Johannesburg for assaying. Industry standard sample preparation and analytical techniques are being employed and are subject to independent scrutiny. There has been a slow sample turnaround from the laboratories and approximately 50 per cent. of assays are yet to be returned. In order to overcome future assay-related delays, the Group intends to develop or acquire its own assay laboratory and a metallurgical testing facility which will be independently staffed and operated. The Group is in negotiations with a potential vendor in relation to such an acquisition, but, as at the date of this prospectus, no definitive agreements have been entered into in relation to an acquisition.

Due to the delays in the completion of the assay testing no new resource information has yet become available from the Group's current exploration drilling programme.

From the historic logging and observation of the assay results of the line drilling, nine targets or slots were defined. Additional infill or resource drilling is, being conducted within the slots using both RC and diamond drills. The slots are located on the previously known outcrop areas of the major Witwatersrand reefs. These are, from the oldest (northernmost), the Main Reef Sequence comprising the Main Reef, Main Reef Leader and the South Reef. There are also several erosion channels that have been filled with pyritic quartzites and discontinuous gold bearing conglomerates. The youngest southernmost reef sequence in the Central Rand Project is the Kimberley Reef Sequence with the K9a, K9b and the K7 being the most economically important reefs.

The sequence of target definition drilling was determined after considering the stratigraphy and the scheduling of the commencement of urban development. As at the date of this prospectus, target definition drilling has been completed on Slots 2 and 8 and is in progress on Slot 1. This will be followed by Slot 4 and the Kimberley Reefs east along strike from Slot 1.

Village Main Drilling Intersections

As determined from old mine plans, a pillar was found where the South Reef that had previously been mined was intersected by a drill hole from within Village Main. In addition to the South-South Reef, the Village Main borehole also intersected its intended target, the pyritic quartzites.

The South-South Reef returned an average value of 11.3g/t over 550cm although this should not be considered to be an average grade or width. The pyritic quartzites, historically, consist of a series of three bands of which the Bottom and Middle bands in the core have been identified. The Bottom Band yielded 3.0g/t over 433cm and the Middle Band yielded 3.9g/t over 84cms.

Underground Access

The primary reason for the underground re-access program is to ratify the Indicated Resources by surveying and sampling pillars and remnants (to confirm locations and grades) in as many places as possible along the strike extent of the Central Rand Project.

Village Main Vertical Shaft

In November 2006 work commenced on the first underground access point at the Village Main vertical shaft. It was expected that the shaft would give access to the upper levels of the Main Reef Package and the pyritic quartzites. All statutory protocols required for the re-entry of the old workings were completed by early January 2007 with the first remote video surveillance runs being made down the shaft shortly thereafter. A "Skyjack" hoist and travelling cage have since been procured and installed.

Currently a detailed shaft inspection is underway which will allow the final clearances to fully re-access the shaft down to 6 and 9 Level or approximately 250 to 375 metres below surface.

CMR East Shaft

The discovery of a fully intact inclined shaft that gives access to the Main Reef Packages was made on eastern CMR in May 2007. The shaft is currently being equipped down to 10 level (200 metres below surface) with a ladderway to enable personnel access. Levels and stopes from the old workings have been accessed. Ground conditions encountered to date are good.

CMR No 2 Shaft

After an attempt to enter CMR No 2 inclined shaft, it was determined that the upper level of the shaft had been collapsed as part of the shaft sealing process when the mine was abandoned. After an effort to clear the collapsed zone by digging an access slot from the surface, it was decided to fill the slot and continue to excavate the collapsed zone from within the incline. Work is ongoing in this respect.

Mineral Resources

During the course of the last three years, the Group has commissioned seven Johannesburg based geological and/or mining consulting firms to compile estimates of the gold mineral resources remaining within the Central Rand Project. The approach taken in each study differed, with each focussing on a particular aspect of the mineralisation.

Compilation of estimates of the remnant gold mineralisation within the project area is a challenging task given the enormous size of the Central Rand Project, its complex multiple reef geology, the complex distribution of gold in the reefs and the considerable extent of the old mining operations. The task was also complicated by difficulties encountered in recovering the old mine plans from archives. However, the task was positively enhanced by the vast amount of underground reef assay data and the high quality of the underground mine survey data recorded on these plans. The full process of underground plan verification has still to be completed by the Group.

Snowden has concluded that the most comprehensive assessments of Mineral Resources were compiled by Viljoen and Viljoen in a series of reports issued in 2004 and 2006. Viljoen and Viljoen are geologists with more than 40 years' experience and have considerable standing in the South African and indeed the global mining industry. Viljoen and Viljoen's reports summarised work they, their colleagues and their students carried out at the University of the Witwatersrand over a period of about eighteen years. Viljoen and Viljoen, in their final report, dated 2006, provide an overall summary of estimates compiled initially for the 3C's mines and thereafter for Langlaagte, Village Main and Robinson Deep. Viljoen and Viljoen have not compiled estimates for Simmer & Jack. The

Mineral Resource estimates reported by Viljoen and Viljoen are summarised in accordance with the JORC Code.

Snowden also utilised the independent Mineral Resource estimate presented by Dr C Lemmer (Lemmer, 2007a and b) to form the basis of the Mineral Resource reporting of the Main Reef and Main Reef Leader for the Group. Dr C Lemmer is a geostatistician with more than 40 years' experience in the estimation of mineral resources in ore deposits. A large part of her experience has been gained working on Witwatersrand gold reef deposits both as an employee of a large South African mining house and later as a consultant geostatistician. Lemmer has reported a Mineral Resource for the Main Reef on the 3Cs and Robinson Deep and for the Main Reef Leader on the 3Cs, Robinson Deep (including a portion of Village Main Reef) and Simmer & Jack Old Order mining leases.

Lemmer, with the assistance of the Group's geological consultants (Shango Solutions), compiled geostatistically based resource estimates for the Main Reef and Main Reef Leader within those parts of the Central Rand Project where underground sample assay data was available. Lemmer has advised that there are large areas of the Central Rand Project where no attempt has been made to estimate resources on the Main Reef and Main Reef Leader because there is no assay data available.

Table 1.1 is Snowden's compilation of the classified Mineral Resource estimate of the Central Rand Project as presented in the Competent Persons' Report based on the Main Reef and Main Reef Leader estimates by Lemmer and the additional reef estimates by Viljoen and Viljoen. The resource estimates have been reported according to the JORC Code.

Table 1.1 Central Rand Project Mineral Resource Estimate, July 2007

<i>Reef</i>	<i>Indicated</i>			<i>Inferred</i>		
	<i>Mt</i>	<i>g/t Au</i>	<i>Moz</i>	<i>Mt</i>	<i>g/t Au</i>	<i>Moz</i>
Main Reef	39.4	6.3	8.0	16.2	7.3	3.8
Main Reef Leader	35.6	11.7	13.4	9.9	12.6	4.0
Pyritic Quartzite	—	—	—	0.9	45	1.3
South Reef	—	—	—	5.3	6	1.0
Bird Reef	—	—	—	9.4	3.8	1.2
Kimberley Reef	—	—	—	10.4	3.3	1.1
Total	75.0	8.9	21.4	52.1	7.4	12.4

Method of resource estimation

Lemmer has used an industry accepted approach that is applied on a number of Witwatersrand gold mines. Lemmer relied on the historical database of Rand Mines Limited where individual data points (mainly located along on-reef development) were regularised into 25 metres x 25 metres blocks. Traditional variogram techniques were used to determine accumulation (cm.g/t) and reef width orientations and continuity. Based on these parameters, kriging techniques were applied to estimate the accumulation and reef width for 250 metres x 250 metres blocks.

Sample widths were interpolated up to the assumed minimum stoping widths at the various depths and 10cm external waste was applied for shallow mining above 70 metres depth (surface mining). The proportion of selective mining units of 25 metres x 25 metres within each block was determined using standard Witwatersrand economically viable cut-offs, considering currently practiced mining methods. The cut-offs applied by Lemmer range from 100cm. g/t at surface to 1200cm. g/t below 3,000 metres depth.

Lemmer estimated what she terms a “mineable resource” in the sense that it is linked to practical stoping widths for narrow reef mining and present day cut-off grades. In order to increase confidence in “mineable resources” (and eventually ore reserves), cost estimates and mining studies need to be undertaken by the Group to determine the detail required for the application of local cut-off grades and selective mining assumptions.

The Inferred Mineral Resource estimate presented by Viljoen and Viljoen is a bulk in-situ resource and Snowden considers that it represents a reasonable estimate of the global resource for each of the reefs investigated.

Resource classification

Lemmer classified the Main Reef and Main Reef Leader resource into Indicated and Inferred categories according to data quantity and quality, variogram ranges, quality of kriged estimates and the characteristically “continuous” nature of the Main Reef and Main Reef Leader. Viljoen and Viljoen have relied upon the following criteria in classifying their Inferred Mineral Resource:

“Presence and use of dense to scattered sedimentological and mineralisation data showing continuity in the form of sedimentary channels and associated ore shoots. Thus, a high degree of confidence exists for such resources which could readily be upgraded to the Indicated Resource category following check sampling and analysis.”

Viljoen and Viljoen note that once access to the underground workings is achieved and existence of reef blocks and old stope faces is confirmed and the potentially open-pittable mineralisation is confirmed then upgrading of the Inferred Resources to Indicated and Measured Resources should be readily achievable.

For information on some of the risks associated with ore reserve estimation, see Risk Factors on page 9 of this prospectus.

Proposed Mining Methods

The Group, through its consultants has undertaken conceptual mine planning and processing studies to support the New Order mining right application (“FEIC Mining Right Application”) for the Consolidated Main Reef, Langlaagte, Crown Mines and City Deep within the Central Rand Project which was submitted to the DME on 25 July 2007 and formally accepted on 10 August 2007. The FEIC Mining Right Application is currently awaiting approval by the DME. The Group has a contractual entitlement to acquire the entire issued share capital in FEIC upon ministerial approval being granted to a Section 11 Application. In so doing, the Group will ultimately become the holder of the mining right.

In parallel, from early 2007, the RQS Group embarked on the process of preparing a definitive feasibility study which is expected to be completed by the Group by the end of the first quarter of 2008.

Mine design philosophy

The mine design process has been approached with a view to achieve optimal gold resource extraction with minimal surface impact. This is expected to be achieved through a trackless mining layout which, in comparison with conventional narrow reef mining, lends itself to better mining efficiencies and substantially safer mining conditions for mining personnel.

It is envisaged that the major reefs will be exploited by means of slot, undercut and shallow mining, as well as mining of the deeper ore resource with operations ultimately concentrated in underground workings.

Slot mining

Outcrop ore down to 30 metres below surface (“mbs”) is likely to be mined from a mechanically ripped slot, which would be excavated to a planned high wall position of 10 mbs. Processing may then be through mobile gravity and floatation plants, localised at each slot. These plants could be relocated underground as soon as possible. The mining void would be systematically backfilled and rehabilitated. Topsoil could be stockpiled and replaced during the final rehabilitation. If and where feasible, shallow ore would be mined from underground haulages to a depth of approximately 30 mbs. These haulages could then be accessed from underground workings or from the freshly excavated surface slot cuts.

Shallow mining

Reef from depths of 30 mbs – 170 mbs may be accessed through a surface portal and a decline developed in the footwall of the reef horizon. All shallow reef material is likely to be hauled to surface via this portal for processing at the slot. Concentrate would then be pumped to a central extraction plant.

Processing of the deeper mineral resource

The deeper resource is planned to be accessed through extended declines from surface. Ore in excess of 170 mbs, is intended to be processed in centralised underground processing plants. These plants are

expected to be initially located at an elevation of 300 mbs and be moved to deeper elevations of approximately 600 mbs and 900 mbs as and when required.

Mineral Processing and Metallurgical Testing

The Group currently expects to use satellite processing plants located close to mine sites or portals. The plants would produce a concentrate which would be transported to a central extraction plant for gold bullion recovery. Thereafter the tailings will be treated to produce a mineral rich concentrate. This may include uranium as a by-product and uranium has been included within the Prospecting Rights and the Prospecting Application which are all in respect of gold ore and associated minerals. It is the Group's intention to return the tailings to underground voids. The Group has commenced its first test work on a 1.2 tonne bulk sample of Kimberley Reef. This initial metallurgical test work has indicated a 90 per cent. recovery although the extent of the testwork is not great enough, as at the date of this prospectus, to complete a pre-feasibility study.

Proposed production schedule

As stipulated in South African environmental and mineral legislation (i.e. the National Environmental Management Act (Act No 107, 1998 NEMA as amended) and the MPRDA), planned production may commence only after approval to proceed with mining has been granted by the DME.

On the assumption that approval is received from the DME in early 2008 the first production by the Group from the surface mining operations is expected during 2009, with steady state production of 500,000 oz being contemplated during 2010. Underground mining operations are currently estimated to potentially reach a steady state of 1 million ounces during 2012. The development programme is designed to reach steady state production at an industry competitive cash cost of \$320/oz.

Life of the proposed mine

With the anticipated production rates, the expected life of the mines are at least 20 years based on present indications. The resource statement is continually being revised and updated as the results of the current exploration programme are processed and integrated into the Group's geological resource model.

Further confirmation of the resource will be addressed through underground exploratory work, which is designed to confirm the validity of the conceptual mine plans and the availability of individual reefs for exploitation.

Products and Sales

Based on current information the Group expects to commence sales of gold doré soon after the commencement of mining operations in 2008. Production is expected to increase throughout 2009 when a run rate of around 100,000 ounces of gold is expected to be achieved by the year end.

Supplies

Once mining commences the principal supplies to be purchased by the Group in its operations are electricity and consumables such as explosives, drilling bits, fuels and lubricants.

Surface and/or Subsurface use contracts

To date, there has been no official legislation detailing royalty payments that are required to be paid to the South African Government. However, the current proposal is to institute a 1.5 per cent. royalty on gold sales.

Royalty payments are due to various counterparties as detailed in paragraph 16 of Part VIII of this prospectus.

Key Strengths

The Directors believe that the Group's key strengths include:

The Central Rand Project being a large prospecting area in a known gold producing region

The Central Rand Project covers brownfield area of 270km², with a further 400km² in respect of the Prospecting Application. To date this area contains an estimated gold resource of 75Mt at 8.9g/t Indicated (21.4M oz Au) and 52Mt at 7.4g/t Inferred (12.4M oz Au) reported according to the JORC Code.

Reduced exploration time and costs due to use of existing mining structure

Access to old mine workings in the project areas will enable the Group to conduct quicker and lower cost underground exploration activities rather than deep drilling from surface.

Mass mining methods – underground processing hence reduced operating costs

The Group intends to apply modern mass mining techniques utilised in other countries.

Contiguity of the Prospecting Rights

The contiguity of the Prospecting Rights facilitates the development of subsurface mining operations across a considerable area (of approximately 58 square kilometers), following geological features and/or mineralisation, reducing the cost of operations.

Near term gold production objective

The group intends to reach 500,000 oz of gold per annum production by 2010 rising to 1 million oz of gold per annum by 2012.

The Group's experienced Board and management team with significant mining expertise

The Group's Board and management team has a track record in managing operations and has demonstrated its ability in a variety of corporate activities. The Group's senior management combines extensive industry experience and geological and mining expertise. The Company's board of directors includes four non-executives with global experience in gold mining, natural resources and international finance. For more information on the Directors and the Group's management, see the paragraph entitled "Directors, Senior Management and Consultants".

BBBEE partner

The Group is fully BBBEE compliant. The Directors consider Puno Gold Investments (Proprietary) Limited to be a strong partner with experienced management and hands-on participation in the operations of the Group. Puno is well placed to facilitate dialogue with local communities regarding socio-economic upliftment programmes and environmental sustainability. It also satisfies the requirements of the Mining Charter and MPRDA, in giving access to the mining industry to historically disadvantaged South Africans.

Availability of infrastructure and readily available labour force

As the project areas are in close proximity to Johannesburg and its surrounding environs, the costs of transport and labour are reduced, as is the cost of access to power and fuel supplies.

Directors, Senior Management And Consultants

The names and ages of each Director of the Company and positions held by them are set forth below.

Directors

<i>Name</i>	<i>Nationality</i>	<i>Age</i>	<i>Position</i>	<i>Date appointed to board of RQS Australia</i>	<i>Date appointed to Board of the Company</i>	<i>Date appointed to board of RQS as an external company in SA</i>	<i>Date appointed to the Board of the Company as an external company in SA</i>
Mr Alastair Walton	Dual Australian/ British	50	Non-Executive Chairman	8 December 2006	8 June 2007	8 Dec 2006	10 July 2007
Mr Gregory James	South African	43	Chief Executive Officer	27 September 2006	8 June 2007	16 Jan 2007	10 July 2007
Mr Michael Sullivan	Australian	55	Chief Operating Officer	31 March 2006	3 July 2007	16 Jan 2007	10 July 2007
Mr Riccardo Vittino	Australian	47	Chief Financial Officer	22 September 2004	8 June 2007	16 Jan 2007	10 July 2007
Mr Sedupe Ramokgopa	South African	68	Executive Director Corporate Affairs	22 September 2004	12 September 2007	16 Jan 2007	12 September 2007
Mr Nicholas Farr-Jones	Australian	45	Non-Executive Director	6 October 2006	8 June 2007	16 Jan 2007	10 July 2007
Mr Robert Kirkby	Australian	60	Non-Executive Director	8 February 2007	8 June 2007	8 Feb 2007	10 July 2007
Mr Miklos Salamon	British	52	Non-Executive Director	31 March 2007	8 June 2007	16 Jan 2007	10 July 2007

Sedupe Ramokgopa resigned as a director of RQS on 27 February 2007.

Each of the Directors can be contacted at the Company's principal place of business.

Alastair John Mackenzie Walton – Non Executive Chairman

Alastair Walton is a career investment banker who retired in 2006 as Vice Chairman and Managing Director of Goldman Sachs JB Were, the Australian affiliate of the Goldman Sachs Group Inc. Prior to joining Goldman Sachs in Australia in 2001 he worked with Credit Suisse First Boston Inc. for 14

years in Tokyo, New York, Melbourne, Sydney, London and lastly Hong Kong, as Head of Investment Banking for Non-Japan Asia. He is President and a director of the European-Australian Business Council Limited, a director of Film Finance Corporation Australia Limited, appointed by the Australian Government, the Great Barrier Reef Foundation Limited and is a former member of the Australian Financial Sector Advisory Council, appointed by the Treasurer of Australia Hon. Peter Costello MP. Alastair has a Masters of Business Administration from the Columbia University Graduate School of Business, where he was a Dean's Scholar, a Bachelor of Economics (with specialisation in Accounting) from the Australian National University and is a Chartered Accountant.

Gregory David James – Chief Executive Officer

Gregory James is a Chartered Accountant and his expertise includes financial management, corporate finance, mergers and acquisitions and business turnarounds. While in South Africa, he held the position of Senior Audit Manager of PricewaterhouseCoopers Inc. In 1994, Gregory emigrated to Switzerland and joined Glencore International, one of the world's largest suppliers of commodities and raw materials to industrial consumers. At Glencore, he was the Chief Financial Officer for the Coal Division and later was appointed Head of Industrial Assets and Group Audit. Under his management, coal assets from Columbia, Australia and South Africa were added to Glencore's portfolio. Over an eight year period, Glencore became one of the world's largest producers of export thermal coal. Greg also facilitated the sale of coal mines in South Africa and Australia to Xstrata, prior to Xstrata listing on the LSE. In 2006, Greg returned to South Africa and established Greg James Investments (Proprietary) Limited, a diverse investment and consultancy company focused mainly on mid-tier mining and property companies. Greg obtained a Bachelor of Commerce degree and Higher Diploma in Accounting from Rhodes University.

Michael Alan Sullivan – Chief Operating Officer

Michael Allan Sullivan is a mining engineer with 34 years' experience covering surface hardrock, underground and alluvial mining with some of the largest mining operations in Australasia and Africa.

A graduate of the Western Australian School of Mines, Mike completed his basic mining training in the Kalgoorlie gold mines before starting with Anglo American in Zambia. He has since worked with NCCM's underground copper mines at Konkola Division, CSR's large scale alluvial tin mines in Indonesia, Seltrusts Open pit underground copper zinc silver mine in Western Australia, Renison Goldfields underground tin mine and Mt Lyells' large scale underground copper/gold mine in Tasmania and Lonrho Plc's hardrock and alluvial gold mines in Mozambique and Zimbabwe.

Mike went on to become the resident manager on Horseshoe Lights copper, gold, silver and Tuckabiana gold mines in Western Australia before acting as an operations consultant specialising in rectifying mining operations in need of systems management, often taking over the management of the mines in the process.

Mike has held a number of senior managerial and directorship positions throughout his career and his time as a freelance consultant has enabled him to build a broad range of operational experiences.

Riccardo Maria Emanuele Vittino – Chief Financial Officer

Riccardo Vittino is a Certified Public Accountant with 20 years' experience in company secretarial and corporate management. His 18 year tenure at Helix Resources Limited, saw his appointment from Chief Financial Officer, to Chief Operating Officer to Chief Executive Officer before he left in 2006. He has also held directorships with Diamond Venture NL and Platinum Australia Limited. He is a fellow member of the Australian Society of CPAs as well as the Australian Institute of Company Directors. Riccardo holds a Bachelor of Commerce degree from the University of Western Australia.

Sedupe (“Rams”) Josiah Ramokgopa – Executive Director – Corporate Affairs

Rams Ramokgopa was awarded the Star of South Africa by the then President, Mr Nelson Mandela in 1994. He has held various directorship positions including former President of the South African Institute of Mining and Metallurgy and Vice President at Mintek. He is a member of the Advisory Board of MiningTek, a member of the Council for Scientific and Industrial Research and he is also a member of the Council of the University of Witwatersrand. He was a Founder Member and Chairman of the Board of The South African Institute of Distance Education as well as the Community Based Development Programmes. Rams is the chairman of the African Development Group (Proprietary) Limited which is the majority shareholder of Puno, the Company's BBBEE

partner and of which he is also a director. Rams holds a Master of Science degree from the University of South Africa.

Nicholas Campbell Farr-Jones – Non Executive Director

Nicholas is a commercial lawyer by training. In 1985, he joined Garland Seaborn and in 1995 he joined Societe General Commercial Investment Bank Paris, where he was the sales director for precious metals, derivatives for Southern Africa. In 1999, Nicholas was appointed as a director for Commodities & Mining Finance at the Australian branch of Societe General. Nicholas is a former Councillor of the City of Sydney and a director of the Wesley Mission, a part of the Uniting Church in Australia Trust, and in 1992 was awarded the Order of Australia for Services to Rugby. Nicholas holds a Bachelor of Law degree from the University of Sydney.

Robert Wynn Kirkby – Non Executive Director

Robert Kirkby retired from his position as executive president of BHP Billiton Limited at the end of 2006 after 28 years with the company. He has held a number of senior positions at BHP Billiton Limited including Chairman of the Executive Committee, Member of the Office of the Chief Executive and member of The Forum for Corporate Responsibility as well as having served on the board of directors of a number of the company's joint ventures and subsidiaries.

Robert holds an honours degree in Civil Engineering from James Cook University and has completed an Advanced Management Programme from Harvard Business School. He is a fellow of the Australian Academy of Technological Sciences and Engineering and a member of the Australian Institute of Mining and Metallurgy.

Miklos Salamon – Non Executive Director

Miklos Salamon started his career in 1975 at De Beers Consolidated Diamond Mines Limited and then continued through Anglo American Limited's Gold Division and Shell Limited's Coal Division before he joined the Gencor Group Limited in 1985. Until 1997 this included being Managing Director of Trans-Natal Coal Corporation, Executive Chairman of Samancor Limited (the world's largest producer of Manganese and Chrome ores and alloys), Chairman of Columbus Stainless Steel unincorporated joint venture and Executive Director of Gencor Limited. He then became a founding Executive Director of Billiton plc and in 2003 was appointed an Executive Director of BHP Billiton plc until his retirement in October 2006. The latter period included global responsibility for the aluminium, copper and nickel businesses as well as the BHP Billiton Group's health, safety, environment and community affairs, capital project services, purchasing and operating excellence. From September 2007, Miklos Salamon has been Co-President of a private equity fund, AMCI Capital, and also Chairman of New World Resources B.V.

Miklos Salamon holds a Bachelor of Science Mining Engineering degree from The University of the Witwatersrand as well as Masters of Business Administration from the London Business School, University of London. He also has Mine Managers and Mine Overseers certificates of competency from the South African Department of Mines.

Senior Management

In addition to the executive management on the Company's Board, the day-to-day management of the Group is conducted by the following senior managers, who are considered relevant to establishing that the Company has the appropriate expertise and experience for the management of its business. The names and ages of each senior manager of the Group, and positions held by them within the Group are set forth below.

The Group outsources certain of its environmental, technical and geological functions to consultants who are all regarded as experts within their respective fields within the mining industry.

Senior Managers

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Nationality</i>
James McArdle	58	Mining Manager	South African
Barry Venter	41	Geological Manager	South African

Each of the senior managers of the Company can be contacted at the address of Central Rand Gold SA.

James Joseph Morgan McArdle – Mining Manager

James McArdle has held various directorship and managerial positions with large mining companies both in South Africa and abroad including Rand London Diamond Mines which was bought by BHP Billiton, De Beers Limited in the Premier Diamond Mine Division, Rustenburg Platinum Mines Limited and Virginia Diamond Mines, a division of Russian based Renova. He is a member of the South African Mine Managers Association.

He received his Professional Engineer Mining qualification from the South African College of Mining. His mining expertise spans a 35 year career, specializing in underground and open cast mining for platinum, gold and diamonds.

Barry Venter – Geological Manager

Barry Venter started his geology career with Gencor Limited as an exploration geologist. He managed a number of projects for the Fort Hare Museum services. He then joined De Beers Limited at their Venetia Diamond Mine as a geotechnical engineer and acting Mine Geologist. He then moved to Maptek, South Africa, where he held various positions from Technical Administrator to Business Unit Manager, Technical Services.

Barry Venter obtained his Bachelor of Science Geology (Chemistry) in 1988 at Rand Afrikaans University (now called the University of Johannesburg) followed by his B.Sc. Hons. Geology (with Sedimentology Cum-Laude) in 1989. He later obtained his Master of Science in Geotechnical Engineering from the University of Natal (Durban) in 1994.

Employees

As at 31 December 2005 and 2006, RQS did not have any employees. As at 30 June 2006 Central Rand Gold SA had 25 employees. As at 30 June 2007 the Group had 40 employees, all of which were employed at its office in Johannesburg. As at the date of this prospectus, the Group has 49 employees, all of which are employed at its office in Johannesburg.

The following table sets out information on the numbers of persons employed in the Group as at 30 June 2006 and 30 June 2007 and the date of this prospectus by main category of activity:

	<i>Central Rand Gold SA (Proprietary)</i>		
	<i>Limited</i>	<i>Group</i>	<i>Group</i>
	<i>As at</i>	<i>As at</i>	<i>As at the date</i>
	<i>30 June</i>	<i>30 June</i>	<i>of this</i>
	<i>2006</i>	<i>2007</i>	<i>prospectus</i>
DEPARTMENTS			
Geological Exploration	3	7	12
Finance	2	5	7
Field Office	5	8	8
Office Administration	3	2	4
Information Technology	2	4	4
Legal	1	2	2
Commercial	2	2	2
Management	4	5	5
Risk & Loss Control	—	1	1
Medical	—	1	1
Human Resources	1	2	2
Security	2	1	1
Total	25	40	49

As at the 30 June 2007 the Group had 20 temporary employees. As of the date of this prospectus the Group has 13 temporary employees.

The Group currently engages 19 contracting parties who provide a range of services including drilling and geological surveying. In aggregate at any one time there may be in aggregate up to 171 people providing services to the Group on behalf of these contractors.

Corporate Governance

The Combined Code sets out certain corporate governance recommendations in relation to public limited companies incorporated in England and Wales. There are no corporate governance recommendations applicable to companies incorporated in Guernsey, but the Company intends so far as it is able, having regard to its size and stage of development, to comply with the recommendations of the Combined Code and, with effect from Admission, the Model Code on director's dealings as if it were a public company incorporated in England and Wales.

The Board is composed of eight members, consisting of four Executive Directors and four Non-Executive Directors. The Board considers that all of the Non-Executive Directors are independent. Notwithstanding the fact that Mr Alastair Walton was appointed as Executive Chairman of Rand Quest Syndicate in December 2006 and subsequently the Company, and will continue as Executive Chairman of the Company until Admission, at which point he will become Non-Executive Chairman, the Board considers that Mr Walton is independent. The Board considers that Mr Walton's relatively short appointment as Executive Chairman with its objective of achieving Admission did not interfere with his objective, unfettered or independent judgement or his ability to act in the best interests of the Group. No individual or group of individuals dominates the Board's decision making. The Combined Code recommends that at least half the members of the board of directors (excluding the chairman) of a public limited company incorporated in England and Wales should be independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgment and the Company intends to become compliant with this recommendation of the Combined Code when it is appropriate.

The Combined Code also recommends that the Board should appoint one of the independent non-executive directors as the senior independent director and Robert Kirkby has been appointed to fill this role. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman, chief executive or chief financial officer has failed to resolve or for which contact is inappropriate.

The Board has established various committees (as detailed below), with formally delegated duties and responsibilities with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

As the Company has been incorporated as an external company in South Africa, the King Code on Corporate Governance 2002 ("King II") will also apply to the Company. The provisions of King II require an emphasis on a transparent, efficient and accountable management structure.

King II requires the Board to consist of executive (whose term should not exceed three years) and non-executive directors, in circumstances where it is preferable that the majority of directors are non-executive. Alternatively there should be a sufficient number of non-executive directors who are independent of management and who thereby ensure protection of the minority shareholders.

In addition King II requires that audit and remuneration committees are established to assist the Board with its functions. These committees should on the whole be chaired by independent non-executive directors.

It is intended that the Group will apply the provisions of King II to the extent that King II is not in conflict with the corporate governance provisions of the Combined Code.

Remuneration Committee

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, determining the individual remuneration and benefits package of each of the executive directors and recommending and monitoring the remuneration of senior management below Board level. The Combined Code provides that the Remuneration Committee should consist of at least three members who are all independent non-executive directors.

The membership of the Company's Remuneration Committee comprises four Non Executive Directors (namely; Mr Walton, Mr Farr-Jones, Mr Kirkby, and Mr Salamon). The Chairman of the Remuneration Committee is Mr Walton. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Remuneration Committee.

The Remuneration Committee will meet formally at least twice a year and otherwise as required.

Nomination Committee

The Nomination Committee assists the Board in reviewing the structure, size and composition of the Board, including making recommendations to the Board with regard to any changes, giving full consideration to succession planning for directors and other senior executives of the Company and identifying and nominating for Board approval candidates to fill board vacancies as and when they arise. The Combined Code provides that the Nomination Committee should consist of at least three members who are all independent non-executive directors.

The membership of the Company's Nomination Committee comprises four Non Executive Directors (namely; Mr Walton, Mr Farr-Jones, Mr Kirkby, and Mr Salamon). The Chairman of the Nomination Committee is Mr Walton. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Nomination Committee.

The Nomination Committee will meet formally at least twice a year and otherwise as required.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board.

The Combined Code recommends that the audit committee should comprise of at least three members who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience.

The membership of the Company's Audit and Risk Management Committee comprises three independent Non-Executive Directors (namely, Mr Farr-Jones, Mr Kirkby and Mr Salamon). Mr Farr-Jones is considered by the Board to have recent and relevant financial experience and is the chairman of the Audit and Risk Management Committee. The Company therefore considers that it complies with the Combined Code recommendations regarding the composition of the Audit and Risk Management Committee.

The Audit and Risk Management Committee will meet formally at least three times a year and otherwise as required.

Technical, Health, Safety and Environmental Committee

The Technical, Health, Safety and Environmental Committee assists the Board in formulating the Group's health, safety and environment policies as they affect the Group's operations, including monitoring compliance with national and international standards and reviewing management's investigations of incidents or accidents that occur in order to assess whether policy improvements are required.

The Company's Technical, Health, Safety and Environmental Committee is composed of four members, two of whom are independent Non-Executive Director (namely Mr Kirkby and Mr Salamon). The other members of the committee are Executive Directors (namely Mr James and Mr Sullivan). The chairman of the Technical, Health, Safety and Environmental Committee is Mr Salamon.

The Technical, Health, Safety and Environmental Committee will meet formally at least twice a year and otherwise as required.

Conflicts of Interest

The Directors and senior managers of the Group are, or may become, directors or senior managers of other companies with businesses which may conflict with the business of the Company. Directors are required to act honestly and in good faith with a view to the best interests of the Company. In addition, Directors who have a conflict of interests are required to disclose it to the Company and to abstain from voting in connection with the matter. To the best of the Company's knowledge, there are no known existing or potential conflicts of interest between the Company or a subsidiary of the Company and a director or senior manager of the Company or a subsidiary of the Company as a result of their outside business interests at the date hereof. However, certain of the Directors and senior managers serve as directors and/or senior managers of other companies. Accordingly, conflicts

of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company.

Gregory James, the Chief Executive Officer of the Company, is only required to work three days per week for the Company and has outside interests and directorships through his investment and consulting company Greg James Investments (Proprietary) Limited trading as the JAG Investment Group. All his current directorships have been disclosed to the Company but it is possible that conflicts may arise and other appointments may be taken by him in the future. Gregory has undertaken to discuss all such issues with the Company on a timely basis to prevent any conflicts of interest arising.

Insurance

The Directors consider that the Group has adequate and customary insurance cover in place for its business activities.

The Directors and senior management of the Group are insured by means of a Directors and Officers Liability Insurance Policy to the amount of Australian Dollar \$10 million.

The Company intends acquiring a Prospectus Insurance Policy that will cover the Company and its Directors and senior management from the date of this prospectus for a period of three years.

Dividends and Dividend Policy

The Company has not, since the date of its incorporation, declared or paid any dividends on its Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, the Company anticipates that it will retain future earnings and other cash resources for the operation and development of its business. Nevertheless, one of the key objectives of the Company for the future is to institute a dividend policy and to ensure shareholders benefit directly from future successes that the Company and the Group operations may achieve. The payment of dividends in the future will depend on the earnings, if any, and the financial condition of the Company and such other factors as the Directors consider appropriate.

The Admission, Placing and Use of Proceeds

The reason for the Admission is to enable the Company to access capital from the international capital markets.

The gross proceeds received by the Company from the Placing are expected to be £75 million. The net proceeds of the Placing after deducting the fee's of the Managers and the estimated costs of the Placing (in aggregate estimated to be approximately £6.1 million) are expected to be approximately £68.9 million (USD 138.5 million).

The Company intends to use the net proceeds received by it pursuant to the Placing and its existing cash in order of priority to invest approximately:

- £6 million (USD 12.06 million) in the completion of the initial Definitive Feasibility Study
- £45 million (USD 90.45 million) in the acquisition of capital equipment and development of mining infrastructure.
- £5 million (USD 10.05 million) in mining and related expenditure.
- £9 million (USD 18.09 million) in further brownfield exploration.
- £3.9 million (USD 7.84 million) for general corporate purposes including working capital.

The Company intends to use the funds available to it as stated above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.

The Placing

The Placing comprises 60,000,000 Shares.

Pursuant to the Placing Agreement, each Manager has severally agreed, subject to certain conditions, to use its reasonable endeavours to procure acquirers for the 60,000,000 Shares to be issued in connection with the Placing at the Placing Price.

Further details of the Placing Agreement are set out in paragraph 16.19 of Part VIII of this prospectus.

Settlement and Delivery of the Shares

United Kingdom

Each investor under the Placing will be required to undertake to pay the Placing Price for the Shares issued to such investor in such manner as shall be directed by the Managers. Successful applicants will be allocated Shares through CREST. It is expected that CREST accounts should be credited on or about 8 November 2007.

Upon Admission, the Shares will be traded through the LSE and prices will be quoted in Pounds Sterling. Trades in Shares on the LSE will be settled through CREST.

South Africa

Application has been made by the Company for the shares to be issued in South Africa to be admitted to STRATE. Accordingly, settlement of transactions in the dematerialised Shares following Admission will take place within the STRATE system. Shareholders can elect to receive physical share certificates, transfer of which will occur outside the STRATE system using share transfer forms. The Shares will only be traded on the JSE in dematerialised form, and as such all shareholders need to dematerialise their Shares should they wish to trade therein.

Dealing Arrangements

All Shares made available pursuant to the Placing will be sold at the Placing Price. It is expected that Admission will take place and unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) and on the JSE at 10.00 a.m. (Johannesburg time) on 8 November 2007.

Lock-In Arrangements

The Company has agreed with Evolution pursuant to the Placing Agreement that it will not offer to sell, grant any option for the sale of or otherwise dispose of or transfer or announce any intention to do so, in a public offering or by way of a private placement any new Shares for a period of 6 months following the date of Admission without the prior written consent of Evolution (such consent not to be unreasonably withheld or delayed) other than pursuant to the options referred to at paragraph 11 of Part VIII of this prospectus.

The Directors (who in aggregate will hold with their connected persons 10,100,000 Shares on Admission) and certain shareholders (in respect of 80 per cent. of their holding of Shares on Admission which in aggregate amounts to 31,455,667 Shares) have agreed with Evolution and the Company that they will not and will use reasonable endeavours to procure that their connected persons will not dispose of or create any encumbrance over, or enter into any agreement to do either in relation to any interests they have in the Shares for a period of one year from Admission, except in certain limited circumstances. Furthermore, they have entered into an orderly market agreement for the benefit of the Company and Evolution for a period of 12 months from the first anniversary of the date of Admission.

Details of the lock-in arrangements are set out in paragraph 17 of Part VIII of this prospectus.

Regulation on Takeovers and Mergers

The Panel on Takeovers and Mergers (“Takeover Panel”) is the regulatory body which publishes and administers The City Code on Takeovers and Mergers (the “City Code”), which applies to all public companies resident in the UK and the Isle of Man, and listed companies resident in the Channel Islands. As a listed company incorporated in Guernsey, the Company is subject to the City Code.

Under Rule 9 of the City Code:

- any person who acquires shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company; and
- any person who holds (together with persons acting in concert with him) not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company and such person (or any person acting in concert with him) acquires additional shares which increases his percentage of voting rights,

is, except with the consent of the Takeover Panel, required to make a general offer in cash to all shareholders of that company for the remaining issued shares not then owned by him (or persons deemed under the City Code to be acting in concert with him) at not less than the highest price paid by him for ordinary shares within the previous 12 months (the “mandatory bid obligation”).

Where any person (taken together with shares held or acquired by persons acting on concert with him) holds more than 50 per cent. of the voting rights in a company, no obligation would normally arise to make a general offer under Rule 9 if that person or concert party increases its aggregate shareholding. However, even if the concert party together holds over 50 per cent. of the voting rights, the Takeover Panel may, *inter alia*, regard (i) any acquisition by a member of the concert party that increases his personal holding to 30 per cent. or more or (ii) any increase by a member of the concert party of his personal holding within the 30 per cent. to 50 per cent. band, as giving rise to an obligation on that individual to make an offer for the Company.

The Securities Regulation Panel (“SRP”) is the regulatory body in South Africa which publishes and administers the Security Regulations Code on Take Overs and Mergers promulgated under GNR290 on 18 January 1991 (“SRP Code”). The SRP Code applies to all public companies and private companies registered in South Africa with a value of in excess of ZAR5,000,000.00. As an external company registered in accordance with the Companies Act, the Company is subject to the SRP Code.

Under Rule 8 of the SRP Code, whenever an affected transaction occurs, then the person or persons who have acquired control over the company, or who acquire further securities in excess of the limits prescribed by the Rules, shall unless the SRP rules otherwise, extend offers to the holders of any class of equity capital, whether voting or non-voting equity capital of which such person or persons acting in concert with him are holders, to acquire all of the securities or such portion of their securities as the SRP on application may determine. In making such determination, the SRP shall have regard to the facts in the case, the general principles of the SRP Code and equity. The offers shall be for the same comparable consideration. Offers for different classes of equity capital shall be comparable and the SRP shall be consulted in advance in such cases, provided that for purposes of this Rule, the limit prescribed shall be the acquisition in any period of 12 months of securities carrying more than 5 per cent. of the voting rights by the person or persons holding not less than the specified percentage (35 per cent. as at the date of this prospectus) but not more than 50 per cent. of the voting rights in the company.

Ditholwana

Prior to the appointment of Puno Gold Investments (Proprietary) Limited as the black empowerment partner of the Company’s subsidiary in South Africa, Central Rand Gold South Africa (Proprietary) Limited, RQS had negotiated a heads of agreement between RQS, African Development Group (Proprietary) Limited (“ADG”) and Ditholwana.

Ditholwana has threatened litigation in respect of 10 per cent. of Central Rand Gold SA’s shares on the basis of a heads of agreement which was later superceded by the BEE Heads of Agreement set out at paragraph 16.8 of Part VIII.

On 30 October 2007 a sale of shares and claims agreement was signed between ADG, Ditholwana and Puno settling the dispute. The agreement provides for 15 per cent. of the issued share capital of Puno owned by ADG to be transferred to Ditholwana and for this transfer to be in full and final settlement of all and any claims between the parties and against the Group. The Group, through third party rights, can seek to enforce this agreement. Subject to certain administrative and logistical conditions regarding the transfer of the shares in Puno being satisfied between the date of this prospectus and Admission, there will be no outstanding issue regarding Ditholwana. Following the agreement becoming unconditional, ADG will own 45 per cent. of Puno, Ditholwana 15 per cent. with minorities making up the remaining holders.

Further details of this matter are set out in paragraph 15.2 of Part VIII.

Taxation

Taxation information regarding Guernsey, the United Kingdom and South Africa is set out in paragraph 26 of Part VIII of this prospectus. If you are in any doubt as to your tax position, you should consult an appropriate professional adviser immediately.

Further Information

Your attention is drawn to the additional information set out in Parts III to VIII of this prospectus which contains, among other things, further information on the Group.

PART III

THE REPUBLIC OF SOUTH AFRICA

Background

The information contained in this section has been extracted from documents and other publications released by, and is presented on the authority of, various officials and other public and private sources, including participants in the capital markets and financial sector in South Africa. There is not necessarily any uniformity of views among such sources as to the information provided therein. Accordingly, the Company only accepts responsibility for accurately reproducing such extracts as they appear in this section. It accepts no further or other responsibility in respect of such information.

Overview

The Republic of South Africa is an industrialised, democratic republic that covers 1.2 million km². It is situated on the southernmost tip of Africa and bordered by the ocean and by the countries of Botswana, Lesotho (a land locked state which is situated entirely within the land mass of the Republic of South Africa), Mozambique, Namibia, Swaziland and Zimbabwe. South Africa's population is estimated at approximately 47.4 million people. There are eleven official languages in South Africa with English, Afrikaans, Xhosa, Zulu and Sotho being the most widely spoken. Business in South Africa is conducted mainly in English.

South Africa is a middle-income, market economy with an abundant supply of natural resources as well as an advanced financial, legal, communications, energy, and transport infrastructure. South Africa's major industries consist of mining, agriculture, tourism, automobile assembly, metal working, machinery, textiles, iron and steel, chemicals, fertilizer and foodstuffs. South Africa is the world's largest producer of gold, platinum, and chromium and is a major producer of diamonds, manganese, coal and iron ore. South Africa has an unemployment rate that is higher than other developing nations and the economy is affected by a high crime rate and high HIV infection rates. South Africa's gross domestic product in 2005 was approximately US\$237 billion.

On April 27, 1994 South Africa held its first democratic all-party national election culminating in the appointment of Mr. Nelson Mandela as President of South Africa. The successor to Mr. Nelson Mandela and the current President of South Africa is Mr. Thabo Mbeki.

With effect from February 4, 1997, South Africa adopted a new constitution, the Constitution of the Republic of South Africa, 1996 (the "Constitution"). The Constitution, *inter alia*, provides for a common citizenship for all South Africans, the creation of a sovereign and democratic constitutional state, nine provinces with defined legislative and executive powers, an independent judiciary that includes a constitutional court, a supreme court of appeal and high courts in the various provinces. The Constitution places an obligation on the South African Government to take legislative and other measures to achieve land, water and related reform in order to redress the consequences of past racial discrimination and to implement a procurement policy providing for categories of preference in the allocation of contracts (for government procurement) and protection or advancements of persons disadvantaged by unfair discrimination. As a result of these obligations the government has introduced black economic empowerment at a legislative level in an effort to provide previously disadvantaged individuals with access to property, business opportunities and other benefits advancement.

During 2000, the first of a number of statutes aimed at implementing the obligations placed on the government under the provisions of the Constitution was promulgated in the form of the Preferential Procurement Policy Framework Act, 2000 (the "PPA"). This was followed in 2002 by the Mineral and Petroleum Resources Development Act, 2002 (the "MPRDA") and the Broad-Based Black Economic Empowerment Act, 2003 (the "BBBEE Act"). Following the promulgation of the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the "Mining Charter") was published under the provisions of Section 100(2)(a) of the MPRDA. Further, a number of draft BEE Codes of Good Practice on Broad Based Black Economic Empowerment (the "Codes") have been published for comment since 2004 under Section 9 of the BBBEE Act. The Codes were gazetted on 9 February 2007.

The Economy

Overview

Fitch Ratings recently revised the outlook on South Africa's sovereign ratings from stable to positive, attributing the change to improved growth performance, increased investments and sound public finances. South Africa's ratings for long- and short-term foreign currency issuer default (IDR) were affirmed at "BBB+" and "F3" respectively. The country's long-term local currency IDR was affirmed at "A", as was the country ceiling.

The following table sets out certain information on South Africa's main economic and financial indicators for the years from 1998 to 2007:

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007ytd
GDP (Rm)	864,968	885,365	922,148	947,373	982,121	1,012,763	1,061,770	1,115,817	1,171,367	1,207,565
GDP Growth (constant 2000 prices)	0.5%	2.4%	4.2%	2.7%	3.7%	3.1%	4.8%	5.1%	5.0%	5.1%
PPI	3.6%	5.8%	9.2%	8.4%	14.2%	1.7%	0.6%	3.1%	7.7%	10.4%
CPI	6.7%	5.1%	5.2%	5.5%	9.3%	6.2%	1.6%	3.3%	4.6%	6.4%
CPIX	7.0%	6.9%	7.8%	6.6%	9.3%	6.8%	4.3%	3.9%	4.6%	5.8%
Prime	23.0%	15.5%	14.5%	13.0%	17.0%	11.5%	11.0%	10.5%	12.5%	13.5%
Repo	19.3%	12.0%	12.0%	9.5%	13.5%	8.0%	7.5%	7.0%	9.0%	10.0%
ZAR/USD	5.86	6.14	7.56	12.00	8.59	6.62	5.64	6.32	6.97	7.36
ZAR/GBP	9.75	9.92	11.28	17.38	13.89	11.80	10.88	10.89	13.66	14.57
ZAR/EUR	6.96	6.20	7.14	10.62	8.98	8.41	7.67	7.48	9.25	9.94
Balance on current account (Rm)	(13,00)	(4,156)	(1,192)	2,869	9,679	(13,660)	(44,631)	(62,308)	(112,390)	(27,096)
Current account as % of GDP	-1.8%	-0.5%	-0.1%	0.3%	0.8%	-1.1%	-3.2%	-4.0%	-6.5%	-7.0%

Source: SARB, I-Net

GDP growth measured 5 per cent. for 2006 and 5.1 per cent. for the first quarter of 2007, due to strong growth in infrastructure spending growth (12.7 per cent. in 2006) driven by corporate and government spending. Consumer inflation, as measured by the CPIX (i.e. excluding mortgages), registered above the SA Reserve Bank's target range of 3 per cent. to 6 per cent. for the second quarter of 2007. According to inflation expectations released by the SA Reserve Bank, following a slight decline in the third quarter, CPIX is expected to remain above 6 per cent. until the second quarter of 2008. Since its peak of 23 per cent. in 1998, the prime interest rate fell to a low of 10.5 per cent. in 2005. However subsequently interest rates have risen by 300 basis points to their current level of 13.5 per cent.. The Rand currently trades between R6.50/USD – R7.50/USD. The current account deficit has grown due to higher imports of capital goods (required for high levels of infrastructure spending and growth in fixed capital formation) and lower mining exports. The current account, as a percentage of GDP, measured minus 7.0 per cent. in the first quarter of 2007.

The South African Government's Accelerated and Shared Growth Initiative for South Africa (ASGISA) will focus on boosting economic growth and investment in a concerted effort to generate employment and reduce income disparities over the forecast period 2007 to 2014. Further growth in infrastructure and continued expansion in total domestic demand is expected to underpin real GDP growth in this period. Monetary policy was tightened in June as inflation breached the South African Reserve Bank's 3-6 per cent. target threshold for the first time in four years.

The mining sector's contribution to the economy

South Africa is the world's biggest producer of gold and platinum and one of the leading producers of base metals and coal. The country's diamond industry is the fourth-largest in the world, with only Botswana, Canada and Russia producing more diamonds each year. South Africa holds the world's largest reserves of gold, platinum-group metals, ferrochrome and manganese ore. Only two strategic minerals – crude oil and bauxite – are not found in South Africa. For the rest, the sector spans the spectrum of the five major mineral categories, namely precious metals and minerals, energy minerals, non-ferrous metals and minerals, ferrous minerals and industrial minerals.

The South African economy remains dependant upon the mining industry as a valuable contributor to the country's exports. Total mining exports, including base metals, precious metals, and diamonds, account for approximately 68 per cent. of SA exports. The precious metals component of the mining export balance, including platinum group metals (PGM's) and gold, accounts for approximately 23 per cent., while base metals account for 21 per cent. With precious and base metal commodities being denominated in US\$, the overall contribution of mining to the export balance is highly dependant upon the prevailing US\$:ZAR exchange rate. As a consequence, during times of relative Rand

weakness, the contribution of mining to the overall export balance increases significantly, as exhibited during the period 2001 – 2003.

Natural Resources

The Mining Industry in South Africa

South Africa is a major producer and exporter of commodities, including gold, platinum, palladium, chromium, antimony, coal, iron ore, manganese, nickel, phosphates, tin, uranium, diamonds, vanadium and salt. Some of the world's largest mining companies, including BHP Billiton plc, Anglo American plc, De Beers Consolidated Mines plc, Lonmin plc, Impala Platinum Limited, and Xstrata plc have invested and continue to invest in South Africa.

South African Mining Law

Introduction and Historical Perspective.

Until April 30, 2004 the right to prospect and mine for minerals was primarily regulated by the Minerals Act, No. 50 of 1991 (the "Minerals Act"). The Minerals Act vested the right to mine a particular mineral in the holder of the mineral rights in respect of the relevant mineral in relation to the land in question. The MPRDA became law on May 1, 2004 and replaced the Minerals Act. The MPRDA regulates the prospecting for and optimal exploitation, processing and utilisation of minerals, provides for safety and health in the mining industry and controls the rehabilitation of land disturbed by exploration and mining. It further provides for the entrance of historically disadvantaged persons into the minerals and mining industry.

Prospecting and Mining Rights

The MPRDA provides that South Africa's mineral and petroleum resources are the common heritage of all the people of South Africa and that the State is the custodian thereof for the benefit of all South Africans. As custodian of the nation's mineral resources, the State, acting through the Department of Minerals and Energy is entitled to grant, provided that the requirements for such grant as set out in the MPRDA are complied with, amongst others, rights to prospect ("prospecting rights") and the right to mine ("mining rights"). Owing to the change brought about by the new regulatory system, provision had to be made for a transition from the old regime, in which the role of the State was regulatory in nature, and in which the right to prospect and mine vested in the holder of the mineral rights, to the new regime which provides for the State to grant prospecting and mining rights. The MPRDA contains transitional provisions that provide for the preservation and validity of certain Old Order rights that were in force immediately before the MPRDA came into effect, for limited periods after the commencement of the MPRDA. The holder of a prospecting right has the exclusive right to apply for a mining right, and will be granted that mining right provided the applicant satisfies the criteria for the grant of a mining right.

In terms of the transitional arrangements an Old Order mining right in force and in use at the date of introduction of the MPRDA remains valid, subject to the terms and conditions under which it was granted or issued or was deemed to have been granted or issued, for a period not exceeding five years after May 1, 2004. Within that period, the holder of that right has an exclusive right to convert the Old Order right to a New Order right if certain criteria are met which include: (i) having conducted mining operations in respect of the right immediately before May 1, 2004, (ii) an indication that such mining operations will continue to be conducted upon conversion, (iii) having an approved environmental management programme, and (iv) having lodged a list of prescribed documents and information, including a work programme and social and labour plan.

The MPRDA seeks to facilitate participation by Historically Disadvantaged South Africans ("HDSAs") in mining ventures and to ensure that unexploited mining rights are exploited by applying the "use it or lose it" principle which has been accepted and applied in many developed countries.

Complying with the HDSA targets set by the South African Government is now a prerequisite for being granted prospecting and mining rights. Old Order mining rights cease to exist if application is not made to convert the existing Old Order right to a New Order right within the specified time period. Applications to convert Old Order mining rights into New Order rights must be lodged by April 30, 2009 or before the expiry of the Old Order right, whichever is the earlier.

Every application for a mining right under the MPRDA must demonstrate that the granting of such right will:

- substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mineral and petroleum industry in order to benefit from the exploitation of the nation's mineral and petroleum resources; and
- promote employment and advance the social and economic welfare of all South Africans,

in accordance with the Mining Charter. The Mining Charter and the scorecard relating thereto requires HDSA participation in management at both junior and senior level and an ownership or equity participation by HDSAs at a minimum of fifteen per cent. by 2009 and twenty-six per cent. by 2014.

The policy of the DME has been to apply the terms of the Mining Charter to applications for New Order prospecting and mining rights so that no rights are granted unless twenty-six per cent. of the shareholding interest or equity in the applicant is held by HDSAs. Where no Old Order rights exist in respect of a particular property any party is entitled to apply to the DME for a prospecting right or mining right on a first come first served basis.

A mining right is valid for the period specified in the right, which period may not exceed 30 years. A mining right may be renewed for further periods, each of which may not exceed 30 years.

Environmental Management

The following legislation is (amongst others) relevant in an environmental context to the operations of the Company:

The Constitution of South Africa, the MPRDA and its regulations, the National Water Act 36 of 1998 ("NWA") and its regulations; the National Environment Management Act 107 of 1998 ("NEMA") and its regulations and the National Air Quality Act 39 of 2004 ("NAQA").

An environmental impact assessment ("EIA") is required in terms of the MPRDA characterising the pre-mining environment, including *inter alia* the identification and quantification of any potential environmental and social impacts as well as providing appropriate mitigating measures to minimise any negative impacts and enhance any positive impacts.

A social and labour plan must be approved by the DME committing the mine to various social responsibilities such as human resources development, local economic development and procedures in the event of a downscaling of operations and/or retrenchments.

An integrated water licence is required from the Department of Water and Forestry for all water usage on the mine in terms of the NWA. Water use includes: consumption, diversion of water courses, mine dewatering, discharge of waste water and activities within the 1:100 flood line.

In respect of the requirements of the NHRA, removal or demolition of any articles of historic or cultural importance will require a permit from the South Africa Heritage Resources Agency.

The holder of a prospecting right or a mining right remains responsible for any environmental liability, pollution or ecological degradation, and the management thereof, until the Minister has issued a closure certificate to the holder concerned. Requirements for making financial provision for the remediation of environmental damage as well as for the issuing of a closure certificate are set out in the MPRDA and include the requirement that financial provision must be in place before the approval of the environmental management programme or plan is issued.

The Mineral and Petroleum Resources Royalty Bill

The Mineral and Petroleum Resources Royalty Bill was introduced by the South African Government in March 2003. It proposed that mining companies pay royalties on turnover of between 1 and 8 per cent. This initially sparked protest from the industry and the Bill has since been revised. The second version of the Bill has recently been released and provides for a royalty rate of 1.5 per cent. on refined gold, which is tax deductible. It is anticipated that royalties to the South African Government will not become payable until May 1, 2009. The provisions of any legislation resulting from the Bill and the effect of such legislation remains uncertain.

Occupational Health and Safety Regulation of the Mining Industry

Occupational health and safety of all employees in the mining industry is governed by the Mine Health and Safety Act of 1996 (the "MHS Act"). The MHS Act sets out in detail the steps that employers must take to identify, assess, record and control health and safety hazards on the mine. The MPRDA entrenches basic worker rights, notably the right of workers to participate in health and safety issues, the right to receive health and safety information, the right to training and the

right to withdraw from the workplace in the face of danger. The MHS Act set out various appointments and chains of responsibility, as well as various work place fora that must be established in order to monitor compliance with the MHS Act.

Regulation of Mineral Rights

Subsurface use licences and contracts

The main objectives of MPRDA are to exert State sovereignty over mineral and petroleum resources in South Africa, expand opportunities for historically disadvantaged persons and promote employment and social and economic welfare, and promote ecologically sustainable development. Accordingly, the State is empowered to grant rights to prospect and to mine.

Old forms of prospecting, mining and mineral rights, whether common law or statutory, and whether in regard to minerals, land, the sea, or tailings, ceased to exist within short periods after 1 May 2004. Pending applications for prospecting permits and mining authorisations over all types of land, for rights to prospect or mine over State-held mineral rights, and for approvals to environmental management programmes, have been dealt with in terms of MPRDA. Persons holding a right to prospect and a prospecting permit and who were conducting prospecting operations as at 1 May 2004 were able to lodge such right and permit for conversion to the new form of State prospecting rights provided for in the Act within 2 years from 1 May 2004. Persons holding a right to mine and a mining authorisation and who were conducting mining operations at commencement of MPRDA will be able to lodge such right and authorisation for conversion to the new form of State mining right provided for in the Act within a maximum of 5 years from commencement of MPRDA. The old forms of rights, permits and authorisations will remain in force for a period, in the case of prospecting rights, of 2 years, and in the case of mining rights, not exceeding 5 years, from commencement of MPRDA, and will cease (and have ceased) to exist on conversion or on expiry of such periods if not converted. Conversion requires lodgement *inter alia* of a prospecting or mining work programme, and in the case of conversion of the old form of mining right, a prescribed social and labour plan and an undertaking in regard to expansion of opportunities for historically disadvantaged persons which will be dealt with in the empowerment charter which has been promulgated under section 100 of MPRDA. Mortgage bonds over the Old Order rights will be transposed onto the New Order rights. The new rights will have to be registered.

Unused Old Order rights, whether or not prospecting permits or mining authorisations were held over them, but in respect of which prospecting or mining operations were not being conducted on the date of commencement of MPRDA, remained in force for not more than 1 year during which the holder could have applied exclusively for a new State's prospecting right or mining right respectively and to which the normal requirements in regard to new applications for prospecting rights and mining rights in terms of the Act will apply. On grant of such application, or on failure to apply within the aforesaid period, the Old Order rights and authorisations have already ceased or will cease to exist.

Subject to the above anyone may apply for a prospecting right on satisfaction of requirements which include lodgment of a prospecting work programme and commitment to prospecting expenditure. The Minister has a discretion to require that the applicant for a mineral right gives effect to the object of expanding opportunities for HDSA's. Prospecting rights are valid for up to 5 years with a right to renew on satisfaction of specified criteria for one further period of up to 3 years. The holder has the exclusive right to apply for a mining right. Similarly, in the absence of an existing holder, anyone may apply for a mining right on satisfaction of requirements which include lodgment of a mining work programme, a prescribed social and labour plan, and demonstration of how the application will enable further expansion of opportunities for historically disadvantaged persons and promote employment and social and economic welfare. Mining rights are valid for up to 30 years with rights of renewal on satisfaction of specified criteria for further periods of up to 30 years each. Prospecting rights and mining rights are registerable and are limited real rights in respect of the relevant mineral and land. Prospecting or mining operations must commence within 120 days and 1 year respectively of an environmental management plan or programme being approved in respect of the relevant prospecting right or mining right, and must be conducted actively thereafter. Mining permits are issued in respect of minerals which can be mined within 2 years and over an area that does not exceed 1.5 hectares. Minerals mined in the Republic of South Africa may be beneficiated outside of the Republic of South Africa without Ministerial approval provided notice is given to the Minister and after consultation with the Minister. Grant or refusal of applications for and for renewal of prospecting rights and mining rights is compulsory on satisfaction or non-satisfaction of the stipulated requirements.

Information and data must be supplied in regard to prospecting, mining and processing operations. The Minister may require further information and data from applicants, holders of rights and permits, and owners and occupiers of land subject to such applications, rights or permits. Subject to certain restrictions relating to trade secrets, harm or prejudice to the supplier, and supply in confidence, all information and data may be disclosed.

Holders of prospecting rights may if prospecting and a feasibility study have been completed but mining would be uneconomic due to prevailing market conditions, apply for a retention permit unless this will result in exclusionary acts or unfair competition. Such permits are valid for up to 3 years and may be renewed for 1 further period of up to 2 years.

Mining permits and retention permits are not registerable or capable of transfer, letting or mortgage.

Prospecting rights may not be granted if the grant thereof will result in an exclusionary act, prevent fair competition or result in the concentration of the mineral resources in question under the control of the applicant. The Government has invoked its powers in terms of section 17(2)(b) of MPRDA and refused applications by other companies if such applications may result in an exclusionary act, prevent fair competition or result in the concentration of the mineral resources in question under the control of the applicant.

Legal framework for the grant of subsurface use rights under South African law

The procedure for the granting of prospecting rights and mining rights is set out in sections 16 and 22 of MPRDA respectively. Applications have to comply with the requirements of sections 17 and 23 of MPRDA respectively, failing which the Minister must refuse such applications.

The regulations in force under MPRDA further demarcate the procedural aspects of applications for prospecting rights and mining rights and set out the requirements for the contents of, for example, work programmes and social and labour plans.

South African mining law provides for a 'first come, first served' application procedure so that applications for prospecting rights in respect of the same mineral and land must be dealt with in the order of receipt and the DME may not consider any other applicant until the first is finally refused. The application procedure involves lodging the application with the Regional Manager for the relevant region of the DME of South Africa who attends to the administrative aspects of the application. The applicant then needs to consult with interested and affected parties and submit the results of consultation with the interested and affected parties and lodge an environmental management plan or environmental management programme for a prospecting right application and a mining right application respectively for approval. There are certain time frames within which the Minister must approve the environmental management plan or environmental management programme. Once the Minister has to make a decision, the decision in the case of a prospecting right is based upon whether the applicant has the financial and technical ability to carry out the prospecting, the prospecting expenditure is justified by the work programme and vice versa, the applicant will be able to prospect in a healthy and safe manner and the prospecting will not result in unacceptable degradation of the environment. The Minister is also empowered to request the applicant in each instance to satisfy the requirements of section 2(d) of MPRDA allowing for the entrance of historically disadvantaged persons into the mineral and mining industry in South Africa. The criteria applied to the grant of a mining right are similar, save that the applicant has to lodge a prescribed social and labour plan and mining work programme and has the obligation in its application to demonstrate that the grant of the right will satisfy the objectives set out in section 2(d) of MPRDA and the Mining Charter.

The terms and conditions of a prospecting right or mining right are those terms and conditions agreed to by the Minister and are contained in a notarially executed prospecting right or mining right which is then registered in the Mineral and Petroleum Titles Registration Office in Pretoria.

In regard to surface use, the holder of a prospecting right or mining right is entitled to gain access to the relevant property upon grant of the right to conduct prospecting and mining activities, is entitled to bring plant and equipment onto the property, use water subject to the obtaining of a water licence in terms of the National Water Act and do everything on the surface that is necessary to conduct such prospecting or mining operations. No prospecting or mining can take place in, amongst others, a residential area, except with the consent of the Minister.

It is not necessary in a South African mining law context for the holder of a prospecting right or mining right to own the surface of the land on which the prospecting or mining activities are taking place. If the holder of a prospecting right or mining right is not the owner of the surface, the owner

of the surface is entitled to compensation for loss or damage suffered as a result of the prospecting or mining activities and a procedure for the determination thereof is set out in MPRDA. In addition, the Minister has powers of expropriation if it is necessary for the objectives of MPRDA to be achieved and there are restrictions on the use of surface contrary to the optimal exploitation of minerals.

Taxation

South Africa levies tax on a residence basis. A company will be deemed to be a resident in the Republic of South Africa if it is incorporated, established, formed or has its place of effective management in South Africa. The resident status of a person under any Double Tax Treaty will, however, take precedence over this definition.

The taxable income derived from the carrying on of mining operations is determined in a different manner to the taxable income derived by other (non-mining) entities. In general, all expenditures incurred in the mining operations rank as deductions regardless of whether or not the expenditures are of a capital nature or not. However, expenditures in respect of the acquisition of land, servitudes and mining rights do not rank for deduction.

Capital Gains Tax

South Africa introduced Capital Gains Tax (“CGT”) with effect from October 1, 2001, which in general only applies to South African residents (in certain very limited circumstances to non-South African residents in respect of specific assets). In the case of mining companies, CGT is payable on capital gains arising from the disposal of assets such as land, mining rights, shares, etc.

All income is subject to either normal corporate tax or to CGT, taking into account the effect of capital expenditure deductions. Special rates of normal tax are laid down for companies mining for gold (which includes mining for uranium), while additional normal tax is payable by companies deriving taxable income from mining for natural oil. Companies mining for other minerals are subjected to the same rates of normal tax applying to ordinary companies.

Secondary Tax on Companies

South African resident companies are subject to a corporate tax rate of 29 per cent.. South African resident companies are also subject to a secondary tax on companies (“STC”) of 12.5 per cent. (which was reduced to 10 per cent. on 1 October 2007) levied on the net amount of dividends declared to its shareholders. Accordingly, where all of a company’s after tax profits are declared as a dividend, the combined effective tax rate will be 36.89 per cent. ($29 \text{ per cent.} + ((100 \text{ per cent.} - 29 \text{ per cent.}) \times 12,5/112,5)$).

The tax liability of a company deriving income from mining for gold on any gold mine is a percentage determined in accordance with either the formula, $y = 35 - (175 / x)$ and taxable income derived from other sources is taxed at 29 per cent., or, if the company has elected to be exempt from the payment of the secondary tax on companies, in accordance with the formula, $y = 45 - (225 / x)$ and taxable income derived from other sources is taxed at 37 per cent. The value of x in both formulae represents the ratio, expressed as a percentage that the taxable income from gold-mining, after the exclusion of excess recoupments and before the set-off of any assessed loss or deduction that is not attributable to the mining for gold from the mine concerned, bears to the income from gold-mining, and y represents the gold mining tax rate.

The gold mining tax formula specifically includes as income derived from mining for gold, any income derived from silver, osmiridium, uranium, pyrites or other minerals which may be won in the course of mining for gold, as well as any income, which in the commissioner’s opinion results directly from mining gold.

The formula excludes so much of the taxable income as the Commissioner determines to be attributable to the inclusion in the gross income of excess recoupments and after the set-off of any assessed loss. Excess recoupments are subject to tax at a rate equal to the mine’s average rate of tax or 29 per cent., whichever is higher. Once the Company commences with its mining programme it will make its election as to whether or not it will pay STC. Such election will be binding on future years.

South Africa does not, at present, impose any withholding tax or any other form of tax on dividends paid with respect to shares. However, on February 21, 2007, the South African Government announced a proposal to replace STC with a 10 per cent. withholding tax on dividends and other distributions payable to shareholders. The proposal is expected to be implemented in phases between

October 2007 and 2009. Although this will reduce the tax payable by the South African operations of the company thereby increasing distributable earnings, the withholding tax may reduce the amount of dividends or other distributions received by the shareholders, unless it is mitigated by an applicable double taxation treaty.

Uncertified Securities Tax

The change in beneficial ownership in shares listed on an exchange in South Africa is subject to Uncertificated Securities Tax (“UST”) at a rate of 0.25 per cent. of the consideration payable in respect of such shares. UST is normally payable by the purchaser of such shares.

Capital Development Expenditure and Capital Expenditure Deductions

The write off of capital expenditures is limited to the income derived from the working of a producing mine. The Income Tax Act (South Africa) sets a general limit on the taxpayer’s deductions of capital expenditures for all mines by limiting them to its taxable income from mining. The deduction of capital expenditures is further limited to the taxable income derived by the specific mine in respect of which the capital expenditures was incurred.

Capital expenditures in excess of taxable income from mining operations is carried forward to the following year.

The term “capital expenditures” means expenditures on shaft sinking and mine equipment including the expenditures on pumps, pump-chambers, stations and bins accessory to a shaft and buildings necessary for the carrying on of mining operations as part of the equipment of a mine. However, the cost of land, surface rights and servitudes is expressly excluded. Capital expenditures include interest and finance charges incurred prior to the commencement of production. Such costs incurred after production has commenced rank as a revenue deduction.

Sections 15 and 36 of the *Income Tax Act* (South Africa) provide for the deduction from the income derived by the company from its mining operations of expenditures on development, general administration and management, including any interest and other charges payable on loans utilized for an amount relating to capital expenditures.

Capital expenditures on employee housing, hospitals, schools, shops and recreational facilities are deductible in 10 successive, equal and annual instalments, being deemed to be payable in that form, the first instalment being deemed to be payable on the date on which payment of the relevant expenditures became due, and the succeeding instalments on the appropriate anniversaries of that date. Capital expenditures on vehicles intended for the private use of employees are deductible in 5 successive equal annual instalments.

Employment Legislation

Since 1994, the South African Government has implemented strategies to eliminate labour inequalities of the past and to improve general working conditions. South Africa’s new labour legislation is an extension of the rights of ordinary workers. Such legislation aims to create an enabling environment for the attainment of economic growth, social development and increased efficiency, productivity and employment.

The key statutes under South African labour law are the Labour Relations Act 66 of 1995 (“LRA”), Basic Conditions of Employment Act 75 of 1997 (“BCEA”), Employment Equity Act 55 of 1998 (“EEA”), Compensation for Occupational Injuries and Diseases Act 130 of 1993 (“COIDA”) and the Skills Development Act 97 of 1998 (“SDA”). In respect of a company engaged in mining operations, the Mines Health and Safety Act of 1993 also applies in certain respects.

The purpose of the LRA is to advance economic development, social justice, labour peace and the democratisation of the workplace. The LRA provides for the organizational rights for trade unions. It also entrenches the Constitutional right to strike, simplifies dispute resolution procedures, promotes sectoral collective bargaining and codifies dismissal procedures. There are three main mining workers’ unions in South Africa, namely the National Union of Mineworkers, the Solidarity Union and the United Association of SA.

Simple procedures are provided for the resolution of most labour disputes, including unfair dismissal and unfair labour practices. These can be resolved through statutory conciliation and arbitration by the Commission for Conciliation, Mediation and Arbitration, or through independent alternative dispute resolution services accredited for this purpose.

The Labour Court and the Labour Appeal Court are tasked with the adjudication and determination of labour disputes of a more serious nature. The Labour Court has the status of a provincial division of the High Court.

The BCEA prescribes minimum standards of employment. It also sets the maximum ordinary working hours per week and determines payment for overtime work. Annual leave, family responsibility leave and maternity leave provisions are also prescribed.

The EEA was promulgated to achieve equality in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination. A further purpose of the EEA is to implement affirmative action measures to correct the imbalances of the past with respect to access to employment, training, promotion and equitable remuneration especially for black people, women and the disabled. All employers who employ 50 or more workers are obliged to develop specific affirmative action plans that will be monitored by the government.

The COIDA provides for compensation for injury, disease or death arising in the work environment. Compensation is paid out of public funds and no action lies against the employer that contributes to those funds.

A need has been identified to develop the skills of South Africa's workforce. The SDA was promulgated to achieve this purpose. Employers are required to pay an amount equal to a certain percentage (one per cent. as at the date of this prospectus) of the value of their payrolls to the government. These funds are then applied by either the government or industry-based educational and training authorities to train workers.

The South African Mine Health and Safety Act of 1996 and the Occupational Health and Safety Act 85 of 1993 place duties on employers to ensure a safe working environment as far as is reasonably practicable for workers. Failure to comply with the provisions of these Acts is a criminal offence.

There is no prohibition on the use of foreign labour in South Africa. Foreign nationals wishing to work in South Africa must obtain a work permit from the Department of Home Affairs.

Currency and Foreign Exchange Regulations

Overview

South Africa's Exchange Control Regulations provide for restrictions on exporting capital from, collectively, South Africa, Namibia, Lesotho and Swaziland ("the Common Monetary Area"). Transactions between residents (including both natural and juristic persons) of the Common Monetary Area on the one hand, and persons whose normal place of residence, domicile or registration is outside the Common Monetary Area ("non residents") on the other hand, are subject to the Exchange Control Regulations.

Following successful application to the South African Reserve Bank, the Company is classified as an African Company as referenced in Section H(C)(VII) of the Exchange Control circular D441 of 17 September, 2004 (as amended by the Medium Term Budget Policy Statement by the South African Minister of Finance on 26 October, 2004).

Accordingly, upon the listing of the Shares on the JSE, the Exchange Control Regulations contained in the aforementioned circular, as amended, will apply to the purchase of the Company's Shares by South African residents.

This summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in this regard, you should consult an appropriate professional advisor prior to purchasing any shares in the Company.

South African Individuals

South African individuals are able to acquire shares in African companies that are listed on the JSE, such as the Company, without restriction. Such shares will be held on the Company's South African shareholder register and are Rand denominated. Consequently, the acquisition of Shares by a South African individual will not affect such persons' offshore investment allowance of R2,000,000.00. In the event that a South African individual acquires shares on a foreign register denominated in Pounds Sterling or any other currency, such persons' offshore allowance would be affected.

South African Institutional Investors

South African retirement funds, long-term insurers, collective scheme management companies as well as investment managers who have registered with Exchange Control as institutional investors for

Exchange Control purposes are entitled to a foreign portfolio investment allowance. In addition to such institutional investors' general foreign portfolio investment allowance, they will be entitled to invest an additional 5 per cent. of their total retail assets in the equity securities of African companies. Retail assets refer to assets received by such institutional investors from individuals and/or other entities such as companies or trusts, but exclude assets held on behalf of other institutional investors listed on the JSE, where the majority of the foreign company's business takes place in Africa. The Company qualifies as a South African Company for this purpose.

South African Corporate Entities

An acquisition by a South African corporate entity of shares in a company listed on the JSE will be regarded as a foreign investment. For the procedure to obtain regulatory approval for foreign investments, South African corporate entities should consult their professional advisors.

Exchange Control Provisions Applicable to South African Residents in Respect of Acquisition Issues and Rights Issues by African companies that are Listed on the JSE

African companies with listings on the JSE, such as the Company, will be allowed to issue shares to South African residents in consideration for acquisitions. South African institutional investors will be given 12 months to re-align their portfolios, should they be in excess of their Exchange Control foreign exposure limits as a result of such acquisition issues. South African corporate entities will also be given 12 months to dispose of such shares. However should there be: (i) benefits to the continued financial involvement of South African corporate entities in the businesses or assets acquired by African companies with listings on the JSE; and (ii) the alignment of interests in the extraction of maximum value from the consolidated companies, Exchange Control will, on application, allow South African corporate entities to retain such shares.

South African institutional investors and corporate entities will be allowed to exercise their rights in terms of rights placings by African companies with listings on the JSE, such as the Company. South African institutional investors will be given a period of 12 months to re-align their portfolios should they be in excess of their offshore investment allowances as a result of exercising their rights. South African corporate entities will also be given 12 months to dispose of shares taken up in terms of such rights issues.

Non-Residents of the Common Monetary Area

Non-residents of the Common Monetary Area may acquire the Shares listed on the JSE, provided that they pay the purchase price from a non-resident account at a South African registered bank in South African Rand. Former residents of the Common Monetary Area who have emigrated may not, however use emigrant blocked funds to acquire the Shares.

Black Economic Empowerment

Overview

Black economic empowerment ("BEE") is a programme that promotes the accelerated integration of black people into the South African economy and has been a policy of the South African Government since 1994.

In April 2004, the BBBEE Act came into effect. The BBBEE Act establishes the legislative framework for the promotion of BBBEE, and in particular, what it refers to as "broad-based" BEE ("BBBEE").

Broad-based BEE involves the economic empowerment of all black people, including women, youth, people with disabilities and people living in rural areas through strategies which seek to, amongst other things, increase the number of black people that manage, own and control enterprises and productive assets.

The main mechanisms introduced in the BEE Act to ensure that these socio-economic strategies are implemented are:

- Codes of Good Practice ("Codes"): issued by South Africa's Minister of Trade and Industry, and which were gazetted on 9 February, 2007 which specify empowerment measurement and targets for specific industries consistent with the objectives of the BEE Act, and the periods within which those targets must be achieved.

- Organs of state and public bodies must take into account and, as far as is reasonably possible, apply the Codes when issuing licences or concessions, developing and implementing a preferential procurement policy, determining qualification criteria for the sale of state-owned enterprises and developing criteria for entering into partnerships with the private sector.
- Transformation Charters: developed through a participatory approach by major stakeholders in various sectors of the economy which promote transformation for that particular sector. Certain sectors such as mining, have, through industry bodies and negotiations with government, developed transformation charters setting BEE targets for those sectors.

The transformation charters represent the commitment of stakeholders in that sector to promote BEE in the sector. Organs of state and public entities are not obliged to consider the requirements in those charters in the manner which they would consider the requirements of the Codes, as discussed above. When these charters undergo the process of development set out in the Codes and are then gazetted as Sector Codes, they will then have equal status with the Codes. Organs of state and public entities will then be obliged to consider the requirements of these Sector Codes.

The Mining Charter, however, stands in a unique position compared with charters of other industries. The Mining Charter was published under Section 100(2)(a) of the MPRDA. The MPRDA refers to the requirements in the Mining Charter in considering applications for, *inter alia*, mining and production rights. As such, compliance with the requirements in the Mining Charter will be important in those contexts.

Mining Companies will still be subject to measurement in terms of the Codes when transacting with entities not covered by the Mining Charter. This means that mining companies will endeavour to comply with the requirements in the Mining Charter and the BEE Codes. Compliance with the Mining Charter does not automatically mean compliance with the BEE Codes as there are substantial differences between these two instruments. There are important differences in the definitions, concepts, targets and measurement principles between these instruments.

The scorecard of the Mining Charter requires that mining right applicants indicate their compliance with broad based socio-economic empowerment of the mining industry by requiring a commitment from the applicants in respect of *inter alia* equity ownership, management, employment equity, human resource development, procurement and beneficiation.

The Mining Charter does not indicate what the legal position will be if a company ceases to comply with the provisions of the Mining Charter and specifically with the HDSA ownership requirements set out in the Mining Charter. Whilst it is generally accepted that a failure by a mining company to comply with the HDSA ownership requirements will eventually lead to the revocation of those mining rights, the official position remains unclear. The policy of the DME currently is that all new applications for prospecting rights or mining rights are required to have a twenty-six per cent. HDSA equity component.

As at the date of this prospectus the Group has complied with the equity ownership requirements of the Mining Charter in that the Company's subsidiary in South Africa has twenty-six per cent. of its equity owned by HDSA's, pursuant to the subscription agreement entered into between the Company, Central Rand Gold SA, Central Rand Gold NV and Puno on 15 June, 2007. Puno is a broad-based BEE entity and an HDSA as defined in the MPRDA.

PART IV

INDUSTRY OVERVIEW

Gold Market Overview

Background

Gold has been used to store value and produce jewellery since antiquity. Gold remains a popular investment tool and is widely used in the jewellery trade. Due to its qualities of malleability, ductility, reflectivity, resistibility to corrosion and excellent thermal and electric conductivity, gold also finds use in a wide variety of industrial and medical applications.

Jewellery is by far the most important market for gold. India is currently the world's largest consumer of gold jewellery by volume. In addition to the more familiar rings, brooches, necklaces and earrings, gold is used as gold leaf for decoration and protection and for screen printing (for example directly on to bone china, earthenware, porcelain and glass surfaces). Gold is also the key component for "liquid gold", a formulation containing up to 12 per cent. gold which is ideal for decorative application using brushes and in gold pastes used for screen printing. Gold is also well known as a coinage metal. Apart from gold coins, gold ingots and gold bars, gold is available in many forms including pure gold and alloys as gold flakes, foil gauzes, grain, powders, sheet, sponges, tubes, wires and even single gold crystals.

Recently, gold catalysts have become increasingly useful in the chemical industry. Many other gold compounds including neutral gold halides, aurates, gold cyanides, gold oxides, phosphine gold complexes, gold hydroxides and gold nitrates are available to industrial users. Chloroauric acid is used in photography for toning the silver image.

Finally gold is a useful metal for use in electronics owing to its inert nature and other physical properties. For example, gold is used for electrical contacts, bonding wire, solder alloys and electroplating. Gold is also a useful brazing material and is used for coating space satellites, as it is a good infrared reflector and is inert. As an alloy, gold is used extensively for dentistry in gold teeth, dental attachments, inserts and solders and is used increasingly for medical implants in eyes and ears, as well as many other medically useful wires, tubes, sheets, and foils. Disodium aurothiomalate is administered (intramuscular) as a treatment for arthritis.

Demand

Jewellery accounts for the majority of demand for gold, accounting for around 58 per cent. of total gold demand in 2006, representing an 8 per cent. income as compared to 2005. Industrial demand (including dentistry, coinage and other applications) reached its highest levels in the last 10 years, accounting for roughly 16 per cent. of total gold demand.

Investment demand is difficult to assess mainly due to the lack of information regarding volumes of over the counter trades taking place. Gold maintains a role as an alternative asset as it tends to be inversely correlated to the US dollar, providing portfolio diversification for investors. Historically when the US dollar is weak, gold prices are typically higher (as it makes gold cheaper to purchase in other currencies). The strong growth in investment demand for gold in recent years has resulted in the relationship with the US dollar breaking down at times. The most recent example of this relationship breakdown was the rally of the gold price in 2006 whilst the US dollar experienced some stabilisation.

Supply

Most of the gold that has ever been mined still exists above ground in some form or another and, theoretically, the majority of above-ground stocks could easily be mobilised. As a result of this feature, any upward spike in price is often met by the resale of above-ground stock and this is one of the reasons why the gold price is historically less volatile than the majority of other commodity prices. Consequently, the supply of gold consists of a combination of new production from mining, scrap supply, as well as existing stocks of bullion and fabricated gold. As the amounts produced in any single year constitute a very small portion of the total potential supply of gold, normal variations in current production do not necessarily have a significant impact on the supply of gold or on its price.

Above-ground stocks include gold reserves held by central banks, government bodies and supranational organisations such as the International Monetary Fund, the Bank for International Settlements and the European Central Bank ("ECB"). Central bank sales, which represented 8 per cent. of the gold supply in 2006, have become a necessary requirement for gold market liquidity in recent years. Approximately 30,374 tonnes were held by central banks and other official institutions during 2006. The basic gold market balance (fabrication less mine supply) has been in deficit for many years and has been brought into balance by disinvestment. This disinvestment is from central

bank sales and selling back of coins, bars and jewellery. Physical buying in the gold market provides some demand, but it is investment demand that is key to the gold price.

During the 1990s, central banks took a more active approach to managing their gold reserves, undertaking both sales and lending. The sales (or threat of sales) by central banks put downward pressure on the gold price. These market conditions in part led to the Central Bank Gold Agreement (“CBGA”) being signed in 1999 by 14 European central banks and the ECB. Under the CBGA, the relevant central banks agreed that annual sales would be limited to 400 tonnes from the end of September 1999 for five years, as well as limiting the gold lending to the market to no more than the level prevailing at the time of the announcement. The second CBGA was announced in March 2004 before the end of the CBGA. The annual limit was increased to 500 tonnes for the five-year period from the end of September 2004.

Mine production represents the majority of gold supply. Mine production fell below 2,500 tonnes in 2004 for the first time since 1997. The fall in production in 2004 was largely due to lower production in Indonesia and continuing falls in South African, Canadian and US production.

Pricing and costs

London is the world’s largest gold trading market with trading conducted via an OTC-type format in 400 ounce gold bars with a purity of 9,950 parts per 10,000 or higher. The gold price is fixed twice daily in London (at 10:30 and 15:00) by prices derived from five fixing members of the London Bullion Market. These price fixings are used as a key indicator for gold market participants around the world. Leading futures markets are COMEX in New York and TOCOM in Tokyo.

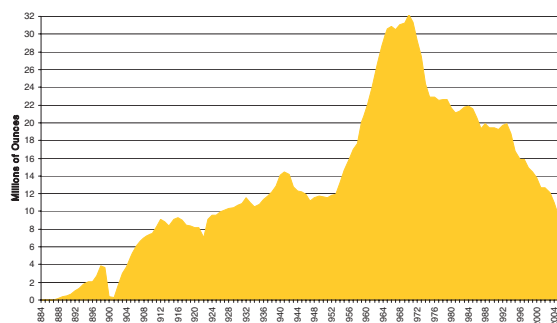
Market and outlook

Gold traded at a 26-year high of \$725 per ounce in mid-May 2006, before falling back to around \$560 per ounce, influenced by institutions divesting commodities. The gold price since then has recovered to a new record high of \$783.50 as of 29 October 2007, the latest practical date before the date of this prospectus. There are a number of factors which appear supportive of future gold demand. These include investment demand for gold as a ‘safe haven’ driven by the renewed weakness in the US dollar relating to the US fiscal and current account deficits and concerns over the rising oil prices fuelling inflation. On the supply side, scrap production, like mine production, is forecast to increase moderately in the short to medium term with the market remaining in physical surplus and with increases in mine production expected to come from Latin America, Australia and the United States. In terms of supply from central bank sales, the largest holders are covered by the specified limits in the second CBGA.

Gold Mining in South Africa

Gold has been mined in South Africa since the discovery of gold on the Witwatersrand in 1886. Within 12 years, a gold industry had been established at what is now Johannesburg, focused on the exploitation of the reefs immediately south of Johannesburg and which form the nucleus of CRG’s prospecting portfolios.

South Africa overtook the United States as the world’s biggest gold producer in 1898, a position it has held almost continuously ever since. From 1884, the first year of recorded output, South Africa has been the source of close to 40 per cent. of all the gold produced globally. South African gold production peaked in 1970, when over 1,000 tonnes were mined, representing more than three-quarters of western world output at the time.



Source: Chamber of Mines of South Africa

Today, the South African gold mining industry is in a mature, declining phase, with production having declined to 275 tonnes in 2006. Increasing pressure has been placed on profit margins in the industry as a result of mining steadily declining grades at ever greater depths. While South Africa is still the largest gold producer in the world, a number of factors (such as the closure of older mines and shafts, declining output and grades, mining at increasing depth and increasing costs, as well as

increasing output from other countries) could see the country lose this position over the next five years.

South African gold production has historically been focussed on the Witwatersrand Basin, which extends from Johannesburg in the north to Virginia in the south. As the reserves in the initial mining area became deeper, gold mining activities moved to other areas of the basin such as the West Rand and the southern part of the basin in the Free State where the bulk of the South African gold industry is currently located.

The South African gold industry is characterised by large-scale, underground operations often at extremely deep levels, with mining operations taking place as far down as 3800m below surface. Operating at deep levels gives rise to specific challenges and related costs, including the cost of cooling deep level operating areas, the cost of vertical hauling of materials, labour and equipment and the risks of seismic shocks. A further feature of South African gold mines is that the mining method typically involves narrow stoping widths.

The South African gold industry is currently dominated by three gold miners who together account for approximately 12.1moz of global gold production during the 2006 financial year.

<i>FY2006</i>	<i>Production (Moz)</i>	<i>Employees</i>	<i>Cash Cost (US\$/oz)</i>
Anglogold	5.6	31,288	308
Gold Fields	4.1	54,758	358
Harmony	2.4	43,863	433

Source: 2006 company annual reports

PART V

OPERATIONAL AND FINANCIAL REVIEW

The following is a discussion of the results of operations and financial condition of the Group for the years ended 30 June 2005, 2006 and 2007. For the purposes of this Part V the Group's historical financial information has been prepared using the 'pooling of interests' method of accounting and the 'Group' includes the RQS Group prior to the Re-organisation. Prospective investors should read this discussion in conjunction with the Accountant's Report on the Group included elsewhere in this prospectus. The Group has prepared its financial statements in accordance with International Financial Reporting Standards. The following analysis contains forward-looking statements about the Group's future revenue, operating results and expectations that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in pages 9 to 18 and elsewhere in this prospectus. As a result of the Reorganisation the Group has adopted a December year end and the Company will prepare consolidated financial statements for the year ending 31 December 2007 and annually thereafter. These financial statements will be prepared under the pooling of interests basis and therefore consistent with the financial statements for the three years ended 30 June 2007 included in this prospectus. The 31 December 2007 financial statements will include comparative figures for the year ended 31 December 2006.

The Company has continued to adopt the USD as its reporting currency because the Directors believe this is the most appropriate currency for a gold exploration/production company that is looking to attract an international investor base.

Overview

Central Rand Gold Limited is the holding company for a gold mining group of companies and the Group's principal operating subsidiary, Central Rand Gold South Africa (Proprietary) Limited owns prospecting rights and is engaged by gold prospecting operations in South Africa. The Group has a number of projects in the Central Rand Goldfield located in or near the southern part of Johannesburg. These projects comprise eight contiguous New Order prospecting rights and a large area comprising one prospecting right application located to the south and southwest of the New Order prospecting rights. The prospecting rights constitute the Central Rand Goldfield and comprise eleven contiguous project areas namely, from west to east, Western Areas (A, B and E), Consolidated Main Reef, Langlaagte, Crown Mines, Anglo Deeps, Village Main, Robinson Deep, City Deep and Simmer & Jack.

Current Trading and Prospects

Since inception in 2003, the RQS Group and since the Reorganisation, the Group has had no trading profit as its principal activities have been those of exploration and the progression of feasibility studies over its prospecting rights.

On 25 July 2007, FEIC submitted its Mining Right Application with the DME, with notification of receipt by the DME received on 8 August 2007.

As at 23 September 2007, some 36,076 meters of drilling had been completed and 75,003 samples submitted to SANAS accredited laboratories for assaying. Of the samples submitted, only 50 per cent. have been returned. This has had a severe impact on the surface and near-surface, resource definition programme. In order to overcome future assay-related delays, the Group intends to develop or acquire its own assay laboratory and metallurgical testing facility, which will be independently staffed.

From early 2007, the Group embarked on the process of preparing a definitive feasibility study. As at 31 July 2007, a conceptual study had been completed. The presentation of the projected financial results and assumptions utilised in the study has been included in Part VI of this document.

Significant Factors Affecting Results of Operations

The Group's results of operations have, to date, been affected by a number of factors, including cost of third party exploration services, exchange rates and interest rates. In addition, it is expected that once the Group commences to receive revenues from the production and sale of gold, fluctuations in the gold price, exchange rates, production costs and production efficiency will have an impact on future results of the Group. Each of these factors is discussed below.

World gold price

Substantially all of the Group's revenues will be derived from the sale of gold. Consequently, the price of gold will have a significant impact on the Group's operating results. As discussed in Part IV of this prospectus, the price of gold can vary significantly and is affected by a number of factors which are outside the control of the Group. During the period from December 2006 the price of gold has generally continued to increase.

The following table shows for the dates and periods indicated the period-end, average, high and low London fixing prices of gold expressed in US dollars per ounce.

<i>Period</i>	<i>Period-end</i>	<i>Average</i>	<i>High</i>	<i>Low</i>
Year ending 31 December 2006	636	604	730	604
6 months ending 30 June 2007	649	658	694	602

Exchange rates

The Group's treasury has been mainly maintained in Pounds Sterling and Australian Dollars, whilst the majority of expenditure has been incurred in Rand. Accordingly, fluctuations between the Rand, Pound Sterling and the Australian Dollar may affect the results of the Group.

Since inception of the Group, both the Pound Sterling and the Australian Dollar have strengthened against the South African Rand resulting in an overall foreign currency translation gain.

Production costs and efficiency

Once in production in common with other gold producers, the Group will be unable to directly influence the price of gold, and its long-term profitability, to a significant degree, will depend upon its ability to maintain low-cost, efficient operations. The costs associated with the mining and processing of gold can be broadly categorised into the following: labour, consumables, royalties, energy and other variable costs, which include transportation and maintenance costs. The Group is expected to benefit from relatively low labour, electricity and transportation costs.

Production costs and costs per ounce of gold produced will be significantly, but not wholly, affected by changes in production volumes, and hence production levels will be a major factor in the Group's overall profitability and competitiveness.

Summary of Financial and Operating Performance

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Other income			
Bank interest income	1	110	631
Miscellaneous income	—	—	41
Total income	<u>1</u>	<u>110</u>	<u>672</u>
Operating expenses			
Exploration and evaluation expenses	(250)	(1,054)	(7,643)
Share based payments	—	—	(5,622)
Depreciation of property, plant and equipment	—	(12)	(357)
Administrative and other operating expenses	(398)	(1,551)	(5,512)
Bank interest expense	(2)	(7)	(18)
Foreign exchange loss	—	—	(203)
Total operating expenses	<u>(650)</u>	<u>(2,624)</u>	<u>(19,355)</u>
Loss for the year	<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
Attributable to:			
Equity holders of the company	<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
	<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
Basic loss per share (cents)	<u>(0.38)</u>	<u>(1.49)</u>	<u>(11.08)</u>

There was no revenue, income tax or minority interest during the periods summarized above.

Bank Interest income

From April 2006 and for all of 2007 it was management's decision for the Group to hold all its excess funds in term deposits ranging from 30 to 60 days in order to maximize its unused cash resources. The average interest earned was 6 per cent. Furthermore, capital raisings resulted in large sums of excess cash on hand.

Miscellaneous income

During the year ended June 2007 Central Rand Gold South Africa (Proprietary) Limited employed a number of students in a dedicated programme which meets the requirements of SITA and entitles the company to be able to recoup a portion of these costs as student grants.

Exploration & evaluation expenses

In October 2006, the RQS Group initiated a drilling programme covering the 3C's and the Langlaagte prospecting tenements. As at 23 September 2007, this programme had covered some 26,035 metres of RC Drilling, 6,853 metres of Diamond Drilling and 2,509 metres of Soil Drilling. RQS also began a shaft re-access programme, where specific shafts will be utilised for underground exploration. As at 12 September 2007, 3 shafts have been reopened with the Village Main Shaft No. 1 and Consolidated Main Reef East Shaft already equipped and enabling access to the shallow underground.

A summary of exploration and evaluation expenses is as follow:

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Assaying Expenses	—	—	998
Consultancy Fees	250	1,054	4,092
Environmental Impact Surveys	—	—	224
Equipment Hire	—	—	112
Exploration Consumables	—	—	106
Geological Preparation Drilling	—	—	1,771
Geological Preparation Survey	—	—	161
Geophysical Wireline Logging	—	—	21
Health and Safety	—	—	49
Security Costs	—	—	108
Tools & Small Assets Written Off	—	—	1
	<u>250</u>	<u>1,054</u>	<u>7,643</u>

Share Based Payments

During the period ending June 2007, the following issuances were made:

- (i) On 8 November 2006, the board of directors of RQS resolved to issue 6,200,000 fully paid up ordinary shares in the company to specified directors. By reference to the most recent share issue prior to 8th November 2006, the fair value per share was £0.25 (on 31 July 2006). Accordingly the deemed fair value of the 6.2 million shares issued to the Directors and Executives equates to £1,550,000 or US\$3,016,268 and has been expensed to the Income Statement as Share Based Payments.
- (ii) On 18 April 2007, the board of directors of RQS resolved to issue 2,500,000 fully paid up ordinary shares to Mr George Roach, a former General Manager of the company, as part of the settlement deed agreed between the Company and Mr Roach. By reference to the most recent share issue prior to 18 April 2007, the fair value per share was £0.50 (on 8 February 2007). Accordingly, the deemed fair value of the 2.5 million shares issued to Mr Roach equated to £1,250,000 or US\$2,605,687 and has been expensed to the Income Statement as Share Based Payments.

Depreciation of Property Plant and Equipment

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of fixed asset</i>	<i>Annual depreciation rate</i>
Leasehold Improvements	20%
Owned Plant and Equipment:	12.5% – 50%
Leased Plant and Equipment:	12.5% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Administrative and other operating expenses

Included in the administrative and other operating expenses are the following items:

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Wages and salaries, excluding remuneration of directors and key management personnel	—	—	600
Property rentals	—	44	378
Legal expenses	41	25	561
Travel expenses	66	423	1,047
Auditors' remuneration	5	—	24
Management fees	129	276	82
Directors emoluments	16	261	1,759
Other administrative expenses	141	522	1,061
Total Administrative and other operating expenses	<u>398</u>	<u>1,551</u>	<u>5,512</u>

Interest Expenses

Interest Expense is interest paid on finance lease assets and overdrafts.

Foreign Exchange Gain/(Loss)

The Group's treasury has been essentially maintained in Pounds Sterling and Australian Dollars, whilst the majority of expenditure has been incurred in South African Rands. The Group considers the United States Dollar to be the functional currency of the Group. Accordingly, fluctuations have resulted in gains and losses as demonstrated above.

Minority Interest

The minority interest of the Group belongs to Puno Gold Investments (Proprietary) Limited which has a 26 per cent. interest in Central Rand Gold South Africa (Proprietary) Limited.

Basic loss per share

The basic loss per share has been calculated as if the Group had existed for the past three financial years. Accordingly, the weighted average number of shares represents the number of the Company's shares issued pursuant to the Reorganisation as if these shares had been issued at the beginning of the year ended 30 June 2005.

Liquidity and Capital Resources

Since the inception of the Group, all funds have been raised through the private placement of equity stock. The issue prices have ranged from AUD 0.01 in 2003 to GBP 0.50 by 30 June 2007. The total funds raised to 30 June 2007 equates to AUD 37.5 million or GBP 15.6 million. During July 2007, the Group embarked on a further capital raising and raised an additional GBP 9.1 million at an issue price of GBP 0.75 per Share.

Cash Flow

The Group intends to initially utilise shareholder funds in the expansion and development of its projects. Upon the completion of a definitive feasibility study, the Group will investigate the option of utilising debt financing to further its endeavours.

	<i>Year to 30 June 05 US\$'000</i>	<i>Year to 30 June 06 US\$'000</i>	<i>Year to 30 Jun 07 US\$'000</i>
Net cash used in operating activities	(517)	(3,043)	(11,973)
Net cash used in investing activities	(27)	(862)	(3,213)
Net cash raised from financing activities	550	11,585	14,124
Net increase/(decrease) in cash held	6	7,680	(1,062)
Cash at beginning of financial year	31	3	7,771
Effect of exchange rates on converting cash holdings into US\$	(34)	88	(127)
Cash at end of financial year	3	7,771	6,582

Cash used in operating activities

The operating costs of the Group have increased significantly over the past 3 periods. The increase from 2005 to 2006 of US\$ 2.5 million is attributable to the work that was performed in the acquisition of the various prospecting rights over the 3C's, Langlaagte, Anglodeeps, Village Main and Robinson Deeps as well as the work that was performed in defining the resource and developing the first draft of the Competent Persons' Report. The increase from 2006 to 2007 of US\$ 8.9 million is owing to the acquisition of the remaining prospecting rights, the upgrading of the resource from Inferred to Indicated, the commencement of the drilling and exploration programme and other staffing and administrative costs associated with the increase in activity of the Group.

Cash used in investing activities

Investment in various assets has increased as the activities of the Group have expanded. The increase from 2005 to 2006 of US\$ 0.2 million is attributable to the purchase of plant and equipment utilised in the operating activities of the Group and the payment of option payments to iProp Limited and Gravelotte Mines Limited to maintain the option to purchase the prospecting rights over the 3C's and Langlaagte respectively. The increase from 2006 to 2007 of US\$ 2.0 million comprises the purchase of plant and equipment upon initiation of the exploration programme as well as the purchase of a dedicated field office to be utilised as the primary base of exploration activities.

Cash raised from financing activities

The increase over the 3 periods detailed above is attributable to the various capital raisings that were performed over the periods. Between 30 June 2005 and 30 June 2006, AUD 16.5 million or GBP 6.6 million was raised through private placements at prices ranging between AUD 0.15 and AUD 0.35 (GBP 0.06 to GBP 0.14) per share. Between 30 June 2006 and 30 June 2007, AUD 19.5 million or GBP 7.8 million was raised through private placements at prices ranging between AUD 0.35 and AUD 1.25 (GBP 0.14 to GBP 0.50) per share.

Capital Resources

The Group is currently financing its operation utilising shareholders' equity and, where applicable, certain fixed assets have been purchased using finance leases. It is the Group's intention, once a definitive feasibility study has been concluded, to investigate the use of debt as a method of funding the acquisition of assets in the expansion of the Group's activities.

The following tables set forth the Group's long-term and short-term borrowings, cash and cash equivalents and equity as at the dates specified:

Summary

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Obligations under finance leases	—	—	143
Obligations under operating leases	5	28	842
Other payables	93	39	1,395
Loans payable	—	—	6,558
Equity	10	9,195	11,876
Cash equivalents	3	7,771	8,025

Obligations under finance leases are as follows:

Present value of minimum lease payments

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Less than one year	—	—	44	—	—	31
Between one and three years	—	—	91	—	—	75
Three to five years	—	—	40	—	—	37
	—	—	176	—	—	143
Less: future finance charges	—	—	(32)	—	—	—
Present value of minimum lease payments	—	—	143	—	—	143
Included in the financial statements as:						
Current liabilities				—	—	31
Non-current liabilities				—	—	112

Obligations under operating leases are as follows:

The minimum future lease rentals payable under non-cancellable operating leases are as follows:

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Less than one year	5	23	184
Between one & two years	—	5	195
Three to five years	—	—	463
Total	<u>5</u>	<u>28</u>	<u>842</u>

Other payables:

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Trade payables	—	—	896
Bank Loans	25	—	—
Other Creditors and accruals	68	40	499
	<u>93</u>	<u>40</u>	<u>1,395</u>

The bank loan as at 30 June 2005 was secured by a pledge over cash and cash equivalents and was repaid during the following year.

Loans payable

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Puno Gold Investments (Proprietary) Limited	—	—	6,558
	<u>—</u>	<u>—</u>	<u>6,558</u>

On the 15 June 2007, as part of the corporate Re-organisation referred to in note 3 to the Consolidated Financial Information on page 79, Puno Gold Investments (Proprietary) Limited (“Puno”) assumed a 26 per cent. interest in an existing intra-group loan balance due from the Company’s subsidiary, Central Rand Gold (Proprietary) Limited (“Central Rand Gold SA”), to the Company amounting to Rand 39,068,963.

The loan is unsecured, bears interest at the South African Prime rate plus 2 per cent. and is payable as a first charge against dividends payable to Puno. The Directors do not expect repayment to commence within the next 12 months.

Equity and Cash and cash equivalents:

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Equity	10	9,195	11,876
Total	<u>10</u>	<u>9,195</u>	<u>11,876</u>

Cash and cash equivalents

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Current accounts	3	1,905	6,582
Short-term deposits		5,866	—
Security deposits	—	—	1,443
Total	3	7,771	8,025

Description of Indebtedness

The following table sets forth certain information about the Group's debt as at 30 June 2007:

Name of Bank	Currency	Total	<i>Due in</i>				<i>Due in more than 5 years</i>	Interest Rate
			<i>less than 1 Year</i>	<i>Due in 2 to3 years</i>	<i>Due in 3 to4 years</i>	<i>Due in 4 to5 years</i>		
Wesbank								Prime - 1.5%
Finance Leases	ZAR	617,368	158,690	241,736	216,942	—	—	Prime - 1.5%
Total	ZAR	617,368	158,690	241,736	216,942	—	—	Prime - 1.5%

Capital Expenditure

The Group has incurred capital expenditure as and when needed. Insofar as possible, it is the Group's policy at this stage to utilise contractors and contractors' equipment until such time as a mining licence has been granted to the Group. Detailed below is the capital expenditure incurred by the group:

	<i>Buildings US\$'000</i>	<i>Plant and equipment US\$'000</i>	<i>Leasehold improve- ments US\$'000</i>	<i>Total US\$'000</i>
<i>Cost:</i>				
At 1 July 2004	—	—	—	—
Additions	—	2	—	2
At 1 July 2005	—	2	—	2
Additions	28	242	17	287
At 1 July 2006	28	244	17	289
Additions	489	2,073	179	2,741
Disposals	(28)	—	—	(28)
At 30 June 2007	489	2,317	196	3,002

The Group adopted a change in year end to December at the time of the Reorganisation as this was considered to be more appropriate for the Company.

The Group's budgeted capital expenditure and direct costs attributable to the capital for the years ending 31 December 2008 and 31 December 2009 has been detailed in the table below:

	<i>31</i> <i>December</i> <i>2008</i> <i>US\$'000</i>	<i>31</i> <i>December</i> <i>2009</i> <i>US\$'000</i>
Capital Expenditure		
<i>Metallurgy</i>		
Central Extraction Plant	20,747	20,747
Satellite Extraction Plants	10,373	51,176
Power	2,766	4,149
<i>Underground Mining</i>		
Site Established	830	—
OR Development	15,477	58,340
Power	2,766	1,383
Slot Infrastructure	6,915	—
Other Capex	1,973	520
Total Capital Expenditure	<u>61,847</u>	<u>136,315</u>

These funds are expected to come from a combination of proceeds from the Placing, operating cash flows and potentially, debt financing.

Disclosures about Market Risk

The Central Rand Gold Group's primary risk exposures are commodity price risk and foreign currency risk.

Commodity price risk.

The Group will be exposed to the effect of fluctuations in commodity prices. The principal exposure is to the price of gold, which will be the principal product produced by the Company and which is quoted in US dollars on international markets. Changes in the market price for gold will influence the results of operations of the Group and are expected to continue to do so in the future. See the relevant risk factor on page 14 of this prospectus. The Group does not currently hedge its exposure to the risk of fluctuations in the price of gold. The Group will continue to review its hedging strategy at regular intervals in order to moderate the effects of the volatility of gold prices. See the relevant risk factor on page 14 of this prospectus.

Foreign currency risk

The Group will earn all of its revenues in US dollars. However, the Company incurs most of its costs in South African Rand. The Group would also typically borrow in US dollars and Rand. Because most of the Group's expenses are incurred in Rand, the Group's expenses may from time-to-time increase or decrease relative to its revenues as a result of the fluctuations in the US Dollar to the Rand exchange rate. This could affect the results of operations of the Group in future periods. See the relevant risk factor on page 14 of this Prospectus. The Company does not currently hedge its exposure to foreign currency risk.

Critical Accounting Policies

The Group's significant accounting policies are more fully described in the Financial Information of the Group included in Part VI of this prospectus.

The preparation of the financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts of the assets and liabilities, the reported costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results or the financial position reported in future periods are discussed below.

Basis of preparation

This financial information is non-statutory and has been prepared on the historical cost basis. Pursuant to a corporate reorganisation on 15 June 2007, the Company became the parent company of Central Rand Gold SA, a company incorporated in the Republic of South Africa, through a newly formed intermediate holding company, Central Rand Gold NV, a company incorporated in the Netherlands Antilles. At the same time, Central Rand Gold SA acquired the mineral rights, subject to the Section 11 Application approval by the DME, and all other assets and liabilities of its former parent company, Rand Quest Syndicate Limited (RQS), a company incorporated in Australia, in exchange for RQS receiving a loan in the amount of ZAR 111,747,790 against Central Rand Gold SA and Central Rand Australia receiving a loan in the amount of ZAR 1,041,022 against Central Rand Gold SA which were both then assigned to the Company in exchange for Shares. The Company has not applied the provisions of IFRS 3: "Business Combinations" in preparing this consolidated financial information because the abovementioned corporate reorganisation involved entities and businesses under common control, which are ultimately owned by the same parties both before and after the reorganisation, and whose rights remain unchanged. The Company has applied the pooling of interests method, to prepare the financial information.

Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure in respect of each identifiable area of interest is expensed to the Income Statement as incurred. However, the initial and ongoing option acquisition costs of the Group's various mineral assets are capitalised to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Once mining activities commence, development expenditure will be capitalised as incurred and amortised over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated capitalised costs in relation to an abandoned area of interest are written off in full against profit in the year in which the decision to abandon the area is made.

Costs of site restoration are provided over the life of the facility starting from when substantial exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates of the costs of site restoration will be accounted for on a prospective basis. In determining the costs of site restoration, there is expected to be uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs will be determined on the basis that the restoration will be completed within one year of abandoning the site.

PART VI
FINANCIAL INFORMATION

Accountants' Report

A separate report has not been prepared on the Company because between the date of its incorporation and 30 June 2007 the Company did not commence operations other than those carried out by its operating subsidiary and the capital reorganisation, details of which can be found in section 8 of Part VIII.

The Company will be preparing audited consolidated financial statements for the year ending 31 December 2007 and annually thereafter. These financial statements will be prepared under the pooling of interests basis and therefore consistent with the financial statements for the three years ended 30 June 2007 included in Accountants' Report below. The 31 December 2007 financial statements will include comparative figures for the year ended 31 December 2006.

MOORE STEPHENS
CHARTERED ACCOUNTANTS

St. Paul's House
Warwick Lane
London
EC4M 7BP

Tel: +44 (0) 20 7334 9191
Fax: +44 (0) 20 7248 3408
DX: 15 London/Chancery Lane
www.moorestephens.co.uk

The Directors
Central Rand Gold Limited
Sydney Vane House
Admiral Park
St. Peter Port
Guernsey

The Directors
Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

The Directors
Royal Bank of Canada Europe Limited
71 Queen Victoria St.
London
EC4V 4DE

The Directors
Macquarie First South Corporate Finance (Proprietary) Limited
181 Jan Smuts Avenue
Parktown North
Johannesburg 2193
Republic of South Africa

1 November 2007

Dear Sirs

CENTRAL RAND GOLD LIMITED AND ITS SUBSIDIARIES AND SUBSIDIARY UNDERTAKINGS (THE "GROUP")

We report on the financial information set out on pages 74 to 93. This financial information has been prepared for inclusion in the prospectus dated 1 November issued by Central Rand Gold Limited (the "Company") and has been prepared on the basis of the accounting policies set out in note 5 to the

financial information. This report is required by item 20.1 of Annex I to the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the paragraph entitled “Basis of preparation” in note 3 to the financial information and in accordance with International Financial Reporting Standards (“IFRS”).

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view for the purposes of the prospectus, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information provides, for the purposes of the prospectus dated 1 November 2007, a true and fair view of the state of affairs of the Group as at 30 June 2005, 30 June 2006 and 30 June 2007 and of its profits, cash flows, recognised gains and losses and changes in equity for the periods then ended, in accordance with the basis of preparation set out in note 3 to the financial information and IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

Moore Stephens LLP
Chartered Accountants

CONSOLIDATED INCOME STATEMENT

		<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Revenue		—	—	—
Other income				
Bank interest income	5	1	110	631
Miscellaneous income		—	—	41
		<u>1</u>	<u>110</u>	<u>672</u>
Total income				
Operating expenses				
Exploration and evaluation expenses		(250)	(1,054)	(7,643)
Share based payments		—	—	(5,622)
Depreciation of property, plant and equipment	12	—	(12)	(357)
Administrative and other operating expenses		(398)	(1,551)	(5,512)
Bank interest expense		(2)	(7)	(18)
Foreign exchange loss		—	—	(203)
		<u>(650)</u>	<u>(2,624)</u>	<u>(19,355)</u>
Total operating expenses				
Loss before income tax	7	(649)	(2,514)	(18,683)
Income tax	8	—	—	—
		<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
Loss for the year		<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
Attributable to:				
Equity holders of the company		(649)	(2,514)	(18,683)
Minority interest		—	—	—
		<u>(649)</u>	<u>(2,514)</u>	<u>(18,683)</u>
Basic loss per share (cents)	9	<u>(0.38)</u>	<u>(1.49)</u>	<u>(11.08)</u>

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<i>As at 30 June 2005 US\$'000</i>	<i>As at 30 June 2006 US\$'000</i>	<i>As at 30 June 2007 US\$'000</i>
ASSETS				
NON CURRENT ASSETS				
Loan receivable	11	—	—	6,558
Property, plant and equipment	12	2	277	2,633
Mineral assets	13	75	650	1,250
TOTAL NON CURRENT ASSETS		<u>77</u>	<u>927</u>	<u>10,441</u>
CURRENT ASSETS				
Cash and cash equivalents	14	3	7,771	8,025
Prepayments and other receivables	15	23	536	1,363
TOTAL CURRENT ASSETS		<u>26</u>	<u>8,307</u>	<u>9,388</u>
TOTAL ASSETS		<u>103</u>	<u>9,234</u>	<u>19,829</u>
LIABILITIES				
NON CURRENT LIABILITIES				
Finance lease payables	16	—	—	112
TOTAL NON CURRENT LIABILITIES		<u>—</u>	<u>—</u>	<u>112</u>
CURRENT LIABILITIES				
Loan payable	17	—	—	6,558
Other payables	18	93	39	1,283
TOTAL CURRENT LIABILITIES		<u>93</u>	<u>39</u>	<u>7,841</u>
TOTAL LIABILITIES		<u>93</u>	<u>39</u>	<u>7,953</u>
NET ASSETS		<u>10</u>	<u>9,195</u>	<u>11,876</u>
EQUITY				
Issued share capital	19	—	—	—
Shares not yet issued		—	—	32,167
Merger reserve		1,153	12,764	1,785
Foreign currency translation reserve		(55)	33	209
Accumulated losses		(1,088)	(3,602)	(22,285)
TOTAL EQUITY		<u>10</u>	<u>9,195</u>	<u>11,876</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Issued share capital US\$'000</i>	<i>Shares not yet issued US\$'000</i>	<i>Merger reserve US\$'000</i>	<i>Foreign currency translation reserve US\$'000</i>	<i>Total accumulated losses US\$'000</i>	<i>Total US\$'000</i>
Balance at 1 July 2004	—	—	627	—	(439)	188
Shares issued during the year	—	—	526	—	—	526
Foreign currency adjustments	—	—	—	(55)	—	(55)
Loss for the year	—	—	—	—	(649)	(649)
Balance at 30 June 2005	—	—	1,153	(55)	(1,088)	10
Shares issued by subsidiaries during the year (net of expenses)	—	—	11,610	—	—	11,610
Foreign currency adjustments	—	—	—	88	—	88
Loss for the year	—	—	—	—	(2,514)	(2,514)
Balance at 30 June 2006	—	—	12,763	33	(3,602)	9,195
Shares issued during the year	—	—	—	—	—	—
Shares issued by subsidiaries during the year (net of expenses)	—	—	15,567	—	—	15,567
Share based payments – consultants' fees (Note 25)	—	—	5,622	—	—	5,621
Corporate reorganisation (Note 19)	—	32,167	(32,167)	—	—	—
Foreign currency adjustments	—	—	—	176	—	176
Loss for the year	—	—	—	—	(18,683)	(18,683)
Balance at 30 June 2007	—	32,167	1,785	209	(22,285)	11,876

CONSOLIDATED CASH FLOW STATEMENT

	<i>Notes</i>	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers and employees		(518)	(3,153)	(12,604)
Interest received		1	110	631
Net cash (used in) operating activities		<u>(517)</u>	<u>(3,043)</u>	<u>(11,973)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for property, plant and equipment		(2)	(287)	(2,713)
Payments for mineral assets	13	(25)	(575)	(500)
Net cash (used in) investing activities		<u>(27)</u>	<u>(862)</u>	<u>(3,213)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		24	—	—
Proceeds from issue of shares, net		526	11,610	15,567
Repayment of borrowings		—	(25)	—
Security deposits		—	—	(1,443)
Net cash from financing activities		<u>550</u>	<u>11,585</u>	<u>14,124</u>
Net increase/(decrease) in cash held		6	7,680	(1,062)
Cash at beginning of financial year		31	3	7,771
Effect of exchange rates on converting cash holdings into US\$		(34)	88	(127)
Cash at end of financial year	14	<u><u>3</u></u>	<u><u>7,771</u></u>	<u><u>6,582</u></u>

NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

For the purposes of the cash flow statements, cash includes cash, cash at call, deposits with banks, and investments in money market instruments, net of bank overdrafts.

Reconciliation of loss after income tax with cash flows used in operations

	<i>Year to 30 June 2005 US\$'000</i>	<i>Year to 30 June 2006 US\$'000</i>	<i>Year to 30 June 2007 US\$'000</i>
Loss for the year	(649)	(2,514)	(18,683)
Depreciation	—	12	356
Foreign exchange loss	—	—	203
Share based payments	—	—	5,622
Changes in assets and liabilities during the year:			
(Increase)/decrease in prepayments and other debtors	73	(512)	(826)
(Decrease)/increase in other payables	59	(29)	1,355
	(517)	(3,043)	(11,973)
Net cash used in operating activities	(517)	(3,043)	(11,973)

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General information

The Company was incorporated in Guernsey on 12 July 2006 as Central Rand Gold Consols Limited and changed its name to Central Rand Gold (Guernsey) Limited on 8 December 2006 and to Central Rand Gold Limited on 9 February 2007. The principal activities of the Company are investment holding and financing and those of its subsidiaries are disclosed in note 10 to this financial information.

This financial information is non-statutory and is presented in United States dollars (“US dollars” or “US\$”).

2. International Financial Reporting Standards (“IFRS”)

The Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2004.

The directors consider that the adoption of new Standards and Interpretations that were in issue but not yet effective for the period covered by these financial information will have no material impact on the financial information of the Group except for IFRS 7 “Financial Instruments : disclosures” which is effective for annual periods beginning on or after 1 January 2007. IFRS 7 will require the Group to disclose the significance of financial instruments for the Group’s financial position and performance and qualitative and quantitative information concerning the Group’s exposures to risks associated with financial instruments.

The Group has not prepared consolidated financial information previously. Accordingly, comparative amounts are presented for the first time and no details of reclassifications have been presented.

3. Basis of preparation

Pursuant to a corporate reorganisation on 15 June 2007, the Company became the parent company of Central Rand Gold South Africa (Proprietary) Limited (“Central Rand Gold SA”), a company incorporated in the Republic of South Africa, through a newly formed intermediate holding company, Central Rand Gold (Netherlands Antilles) NV (“Central Rand Gold NV”), a company incorporated in the Netherlands Antilles.

On this date, Central Rand Gold SA acquired the mineral rights and all other material assets and liabilities of Rand Quest Syndicate Limited (“RQS”), and certain mineral rights from Central Rand Australia Proprietary Limited, (“CRA”), a wholly-owned subsidiary of RQS subject to Section 11 Applications being granted. Both RQS and CRA are incorporated in Australia. The consideration for the acquisitions was settled by inter-company loans payable by Central Rand Gold SA to RQS and CRA which were then assigned by RQS and CRA to the Company in exchange for RQS receiving 168,666,648 shares in the Company. The Company then assigned 26 per cent. of its newly acquired loan claim against Central Rand Gold SA to Puno Gold Investments (Proprietary) Limited, Central Rand Gold SA’s Broad Based Black Economic Empowerment partner for an amount equivalent to 26% of the loan claim. Under the provisions of IFRS 3: “Business Combinations”, the abovementioned corporate reorganisation involves entities and businesses under common control, which are ultimately owned by the same parties both before and after the reorganisation, and whose rights remain unchanged. Accordingly, the reorganisation is considered to be outside the scope of IFRS 3 and the Group has applied the pooling of interests method, as described in the basis of consolidation in Note 5 to this financial information, to prepare the consolidated financial information.

4. Going concern

The Group’s consolidated financial information has been prepared on a going concern basis, notwithstanding the Group’s losses for each of the years ended 30 June 2005, 30 June 2006 and 30 June 2007, and that the transfer of the majority of the mineral rights to Central Rand Gold SA by RQS, as described above, is awaiting approval by the South African authorities. The Group also requires substantial funds to fulfil its development plans, which are dependent upon the planned Placing of the Company’s shares on the London Stock Exchange (Primary Listing) and the JSE Limited (Secondary Listing) in the near future.

The directors are of the opinion, however, that the Group will receive the necessary approvals from the DME and will be able to commence commercial mining activities and will generate sufficient revenue and cash flows to meet its obligations as they fall due.

5. Significant accounting policies

(a) Basis of consolidation

This financial information comprises the financial information of the Company and subsidiaries and businesses acquired by the Company during the year using the pooling of interests method. Accordingly, the financial information in the current and prior years has been presented as if the Group had existed for the past three financial years.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of acquisition of an equity interest and the minority's share of changes in equity since that date. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Interest income

Interest income is recognised on a time proportion basis taking into account the interest rates applicable to the financial assets.

(c) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees at the balance sheet date. Employee benefits that are expected to be settled within a year are measured at the amounts expected to be paid when the liability is settled, plus any related costs. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits.

(d) Taxation

The charge for the current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Leasehold improvements	20%
Owned plant and equipment	12.5% – 50%
Leased plant and equipment	12.5% – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(f) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure in respect of each identifiable area of interest is expensed to the Income Statement as incurred. However, the initial and ongoing option acquisition costs of the Group's various mineral assets are capitalised to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Once mining activities commence, development expenditure will be capitalised as incurred and amortised over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated capitalised costs in relation to an abandoned area of interest are written off in full against profit in the year in which the decision to abandon the area is made.

Costs of site restoration are provided over the life of the facility starting from when substantial exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates of the costs of site restoration will be accounted for on a prospective basis. In determining the costs of site restoration, there is expected to be uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs will be determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Incentives under operating leases are amortised on a straight-line basis over the life of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of fair value of the leased property and the present value of the minimum

lease payments. The corresponding rental obligations, net of finance charges are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

(h) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Financial instruments

Recognition

Financial instruments are initially measured at cost on a trade date basis, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of IAS 39: "Financial Instruments: Recognition and Measurement". Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Held-to-maturity investments

These investments have fixed maturities, where it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(j) Foreign currencies

The individual financial information of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial information, the results and financial position of each entity are expressed in US dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial information.

In preparing the financial information of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are expressed in US dollars using the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in the income statement in the period in which the foreign operation is disposed of.

(k) Cash and cash equivalents

For the purposes of the Consolidated Cash Flow Statement, these represent cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) Goods and Services Tax (GST) and Value-Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable from the relevant taxation authorities. In these circumstances the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST/VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

(m) Share-based payments

Equity-settled share based payment transactions are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

(n) Pension scheme

The assets of the Group's defined contribution scheme are held separately from those of the Group and are administered and controlled by trustees.

Contributions to defined contribution schemes are charged to the income statement when incurred.

6. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial information based on historical knowledge and best available current information. Estimates assume a reasonable

expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Recoverability of prospecting options

The Group has assessed whether any indicators of impairment exist by reference to the underlying projects. No provision for impairment is currently deemed necessary at the balance sheet date but the Group will monitor the situation and make adjustments in future periods if deemed necessary.

7. Loss before income tax

In addition to the amounts disclosed separately in the income statement, the Group's loss before income tax is arrived at after charging the following items:

	2005 US\$'000	2006 US\$'000	2007 US\$'000
Wages and salaries, excluding remuneration of directors and key management personnel	—	—	600
Auditors' remuneration	5	14	88
	<u> </u>	<u> </u>	<u> </u>

8. Income tax

	2005 US\$'000	2006 US\$'000	2007 US\$'000
Current tax	—	—	—
	<u> </u>	<u> </u>	<u> </u>
The Current tax is reconciled as follows:			
Tax on loss before income tax at an effective rate of 29% (2006: 30%; 2005: 30%)	(195)	(754)	(5,418)
Non-allowable / assessable items	5	419	—
Tax losses	190	335	5,418
	<u> </u>	<u> </u>	<u> </u>
Income tax expense	—	—	—
	<u> </u>	<u> </u>	<u> </u>

The Group has a potential deferred tax asset of ZAR43.7 million (US\$6.1 million), calculated at 29 per cent. of the estimated taxable losses, at the balance sheet date derived from estimated tax losses available for offset against future profits. This deferred tax asset arises in the Company's subsidiary in South Africa and has not been recognised because the Directors consider its realisation is not probable at this stage. The tax losses will expire after three years of being incurred.

9. Basic loss per share

	2005 US\$'000	2006 US\$'000	2007 US\$'000
Loss attributable to the equity holders of the Company	(649)	(2,514)	(18,683)
Weighted average number of shares	168,666,648	168,666,648	168,666,648
	<u> </u>	<u> </u>	<u> </u>
Basic loss per share (cents)	(0.38)	(1.49)	(11.08)
	<u> </u>	<u> </u>	<u> </u>

As set out in Note 5(a), the financial information has been presented as if the Group had existed for the past three financial years. Accordingly, the weighted average number of shares represents the number of the Company's shares issued pursuant to the corporate restructure described in Note 3 as if these shares had been issued at the beginning of the year ended 30 June 2005.

10. Subsidiaries

The Company's subsidiaries at 30 June 2007 were as follows :

<i>Company name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Percentage of equity held</i>
Central Rand Gold South Africa (Proprietary) Limited	Republic of South Africa	Gold Exploration	74
Central Rand Gold (Netherlands Antilles) N.V.	Netherlands Antilles	Investment Holding Company	100

11. Loans receivable

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Puno Gold Investments (Proprietary) Limited	—	—	6,558
	—	—	6,558

On 15 June 2007, the Company advanced a loan of Rand 39,068,963 to Puno Gold Investments (Proprietary) Limited ("Puno"), the minority shareholder in the Company's South African subsidiary, Central Rand Gold South Africa (Proprietary) Limited ("Central Rand Gold SA"), to enable Puno to acquire 26 per cent. interest in the Company's loan of Rand 150,265,244 to Central Rand Gold SA. The loan bears interest at the South African Prime rate plus 2 per cent. and is repayable by a first charge against dividends payable to Puno. The directors do not expect repayment to commence within the next 12 months and, accordingly, have classified the loan balance as a non-current asset in the financial information.

12. Property, plant and equipment

	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Leasehold improvements</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Cost:				
At 1 July 2004	—	—	—	—
Additions	—	2	—	2
At 1 July 2005	—	2	—	2
Additions	28	242	17	287
At 1 July 2006	28	244	17	289
Additions	489	2,073	179	2,741
Disposals	(28)	—	—	(28)
At 30 June 2007	489	2,317	196	3,002
Accumulated depreciation:				
At 1 July 2004	—	—	—	—
Charge for the year	—	—	—	—
At 1 July 2005	—	—	—	—
Charge for the year	—	12	—	12
At 1 July 2006	—	12	—	12
Charge for the year	—	331	26	357
Disposals	—	—	—	—
At 30 June 2007	—	343	26	369

	<i>Buildings</i> US\$'000	<i>Plant and equipment</i> US\$'000	<i>Leasehold improvements</i> US\$'000	<i>Total</i> US\$'000
Net book values:				
At 30 June 2005	—	2	—	2
At 30 June 2006	28	232	17	277
At 30 June 2007	489	1,974	170	2,633

Plant and equipment held under finance leases cost US\$117,999 (2006: Nil; 2005: Nil) and accumulated depreciation in respect of such assets amounted to US\$7,388 (2006: Nil; 2005: Nil).

13. Mineral assets

The Group has acquired options to purchase prospecting rights (or the shares in FEIC, the holder of a prospecting right in respect of the 3C's area) in the following areas :

	<i>Three C's area</i> US\$'000	<i>Langlaagte area</i> US\$'000	<i>Total</i> US\$'000
Balance at 1 July 2004	50	—	50
Acquisition and renewal payments	—	25	25
Balance at 30 June 2005	50	25	75
Acquisition and renewal payments	500	75	575
Balance at 30 June 2006	550	100	650
Renewal payments	500	100	600
Balance at 30 June 2007	1,050	200	1,250

During the year ended 30 June 2004, the Group entered into an agreement with iProp Limited, a third party, and paid US\$50,000 to secure an option to purchase the entire issued shares in the FEIC who holds a prospecting right in respect of gold and associated minerals on the "3 C's area", as described below.

During the year ended 30 June 2005, the Group paid US\$25,000 to acquire an option to purchase a prospecting right in gold ore, silver ore and platinum group metals from Gravelotte Mines Limited ("Gravelotte"), another third party, in the "Langlaagte area", as described below.

During the year ended 30 June 2006, the Group paid an additional US\$75,000 to acquire the option to purchase the said prospecting right from Gravelotte and a further US\$500,000 in relation to the option to conduct an exploration programme under the agreement with Gravelotte Mines Limited.

During the year ended 30 June 2007, the Group paid a further US\$500,000 in relation to the option to conduct the exploration programme referred to above and provided for an additional US\$100,000 for option payments due to Gravelotte Mines Limited.

Further details of the Group's principal mineral assets are as follows:

Three C's area

This area covers the mining areas of the currently closed Consolidated Main Reef ("CMR"), Crown Mines and City Deep Goldmines, south of Roodepoort and Johannesburg.

Central Rand Gold SA has a contractual right to conduct exploration in this area. In return for conducting the exploration programme, Central Rand Gold SA has an option to acquire the entire shareholding of Ferreira Estate and Investment Company Limited ("FEIC"), the registered holder of the prospecting right from iProp Limited ("iProp").

Central Rand Gold SA is required to spend not less than US\$2,000,000 on exploration. Furthermore for a period of eight years following the effective date of the agreement, Central Rand Gold SA shall

pay to iProp a minimum amount of US\$500,000 per annum, which shall reduce to US\$100,000 per annum after the expiry of the eight year period. The first payment was made on 29 March 2006.

Central Rand Gold SA shall be deemed to have exercised the option to acquire FEIC once ministerial consent to the pending section 11 application shall have been obtained, whereupon Central Rand Gold SA shall pay US\$1,000,000 as consideration for the purchase of FEIC.

As a further consideration for the exercise of the option to buy FEIC, once the production threshold as detailed in the applicable phase 2 work programme has been reached, Central Rand Gold SA shall pay to iProp US\$8 per ounce of gold produced from the area.

Exploration expenditure and mine development and associated costs are repayable by FEIC to Central Rand Gold SA and once this has occurred, and the FEIC mining operations become profitable, Central Rand Gold SA shall cease paying US\$8 per ounce of gold and pay a net quarterly profit interest of 10 per cent. for the remainder of the agreement. The amounts of US\$500,000 and US\$100,000 referred to above will be set off against the amounts paid to iProp.

Langlaagte area

This area covers the area between the CMR and Crown Mines, near to the Three C's Area.

Central Rand Gold SA has a contractual right to conduct prospecting over this area. A term of the prospecting contract is that Central Rand Gold SA has the sole and exclusive option to purchase the prospecting right from Gravelotte Mines Limited, the registered holder of the prospecting right.

The purchase price for the prospecting right is US\$250,000 and the option period runs from 4 November 2005 to 3 November 2010. Option fees of US\$100,000 per annum are payable for the duration of the option.

In further consideration for the grant and exercise of the option, Central Rand Gold SA shall on a quarterly basis pay Gravelotte Mines Ltd the sum of US\$10 per ounce of gold mined from the prospecting area.

AngloGold Ashanti area

This area covers various farm subdivisions in the central Witwatersrand area and suburbs of Johannesburg, Germiston and Alberton.

Central Rand Proprietary Limited, formerly a wholly owned subsidiary of RQS, concluded an agreement with AngloGold Ashanti Limited ("Anglogold") under which Anglogold would apply for a prospecting right and Central Rand Proprietary Limited would be entitled to take cession of the prospecting right once granted on payment of US\$ 150,000 to recoup the costs of the application. Under the group reorganisation described in Note 3, the agreement with Anglogold was assigned to Central Rand Gold SA.

If a decision to mine the area is taken and Anglogold and the parties agree that Anglogold has no future role in the project then Central Rand Gold SA shall be required to pay US\$8 per ounce of gold recovered from the area.

Village Main area

This area covers the old Village Main and Robinson Deep gold mining areas, south of the Johannesburg Central Business District. The Group has not purchased any options but this area forms part of the Group's mineral properties, the cost of which has been expensed through the income statement.

14. Cash and cash equivalents

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current accounts	3	1,905	6,582
Short-term deposits	—	5,866	—
Security deposits	—	—	1,443
	<u>3</u>	<u>7,771</u>	<u>8,025</u>

Cash in current accounts and on short-term deposit earn interest at floating deposit rates. The average effective rate on short-term bank deposits was 6 per cent. (2006: 5.85 per cent.; 2005: Nil). These deposits have an average maturity of 30 days.

Security deposits are held by certain banks as security for contingent guarantees given to third parties and are therefore restricted as to their use.

15. Prepayments and other debtors

	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Prepayments and accrued income	—	—	54
Other debtors, including VAT	23	536	1,309
	<u>23</u>	<u>536</u>	<u>1,363</u>

16. Obligations under finance leases

	<i>Minimum lease payments</i>			<i>Present value of minimum lease payments</i>		
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Less than one year	—	—	44	—	—	31
Between one and three years	—	—	91	—	—	75
Three to five years	—	—	40	—	—	37
			<u>175</u>			<u>143</u>
Less: future finance charges	—	—	(32)	—	—	—
Present value of minimum lease payments	<u>—</u>	<u>—</u>	<u>143</u>	<u>—</u>	<u>—</u>	<u>143</u>
Included in the financial information as:						
Current liabilities (Note 18)				—	—	31
Non-current liabilities				<u>—</u>	<u>—</u>	<u>112</u>

17. Loan payable

	<i>2005</i> <i>US\$'000</i>	<i>2006</i> <i>US\$'000</i>	<i>2007</i> <i>US\$'000</i>
Puno Gold Investments (Proprietary) Limited	—	—	6,558
	<u>—</u>	<u>—</u>	<u>6,558</u>
	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>6,558</u></u>

On the 15 June 2007, as part of the corporate reorganisation referred to in note 3 to this financial information, Puno Gold Investments (Proprietary) Limited (“Puno”) assumed a 26 per cent. interest in an existing intra-group loan due from the Company’s subsidiary, Central Rand Gold South Africa (Proprietary) Limited (“Central Rand Gold SA”), to the Company amounting to Rand 39,068,963.

The loan is unsecured and bears interest at the South African Prime rate plus 2 per cent., and is repayable as a first charge against any dividend payable to Puno.

18. Other payables

	<i>2005</i> <i>US\$'000</i>	<i>2006</i> <i>US\$'000</i>	<i>2007</i> <i>US\$'000</i>
Trade payables	—	—	896
Bank loan	25	—	—
Other creditors and accruals	68	39	356
Finance lease payables (Note 16)	—	—	31
	<u>93</u>	<u>39</u>	<u>1,283</u>
	<u><u>93</u></u>	<u><u>39</u></u>	<u><u>1,283</u></u>

The bank loan as at 30 June 2005 was secured by a pledge over cash and cash equivalents and was repaid during the following year.

19. Share capital

	<i>2005</i> <i>US\$'000</i>	<i>2006</i> <i>US\$'000</i>	<i>2007</i> <i>US\$'000</i>
Authorised share capital	<u>—</u>	<u>—</u>	<u>20,000</u>
Issued share capital	<u>—</u>	<u>—</u>	<u>—</u>
Shares not yet issued	<u>—</u>	<u>—</u>	<u>32,167</u>
	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>32,167</u></u>

<i>2007</i>	<i>US\$'000</i>
Authorised share capital	
1,000,000,000 shares of £0.01 (\$0.0197) each	20,000

	<i>Number of</i> <i>(Ordinary shares</i> <i>of £0.01</i> <i>(US\$0.0197)</i> <i>each)</i>	<i>US\$'000</i>
<i>2007</i>		
Issued share capital		
At beginning of the year	—	—
Issued during the year	200	—
Shares not yet issued (see note below)	<u>168,666,448</u>	<u>32,167</u>
At end of year	<u><u>168,666,648</u></u>	<u><u>32,167</u></u>

On incorporation, the Company issued 200 shares of £0.01 each to subscribers (USD 4). Pursuant to the corporate reorganisation referred to in Note 3, on 3 July 2007, the Company transferred these shares to the shareholders of Rand Quest Syndicate Limited (“RQS”) and issued an additional 168,666,448 ordinary shares of £0.01 each to the shareholders of RQS in consideration for acquiring the mineral rights and all other assets and liabilities of RQS.

All necessary agreements, approvals and consents for the corporate reorganisation were executed prior to 30 June 2007. However, since the shares were not formally issued and transferred until after the balance sheet date, on 3 July 2007, these shares are disclosed in the financial statements as shares not yet issued.

On 8 June 2007, a resolution was passed authorising the issue of 5,800,000 new shares to certain directors. These shares have not yet been issued.

20. Merger reserve

The merger reserve represents the difference between the Company’s issued share capital and share premium and the issued share capital and share premium of the Company’s subsidiaries. Movements in the merger reserve are set out in the Consolidated Statement of Changes in Equity.

21. Operating lease commitments

The Group usually negotiates operating leases for a period of five years. The Group’s minimum future lease rentals payable under non-cancellable operating leases are as follows:

	2005	2006	2007
	US\$	US\$	US\$
Less than one year	5	23	184
Between one & two years	—	5	195
Three to five years	—	—	463
	<u>5</u>	<u>28</u>	<u>842</u>

22. Financial instruments

The Company’s financial instruments consist mainly of deposits with banks, various loans receivable and payable, sundry payables and ordinary shares. The main purpose of non-derivative financial instruments is to raise finance for the Group’s operations. The Group does not speculate in the trading of derivative instruments

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, and credit risk.

Interest rate risk

The Group’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is not considered to be significant.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group’s measurement currency. The Group seeks to minimise such risks using agreed policy parameters.

The carrying amount of the Group’s foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2005	2006	2007
	US\$’000	US\$’000	US\$’000
<i>Assets</i>			
Currency of South Africa (Rand)	—	—	13,325
Currency of United Kingdom (£)	—	—	840
Currency of Australia (Australian dollars)	103	9,234	5,663
	<u>103</u>	<u>9,234</u>	<u>5,663</u>

	2005	2006	2007
	US\$'000	US\$'000	US\$'000
<i>Liabilities</i>			
Currency of South Africa (Rand)	—	—	7,952
Currency of Australia (Australian dollars)	93	40	—
	<u> </u>	<u> </u>	<u> </u>

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial information

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Net fair values

There is no difference between the aggregate net fair values and carrying amounts of financial assets and financial liabilities at the balance sheet date.

23. Related party transactions

The following transactions occurred with related parties:

	2005	2006	2007
	US\$'000	US\$'000	US\$'000
Management fees paid to Orbital Research (Proprietary) Limited, a company associated with a former director of Rand Quest Syndicate Limited (“RQS”) and Central Rand Gold (Proprietary) Limited (“Central Rand Gold SA”)	129	276	82
Consultancy fees paid to Orbital Research (Proprietary) Limited, a company associated with a former director of RQS and Central Rand Gold SA	104	164	86
Consultancy fees paid to African Development Group, a company associated with a director of Central Rand Gold SA.	10	67	—
Consulting fees paid to directors and former directors of RQS and Central Rand Gold SA	7	202	3,285
Consulting fees paid to DN Security (WA) Pty Ltd, a company associated with a former director of RQS.	244	—	—
Consulting fees paid to Corwell Investments (Proprietary) Limited, a company associated with a director	—	—	114
Capital raising and commission fees were paid to Felix Bay Capital, a company associated with a director of RQS.	—	22	743

Management and consultancy fees were based on the time spent by the directors concerned.

Included within current liabilities is an amount of US\$149,178 (2006: Nil; 2005: Nil) that is due to a former director, Mr H Mason, in accordance with his settlement agreement.

Compensation of key management personnel

The remuneration of the current directors and other members of key management of the Group during the year was as follows:

	2005 US\$'000	2006 US\$'000	2007 US\$'000
Short-term benefits	16	261	2,131

24. Segment reporting

The Group operates predominately in one business and geographical segment being the acquisition of mineral rights and data gathering on the Central Rand goldfield of South Africa and related commercial activities. Accordingly, no analysis of segment revenue, results or net assets has been presented.

25. Share-based payments

The following share based payments were made during the year:

- (i) On 8 November 2006, the Board of Directors of Rand Quest Syndicate Limited (“RQS”) resolved to issue 6,200,000 fully paid up ordinary shares in RQS to specified directors. By reference to the most recent share issue prior to 8 November 2006, the fair value per share was £0.25 (on 31 July 2006). Accordingly, the deemed fair value of the 6.2 million shares issued to the Directors and Executives equates to £1,550,000 or US\$3,016,268 and has been expensed to the Income Statement.
- (ii) On 18 April 2007, the Board of Directors of RQS resolved to issue 2,500,000 fully paid up ordinary shares in RQS to Mr George Roach, a former General Manager of the RQS, as part of the Settlement Deed agreed between the RQS and Mr Roach. By reference to the most recent share issue prior to 18 April 2007, the fair value per share was £0.50 (on 8 February 2007). Accordingly, the deemed fair value of the 2.5 million shares issued to Mr Roach equated to £1,250,000 or US\$2,605,687 and has been expensed to the Income Statement.

26. Events occurring after balance sheet date

(a) Capital raising

During July 2007, 12,133,000 ordinary shares were subscribed for at £0.75 per share. The total value of the subscription was £9,099,750 or US\$18,958,880. The par value of the issue was US\$242,918 and share premium was US\$18,715,962

(b) Purchase of Ferreira Estate and Investment Company Limited (“FEIC”)

During August 2007, the Group lodged a Section 11 Application in order to enable it to exercise, its option to purchase the entire shareholding in FEIC from iProp Limited for a consideration of US\$1,000,000, which will become payable upon the grant of the Section 11 Application.

(c) Benefit Trust and Share Incentivisation Scheme

During August 2007, the transfer of 600,000 existing shares into an Benefit Trust was authorised. On 12 September 2007, a resolution was passed to formally establish a share incentivisation scheme for directors and senior employees. On the same date the Benefit Trust subscribed for 5,800,000 shares at an aggregate subscription price of £58,000.

27. Capital and other expenditure commitments

	2005 US\$'000	2006 US\$'000	2007 US\$'000
Authorised, contracted but not provided for in respect of property, plant and equipment	—	60	—
Commitments in respect of mineral assets:			
Estimated fees payable for prospecting	—	—	753

There are also maximum payment commitments of USD500,000 per year for eight years to iProp Limited in respect of the purchase of FEIC and USD100,000 per year payable to Gravelotte Mines Limited for five years while the Group prospects on the Langlaagte Area.

28. Potential litigation

On 8 December 2006, Ditholwana Mining and Exploration (Proprietary) Limited (“Ditholwana”), a third party, threatened legal action to claim a 10 per cent. equity interest in the Company’s subsidiary in South Africa, Central Rand Gold South Africa (Proprietary) Limited under a pre-existing agreement with Rand Quest Syndicate Limited. On 30 October 2007 a sale of shares and claims agreement was signed between ADG, Ditholwana and Puno settling the dispute. The agreement provides for 15 per cent. of the issued share capital of Puno owned by ADG to be transferred to Ditholwana and for this transfer to be in full and final settlement of all and any claims between the parties and against the Group. The Group, through third party rights, can seek to enforce this agreement. Subject to certain administrative and logistical conditions regarding the transfer of the shares in Puno being satisfied between the date of this prospectus and Admission, there will be no outstanding issue regarding Ditholwana. Following the agreement becoming unconditional, ADG will own 45 per cent. of Puno, Ditholwana 15 per cent. with minorities making up the remaining holders. Accordingly, no provision has been made in the financial information in respect of this matter.

CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table shows the consolidated capitalisation and indebtedness of the Group at 30 June 2007, based on the audited consolidated financial information of the Group included in Part VI of this document. In addition, the consolidated capitalisation and indebtedness of the Group at 31 August 2007, based on the Group's unaudited consolidated management accounts for the period then ended, is included. The Group does not have any contingent or indirect indebtedness.

Capitalisation and indebtedness of the Group as at 30 June 2007 and 31 August 2007

	<i>Notes</i>	<i>As at 30 June 2007 US\$'000</i>	<i>As at 31 August 2007 Unaudited US\$'000</i>
Total non-current debt (excluding current portion of long-term debt)			
Unsecured		6,558	6,558
		6,558	6,558
Shareholder's equity			
Issued share capital		—	51,126
Shares not yet issued	1	32,167	—
		32,167	51,126
Total		38,725	57,684

Note

1 Represents the shares issued on 3 July 2007 in connection with the reorganisation of the Group.

Net indebtedness of the Group in the short and medium-long term as at 30 June 2007 and 31 August 2007

	<i>Notes</i>	<i>As at 30 June 2007 US\$'000</i>	<i>As at 31 August 2007 Unaudited US\$'000</i>
Cash		6,582	20,030
Cash equivalent	1	<u>1,443</u>	<u>1,966</u>
Liquidity		<u>8,025</u>	<u>21,996</u>
Net current financial indebtedness		<u>(8,025)</u>	<u>(21,996)</u>
Finance lease payables		<u>112</u>	<u>104</u>
Non current financial indebtedness		112	104
Other non-current loans	2	<u>—</u>	<u>—</u>
Net financial indebtedness		<u><u>(7,913)</u></u>	<u><u>(21,892)</u></u>

Notes

- 1 Security deposits are held by certain banks as security for contingent guarantees given to third parties and therefore restricted as to their use.
- 2 Includes loan payable to and loan receivable from Puno of US\$ 6,558,000.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below is an unaudited pro forma statement of net assets based upon the consolidated net assets of Central Rand Gold Limited, its subsidiaries and subsidiary undertakings (together “the Group”) as specified below. The unaudited pro forma statement of net assets is prepared for illustrative purposes only to show the effect of the proposed placing of shares (the “Placing”) and application by Central Rand Gold Limited for admission of its shares to the Official List of the UK Listing Authority and to the Main Board of JSE Limited and to trading on the London Stock Exchange and the JSE Limited on the net assets of the Group for the dates specified.

Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position of the Group. The pro forma statement of net assets has been prepared to show the position as if the Placing had occurred on 30 June 2007.

The pro forma statement of net assets is based upon the audited consolidated figures of the Group for the date specified, as stated earlier in this document, after making the adjustments on the basis described in the notes below. The pro forma statement of net assets is based on financial statements prepared in accordance with IFRS as adopted by the EU and applied by Central Rand Gold Limited and the adjustments are consistent with the policy the Company will adopt in its next published financial statements.

Pro forma statement of net assets

	<i>Adjustment</i>		<i>Pro forma net assets US\$'000</i>
	<i>Group as at 30 June 2007⁽¹⁾ US\$'000</i>	<i>Placing proceeds⁽²⁾ US\$'000</i>	
ASSETS			
NON CURRENT ASSETS			
Loans receivable	6,558	—	6,558
Property, plant and equipment	2,633	—	2,633
Mineral assets	1,250	—	1,250
TOTAL NON CURRENT ASSETS	10,441	—	10,441
CURRENT ASSETS			
Cash and cash equivalents	8,025	138,500	146,525
Prepayments and other debtors	1,363	—	1,363
TOTAL CURRENT ASSETS	9,388	138,500	147,888
TOTAL ASSETS	19,829	138,500	158,329
LIABILITIES			
NON CURRENT LIABILITIES			
Finance lease payable	112	—	112
TOTAL NON CURRENT LIABILITIES	112	—	112
CURRENT LIABILITIES			
Loan payable	6,558	—	6,558
Other payables	1,283	—	1,283
TOTAL CURRENT LIABILITIES	7,841	—	7,841
TOTAL LIABILITIES	7,953	—	7,953
TOTAL NET ASSETS	11,876	138,500	150,376

Notes:

- 1 Net asset information as at 30 June 2007 in respect of the Group has been extracted without adjustment from the financial information compiled in accordance with International Financial Reporting Standards and included on page 75 of this document.
- 2 Estimated fundraising proceeds from the transaction are assumed to be \$150.8 million (£75 million) less estimated transaction costs of \$12.3 million. Pound Sterling amounts have been converted to US Dollar at an exchange rate of 2.01:1.

The Directors
Central Rand Gold Limited
Sydney Vane House
Admiral Park
St. Peter Port
Guernsey

The Directors
Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

The Directors
Royal Bank of Canada Europe Limited
71 Queen Victoria St.
London
EC4V 4DE

The Directors
Macquarie First South Corporate Finance (Proprietary) Limited
181 Jan Smuts Avenue
Parktown North
Johannesburg 2193
Republic of South Africa

1 November 2007

Dear Sirs

CENTRAL RAND GOLD LIMITED AND ITS SUBSIDIARIES AND SUBSIDIARY UNDERTAKINGS (THE "GROUP")

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Part VI of the prospectus dated 1 November 2007 issued by Central Rand Gold Limited (the "Company"), which has been prepared on the basis described in Part VI, for illustrative purposes only, to provide information about how the proposed placing of shares (the "Placing") and application by the Company for admission of its shares to the Official List of the UK Listing Authority and to the Main Board of JSE Limited and to trading on the London Stock Exchange and the JSE Limited ("Admission") might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial information as at 30 June 2007. This report is required by paragraph 20.2 of Annex I of the Prospectus Rules and is given for the purpose of complying with the Prospectus Rules and for no other purpose.

Responsibilities

It is the responsibility of the directors of Central Rand Gold Limited to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Rules as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously given by us on any financial information used in the compilation of the Pro Forma Financial Information,

nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- i) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- ii) such basis is consistent with the accounting policies of Central Rand Gold Limited.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as Part VI of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in those parts is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex III of the Prospectus Rules.

Yours faithfully

Moore Stephens LLP
Chartered Accountants

ILLUSTRATIVE PROJECTIONS OF THE GROUP

Background

In order to comply with the Committee of European Securities Regulators (“CESR”) requirements in paragraph 133 (b) (ii) of the CESR recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses no. 809/2004 (the “CESR Recommendations”), a summary of the Group’s illustrative projected cash flows for the three years and six months ending 31 December 2010 (the “Illustrative Projections”) is set out below for illustrative purposes only.

The Illustrative Projections should be read in conjunction with the assumptions and the basis of preparation set out below.

Basis of preparation

The Illustrative Projections have been prepared by the Directors and are included below solely and for no other reason than for the purpose of complying with the CESR Recommendations that this document includes particulars of estimated cash flow for either the two years following publication of this document, or if greater, the period until the end of the first full financial year in which extraction of mineral resources is expected to be conducted on a commercial scale.

In the absence of these requirements in the CESR Recommendations the Directors would not have included the Illustrative Projections in this prospectus. It is emphasised that the Illustrative Projections, which are unaudited, do not constitute any form of forecast, whether of cash, profit or otherwise.

The Illustrative Projections relate to an extended future period and accordingly the estimates and assumptions underlying the Illustrative Projections are inherently highly uncertain, based on events that have not taken place, and are subject to unforeseen events and significant economic, competitive and other uncertainties and contingencies beyond the Group’s control. Furthermore, given that the nature of the Group’s business and industry is subject to a number of significant risk factors, there can be no assurance that the projected cash flows can be realised and it is probable that the actual cash flows will be higher or lower, possibly materially, than those projected. The attention of prospective investors is drawn to the material risk factors set out in the Risk Factors section of this document.

Illustrative Projections

	<i>6 months to</i>	<i>Year to 31</i>	<i>Year to 31</i>	<i>Year to 31</i>
	<i>31</i>	<i>December</i>	<i>December</i>	<i>December</i>
<i>Notes</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
Net cash flow from operation				
activities	(22,344)	(31,407)	(21,565)	76,731
Capital expenditure	(8,284)	(61,847)	(136,315)	(113,818)
Financing – pre IPO net proceeds	18,959	—	—	—
– IPO net proceeds	138,500	—	—	—
– Secondary financing	—	—	156,000	—
Repayment of lease financing	(11)	(23)	(26)	(30)
Interest received	722	3,972	2,964	522
Interest paid	(9)	(11)	(8)	(4)
Taxation	—	—	—	—
Movement in cash	127,533	(89,316)	1,050	(36,599)
Opening cash balance	8,025	135,558	46,242	47,292
Closing cash balance	135,558	46,242	47,292	10,693

Notes

- In order to meet these projections the Company will need to put in place secondary finance that may be a combination of equity and debt during 2009. For the purposes of the Illustrative Projections it has been treated as equity finance.

Principal assumptions underlying the Illustrative Projections

The following principal bases and assumptions have been used by the Directors in preparing the Illustrative Projections:

1 Operating activity assumptions

Production assumptions

- 1.1 Trial slot and undercut mining projection will commence in the first quarter of 2009, whilst first full slot and undercut projection is expected to commence during the second quarter of 2009. Trial and stope production will commence in the third quarter of 2009 with steady state production expected in periods following 2009.
- 1.2 Gross production of gold is assumed to be:

	<i>Gold</i>	
	<i>Slot and undercut mining Ounces</i>	<i>Trial and stope production Ounces</i>
6 months to 31 December 2007	—	—
Year to 31 December 2008	—	—
Year to 31 December 2009	70,814	18,257
Year to 31 December 2010	172,543	332,261

Price assumptions

- 1.4 Average selling prices for future gold sales will be consistent with the base case assumptions underlying the Competent Person's Report included in Part VII of this document at US\$580 per ounce.

Cost assumptions

- 1.5 Operating expenditure is assumed to remain in line with the Group's current long-term strategic plans;

	<i>6 months to 31 December 2007 US\$'000</i>	<i>Year to 31 December 2008 US\$'000</i>	<i>Year to 31 December 2009 US\$'000</i>	<i>Year to 31 December 2010 US\$'000</i>
Operating costs (excluding depreciation)	20,235	32,040	65,408	189,187
Royalties	—	—	2,291	12,987
	<u>20,235</u>	<u>32,040</u>	<u>67,699</u>	<u>202,174</u>

- 1.6 There will be no abandonment or decommissioning costs during the period of the Illustrative Projections.
- 1.7 Operating costs will arise in accordance with anticipated commercial terms and are generally assumed to be payable in the month in which they are anticipated to be incurred.
- 1.8 Royalties are in respect of:
- 3 per cent. royalty paid to the Government of South Africa on gross sales of gold.
 - US\$8 per ounce paid to iProp Limited over the 3C's area.
 - US\$10 per ounce paid to Gravelotte Limited over the Langlaagte area.

2 Capital expenditure assumptions

- 2.1 Capital expenditure includes projections and activities and associated costs as set out in the CPR:

	<i>6 months to</i>	<i>Year to 31</i>	<i>Year to 31</i>	<i>Year to 31</i>
	<i>31</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Metallurgy (central and satellite plants)	—	33,887	76,072	38,728
Underground mining	—	19,073	59,723	74,495
Processing plant site	—	6,916	—	—
Other capital expenditure	8,284	1,971	520	595
	<u>8,284</u>	<u>61,847</u>	<u>136,315</u>	<u>113,818</u>

3 Financing assumptions

- 3.1 In July 2007, the Group raised net equity proceeds of \$19.0 million by way of a private placing in Guernsey.
- 3.2 The net Pound Sterling proceeds from the Placing, which is not underwritten, will be £68.9 million (assumed equivalent to US\$138.5 million) net of transaction expenses of £6.1 million (assumed equivalent to US\$12.3 million).
- 3.3 The Group will be seeking additional equity and/or debt financing round(s) during the period of the Illustrative Projections (the “Secondary Financing”) to finance the remainder of the mining expenditure required to bring the initiated mining activities into full production. For the purposes of the Illustrative Projections only, it is assumed to be equity finance. The extent to which debt might be raised at a future time is not included within the Illustrative Projections and would create additional interest and capital repayments for the Group.

4 Returns on investment and servicing of finance assumptions

- 4.1 The Group will make or receive the following servicing of finance payments or receipts over the period covered by the Illustrative Projections:

	<i>6 months to</i>	<i>Year to 31</i>	<i>Year to 31</i>	<i>Year to 31</i>
	<i>31</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>December</i>	<i>December</i>	<i>December</i>	<i>December</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Interest paid	(9)	(11)	(8)	(4)
Interest received	722	3,972	2,964	522
Repayment of lease finance	(11)	(23)	(26)	(30)
Dividends	—	—	—	—
	<u>702</u>	<u>3,938</u>	<u>2,930</u>	<u>488</u>

- 4.2 Interest paid on the leasing of vehicles is assumed at a rate of 13 per cent. per annum.
- 4.3 Interest income is assumed at a rate of 4 per cent. per annum.
- 4.4 It is emphasised that the extent to which debt may be sought as part of the Secondary Financing together with any related costs, capital repayments and interest is not included in the Illustrative Projections for the reasons outlined in 3.3 above.
- 4.5 No dividend payments will be made during the period covered by the Illustrative Projections.

5 Taxation assumptions

- 5.1 No corporation or profit taxes are assumed to be paid during the period to 31 December 2010.

6 Other assumptions

6.1 There will be no material fluctuations in respect of foreign exchange rates. The following exchange rates have been projected throughout the period of the Illustrative Projections:

- 1 US\$: 7.23 ZAR
- 1 GBP : 14.5 ZAR
- 1 GBP : 2.01 US\$

6.2 Annual inflation will be 6.0 per cent. throughout the period.

6.3 Commercial terms in respect of the material contracts disclosed in Part VIII of this Prospectus will remain as currently in place.

6.4 There will be no changes to any legislation, taxation, regulations, political or economic conditions which might materially affect the Group's operations.

6.5 There will be no interruptions to business that might have a material effect on the Group's operations.

7 Risk factors

7.1 The Illustrative Projections are subject to a variety of risk factors which might cause actual cash flows to differ, possibly materially, from those projected. Material risk factors are included in the Risk Factors part of this Prospectus.

The following is the full text of a report on the Illustrative Projections of the Group from Moore Stephens LLP as reporting accountants:

MOORE STEPHENS
CHARTERED ACCOUNTANTS

St. Paul's House
Warwick Lane
London
EC4M 7BP

Tel: +44 (0) 20 7334 9191
Fax: +44 (0) 20 7248 3408
DX: 15 London/Chancery Lane
www.moorestephens.co.uk

The Directors
Central Rand Gold Limited
Sydney Vane House
Admiral Park
St. Peter Port
Guernsey

The Directors
Evolution Securities Limited
100 Wood Street
London
EC2V 7AN

The Directors
Royal Bank of Canada Europe Limited
71 Queen Victoria St.
London
EC4V 4DE

The Directors
Macquarie First South Corporate Finance (Proprietary) Limited
181 Jan Smuts Avenue
Parktown North
Johannesburg 2193
Republic of South Africa

1 November 2007

Dear Sirs

CENTRAL RAND GOLD LIMITED

We report on the illustrative cash flow projections for the three years and six months ending 31 December 2010 (the "Illustrative Projections"), as set out in Part VI (c) of the prospectus issued by Central Rand Gold Limited (the "Company") dated 1 November 2007 (the "Prospectus"). Our report is solely for the purposes of the offering outside of the United States and Canada and must not be used in connection with any offer in the United States and Canada.

The Illustrative Projections have been prepared solely for the purposes of complying with CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectus No. 809/2004 (the "CESR Recommendations"), paragraph 133 and for no other reason. They have been prepared by the Directors of the Company (the "Directors") for illustrative purposes only and should be read in conjunction with the accompanying assumptions and basis of preparation. This report is required by paragraph 133 (b) (iii) of the CESR Recommendations and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the Directors to prepare the Illustrative Projections in accordance with the requirements of paragraph 133 (b) (ii) of the CESR Recommendations.

It is our responsibility to form an opinion, as required by paragraph 133 (b) (iii) to CESR's recommendations, that the Illustrative Projections have been prepared by the Company after due care and enquiry and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2) (f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation of the Illustrative Projections

It is emphasised that the Illustrative Projections, which are unaudited, do not constitute any form of forecast, whether of cash, profit or otherwise. The Illustrative Projections relate to an extended future period and accordingly the estimates and assumptions underlying the projections are inherently highly uncertain, based on events that have not taken place, and are subject to significant economic, competitive and other uncertainties and contingencies beyond the Group's control. Furthermore, given that the nature of the Group's business and industry is subject to a number of significant risk factors, there can be no assurance that the projected cash flows can be realised and it is probable that the actual cash flows will be higher or lower, possibly materially, than those projected. The attention of prospective investors is drawn to the Risk Factors section of the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom to the extent that such standards are applicable in respect of this work. Our work included reviewing and discussing with the Directors the process undertaken by them in identifying the key risks and assumptions affecting cash flows and in compiling the Illustrative Projections, including consideration of whether the Illustrative Projections have been accurately computed based upon the disclosed assumptions. The assumptions upon which the Illustrative Projections are based are solely the responsibility of the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Illustrative Projections have been stated by the Company after due care and enquiry.

Since the Illustrative Projections are based on assumptions and factors which may be affected by unforeseen events and relate to an extended future period, we can express no opinions as to whether the actual results reported will correspond to those shown in the Illustrative Projections and any differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United Kingdom, the Republic of South Africa, the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, based on the foregoing, the Illustrative Projections have been stated by the Company after due care and enquiry.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2) (f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Moore Stephens LLP
Chartered Accountants

PART VII
COMPETENT PERSONS' REPORT



87 Colin Street West Perth WA 6005
PO Box 77 West Perth WA 6872
Telephone +61 8 9213 9213
Facsimile +61 8 9322 2576
perth@snowdengroup.com
www.snowdengroup.com

Perth, Brisbane, Vancouver, Johannesburg, London

Central Rand Gold South Africa (Pty) Ltd
Sydney Vane House
Admiral Park
St Peter Port
Guernsey
GY1 3EI

**COMPETENT PERSONS' REPORT ON THE MINERAL ASSETS OF CENTRAL
RAND GOLD SOUTH AFRICA (PTY) LTD – CENTRAL RAND GOLDFIELD,
WITWATERSRAND BASIN, SOUTH AFRICA**

Report by:

Authors and Competent Persons

A handwritten signature in black ink, appearing to read "P Snowden".

Philip Snowden BSc (Hons), DPhil, FAusIMM (CP), MAIG
Executive Consultant Geologist
Email: psnowden@snowdengroup.com

A handwritten signature in black ink, appearing to read "V Snowden".

Vivienne Snowden BSc (Hons), MSc, FAusIMM (CP), MAIG
Executive Consultant Geostatistician
Email: vsnowden@snowdengroup.com

Snowden Mining Industry Consultants
87 Colin Street
West Perth WA 6005
Australia

Telephone: +61 8 9213 9213
Facsimile: +61 8 9322 2576

Dated: 21 September, 2007

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1 **SUMMARY**

Preamble:

Rand Quest Syndicate Limited (“RQS”), an Australian based exploration company, identified the potential for further gold exploration and exploitation on the Central Rand Goldfields situated towards the southern part of the city of Johannesburg. To this end, RQS entered into certain third party agreements with prospecting rights holders and in addition, applied for prospecting rights in its own name.

Subsequent to a restructuring of RQS, RQS sold all of its prospecting rights to its then South African subsidiary Central Rand Gold (Pty) Ltd (“CRG SA”) and in addition arranged for the cession and delegation of its rights and obligations under the third party prospecting agreements to CRG SA.

As a consequence of the restructuring, CRG SA will be the holder of the rights under the third party prospecting agreements and will shortly be registered as the holder of the rights applied for and granted in the name of RQS once Section 11 Applications in this regard have been granted.

Owing to the above and for the sake of convenience, any reference to CRG SA’s rights in this document should be construed as including the rights it has under the third party prospecting agreements as well as the rights which shall shortly be registered in its name and which were granted previously in the name of RQS, and any reference to actions taken by CRG SA should include reference to actions previously taken by RQS, to the extent that the same may be applicable to this document.

Purpose

This Competent Persons’ Report has been prepared in order to enable Central Rand Gold South Africa (Pty) Ltd (“CRG SA”), formerly known as Rand Quest Syndicate Limited (“RQSL” or “RQS”) to fulfil part of the requirements to obtain admission to the official list of the UK listing authority and to trading on the London Stock Exchange plc (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE). It presents a review of the geology and mineralisation contained in the Prospecting Rights granted to CRG SA or under application by CRG SA in South Africa. Taken as a whole the project is considered by the Authors to be an advanced exploration project. There is currently no mining in progress.

CRG SA’s assets

CRG SA’s Central Rand project underlies the southern part of the City of Johannesburg and is located immediately south of down-town Johannesburg. It comprises 8 contiguous new order prospecting rights and a large area comprising one lease application located to the south and southwest of the new order prospecting rights. The prospecting rights supersede the old order mining leases that constitute the central part of the Central Rand Goldfield. The old mining leases include, from west to east, Consolidated Main Reef, Langlaagte, Crown Mines, Village Main, Robinson Deep, City Deep and Simmer and Jack.

Background

The mining leases that are now included in the Central Rand project emerged in the late 1800s and early 1900s through the consolidation of numerous small mining properties. The project extends over a west to east distance of about 40 km and measures about 7 km north to south. Most of the old mines formally closed in the late 1960s and early 1970s. The Consolidated Main Reef, Crown Mines and City Deep mines were previously under the management of Rand Mines, which was then one of South Africa’s foremost mining houses, and are colloquially referred to as the “3Cs”.

The old mine leases that fall within the Central Rand project incorporate the discovery site for the Witwatersrand gold reefs (on the farm Langlaagte) and the first mining areas within the Witwatersrand Basin. Over the next 90 years (between 1886 and the early 1970s) these mining leases are estimated to have produced some 247 million ounces of gold (7,696 tonnes) at a reported average head grade (run of mine grade) of 8.2 g/t.

Historically gold was mined from five separate quartz pebble reefs occurring within three distinct reef packages – the Main Reef, Bird Reef and Kimberley Reef. The reefs within the Main Reef package were by far the most important and most extensively mined.

By the late 1960s the mines of the Central Rand Goldfield were considered to be substantially “worked out”. Infrastructure was old and the operating faces were generally very deep (down to 2,800 m) in places and expensive to operate. These issues were further compounded by the low price of gold and the depressed international gold market. These factors prompted the mine operators to develop higher grade, lower cost mines in the “newer” goldfields of the Witwatersrand Basin such as in the Carletonville and Free State Goldfields.

Since the mines formally closed they have remained dormant except for the Simmer and Jack mining lease where contract miners are reported to have recovered gold through “sweepings” (ie literally sweeping old stopes), “vampings” (ie. recovery of broken ore that was never hoisted to surface) and some recovery of reef from roof support pillars (ie. pillar robbing).

In the last 25 years a number of attempts have been made to compile inventories of mineral resources remaining within some of the old mine leases that now fall within the Central Rand project area. Much of the work done in this regard has been focussed on the 3Cs mines.

Since the late 1980s the 3Cs have been the subject of numerous studies by staff and students of the University of the Witwatersrand Economic Geology Unit under the guidance of Professor R P Viljoen and Professor M J Viljoen. These studies and investigations subsequently led Messrs Viljoen and Viljoen to recognise the exploration potential of the Central Rand and initiate the project as described in this report.

Having recognised the exploration and mining potential of the old Central Rand mines, and the current positive environment for gold, CRG SA has recently consolidated the 3Cs as well as the old Langlaagte, Village Main, Robinson Deeps, Western Areas A, B and E, and Simmer and Jack Mines into its Central Rand project. The consolidation of old mine leases accomplished by CRG SA is in Snowden’s opinion a significant achievement. In addition CRG SA has lease applications in place for a substantial area located to the south and southwest of the old mine leases.

Responsibility

Snowden Mining Industry Consultants (Snowden) was commissioned by CRG SA to compile a Competent Persons Report on its mineral assets. Dr P A Snowden and Mrs D V Snowden, are the Authors of the report. Mr D Gray, Mr J Witley and Mr F Grobler (all of Snowden or formerly of Snowden) have contributed to the report by undertaking specialist studies on behalf of the Authors. In preparing this report the Authors and associated contributors have relied on information provided by both CRG SA and reports by a number of geological and mining consultants which were commissioned by CRG SA.

Location of assets

The Central Rand project is located immediately south of down-town Johannesburg – South Africa’s largest city. Johannesburg is an international city with all services, and a strong mining heritage and culture. The project area at depth underlies much of southern Johannesburg, hence, as expected, the project area supports a wide range of city infrastructure including road, rail, residential, commercial and industrial. However, because mining in the area only ceased in the relatively recent past (last 30 years) there remains quite substantial areas of underdeveloped open space within the project area.

Geology and Mineralisation

The Central Rand project is underlain by rocks of the Central Rand Group within the upper part of the Witwatersrand Supergroup. The Central Rand Group comprises a 7 km thick sequence of quartz-rich sediments within which there are three principal packages of quartz pebble reefs which are named the Main, Bird and Kimberley packages. Within these reef packages heavy minerals, including gold and pyrite, have been concentrated to a greater or lesser extent.

The Main package lies at or near the base of the Central Rand Group and is by far the most important of the three reef packages encountered. It contains several distinct sheet-like reefs dipping about 40° south (measured at surface), each with their own geological characteristics. The

principal gold bearing reefs in the package, named from the bottom upwards, are North Reef, Main Reef, Main Reef Leader, South Reef and South South Reef. The Main Reef Leader was by far the most important gold bearing reef and was comprehensively mined out (except for a few small reef blocks left unmined) over all the old mine leases within the project area down to a vertical depth of about 2,800 m below surface – in other words for a down-dip distance of about 5 km. South of the limit of mining within the old mine leases the available information indicates the reef persists and continues to dip south into the lease application area where there has been no previous mining.

The Main Reef Leader was generally high grade ie +12 g/t gold over a reef width of about 60 cm. High and low grade areas of gold mineralisation can be distinguished within the reef and are, in Snowden's opinion, related to fluvial channel processes at the time of reef sedimentation.

The Main Reef, which underlies the Main Reef Leader, is a well developed pebble conglomerate but generally contains much lower gold grades than the Main Reef Leader. Over most of the project area the Main Reef was mined in patches. The most extensive mining of this reef was on the Simmer and Jack mining lease in the east of the project area.

The South Reef was mined quite extensively across the project area although mining was terminated at a much shallower depth than was the case for the Main Reef Leader. Records suggest that in the case of the South Reef gold grades within the reef diminished progressively down dip.

Mining of the Bird Reef (or more correctly a particular reef within the Bird package) occurred on a relatively minor scale, with mining restricted to the west of the project area. This was also the case for the Kimberley package where, amongst its numerous pebble reefs, only one, the K9A Reef, was mined albeit to a limited extent.

A number of other reefs occur within the Central Rand project area such as the Johnstone and Livingstone reefs. However, these reefs were not exploited during previous mining operations.

Exploration, drilling, sampling and verification

In late 2006 CRG SA commenced a shallow drilling exploration programme of selected sites within the project area. None of the exploration results from this programme (which is continuing) have been used in the resource estimates presented in Section 17 of this report.

CRG SA engaged Shango Solutions ("Shango"), a firm of geological and exploration consultants based in Johannesburg to manage its exploration programme. Shango, in turn, has engaged a number of other consulting firms to undertake specific work programmes, including Snowden's exploration consultants based in Johannesburg who are responsible for overseeing the QA/QC of the exploration data. Shango's work is ultimately guided by CRG SA's chief geologist.

CRG SA has selected nine areas that it considers warrant assessment for shallow mining operations. These areas are termed "slots" or "target areas" by CRG SA. Slot areas are located over the Main, Bird and Kimberley Reef zones with a focus on the Main and Kimberley Reef zones.

Initial exploration target drilling was by both RC percussion and diamond drilling with subsequent infill drilling on a closer spaced pattern over selected areas. This work has yet to be completed. Samples have been sent to a number of accredited laboratories in the Johannesburg area for assay. Industry standard sample preparation and analytical techniques are being employed and are subject to independent scrutiny. At this stage there is very slow sample turnaround from the laboratories.

Snowden has reviewed the drilling results acquired by CRG SA so far and agrees with Shango that the gold mineralisation appears to occur principally within or immediately peripheral to known reefs. In general the gold grades of lithologies external to the known reefs are extremely low, generally below 0.1 g/t, with occasional samples returning marginally higher grades.

At this stage there are insufficient exploration results available on which to base detailed interpretations of the geology and mineralisation grade and distribution which will form the basis for resource estimation and mining feasibility studies within the slot areas which are currently being

explored by CRG SA. Shango, on behalf of CRG SA, is working towards acquiring the necessary information.

Mineral processing and metallurgical testing

When the gold mines that now fall within the Central Rand project closed during the 1970's, the main metallurgical processing routes involved run-of-mine jaw crushing with follow-up hand sorting. Thereafter cone crushing and screening was employed, followed by primary and secondary ball milling. Conventional drum/disc filtration was conducted to separate the gold in solution from the tailings. Gold was recovered by zinc precipitation and smelting. Recoveries were typically in the range 90% to 95%.

In its current planning for mine development within its Central Rand Project CRG SA intends using satellite processing plants located close to mine sites or portals. The plants will produce a concentrate which will be transported to a central extraction facility for gold bullion recovery. Thereafter the tailings will be treated to recover uranium as a by-product. It is CRG SA's intention to return the tailings to underground voids. CRG SA intends carrying out significant metallurgical testwork to confirm the technical and economic viability of the proposed technologies and process flow sheets. At this early stage it is CRG SA's expectation that plant recovery will be in the range 80% to 90%. CRG SA has commenced its first testwork on a 1.2 tonne bulk sample of Kimberley Reef. No results have yet been received.

According to Bateman Africa (an international firm of process and construction engineers), metallurgy of the Witwatersrand ores is well understood. A conceptual study by Bateman has examined the costs of the proposed ore processing route for the Central Rand Gold project assuming construction of three semi-mobile satellite plants (for use both on surface and underground) that feed concentrate to a centralised surface plant. Order of magnitude costs have been developed for construction of the plant (-0% +30%). Bateman notes, however, that detailed ore processing testwork has yet to be undertaken and ore reserves have yet to be estimated.

Mineral Resources

During the course of the last three years CRG SA has commissioned seven Johannesburg based geological and/or mining consulting firms to compile estimates of the gold mineral resources remaining within its Central Rand project area. The approach taken in each study differed, with each focussing on a particular aspect of the mineralisation. The resource estimates compiled by the Authors rely on two particular sets of studies, namely those of Viljoen and Viljoen and Lemmer.

Compilation of estimates of the remnant gold mineralisation within the project area is a challenging task given the enormous size of the project area, its complex multiple reef geology, the complex distribution of gold in the reefs and the enormous extent of the old mining operations. The task was further compounded by the difficulties encountered recovering the old mine plans from archives. On the other hand the task was positively enhanced by the vast amount of underground reef assay data and the high quality of the underground mine survey data recorded on plans although a process of underground plan verification has still to be undertaken by CRG SA.

Global Mineral Resource estimates were compiled by Viljoen and Viljoen for the Main Reef, Main Reef Leader, Pyritic Quartzite, South Reef, Bird Reef and Kimberley Reef in the Central Rand project, but excluding the Simmer and Jack old order mining lease, and documented in a series of reports issued in 2004 and 2006. A more selective geostatistically based independent Mineral Resource estimate was presented by Dr C Lemmer (Lemmer, 2007a) for the Main Reef on Consolidated Main Reef, Crown Mines, City Deep and Robinson Deep and for the Main Reef Leader on Consolidated Main Reef, Crown Mines, City Deep, Robinson Deep (including a portion of Village Main Reef) Lemmer 2007b and Simmer and Jack old order mining leases (Lemmer 2007c).

The Authors accept the Indicated and Inferred Main Reef and Main Reef Leader resource as presented by Lemmer. For the remaining reefs the Authors accept the Inferred Resource estimated by Viljoen and Viljoen.

Lemmer has advised that there are large areas of the project where no attempt has been made to estimate resources on the Main Reef and Main Reef Leader because there is no historical assay data available.

Table 1.1 is the Authors' compilation of the classified Mineral Resource estimate for the Central Rand project based on the Main Reef and Main Reef Leader estimates by Lemmer and the additional reefs by Viljoen and Viljoen. The Central Rand project Mineral Resources are reported in accordance with the JORC Code.

Table 1.1 Central Rand project total classified Mineral Resource Estimate, July 2007

Reef	Indicated				Inferred			
	Mt	g/t Au	'000 Kg Au	Moz	Mt	g/t Au	'000 Kg Au	Moz
Main Reef	39.4	6.3	248	8.0	16.2	7.3	118	3.8
Main Reef Leader	35.6	11.7	417	13.4	9.9	12.6	125	4.0
PyQtz					0.9	45.0	41	1.3
South Reef					5.3	6.0	32	1.0
Bird Reef					9.4	3.8	36	1.1
Kimberley Reef					10.4	3.3	34	1.1
Total	75.0	8.9	665	21.4	52.1	7.4	385	12.4

Note: Maximum depth approximately 3,300m. Totals may not add up exactly due to rounding.

Method of resource estimation

Lemmer has used an industry accepted approach that is applied on a number of operating Witwatersrand gold mines. She relied on the "Rand Mines" database (compiled from old mine records in the late 1980s) where individual data points (mainly located along on-reef development) were regularised into 25 x 25m blocks. Traditional variogram techniques were used to determine accumulation (cm.g/t) and reef width orientations and continuity. Based on these parameters, kriging techniques were applied to estimate the accumulation and reef width for 250 m x 250 m blocks.

Widths were "bulked up" to the assumed minimum stoping widths at the various depths and 10 cm external waste was applied for shallow mining above 70 m depth (open cut). The proportion of selective mining units of 25 m x 25 m within each block was determined using standard Witwatersrand economically viable cut-offs, considering currently practiced mining methods. The cut-offs applied by Lemmer range from 100 cm.g/t at surface to 1200 cm.g/t below 3000 m depth. For potential open pit mine areas, cutoffs were estimated using examples such as Tarkwa in Ghana, and Lindum Reefs in South Africa.

Lemmer estimated what she terms a "mineable resource" in the sense that it is linked to practical stoping widths for narrow reef mining and present day cut-off grades.

In order to increase confidence in "mineable resources" (and eventually ore reserves), cost estimates and mining studies need to be undertaken to determine the detail required for the application of local cut-off grades and selective mining assumptions.

The Inferred Resource estimate presented by Viljoen and Viljoen is a bulk in-situ resource and Snowden considers that it represents a reasonable estimate of the global resource for each of the reefs investigated.

Resource classification

Lemmer classified the Main Reef and Main Reef Leader resources into Indicated and Inferred categories according to data quantity and quality, variogram ranges, quality of kriged estimates and the characteristically "continuous" nature of the Main Reef and Main Reef Leader.

Viljoen and Viljoen have relied upon the following criteria in classifying their Inferred Mineral Resource:

“Presence and use of dense to scattered sedimentological and mineralisation data showing continuity in the form of sedimentary channels and associated ore shoots. Thus, a high degree of confidence exists for such resources which could readily be upgraded to the Indicated Resource category following check sampling and analysis”.

Viljoen and Viljoen note that once access to the underground workings is achieved and existence of reef blocks and old stope faces is confirmed and the potentially open pittable mineralisation is confirmed then upgrading of the Inferred Resources to Indicated and Measured Resources should be readily achievable.

Opinion on classification of resource estimates

There is a huge amount of geological information, underground assay data and mining history for this project, compared to virgin planned mining projects.

The assay data on which the resource estimates are based is the data that was relied upon during the original underground exploration, development and mining. The Authors acknowledge that the quality of the data is acceptable for resource estimation.

It is the Authors’ opinion that Lemmer’s allocation of part of the Main Reef and Main Reef Leader Mineral Resource to the Indicated category and part to Inferred is consistent with the JORC Code classification criteria for resources in these categories. The Authors therefore endorse Lemmer’s classified Main Reef and Main Reef Leader Mineral Resources for the areas investigated.

For the conversion of resources to mineral reserves, the Authors consider that it is necessary to access the underground workings to confirm the existence of reef blocks and old stope faces and to undertake detailed feasibility studies.

In the Authors’ opinion, the accuracy of the model volume depends on the degree to which the most recent shareholder plans (mine stoping and development plans issued annually by the mining companies to their shareholders and generally referred to as “shareholder plans”) represent what is actually remaining in the ground. Annual production subsequent to the year of the last shareholder plan dropped off sharply for all the mines studied suggesting to Lemmer that the likely error in model volume is not material.

Depending on the outcome of scoping and feasibility studies currently underway, or to be undertaken in the future there is potential for the Main Reef and Main Reef Leader resource to increase significantly in tonnage and for the grade to drop, in line with a lowering of the cut-off grade for mechanised mining.

Additional resources have been shown by Viljoen and Viljoen to exist for other reefs not yet evaluated by Lemmer. The Authors endorse the classification of these resources as Inferred.

Further exploration potential exists in extensive exploration target areas delineated by Viljoen and Viljoen.

Additional exploration potential

In addition to the Mineral Resource within the Central Rand project area, there are other potential sources of gold that could be realised in the short to medium term:

- extensions of mineralised reef zones
- “sweepings” which may be recovered by literally sweeping or vacuuming the old underground workings.
- “vampings” this refers to broken ore left underground at the time of mining.
- roof support pillars
- gold eroded and liberated from the outcropping Witwatersrand reefs and then trapped in the soil profile of the Central Rand project area.
- gold in old process plant tailings that have been left on the surface of the project area.

CRG SA has also advised the Authors that it has made application for the prospecting rights to the south of the Central Rand's old order mining lease project boundaries. The available information (projections of reef shoots from the old mine areas up-dip and results of a few deep drillholes) indicates that the area is likely to contain substantial reef resources in the depth range 3000 m to 4500 m below surface and quite possibly deeper.

CRG SA's proposed exploration

In the short term (within twelve to twenty four months of commencement) evaluation of the open pit mining potential of the various reefs and reef packages can be assessed through carefully targeted shallow drilling programmes. This work commenced in late 2006. This work is being done in a staged manner with the initial focus on areas least impacted by "city infrastructure". Concurrent with this work CRG SA will undertake pilot studies to evaluate the gold potential of the soil profile of the project areas as well as the extent and grade of tailings remaining on surface. In early July 2007 CRG SA had commenced its first soil profile exploration study.

Also in the short term once CRG SA has gained safe access to old underground workings it will be able to commence evaluating the potential for the recovery of sweepings and vampings and also to assess the potential to recover reef from historic roof support pillars. The Authors recognise that sweepings and vampings have the capacity to contribute considerable gold ore to a mining operation although this needs to be confirmed through a sampling programme and follow-up feasibility study.

CRG SA's medium term targets (two to five years) will be three-fold once access to the old underground workings has been established:

- (1) evaluate unmined reef blocks within old stope areas;
- (2) evaluate interpreted payshoots in reefs down dip from the lower-most stope faces; and
- (3) evaluate reefs that were previously subject to minimal mining or not mined at all.

This sub-project, in part, targets the resources reported by Lemmer (2007) and which are reported in Section 17 of this report. While it may be possible to carry out some of the underground assessment work relatively quickly (once the workings have been made safe and appropriate infrastructure has been installed) it is the Authors expectation that a certain amount of intermediate surface drilling will need to be carried out. The purpose of the drilling would be to confirm the occurrence and grade of reef blocks, projected reef payshoots and other lesser known reefs within the Central Rand Group rock sequence down to the maintained water table depth of 900 m.

The Authors anticipate that the underground assessment work, surface drilling programmes, follow-up detailed mine planning and detailed feasibility studies will be a significant undertaking and will have to be done in a number of stages.

Long term projects will include:

- (1) dewatering old workings below 900 m to access remnant reef blocks, sweepings and vampings; and
- (2) evaluation of reefs below 900 m vertical depth.

In Snowden's opinion the successful execution of this project and the capacity to realise the value it offers depends in the first instance on considerable and careful attention being given to detailed exploration and mine planning.

Conclusion

There are two separate aspects to the Central Rand project – firstly the surface exploration drilling programme that is currently underway and secondly an underground mining project that relies on mineral resources estimated from historical data. The surface exploration drilling is designed to identify targets where reefs can be mined via slots (narrow open pits down to 10 m to 20 m vertical depth) and thereafter via declines which will provide access to reef down to a vertical depth of about 100 m. It is expected that the programme of shallow mining will concentrate on

reefs which have previously been subject to little or no mining, such as reefs within the Kimberley Group.

CRG SA's surface exploration programme is at an early stage. Shango has noted (confirmed by Snowden) that gold mineralisation intersected in drillholes is substantially confined to known reefs. In general the gold grades of lithologies external to the known reefs are extremely low, generally below 0.1 g/t, with occasional samples returning marginally higher grades.

At this stage there are insufficient exploration results available on which to base detailed interpretations of the geology and mineralisation grade and distribution which will form the basis for resource estimation and mining feasibility studies within the slot areas which are currently being explored by CRG SA. Shango, on behalf of CRG SA, is working towards acquiring the necessary information.

With regard to the underground mining project, which represents the major part of the intended project, CRG SA has commenced the process of gaining access to old workings and the compilation of conceptual studies to recover ore from underground. This work is still in its infancy.

In the Authors' opinion CRG SA's Central Rand project is a globally significant advanced gold exploration project. It's a project with the potential to be a world class gold producer but at the same time will have to deal with a range of challenges including its location within the Johannesburg city precinct, accessing a vast extent of old mine workings, upgrading the mineral resource estimates and commencing the process of defining Mineral Reserves. Despite these challenges, the project holds the promise for a multi-million ounce gold project.

Careful consideration of the project has led Snowden to the conclusion that it should be viewed as a number of sub-projects that may be developed (subject to positive feasibility studies) progressively over several years, subject to all ownership and permitting requirements being satisfied.

Recommendations

It is Snowden's opinion that CRG SA should pursue its rigorous exploration plan that will underpin its programme of mine planning and feasibility studies. It will be important that CRG SA presents clearly defined plans and objectives that can be monitored and assessed. Data management will be crucial and systems and technology in this regard should be "world class".

The Central Rand project is of considerable magnitude, offering many options and opportunities for project development. The key challenge for CRG SA resides in prioritising, planning and scheduling the opportunities to properly realise the value offered.

CRG SA has provided a budget for the anticipated surface and underground drilling plus metallurgical and miscellaneous exploration and sampling costs for the three years. Snowden notes that 46% of this budget is allocated to drilling. CRG SA anticipates an exploration budget of 499 M Rand (US\$ 69 M) for the first three years of the exploration plan.

The magnitude of the proposed exploration programme for the three-year plan (177,600 metres) indicates that the company recognises the importance of exploration to the project. Snowden expects that the exploration budget will be revised continuously as the company learns where best to focus its exploration efforts. Snowden recommends that CRG SA implements a rigorous programme of continuous data compilation, interpretation and analysis to ensure that the project meets expectations.

The extensive planned underground drilling programme has yet to commence. The company is currently engaged in a programme aimed at gaining access to the underground workings in order that it may commence its underground drilling programme.

2 INTRODUCTION

2.1 Terms of reference

At the request of CRG SA Snowden Mining Industry Consultants ("Snowden") has prepared a Competent Persons Report on CRG SA's Central Rand project located within the northern part of the Witwatersrand Basin underlying and in the immediate vicinity of the City of Johannesburg in

South Africa (Figure 2.1). Also shown is the known extent of the Central Rand Group sequence, the location of the seven principal goldfields that have been mined and the estimated gold production from each goldfield.

This Competent Persons Report has been prepared on all material assets of CRG SA and is intended to properly inform readers of CRG SA's Admission Document about the current status and exploration potential of its Central Rand project and to provide comment on CRG SA's planned future exploration programme.

Unless otherwise stated, information and data contained within this report or used in its preparation has been provided by CRG SA.

2.2 Purpose for which the report was prepared

This report has been prepared to provide a summary of the scientific and technical information relating to CRG SA's Central Rand project.

The objectives of this report are to:

- (1) document the mining history of the Central Rand project;
- (2) document the current status of the Central Rand project and report on the work that CRG SA has undertaken to compile and evaluate historical information;
- (3) express Snowden's opinion on the resource estimates compiled for the Central Rand project by CRG SA's consultant geologists; and
- (4) express Snowden's opinion on the future mining exploration and potential of the Central Rand project.

2.3 Sources of information

In preparing this report the Authors have relied principally upon the following information sources:

- Data compiled by independent consultants and organisations who are experts in their fields. The persons and organisations were all engaged by CRG SA specifically to undertake the work for the Central Rand project.
- Experience and knowledge of Witwatersrand Basin geology and gold deposits acquired by the Authors over a period of 26 years. Involvement of the Authors included six years full time employment with a company engaged in extensive mining and exploration of Witwatersrand gold deposits and numerous consulting assignments during the twenty year period 1987 to 2007.
- Published and unpublished reports which are referenced in Section 22 of this report.

2.4 Property inspection by Authors

The Authors of this report P Snowden and V Snowden visited the Central Rand project site during the period 2 to 5 July 2007. During the visit the following was undertaken:

- (1) Status review of the project in the Johannesburg office of CRG SA presented by Mr B Venter, the company's chief geologist
- (2) Visited the offices of Shango to examine source data and discuss resource estimation methodology
- (3) P Snowden visited the CRG SA site office at Eikenof to examine drill sample and storage management
- (4) P Snowden visited the three sites where CRG SA has engaged mining contractors to open old shafts which will provide access to old mine workings
- (5) Visited sites of active CRG SA RC and diamond drilling

In addition Mr David Gray (of Snowden) examined primary source data in the offices of Messrs Viljoen and Viljoen and advised V Snowden on its reliability and relevance.

2.5 Authors' relevant previous experience

P Snowden. During the period 1981 to 1986 the Author was engaged as Structural Geologist for Anglo American Corporation Ltd's (Anglo American) Gold Division now known as AngloGold Ashanti. During this time he investigated aspects of the company's gold mining operations across the Witwatersrand Basin. In addition the geology of several of the company's exploration projects were investigated. Also during this period the Author worked for 12 months in the role of mine shaft geologist on the Saaiplaas No 3 shaft in the Welkom Goldfield.

In his role as structural geologist the Author undertook underground examination of specific aspects of the Witwatersrand geology on the Simmer and Jack and ERPM gold mines located in the east of the Central Rand Goldfield. The broad nature of the Witwatersrand Supergroup geology on these operations and indeed in all other gold mining areas of the Witwatersrand Basin is fundamentally similar to the geology documented in both the literature and on old mine records for the Central Rand project area.

Since 1986 the Author has undertaken a number of studies on aspects of Witwatersrand geology and mining on behalf of various clients. The studies have taken the form of reviews, audits and independent expert reports.

V Snowden. During the period 1981 to 1986, the Author was engaged as an Operations Research Analyst/Geostatistician for Anglo American's Gold Division. During this time she undertook geostatistical studies on several reefs being mined on several of the company's operations. During this period she acquired a high level of appreciation and understanding of gold distribution within various gold and gold and uranium reefs of the Witwatersrand Basin.

Since 1986 the Author has undertaken reviews, audits, investigations and preparation of Competent Persons Reports on behalf of clients with mines or exploration projects exploiting Witwatersrand pebble reefs.

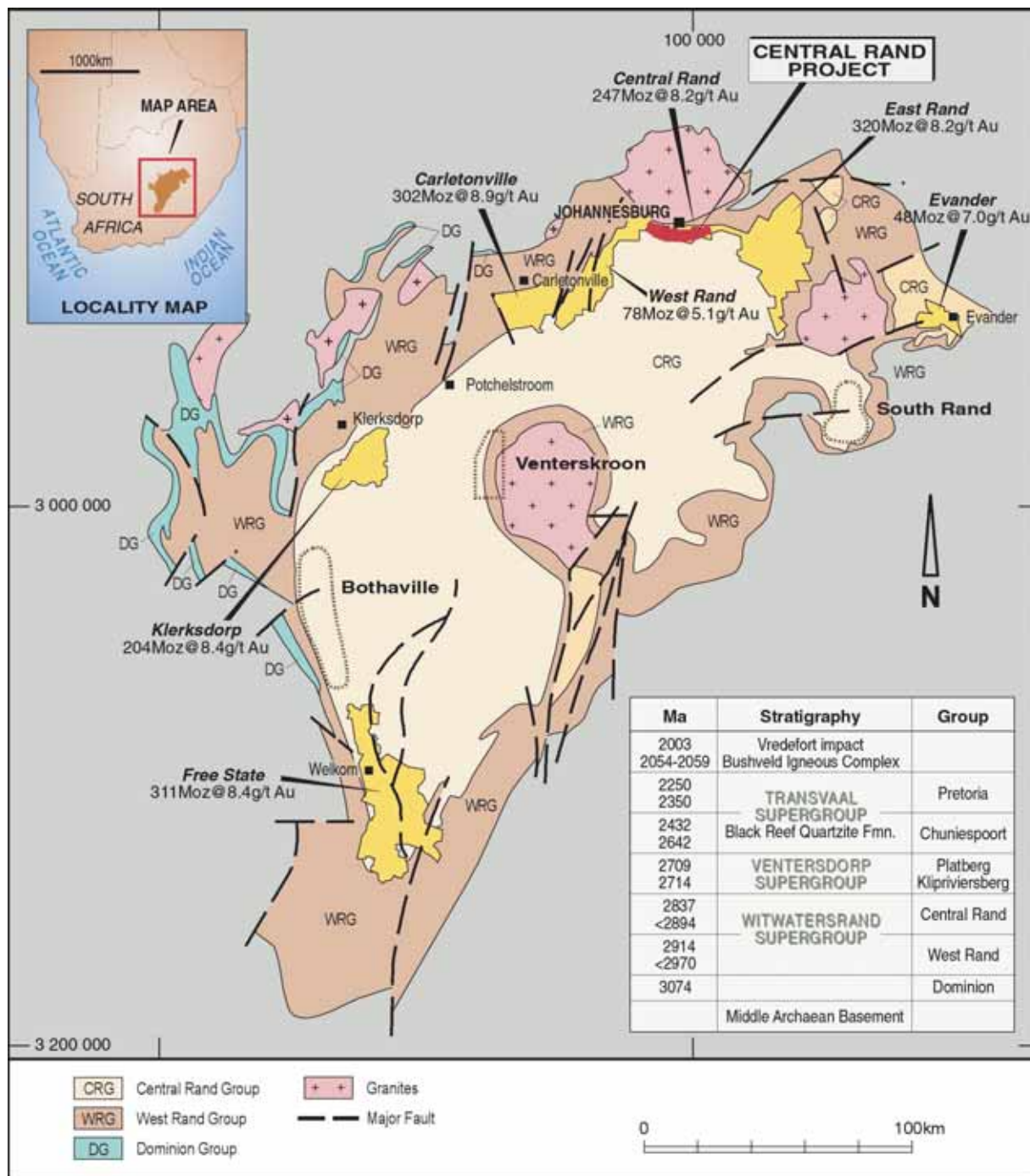


Figure 2.1 Location of the Central Rand project

3 RELIANCE ON OTHER EXPERTS

Snowden Mining Industry Consultants was commissioned by CRG SA to compile a Competent Persons Report (CPR) on its mineral assets. Dr Philip Snowden and Mrs V Snowden are the Authors. Mr D Gray, Mr F Grobler and Mr J Witley of Snowden or formerly of Snowden have contributed to the report by undertaking specialist studies and reviews requested by the Authors.

In preparing the report the Authors have relied on detailed geological information set out in several reports prepared by Johannesburg based geological, environmental, mining and property management consultants commissioned by CRG SA. The Authors also had several in depth discussions with Mr Harry Mason, former Chief Executive Officer of CRG SA and Mr Michael Sullivan, CRG SA's Chief Mining Engineer and a Director of the company, about various aspects of the project.

The Authors have relied on information compiled by a range of mining industry consultants commissioned by CRG SA during the preparation of this report. Some of those involved are Competent Persons and some are not. The Authors have knowledge of the background expertise and experience of those who have made the key contributions that have been relied upon. The Authors are satisfied that the “key contributors” (Professors M J Viljoen and Professor R P Viljoen and Dr C Lemmer are professional persons of considerable standing in the South African mining industry.

This report has been forwarded to the Directors of CRG SA (the commissioning entity) for factual accuracy review. The Directors have advised the Authors that all material information in their possession, or that they are aware of, has been revealed to the Authors and that they are satisfied that there is no material omission. The Directors of CRG SA have agreed to indemnify the Authors, other contributing Snowden personnel and Snowden Mining Industry Consultants from any liability arising from their reliance on information provided directly or indirectly (or for information not provided) by CRG SA via its officers and consultants.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Area, location and tenement status

CRG SA's Central Rand project covers a total area of 66,479 Ha (664.79 km²). The project area, shown in Figure 4.1, comprises four areas within the lease identified on Figure 4.1 as Ferreira Lease Areas, Anglo Gold Lease Areas, RQS Lease Areas and RQS Lease Applications.

CRG SA advised Snowden on 14 September 2007 that the following rights have been granted to the applicant thereof – Western Areas A, B and E, 3 C's, Langlaagte, Village Main (Including Robinson Deeps), Anglo Deeps and Simmer and Jack. The Southern Deep right is outstanding. In order to transfer the rights or the shares in respect of the holder of the rights, Section 11 Application will have to be granted.

The shareholders of CRG SA are Central Rand Gold Netherlands Antilles N.V. (74%) and Puno Gold Investments (Pty) Limited (26%).

Implementation of The Mineral and Petroleum Resources Development Act (MPRDA) No. 28 of 10 October 2002 commenced on 3 May 2004 whereby the State became the custodian of mineral resources and the grantor of prospecting, exploration, mining and production rights.

An old order mining right is where the underlying right is held in conjunction with a mining authorisation issued in terms of Section 9 of the Minerals Act, and where mining operations are actively being conducted at the commencement of the Act. The holder of an old order mining right (where mining operations are actively being conducted at the commencement of the Act) will have a period of five years from the commencement of the Act to convert the old order mining right into a new form mining right in terms of the Act.

An old order prospecting right is where a mineral right holder, or somebody who has the consent of the mineral right holder, has a prospecting permit issued in its name in terms of Section 6 of the Minerals Act and is actively prospecting at the time the Act is enacted. In this instance, the holder of the old order prospecting right has a period of two years from commencement of the Act to convert the old order prospecting right into a new form prospecting right in terms of the Act.

It should further be noted that upon the conversion of the old order mining rights and old order prospecting rights into new form mining rights and prospecting rights, all of the underlying old order rights will lapse.

Section 18.1 of this report explains in more detail the terminology of “old order” and “new order” rights. Individual mine lease boundaries relating to defunct “old order” rights are included on the map and leases are identified with respect to the prior lease holder. The properties are referenced with respect to latitude and longitude.

The status of CRG SA's (RQS) Mineral Rights Applications for “new order” prospecting rights, reported to Snowden by MSA on 21 November 2006, and identified on Figure 4.1, are summarised in Table 4.1. The content of Table 4.1 has been compiled by the Johannesburg based firm MSA

who has been appointed by CRG SA to manage the statutory aspects of its properties within the Central Rand project.

It is evident from Figure 4.1 that the project area underlies the southern part of the city of Johannesburg – South Africa’s largest city. The project covers an enormous area in the context of its situation within the precincts of a city. From the area immediately south of Johannesburg it extends about 12 km to the east to the eastern boundary of the old Simmer and Jack lease. To the west it extends for some 25 km to a location south of Krugersdorp. From its northern boundary the project extends for about 17 km to the south.

4.2 Property boundaries

The location of old order mine lease property boundaries are clearly defined through historical records. Since acquiring exploration rights to the properties CRG SA has had all boundaries formerly coordinated by a qualified surveyor. The Author has been provided with a listing of all property boundary coordinates by MSA.

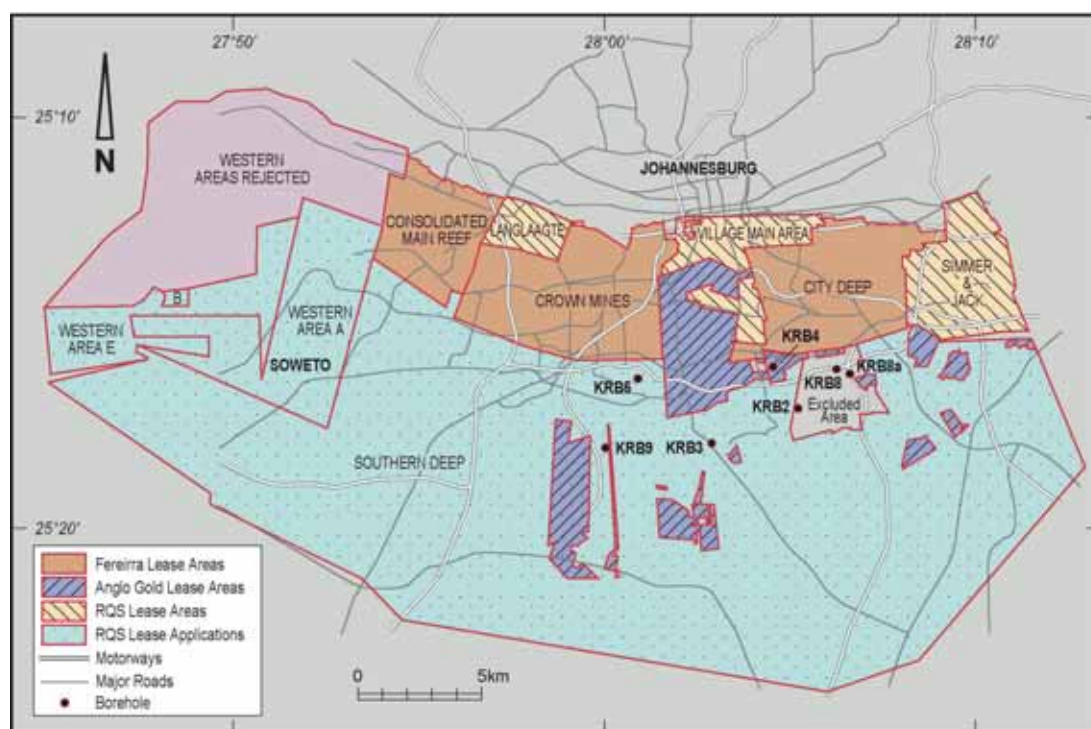


Figure 4.1 Location of the Central Rand project area showing boundaries of old order mining rights and CRG SA lease application areas which are identified in the Legend of the figure by their former name RQS (Rand Quest Syndicate). (As of 21 November 2006).

4.3 Location of known mineralisation, old mine workings and old surface infrastructure

The Central Rand project is distinctive in many respects:

- (1) The project area carries an enormous range of city infrastructure including townships, industrial areas, road systems and all the other infrastructure that is part of a large city.
- (2) The geology of the project area is extremely well documented and has been the subject of numerous studies and investigations for more than 120 years since gold bearing pebble conglomerate reefs were discovered at surface on the farm Langlaagte (subsequently the mining lease Langlaagte).
- (3) The nature and location of the principal Witwatersrand reefs within the Central Rand project area are well known. There are several pebble conglomerate reefs that strike east-west and dip southwards at about 30 degrees. One of the reefs (Main Reef Leader)

has been extensively mined while others have been partially mined. The Main Reef Leader has been mined nearly continuously over a strike extent of 30 km within the project area and down-dip to a vertical depth of 2,800 m below surface.

- (4) Mining within the Central Rand project area substantially came to an end in the late-1960s although in places it continued until the mid-1970s. Since that time there has been a continuous programme involving the dismantling of old surface mining infrastructure. This included the systematic removal of numerous old tailings dams through a process of hydraulic slurring of the old tailings and their pumping to Anglo American's Egoli tails retreatment and gold recovery operation located on the East Rand.

Figure 4.2 shows a plan of the Central Rand project and the outcrop traces of the principal packages of quartz pebble conglomerate reefs. The principal reef packages are named Main Reef package, Bird Reef package and Kimberley Reef package. The outcrop trace of a fourth reef package known as the Elsburg Reef occurs to the south of the project boundary but has never been exploited and is not shown in the figure.

The Main Reef package historically contained the most important gold bearing reefs within this part of the Witwatersrand Basin and includes the North Reef, Main Reef, Main Reef Leader, South Reef and South South Reef. The North Reef is stratigraphically the lowest reef while the South South Reef is stratigraphically highest within this package of reefs. The most extensive mining has occurred on the Main Reef Leader and South Reefs. Also shown on the figure are areas identified by Viljoen and others (2004) to be accessible for the mining of relatively shallow open pits.

The sequence of rocks hosting the reef packages on Figure 4.2 is known as the Central Rand Group. This rock sequence, which consists substantially of quartzites, overlies the West Rand Group. Taken together the West and Central Rand groups together constitute the Witwatersrand Supergroup.

Figure 4.3 is a map showing the principal infrastructure elements across the project area. The down-town area of Johannesburg city is shown in white. The area shaded light green within the project and surrounding area is comprehensively covered by residential, industrial and commercial development. The map was last updated in February 2004 and is no doubt out-of-date in certain respects but it does convey the extent of the city development across the area. Evident on the map are:

1. The down-town area of Johannesburg
2. Johannesburg city's residential, industrial and commercial areas
3. Key roads and rail lines
4. Parkland
5. Undeveloped "Freehold" areas (owned by iPROP) incorporating old mine infrastructure
6. Sites of old tailings dams – (sands and slimes)

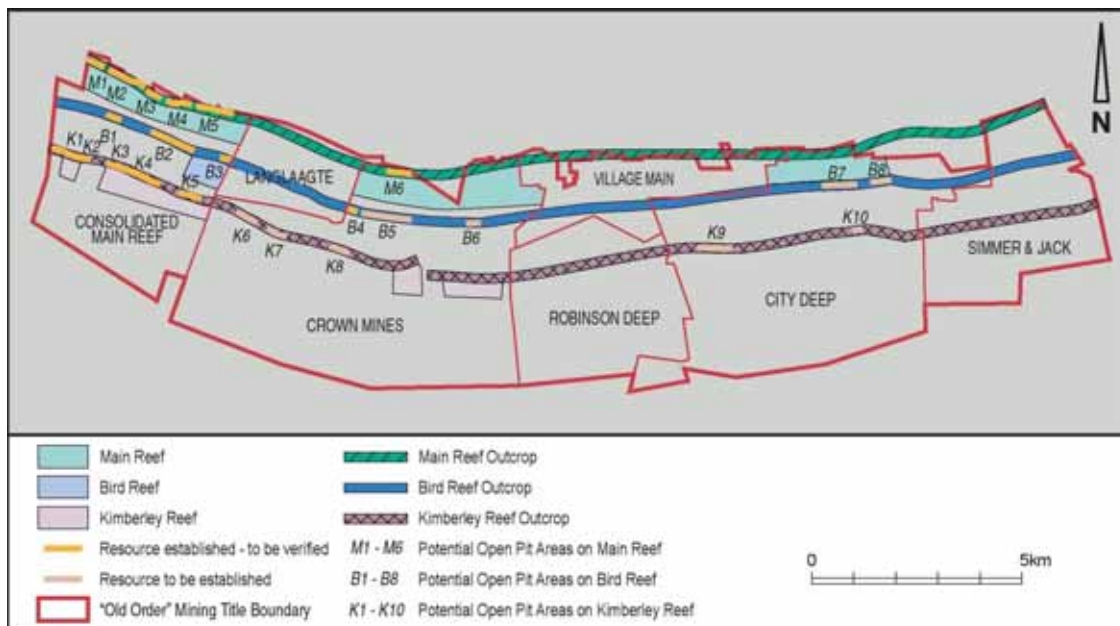


Figure 4.2 Surface traces of the south dipping principal reef packages within the project area after Viljoen and others (2004)

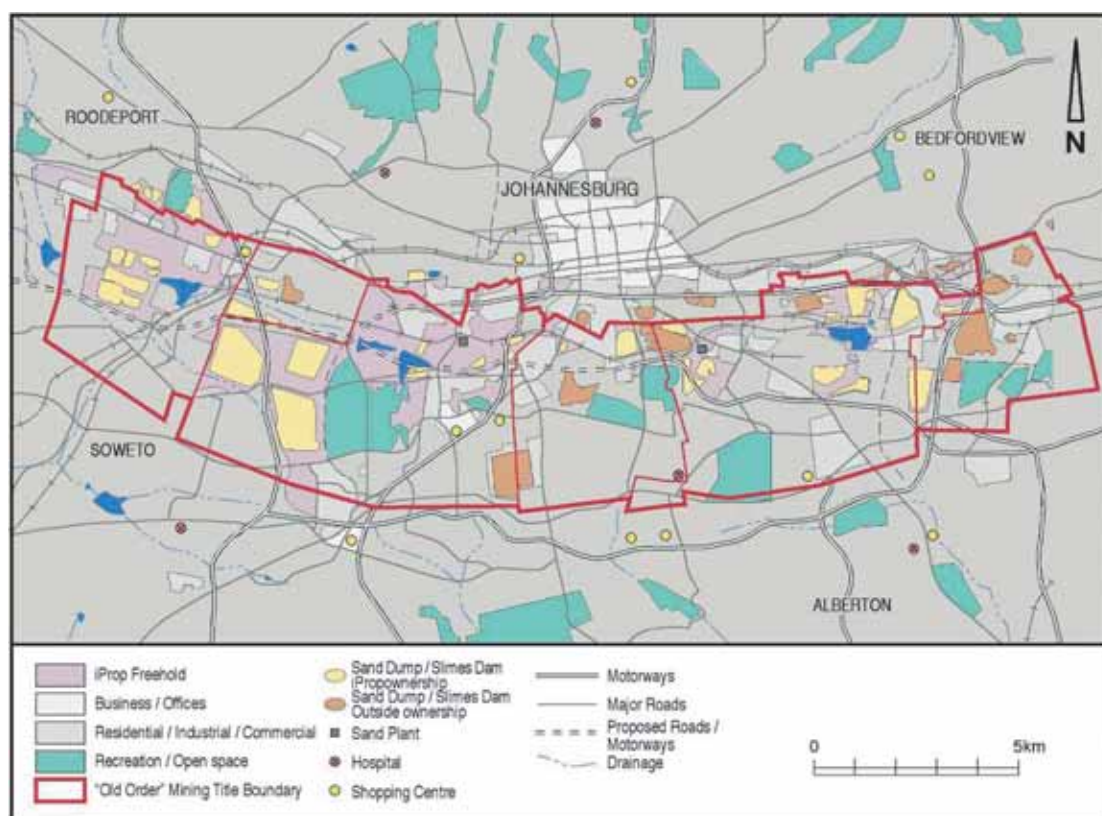


Figure 4.3 Map showing the infrastructure within the Central Rand project area

Table 4.1 Central Rand project summary of property areas

Mineral Tenure Package	Applicant	Farms covered all or in part by the application registration division defined by IQ or IR	Submitted Regional DME	Application extent in Ha	Status	Period of right	Expiry date of right	Underlying agreements
Three CCC's Area the area covering the mining areas of the defunct CMR, Crown Mines and City Deep Goldmines, south of Roodepoort and Johannesburg	Ferreira Estate and Investment Company Ltd	Glen Lea 228 IQ, Randglen 229 IQ, Vogelstruisfontein 231 IQ, Paardekraal 226 IQ, Klipspruit 318 IQ, Mooifontein 225 IQ, Diepkloof 319 IQ and Hospitaal 230 IQ, Langlaagte 224 IQ, Mooifontein 225 IQ, Diepkloof 319 IQ, Turffontein 96 IR, Vierfontein 321 IQ, Aeroton 320 IQ, Ormonde 99 IR, Robinson 82 IR, Doornfontein 92 IR, Turffontein 100 IR, Elandsfontein 90 IR, Klipriviersberg 106 IR	Not available	Approximately 8319.00 Ha	Granted	5 Years	18/07/2011	*Randquest-Ferreira-IPROP Agreement, 2005; *BEE Agreements
Langlaagte Area	Gravelotte Mining	info requested from Gravelotte Mining	Not available	info requested from Gravelotte Mining	Granted	5 Years	03/11/2010	*Randquest-Gravelotte Mines Agreement, 2005; *BEE Agreements
AngloGold-Ashanti Area An area covering various farm subdivisions in the central Witwatersrand area and erven in suburbs of Johannesburg, Germiston and Alberton	Anglogold Ashanti Limited	Booyesen Estate 98 IR, Turffontein 96 IR, Turffontein 100 IR, Banfield 103 IR, Birkenruth 95 IR, Gleneagles 102 IR, Glenanda 86 IR, Olifantsvlei 327 IQ, Rietvlei 101 IR, Elandsfontein 108 IR, Liefde en Vrede 104 IR, Eikenhof 323 IQ and various erven and smallholdings situated in suburbs of Johannesburg, Germiston and Alberton	Not available	Approximately 3513,60 Ha	Granted	5 Years	18/07/2011	*Randquest-Anglogold Ashanti Agreement, 2005; *BEE Agreements
Village Main Area An area comprising the old Village Main and Robertson Deep gold mining areas, just south of the Johannesburg Central Business District	Rand Quest Syndicate Limited	Turffontein 96 IR, Turffontein 100 IR, Doornfontein 92 IR, Klipriviersberg 106 IR, Pioneerspark 119 IR, Robinson Deep 81 IR.	27-Jun-05	Approximately 1535,48 Ha	Granted	5 Years	02/01/2011	*Randquest-Anglogold Ashanti Agreement, 2005; *BEE Agreements
Simmer & Jack Area The area covering the mining area of the defunct Simmer and Jack Goldmine	Rand Quest Syndicate Limited	Elandfontein 90 IR, Elandsfontein 108 IR		Approximately 1469,3803 Ha	Granted	5 Years	5 Years from date of execution	*BEE Agreements
South Deeps Area The area covering the southern extent of the Central Rand Basin – south of the 3CCC's Areas – and excluding the DRD Right and the Anglogold-Ashanti (RQS) areas.	Rand Quest Syndicate Limited	Diepkloof 319 IQ, Vierfontein 321 IQ, Rietfontein 301 IQ, Rietvlei 101 IR, Goudkoppie 317 IQ, Ormonde 99 IR, Klipspruit 318 IQ, Kromvlei 142 IR, Palmietfontein 141 IR, Klipriviersoog 299 IQ, Zuurbult 240 IQ, Klipspruit 298 IQ, Freehold 389 IQ, Mooifontein 225 IQ, Elandsfontein 107 IR, Klipriviersberg 106 IR, Olifantsvlei 327 IQ, Olifantsvlei 316 IQ, Eikenhof 323 IQ, Misgund 322 IQ,	Feb-07	Approximately 396.691 Km2	Application accepted	Applied for 5 Years	N/A	*BEE Agreements
Western Area – A The area covering the western extent of the Central Rand Basin – west of the 3CCC's Areas	Rand Quest Syndicate Limited	Klipspruit 298 IQ, Vogelstruisfontein 233 IQ, And Freehold 389 IQ	18-Aug-06	Approximately 3483.3770 Ha	Granted	5 Years	5 Years from date of execution	*BEE Agreements
Western Area – B The area covering the western extent of the Central Rand Basin – west of the 3CCC's Areas	Rand Quest Syndicate Limited	Vogelstruisfontein 233 IQ;	18-Aug-06	Approximately 68.0847 Ha	Granted	5 Years	5 Years from date of execution	*BEE Agreements
Western Area – C The area covering the western extent of the Central Rand Basin – west of the 3CCC's Areas	Rand Quest Syndicate Limited	Vlakfontein 238 IQ, Doornkop 239 IQ,	18-Aug-06	Approximately 807.3606 Ha	Rejected	Rejected old order mining right	N/A	*BEE Agreements
Western Area – D The area covering the western extent of the Central Rand Basin – west of the 3CCC's Areas	Rand Quest Syndicate Limited	Roodepoort 237 IQ, Witpoortjie 245 IQ, Vogelstruisfontein 231 IQ	18-Aug-06	Approximately 5494.4576 Ha	Rejected	Rejected PR granted to someone else	N/A	*BEE Agreements
Western Area – E The area covering the western extent of the Central Rand Basin – west of the 3CCC's Areas	Rand Quest Syndicate Limited	Roodepoort 237 IQ, Doornkop 239 IQ, Dobsonville 386 IQ, Klipspruit 298 IQ, Vogelstruisfontein 233 IQ	18-Aug-06	Approximately 2118.9762 Ha	Granted	5 Years	5 Years from date of execution	*BEE Agreements

In addition to the infrastructure shown in Figure 4.3, there are a multitude of old shafts and minor excavations (over 250) which are impossible to represent on this plan.

4.4 CRG SA agreements

The Authors are not qualified to provide advice on the status or standing of legal agreements. The Authors have, however, been provided with certain information by the management of CRG SA regarding firstly, the terms of Option Agreements into which the company has entered with holders of old order mineral rights and, secondly, agreements relating to the company's Black Empowerment status.

CRG SA has confirmed to the Authors that the information presented below accurately reflects the current status of material agreements the company has entered into and their impact on ownership of the company's mineral assets.

4.4.1 Lease option agreements

CRG SA has entered into commercial option agreements over the properties that constitute its Central Rand project within the Central Rand Goldfield. The agreements cover old order mineral rights with the following old order lease owners (Refer to Figure 4.1).

1. The Consolidated Main Reef, Crown Mines and City Deeps old order leases (often referred to as the "3Cs") are owned by iPROP Ltd, Industrial Zone Ltd and Ferreira Estate and Investment Company Ltd, a fully owned subsidiary of iPROP Ltd.
2. The Langlaagte lease area is owned by Gravelotte Mines Ltd.
3. The Anglo Deeps lease areas are owned by AngloGold Ashanti Ltd.

CRG SA has advised the Authors that the agreements it has entered into with the lease owners make provision for CRG SA to acquire 100% of the new order prospecting rights on the company that is the holder of the right over the lease areas. In exchange CRG SA is required to pay certain scheduled payments in US dollars and mine production royalties etc as specified in its legal agreements with the various lease owner parties. The essential elements of the agreements are summarised below. Details of the agreements are included in the Legal Report which is included in CRG SA's Admission Document.

In terms of the option agreements CRG SA has entered into, CRG SA is guaranteeing the prospecting work budget expenditures and will manage and conduct the exploration work programmes for each new order prospecting right application.

3Cs Agreement

CRG SA is obliged to pay iProp US\$500,000.00, in advance, for each year commencing November 2005 and ending November 2013, whereafter the minimum amount payable to iProp for the remainder of the agreement will reduce to US\$100,000.00. In addition, CRG SA has exercised the option given to it to acquire the entire shareholding of the registered 3 C's prospecting rights holder, being Ferreira Estate Investment Company Limited ("FEIC"). Upon reaching the production threshold as agreed with iProp, CRG SA will pay a royalty on production of US\$8 per ounce of gold won from the 3 C's areas. Once a profit starts to flow from production this US\$8 royalty will cease and a 10% New Profit Interest (NPI) will become payable to iProp. It should be noted however that the royalties and the NPI will be offset against the sums of US\$500,000.00 or US\$100,000.00 (as applicable) payable to iProp on an annual basis.

Langlaagte Agreement

CRG SA has the sole and exclusive option to purchase the prospecting right currently registered in the name of Gravelotte Limited and consequently will have the prospecting rights registered directly into its name. The purchase price for the prospecting right is the sum of US\$250,000.00. In addition, for so long as the option exists and is not exercised, CRG SA shall pay option fees to Gravelotte in the sum of US\$100,000.00. Once mining commences in the Langlaagte area, CRG SA must pay a royalty on production of US\$10 per ounce of gold won from this area.

Anglo Deeps

CRG SA has the option to acquire the AngloGold Ashanti Ltd prospecting right in the Central Rand Goldfield in return for a US\$500,000 payment at the time of grant of the new order prospecting rights by way of ministerial transfer.

AngloGold Ashanti and CRG SA will assess commercial terms at mining feasibility for a possible role for AngloGold Ashanti involving a 40% buy back of the mining equity of their leases and a mine manager role. Should AngloGold Ashanti fail to exercise their buy-back option, CRG SA shall pay AngloGold Ashanti a royalty on production from the AngloGold Ashanti leases of US\$8 per ounce of gold produced.

4.4.2 CRG SA's Black Economic Empowerment status

CRG SA has advised the Authors that South African Mining Law requires that commercial endeavours make available a total of 26% equity to historically disadvantaged South Africans. This is known as Black Economic Empowerment ("BEE").

CRG SA has advised the Authors that it has entered into a suite of agreements in connection with the acquisition of 26% of CRG SA by Puno Gold Investments (Proprietary) Limited, a company, the majority of whose major shareholders qualify as historically disadvantaged South Africans.

4.5 Environmental considerations

The DME lays down specific guidelines for the protection of the environment. Three fundamentally important pieces of legislation underpin the South African environmental legislative arena. These are:

- the Constitution of the Republic of South Africa Act, 1996;
- the National Environmental Management Act, 1998; and
- the Environment Conservation Act, 1989.

The Constitution embodies the fundamental right of every person to an environment which is a) not detrimental to their health or wellbeing and b) protected for the benefit of present and future generations through reasonable means which:

- prevent pollution and economical degradation;
- promote conservation; and
- secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The **National Environmental Management Act** is intended to integrate environmental management in South Africa by establishing principles to serve as a general framework for environmental matters and providing guidelines for the interpretation, administration and implementation of this Act and any other environmental law.

The importance of the **Environment Conservation Act** has been reduced by the enactment of the National Environmental Management Act. However, of practical significance are Environmental Impact Assessments (“EIA’s”) and the regulations published on EIA’s and identified activities, which remain.

Another important piece of legislation is the **National Water Act** (1998), which controls pollution of water sources, regulates water use, water use charges, and the protection of water resources and the granting of licences to use water. Under this Act, water users are required to apply for licences in respect of a particular water use and the procedures for this application are set out in the National Water Act. A licence then may or may not be issued or may be issued subject to conditions, including conditions governing permissible levels of chemicals in discharged wastewater.

The Authors have been advised by CRG SA that the Company has filed the necessary environmental management plans and guarantees in respect of its environmental obligations.

4.6 Permits to conduct work

The Authors have been advised by the management of CRG SA that it is currently permitted to undertake exploration activities within the bounds of its property subject to the terms of the terms of current approvals. The company has applied to the DME for the right to conduct certain mining activities and is currently waiting for approvals to be granted.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCE, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Topography, elevation and vegetation

The Central Rand project area has effectively been consumed by city development which has substantially obliterated or, at the very least, significantly modified the surface morphology of the area. The topography can be described as gently undulating “highveld” terrain standing at about 1,830 metres (6,000 feet) above sea level (masl). There is little or no indigenous vegetation remaining within the project area. Areas where old mine infrastructure remain are marked by open grass-covered terrain.

5.2 Access

All parts of the project area can be easily accessed by motor vehicle or by foot. In practical terms access is restricted due to the occurrence of private dwellings, industrial and commercial developments and road infrastructure. The city of Johannesburg offers world class facilities and excellent infrastructure including the Johannesburg International Airport (within a few kilometres of the eastern part of the Central Rand project area), hotels, roads, etc. Water supplies to the greater Johannesburg city are plentiful.

5.3 Proximity to a population centre

The project falls within the greater Johannesburg city limit, which supports a population of several million.

5.4 The operating season

Johannesburg, at latitude 26° south has a climate that permits year – round field work. The daytime summer temperatures rarely rise above 35°C while night-time winter temperatures rarely drop below -5°C. Johannesburg experiences mainly summer rainfall and receives approximately 75 cm per annum. Johannesburg occasionally receives a light winter snowfall.

5.5 Suitability of surface rights for mining

The project is currently an exploration project and the suitability of surface rights for mining has not yet been the subject of a feasibility study. Appropriate applications for mining will have to be made by CRG SA. It is anticipated that any application to mine within the Central Rand project area will be subjected to intense scrutiny by the relevant licensing authorities.

Figure 4.3 illustrates the extent of surface infrastructure and conveys the fact that there is an enormous range of surface infrastructure within the project area that will inevitably impact the opportunity for surface mining and underground mining – in particular shallow underground mining requiring tailings storage areas, potential waste disposal areas and potential processing plant sites.

A detailed account of environmental matters and considerations impacting the project as it currently stands, as well as factors that will have to be dealt with in any future mining operations, has been included in various reports commissioned by CRG SA from environmental consultants. These reports deal with the sufficiency of surface rights for mining operations, water management, considerations in the management of mine tailings and potential processing plant sites.

Should mining be feasible, there is a supply of power available for any mining operation although South Africa's current shortage of power is noted. There is also likely to be a large pool of semi-skilled mining personnel available to draw upon once an operation is established. South Africa is currently experiencing a short supply of skilled mining personnel.

Since the project is currently a mineral exploration project, and no mining feasibility studies have been undertaken (although preliminary metallurgical study has been completed), no potential waste disposal areas, heap leach pad areas or potential processing plant sites have yet been identified. Snowden has no reason to doubt that suitable sites will be identified but this will be subject to mining licence conditions imposed by the DME should successful feasibility studies be completed.

6 HISTORY

6.1 Development of the Witwatersrand Goldfields

Following the discovery of the Central Rand Goldfield in 1886 new discoveries proceeded rapidly with operations being established in the East and West Rand Goldfields in the late 1800s (Figure 2.1). As early as 1889 the potential for reefs in the area to the west and southwest of the West Rand Goldfield was considered. Drilling in the Carletonville area during the period 1899 to 1904 led to the discovery of extensions to the known Witwatersrand reefs although water management issues delayed development of the first mine, Venterspost, until October 1939.

Over the next thirty years several additional mines were developed in the Carletonville area including East and West Driefontein, Western Deep Levels, Kloof and Elandsrand.

Development of the Klerksdorp and Free State Goldfields followed. The first mine in the Klerksdorp Goldfield started in 1939 while in 1951 St Helena was the first mine to commence production in the Free State Goldfield located at the southern end of the Witwatersrand Basin (Figure 2.1).

The most recent of the goldfields to be discovered was the Evander Goldfield located to the southeast of the East Rand Goldfield. The first mine developed in this area was Winkelhaak which commenced operation in 1958.

The seven goldfields referred to above and identified on Figure 2.1 represent the most important gold producing areas in the Witwatersrand Basin. Gold production statistics for the period 1886 to 2004 are summarised in Table 6.1.

Gold production from the rim of the Witwatersrand sedimentary basin (which covers an area of approximately 33,600 km²) represents about 32 per cent of all gold ever produced globally up to the end of 2004. An estimate of gold remaining in the Witwatersrand Basin has been reported by Handley (2004a) to be some 36,500 tonnes or 73% of what has previously been mined from the Basin in the last 120 years. Obviously this statement says nothing about the accessibility of this gold and its future potential to be mined.

6.2 Development of the Central Rand Goldfield

Almost all previous work undertaken within the Central Rand project area involved underground mining. Mining occurred on an enormous scale during the period 1886 through to closure of the last mine in the 1970s. Since that time a few (half dozen) deep drillholes have been drilled south of the southern boundary of the project area.

Following the discovery of the Witwatersrand reefs on the farm Langlaagte in 1886 there followed a pegging rush across the area with a plethora of mining leases subsequently delineated. Figure 6.1 illustrates the density of defined mining leases in existence prior to 1900 over an approximate 11 km strike length of the Central Rand Goldfield. Much of this area was subsequently consolidated into the City Deep and Simmer and Jack mines which are now part of CRG SA's project.

Table 6.1 Production statistics 1886 to 2004

Goldfield	Mt Milled	Yield g/t Au	Tonnes Au	Moz Au
Central Rand	937.4	8.21	7695.8	247.4
East Rand	1214.5	8.19	9946.8	319.8
West Rand	478.9	5.09	2438.6	78.4
Carletonville	1051.8	8.93	9392.6	302.0
Klerksdorp	756.2	8.40	9352.2	204.2
Free State	1148.7	8.41	9660.3	310.6
Evander	216.4	6.96	1506.3	48.4
	5803.9		49992.6	1510.8

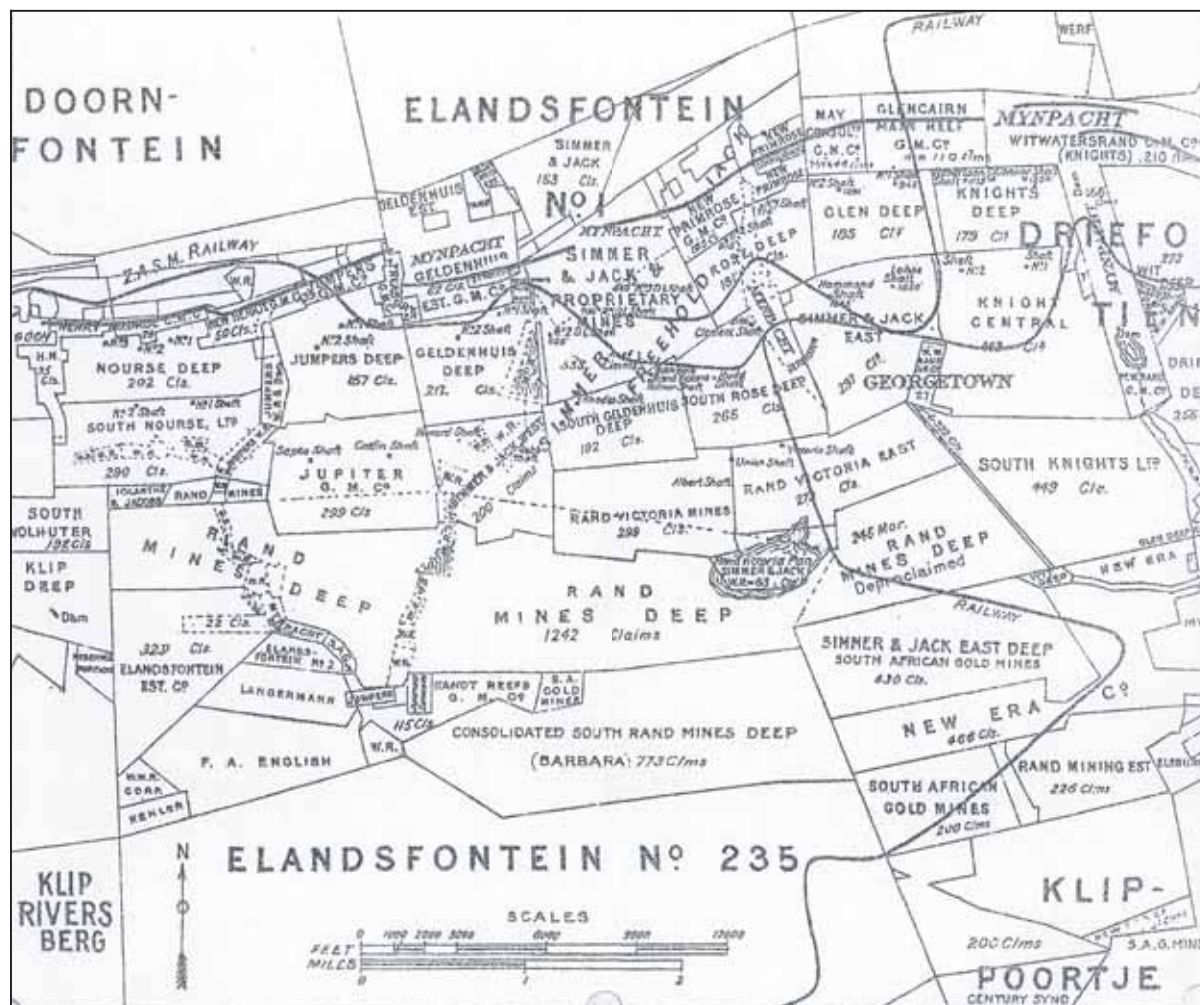


Figure 6.1 Status of mining tenements on part of the Central Rand Goldfield prior to 1900

By 1887 there was already a published map of the early mining leases in the Central Rand which then numbered 35. In 1886, 6 new mining companies were registered and this grew by 43 new companies in 1887, 72 additions in 1888, another 121 in 1889 but only 5 in 1890. Handley (2004a) noted that the fall in listings coincided with the realisation that the gold reefs became refractory below the surface weathered zone and hence it was no longer going to be possible to recover gold with the then available technology.

The refractory nature of the ore was solved through the development of the cyanidation process in the early 1890s. In 1896 Goldman produced a three-volume review of the Central Rand Goldfield and the number of listed companies increased to 286. However, by 1896 the process of consolidation of small companies had commenced as financially stronger companies were required to support the demands and cost of mining to progressively deeper levels.

By the early 1890s the principal challenge facing the miners operating at shallow depth along the Witwatersrand reefs of the Central Rand was the potential for down-dip continuity of the gold bearing Witwatersrand pebble reefs. To address this issue the first down-dip drillholes were drilled, some returning great encouragement leading to the southward extension of mining leases. In the first instance reefs were projected to be in the depth range 2000 to 3000 feet (610 m to 914 m) and, thereafter, 3000 to 6000 feet (914 m to 1829 m).

By 1902 much of the land holding within the Central Rand had been rationalised or “consolidated” into a few relatively large mining leases which were subject to further consolidation over subsequent years. These property consolidations ultimately led to the formation of South Africa’s great mining houses.

Between 1915 and 1955 the most important of the mining houses was Rand Mines which was intensively focussed on the Central Rand. Here consolidation by Rand Mines resulted in the formation of Crown Mines Limited covering an area of 2000 Ha and included the very rich mines of Crown Reef and Robinson Central. Other amalgamations within the Rand Mines stable included City Deep and Village Deep.

6.3 Previous production and mineralisation remaining

Mining on the Central Rand, including that within CRG SA’s current Central Rand project area, ceased in the mid-1970s at depths of about 2,800 m and at cut-off grades of approximately 7 g/t gold. Termination of operations in this area was prompted by the poor condition of old mine infrastructure, rising mining costs due to the depth of the principal operations and the relatively low gold price. Closure of these operations was further encouraged because of the opportunity that arose to develop new lower cost, higher grade mines in the other “new” goldfields of the Witwatersrand Basin, ie in the West Rand, Carletonville, Vaal Reefs, Free State and Evander Goldfields.

Mines on the Central Rand Goldfield were left to flood to a depth of 900 m below surface. This remains the depth of the water table which is currently maintained by a continuous pumping regime operating from still active mines located to the west and east of the Central Rand area.

Figure 2.1 records the gold production from the Central Rand Goldfield to have been 247 million ounces at 8.2 g/t gold. Snowden is aware that there are other estimates of historical production. The Chamber of Mines records document production to have been 162 million ounces while a recent re-estimate by Jamieson on behalf of CRG SA indicates that production was significantly above 300 million ounces for the entire Central Rand Goldfield.

When the mines of the Central Rand closed in the mid 1970s it was known that several categories of resource remained although no attempt was made to quantify the extent of the remaining mineralisation at the time of closure. Gold mineralisation remains in the categories summarised below. The potential to convert the mineralisation in the various categories to Mineral Resources and ultimately to Mineral Reserves is discussed in Section 19 of this report.

1. Down dip extensions. When mining operations on the Central Rand were terminated it was known that pay-shoots on the principal reef mined, the Main Reef Leader, continue down dip beyond the last faces mined and indeed beyond the boundaries of the mining leases.
2. Other reefs. Several reefs exist within the project area which were either selectively or partially mined. In certain cases the reefs were only mined to a very minor extent. Other reefs include North Reef, Main Reef, South Reef, one of the Bird Reefs and one of the Kimberley Reefs. This represents the principal sources of Mineral Resources in this project.
3. Pillars. Approximately 17% of the mined reefs remain below – 240 m depth as support pillars. Between surface and -240 m it is estimated that approximately 50% of reef was left in pillars.
4. Sweepings. Depending on how well stopes were swept will dictate whether sweepings remain to be recovered within old workings.

5. Vampings. The extent to which vampings exist as a resource will be assessed once access to old workings is gained and the workings are inspected.
6. Other. Including gold in the soil profile and gold in remnant old tailings that reside on the surface of the project area.

6.4 Gold distribution across the Goldfield

Pretorius (1964) compiled gold production figures for the 17 largest mines of the Central Rand Goldfield for the period 1897 to 1961. The production estimates are of interest because they provide an indication of how gold grades varied across the mines that are now included in CRG SA's Central Rand project (Table 6.2).

It is interesting to note that the Village Deep gold mine, located between City Deep and Crown Mines (and to the north of Robinson Deep) reported the highest gold grade of the Central Rand project mines at 9.9 g/t gold while Consolidated Main Reef reported the lowest average mined grade at 6.2 g/t gold.

Table 6.2 Gold production estimate and average recovered grade for Central Rand project mines

Name of Mine	Years of production	Tonnes milled Mt	Ounces recovered Moz	Grade recovered g/t Au
Crown Mines	1897 – 1961	164	43	8.2
City Deep	1910 – 1961	61	16	8.1
Consolidated Main Reef	1898 – 1961	72	14	6.2
Robinson Deep	1898 – 1961	55	14	8.0
Langlaagte	1888 – 1946	47	12	8.1
Village Deep	1905 – 1930	14	4	9.9

6.5 Extent of previous mining

Viljoen and Viljoen (2004) compiled a series of plans to illustrate the extent of mine stoping on the Main Reef Leader, Main Reef, South Reef, Bird Reef and Kimberley Reef. The plans, reproduced in Figure 6.2 to Figure 6.6 were initially compiled by Viljoen and Viljoen principally to convey the extent of stoping on the 3Cs properties. The extent of stoping of the various reefs on the additional properties which have now been incorporated into the Central Rand project (Langlaagte, Village Main, Robinson Deep and Simmer and Jack) was subsequently investigated for the additional old mine areas where information could be located by Viljoen and Viljoen.

The plans show that the Main Reef Leader (Figure 6.2) was extensively mined across almost the entire project area down to a depth of about 2,800 m below surface. There are however unmined areas that warrant investigation. Compared with the Main Reef Leader the Main Reef (Figure 6.3) has been very sparsely mined. The South Reef has been extensively mined down to a vertical depth of between 900 m and 1,500 m (Figure 6.4). The Bird Reef (Figure 6.5) and Kimberley Reef (Figure 6.6) have only been mined, to any meaningful extent, on the old consolidated Main Reef lease in the west of the project area.

6.6 Justification for initiating the project

CRG SAs consolidation of old order mining leases within the Central Rand Goldfield as the Central Rand project has its origin in work undertaken by Viljoen and Viljoen in the Geology Department of the University of the Witwatersrand.

Since the late 1980s students of the University carried out course project work on old mine plans of the 3Cs mines which Viljoen and Viljoen had obtained the rights to access.

In 2002, Viljoen and Viljoen introduced the concept of a reinvigorated Central Rand Goldfield to CRG SA. CRG SA recognised what it believed was a significant opportunity and proceeded to acquire the rights to the old mine leases. In answer to the question why was there no interest in evaluating the potential of the goldfield for more than thirty years, CRG SA concluded the following:

- the possibility of redeveloping the Central Rand Goldfield as a single consolidated project appears not to have been seriously considered prior to CRG SA's involvement;
- since the mines of the Central Rand Goldfield closed, the prevailing wisdom has been that they were comprehensively mined-out and did not warrant re-examination;
- for the last 30 years much of the mining industry's attention has been directed towards exploiting the numerous mine dumps that adorned the Johannesburg skyline. The opportunity to efficiently recover gold from tailings using improved metallurgical processing technology has been the industry's key focus rather than giving consideration to the reappraisal of the historic mines;
- only one reef, the Main Reef Leader, was comprehensively mined within the Central Rand Goldfield. Other reefs have only been partially mined;
- most of the mines of the Central Rand Goldfield operated for decades without geological departments and geologists who understood the significance of subtle variations in stratigraphy and reef sedimentology;
- for much of the last 50 years of mine life the Central Rand Goldfield mines operated in a low gold price environment, hence, the mines were constantly under pressure and would inevitably have focussed on the highest pay reefs, principally the Main Reef Leader, with an inclination to disregard lower grade reefs; and
- in the late 1960s and early 1970s there were better or more attractive mining opportunities for the mining companies within the newer goldfields with their new infrastructure and comparatively easy to mine high grade reefs. By contrast mines such as Robinson Deep and City Deep had three or four sets of sub-incline shafts that had to be negotiated to access work places. This meant the mines were very inefficient and very expensive to operate. CRG SA has advised Snowden that it would adopt an entirely different approach to mining should exploration in these old mine areas justify extraction and that there are reasonable prospects for eventual economic extraction.

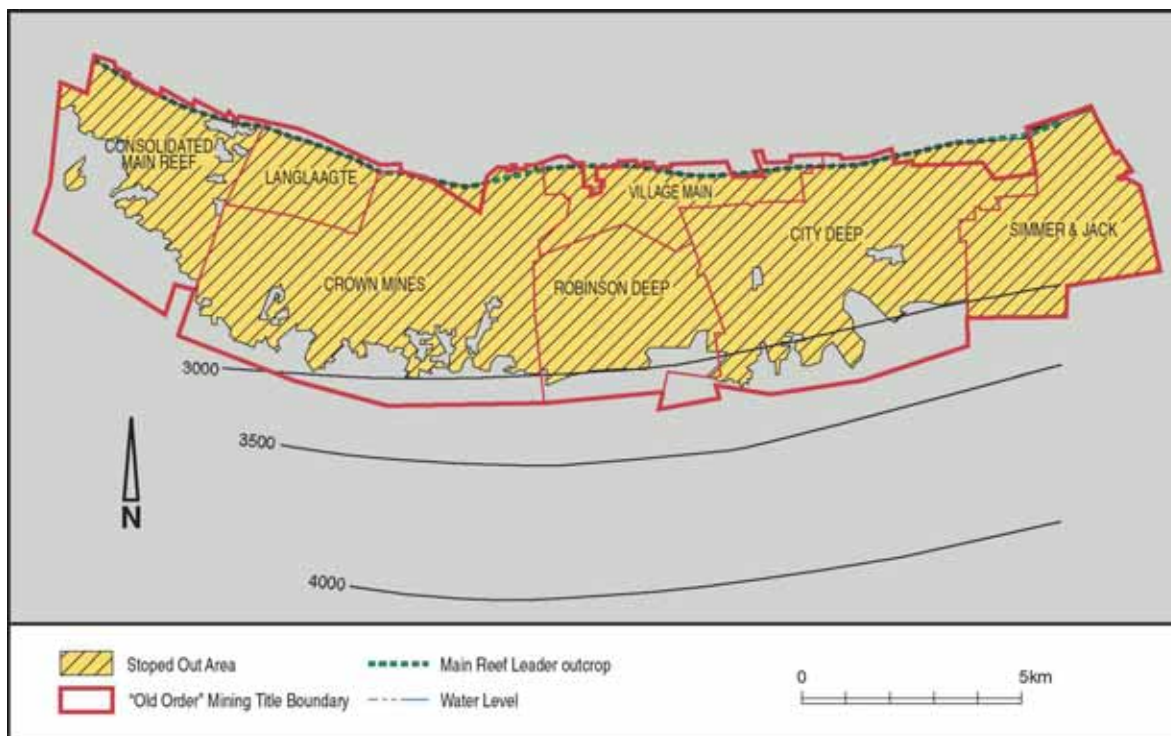


Figure 6.2 Plan showing the extent of stoping on the Main Reef Leader. (Lemmer's resource boundary extends south of the mined-out boundary delineated)

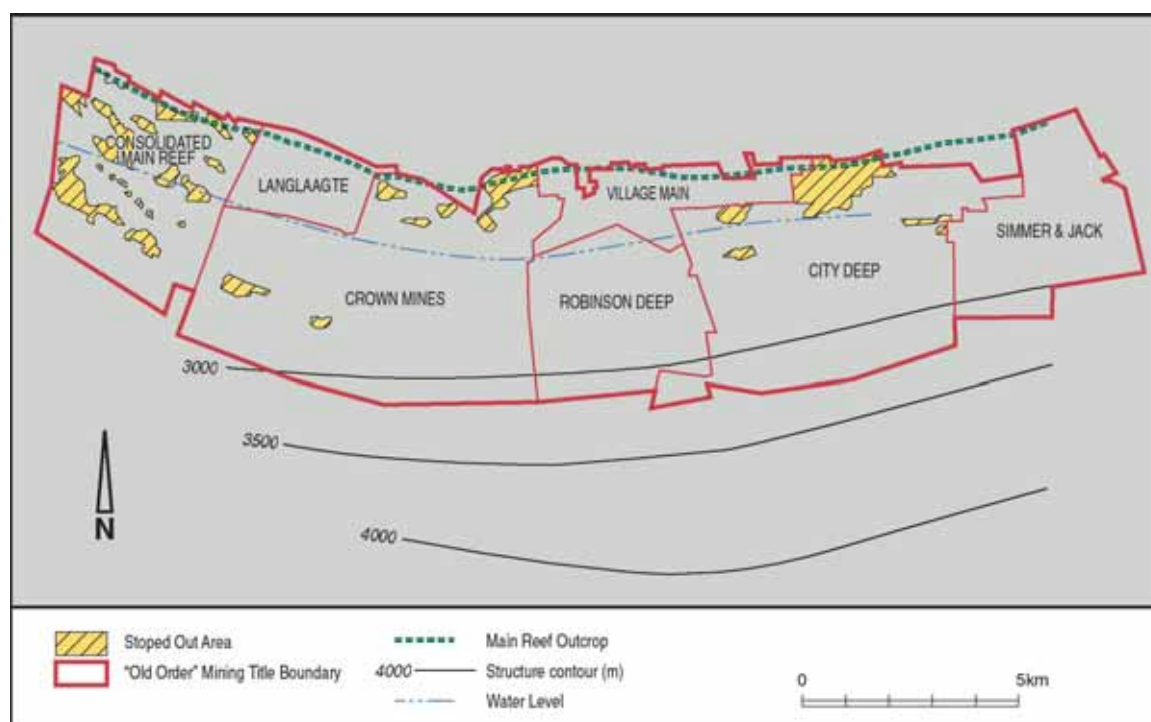


Figure 6.3 Plan showing the extent of stoping on the Main Reef. The extent of stoping on Village Main, Robinson Deep and Simmer and Jack has yet to be included. Stopping on the Main Reef of Simmer and Jack is apparently quite extensive

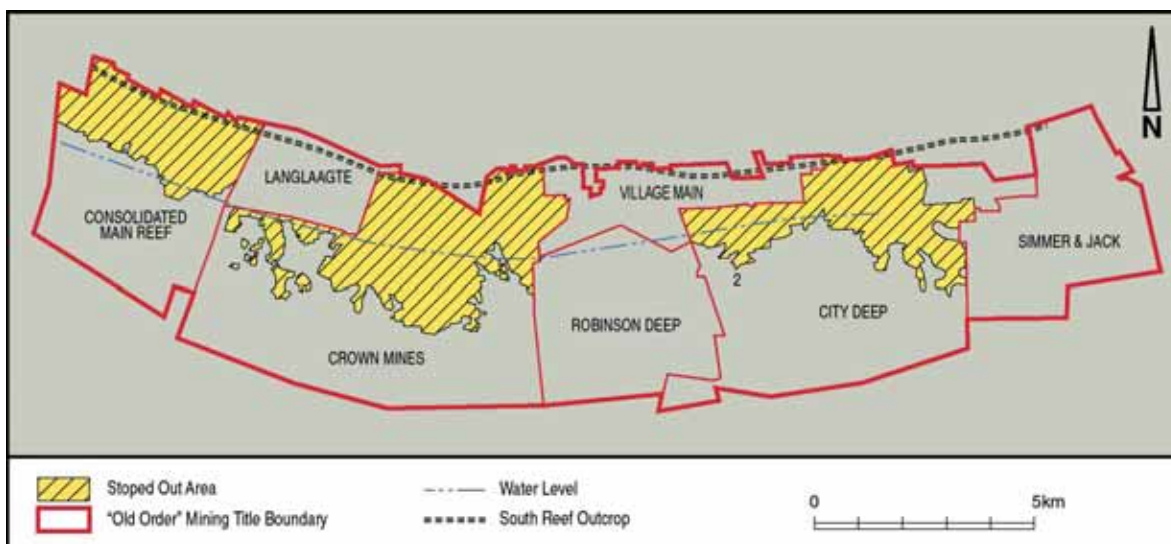


Figure 6.4 Plan showing the extent of stoping on the South Reef. The extent of stoping on the South Reef on Langlaagte, Village Main, Robinson Deep and Simmer and Jack has still to be confirmed.

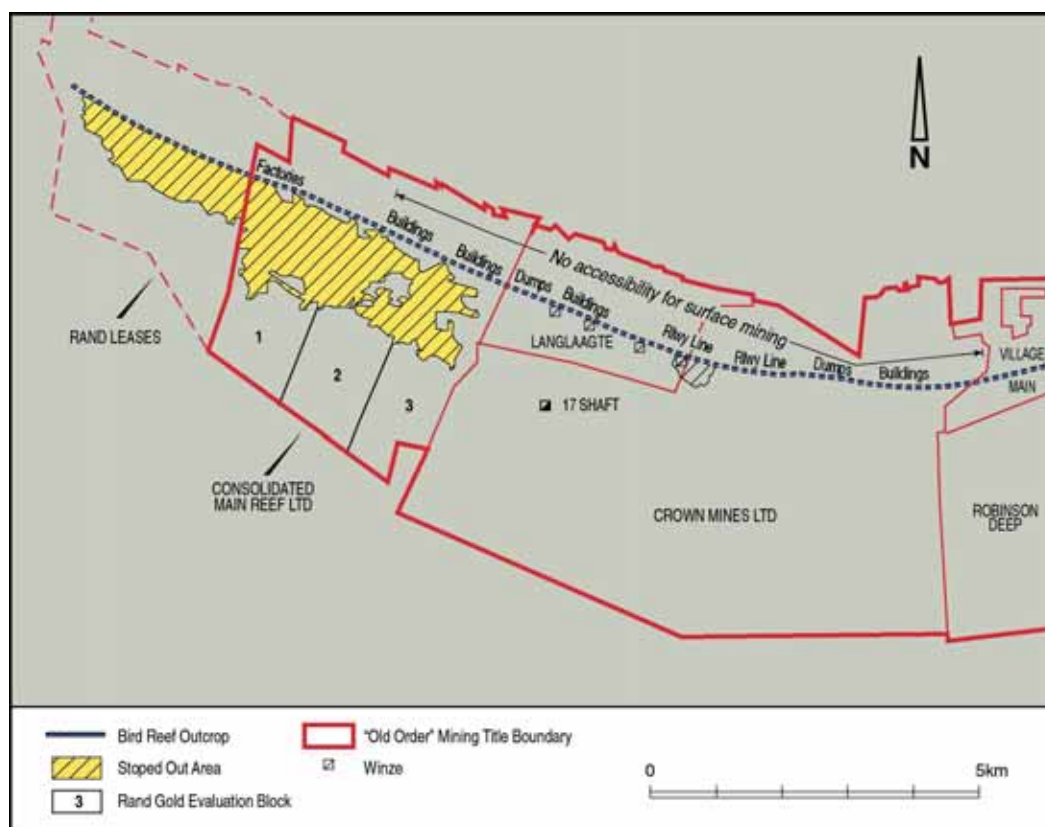


Figure 6.5 Plan showing the extent of stoping on the Bird Reef

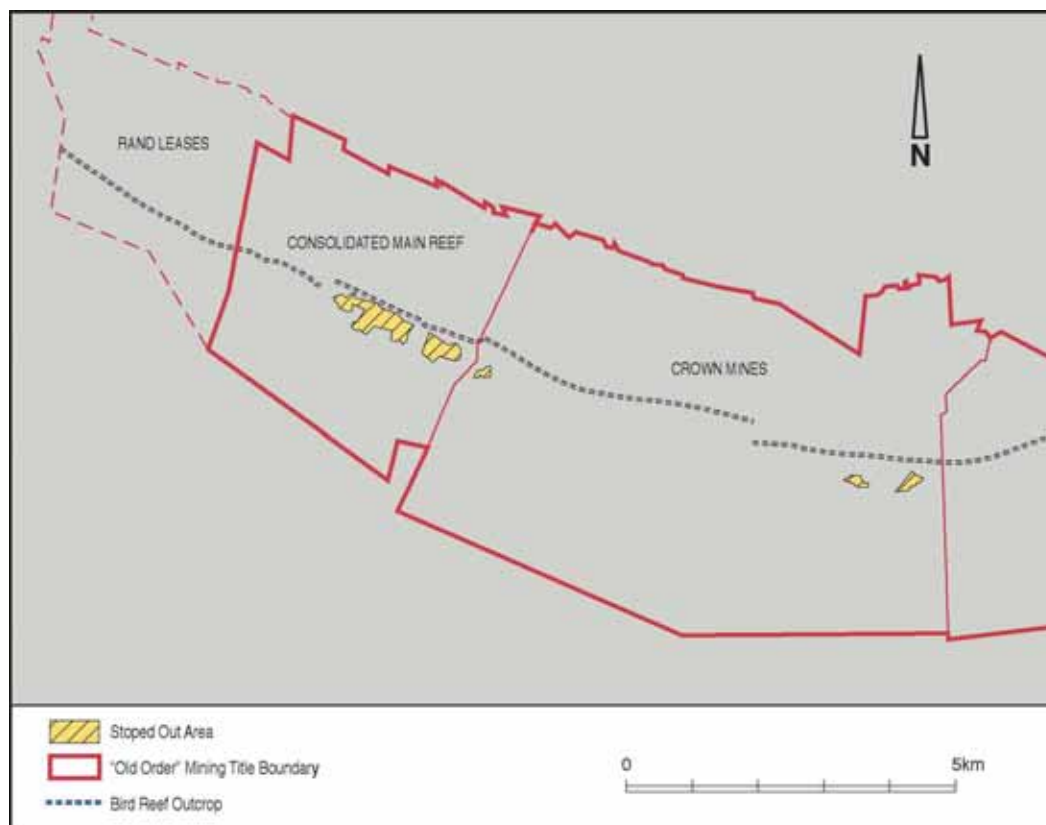


Figure 6.6 Plan showing the extent of stoping on the Kimberley Reef

7 GEOLOGICAL SETTING

7.1 Regional geology

The Central Rand project is situated on the northern edge of the Witwatersrand Basin in central South Africa (Figure 7.1 and Figure 2.1). This middle Archaean-aged basin contains principally sedimentary rocks deposited between 3,000 Ma to 2,750 Ma. These rocks, which were deposited on early relatively stable Archaean crystalline basement known as the Kaapvaal Craton, constitute probably the best preserved succession of Archaean sedimentary rocks known to exist. Moreover, because of the basin's enormous gold endowment and the vast extent of mining operations, it is almost certainly the most comprehensively studied sedimentary basin known.

The sediments in the basin (up to nearly 10 km thick in places) have been classified as the Witwatersrand Supergroup which comprises two main subdivisions: the lower West Rand Group and the Upper Central Rand Group.

The West Rand Group is laterally much more extensive than the overlying Central Rand Group. The former is composed dominantly of quartzite members, a high proportion of which are orthoquartzites interbedded with shale. Some of the shale beds contain magnetite. Within the West Rand stratigraphy there are quartz pebble conglomerates which increase in frequency towards the top of the succession and which have in a relatively few instances been mined for their gold content. The West Rand Group is underlain by Dominion Group lavas which have been dated in the range 3086 to 3074 million years.

The lateral extent of the Central Rand Group appears to have been well established as a result of intense exploration and mining (Figure 7.1 and Figure 2.1). The Central Rand Group is poorly exposed in outcrop with its best surface exposure being within the Central, West and East Rand areas.

The Central Rand Group is composed mainly of quartzite and greywacke with rare orthoquartzites. There are numerous quartz pebble conglomerate bands and rare shale members. There is a tendency for the number of conglomerate bands to increase upwards in the succession.

The thickness of the Central Rand Group is very variable across the Witwatersrand Basin. Handley (2004a) reports that it is thickest in the Central Rand (approximately 6,500 m) and thinnest in the Evander area (approximately 1,500 m). According to Handley, Central Rand sedimentation occurred over a period estimated to be about 200 million years. Detailed investigations suggest that Central Rand Group sedimentation occurred in response to a complicated sequence of events (a complex tectono-sedimentary regime) involving numerous cycles of erosion and deposition with the resultant concentration of heavy minerals into pebble conglomerates or reefs, with the base of the more refined reefs marking unconformity or disconformity surfaces.

An overwhelming feature of several of the Central Rand Group reefs is the concentration of gold, in some cases to exceptional levels, while in other cases to somewhat modest to low levels. Within the reefs gold distribution appears to occur in response to fluvial channelling and the nature and location of unconformity surfaces. In Snowden's opinion these phenomena are in turn a response to progressive syntectonic fold deformation which influenced, in a subtle but powerful way, surface topography and consequently water flow distribution within braided river systems and across the braidplains and hence the distribution of gold and other heavy minerals.

The reefs that evolved were extremely diverse in their characteristics ranging from the Carbon Leader Reef which is just a few centimetres thick (located near the base of the Central Rand Group) through to the massive Elsburg reefs many metres in thickness. The Elsburg reefs are located towards the upper part of the Central Rand Group.

Handley (2004a) has recorded some of the general features of the Central Rand Group reefs as follows:

1. Reefs are composed essentially of quartz pebbles with subordinate amounts of chert, quartzite and rarely shale and lava pebbles. Many of the better formed reefs (ie more mature reefs) consist only of quartz pebbles together with a concentration of heavy minerals.
2. Pebbles range up to 60 mm in diameter although the average pebble size is close to 25 mm. Some immature reefs have been found to carry boulders ranging up to 150 mm.
3. Quartz pebbles are usually rounded or subangular, however, a wide variety of shapes can be found.
4. Matrix between pebbles is generally quartzite.
5. Heavy minerals within the matrix include pyrite and pyrrhotite. Pyrite can be crystalline or nodular – in which case it is called buckshot. Pyrite nodules are most frequently 2 to 4 mm in diameter.
6. The presence of kerogen (used to be called carbon) as specks, grains or seams (exceptionally up to 50 mm thick).

7. Reefs vary from hairline partings, often marked by kerogen, to complex interbedded conglomerate and quartzite which can be up to 10 m thick.
8. In general reefs have persistent average thicknesses in the range 25 cm to 60 cm. The lateral extent of reefs is very variable and depends on their sedimentological characteristics, depositional environment and post depositional erosion history.
9. The lower contact of a reef is usually sharp and marks an unconformable or disconformable relationship with respect to the footwall.
10. Reefs generally display upward fining characteristics. Typically the lower conglomerate part of the reef gives way to fine sediment towards the top. In some instances a clean white sand has given rise to particularly hard siliceous “clean bar”.

A feature of the geology of the Witwatersrand Basin is the regional continuity of the principal lithological units within the Central Rand Group as well as the key unconformity surfaces and the important quartz pebble reef.

Figure 7.2 highlights the two principal stratigraphic subdivisions within the Central Rand Group; ie the lower Johannesburg Subgroup and the upper Turffontein Subgroup and the principal reefs or reef packages. The top of the Johannesburg Subgroup is marked by the development of a basin-wide shale, the Booysen’s shale, which reaches its maximum thickness within the Central Rand Goldfield.

Within the Central Rand Group there are five principal packages of quartz pebble reefs beneath the Ventersdorp Contact Reef (“VCR”) which in places occurs at the base of the overlying Ventersdorp Supergroup. (Little is known about the Livingstone and Elsburg packages in the Central Rand as they do not host mined reefs. This does not preclude exploration of these packages in the future).

The principal packages of pebble conglomerates are the Main, Livingstone and Bird packages within the Johannesburg Subgroup and the Kimberley and Elsburg packages of reefs within the Turffontein Subgroup.

Figure 7.3 illustrates the stratigraphic location of the principal groups of reefs within the Central Rand, Carletonville, Potchefstroom, Klerksdorp and Free State (or Welkom) Goldfields and conveys the approximate stratigraphic separation between reef groups. It is evident that the stratigraphic separation between groups of reefs varies considerably from goldfield to goldfield as does the number and nature of reefs within each group. In addition there are also local reef naming conventions.

It is evident from Figure 7.3 that the Johannesburg Subgroup succession in the Central Rand appears slightly thinner than in the other goldfields included on the figure while the Turffontein Subgroup in the Central Rand Goldfield is substantially thicker than the generalised Turffontein Subgroup succession in each of the other goldfields. The VCR is generally regarded as part of the Ventersdorp Supergroup that regionally overlies the Witwatersrand Supergroup.

7.2 Local and property geology

The geology of CRG SA’s Central Rand project and surrounding area is depicted in Figure 7.4 and in Figure 7.5. The seven principal old order mining leases that make up the project, Consolidated Main Reef in the west, Langlaagte, Crown Mines, Village Main, Robinson Deep, City Deep, Western Areas A, B and E, and Simmer and Jack in the east, are situated over the east-west striking Central Rand Group sequence. (Note: Simmer and Jack has yet to be granted). These rocks within the Central Rand area dip southwards at between 30° and 40° south. The apparent thickness of the sequence measured at surface is about 6.5 km and the true thickness is estimated to be about 3 km.

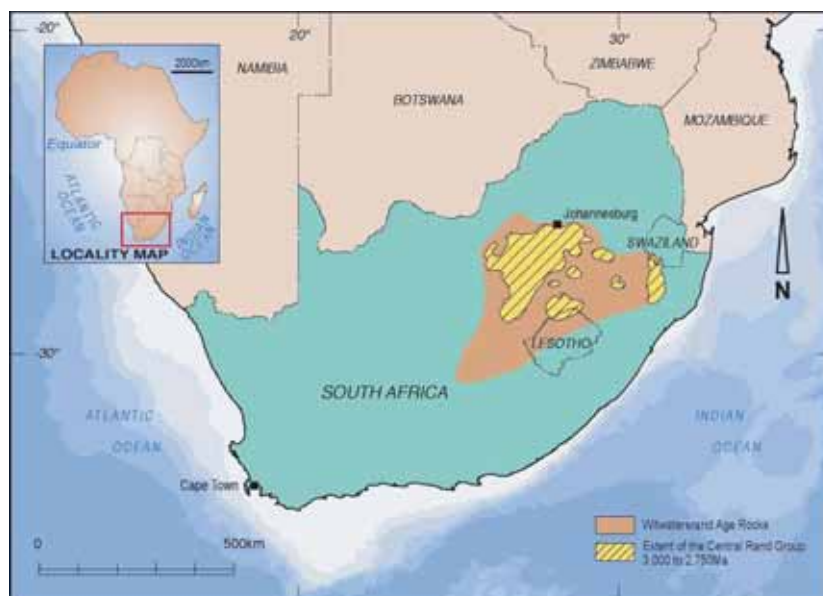


Figure 7.1 Map showing the postulated extent of the Witwatersrand Basin in South Africa and the restricted extent of Central Rand Group rocks

The base of the Central Rand Group is located immediately to the north of the project boundary. Below the Central Rand Group is the West Rand Group (formerly referred to as the Lower Witwatersrand) which in turn unconformably overlies the Archaean basement rocks of the Johannesburg Dome. Overlying the Central Rand Group sequence is the Ventersdorp Supergroup shown to the south of CRG SA's project in Figure 7.4.

Within the project area there are three important reef packages known as the Main, Bird and Kimberley. The stratigraphically lowest and economically most important is the Main package.

The Main package comprises a number of discrete quartz pebble reefs (from top to bottom these are South Reef, Main Reef Leader, Main Reef and North Reef) separated by intervals of interbedded sediment. Generally each of these reefs is less than a metre thick.

Near the top of the Johannesburg Subgroup is the Bird package which comprises at least three discrete pebble reefs.

Above the Bird package (and above the Booyesen's Shale) is the Kimberley package which comprises multiple quartz pebble reefs. The outcrop trace of the Kimberley package traverses a line located centrally within the project area.

In addition there are two reef packages of secondary importance: the Livingstone and Elsburg. The surface trace of the Elsburg package (also referred to as the Mondear package) is located south of the Central Rand project boundary and is generally considered to have little economic relevance.

To our knowledge the Livingstone Reef (between the Main and Bird packages) has not previously been mined in the Central Rand and is not currently considered by CRG SA to be important in its assessment of the potential of the Central Rand project.

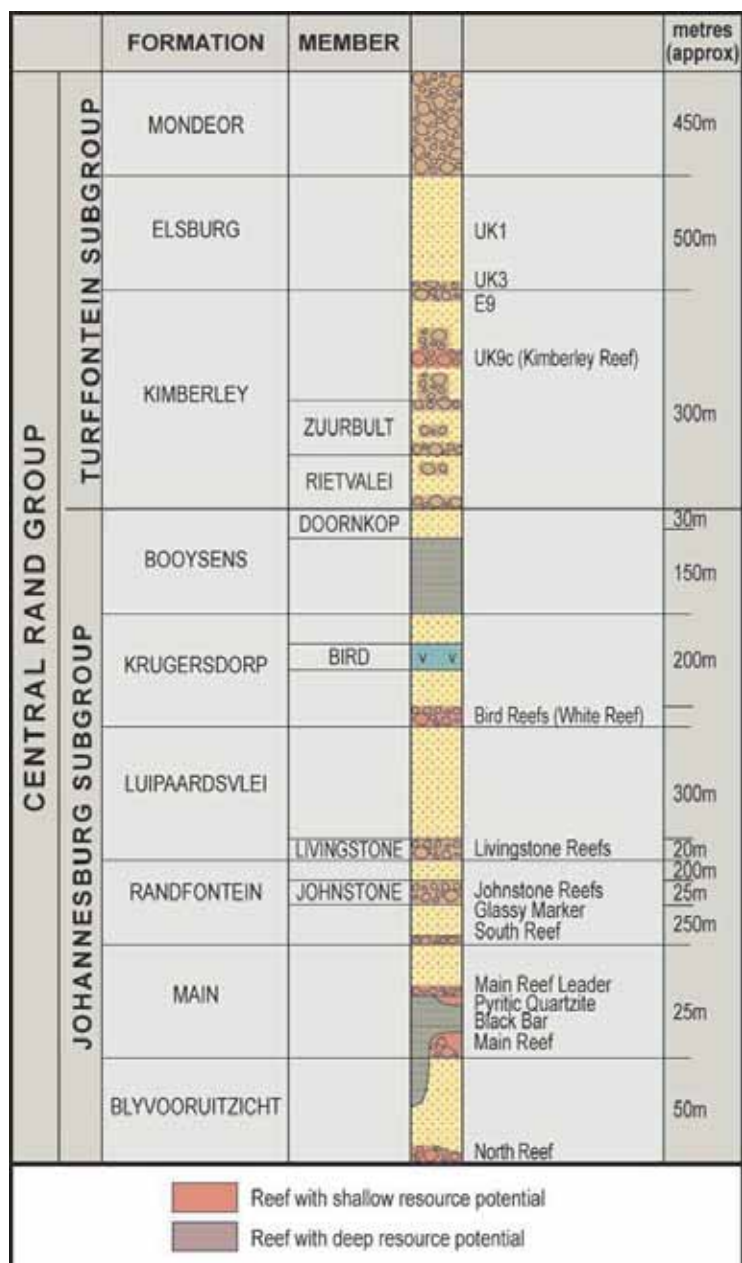


Figure 7.2 Generalised stratigraphic column for the Central Rand Group

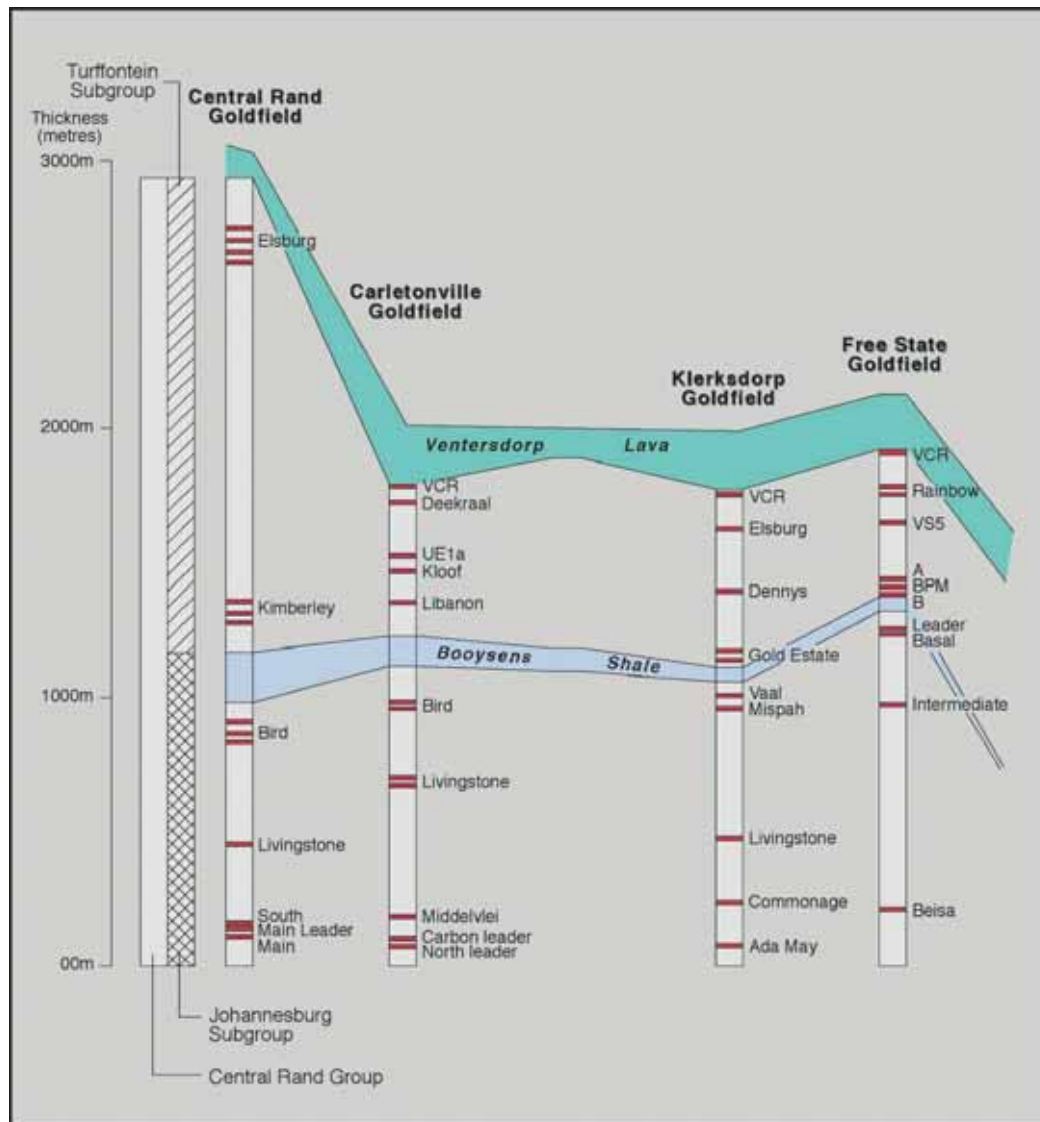


Figure 7.3 Approximate stratigraphic separation of the principal reefs in the Central Rand, Carletonville, Klerksdorp and Free State Goldfields

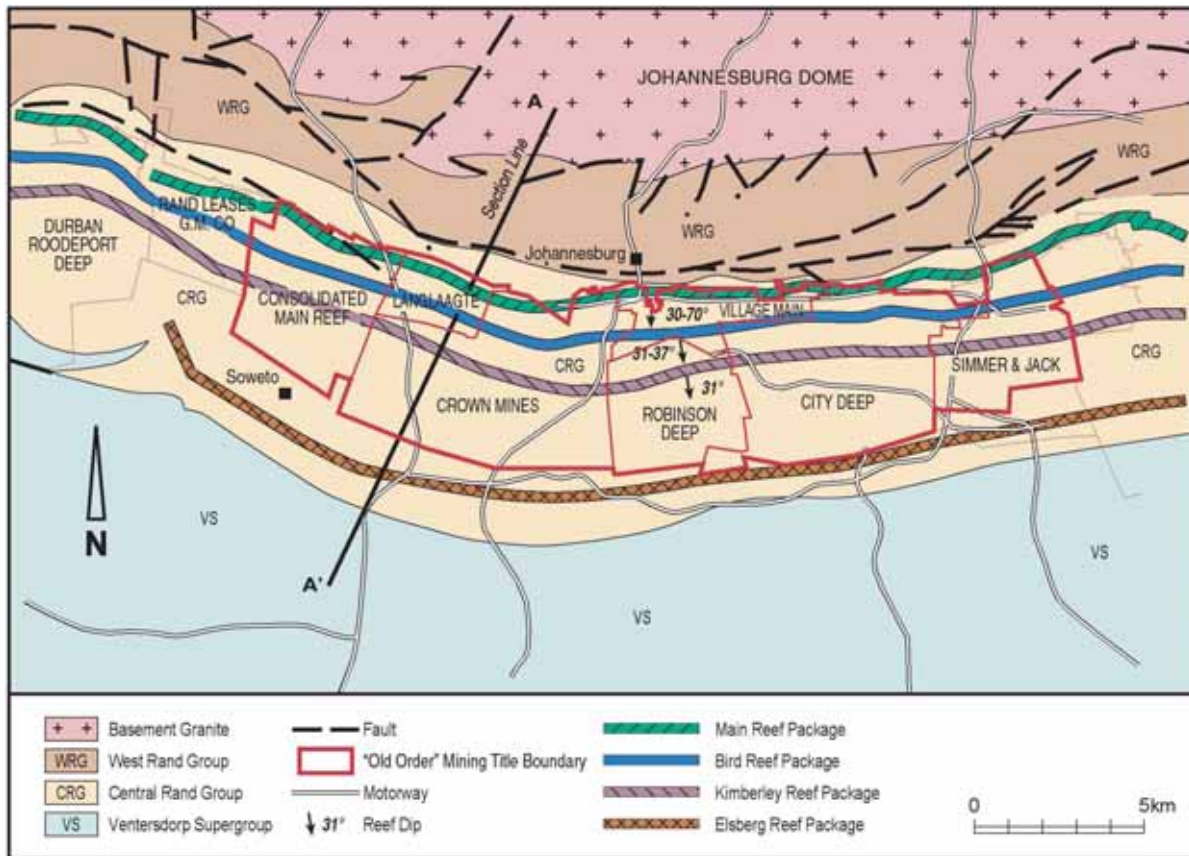


Figure 7.4 Geological map of the Central Rand project and surrounding area

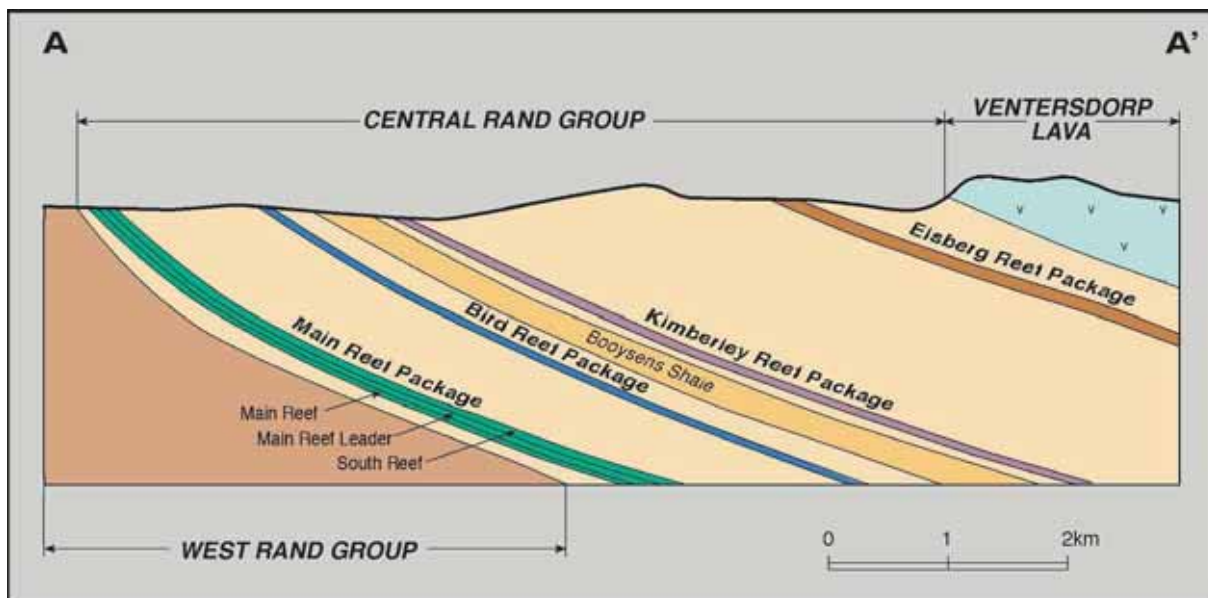


Figure 7.5 Geological section A-A' (see Figure 7.4) showing the south dipping quartz pebble reefs within the Central Rand Group (looking east)

8 DEPOSIT TYPES

The Central Rand Group within the Witwatersrand Basin comprises numerous tectonogenetic sedimentary units (referred to by Tankard and others (1982) as “packages” separated by unconformities). Such units of sediment are typical of the succession within CRG SA’s Central Rand project.

The sediment units range widely in thickness from 30 m to 600 m averaging 250 m and typically consist of a scour-based pebble lag or gravel-bar deposit overlain by trough cross-bedded sandstone. The pebble lags or gravel bars represent classical placer style sedimentary deposits or reefs.

Syntectonic sedimentation throughout the deposition of the Central Rand Group is particularly well illustrated around the margin of the basin where unconformity relationships are well displayed. Deposition of recycled sediments, including clasts and placer minerals above the unconformities, attest to “reworking” of older deposits. Tankard and others (1982) have suggested that, at least in some instances, the older deposits were probably not lithified but simply consolidated at the time they were reworked.

The Central Rand Group deposits are widely interpreted as a succession of superimposed and coalescing fan-like bodies composed predominantly of sand but with pebble lags and associated heavy minerals concentrated on the unconformity surfaces.

Each genetic unit of sediment has its own mineralogical and sedimentological characteristics. In particular each displays distinctive fluvial channel patterns. Snowden has noted two principal styles of channel pattern within the quartz pebble lag or reef deposits across all goldfields of the Witwatersrand Basin.

The first style, which has been described in some detail by Tankard and others (1982), comprises highly braided often polymictic alluvial fan deposits displaying reasonably well defined to very well defined channelling with relatively low-sinuosity channels oriented down the palaeoslope. Generally the palaeoslope is revealed to be perpendicular to the basin margin.

The second style of pebble reef has been referred to by Snowden as a braidplain reef. These lens-like quartz pebble reefs are characterised by their well packed oligomictic nature and generally small pebble size. Typically channelling is indistinct with super-reworked sediment deposited in wide, shallow channels with relatively low bed relief. In the west of the Witwatersrand Basin the pebble lag or reef deposits show evidence of palaeocurrent activity being oriented parallel to the basin margin (ie perpendicular to the alluvial fan deposits).

Of overwhelming importance in the quartz pebble lag deposits or reefs within the Central Rand Group is the concentration and, in some cases, super-concentration of gold. Of much lesser importance is uraninite (a uranium mineral) and numerous other heavy minerals, such as pyrite, of no economic value but which are collectively referred to as “mineralisation”.

The large scale spatial distribution of gold is illustrated by the position of the main goldfields – they are all located along the western, northwestern and northern margins of the Witwatersrand Basin where the main entry points of complex river systems into the original basin were located (Minter and Loen, 1991).

On a mine scale the highest gold grades are usually, but not exclusively, located within the channel facies of alluvial fans and within the braidplain facies. Frimmel and others (2005) note that within the channel facies of reefs there is often a positive correlation between reef thickness and gold abundance. Within the braidplain facies the highest gold grades often occur in the most “mature” reef which is typically characterised by a few pebbles and a concentration of heavy minerals in association with kerogen. Generally braidplain reefs tend to range in thickness between 20 cm and about 80 cm.

The Witwatersrand reefs are not only extremely rich in gold but are also one of the world’s largest uranium depositories. As a general observation both gold and uranium concentrations decrease from the basin margin toward its centre but at different rates.

It has been noted that Witwatersrand gold is intimately associated with carbonaceous matter which occurs as stratiform seams and as spherical glassy globules (Frimmel and others, 2005). The carbon seams occur preferentially in deposits reflecting more distal environments and in particular within the braidplain type reefs. Carbon is conspicuously absent from the more proximal channelised high energy deposits and only occurs in conglomerates and sandstones that contain rounded pyrite (Frimmel and others, 2005).

The carbon has been interpreted to represent algal mat material, however, according to Frimmel and others (2005), this interpretation is no longer tenable since it has been recognised by many workers that these hydrocarbons occur preferentially along microfractures and that all the various textural forms of hydrocarbons in the Witwatersrand are hydrothermal pyrobitumen. The source of the hydrothermal hydrocarbons according to Frimmel and others (2005) remains problematic.

One study suggests its source is a variety of biomass in a reducing environment with subsequent short-range hydrothermal mobilisation. On a microscale the pyrobitumen-filled microfractures typically contain some gold. It should, however, be noted that many highly auriferous reefs such as the Main and Kimberley reefs in the Central Rand Goldfield do not contain any noteworthy amounts of bitumen or carbon.

The fluvial nature of the quartz pebble reefs within the Witwatersrand Basin has never been in question. Quite how the gold and uranium mineralisation was emplaced into or within the reefs has been the subject of often heated debate for over 100 years.

Frimmel and others (2005) have summarised the status of the current debate in terms of two end-member models, each with variations.

1. Modified placer model which calls for the transport of detrital gold particles into the host sediments by fluvial processes with subsequent mobilisation of gold (on micrometre to metre scale) largely within the host rock by infiltrating hydrothermal fluids and for degradation of insitu hydrocarbon or hydrous phases.

2. Hydrothermal models

The hydrothermal models endeavour to explain the gold as having been introduced into the Witwatersrand reefs from an external source through the infiltration of postdepositional hydrothermal fluids (Frimmel and others, 2005). The concentration of gold in conglomeratic host rocks is inferred in these models to be a consequence of long-range, basin-wide fluid flow combined with chemical and structural controls. Many views have been put forward to explain the source of the gold and the hydrothermal fluid and its emplacement after the Witwatersrand sediments were deposited.

Detailed consideration of the hydrothermal model and its applicability is provided by Frimmel and others (2005).

9 MINERALISATION

9.1 Introduction

For the descriptions of the reefs within the Central Rand project area, Snowden has relied on a detailed paper by Pretorius (1964). To our knowledge this paper provides the most comprehensive and reliable documentation available on the Central Rand Goldfield. Since the mines within the Central Rand project closed in the late 1960s and early 1970s they have, with the exception of Simmer and Jack, been inaccessible. There have been no "first hand" examinations of reefs undertaken by Snowden specifically for this report. During the 1980s Dr P Snowden (author of this report) had the opportunity to examine underground reef exposures in the old Simmer and Jack Mine, located in the east of the project area, and on the ERPM Mine located to the east of Simmer and Jack.

Pretorius reports that gold mineralisation within the Central Rand Group rocks of the Central Rand Goldfield occurs in two principal settings:

- in the matrix of conglomerate beds; and
- in banded pyritic quartzites.

Gold also occurs as thin films on parting planes between unconformities or disconformities and in quartz veins and dykes (but only where they slope away from the reef) although in none of these settings does it occur in exploitable orebodies.

9.2 Conglomerate reefs

9.2.1 Introduction

The Central Rand Group on the Central Rand is reported by Pretorius to be about 7000 m thick of which conglomerates of one sort or another make up about 600 m. They occur as single beds or as large groups (referred to as packages in this report) containing more than 100 individual pebbly bands. Although almost all conglomerates contained elevated levels of gold mineralisation only a few contained exploitable quantities of gold. By far the most important of these are towards the base of the Central Rand Group and include the North Reef, Main Reef, Main Reef Leader and South Reef. Higher in the stratigraphy are the much less important reefs – Livingstone, Bird and Kimberley reefs.

The Livingstone Reef appears to have been hardly mined at all while the Bird and Kimberley reefs were mined in the west of the Central Rand Goldfield (ie in the west of the project area).

Snowden notes that the average thicknesses of partings between the main group of reefs within the Main package on the old Consolidated Main Reef Mine (ie in the west of the project area) are:

North Reef to Main Reef	17 m
Main Reef to Main Reef Leader	1 m
Main Reef Leader to South Reef	32 m

It is, however, notable from the parting thickness stated for different parts of the Central Rand project area that these thicknesses vary by as much as 50%.

(CRG SA is aware of the variation in parting thickness and the necessity to deal with issues of ground stability assuming exploration justifies future mine planning in the vicinity of the mined out Main Reef Leader).

Pretorius also reports average channel widths of reefs on the various mines across the Central Rand Goldfield. It is important to note that the channel width refers to the true thickness of the mineralised reef that has been identified and sampled. The channel width may or may not coincide with the minimum stoping width.

The channel widths of the Main Reef, Main Reef Leader and South Reefs on old mines that now fall within CRG SA's project area are reported in Table 9.1. The channel widths of the North Reef, Bird Reef and Kimberley Reef on old mines that now fall within CRG SA's project area are reported in Table 9.2.

Pretorius (1964) provided detailed descriptions of fifteen different reefs encountered within the greater Central Rand Goldfield. In this report the Authors have limited descriptions to those reefs that were mined to some reasonable or measurable extent including: North Reef, Main Reef, Pyritic Quartzites, Main Reef Leader, South Reef, Bird Reef and Kimberley Reef (Table 9.3).

9.2.2 North Reef

In the central and west of the project area the North Reef consists of small white and grey quartz pebbles up to 1.2 cm in diameter although pebbles up to 15 cm have been seen in discrete channels. The conglomerate is generally poorly mineralised. The reef thins towards the east from about 100 cm to 15 cm. The reef was stoped in a few local areas but overall production was negligible.

9.2.3 Main Reef

This is reported to be the most strongly developed of the reefs within the main package but is lower in gold grade than either the Main Reef Leader or South Reef. Pebbles up to 5 cm in diameter are common and in the old City Deep and Langlaagte mines, 15 cm boulders were reported. Sorting of reef sediment is generally poor. This reef was mined more extensively in the east of the project area than in the west. In the east, the reef generally consists of three or four

conglomerate bands separated by thin quartzite partings. Pebbles are white to grey in colour and are set in a matrix well mineralised with pyrite.

Table 9.1 Average channel widths for the Main, Main Reef Leader and South Reefs for certain old mine areas in the Central Rand project

Name of Mine	Main Reef cm	Main Reef Leader cm	South Reef cm
Consolidated Main Reef	102	38	51
Crown Mines	114	38	63
Robinson Deep	229	127	152
Village Main Reef	292	152	140
City Deep	203	51	165
Nourse Mine	127	51	127
Geldenhuis Deep	368	38	216

9.2.4 Main Reef Leader

This reef was by far the most important source of gold on the Central Rand Goldfield. Over most of the project area it was mined continuously along strike and down dip to the southern boundary of the mine leases to a vertical depth of about 2,800 m. In the Central Rand Goldfield as a whole the Main Reef Leader was mined continuously over a distance of 32 km and a down dip distance of 6.5 km.

Table 9.2 Average channel widths of North Reef, Bird Reef (mined horizon) and Kimberley Reef (mined horizon) within old mine leases of the Central Rand project

Name of Mine	North Reef cm	Bird Reef cm	Kimberley Reef cm
Consolidated Main Reef	76	140	140
Crown Mines	89	114	127
Robinson Deep	102	64	114
City Deep	89	51	102

Table 9.3 Reefs mined in the Central Rand project area and the extent of mining

Exploited Reef	Extent of Exploitation
North Reef	Mined to a very limited extent
Main Reef	Mined to an appreciable to considerable extent
Pyritic Quartzites	Mined to a limited to appreciable extent in places
Main Reef Leader	Mined to very considerable extent
South Reef	Mined to a very considerable extent
Bird Reef	Mined to an appreciable extent in the west of the project area only
Kimberley Reef	Mined to a limited extent in the west of the project area only

In general, the Main Reef Leader is thinner than the Main Reef but the pebbles are larger – up to 7.5 cm and more in diameter and are better sorted and graded. Towards the east of the Central Rand Goldfield the pebbles become smaller and more closely packed. The matrix between pebbles is strongly enriched with pyrite mineralisation.

The pebbles are well rounded and composed of quartz, quartzite and chert and the reef often takes on a dark colour. In the central and eastern part of the goldfield, a black shale (known as the "Black Bar") forms the footwall of the reef. In the west of the area the Main Reef Leader lies directly upon the Main Reef. The reef thickness is greatest in the central part of the Central Rand Goldfield and it decreases progressively towards the west and east where it becomes more patchy and lens-like.

9.2.5 South Reef

This reef was the second most important after the Main Reef Leader in terms of overall gold production. Along strike it is more persistent than any of the underlying reefs but the payable gold content, as assessed at the time the reef was mined, did not extend as far down dip as that of the Main Reef Leader. Consequently in all mines of the Central Rand Goldfield stoping of the reef ceased some distance before the southern boundaries of the old mining leases were reached. The reef usually consists of a number of individual conglomerate bands separated by quartzite partings. The lower bands which were sometimes called the South Reef Leader frequently carried the highest gold content. The pebbles are smaller than those in the Main Reef Leader and the degree of sorting is markedly lower and the South Reef looks very like the Main Reef. A distinctive feature of the South Reef is the blue opalescent quartz pebbles present in large numbers in some localities. The South Reef decreases in thickness towards the west. At its narrowest, west of the Central Rand project area, it is marked by a carbon seam with no pebbles.

9.2.6 Bird Reefs

The Bird Reef is described by Pretorius (1964) as one of three to six conglomerate bands which form a package separated by quartzite partings over a thickness of 60 m to 120 m. The Bird Reef bands tend to be discontinuous and lenticular and only one band was found to have a gold grade high enough to warrant exploitation. Pebbles in the Bird Reef are generally about 1 cm to 3 cm in diameter. The Bird Reef was of economic importance only in the west of the Central Rand project area.

9.2.7 Kimberley Reefs

The Kimberley package of conglomerate reefs is distributed over an interval of between 150 m and 270 m of coarse/grained quartzites and grits. Pretorius reports that as many as 17 individual reef bands occur within this package ranging in width from 46 cm to 340 cm.

Individual conglomerate bands are lenticular and do not persist for any great distance along strike. The average pebble size is much larger than for any of the other underlying reefs already described with pebbles and cobbles typically 10 cm in diameter and quite commonly up to 15 cm. Pebble sorting is poor. Like the Bird Reef, the Kimberley Reef only proved to be economic to mine in the west of the Central Rand project area in particular on the Consolidated Main Reef mine. In places two separate conglomerate bands have been worked of which the more important occurs immediately above a narrow bed of shale about midway in the zone of conglomerates.

9.2.8 Banded Pyritic Quartzites

The banded Pyritic Quartzites are reported by Pretorius (1964) to have constituted an important source of gold on the mines of the project area. They represent infillings of erosion channels scoured into the shales, quartzites and conglomerates immediately underlying the Main Reef Leader. The cutting and filling of these channels took place between deposition of the Main Reef and Main Reef Leader. In places scouring has fully removed the Main Reef. The channel fillings are typically cross bedded quartzites, irregular and lenticular conglomerates and sandy argillaceous layers. The mineralised horizons are composed of dense dark quartzites containing alternating layers of pyrite and quartzite. The thickness of pyrite bands ranges between just one or two millimetres and several metres. According to Pretorius (1964) Pyritic Quartzites that were mined on the Central Rand were confined to two broad channels that strike east northeast.

The palaeocurrent direction within the channels appears to have been towards the west-southwest. The channels were substantial features – about 1 km wide that scoured to a depth of 80 m. The channels were traced along strike for more than 8 km.

9.3 Mineralogy

Pebbles comprise about 70% of the reef material. They include vein quartz (large variety of colours), quartzite, white chert, banded chert, quartz porphyry, shales and schists and red jasper which is rare.

The matrix of the gold reefs is composed essentially of quartz, pyrite, and various micas. Minor mineral constituents include chlorite, chloritoid, rutile, tourmaline, carbon, zircon, calcite, dolomite, pyrrhotite, galena, sphalerite, chalcopyrite, chromite, gold, uraninite, ilmenite, platinoids, and pentlandite. Numerous other minor mineral constituents have been recorded.

Pyrite is by far the most common matrix mineral. In the Main Reef Leader it averages 3% by weight but can be as high as 20%. Carbon is present in most reefs as “fly-speck” carbon which is generally less than 1 mm in diameter.

Gold is present in the matrix in submicroscopic size ranging from 0.001 mm and 0.1 mm in diameter. The average is 0.04 mm. Pretorius reports some grains of gold to be more or less rounded but most appear as jagged hackley grains or flakes. There are also descriptions of gold occurring as veinlets in pebbles “metasomatically replacing” the quartz.

9.4 Gold distribution within reefs

There is no simple statement that can be made regarding gold distribution within the various reefs. It ranges from being evenly distributed to being concentrated at the base of the conglomerate to being concentrated towards the top.

In the South Reef, for example, where there is more than one reef band, gold is concentrated at the bottom of the basal band or in the topmost band. In the Main Reef Leader, gold mineralised zones lie along the contact with the footwall.

The local lateral variation in gold distribution within Central Rand Goldfield reefs has not been well understood. Probably the most consistent observation is that the highest gold grades in any particular reef correlate with areas of better sorting where the pebbles display a relatively high degree of rounding. This relationship has of course been demonstrated for Witwatersrand reefs in all the goldfields.

Studies have also been carried out on mines of the Central Rand Goldfield to investigate the relationship between gold abundance and the occurrence of other minerals. A discussion of the relationship is beyond the scope of this report.

Pretorius (1964) has noted that as early as 1927 Reinecke (1927) recorded that the material which subsequently filled the basin was derived from an area due north of the Central Rand Goldfield and flowed south eastwards and to a lesser extent south westwards into the Witwatersrand Basin.

Pretorius (1964) emphasised that gold is concentrated into payshoots within the Witwatersrand reefs. Zones of higher gold values are bounded by reef of average or lower than average values. Payshoots within the Main Reef Leader were observed to be five to ten times as long as they are broad.

10 EXPLORATION

10.1 Introduction

The Mineral Resource estimates reported in Section 17 have relied entirely on the assessment and interpretation of historical records that existed at the time the mines of the Central Rand project area closed in the 1970s. Exploration work undertaken by CRG SA in the last 2 years, since it entered into acquisition arrangements with the owners of the properties that are included within the Central Rand project, has not contributed at all to Section 17.

CRG SA has, over the last two years, planned and is now starting to execute its surface exploration programme. In addition the company has advised the Authors that it has commenced the process of re-accessing certain of the many old closed shafts in order to gain access to the old underground workings.

10.2 Responsibility for exploration

CRG SA engaged a Johannesburg – based firm of consulting geologists, Shango Solutions Pty Ltd to (1) manage its historical data acquisition programme involving collection of sample assay data from old mine plans and (2) to take responsibility for conducting CRG SA's field based exploration programmes including management of all drilling activities. The Authors have been advised that CRG SA is now putting in place its own staff and so assume management of its exploration activities.

10.3 Exploration work carried out

CRG SA advised that most of the work undertaken by the company during the 12 months to October 2006 involved:

- (a) the process of data capture from historic plans, sample sheets and peg books;
- (b) compiling an inventory of all old shafts in the area;
- (c) measuring shaft water levels and collecting samples for water quality testing and;
- (d) commenced RC drilling on Langlaagte and diamond drilling on Crown Mines in November, 2006.

During the period November 2006 to July 2007 CRG SA has implemented drilling programmes to achieve five main objectives:

- (a) drilling twinned diamond core and RC drillholes to a depth of 80 m on the old Crown Mines and Consolidated Main Reef leases to intersect the Kimberley reef;
- (b) diamond drilling to intersect the Bird and Kimberley reef packages in the depth range 60 m to 150 m;
- (c) diamond drilling to a depth of 450 m to intersect Pyritic Quartzites on the old Village Main lease, and;
- (d) shallow drillholes directed to intersect un-mined Main Reef on the old Consolidated Main Reef mine lease in order to reconcile historic sampling information; and
- (e) shallow RC drillholes holes to evaluate the gold content of soils within selected areas. The first programme of the evaluation of the soil profile commenced in July 2007.

This work was in part fulfilment of the requirements as defined in Prospecting Work Programmes and the approved Environmental Management Plans for specific areas. The drilling programme was proposed and initiated in 2006.

Shango has advised the Authors that all surface borehole collars are professionally surveyed. With respect to down hole geophysical surveying Shango advises that so far three diamond drillholes have been surveyed.

The drilling so far undertaken by CRG SA can be regarded as partly experimental in the sense that it is CRG SAs objective to establish the most effective approaches to exploration drilling in a wide range of settings encountered across the project area.

Shango has noted that a range of technical issues have had to be dealt with during RC drilling including:

- (a) the intersections of South Reef and Main Reef Leader mining voids when attempting to intersect the underlying Main Reef using RC drilling methods. Needless to say this particular difficulty was anticipated from the outset;
- (b) dust suppression during RC drilling;
- (c) the intersection of high yielding aquifers.

In the case of the diamond drilling programme CRG SA has found that drilling delays occur as a result of:

- (d) insufficient skilled drilling personnel;
- (e) poor core recovery in weathered rock;
- (f) intersection of severely fractured rock;
- (g) drilling through voids.

All drilling on CRG SA's Central Rand project has been carried out by contract drilling firms.

10.4 Forward planning

CRG SA has advised the Authors of its exploration plan going forward. The plan is summarised below.

Exploration line drilling, in conjunction with the analyses of historic information, has resulted in the identification of the following areas for target, also termed resource upgrade or resource, drilling:

- (a) the old Consolidated Main Reef lease is a prime area for the commencement of surface mining considering the Main Reef. Target drilling on the Main Reef, but in part also the Main Reef Leader, as well as the Kimberley Reef, and at a lesser priority the Bird Reef Group on Crown Mines;
- (b) Target drilling of the shallow underground Main Reef resource on Consolidated Main Reef, Langlaagte, Crown Mines and City Deep;
- (c) Diamond drilling of the Pyritic Quartzites on Main Reef on Village Main.

As indicated by the above, line drilling will be largely substituted by target drilling, although some line drilling will continue. For the immediate future, drilling will proceed utilising two RC and two diamond core rigs. Additional rigs will be utilized on a needs arising basis. It is intended to deploy one RAB rig for soil drilling and sampling. This will target initially the soils present at Langlaagte and Consolidated Main Reef.

Several activities will accompany the future drilling activities, and the following are listed as examples:

- (a) airborne radiometric, magnetic and potentially gravity surveys;
- (b) re-accessing of shafts to establish, quantify and reconcile the existing mine voids;
- (c) further data capture off the significant number of plans, sample sheets and peg books;
- (d) 3D modelling of the exploration, and other, information;
- (e) geotechnical analyses, including rock mechanic engineering testing and assessments;
- (f) continuation of resource upgrade; and
- (g) implementation of prospecting activities as detailed in the recently granted Simmer and Jack and Western Areas prospecting rights applications.

Future activities may also include investigations relating to the Southern Deeps Area (ie. South of the old mining lease boundaries, subject to this pending prospecting right application being granted.

CRG SA has advised Snowden that as at 13 September 2007 the following has been completed with respect to its surface exploration programme – 2,055 drillholes for 34,897 metres sampled with 50% assay return (36,455 assays in all). Snowden is not aware that any analysis and interpretation of the data has yet been undertaken.

10.5 Current status of exploration activities

CRG SA's exploration activities are conducted in an area towards the south of central Johannesburg, characterised by a well-established infrastructure due to previous mining activities. Desk-top studies of existing information consequently formed an integral part of the exploration project.

Desk-top investigations involved the compilation of a surface geological map modified after Mellor (1915) (Figure 7.4), the establishment of an electronic inventory of existing plans (e.g. surface and underground development, extent of stoping, structure, etc.) (Figure 10.1) and their geo-referencing and incorporation into a database, a shaft inventory (Figure 10.2) and the purchase and manipulation of aerial photography (Figure 10.3).

Interpretation of the above information is performed using the Vulcan software package. Activities are performed in-house, but also utilizing sub-contractors as listed in Table 10.1.

Table 10.1 List of sub-contractors and activities undertaken

Sub-contractor	Activity
Keith Young	Survey/geo-referencing
Global Geomatics	Survey
Snowden Mining Industry Consultants	QA-QC
Geosearch	Drilling
Ferret Mining and Environmental Services (Pty) Ltd.	Environmental management
Dunrose Trading 186 (Pty) Ltd. t/a Shango Solutions	Geological consulting
AA Jamieson	Surface mapping

To date, a surface mapping project has been undertaken over two areas in the vicinity of Slots 2 and 3 on the Main Reef Group and Slot 5 on the Bird Reef Group (Figure 10.4). The term slot is used by CRG SA to convey the narrow relatively shallow nature of proposed surface excavations (rather than the term open pit) which the company intends to develop to mine selected reefs from surface down to a depth of only 10 m to 30 m. Depth extensions to the slots will be attained by underground excavations accessed from declines.

An electronic database of all available underground sample assay data has been utilised for CRG's resource estimate. This database was initially captured by RandGold and Durban Roodepoort Deep in the late 1980's from underground mine plans. During 2001, this database was provided to the collaborative Deepmine initiative for the purpose of developing new and innovative evaluation techniques. The dataset was also utilised by Stewart (2004) who was performing geological modelling for his Ph.D. thesis. The vast majority of the data consists of chip sampled reef development data where full reef exposures could be accessed. Highly experienced geologists were involved in, and supervised, the data capture.

The areas where Slots 2 and 3 are located on Langlaagte have thick soils and disturbed ground covering the outcrop of the Main Reef, Main Reef Leader and South Reef, limiting exposure and thus mapping and sampling. Slot 5, on Crown Mines, is an area where a previous mine dump has been removed for re-processing. This has exposed the bedrock enabling detailed mapping to be conducted over the Bird Reef Group that includes the White, Monarch and Upper Monarch Reefs. The size of the area being mapped is about 2 km (east/west) by 1.5 km (north/south).

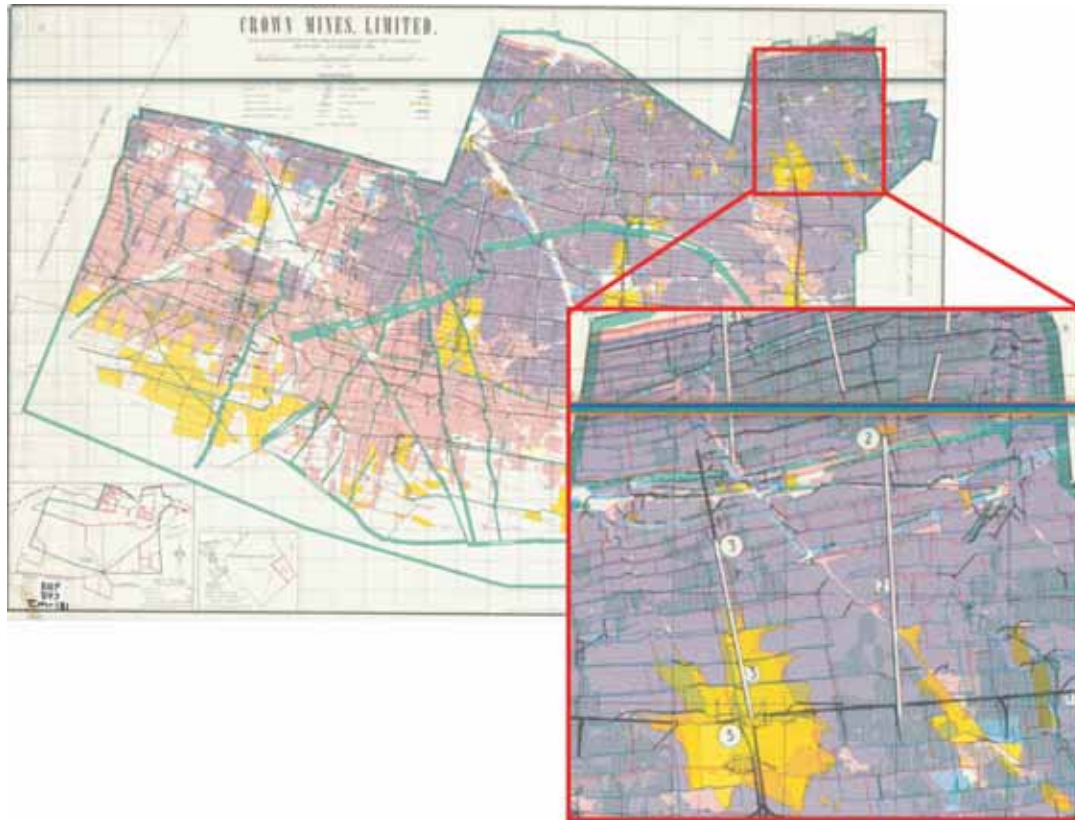


Figure 10.1 Crown Mines 1 : 40 000 shareholder plan from 1955 showing the underground development, extent of stoping and structure

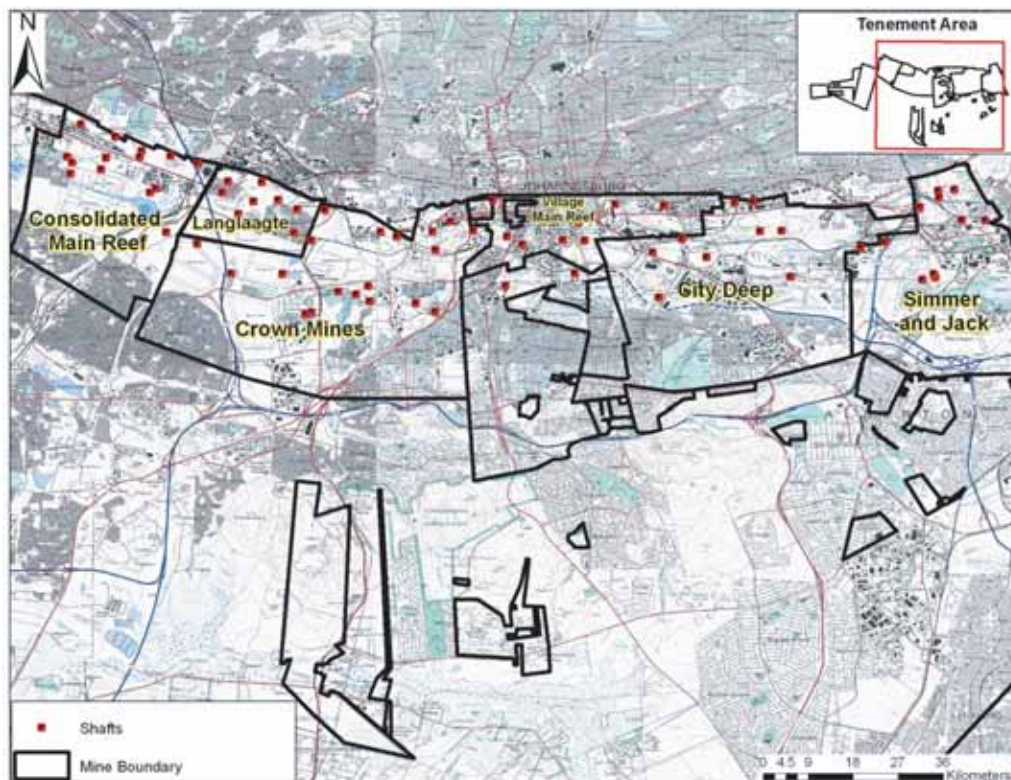


Figure 10.2 Shaft inventory across the Central Rand Goldfield

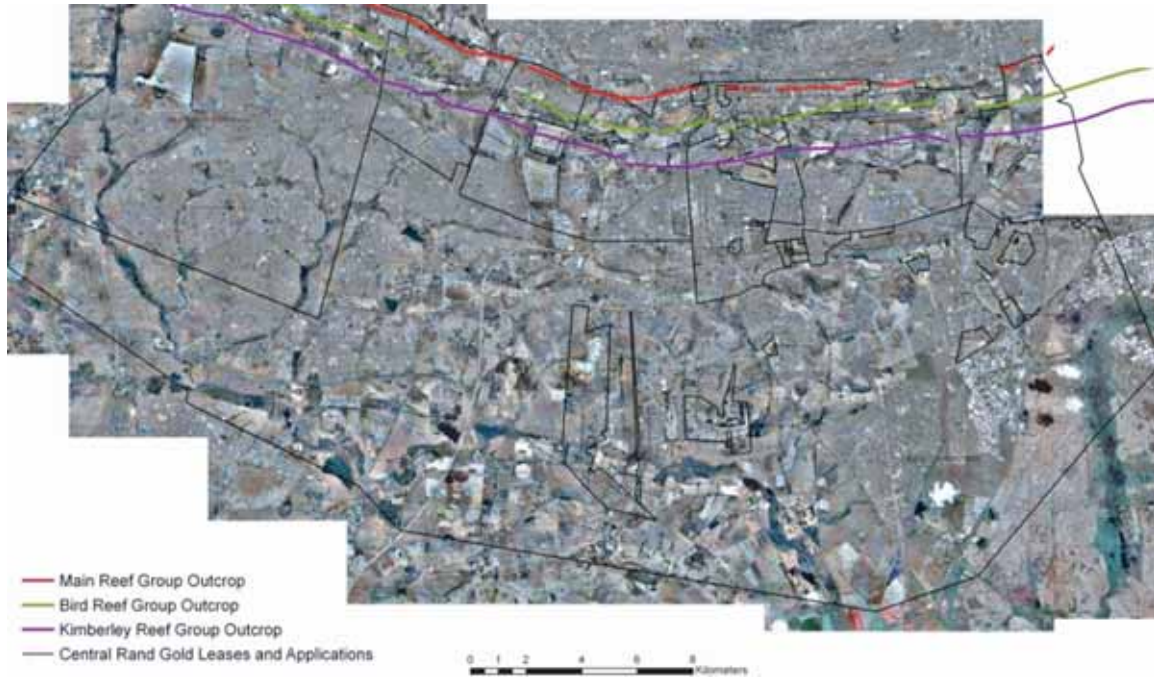


Figure 10.3 Compilation of aerial photography across the majority of the Central Rand Gold tenement area

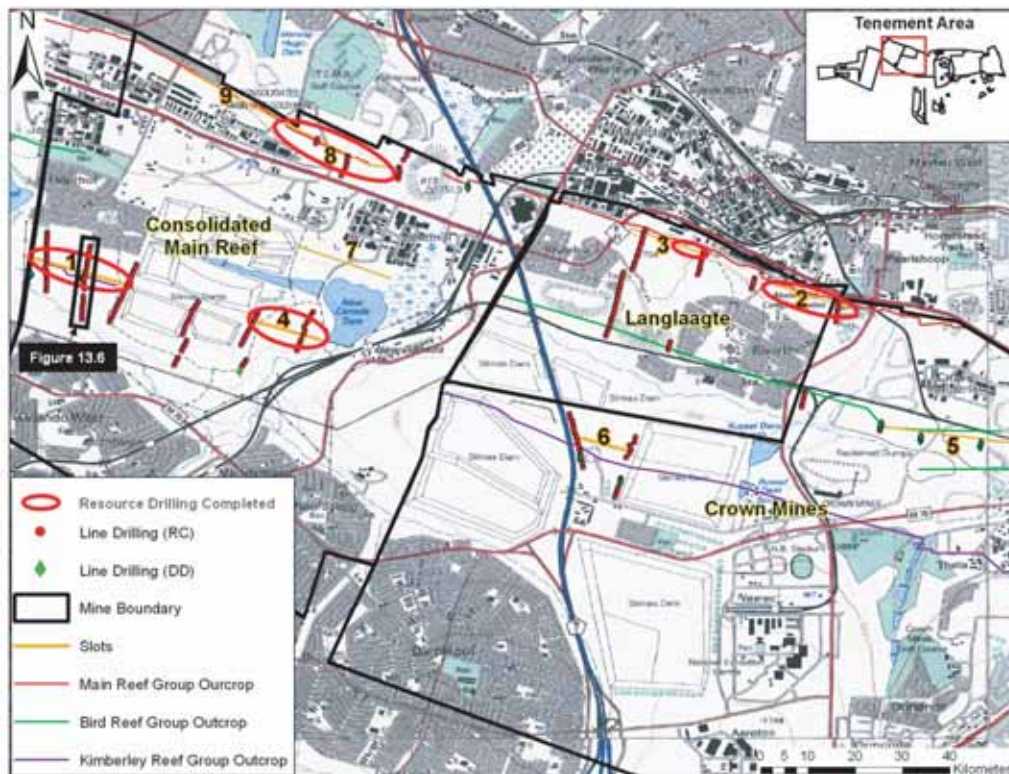


Figure 10.4 Line drilling, resource drilling and areas of ore potential – Slots 1 to 9

11 DRILLING

11.1 Status of CRG SA's surface exploration drilling

The drilling undertaken so far has been focussed on the slot areas in the old Langlaagte, Crown Mines and Consolidated Main Reef mine leases (Figure 10.4). In addition drilling has been undertaken for Pyritic Quartzites on the old Village Main lease.

CRG SA has drilled both RC and diamond core holes. Table 11.1 gives a summary of CRG SA's exploration drilling within the exploration areas as of 13 September 2007. Table 11.2 summarises the samples dispatched and assayed as of the same date.

Table 11.1 Summary drillholes and metres drilled

Drilling Type	No of Holes	Metres Drilled
RC	452	26,035
Soil Drilling	1,547	2,509
Diamond Drilling	56	6,853
Total	2,055	35,397

Table 11.2 Summary of samples dispatched and assayed

Status	No of samples
Dispatched	72,959
Assayed	36,435

The Line Drilling was undertaken to systematically explore the Main, Bird and Kimberley reef packages with the objective of identifying areas that warrant close-spaced Target Drilling.

The Authors are satisfied that the drilling of 60° angled drillholes directed northwards will intersect the various Witwatersrand Reefs (which dip southwards at about 30°) at, or close to right angles, hence issues related to "apparent reef thicknesses do not arise".

Target drillholes have been drilled on a diamond pattern with holes spaced 60 m along strike and 80 m perpendicular to strike and a centre hole. The drilling pattern was selected to provide the cover that CRG SA considers necessary to assess channelised deposits which are typical of the Main, Kimberley 9A and Bird reefs.

CRG SA has advised the Author that Target "resource" drilling commenced on Langlaagte on 1 March 2007 where the principal targets are Main Reef and a remnant block of Main Reef Leader.

11.2 Shango's comments on the drilling

Initially, RC drilling was conducted along dip lines around 600 meters apart in areas that were considered to have priority exploration targets based on examination of old mine plans, geological interpretation and accessibility. The holes were planned to be 60 metres deep, 40 metres apart and inclined at 60 degrees to the horizontal in a northerly direction. This pattern was selected so that at least two holes would normally intersect the top 50 m of the potential reef zones that dip at around 40 degrees to the south (Figure 11.1). This pattern also ensures that the drill samples are as close to normal to the reef as possible, meaning that the sample width is the same as the true width. The 0.5 metre sample width was selected in order to identify some of the narrow (less than 0.5 metre wide) reefs which could be present.

The line drilling identified target areas. These targets, called slots, are potential open cast mining areas and are numbered from 1 to 9. Infill, or resource drilling, was conducted between the original lines as shown in Figure 11.2. In addition to the RC holes, diamond drilling was conducted to

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verify the stratigraphy. Extensive drilling has been conducted over Slots 2 and 3 while less drilling has been completed on Slot 5, where further drilling is planned (see Figure 10.4). At the time of Snowden's site visit, drilling was in progress in the vicinity of Slot 8.

Two further diamond holes were drilled at Village Main. The first hole was abandoned due to excessive deflection but the second obtained intersections of the South South Reef as well as the Pyritic Quartzites (Figure 11.4).

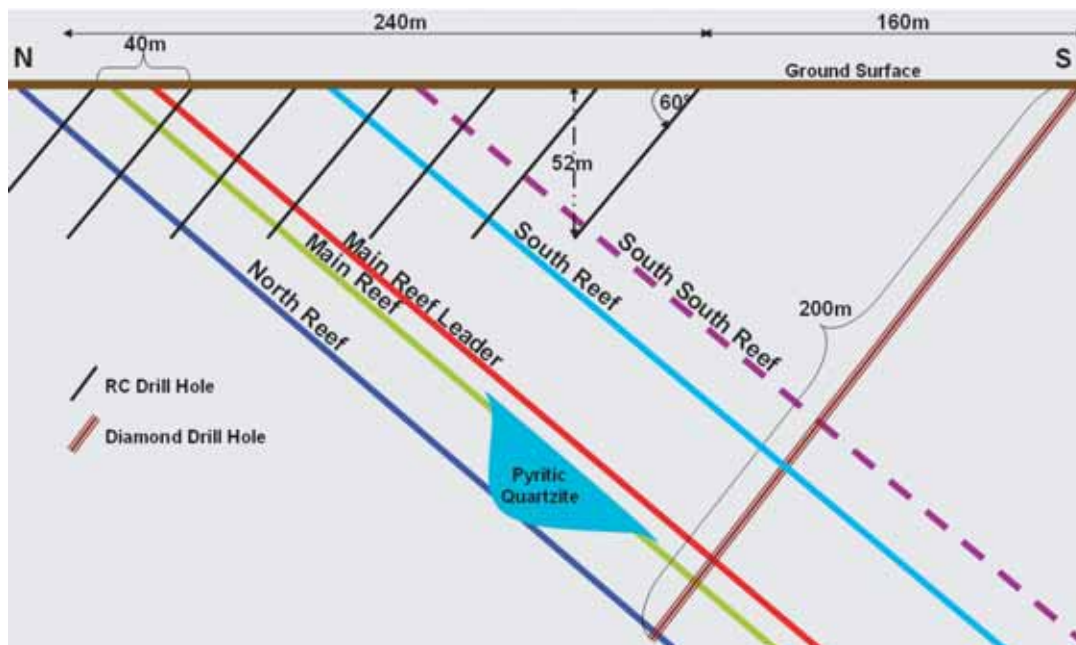


Figure 11.1 Proposed drilling pattern (diagram provided by Shango, July 2007)

The grades and thicknesses of the various reefs interpreted as of 28 June 2007 according to a cut-off of 0.5 g/t or 100 cm.g/t depending on the orebody characteristics are shown in Table 11.3.

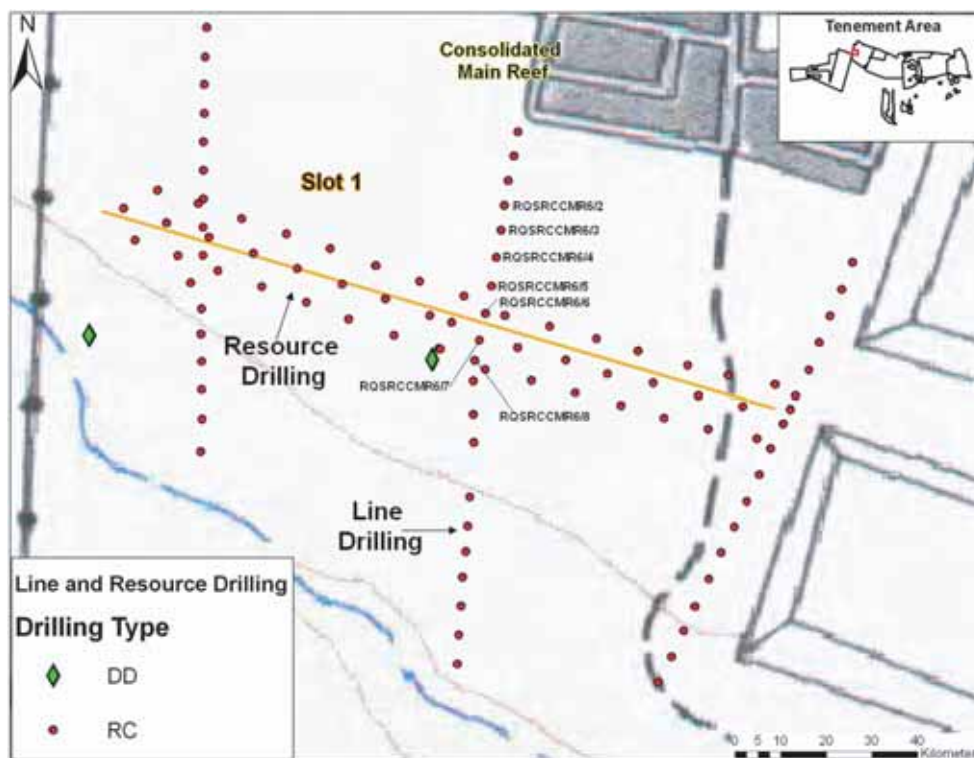


Figure 11.2 Line drilling on dip and resource drilling, Slot 1 Kimberley Reefs, CMR. Borehole numbers refer to the drillholes detailed in Table 11.3 (diagram provided by Shango, July 2007)

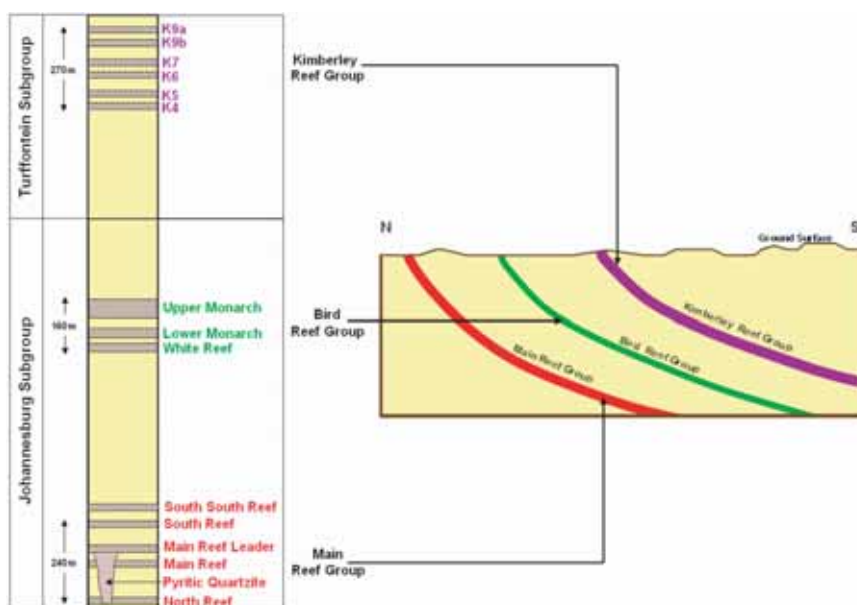


Figure 11.3 Idealised section and stratigraphic column (not to scale), (diagram provided by Shango, July 2007)



Figure 11.4 Diamond drillhole intersecting the South South Reef and the Pyritic Quartzites (diagram provided by Shango, July 2007)



Figure 11.5 Locality of drillholes on Langlaagte. Borehole numbers refer to drillholes detailed in Table 11.3 (diagram provided by Shango, July 2007)

From the drilling, using both the logging and the assay results, sections are being constructed to elucidate the geology (Figure 11.6). Diamond drillholes provide core that allows more definitive interpretation.

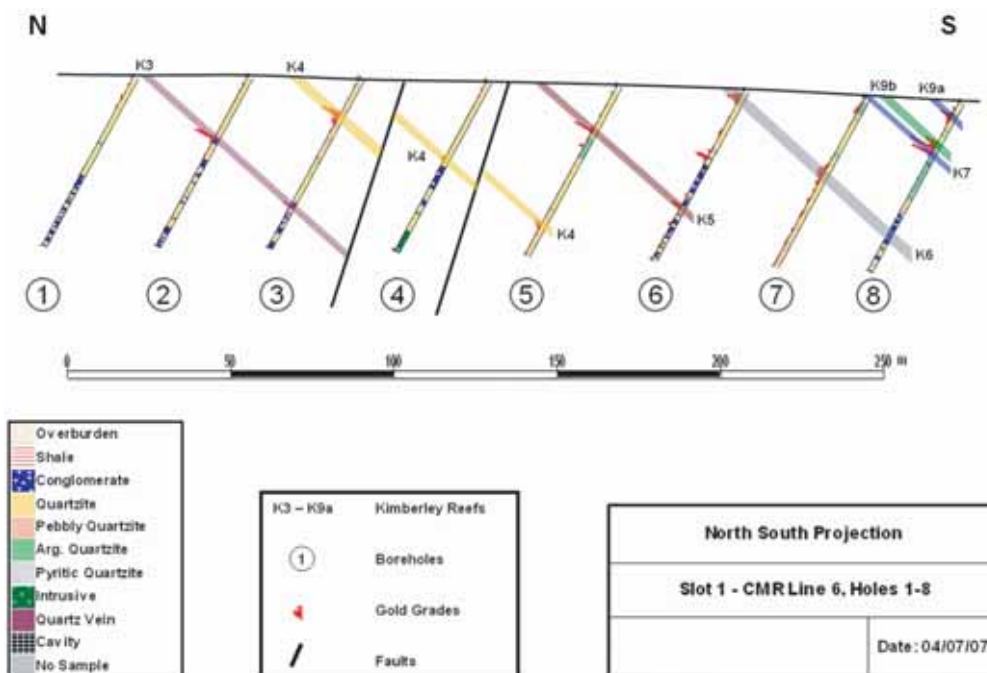


Figure 11.6 North-south section through the Kimberley Reefs, Line 6, Slot 1. See Figure 10.4 and Figure 11.2 for locality. Reef values and widths are detailed in Table 11.3 (diagram provided by Shango, July 2007)

Table 11.3 Summary of the results interpreted to 28 June 2007 (table provided by Shango, July 2007)

BHID	Main Reef		Pyritic Quartzite mid. Cong.		Pyritic Quartzite bot. Cong.		Main Reef Leader		South Reef		South South Reef		White Reef	
	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)
RQSRCLL-1/1	1.76	350					3.24	50						
RQSRCLL-1/2	1.67	350												
RQSRCLL-1/3	1.20	150							0.55	100				
RQSRCLL-1/5														
RQSRCLL-2/3	3.81	200												
RQSRCLL-3/1	4.60	200							0.76	400				
RQSRCLL-3/2	0.59	150							0.58	100				
RQSRCLL-3/3	6.82	100												
RQSDVDM-1/2			3.91	84	72.7	303	4.02	262.4			12.66	465	402.7	
RQSRCLL-4/24													1.61	250

BHID	Kimberley Reef K9a		Kimberley Reef K9b		Kimberley Reef K7		Kimberley Reef K6		Kimberley Reef K5		Kimberley Reef K4		Kimberley Reef K3	
	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)	g/t	cm (BW)
RQSRCCMR-6/8	0.72	350	1.62	300	1.75	150	0.78	350						
RQSRCCMR-6/7							1.12	300	1.49	50				
RQSRCCMR-6/6									3.10	50	0.72	150		
RQSRCCMR-6/5											0.43	100		
RQSRCCMR-6/4											1.57	200	1.27	50
RQSRCCMR-6/3													2.96	100
RQSRCCMR-6/2														250

BW = Borehole Width

TW = True Width

11.3 Shango's opinion on drilling results

Shango has advised Snowden that in its opinion the basic concept of the drilling programme is sound: lines of holes on dip to define target areas for further investigation. CRG, from the onset, regarded the tenement areas as a greenfields exploration project. This is strongly entrenched in the drilling philosophy. There are, however, three areas where there could have been improvements. These are:

- A greater degree of geological control should have been implemented by increasing the utilisation of diamond drilling.
- More highly trained and motivated staff should have been available for sample management and processing.
- More laboratories could have been engaged to do the assays, thus preventing a backlog.

Only a limited number of results have been received and Shango believes it is too early to assess these against its expectations. Shango expected that the outcrop of the Main Reef, the Main Reef Leader and the South Reef would have been heavily exploited over a period exceeding 100 years. As these have, historically, carried the highest gold grades, they would have attracted the most interest to previous miners. Shango concludes that the numerous voids intersected in the drillholes, confirm the relative accuracy of plans available that indicate an extensively mined area.

Shango notes that there has only been limited drilling of the Bird Reefs and, based on the spatial distribution of previous mining, the few drill results were expected to be in lower grade areas.

Shango comments that a "pleasant surprise" has been the bulk mining potential of the Kimberley Reefs on CMR, and in particular, the widths over which some grades have been found. This is known to be a highly channelised deposit and was only ever mined on a very limited basis.

The results received to date have confirmed to Shango that the most favourable target areas for shallow mining are the outcrops of the recognised conglomeratic units. The drilling programme plans to concentrate on these areas. At present, the emphasis is on the gold content of the targets but planned drilling also aims to investigate reefs that may contain uranium.

Shango has advised Snowden that where gold grades it has assessed to be economic are noted, they are associated with known conglomeratic units and all of the 29 reef intersections interpreted as of 28 June 2007 exceeded cut-off. A large number of holes drilled on exploratory lines intersected no economic horizon(s), and elevated gold values are absent.

The drilling has also confirmed the existence of mined voids and the occurrence of gold mineralisation remaining in the footwall or hangingwall of old stopes. Snowden notes that the extent of this mineralisation has not yet been quantified.

Evaluation of the gold potential of the soil profile in selected areas has only just commenced and no results have been received.

11.4 Snowden's opinion on drilling results

It is apparent that CRG SAs surface drilling programme, directed principally to identify Mineral Resources that may be mined in open pits, is at an early stage. While some assays have been returned they are too few to permit any in-depth analysis.

The Authors have examined reef grades received from CRG SA but they are too few to draw meaningful conclusions other than to note that:

- (a) Main Reef sample grades range from 0.5 g/t to 16.0 g/t.
- (b) Kimberley Reef occurs as a number of bands with grades generally less than 1 g/t and individual 0.5 m samples up to 5 g/t. Continuity of such grades within individual reefs has yet to be demonstrated through detailed resource drilling.
- (c) South Reef grades are generally between 0.5 g/t and 1.0 g/t with individual 0.5 m samples of up to 5 g/t.

- (d) There are a number of high grades encountered in a single 5 m drilled interval of the South South Reef (RQSDDVM_1_2) and an intersection of Pyritic Quartzite in the same drillhole, which warrant follow-up exploration.

In general the gold grades of lithologies external to the known reefs are extremely low, generally below 0.1 g/t, with occasional samples returning marginally higher grades. This observation is consistent with the Authors experience and knowledge of gold distribution in the Witwatersrand rocks across the basin.

In the Authors' opinion no meaningful conclusions can be drawn about the mineability of the reefs from this information at this stage. However, as the outstanding assay data is received by CRG SA it will be important to critically evaluate the information to confirm that expectations are being met.

12 SAMPLING METHOD AND APPROACH

Resource estimates reported in Section 17 of this report do not rely on exploration programmes currently being executed by CRG SA.

Sampling methods followed by CRG SA and their consultants are as per protocols advised by Snowden's Exploration Division based in Johannesburg. The field drilling programme is at an early stage of development.

The Authors are satisfied that:

- diamond core sample procedures followed are consistent with well established procedures employed across Witwatersrand gold exploration projects and
- RC drill chip sampling is in accordance with well established industry practice

The Author is not aware of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of results but there has been no analysis undertaken to investigate possible biases.

The geological nature of the reefs is extremely well known and procedures for sampling diamond core are well established. In the Authors' opinion the analysis has still to be done to confirm the suitability of RC drilling for the assessment and evaluation of Witwatersrand reefs. It will not be possible, using RC drilling, to separate out distinctly different grade intervals within narrow reefs.

12.1 Responsibility for sample preparation, analyses and security

CRG SA has advised the Authors that sample preparation methods and quality control measures employed before dispatch of samples to the analytical testing laboratories are as per instructions from Snowden Mining Industry Consultants' Johannesburg office. The Authors have confirmed that Snowden's Exploration Division is indeed providing direction and oversight in this regard on a regular basis.

The Authors note that:

- Shango has been responsible for the execution of CRG SAs drilling programme including location of drill collars, directing the drilling contractor, core recovery, core logging, splitting and sampling. In effect Shango has acted as CRG SAs Exploration Department. However, Shango has advised the Author that its role is currently changing as CRG SA moves to engage its own professional geological staff who will be responsible for directing future exploration work and Shango will assume a "typical" consultants role.
- The Authors have been advised of all sample preparation, assaying and analytical procedures employed. The analytical laboratories are all well established facilities. Certificates of accreditation certification applicable to laboratories undertaking assaying on behalf of CRG SA have been forwarded to the Authors.
- CRG SA has advised the Authors of the following with respect to quality control measures:

- Initially, Anglo American Research Laboratory (AARL) was utilized for the sample preparation, with the samples being analysed for gold and uranium by Australian Laboratory Services (ALS). Initially, samples were analysed in triplicate, in order to establish the potential impact of the nugget effect. Once it had been quantitatively determined that the nugget effect was not significant, one analysis per sample was obtained from the beginning of February 2007 onwards.
 - Due to significant sample backlog, three additional analytical laboratories are utilised since the beginning of 2007, i.e. SetPoint Laboratories (gold and uranium), SGS/Lakefield (gold and uranium), and Performance Laboratories (gold only). All of the above laboratories are located in Johannesburg.
 - Snowden was tasked with overseeing and handling QA/QC-related matters. Snowden's QA/QC protocol is adhered to, with currently 18% of the submitted samples representing standards, duplicates and blanks. Prof Sybrand de Waal is also involved with analytically evaluating the laboratories performances. Dr Clive Feather, in addition, audits the involved laboratories, with special reference to the analytical methods being utilised and the associated machine setups.
- (d) In the Authors' opinions CRG SA and its consultants have been diligent in establishing "best practice" procedures for the management of all aspects of their surface drilling exploration programme including drilling practices, sample recovery, sampling, sample security, laboratory practices and assay data management. CRG SA is very aware that the principal issue faced at the moment is the slow turn around of gold and uranium sample assays in the assay laboratories.

12.2 Current sampling method and approach

Samples comprise two types, RC percussion chips and DD core. Management of the drilling programme is by senior geologists from Shango. The labour used in the sample collection and handling is contracted from labour brokers. Shango's staff control sample dispatch while overall site office management is by CRG. Dispatch to the laboratories is by road, with a security guard accompanying the driver. On both journeys, rig to site office and site office to laboratory, chain of custody documents accompany all samples.

12.2.1 Reverse Circulation (RC) chips

The sample collection at the rig is performed under the supervision of CRG SA employees. Samples are taken at 0.5 metre intervals, in order to identify narrow, less than 0.5 metre wide reefs. A cyclone, connected to the rig, collects material in new, labelled plastic bags. The samples are recorded and logged on site by the CRG SA staff before being dispatched to the site office. Here the samples, which average 15 to 20 kilograms, are split, using a riffle splitter, to obtain a 4 to 5 kilogram sub-sample. This is dispatched to one of several laboratories (see Section 13) for preparation and assay.

12.2.2 Diamond Drill (DD) core

At the diamond drill rig, a security guard is present at all times. The core is removed from the rig and placed in core trays by the drilling staff. Here a CRG SA employee photographs it before it is dispatched to the site office. At the site office, the core is checked and marked by CRG SA staff who do some of the logging such as rock quality determination. Shango's geologists do the detailed geological logging. After being split, using a saw, one half of the core is sampled according to the lithological log. Sampling of the conglomerates include one to two centimetres of waste above and below the contacts. Samples, throughout the core, are restricted to a minimum of 20 cm and a maximum of 50 cm in length. The samples are sent, as with the RC samples, to various laboratories for preparation and assay.

13 SAMPLE PREPARATION, ANALYSES AND SECURITY

In general, sample preparation is performed in one of the ISO 17025 accredited facilities detailed in Table 13.1.

Table 13.1 List of laboratories and accreditation

Laboratory	Location	Standards Association	Certification
Set Point Laboratories	Johannesburg South Africa	South African National Accreditation System	ISO/IEC 17025
SGS Lakefield Research Africa (PTY) Ltd	Johannesburg South Africa	South African National Accreditation System	ISO/IEC 17025
Anglo American Research Laboratory	Johannesburg South Africa	South African National Accreditation System	ISO/IEC 17025: 2005
Performance Laboratories (PTY) Ltd	Krugersdorp South Africa	South African National Accreditation System	ISO/IEC 17025
ALS Chemex South Africa (PTY) Ltd	Johannesburg South Africa	Standards Council of Canada	

All samples are handled in plastic bags and each bag is bar coded. Every sample is weighed, dried and then crushed to 100%. Regular quality control checks are made to ensure that the sample preparation process results in a pulp 90%. For the determination of gold concentrations, a fire assay process is used. This method considers removal of all gold from the ore and finishing is conducted by AAS, ICP or ICP-MS. Each weighed sample is mixed with a flux consisting of a mixture of lead oxide, borax, silica and soda ash in a suitable ceramic pot. The composition of this flux is altered to suit the type of material. To each pot is added a silver nitrate solution to act as a carrier to the gold. The mixture is fused at about 1 100°C for at least 1 hour. The charge is then cast into iron moulds. After cooling, the slag is removed from the lead button. The lead button is placed on a cupel, pre-heated to 1 050°C, and cupelled for at least 1 hour. The resulting oxidised lead is absorbed into the cupel. The Au, Ag, etc. will remain behind on the surface of the cupel in the form of a bead, called a prill. After cooling, the prill is removed from the cupel and dissolved in nitric acid. Final gold analysis is determined by ICP spectrometry or AAS.

Uranium analysis is conducted by standard XRF on pressed pellets.

Quality control entails the use of reference materials, monitoring of blanks and duplicates in compliance with the ISO 17025 standard. The samples are handled in batches determined by the amounts that can be accommodated in the fusion furnace at one time. Each batch contains a blank sample, one reference material and a duplicate. The duplicate is a repeat of a randomly chosen sample from the batch. Twenty percent of the samples submitted are quality control samples.

External quality control is conducted continuously by Snowden. Dr. Clive Feather audits the laboratories quarterly.

It is concluded that sample preparation, security and analytical procedures are conducted in accordance with international procedures.

14 DATA VERIFICATION

The Authors have not verified the surface exploration drilling data for the programme that is current. The programme of exploration is at an early stage and results from the exploration have not been used in the Mineral Resource estimates reported in Section 17 of this report.

With reference to the underground assay data that has been utilised by Viljoen and Viljoen and Lemmer to estimate Mineral Resources within the Central Rand project, the Authors are satisfied that the data is as reliable as that relied on by the companies that exploited the Central Rand reefs for 100 years until the mines closed in the 1970s.

Snowden has verified through random checks that assay data on original mine plans has been accurately stored within the digital database which forms the foundation for Viljoen and Viljoen and Lemmer's Mineral Resource estimates.

Shango has noted that concentrations of all reference materials (duplicates, standards and blanks) are verified (within 95% confidence limits) on receipt of the analytical results from the laboratories. The sequence of samples is verified according to the pattern in which they were inserted. In addition internal laboratory duplicates, blanks and standards are also confirmed. Selected, high-grade samples are resubmitted for assay. Concentrations of all samples are related to known stratigraphic positions and known economic horizons. Grades beyond the expected horizons are resubmitted for analyses. RC holes are verified through DD twinning. Lithologies and gold grades are compared and confirmed. Any discrepancies are immediately communicated to the relevant laboratory and resolved to the satisfaction of both parties.

Statistical analyses are continuously applied to each category of reference and sample materials. The laboratories are audited on a quarterly basis, including sample preparation, analytical facilities and setup, and analytical results. Remedial recommendations are communicated to all relevant parties and implementation is monitored.

The following, registered professionals have been internally used to verify the data: Dr J.K. Schweitzer (PrSciNat Reg. No.: 400050/04), Dr C. Feather (PrSciNat Reg No.: 401221/83). External verification is continuously conducted by Snowden.

Initially, samples were submitted and analysed in triplicate. Statistical analyses revealed that single assays will suffice and are within the 95% confidence limits. However, it is acknowledged that this could represent a limitation on data verification. Shango has also noted that during the current commodity boom, laboratories turnaround times are not as desired. This delay causes data verification challenges. The quantities of samples to be assayed require more than one analytical facility to be considered. Stringent QA/QC controls have to consequently be applied to ensure intra-laboratory consistency.

Despite close supervision at the site offices and the laboratories, swapping of samples, other than blanks, duplicates and standards, can not be detected. However, all measures are applied to avoid this happening. Blanks, duplicates and standards have been found by Shango to be in the wrong sample positions, and this has been rectified and communicated to the relevant laboratory.

15 ADJACENT PROPERTIES

The geology and mining history of properties to the west and east of the Central Rand project are extremely well known.

To the west is the mine Durban Roodepoort Deep and to the east is the ERPM mine. Both these mines continue to operate. Each mine has been in production for more than eighty years. The reefs exploited on these mines are stratigraphically the same reefs encountered within the Central Rand project area.

16 MINERAL PROCESSING AND METALLURGICAL TESTING

16.1 CRG SA metallurgical testwork

CRG SA has commissioned preliminary metallurgical testwork studies on reef material collected from old stockpiles of reef that date back to when the mines were in operation. Once the old underground workings are accessed by CRG SA the company will collect sample material for more definitive studies.

Bateman Africa (2007) prepared a process engineering study to a sufficient level of detail to enable plant equipment to be sized and costed. A capital cost estimate and an operating cost estimate have been produced to within a -0%+ 30% accuracy range.

The process plant component of the study was based on modular satellite plants of 60,000 tpm capacity to concentrate the gold and produce backfill from the tails for placement underground and a central gold plant to regrind the concentrates and cyanide them in a Carbon-In-Leach (CIL) plant to recover the gold by electrowinning and smelting.

Bateman notes that detailed ore processing testwork has yet to be undertaken and ore reserves have yet to be estimated.

A preliminary metallurgical testwork study was undertaken on a 1.2 tonne bulk sample of hand picked Kimberley Reef which was obtained from surface rock piles, in the vicinity of historical shallow Kimberley Reef outcrop mining operations, due to the absence of underground access. Interpreted from RC and diamond drilling, as well as available mine plans, the bulk sample appears to represent predominantly 9A Kimberley Reef. It can be seen in Figure 16.1 that the reef rocks display limited surface oxidation and staining.

The 1.2 tonne bulk sample was jaw-crushed to a particle size distribution passing 25 mm. A sub-sample (18 kg) was systematically riffled from the crushed sample and submitted to SGS Lakefield Laboratory for gold and uranium analyses. Tertiary comminution testwork using a vertical shaft impactor (VSI) crushing machine has been completed (Figure 16.2). The crushed material has an almost 60% by mass passing 5.6 mm.

Further head grade sampling and heavy liquid sink/float testwork on various size fractions of the VSI crushed sample is scheduled. It is also planned to conduct indicative breakage indices, gravity concentration and bench flotation testwork on the sample after appropriate roll milling to various size distributions.

For preliminary indicative testwork of reef material sourced from reefs within the Main Reef Group, a further bulk sample of approximately 2 tonnes was hand picked from rock dumps adjacent to Consolidated Main Reef (CMR), 2 Shaft. It is thought likely that these rocks were sourced from the Main Reef Leader/Main Reef in shallow mining areas (Figure 16.3). They display different degrees and modes of oxidation and are intended purely for preliminary indicative metallurgical testwork.

Similar testwork to that described above is planned on the Main Reef Group bulk outcrop soil sample of approximately 2 tonnes which is currently being collected.

Small masses of diamond drill core will be available and will be used to complement the coarse rock samples used for the crushing and milling index testwork. Alternatively, samples for testing could be sourced once shafts have been re-accessed.

16.2 Historical metallurgical processing method

Most of the mines on the Central Rand closed during the 1970's. At this time, the main metallurgical processing routes most commonly involved initial conventional run-of-mine jaw crushing. Hand sorting was usually conducted on the jaw crushed product and visible waste rocks removed. The jaw crushed product was then subjected to closed circuit secondary cone crushing and screening, to produce a product with a size passing about 20mm. Primary and secondary ball milling was then conducted, with gravity concentration often incorporated in the milling circuit. The mills were usually operated in closed circuit with cyclones to produce products with 65% to 75% by mass passing 0,075mm. Thickeners were used to provide re-circulating water for the mills, and the thickener underflow product was pumped to air agitated pachucas for cyanidation leaching. Conventional drum/disc filtration was conducted to separate the gold in solution from the tailings. Gold was recovered from pregnant solution by zinc precipitation and smelting. After re-pulping, tailings residue was pumped overland to tailings disposal dams.



Figure 16.1 Hand picked Kimberley Reef bulk sample for indicative comminution testing.



Figure 16.2 Vertical Shaft Impactor crushed Kimberley Reef.



Figure 16.3 Hand-picked Main Reef Group rocks.

Over the last few years of operation of the Central Rand metallurgical gold processes, recoveries in the range from 90% to 95% were achieved.

16.3 CRG SA's likely processing method

As advised by Shango, (2007), when CRG SA mining operations commence it will initially be from surface slots and shallow underground operations. Satellite processing (concentrating) plants will be located close to the surface mining sites or portals from underground. The processing plant will be in modules which can each treat 60 000 tpm (100 tph) and will be semi-mobile. Multiple modules will be used to treat the mined ore.

As mining proceeds with depth to below 170 m, the surface modules will be deployed underground. The satellite modules in the field will comminute the ore down to a size still to be determined by testwork, using staged crushing and milling. The milled material will be exposed to a centrifugal gravity device and flotation to produce a rougher concentrate which will be transported to a central cyanidation facility for final gold bullion recovery. It is envisaged that the tailings from the central gold concentrate treatment plant will contain other minerals such as uranium (arising from the flotation operations bulk concentrate) for further processing as by products.

Extensive metallurgical testwork is planned and will be conducted to confirm the technical and economic viability of the proposed technologies and process flow sheets. The associated flotation plant tailings after preparation as backfill will be returned to the mined out stopes for the provision of support. Fine slimes removed from the backfill will be placed in the historically mined out areas. Concentrates will be hydraulically transported to the surface to a storage tank from where they will be tankered to the central gold recovery plant. The bulk rougher concentrate produced by the satellite modules will contain in the region of 10% sulphur compared to the traditional pyrite concentrates produced from Witwatersrand ores of between 30% and 45% sulphur used for acid production.

Previous operations (Hartebeesfontein Gold Mining Co) who produced a flotation concentrate from their Run of Mine (ROM) ore found that the material was free-milling and not refractory. Very good gold dissolutions using cyanide of up to 98% were obtained after a regrind of the flotation concentrate.

The central gold recovery plant will have mechanically agitated reception tanks to store the concentrate slurry received from the satellite concentration plants. Slurry will be pumped into the regrind mill discharge sump and then pumped together with the mill discharge to the classifying cyclones. Cyclone overflow will report to a high rate thickener and underflow to the regrind mill. A centrifugal gravity concentrator will also be included in the regrind milling circuit to recover any free gold liberated during re-grinding. The gravity concentrates together with the concentrates produced

in the satellite plants will report to an intensive cyanidation plant for gold dissolution and recovery by electrowinning. Leach tailings will pass over a carbon catch screen and report to a tailings thickener to recover a cyanide-containing solution and thicken the tailings for transport by tanker to another site for by product recovery. Allowance will be made to destroy the cyanide in the final tailings.

The gold recovery expected from CRG SA's metallurgical processing plants will be in the range from 80% to 90%. However, extensive metallurgical testwork is planned to confirm and optimize gold recoveries.

No major complications with the proposed metallurgical processing operations are expected, but extensive metallurgical testing is planned to confirm process flow and optimize gold and uranium recoveries.

17 MINERAL RESOURCE ESTIMATES

17.1 Introduction

During the course of the last three years CRG SA has commissioned seven Johannesburg based geological and/or mining consulting firms to compile estimates of the gold mineral resources remaining within its Central Rand project area. The approach taken in each study differed, with each focussing on a particular aspect of the mineralisation. The resource estimates compiled by the Authors rely on two particular sets of studies, namely those of Viljoen and Viljoen and Lemmer.

Global Mineral Resource estimates were compiled by Viljoen and Viljoen for the Main Reef, Main Reef Leader, Pyritic Quartzite, South Reef, Bird Reef and Kimberley Reef in the Central Rand project, but excluding the Simmer and Jack old order mining lease, and documented in a series of reports issued in 2004 and 2006. A more selective geostatistically based independent Mineral Resource estimate was presented by Dr C Lemmer (Lemmer, 2007a and b) for the Main Reef on Consolidated Main Reef, Crown Mines, City Deep and Robinson Deep and for the Main Reef Leader on Consolidated Main Reef, Crown Mines, City Deep, Robinson Deep (including a portion of Village Main Reef) and Simmer and Jack old order mining leases.

The Authors accept the Indicated and Inferred Main Reef and Main Reef Leader resource as presented by Lemmer (section 17.3) and summarised in Table 17.1. Table 17.2 to Table 17.5 presents Lemmer's breakdown by depth for each reef and resource category and the proportion of the gold resource within each depth interval.

For the remaining reefs the Authors accept the Inferred Resource estimated by Viljoen and Viljoen described in section 17.2 and summarised in Table 17.6.

The total Inferred Resource combining the estimates of Lemmer and Viljoen is 52 Mt at 7.4 g/t. Table 17.7 summarises the overall Central Rand project Mineral Resource estimate as of July 2007 classified according to the resource reporting requirements of the JORC Code.

In the following discussion Viljoen and Viljoen's estimates are presented first because they provide important geological context.

Table 17.1 Summary of Lemmer's Main Reef and Main Reef Leader resource by reef

Reef	Indicated		Inferred	
	Mt	g/t Au	Mt	g/t Au
Main Reef	39.4	6.3	16.2	7.3
Main Reef Leader	35.6	11.7	9.9	12.6
Total	75.0	8.9	26.1	9.3

Table 17.2 Summary of Main Reef Indicated resource by vertical depth category

Depth Domain (metres)	Cut-off (cmg/t)	Indicated			'000 kg Au	Proportion of total gold
		Mt	g/t Au	Moz Au		
0 – 70	100	0.6	4.4	0.09	3	0.01
70 – 200	200	0.6	4.6	0.09	3	0.01
200 – 900	350	18.7	5.0	3.03	94	0.38
900-1500	600	10.5	6.7	2.26	70	0.28
1500-3000	850	9.0	8.7	2.50	78	0.31
3000m+	1200	0.0	10.8	0.00	0	0.00
Total		39.4	6.3	7.97	248	1.00

Note: Totals may not add up exactly due to rounding

Table 17.3 Summary of Main Reef Inferred resource by vertical depth category

Depth Domain (metres)	Cut-off (cmg/t)	Indicated			'000 kg Au	Proportion of total gold
		Mt	g/t Au	Moz Au		
0 – 70	100	0.6	4.7	0.09	3	0.02
70 – 200	200	0.6	5.1	0.09	3	0.02
200 – 900	350	4.6	5.4	0.80	25	0.21
900-1500	600	3.9	6.8	0.86	26	0.23
1500-3000	850	6.4	9.3	1.92	60	0.51
3000m+	1200	0.0	12.1	0.02	1	0.00
Total		16.1	7.3	3.79	118	1.00

Note: Totals may not add up exactly due to rounding

Table 17.4 Summary of Main Reef Leader Indicated resource by vertical depth category

Depth Domain (metres)	Cut-off (cmg/t)	Indicated			'000 kg Au	Proportion of total gold
		Mt	g/t Au	Moz Au		
0 – 70	100	0	0.0	0.0	0	0.00
70 – 200	200	0.2	9.5	0.1	2	0.01
200 – 900	350	3.1	10.3	1.0	32	0.08
900-1500	600	5.9	12.1	2.3	72	0.17
1500-3000	850	23.5	11.5	8.7	271	0.65
3000m+	1200	2.9	13.7	1.3	39	0.09
Total		35.6	11.7	13.4	417	1.00

Note: Totals may not add up exactly due to rounding

Table 17.5 Summary of Main Reef Inferred resource by vertical depth category

Depth Domain (metres)	Cut-off (cmg/t)	Indicated			'000 kg Au	Proportion of total gold
		Mt	g/t Au	Moz Au		
0 – 70	100	0.2	0.0	0.0	2	0.00
70 – 200	200	0.1	9.4	0.0	1	0.01
200 – 900	350	2.6	12.7	1.1	34	0.27
900-1500	600	1.5	13.7	0.7	21	0.17
1500-3000	850	2.4	10.8	0.8	26	0.21
3000m+	1200	3.1	13.6	1.3	42	0.33
Total		9.9	12.6	4.0	125	1.00

Note: Totals may not add up exactly due to rounding

Table 17.6 Viljoen and Viljoen additional Inferred Resource summary by reef and depth interval

Reef	35-200 m		0-70 m		70-900 m		900 m to approx 3,300 m		Total	
	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
Pyritic Quartzite							0.9	45.0	0.9	45.0
South Reef							5.3	6.0	5.3	6.0
Bird Reef			1.2	2.5	8.2	4.0			9.4	3.8
Kimberley Reef	0.9	2.3	1.5	3	8.1	3.5			10.4	3.3
Total	0.9	2.3	2.7	2.8	16.3	3.8	6.2	11.7	26.0	5.5

Note: Totals may not add up exactly due to rounding

Table 17.7 Central Rand project total classified Mineral Resource estimate, July 2007

Reef	Indicated				Inferred			
	Mt	g/t Au	000 kg Au	Moz	Mt	g/t Au	000 kg Au	Moz
Main Reef	39.4	6.3	248	8.0	16.2	7.3	118	3.8
Main Reef Leader	35.6	11.7	417	13.4	9.9	12.6	125	4.0
PyQtz					0.9	45.0	41	1.3
South Reef					5.3	6.0	32	1.0
Bird Reef					9.4	3.8	36	1.1
Kimberley Reef					10.4	3.3	34	1.1
Total	75.0	8.9	665	21.4	52.1	7.4	385	12.4

Note: Maximum depth approximately 3,300m. Totals may not add up exactly due to rounding

17.2 Resource estimates by Viljoen and Viljoen

Detailed work leading to estimates of mineralisation remaining within the Central Rand project area has been undertaken by Viljoen and Viljoen who are acknowledged in this report as experts in the field of Witwatersrand geology. In the Authors' opinion they satisfy the criteria for the role of "Competent Person" to compile and report the Mineral Resource presented in their reports (Viljoen and Viljoen 2006a, 2006b and 2006c) and which is presented in this report.

Professor RP Viljoen and Professor MJ Viljoen (“Viljoen and Viljoen”) of the University of the Witwatersrand investigated the regional mineralisation potential of the project area excluding the Simmer and Jack lease. Key reports issued by Viljoen and Viljoen to CRG SA are dated June 2004, April 2006 and June 2006. (Messrs Viljoen and Viljoen initiated the Central Rand project, introduced it to CRG SA and are shareholders in CRG SA).

Viljoen and Viljoen’s resource estimation studies relied substantially upon a very extensive assay database of historical underground development and stope reef sample assay data compiled by Rand Mines in the late 1980s supplemented by recently captured data.

The source data was recorded on mine plans prior to closure of the mines that now constitute the Central Rand project. None of CRG SAs recent surface exploration work, including surface drilling, has contributed to the resource estimates reported by Viljoen and Viljoen.

Snowden notes that, in addition to the Mineral Resources reported by Viljoen and Viljoen, they have also identified considerable additional gold mineralisation which is termed Exploration Target Mineralisation. This mineralisation represents potential for further exploration.

17.2.1 Background

Viljoen and Viljoen commenced evaluation of the reef mineralisation remaining within Rand Mines’ 3Cs area during the late 1980s. Their evaluation work was initially undertaken to assist the teaching of geology students at the University of the Witwatersrand.

In the early 2000s Viljoen and Viljoen introduced the 3Cs project to CRG SA. In exchange for introducing the project Viljoen and Viljoen received approximately 8% of the issued share capital in the company as it stood at that time.

CRG SA subsequently commissioned Viljoen and Viljoen to undertake a detailed study on its behalf to compile an inventory of mineralisation in the 3Cs area. The results of this work were reported to CRG SA in a report dated April 2004.

Following presentation of the April 2004 report, CRG SA negotiated the acquisition of the additional Central Rand properties which included: Langlaagte, located in the northwest corner of Crown Mines; Village Main and Robinson Deeps, located between old Crown Mines and City Deep leases, the AngloGold Ashanti Deeps area and the Simmer and Jack lease in the east of the project area (Figure 4.1).

In April 2006, Viljoen and Viljoen presented to CRG SA a report update to their April 2004 report. The April 2006a report was titled “Interim Reappraisal of the Unmined Mineralisation in the Mineral Rights Holdings of Rand Quest Syndicate – Central Rand Goldfield”. Also in April 2006 Viljoen and Viljoen presented to CRG SA a report titled: “Summary Statement of Mineralisation Re-Evaluation” (Viljoen and Viljoen, 2006b). In June 2006, Viljoen and Viljoen issued an amended and updated report (Viljoen and Viljoen, 2006c) which clarified their delineation of Exploration Target Mineralisation (see Section 18 of this report).

It is important to note Viljoen and Viljoen’s observation that even their most recent mineral resource estimates must be regarded as work in progress. They stress that the delineation and definition of the gold mineralisation remaining within CRG SA’s project is a “huge task” and that their studies are far from complete and are continually being refined and updated as more data becomes available. It is Viljoen and Viljoen’s expectation that their estimates of mineralisation will continue to grow as additional exploration is carried out.

In their April 2006 summary statement Viljoen and Viljoen noted that current studies have made use of the extensive, recently acquired digital data set compiled by Rand Mines geological and survey personnel from sampling data available at the time of cessation of mining. The digital data for the Main, Main Reef Leader and Kimberley Reefs have been used to confirm/reconcile and/or re-evaluate the resource on these reefs on the 3Cs mines, as well as to evaluate the resource on these reefs for the other lease areas. The other old lease areas referred to are Robinson Deep, Langlaagte, Village Main and the AngloGold – Ashanti property.

17.2.2 Classification considerations

Viljoen and Viljoen have relied upon the following criteria in classifying their Inferred Mineral Resource:

“Presence and use of dense to scattered sedimentological and mineralisation data showing continuity in the form of sedimentary channels and associated ore shoots. Thus, a high degree of confidence exists for such resources which could readily be upgraded to the Indicated Resource category following check sampling and analysis”.

Viljoen and Viljoen note that once access to the underground workings is achieved and existence of reef blocks and old stope faces is confirmed and the potentially open pittable mineralisation is confirmed then upgrading of the Inferred Resources to Indicated and Measured Resources should be readily achievable.

17.2.3 Depth categories

In their April 2006 report Viljoen and Viljoen have considered three depth categories of gold mineralisation within the Central Rand project:

- 0-70 m below surface – potentially accessible by open pit mining;
- 70-900 m below surface – accessible underground via old workings; and
- below 900 m (ie below the current water table) down to approximately 2,800 m.

Viljoen and Viljoen also noted the occurrence of what they called “ultradeep resource” for the Main Reef Leader south of the project’s old mine lease boundary (ie below 2,800 m to about 3,300 m below surface).

17.2.4 Reef modelling considerations

Since the closure of the Central Rand Goldfield mines in the 1970s, there has been continued interest in establishing the nature and extent of reef resources remaining within the mining leases. Early compilations and appraisals of the historic mining data were generally undertaken in the context of a geological model that called for alluvial fan entry in the West Rand area. During the last fifteen years Viljoen and Viljoen and their students at the University of the Witwatersrand Economic Geology Unit (UWEGU) have undertaken geological reconstructions which revealed an important fan-like entry point for the Main, Main Reef Leader and South reefs located centrally within the Central Rand project area (centred on down-town Johannesburg). This reconstruction is illustrated in Figure 17.1 and depicts a strong southeast palaeocurrent direction with some local southwest channelling.

This interpretation has influenced Viljoen and Viljoen’s definition and delineation of palaeochannels, and hence payshoots, within successive reefs in the Main package in the Central Rand project. Application of the model has led them to identify resources within unmined reef remnants and down-dip payshoot projections for the Main, Main Reef Leader and South Reefs within the Main Reef package.

Compilation of historical stope outlines and sample data for the Bird and Kimberley Reefs that were mined suggest a source area to the west of the Central Rand.

17.2.5 Geological modelling

The resource estimates compiled by Viljoen and Viljoen relied upon a structural model for the Central Rand project area which was compiled by consultants engaged by Rand Mines, the former operator of the 3Cs mines. Studies were carried out by Grohmann (1988) for the old mining lease areas and Reading and Reynolds (1993) for the ultra-deep areas (ie below about 2,800 m). The resultant reef structure contour plan, with contours drawn at 500 m intervals on the Main Reef Leader, is presented in Figure 17.2. Also shown are the more significant dykes and faults recorded on mine plans.

The original structure-contour plans were compiled from 1:10,000 mine plans while the structure contours in the ultra-deep areas are reported to have been based in part on six deep surface drillholes and 3D seismic reflection studies. Three of the six surface drillholes were drilled within an

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area known as the Argonaut lease area in the 1980's. The Argonaut area is identified on Figure 4.1 as the Excluded Area south of the old City Deep lease. The Excluded Area is not part of the CRG SA project. The Authors do not have details of the drillholes or their precise locations. Snowden has not been advised of the location of the seismic studies. According to Figure 17.2 the Main Reef Formation is relatively undisturbed and dips south at about 40° near surface, flattening to 17° at depth. The map also shows the presence of major dykes and faults mostly striking north-northwest and north-northeast, with an east-west direction also being evident.

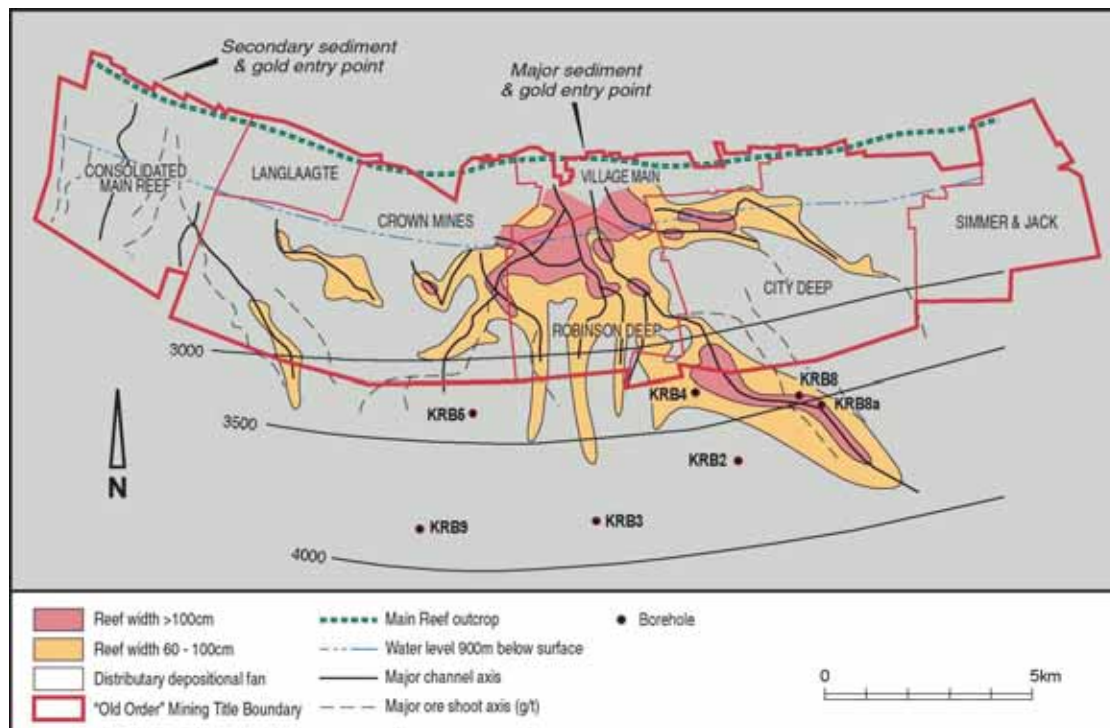


Figure 17.1 Reconstruction by Viljoen and others 2004 showing location of the principal fan entry point for the Main Reef

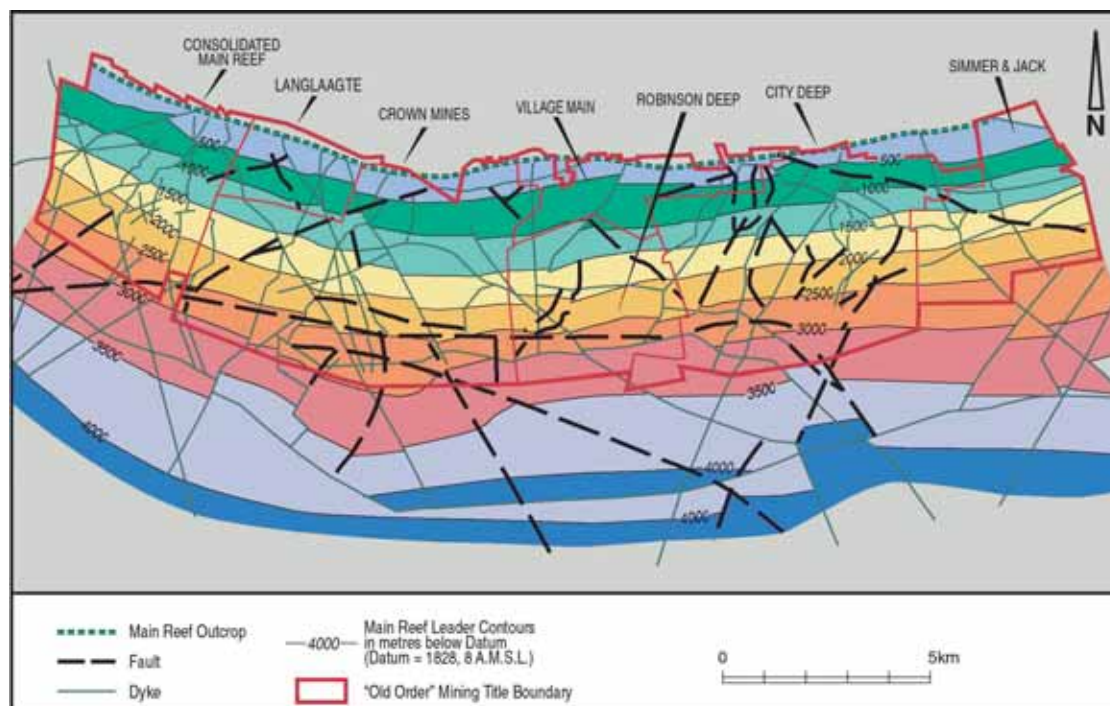


Figure 17.2 Main Reef Leader structure contour plan also showing dykes and faults

17.2.6 Sources of information

17.2.6.1 Underground sampling and drillhole sampling data

A large comprehensive underground sample dataset originating from Rand Mines (the former mining lease holder for the 3Cs mines) has been utilised by Viljoen and Viljoen for the 3Cs mineral resource estimate. This data appears to be correctly coordinated and supports basic Witwatersrand sedimentology. Definite high and low grade areas were observed in the data.

17.2.6.2 Underground plans and mapping

The amount of historical mine information in the form of plans, studies, reports, underground sample data, drillholes and resource estimates available is variable across the project area. Some of the historical mine records have not been located and may even have been destroyed.

17.2.6.3 Studies and reviews

Mr Tony Jamieson, a Johannesburg based geological consultant, was engaged by CRG SACRGL to review historical mine production data, including reports and plans, relating to the mine leases that are now incorporated within the Central Rand project. Jamieson's report notes that geological structures including dykes, faults and folds, as well as payshoot continuity, are all factors that impacted mining when the mines were operating. Jamieson noted that dykes and faults in particular rendered some ore blocks unsafe to mine and some areas unsafe to access.

Snowden notes that mining on all Witwatersrand gold mines is affected to some extent by dykes and faults which can have an influence on the resource estimate as well as the mine design. Taken overall it appears that the Central Rand Goldfield has been disrupted to a relatively minor degree compared with fault and dyke disruption in some of the other goldfields. Nevertheless the influence of faults and dykes in the Central Rand project will only become apparent once the old workings within the Central Rand project are accessed. Only then will it be possible to determine the extent to which ore blocks (mineral resources) might be sterilised on safety grounds.

Jamieson has also noted that in some areas old plans have been relied on to identify unmined reef blocks. Whether the reef blocks still remain intact, or whether they were mined subsequent to drafting of the particular plan without it being updated, can, only be confirmed once initial old workings have been accessed. It is, however, Snowden's understanding that it is most unlikely that any mining occurred without mine plans being updated.

17.2.7 Inferred Mineral Resource estimates

17.2.7.1 Estimation methodology

Viljoen and Viljoen used historical mine data including gold grades and reef thickness and, guided by conglomerate channels, modelled payshoots that they concluded represent continuous areas of higher grade gold and gold accumulation within the various reefs. Their sedimentological model depicts high energy channels of a braided alluvial fan with thicker multi pulse conglomerate layers with sand interlayers passing laterally into slightly lower energy areas where the reef is thinner and consists generally of only one conglomerate layer. The pebbles are well packed and well sorted and the highest concentration of pyrite/gold and other heavy minerals occurs in these narrower reefs which are generally higher grade. They represent ore shoots defined for the shallow resource by the 3 g/t gold cut-off.

Each reef horizon was estimated independently and is detailed in Viljoen and Viljoen in their various reports. The values for width and grade are simple averages of the underground samples within the respective payshoots.

The results of six existing deep drillholes (including the three within the Argonaut Excluded Area) south of the old mine lease boundaries were used to assist in the definition of the modelled payshoots.

Viljoen and Viljoen have delineated mineralisation blocks with respect to vertical depth below surface. The blocks are identified on a series of plans they presented in their reports. The plans show the resource block number, the grade and the area in square metres per block. Snowden has reviewed a listing of all blocks and their inferred grades for the 3Cs areas reported by Viljoen and Viljoen and can confirm that the blocks shown on these figures tally with the listing examined. Tonnages are derived using a density of 2.7 t/m³ and a dip correction for each reef area. Viljoen

considers this density to be applicable to the pyritic quartz reef as well as the conglomeratic reefs and this assumption appears reasonable to the Authors.

17.2.7.2 Summary estimates

Table 17.8 summarises Viljoen and Viljoen's (2006c) classified Inferred Resource by reef and depth interval. The total Inferred Resource for the areas studied by Viljoen and Viljoen on the old order mining leases of the Central Rand project is 167 Mt at 6.1 g/t (1 million kg or 33 million ounces of gold). Inferred Resource estimates for Simmer and Jack were not included in Viljoen and Viljoen's estimate. As an Inferred Resource the estimate could be interpreted to have an estimation error in the order of $\pm 40\%$ to 50%. It is important to note that Viljoen and Viljoen did not include in their Inferred Resource estimate reef mineralisation located in the immediate vicinity of old mining areas such as unmined but blocked out reef or support pillars. This could represent a significant amount of additional reef mineralisation.

Table 17.8 Viljoen and Viljoen Inferred Resource summary by reef and depth interval

Reef	35-200 m			0-70 m			70-900 m			900 approx 3,300 m			Total		
	Mt	Grade g/t Au	'000 kg Au	Mt	Grade g/t Au	'000 kg Au	Mt	Grade g/t Au	'000 kg Au	Mt	Grade g/t Au	'000 kg Au	Mt	Grade g/t Au	'000 kg Au
Main				2.1	4.0	8	29.5	4.5	133	55.7	4.5	251	87.3	4.5	393
PyQtz										0.9	45.0	41	0.9	45.0	41
Main Reef Leader				0.2	17.8	4	3.0	10.0	30	50.7	8.8	446	53.9	8.9	480
South Reef										5.3	6.0	32	5.3	6.0	32
Bird Reef				1.2	2.5	3	8.2	4.0	33			0	9.4	3.8	36
Kimberley Reef	0.9	2.3	2	1.5	3.0	5	8.1	3.5	28			0	10.4	3.3	34
TOTAL	0.9	2.3	2	5.0	3.8	19	48.8	4.6	224	112.6	6.8	766	167.2	6.1	1,020

Note: Totals may not add up exactly due to rounding

17.2.8 Main Reef Leader

The Main Reef Leader has been comprehensively mined in all the old lease areas of the Central Rand Goldfield to a depth of about 2,800 m below surface. The largest area of unmined, shallow to intermediate depth Main Reef Leader is in the western part of the Consolidated Main Reef lease where Viljoen and Viljoen have estimated an Inferred Resource of 3 million tonnes grading 10 g/t gold.

At shallow depth on the eastern side of Consolidated Main Reef a number of small unmined Inferred Resource blocks of Main Reef Leader have been identified by Viljoen and Viljoen which they have estimated to be 180,000 tonnes at about 18 g/t gold. These blocks were left unmined because of an overlying surface sands dump which has now been removed or substantially removed.

The most extensive occurrence of Main Reef Leader within the project area occurs as a fringe between the deepest old working level (approximately 2,800 m vertical depth) on Main Reef Leader and the southern project boundary (at approximately 3,300 m maximum vertical depth). In this fringe zone within the project Viljoen and Viljoen have estimated some 32.75 million tonnes at between 10 g/t and 17 g/t gold. This is included within the Inferred Resource summary in Table 17.8.

It is important to note that if CRG SA should consider developing an ultra deep mining operation accessing reef (in particular the Main Reef Leader) below -3,800 m by developing new shafts and without fully dewatering all the old workings down to -3,800 m, then a substantial water pillar will have to be left. This will have the effect of sterilising a wide area of reef possible 100 m to 200 m in width.

In the Authors' opinion it is unlikely that an ultra deep mining operation exploiting reef below -2,800 m will be developed in a period of less than 10 to 20 years. This conclusion is arrived at by taking

into account CRG SAs likely focus on exploiting the reefs above the water table over the next several years, the considerable time required to drill the necessary deep drillholes and the time required to sink shafts and build the required infrastructure.

17.2.9 Main Reef

Viljoen and Viljoen (2006a) have recently undertaken relatively detailed modelling of the Main Reef across the project area by reference to mine plans for each of the old mine leases. Table 17.9 summarises the Main Reef Inferred Resource with respect to the old order mine leases and within depth intervals of 0-70 m, 70-900 m and below 900 m to approximately 2,800 m. Modelling of Main Reef is of considerable importance to the Central Rand project because relatively little of it has been mined and it offers a very substantial exploration target for CRG SA.

Table 17.9 Viljoen and Viljoen Main Reef Inferred Resource summary by area and depth interval

Old Order Mine Lease	0-70 m			70-900 m			900-2,800 m			Total		
	Mt	Grade g/t	'000 kg Au	Mt	Grade g/t	'000 kg Au	Mt	Grade g/t	'000 kg Au	Mt	Grade g/t	'000 kg Au
3Cs	1.7	4.0	7						0	1.7	4.0	7
CMR				12.7	3.8	48	5.6	4.2	24	20.0	3.9	78
Langlaagte	0.4	4.0	2								4.0	2
Crown NE				4.5	6.6	30	8.5	4.5	38	13.0	5.2	68
Crown SW							14.4	4.8	69	14.4	4.8	69
Village Main				4.0	4.3	17				4.0	4.3	17
Robinson Deep				2.4	4.1	10	18.3	4.1	75	20.7	4.1	85
City Deep				5.9	4.7	28	8.9	5.0	45	14.8	4.9	73
TOTAL	2.1	4.0	8	29.5	4.5	133	55.7	4.5	251	88.6	4.5	393

Note: Totals may not add up exactly due to rounding

There appear to be several reasons why the Main Reef was only given cursory attention by the mine operators prior to closure of the mines. The reasons include its strongly channelled nature, and its relatively low grade compared with other reefs that were on offer. It is unlikely that a serious underground mining operation would attempt to mine at the average grades shown in the table but rather, through exploration, would identify areas that could be selectively mined at higher grades.

In view of the likely importance of the Main Reef in any future mining operations within the Central Rand project the Authors have presented in some detail Viljoen and Viljoen's observations on the potential of the reef in the project area.

Viljoen and Viljoen presented detailed interpretative geological plans based on their assessment of the historical information for Main Reef. The following comments are based on Snowden's review of Viljoen and Viljoen's plans (which are too detailed for acceptable reproduction in this report).

17.2.9.1 Consolidated Main Reef

The following is noted with respect to Viljoen and Viljoen's modelling of Main Reef on the old Consolidated Main Reef mine:

- an extensive data set was used;
- modelling of Main Reef data shows a pattern of regional channels and ore shoots;
- down to about 1,200 m below surface channel and ore shoot trends are dominantly north-northwest to south-southeast; at least 12 ore shoot axes were defined;
- shoots were defined on 3 g/t gold cut-off with areas above 5 g/t gold distinguished;
- lower grade areas appear to occur between shoots;

- in the southern part of the Consolidated Main Reef lease (ie below 1,200 m to approximately 2,700 m vertical depth) there appears to be a major ore shoot/channel system which also appears to be strongly developed on properties to the west (Rand Leases and Durban Roodepoort Deep);
- major channels taper eastwards; and
- between channels there appears to be poor reef development.
- ten resource blocks above 3.0 g/t gold have been defined between surface and 900 m (water level) and twenty blocks below water level.
- the tonnage estimate is based on an average thickness for the Main Reef of 1 m and a 2.7 t/m³ bulk density for the reef.

17.2.9.2 Crown Mines / Langlaagte

Viljoen and Viljoen's modelling of Main Reef on Crown Mines/Langlaagte showed:

- a relatively extensive data set was used
- two distinct sets of mineralised shoots one in the northern and northeastern part of the old lease and the other in the southwest
- in the northeastern part of the lease five main south-southwest trending shoots were identified, each of which average about 1,200 m in width
- in the southwest of the lease two principal west-northwest trending shoots and one significant southeast shoot were identified. The best defined and highest grade of the west-northwest shoots has been extensively stoped along its length while only sporadic stoping has taken place on the other shoots.
- the Main Reef on Langlaagte has been estimated by Viljoen and Viljoen by projecting zones of mineralisation northwards from the old Crown Mines lease. Viljoen and Viljoen have not had access to any old mine plans for Langlaagte.

17.2.9.3 Robinson Deep/Village Main

East of Crown Mines are the old Village Main and Robinson Deep leases. Village Main incorporates only the relatively shallow or up-dip part of the Main package of reefs. Robinson Deep incorporates the down dip extensions of these reefs as well as the Bird and Kimberley reefs from their exposures at surface.

Viljoen and Viljoen's plans show the following:

- southeast channelling is interpreted on Village Main and the northern part of Robinson Deep above 900 m vertical depth, while below 900 m the grade contours appear to delineate west – southwest zones or ore shoots. No areas of Main Reef stoping have been shown.
- resource blocks are confined to areas for which a relatively large number of underground samples are available.
- a distinctive and potentially economically significant facies of the Main Reef is the Pyritic Quartzite which appears to occur as deeply incised channel complexes which are several metres thick and several hundred metres wide. Where the Pyritic Quartzite is developed it appears to have eliminated the Main Reef and incised quite deeply into its footwall.
- Viljoen and Viljoen interpreted a southwest trending Pyritic Quartzite channel in the northeast corner of Robinson Deep and part of another channel at some considerable depth (2,000 m to 2,800 m) on the eastern boundary of Robinson Deep.

17.2.9.4 City Deep

City Deep is one of the original 3Cs properties that was evaluated over a period of several years by Viljoen and Viljoen. Viljoen and Viljoen's plans show that:

- stoping on the Main Reef appears to have been restricted to the northernmost part of the City Deep lease and is largely confined to a 1.5 km wide area sandwiched between two west-southwest trending Pyritic Quartzite channels each of which is some 700 m to 800 m wide. About 10 to 15% of the southern Pyritic Quartzite channel appears to have been stoped.
- west-southwest-trending channels with up to six “ore shoots” are modelled, with most gold grades above 3 g/t, large zones above 5 g/t and some narrow zones above 9 g/t.
- the general impression is that the Main Reef gold grades encountered on the City Deep lease are higher than on the old Village Main and Robinson Deeps leases to the west of City Deep. Viljoen and Viljoen have noted that the higher grade of Main Reef on City Deep is suggestive of it being a more proximal reef.
- the Pyritic Quartzite consists of up to 12 pyritic layers ranging from a few centimetres to several tens of centimetres within the channel complex which in places is up to 60 m thick (Camden-Smith et. al., 1980). Gold values from the pyritic channel are exceptionally high but generally erratically distributed.
- an Inferred Resource has been delineated for Main Reef within three blocks above the 900 m water table in the northwest part of City Deep and in ten blocks below the water table.
- a small area of Pyritic Quartzite has been identified as an Inferred Resource of 0.9 million tonnes at 45 g/t over 40 cm (arithmetic average). This estimate is based on 21 samples from an area measuring 2 km x 0.5 km where isolated stoping has occurred in the past. Additional exploration is required to upgrade the confidence in the estimate.

17.2.9.5 Simmer and Jack

East of City Deep is the Simmer and Jack lease which has recently been acquired by CRG SA through an acquisition agreement. At this stage Viljoen and Viljoen have still to carry out their review of mineralisation on the Main Reef of Simmer and Jack.

17.2.10 **Kimberley Reef**

17.2.10.1 Consolidated Main Reef

In their April 2006 report Viljoen and Viljoen (2006a) draw attention to “new” digital data they relate to the Kimberley Reef on Consolidated Main Reef and advise that this data confirms the distribution pattern they previously reported in their 2004 report.

The most extensive mining of Kimberley Reef within the entire project area occurs on the eastern side of the Consolidated Main Reef lease.

Viljoen and Viljoen’s plans show:

- south-southwest oriented gold grade zones or “shoots”, the margins of which are defined by 3 g/t gold cut-off. It is evident that the outlining of these zones has been strongly influenced by the pattern and layout of old stopes;
- +3 g/t gold zones separated by pebble conglomerates in the 2-3 g/t gold grade range.
- a few widely spaced short surface exploration drillholes (200 m to 500 m apart) show potential for open pit locations now being explored by CRG SA.
- The modelling of Kimberley Reef ore shoots on the western side of Consolidated Main Reef, by Viljoen and Viljoen, is unchanged from that presented previously in Viljoen and Viljoen’s April 2004 report.

17.2.10.2 Crown Mines

Viljoen and Viljoen (2006a) suggest that the main ore shoot development on the Kimberley Reef on Crown Mines is at 14 Shaft, where the Gold Reef City tourist attraction has been developed, with a smaller shoot complex to the west.

Modelling of gold grade data recently acquired by Viljoen and Viljoen substantially confirmed the gold grade distribution pattern and resource estimate presented by them in 2004.

As on Consolidated Main Reef, Viljoen and Viljoen note that low grade gold mineralisation (1 to 3 g/t gold) occurs in the K9A reef between the higher grade shoots. In effect this means that the Kimberley Reef on the Crown Mines lease is mineralised more or less continuously across the whole shoot complex, a distance of 1,500 m. The tonnage and grade of this lower grade Kimberley Reef has yet to be estimated and hence is not included in Viljoen and Viljoen's Inferred Resource estimates.

Viljoen and Viljoen have not reported any information relating to the Kimberley Reef on any of the old mining leases east of Crown Mines (ie Village Main, Robinson Deep, City Deep and Simmer and Jack).

17.2.11 South Reef

With respect to the South Reef, Viljoen and Viljoen make the following observations:

- there appears to be a modest resource associated with South Reef remaining on Crown Mines. However, there is uncertainty about continuity of the reef in areas south of where stoping ceased;
- there appears to be a South Reef shoot straddling the common boundary of City Deep and Robinson Deep leases;
- there appears to be some mineralised South Reef blocks on its down-dip portion in the eastern part of the City Deep lease;
- the grade of the South Reef on the Simmer and Jack lease appears to have been higher than elsewhere in the project area and most of the reef has been stoped out. According to Viljoen and Viljoen there is potential for South Reef with relatively high grade gold mineralisation at depth but this has not been assessed at this stage;
- little is known about the South Reef at depth on Consolidated Main Reef and no resource has been estimated at this stage; and
- at this time there are relatively small amounts of South Reef identified by Viljoen and Viljoen on all 3Cs leases, categorised as Inferred Resource (5.3 million tonnes of 6 g/t below 900 m).

17.2.12 Bird Reef

Viljoen and Viljoen note that, in their opinion, the Bird Reef that was mined extensively on Consolidated Main Reef persists eastwards, albeit at lower grade, into the Crown Mines lease where it has not been mined.

A notable aspect of reefs within the Bird package is their uranium content which is reported to be relatively high. This is particularly so for two of the reefs, the Monarch and Upper Monarch, neither of which have been mined. Uranium grades of up to 0.21% U (2.1 kg/t) have been reported.

17.2.13 Mineral resource report by depth

In their 2006 reports Viljoen and Viljoen reported Inferred Mineral Resources in three depth ranges: 0 m to 70 m, 70 m to 900 m and below 900 m. Kimberley Reef and Ancillary Reefs are also reported in a depth range 35 m to 200 m¹. Table 17.10 summarises the Viljoen and Viljoen Inferred Resource by reef and depth interval.

17.2.13.1 Depth range 0 m to 70 m

This depth range has been selected for reporting purposes because it is considered a realistic depth to plan for open cut mining operations in situations where surface infrastructure permits such mining.

¹ Note: 35 to 200 m: Viljoen and Viljoen report an additional 65,000 oz in Kimberley Reef in this depth range.

Viljoen and Viljoen have noted that in their opinion the potential exists to open pit mine areas of Main, Main Reef Leader, Bird and Kimberley Reefs on the Consolidated Main Reef and Crown Mines leases. Viljoen and Viljoen have identified some 600,000 ounces of gold that they have categorised within the Inferred Resource category. Of this amount about 100,000 ounces is attributed to an unmined block of Main Reef Leader that until very recently was overlain by a large tailings dump.

17.2.13.2 Depth Interval 70 to 900 m

Viljoen and Viljoen tabulate their inventory of Inferred Resource for the 70 m to 900 m depth category in their 2006 reports (7.2 Moz). No firm inventory has yet been established by Viljoen and Viljoen for the old Simmer and Jack lease in the eastern part of the Central Rand project.

17.2.13.3 Depth interval greater than 900 m

This depth interval extends from current water level at 900 m below surface to approximately 2,800 m below surface. Viljoen and Viljoen have reported approximately 25 Moz for this depth interval. They have also identified reef mineralisation south of CRG SA's Central Rand project but this has not been included for consideration in this report.

17.2.13.4 Summary of Inferred Mineral Resources delineated by Viljoen and Viljoen

Viljoen and Viljoen's compilation work of Mineral Resources is summarised in Table 17.10.

Viljoen and Viljoen elected to classify all the resources as Inferred Mineral Resources based on "Presence and use of dense to scattered sedimentological and mineralisation data showing continuity in the form of sedimentary channels and associated ore shoots." Viljoen and Viljoen state that there is a high degree of confidence for such resources which could readily be upgraded to the Indicated Resource category following check sampling and analysis".

Table 17.10 Compilation of Viljoen and Viljoen's Inferred Resources within the Central Rand Project Area

Depth Interval	Inferred Resources '000 kg Au	Inferred Resources Million Ounces
0-70 m	2	0.6
70-900 m	22	7.2
below 900 m	77	24.8
Total	101	32.6

Viljoen and Viljoen's Inferred Resource is confined to reef blocks within the old mines that are identified on the old mines plans and for which there exists reasonably extensive and in some cases very extensive underground sampling. The reason why reef blocks appearing on the plans remain unmined is not known but presumably they did not meet the criteria for mining when the mines were open and operating. In Snowden's opinion the classification category of these Mineral Resources is open to debate and no doubt a strong case could be made to classify at least some of the blocks as Indicated Resources if not Measured, given the amount of sample data available for the assessment of each block. It appears that the principal reasons for limiting the classification to Inferred Resources is the age of the data. Nevertheless in Snowden's opinion Viljoen and Viljoen have been circumspect in their delineation of Inferred Resources.

17.2.14 **Snowden's review of Viljoen and Viljoen's estimates**

In February 2006, Snowden carried out a review of the mineral resource estimate reported by Viljoen and others (2004) for the 3Cs area within CRG SA's Central Rand project.

The mineral resource blocks delineated by Viljoen and others have been interpreted on geological plans and are not included in an electronic database. It was, therefore, not possible to directly confirm the veracity of gold grades estimated for the resource blocks. Snowden is, however, satisfied that Viljoen and Viljoen acted with integrity and applied sound geological practices in the processes they followed to establish the resource estimates reported. Snowden's review of the mineral resource statement reported by Viljoen and others (2004) specifically examined the

reliability of the key assumptions and interpretations that form the foundation for their resource statement.

Snowden has been advised by Viljoen and Viljoen that they relied upon underground assay and reef width data from the 3Cs area which is stored in an electronic database compiled by Rand Mines. This information was used in conjunction with historical sedimentological data to interpret payshoot outlines.

Snowden has made the following observations that arise from its review of the latest resource estimate reported by Viljoen and Viljoen:

1. There is a very large database of underground sampling data. Snowden has examined computer generated plots of the data originally compiled by Rand Mines.
2. Snowden was unable to establish beyond doubt that the mine plans relied upon by Viljoen and Viljoen represent the status of the actual underground workings at the time the mines closed, however, any differences are likely to be minor and not material.
3. Snowden notes that Viljoen and Viljoen delineated resource blocks on the mine plans “by hand” according to gold grade, reef width and gold content expressed in cm.g/t gold. Areas of high and low gold content were delineated.
4. Snowden was informed that the dataset employed by Viljoen and Viljoen has been subjected to intense validation over many years to ensure that it forms a reasonable basis for resource estimation.
5. Snowden notes that no quantitative statistical analysis of the data employed for resource estimation has been carried out.
6. The six deep drillholes drilled to the south of the Central Rand project area have influenced Viljoen and Viljoen’s geological interpretation of channel geometry and ore shoot characteristics within the Main, Main Reef Leader and South reefs. Snowden has not examined the borehole cores from these holes to confirm the reasonableness of the interpretation.
7. The reports by Viljoen and Viljoen provide a concise summary of resource estimation methodology. In Snowden’s opinion there is scope to document in more detail the methodology followed and the basis for decisions made, for example to explain the basis of the 3 g/t gold cut-off grade applied by Viljoen and Viljoen and to justify the extent of gold grade extrapolation within resource blocks.

Notwithstanding the foregoing comments it is clear to Snowden that a considerable amount of detailed work has been carried out to arrive at the estimates reported by Viljoen and Viljoen. Furthermore, Viljoen and Viljoen have clearly taken steps to present prudent estimates to which they have ascribed a low confidence classification.

In Snowden’s opinion Viljoen and Viljoen have been circumspect in their delineation of Inferred Resources across the Central Rand project area (excluding the old Simmer and Jack mining lease). Snowden has reviewed Viljoen and Viljoen’s work in some detail and is of the opinion that it provides a sound basis on which CRG SA can plan the future exploration of much of the project.

17.3 Resource estimates by Lemmer

Dr C Lemmer (“Lemmer”) of Geological and Geostatistical Services was engaged by Shango (acting on behalf of CRG SA) to prepare updated independent geostatistical resource estimates for the Main Reef and Main Reef Leader remaining within the Central Rand project area. Lemmer’s reports are dated March and May 2007. Lemmer’s Mineral Resource has not been externally audited apart from the review undertaken by the Authors.

Lemmer (2007 a and b) has made the observation that the available data is all based on underground development (and in some cases stope) channel samples collected by major South African mining houses in the “thorough traditions of the times”.

None of CRG SAs recent surface exploration work, including surface drilling, has contributed to the resource estimates reported by Lemmer.

The Mineral Resource has been reported on the assumption that conventional mining techniques will be employed. This provides the basis for the cut-off grades applied by Lemmer which increase with depth in line with conventional cost structures. It is noted that CRG SA proposes to use a mining method involving slots from surface to about 30 m then a mechanised underground mining method with mobile crushing and screening units to reduce costs and minimise environmental impact. CRG SA expects that a large proportion of the reject material will be used for backfill which will reduce tramming and increase rock stability. Mining studies have yet to be undertaken to determine feasibility and hence ore reserves.

If this study is positive, it is likely to result in a revision of cut-off parameters for resource reporting. Lemmer is of the opinion that the resource will increase in tonnage and the grade will drop in line with a lowering of the cut-off grade.

The most noticeable impact could be at depth where mineralisation identified by Lemmer as Mining Target Mineralisation is currently excluded from consideration on the assumption of conventional mining. This mineralisation is not an accepted resource category according to the JORC Code for reporting Mineral Resources.

However, this mineralisation might become economically extractable if a significant advance in mining technology such as mechanised mining or a significant increase in gold price makes it feasible to mine at significantly lower cut-off grades than those used currently in Witwatersrand mines. (The management of CRG SA has advised Snowden that its approach to any underground mining that it conducts within the project area will almost certainly not be by “conventional Witwatersrand mining methods” but will involve a substantially mechanised approach).

Lemmer (2007) has reported an independent resource for the Main Reef and Main Reef Leader of the Central Rand project on Consolidated Main Reef, Crown Mines, Robinson Deep (including a portion of Village Main Reef) and City Deep old order mining leases. In addition Lemmer has reported the resource for the Main Reef Leader on the Simmer and Jack lease. No resources are estimated for Langlaagte (all old data has been lost) and only a small proportion of Village Main Reef is estimated due to lack of data.

Development sample assay data was derived from the Rand Mines database regularised to a 25 m by 25 m grid. Data locations were transformed from numerous local grids to a single grid system by translating survey co-ordinates and referencing the data to the latest shareholder plans on a scale of 1 to 10,000. The locations of major faults and dykes and mined-out voids were digitised from the same plans. Pattern recognition software was used to match the point data to mining development.

The estimate was completed after the verification of, amongst other items, property and data coordinates, stoped out areas, dip and depth information. On this basis Lemmer has classified the Main Reef and Main Reef Leader resource as Indicated and Inferred Mineral Resources.

Lemmer (2007) has estimated an Indicated Resource of 39.4 Mt at 6.3 g/t plus an Inferred Resource of 16.2 Mt at 7.3 g/t (for a total of 55.6 Mt at 6.6 g/t) remaining for Main Reef. The remaining Main Reef Leader is estimated as an Indicated Resource of 35.6 Mt at 11.7 g/t plus an Inferred Resource of 9.9 Mt at 12.6 g/t (for a total of 45.5 Mt at 11.9 g/t). The overall Indicated Resource is 75 Mt at 8.9 g/t and the overall Inferred Resource is 26.1 Mt at 9.3 g/t (for a total of 101.1 Mt at 9 g/t).

Lemmer reports that the purpose of the re-estimation was to incorporate additional information in order to improve the classification of a portion of the Main Reef resource from Inferred to Indicated. In addition, domains were defined on the basis of geological attributes such as width or thickness of reef, gold grade and accumulation (grade x channel width).

Table 17.11 summarises the current Mineral Resource Estimates for the Main Reef and Main Reef Leader.

Lemmer's resource estimate is based mainly on the "Rand Mines" database where individual data points (mainly located along on-reef development) were regularised into 25 x 25m blocks but also contains some data from stoped-out areas. The resource is quoted over a mineable stoping width (100 cm above 900 m vertical depth, 110 cm between 900 m depth and 1500 m and 120 cm below 1500 m depth). Cut-off grades were determined per depth domain and increase from 100 cmg/t at surface to 1200 cmg/t below 3000 m depth.

For open cut areas, cutoffs were estimated using examples such as the Tarkwa gold mine in Ghana, and the Lindum Reefs mine in South Africa.

The continuity of the mineralisation was determined using variograms for reef width and grade x width accumulations and generally confirmed a preferred direction to the southeast (also refer Stewart and others, 2004).

Based on these parameters, ordinary kriging was applied to estimate the accumulation and reef width for 250 m x 250 m blocks. Widths were "bulked up" to the assumed minimum stoping widths at the various depths and 10 cm external waste was applied for shallow mining above 70 m depth (open cut). The proportion of selective mining units of 25 m x 25 m within each block was determined using standard Witwatersrand economically viable cut-offs, and taking into account currently practiced mining methods. The cut-offs applied by Lemmer range from 100 cm.g/t at surface to 1200 cm.g/t below 3000 m depth.

Table 17.11 Lemmer's classified Mineral Resource Estimates*

Area	Reef	Indicated		Inferred	
		Mt	g/t Au	Mt	g/t Au
Consolidated Main Reef	Main Reef	13.3	5.2	1.5	5.5
Crown Mines	Main Reef	12.7	7.0	7.1	6.9
City Deep	Main Reef	8.8	6.9	7.5	8.1
Robinson Deep	Main Reef	4.6	6.3	0.1	7.0
Subtotal	Main Reef	39.4	6.3	16.2	7.3
Consolidated Main Reef	Main Reef Leader	6.8	11.5	1.6	10.7
Crown Mines	Main Reef Leader	7.0	12.8	2.3	14.5
Robinson Deep	Main Reef Leader	7.0	11.7	2.7	13.2
City Deep	Main Reef Leader	6.2	13.0	1.5	13.1
Simmer and Jack	Main Reef Leader	8.6	10.1	1.8	10.4
Subtotal	Main Reef Leader	35.6	11.7	9.9	12.6
Total		75.0	8.9	26.1	9.3

*Note: Maximum depth of Main Reef is 3,000 m, 9% of Main Reef Leader (Indicated) and 33% of Main Reef Leader (Inferred) located below 3,000 m.

Lemmer reported the resource within depth categories 0 to 70 m, 70 to 200 m 200 to 900 m, 900 to 1500 m, 1500 to 3000 and below 3000 m for each mine area using a density of 2.7 t/m³ for the resource above 70 m and 2.73 t/m³ elsewhere after applying an allowance for 10% geological loss and dip corrections.

Table 17.12 to Table 17.15 show Lemmer's Main Reef and Main Reef Leader Indicated and Inferred Resources summarised according to the same depth categories used by Viljoen and Viljoen in their reporting.

The change of support was determined by fitting a compound lognormal distribution to data within depth domains and correcting this distribution to represent the expected variability of selective mining units. Where areas displayed a high proportion of mined out material, it was assumed that the remaining material would be lower grade than that previously mined. A correction was made to the grade distribution to moderate tonnage and grade expectations in these areas.

Panels in which the estimated proportion of the tonnage above cut-off is less than 10% have been excluded from the resource. This resulted in the removal of substantial areas at depth (where the cut-off is higher) and entire panels of lower grade elsewhere.

Lemmer classified the resource into Indicated and Inferred categories with the assistance of kriging variance and according to data quantity and quality, variogram ranges, quality of kriged estimates and the characteristically continuous nature of the Main Reef, having noted that the Central Rand Goldfield is structurally relatively undisturbed compared with other goldfields such as the Welkom and Klerksdorp fields.

The criteria used in Lemmer's classification of resources are reproduced in Table 17.16.

Table 17.12 Lemmer's Main Reef Indicated Resource by depth category

Depth (m)	Mt	g/t Au	'000 kg Au	Moz Au
0 – 70	0.6	4.4	3	0.1
70–900	19.3	5.0	96	3.1
900–approx 3,300	19.5	7.6	148	4.8
Total	39.4	6.3	248	8.0

Note: Totals may not add up exactly due to rounding

Table 17.13 Lemmer's Main Reef Inferred Resource by depth category

Depth (m)	Mt	g/t Au	'000 kg Au	Moz Au
0 – 70	0.6	4.7	3	0.1
70–900	5.3	5.4	28	0.9
900–approx 3,300	10.4	8.4	87	2.8
Total	16.3	7.3	118	3.8

Note: Totals may not add up exactly due to rounding

Table 17.14 Lemmer's Main Reef Leader Indicated Resource by depth category

Depth (m)	Mt	g/t Au	'000 kg Au	Moz Au
0 – 70	0.0	0.0	0	0.0
70–900	3.3	10.2	34	1.1
900–approx 3,300	32.2	11.8	382	12.3
Total	35.5	11.7	417	13.4

Note: Totals may not add up exactly due to rounding

Table 17.15 Lemmer's Main Reef Leader Inferred Resource by depth category

Depth (m)	Mt	g/t Au	'000 kg Au	Moz Au
0 – 70	0.2	9.4	2	0.1
70–900	2.8	12.6	35	1.1
900–approx 3,300	7.0	12.6	89	2.9
Total	9.9	12.6	125	4.0

Note: Totals may not add up exactly due to rounding

Figure 17.3 is an example of Lemmer’s classification of the Main Reef resource at Crown Mines, showing the Indicated classification in yellow and the Inferred classification in turquoise, with the underlying data in blue. Only the unmined portions of these areas are accumulated to estimate the remaining resource. Excluded from the resource are the areas shown in black which are not considered economically feasible to extract at this stage, due to their depth and high cut-off grade. No account has been made for exclusion of pillars of any type. Extrapolation of grades into the Inferred Resource is constrained by the search ellipse in directions dictated by the variogram ranges of influence, which are generally less than about 500 m for both accumulation and width.

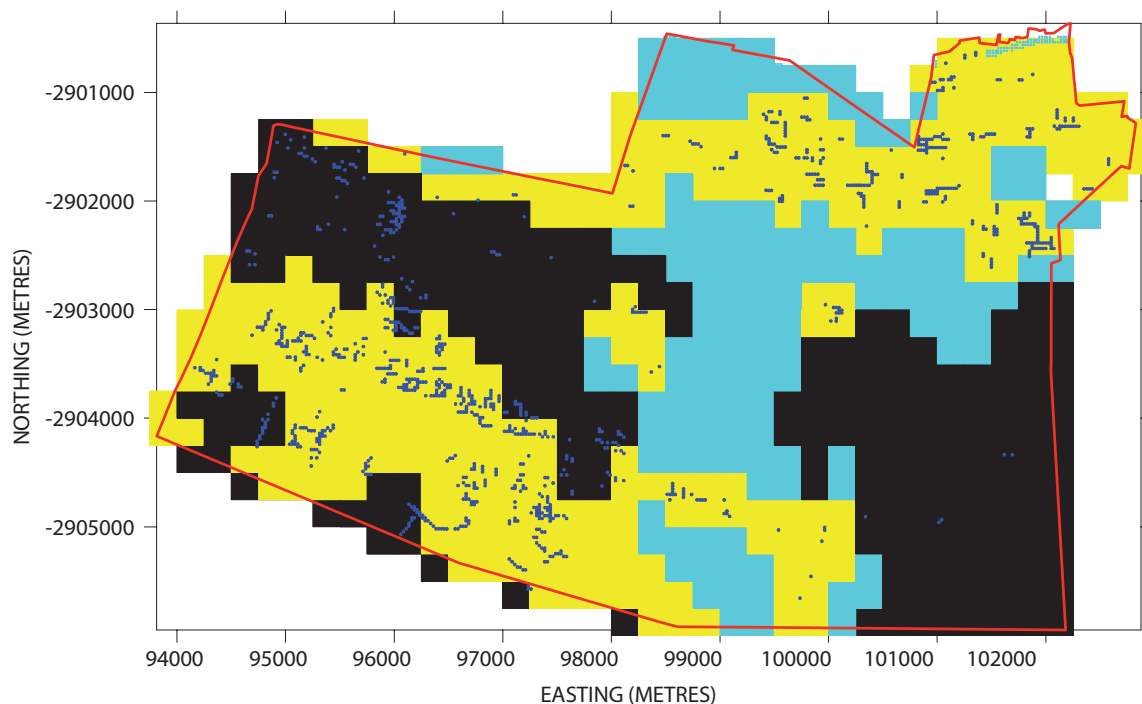


Figure 17.3 Example of Lemmer’s classification of the Main Reef resource at Crown Mines (yellow – Indicated, turquoise – Inferred, blue – sample data, black – excluded)

Table 17.16 Lemmer’s resource classification criteria

Database integrity	The Main Reef data under consideration was initially captured by Durban Roodepoort Deep. This data was then (during 2001) provided to the collaborative Deepmine initiative (Project 2.1.1) for the purpose of developing new and innovative evaluation techniques. Only full reef exposures are included in the database. It was personally communicated to the project team that highly experienced geologists (e.g. Mr. Peter Camden-Smith) were involved, and supervised the data capture.
Data density and distribution	Individual data points have been regularised into 25 x 25m blocks. These blocks are predominantly located along on-reef development. The data considered are distributed across the entire Central Rand Goldfield area. It is emphasized that prediction represents mainly interpolation and more limited extrapolation for the western mines under consideration, whereas the central and eastern mines required more extrapolation.
Accuracy of location of sampling points	Transformation of co-ordinate points to the World Geodetic System 1984 (WGS84) was performed by Mr Keith Young, who has extensive experience in this field. The transformed data was then verified by superimposing data points on accurately geo-referenced shareholder plans, and associated development. In addition, the data also exhibited a good fit relative to the mine boundaries.
Sampling techniques used	Standard Witwatersrand underground channel sampling techniques were applied. The methodology used involved chisel and hammer, locally referred to as chip sampling.
Sample recovery info	The standard procedure was to sample the full channel width without any losses.

Quality of data description	Uneven volume distribution over the full channel width as a result of differential breaking characteristics of the Main Reef is encountered. However, the significant number of data points alleviates this problem. This method of sampling has been proven to be reliable in the Witwatersrand Basin for the last 120 years.
Assaying techniques used	Standard fire, gravimetric assay techniques for gold assaying was conducted. Data post-dating 1947 are corrected for silver. Pre-1947 assays were for bullion only. To the best of our knowledge, all of the data utilised post-date 1947.
Quality of assay data	Routine laboratory inspections were carried out by the relevant mining houses, on a regular basis, to ensure quality. Reputable mining houses (e.g. Rand Gold and Durban Roodepoort Deep) were responsible for obtaining and compiling the data under consideration. The techniques as detailed above result in high quality assaying.
Model volume accuracy	<p>Firstly, CRG SA pooled all available, historical information of the Central Rand Goldfield (e.g. stoping-, development-, ore resource-, shareholder-, and geological plans). From this database, the most recent shareholder plans were accessed to establish the remaining, available resource volume. Annual production figures (tonnes milled) of the different mines were then obtained from the Chamber of Mines Annual Reports. The annual tonnage milled was compared to the year of the shareholder plan. Subsequent to the year of the last shareholder plan a sharp drop-off in production is encountered for all of the mines considered during this investigation. The stope layout was then digitised from the most recent shareholder plan in order to model the remaining resource. It has been concluded that the error in model volume that is involved is not material, but allowances are made where relevant.</p> <p>The dips of the reefs were deduced from geological structure plans. A comparison with a published, down-dip section, from for instance Crown Mines, shows a very good correlation.</p> <p>The resources estimated are considered "mineable resources", in that reef widths at the different depths were bulked up where necessary to appropriate minimum stoping widths. This avoided resources being estimated at unrealistic channel widths that are not mineable.</p>
Geological interpretation	The geological model, including domains, was adopted from R.A. Stewart's Ph.D. thesis, 2004 (see footnote 3). He is a member of SACNASP. This Ph.D. thesis was also supervised by Dr J. Schweitzer (SACNASP) and Mr P.E. Lambert, and verified reef continuity wherever applicable for the reefs across the entire Central Rand Goldfield.
Tonnage factors: SG's and loss factors	<p>SG's of 2.70 for open cut (vertical depth to 70m) and 2.73 for unweathered, underground ore were adopted. Exploration drilling delineates the weathered zone down to 40m beneath surface. Historically, SG's utilised in the Witwatersrand goldfields range between 2.70 and 2.75.</p> <p>Loss factors: geological losses of 10% were applied after excluding major structures. Witwatersrand mines historically used loss factors of 10-20%. However, the Central Rand Goldfield is structurally relatively undisturbed when compared to areas such as the Southern Free State or the West Rand Goldfield.</p>
Estimation techniques	Kriging techniques were applied to estimate mean panel/smu acc. values and reef widths. Distributions were faithfully modelled for all relevant populations, and these distributions formed the bases for smu acc. values in panels, to which cutoff values were applied. Dispersion variances of these smu values were estimated from the relevant variograms.
Rationale of cutoff values used	Standard Witwatersrand, economically viable cutoffs were applied considering currently practiced mining methods. For open cut areas, cutoffs were estimated using examples such as Tarkwa in Ghana, and Lindum Reefs, South Africa.
Mining factors or assumptions	Historical, and currently applied, Witwatersrand mining methods were assumed. External waste (at zero grade) was estimated as 10cm for both footwall and hangingwall dilution in the open cut areas (resulting in recoverable tonnes being higher than <i>in situ</i> tonnes). Other mining factors will only become relevant once reserve estimates are performed.

	<p>The middling between the Main Reef and the Main Reef Leader (the most extensively mined orebody of the Central Rand) is generally less than 2 metres. The mining infrastructure that was established for the Main Reef Leader can also be utilised for Main Reef extraction. In many cases, the Main Reef can be lifted from the existing Main Reef Leader footwall.</p>
	<p>It will be challenging to economically mine the restricted, payable tonnage in the deep areas. Consequently, panels with a payability of less than 10%, and those in the very deep areas, have been excluded from being classified as either Indicated or Inferred. In that respect the resource estimates are therefore conservative.</p>
	<p>In these deep areas, the establishment of mining infrastructure considering the Main Reef only is not justified. However, the viability of extracting these deep Main Reef resources has to be seen in conjunction with the Main Reef Leader resources. The potential exists to mine the low-payability blocks if applying tight geological controls during the deep mining operation. Exclusion of these deep resources from standard classification categories prompted consideration of the category of "Exploration Target Mineralisation". However, the issue is not so much a lack of exploration data in those areas as it is the challenge to come up with a way of finding a suitable mining method. A classification label of "Mining Target Mineralisation" might be more appropriate, as explained in the Introduction.</p>
Metallurgical factors or assumptions	<p>A sound metallurgical understanding of the different reefs exists. A considerable percentage of the ore will be extracted using gravity extraction methods. It is likely that conventional cyanide leaching technology should be applicable. Flotation technology could be considered for underground gold extraction, after gravity treatment. In general, no major metallurgical problems will be encountered.</p>
Historical information of interest about the mine	<p>The mines of interest operated during a low gold price regime, at much higher cutoff grades than at present. Under current economic conditions, considering the cutoff values as applied during this study, significant areas will become economically viable.</p>
	<p>The mines considered commenced mining in 1898, forming part of the initial mining activities of the Witwatersrand Goldfields, which produced some 60% of the World's gold production (about 44,000 tonnes Au).</p>
Historic verification of the performance parameters	<p>Historically, and presently, the orebody under consideration has been successfully extracted. The applied performance parameters are tried, tested and proven in comparable geological and mining settings.</p>
Environmental descriptions of anticipated liabilities	<p>It will not be possible to convert all of the open cut areas to reserve status, due to urbanisation and infrastructural constraints. Legal restrictions prohibit underground blasting shallower than 200m beneath built-up areas. This potential resource could therefore be partially sterilised.</p>
	<p>Attention is drawn to the present-day, in-mine water level, which is situated at approximately 900m beneath surface. Although the resource beneath the in-mine water table is currently sterilised, pumping of such water is routinely performed world-wide. Pumping costs have been considered during the definition of the cutoff values.</p>
	<p>Currently it is planned to dispose of all waste underground. We are unaware of any other environmental liabilities that may occur.</p>
Audits or reviews that have been performed previously	<p>The data under consideration has previously been analysed during the collaborative research initiative termed Deepmine/Futuremine. Rand Gold utilised the information in the late 80's for internal reserve estimation and prediction purposes. The data was also deployed during the definition of the Argonaut project resource by Durban Roodepoort Deep. Prof Danie Krige and Dr Mike Harley were involved in this process.</p>
Classification	<p>Classification took into account all of the above criteria, and considered also variogram ranges and uncertainties associated with estimates (kriging variances). A major criterion for the Indicated resource category is that the reef under consideration is continuous. This aspect is a unique feature of most of the reefs of Witwatersrand Goldfields, including the Central Rand, where mineralisation has been known to continue over kilometres.</p>

17.4 Comparison between resource estimates by Viljoen and Viljoen and Lemmer

Table 17.17 and Table 17.18 show the comparative estimates for Main Reef and Main Reef Leader reported by Lemmer (2007) compared with the earlier estimates reported by Viljoen and Viljoen (2006).

Table 17.17 Comparative estimates for Main Reef

Old Order Mine Lease	Lemmer (2007)				Viljoen and Viljoen (2006c)			
	Indicated		Inferred		Total		Inferred	
	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
3C's	0.6	4.4	0.6	4.7	1.2	4.5	1.7	4.0
Consolidated Main Reef	12.8	5.2	1.2	5.5	13.9	5.3	18.3	3.9
Langlaagte	0.4	4.0						
Crown Mines	12.6	7.0	6.9	6.9	19.6	7.0	27.4	5.0
Robinson Deep	4.6	6.3	0.1	7.0	4.7	6.3	24.7	4.1
City Deep	8.8	6.9	7.4	8.1	16.2	7.4	14.8	4.9
Total	39.8	6.3	16.2	7.3	55.6	6.6	86.9	4.5

Table 17.18 Comparative estimates for Main Reef Leader (excluding Simmer and Jack)

Old Order Mine Lease	Lemmer (2007)				Viljoen and Viljoen (2006c)			
	Indicated		Inferred		Total		Inferred	
	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
Consolidated Main Reef	6.8	11.5	1.6	10.7	8.4	11.3	—	—
Crown Mines	7.0	12.8	2.3	14.5	9.3	13.2	—	—
Robinson Deep	7.0	11.7	2.7	13.2	9.7	12.1	—	—
City Deep	6.2	13.0	1.5	13.1	7.7	12.9	—	—
Total	27.0	12.2	8.1	13.1	35.1	12.4	53.9	8.9

Lemmer (2007) reported an Indicated and Inferred resource for the Main Reef remaining at Consolidated Main Reef, Crown Mines, City Deep and Robinson Deep which totals 55.6 Mt at 6.6 g/t gold. For broadly the same areas Viljoen et al (2006a) reported an Inferred Resource of 82.9 Mt at 4.5 g/t gold. Both estimates include the same amount of gold, namely 12 million oz, but Lemmer's estimate has only 70% of the tonnage at nearly 50% higher grade than the Viljoen et al estimate.

The comparative total in-situ tonnages for the Main Reef (above and below cut-off) considered for these leases (Lemmer 202 Mt, Viljoen and Viljoen 171 Mt) are within 15%.

Lemmer (2007) reported an Indicated and Inferred resource for the Main Reef Leader remaining at Consolidated Main Reef, Crown Mines, City Deep and Robinson Deep which totals 35.1 Mt at 12.4 g/t for 14 Moz. Viljoen and Viljoen report a total remaining Main Reef Leader resource of 53.9 Mt at 8.9 g/t for 15.4 Moz from the areas they have assessed within the Central Rand project.

As reported by Snowden (2006), Viljoen and Viljoen (2006c) relied on "presence and use of dense to scattered sedimentological and mineralisation data showing continuity in the form of sedimentary channels and associated ore shoots". Viljoen and Viljoen considered three depth categories (0 to 70 m, 70 to 900 m and below 900m) for the Main Reef. Based on underground sampling, underground plans and mapping they determined simple arithmetic averages for channel width and grade within defined ore shoots at a cutoff of 3 g/t gold.

Tonnages were derived for ore-shoots using a density of 2.7 t/m³ and a dip correction was applied for each reef area. The tonnage and grade estimates represent a pseudo bulk mining option where the entire ore-shoot as modelled is extracted at the average grade of the ore-shoot.

Viljoen and Viljoen classified this resource as Inferred and considered that "a high degree of confidence exists for such resource which could readily be upgraded to the Indicated Resource category following checking sampling and analysis".

Lemmer's Mineral Resource estimates are reported over assumed minimum stoping widths applicable to the particular reefs considered. This practice represents a traditional approach to the reporting of mineral resources in South African gold mines. It is common on these mines to refer to "mineable resources" to acknowledge that they are reported over a stoping width. Lemmer states that with the stringent but currently applicable cut-off values (judged from other operating South African mines) that were applied in her studies, it became apparent that resources of the Main Reef and Main Reef Leader at certain depths are not likely to be economic assuming conventional mining methods are employed. Lemmer has reclassified the material as "Mining Target Mineralisation", which does not form part of the resource.

The impact of the differences in methodology between the Viljoen and Viljoen study and Lemmer's study, including the application by Lemmer of modifying factors and an assumption of selective mining units of 25 m by 25 m, plus using economically viable cut-offs, is a drop in tonnage and an increase in the average grade of Lemmer's classified resource compared with Viljoen and Viljoen's estimates. Lemmer acknowledges that there is potential for the mineable resource to increase if mining methods and hence cut-offs change in the future.

The comparison between Viljoen and Viljoen and Lemmer's Main Reef resource gold (kg Au) within each depth interval is summarised in Table 17.19 by lease area. In Lemmer's estimates, apart from Consolidated Main Reef, there is more resource below 900 m elevation than above. In Viljoen and Viljoen's estimates, again with the exception of Consolidated Main Reef, the majority of the resource is located below 900 m elevation.

The proportion of Main Reef Leader resource tonnage within each depth interval is summarised in Table 17.20 by lease area for Lemmer's estimates, which show that the majority of the Main Reef Leader resource is located below 900 m elevation.

The Authors' understand that Lemmer has excluded a high proportion of resources at depth by application of her more stringent economic constraints imposed compared with Viljoen and Viljoen's assumptions.

Table 17.21 is a copy of Lemmer's comparison between Lemmer's Main Reef Inferred and Indicated Resources against Viljoen and Viljoen's estimates.

The Inferred Resource estimate presented by Viljoen and Viljoen (2006a) for the Main Reef is a bulk in-situ resource and Snowden considers that it represents a reasonable estimate of the global resource for each of the reefs investigated.

Lemmer has used an approach that is currently widely used in the mining industry and is applied on a number of Witwatersrand gold mines. Lemmer estimated what she terms a "mineable resource" in the sense that it is linked to practical stoping widths for relatively shallow dipping, narrow reef mining and present day cut-off grades. However, it is not based on a detailed mining feasibility study.

Snowden notes that Lemmer's estimates are more selective than the Viljoen's estimates for the same reefs.

Since the Main Reef estimates determined by Viljoen and Viljoen and Lemmer somewhat remarkably reflect the same amount of contained gold (approximately 12 Moz), it is assumed that the differences in tonnage and grade are due to selectivity assumptions and/or differences in cut-off grade.

In order to increase confidence in "mineable resources" (and eventually ore reserves), cost estimates and mining studies need to be undertaken to determine the detail required for the application of local cut-off grades and selective mining assumptions.

Table 17.19 Comparison between Lemmer and Viljoen and Viljoen – Main Reef gold (kg Au) within depth intervals by lease area

		Contained gold (kg Au)				
	Depth Interval (metres)	CMR	CM	CD	RD	Total
Lemmer	0 to 70	3,002	1,441	1,049	0	5,492
	70 to 900	45,343	41,593	26,801	11,760	125,497
	>900	28,459	94,432	93,794	18,141	234,825
	Total	76,804	137,466	121,644	29,901	365,814
Viljoen	0 to 70					
	70 to 900	48,260	29,700	27,730	26,880	132,570
	>900	23,520	107,630	44,500	75,030	250,680
	Total	71,780	137,330	72,230	101,910	383,250

Proportion of contained gold

Lemmer/Viljoen	0 to 70					
	70 to 900	0.94	1.40	0.97	0.44	0.95
	>900	1.21	0.88	2.11	0.24	0.94
	Total	1.07	1.00	1.68	0.29	0.95

Note: Maximum depth approximately 3,300 m. Totals may not add up exactly due to rounding

Table 17.20 Lemmer Main Reef Leader gold (kg Au) within depth intervals by lease area

Depth Interval (metres)	CMR	CM	Contained gold (kg Au)			Total
			CD	RD	SJ	
0 – 70 m	599	41	63	0	1,230	1,933
70 – 900 m	25,849	15,417	9,267	4,676	13,431	68,641
900 – approximately 3,300 m	68,989	106,964	90,871	113,206	90,434	470,464
Total	95,437	122,422	100,201	117,882	105,095	541,038

Note: Totals may not add up exactly due to rounding

Table 17.21 Comparison of Viljoen's Main Reef Inferred Resource to Lemmer's Main Reef Inferred and Indicated Resources

Old Order Mine Lease	0-70 m			70-900 m			>900			Total		
	Mt	g/t Au	000 Oz Au	Mt	g/t Au	000 Oz Au	Mt	g/t Au	000 Oz Au	Mt	g/t Au	000 Oz Au
3C's												
Viljoens	1.7	4.0	216							1.7	4.0	216
Lemmer	1.2	4.5	152							1.2	4.5	152
Consolidated Main Reef												
Viljoens				12.7	3.8	1554	5.6	4.2	759	18.3	3.9	2313
Lemmer				9.7	4.7	1480	4.2	6.7	925	13.9	5.3	2404
Langlaagte												
Viljoens	0.4	4.0	54							0.4	4.0	54
Lemmer												
Crown												
Viljoens – NE and SW				4.5	6.6	966	22.9	4.7	3450	27.4	5.0	4405
Lemmer				7.9	5.3	1370	11.7	8.1	3048	19.6	7.0	4418
Robinson Deep (RD) and Village Main Reef (VMR)												
Viljoens				6.4	4.2	870	18.3	4.1	2409	24.7	4.1	3279
Lemmer – portions of RD and VMR				2.0	5.5	355	2.7	6.9	612	4.7	6.3	967
City Deep												
Viljoens				5.9	4.7	885	8.9	5.0	1450	14.8	4.9	2335
Lemmer				4.9	5.4	876	11.3	8.3	3041	16.2	7.4	3917
Total												
Viljoens – Total	2.1	4.0	270	29.5	4.5	4264	55.7	4.5	8068	87.3	4.5	12602
Lemmer – Total	1.2	4.5	152	24.5	5.1	4080	29.9	7.9	7625	55.6	6.6	11857

Note: Totals may not add up exactly due to rounding

17.5 Other studies

The Other studies reported below are presented to illustrate that a range of workers who have studied the historical information have all come to the conclusion that there remains an extensive inventory of mineralisation within the old mines. The Authors have chosen not to include these estimates in the formerly tabulated Mineral Resource.

17.5.1 Sound Mining Solutions Pty Ltd

In early 2006 Sound Mining Solutions (SMS) was commissioned by CRG SA to evaluate the gold mineralisation remaining within the old mine leases of the Central Rand Project in the depth ranges: 0 m – 300 m; 300 – 900 m and 900 m to approximately 2,800 m.

Sound Mining Solutions' focus was directed towards delineating unmined reef blocks using the available survey block plans and was intended to provide CRG SA with the perspective of an experienced "Witwatersrand" mining engineer.

Snowden notes Sound Mining Solutions' observation that it only found detailed underground mining information for the Consolidated Main Reef lease. No detailed information for the other mines was located at the time of their study.

Sound Mining Solutions classified the reef mineralisation that it blocked out above 1 g/t gold, (on the mine plans it was able to access), as Inferred Resources. Mineralisation blocked out was reported to be located within the vicinity of known old underground access ways and all estimates of mineralisation in reef blocks were discounted 15% for geological losses. No attempt was made

to distinguish between pay and unpay areas and no deductions were made for mining restrictions that might be imposed.

Sound Mining Solutions summarised the tonnes and gold grade of mineralisation it assessed for the principal reefs in the project area (ie Main Reef, Main Reef Leader, South Reef, Pyritic Quartzites, Bird Reef and Kimberley Reef). These are summarised in Table 17.22.

Table 17.22 Summary of gold mineralisation (Inferred Resource) (above 1 g/t gold) in the principal reefs of the Central Rand Goldfield

Mine	Mt	g/t Au	Moz Au
Consolidated Main Reef	83.5	4.5	12.1
Langlaagte	13.3	5.5	2.3
Crown Mines	110.2	6.2	22.0
Village Main Reef	1.3	7.4	0.5
Robinson Deep	23.8	5.5	4.2
City Deep	118.1	6.8	25.8
Simmer and Jack	58.1	5.0	9.3
Total	408.3	5.8	76.2

Of the 408 million tonnes above 1 g/t gold SMS suggests that some 147 million tonnes at 5.8 g/t gold is located above the water table at 900 m.

Sound Mining Solutions noted the following:

- pillars in the mine including stability pillars, shaft pillars and remnant pillars contain the following tonnages of mineralisation: 5.6 million tonnes (0 m to 300 m), 8.9 million tonnes (300 m to 900 m) and 3.8 million tonnes (+900 m). These amounts are included in Sound Mining Solutions' tonnage estimates;
- Sound Mining Solutions could not confirm the potential for economic extraction of mineralisation from within the project area;
- no allowance has been made for reclamation of any previously blasted material. Sound Mining Solutions suggests that there is good potential for reclamation mining from the old workings to deliver a significant amount of resource; and
- there are no technical reasons why mining below 900 m will not be possible – once the sub -900 m interval is dewatered.

It is not possible to compare Sound Mining Solutions estimate of reef mineralisation within the Central Rand project area with that compiled by Viljoen and Viljoen because they were reported at quite different gold cut-off grades. This explains why the Sound Mining Solutions resource comprises 76 Moz (27 Moz above 900 mRL) at a 1 g/t cut-off while the Viljoen and Viljoen resource defines only 33 Moz in total (7.8 Moz above 900 mRL) at a 3 g/t cut-off.

17.5.2 FSA De Frey

Table 17.23 compares the Inferred Resources reported by Viljoen and Viljoen with De Frey's resource estimate for the Central Rand project area.

Table 17.23 Summary of comparative estimates Viljoen and Viljoen versus De Frey

Author	35-200 m			Open Pit Potential 0-70 m			70-900 m			Sub-Total 0-900 m			> 900 m		Total			
	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz	Mt	g/t	Moz	Mt	Moz	
Viljoen and Viljoen	0.9	2.3	0.1	5	3.8	0.6	49	4.6	7.2	55	4.5	7.9	112	6.8	24.6	167	6.1	32.5
Dr FSA De Frey							100	5.6	18.0	100	5.6	18.0				100	5.6	18.0

Snowden has made enquiries about De Frey's assessment but has not undertaken any review work on De Frey's Inferred Resource Estimates.

In February 2006, CRG SA requested De Frey undertake an assessment of reef occurring in un-mined "ore" blocks and pillars in mines of the Central Rand project. De Frey had acquired extensive experience working in the role of Mining Engineer at Crown Mines from 1952 to 1967. For much of this period De Frey was engaged as Underground Manager on the Crown Mines lease where a considerable amount of his time was spent recovering gold ore that was left behind in worked-out areas following initial stoping. De Frey records that reclamation was done systematically from available access points at the different shafts. Reef drives were vamped in easterly and westerly directions, ore found in footwall and hanging wall situations was reclaimed, as were fines that had been left behind during previous mining.

De Frey's report draws attention to local complexities within the reefs. For example in certain areas the Main Reef was mined underneath the Main Reef Leader with a parting of just 1 metre being left. In other situations the Main Reef was lifted from the floor of old Main Reef Leader stopes.

Crown Mines

Mining ceased on Crown Mines in 1977. De Frey based his assessment of remaining reef blocks on a review of 1:1000 mine plans for Main Reef, Main Reef Leader and South Reef and concluded that the following tonnages exist on Crown Mines between surface and 900 m.

- Main Reef: De Frey established that 6.8 million tonnes of Main Reef (1.07 m stoping width) remains in "blocked out" reef on Crown's survey plans.
- Main Reef Leader: A total of 1897 stope and reef support pillars are reported within the Main Reef Leader for 641,210 tonnes. As for Main Reef Leader remnants, very little remains in settings that could ever be considered mineable. De Frey notes that on the 1969 ore reserve plan for Crown Mines a total of 525,510 tonnes of remnant reef remained. How much remained by the time the mine closed in 1977 is not known.
- South Reef: Stope and reef support pillars within the South Reef number 1614. De Frey has assumed a 100 m* area for each pillar and a stope width of 1.07 m and concluded that South Reef pillars host 545,553 tonnes. Remnant ore within the South Reef was estimated to be 114,771 tonnes.

De Frey has also considered the Kimberley Reef on the old Crown lease but did not arrive at a meaningful tonnage. De Frey concluded that the Kimberley Reef, together with the Main reef offer the best targets for future exploration.

City Deep

On the old City Deep lease De Frey reviewed the available old mine data for the City Deep lease and made the following observations:

- the Main Reef on the City Deep lease was mined using the room and pillar method up until 1976 when mining ceased;
- some 9.0 million tonnes of Main Reef (stope width 1.6 m) was delineated;
- all Main Reef Leader has been mined; and
- the South Reef has been estimated to contain 0.7 million tonnes.

De Frey also examined pillars and remnant reef blocks for the various previously mined reefs on the City Deep, Village Main, Robinson Deep, Mayfair and Simmer and Jack leases. De Frey's total Inferred Resource estimate is 100 Mt at 5.7 g/t gold, the average grade established by Viljoen and Viljoen.

It is important to note that the developed reef mineralisation assessed by De Frey was in large part not included in the Viljoen and Viljoen study which was focussed on the more regional extent of the principal mineralised shoots.

The key point to be taken from De Frey's work is his view that where the principal reefs remain intact the reef is worthy of further exploration.

17.5.3 Ferret Mining and Environmental Services (Pty) Ltd (Ferret)

Ferret was engaged by CRG SA to "evaluate" the gold resources on properties in the Central Rand Goldfield. Ferret reviewed a number of previous studies for the 3Cs area; in particular that by Viljoen and Viljoen (2004). Ferret did not classify any of the mineralisation as Mineral Resource and concluded:

- that volumes and grades calculated for the reefs of the Central Rand Goldfield are used only for indication purposes;
- the Central Rand Goldfield should be considered as a promising exploration target; and
- resources within the Central Rand Goldfield should be re-evaluated from first principles.

17.5.4 Strategic Mining Solutions Pty Ltd

In June 2006, Strategic Mining Solutions was engaged by CRG SA to report on the mineralisation potential of areas excluded from consideration by Viljoen and Viljoen in their various reports. Strategic Mining Solutions who has called these areas "White Areas" has noted that they are areas for which there is no mining or exploration data and they are not classified as a Mineral Resource.

It is Snowden's opinion that the low grade reef mineralisation described by Strategic Mining Solutions can reasonably be considered worthy of exploration at some future date and as additional exploration information becomes available Snowden expects that at least parts of the mineralisation will be classified as Resource.

17.6 Authors' opinions

There is a huge amount of geological information, underground assay data and mining history for this project, compared to virgin planned mining projects.

The assay data on which the resource estimates are based is the data that was relied upon during the original underground exploration, development and mining. The Authors acknowledge that the quality of the data is acceptable for resource estimation.

It is the Authors' opinion that Lemmer's allocation of part of the Main Reef and Main Reef Leader Mineral Resource to the Indicated category and part to Inferred is consistent with the JORC Code classification criteria for resources in these categories. The Authors therefore endorse Lemmer's classified Main Reef and Main Reef Leader Mineral Resources for the areas investigated.

The Authors note that Viljoen and Viljoen were circumspect in their classification of resources and accept that, given the amount of sampling data, it would not have been unreasonable to classify some of the resources as Measured.

In the Authors' opinion, the accuracy of the Main Reef and Main Reef Leader model volume depends on the degree to which the most recent shareholder plans represent what is actually remaining in the ground. Annual production subsequent to the year of the last shareholder plan dropped off sharply for all the mines studied suggesting to Lemmer that the likely error in model volume is not material.

For the conversion of Mineral Resources to Mineral Reserves, the Authors consider that it is necessary to access the underground workings to confirm the existence of reef blocks and old stope faces.

Further exploration potential exists in target areas delineated by Viljoen and Viljoen and, depending on the outcome of mining studies that CRG SA is now embarking on, there is potential for the Main Reef and Main Reef Leader resource to increase significantly in tonnage and for the grade to drop, in line with a lowering of the cut-off grade for mechanised mining.

The JORC Code and the JORC Code update 03/07 of 3 May 2007 require Authors of Competent Persons' Reports to provide investors and their professional advisers sufficient supporting information to evaluate and assess the risk associated with reports of Mineral Resources.

In this report the Authors have reported Inferred and Indicated mineral resources within the Central Rand project area which have been estimated by appropriately qualified and experienced experts and the Authors are satisfied that the resources have been properly classified.

An important consideration in reporting mineral resources within the context of the JORC Code is the requirement that the Authors must be satisfied that the resources have reasonable prospects for eventual economic extraction.

In the case of CRG SA's Central Rand project, the company is faced with an enormous range of options for future mining development and there is no simple blanket statement relating to all the mineral resources that can be presented to satisfy the "...eventual economic extraction" consideration.

The Authors have previously noted that the Central Rand project is of such an extent that it can only be realistically considered as a number of subprojects, each of which will require comprehensive exploration followed by detailed mine feasibility studies to establish whether economic extraction of ore is possible. The mineral resources that have been estimated by CRG SA's consultants and reported in this report provide the basis on which CRG SA can plan its exploration and mining studies.

Subprojects which the Authors have identified include projects such as:

- Mining of reefs in small open pits which CRG SA terms "slots"
- Mining of selected areas of Main Reef which were not previously mined
- Mining Main Reef including the overlying Main Reef Leader stopes with their contained support pillars, sweepings and vampings within a single enveloping stope where the parting between the Main and Main Reef Leader permits such mining and down to depths where such mining is economically possible
- Deep level mining (+2,800 m) down dip from the deepest old mine workings

Assuming the surface exploration drilling and follow-up feasibility studies are positive, slot mining could have a very short lead time.

The management of CRG SA has advised the Authors of conceptual mining studies it is undertaking to extract Main Reef and Main Reef Leader in a single, mechanically mined stope. CRG SA has advised the Authors' the initial studies suggest that the mining approach it is considering has the potential to be technically successful and low cost compared with conventional narrow stope mining traditionally employed on Witwatersrand gold mines. Obviously there are numerous variables that will have to be considered such as the gold grade of the Main Reef, the thickness of the parting between the Main Reef and the overlying Main Reef Leader, the geotechnical engineering conditions and the amount of pillars, sweepings and vampings remaining in old stopes that will be enveloped in CRG SA's "super stopes".

It goes without saying that CRG SA has no intention of accessing old mine workings to scavenge pillars and remnants and no intention of restarting old mines using the old infrastructure (which was to all intents and purposes redundant when the mines closed) or the old mining methods. It is CRG SA's intention to adopt an ultra-modern mechanised approach to mining. The company has still to document details of its intended approach to mining.

If CRG SA's approach is successful down to -900 m and it wishes to continue below -900 m, then it will have to implement a significant dewatering programme. Of course there will be a cost incurred which will have to be considered in feasibility studies. It is likely to be many years before CRG SA gives serious consideration to mining below the current water table where a large percentage of the Mineral Resources in this report are located. In the context of Witwatersrand mining, it is appropriate, in the Authors' opinions, to identify mineralisation below the water table as Mineral Resources because they are based on historical sampling, notwithstanding that portions of

this resource may only be mined in 20 or 30 or more years time, and then only subject to proper feasibility studies having been undertaken.

With respect to the very deep (ultra deep) Mineral Resources below the deepest old mining levels, within the old mining leases of the Central Rand project area, ie below 2,800 m below surface, the delineation of Mineral Resources progresses to yet a more extreme situation. It is reasonable to expect that evaluation of ultradeep areas by surface boreholes could quite easily take 5 to 10 years or more and that development of a deep mine, if justified by detailed feasibility studies, could take between 5 to 15 years depending on circumstances. Such projects have been developed elsewhere in the Witwatersrand Basin (South Deeps, for example) by mining companies during the last 20 to 30 years and established Witwatersrand based mining companies are constantly engaged in evaluating such projects hence in the Authors' opinion delineation of Mineral Resources at such depths is acceptable (given the nature and inferred reef grade) however, investors should clearly understand the "long term" aspect and considerable cost involved in bringing these resources to a stage where they can be commercially exploited.

Whether or not an ultradeep mining project will get off the ground depends on an enormous array of considerations, not the least of which are forward long range gold price projections and capital costs. From a technical stand point there are no issues that stand in the way of developing such a project.

The Central Rand gold project hosts a very large mineral resource base that is likely to increase with further exploration. There are numerous factors that will influence the conversion of resources to ore reserves and their eventual economic exploitation and it is currently impossible to second-guess which parts of the Mineral Resource inventory will eventually prove to be economic to mine. A systematic approach to exploration and feasibility studies will be the best way to mitigate sub-project development risks. It is important to appreciate that the Central Rand project is an exploration project at this stage – not a mining project.

17.7 Reporting in accordance with the requirements of the JORC Code

The Authors of this report are Fellows of the Australasian Institute of Mining and Metallurgy and hence are required to comply with the rules and regulations governing the professional conduct as members of that organisation. This includes compliance with the JORC Code – 2004 Edition which sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. Documentation detailing Exploration Results, Mineral Resource and Ore Reserve estimates must be prepared by or under the direction of, and signed by, a Competent Person or Persons.

In this report the Authors have noted the qualifications, experience and standing of consultants whose reports are relied on and is satisfied that all contributing consultants meet the criteria for Competent Persons in the context of work they have undertaken on the gold mineralisation and Mineral Resources of the Central Rand project.

The Authors note that reports by Viljoen and Viljoen and by Lemmer report Inferred Mineral Resources and Inferred and Indicated Mineral Resources respectively. Definitions of these Mineral Resource categories have the meanings ascribed to those terms by the JORC Code. The definitions are as follows:

Inferred Mineral Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The

locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource, but has a higher level of confidence than that applying to an Inferred Mineral Resource.

18 OTHER RELEVANT DATA AND INFORMATION

18.1 Mineral right considerations

18.1.1 Status of Minerals and Mining Policy in South Africa

In 1998 the South African Government released a significant White Paper on the country's Minerals and Mining Policy. The underlying objective of the White Paper was to convey important changes regarding the ownership of mineral rights in South Africa.

Prior to the 1998 White Paper, South Africa's mineral rights were largely owned by farmers, who owned both the surface rights and the mineral rights and, secondly, by large mining companies. The mining companies typically acquired their mineral rights by taking an option to purchase the mineral rights of a property and then exercising the option to purchase. As a generalisation it can be said that the mineral rights situation in South Africa was cumbersome and unwieldy, this being particularly so when farm properties had been sub-divided.

In late 2000 a new era of minerals and mining law commenced in South Africa with the release of the draft Minerals Development Bill ("the Bill") for public comment. The principal objectives of this Bill were to:

- recognise that mineral resources are the common heritage of all South Africans and collectively belong to all the peoples of South Africa;
- ensure that a proactive social plan is implemented by all mining companies;
- attract foreign direct investment;
- ensure a vigorous beneficiation drive in the mining industry;
- contribute to rural development and the support of communities surrounding mining operations;
- redress the results of past racial discrimination and ensure that historically disadvantaged persons participate meaningfully in the mining industry; and
- guarantee security of tenure to existing prospecting and mining operations.

South Africa's constitution recognises that natural resources belong to all South Africans, and it is, therefore, the responsibility of the State to ensure equitable access to these resources. The State must consequently also ensure that benefits emanating from the exploitation of South Africa's mineral resources accrue to all citizens. The 2000 minerals development Bill seeks to redress the past discrimination of historically disadvantaged persons. The Bill also endeavours to encourage and promote the participation of junior and smaller entrepreneurs in order to create jobs, encourage wider economic participation, and optimise the utilisation of mineral resources.

The Bill proposed the following:

- Transition Period – all holders of old order rights will be given the opportunity to apply for replacement new order prospecting or mining rights;
- Operating Mines – existing prospecting and mining operations will continue to operate unhindered and will be entitled to be granted the new prospecting or mining rights;
- Security of Tenure – the Bill guarantees security of tenure for prospecting and mining operations. This concept has two aspects, the first being the State's guarantee to the investor to honour his/her commitments and the second is the investors' undertaking to

comply with the law. Therefore, in the new dispensation the investor must ensure his/her own security of tenure by complying with the provisions of the law. The concept is encapsulated in the “use it or lose it” principle.

On 10 October 2002, the Mineral and Petroleum Resources Development Act (MPRDA) No. 28, 2002 was promulgated into law by publication in the South African Government Gazette and on 3 May 2004 implementation of the MPRDA commenced.

The Act provides for State custodianship of mineral resources and the government becoming the grantor of prospecting, exploration, mining and production rights. The implications for companies holding mineral rights or interests therein are set out in the transitional arrangements that are recorded in Schedule 2 to the Act. There are three categories of rights given recognition in terms of the transitional provisions, namely:

- Old order mining rights;
- Old order prospecting rights; and
- Unused old order rights.

An old order mining right includes that situation where the underlying right is held in conjunction with a mining authorisation issued in terms of Section 9 of the Minerals Act, and where mining operations are actively being conducted at the commencement of the Act. The holder of such an old order mining right will have a period of five years from the commencement of the Act to convert the old order mining right into a new form mining right in terms of the Act.

An old order prospecting right is defined to include a situation where a mineral right holder, or somebody who has the consent of the mineral right holder, has a prospecting permit issued in its name in terms of Section 6 of the Minerals Act and is actively prospecting at the time the Act is enacted. In this instance, the holder of the old order prospecting right has a period of two years from commencement of the Act to convert the old order prospecting right into a new form prospecting right in terms of the Act.

It should further be noted that upon the conversion of the old order mining rights and old order prospecting rights into new form mining rights and prospecting rights, all of the underlying old order rights will lapse.

The Act of October 2002 calls for the development of a broad-based socio-economic empowerment Charter that will set out the framework, targets and time-table for increasing the participation of historically Disadvantaged South Africans (HDSAs) in the mining industry and enhancing the benefits to HDSAs from the exploitation of mineral resources. On 11 October 2002 the South African Government released a draft of the Charter, and on 18 February 2003 they released an appendix to the Charter known as the Scorecard, which is designed to facilitate the application of the Charter in terms of the requirements for conversion of old order mining rights under the Act. The Charter is based on seven key principles, five of which are operationally orientated and cover areas focused on improving conditions for HDSAs, whereas the remaining two are focused on HDSA ownership targets and beneficiation.

The five areas of operational focus in the Charter include:

- human resource development;
- employment equity including HDSA participation in management and participation by women;
- HDSA participation in procurement;
- improved housing and living conditions for mine employees; and
- community and rural development.

18.1.2 The new system for granting access to mineral rights

As a transitional arrangement in pursuance of the objective stated in the Act of 2002, the following new system for granting access to mineral rights will apply:

- the right to prospect and to mine for all minerals will vest in the State.
- Government will develop detailed legislative proposals for the introduction of the new system of access to all mineral rights. In developing such proposals provision will be made for:
 - a) guaranteeing the continuation of current prospecting and mining operations in accordance with the “use-it and keep-it” principle;
 - b) a transitional period to allow holders of prospecting, mining and mineral rights to licence the operations referred to in (a) above, as well as extensions which are necessary to provide for the continuation of such operations;
 - c) a transitional period to allow holders of prospecting, mining and mineral rights to licence *bona fide* intended prospecting and mining operations in cases where (a) and (b) above do not apply;
 - d) a general notification to allow holders of prospecting, mining and mineral rights to substantiate in respect of areas other than those contemplated in (a), (b) and (c) above, why licences for prospecting and mining should not be granted to another party in accordance with the “use-it and keep-it” principle;
 - e) granting of prospecting and mining licences to applicants without the consent of the holders of prospecting, mining or mineral rights who have not been licensed in terms of (b), (c) and (d) above;
 - f) security of tenure by granting prospecting and mining licences for specified periods which are capable of cancellation or revocation only for material breach of the terms and conditions of the licence;
 - g) registerable prospecting and mining licences which will be transferable with the consent of the State;
 - h) the holder of a prospecting licence to be entitled to progress to a mining licence on compliance with prescribed criteria;
 - i) annual minimum work and investment requirements to discourage the unproductive holding of prospecting and mining licences;
 - j) a retention licence which may, upon written application, be granted to an applicant in cases where the applicant, having explored the area and established the existence of an ore reserve which is, at the time of completion of the exploration programme, considered to be uneconomical due to prevailing commodity prices (market conditions) or where the exploitation thereof might lead to market disruption not in the national interest. Such licence will enable the holder thereof to retain the reserve without the commitment to minimum work and investment requirements. The licence will be granted for a limited period in respect of the property concerned;
 - k) precluding the granting of a prospecting or mining licence over an area in respect of which a currently valid prospecting retention or mining licence is held for the same mineral;
 - l) predetermined standard terms and conditions, for all prospecting and mining licences;
 - m) the reduction, as far as possible, of discretionary powers by applying standard requirements or objective criteria;

- n) payment of prospecting fees or royalties by the holder of the prospecting or mining licence to the registered holder of mineral rights. Such prospecting fees or royalties will be determined by the State after consultation with the registered holder of the mineral rights. In determining such fees and royalties, prospecting fees and royalties payable to the State will be used as a guide. The quantum of prospecting fees and royalties will be internationally competitive and will not inhibit the initiation of new projects;
 - o) payment of a surface rental, determined by the State after consultation with the landowner, by the holder of a prospecting or mining licence to the registered land owner; and
 - p) the processes of considering the granting of a prospecting or mining licence and the approval of an environmental management programme to run concurrently and to grant the prospecting or mining licence and approve the environmental management programme simultaneously.
- Persons, including their successors in title, or assigns or nominees, who could lay claim, under Section 43 of the Minerals Act, 1991, to the exclusive right to prospect for a mineral to which the right was reserved to the State shall, after the lapsing of the period that ended on 31 December 1996, or the approved longer period, no longer be deemed to be the holder of such right.

18.1.3 Status of CRG SA's prospecting rights

At Snowden's request CRG SA has forwarded to Snowden documentation issued by the Department: Minerals and Energy ("DME") of the Republic of South Africa advising of its granting to CRG SA certain prospecting rights in terms of Section 17 of the MPRDA of 2002.

Attention is drawn to the following correspondence:

1. Letter from the DME to Rand Quest Syndicate Ltd dated 31 January 2006

APPLICATION FOR PROSPECTING RIGHT FOR GOLD ORE AND ASSOCIATED MINERALS: AN AREA COMPRISING THE OLD VILLAGE MAIN AND ROBINSON DEEP GOLD MINING AREAS, JUST SOUTH OF THE JOHANNESBURG CENTRAL BUSINESS DISTRICT

With reference to your application for a prospecting right for gold ore and associated minerals, lodged at this office on 27 June 2005, I have to inform you that the delegate of the Minister of Minerals and Energy has granted a prospecting right to you in terms of Section 17 of the Mineral and Petroleum Resources Development Act of 2002 (MPRDA), covering an area comprising the old Village Main and Robertson Deep gold mining areas just south of the Johannesburg Central Business District, approximately 1535.48 hectares in extent, as shown on the attached plan, subject to the provisions of the MPRDA and subject, further, to the terms and conditions stipulated in the attached draft prospecting right document.

2. Letter dated 23/11/2005 from the DME to Messrs Ferreira Estate and Investment Company Ltd

APPLICATION FOR A PROSPECTING RIGHT FOR GOLD AND ASSOCIATED MINERALS COVERING THE MINING AREAS OF THE DEFUNCT CONSOLIDATED MAIN REEF, CROWN MINES AND CITY DEEP GOLDMINES, SOUTH OF ROODEPOORT AND JOHANNESBURG

With reference to your application, dated 20 April 2005, for a prospecting right for gold and associated minerals, I have to inform you that the delegate of the Minister of Minerals and Energy has granted a prospecting right to you in terms of section 17 of the Mineral and Petroleum Resources Development Act of 2002 (MPRDA), covering.

- (a) *the mining area of the defunct Consolidated Main Reef goldmine covering various precious metal claims, mynpachten and mining leases for precious metals, situated on the farms Glen Lea 228 IQ, Randglen 229 IQ. Vogelstruisfontein 231 IQ. Paardekraal 226 IQ. Klipspruit 318 IQ. Mooifontein 225 IQ. Diepkloof 319 IQ and Hospitaal 230 IQ. Districts of Roodepoort and Johannesburg.*

- (b) *the mining area of the defunct Crown Mines goldmine covering various precious metal claims mynpachten and mining leases for precious metals situated on the farms Langlaagte 224 IQ, Mooifontein 225 IQ, Diepkloof 319 IQ, Turffontein 96 IR, Vierfontein 321 IQ, Aeroton 320 IQ and Ormonde 99 IR, District of Johannesburg; and*
- (c) *the mining area of the defunct City Deep goldmine covering various precious metal claims, mynpachten and mining leases for precious metals, situated on the farms Robinson 82 IR, Doornfontein 92 IR, Turffontein 100 IR, Elandsfontein 107 IR, Elandsfontein 90 IR and Klipriviersberg 106 IR, District of Johannesburg,*

Approximately 8319 hectares in extent, as shown on the attached plan (plan not included in this report), subject to the provisions of the MPRDA and subject further to the terms and conditions stipulated in the attached draft prospecting right document.

As stated above, granting of the prospecting right was approved on the understanding that you will cede the right to Rand Quest Syndicate Ltd, within six months, which Company by then must have its BEE partnership arrangements concluded.

3. Letter from the DME to Rand Quest Syndicate Ltd dated 10 October 2005.

ACCEPTANCE OF YOUR APPLICATION FOR A PROSPECTING RIGHT FOR GOLD ORE ASSOCIATED MINERALS, COVERING THE MINING AREA OF THE DEFUNCT SIMMER AND JACK GOLDMINE.

The area considered includes farms Elandsfontein 90 IR and Elandsfontein 108 IR in the District of Germiston.

18.2 Exploration Target Mineralisation

Exploration Target Mineralisation is delineated by Viljoen and Viljoen where there is a lack of close spaced sampling information available on the old mine plans and mineralisation cannot be unequivocally established. Target Mineralisation has also been delineated by Viljoen and Viljoen to include areas within the broad mineralised system for which only very sparse information or indications of mineralisation are present. Based on modelling and extrapolation there is, in Viljoen and Viljoen's opinion, good potential for mineralisation to exist and such areas thus represent worthy follow-up exploration targets. The potential quantity and grade is conceptual in nature (of the order of 200 Mt to 300 Mt) and there has been insufficient exploration to define a mineral resource. It is uncertain if further exploration will result in the determination of a mineral resource.

18.3 Mining Target Mineralisation

It became apparent to Lemmer that resources of the Main Reef and Main Reef Leader at certain depths are not likely to be economic assuming conventional mining methods are employed. Lemmer has reclassified the material below cut-off as "Mining Target Mineralisation", which does not form part of the resource.

18.4 Underground mine pillars

CRG SA (Mason, 2005) has drawn attention to the large amount of reef that is likely to occur in underground roof support pillars within the mines of the Central Rand project area and has raised for consideration the possibility of recovering reef from the old underground mine workings.

Mason (2005) has noted that approximately 17% of the original orebody is believed to remain as mine pillars below 240 m depth below surface. It is understood that this was a requirement of the mining regulations. Above 240 m the percentage of reef pillar increased progressively until at 60 m below surface it was a requirement to leave approximately 50% of the reef as pillar.

Mason has estimated that the remaining reef resource tied up in pillars over all levels of the Central Rand project is in the range 28 to 39 million ounces, of which about 12 million ounces occurs above 900 m vertical depth.

CRG SA has been advised by Johannesburg based mining consultants that 10% is a more realistic overall estimate for the remaining underground reef in pillars.

Given that this is the case, then Mason has concluded that there is some 15 to 21 Moz of gold (55.3 Mt at 8.4 g/t to 77.4 Mt at 8.4 g/t) tied up in pillars from surface down to the deepest old working levels for each of the mined reefs. To a depth of 900 m below surface (current water level), Mason concludes that there are about 7 million ounces of gold at 8.4 g/t residing in pillars within the project area.

The possibility of recovering reef from underground roof support pillars will inevitably be the subject of a comprehensive mining feasibility study. Snowden's enquiries directed to mining engineers experienced in the practicalities of recovering pillars from old stopes in Witwatersrand gold mines has drawn the following comments:

- removal of pillars on a large scale is likely to be a difficult and expensive undertaking;
- small scale pillar recovery along the lines practiced by the Boshoff organisation on the East Rand gold mines is obviously achievable. Pillars are selected for recovery on the basis of all prevailing physical conditions and infrastructure circumstances in each particular area; and
- a pillar extraction feasibility study will only be possible once underground access has been achieved and pillars considered for extraction have been inspected and evaluated.

18.5 Recovery of sweepings and vappings

Based on work undertaken by Handley (2006), on pillars, sweepings and vappings, the minimum exploration potential on the CRG SA Central Rand project is of the order of 70 to 90 million ounces, with approximately 25 million ounces within the 0 m to 900 m depth interval.

Exploration Targets (Proprietary) Limited (Handley, 2006) carried out a review of potential sweeping and vapping resources on the CRG SA Central Rand project. Handley noted the following in his report:

- Since there is no sampling data available for gold mineralisation occurring as "sweepings" and "vappings" within the old mines of the Central Rand project it is impossible to estimate the overall tonnage and average grade of this mineralisation to a standard that would meet the reporting requirements of the JORC Code;
- The work of the Boshoff Group, a small private firm that operated between 1935 and 1987, principally on the gold mines of the East Rand Goldfield (including Simmer and Jack). The Boshoff Group's core business involved the sweeping and vapping of old underground workings areas as well as some pillar extraction.
- From incomplete records Handley estimated that the Boshoff Group recovered a minimum of 5 million tonnes of material with an average grade of 6.17 g/t gold. This production was recovered from a strike length of 8.7 km of old mine workings. Mining by Boshoff was restricted to an average depth of about 500 metres.
- Based on Boshoff's production statistics Handley has estimated the production potential of CRG SA's project area, with its strike of some 33.5 km, and old mine openings down to a vertical depth of 900 m below surface.
- Handley has concluded that since the old mines within CRG SA's project area are older than those mined by Boshoff it is to be expected that the workings will have a relatively high frequency of roof and pillar collapses and, hence, estimates of the Central Rand project should be discounted by 30%.
- Handley presented two estimates of available sweepings and vappings:
 1. A conservative estimate that assumes CRG SA will recover just 30% of that recovered by Boshoff per unit area with a gold yield that is 50% of the average achieved by Boshoff.
 2. An optimistic estimate that says CRG SA will recover 50% of the ore recovered by Boshoff per unit area but will achieve a gold grade yield equal to the average achieved by Boshoff.

- The respective gold production estimates are:
 1. 10.4 million tonnes at an average grade of 3.8 g/t gold for 1.3 Moz; and
 2. 14.5 million tonnes at an average grade of 7.67 g/t gold for 3.58 million ounces.
- There is no record of the Central Rand mines having been as comprehensively swept prior to closure as were the East Rand mines by Boshoff.

In Snowden's opinion Handley's report convincingly demonstrates the likelihood that a significant gold resource exists as "sweepings" and "vampings" within the old underground workings of the Central Rand project. Importantly the sweepings, in particular, but also the vampings have the capacity to provide CRG SA with an immediately available source of mineralisation once access to the underground workings has been achieved.

As pointed out by Handley the work by the Boshoff Group on mines of the Central Rand Goldfield has demonstrated that it is possible to access old gold mining operations and conduct viable reclamation programmes.

18.6 The future for deep level Witwatersrand gold mining

Notwithstanding South Africa's foremost standing in the area of deep level (or ultra deep level) mining, gained through its extensive experience acquired on numerous Witwatersrand gold mines, the question of whether there remains a future for such mining still arises. This discussion is the subject of a research paper on emerging technologies for deep gold mining (Durrheim, 2002). Amongst the challenges of mining at ultra-depth (3 to 5 km) are high rock stresses, high virgin rock temperatures and large vertical and horizontal transport distances.

Durrheim presents guidelines that have emerged from the CSIR DeepMine and FutureMine research programmes for promoting ultra-deep mining that is efficient, safe and healthy and he includes commentary on:

- Occupational health and safety
- Mining layouts and methods
- Stope support
- Seismic management
- Refrigeration and ventilation
- Access development and support
- Transport of men, material and rock
- Energy systems
- Orebody evaluation
- Knowledge transfer
- Mineral resource management
- Stopping technology
- Work organisation and training
- Occupational environment
- Information and communication technology

The products of the research programmes are a range of technical solutions as well as best practice guidelines for the designers and operators of future ultra-deep mines. No technical impediments to future deep level mining have emerged and technology will continue to enhance the capacity to mine at depths greater than 3 km.

18.7 Socio-environmental situation in the Central Rand Basin

Ferret has, on behalf of CRG SA, reviewed the socio-environmental situation in the Central Rand Basin (2005a), including the greater Johannesburg as well as the Central Rand project area. CRG SA has applied for prospecting rights for areas in the south of Johannesburg within the City of Johannesburg Metropolitan Municipality (population 3.2 million in 2001) and Ekurhuleni Metropolitan Municipality (population 2.5 million in 2001).

Ferret notes that Gauteng Province has an extensive road and rail network and the airport is located only 14 km from the city. The dominant modes of transport are minibus or taxi and motor car.

The land use in Gauteng Province is dominantly cultivation (64%) with an additional 15% under forest. Commercial and residential use is limited to less than 3% of the total provincial land area. Mining accounts for less than 1% of the total area.

Ferret has evaluated the proposed mining activities of CRG SA in terms of the high population growth rate and high levels of poverty in Gauteng province, where the household poverty rate is 40% (<R800/month) and the individual poverty rate is 68% (<250/month). In the application area, 40% of the population report having no income. Over half of the population that is economically active are employed but less than 1% are employed within the mining sector.

A Public Involvement Process was conducted during the preparation for the prospecting right applications to the DME and a number of environmental and social issues and concerns were raised regarding the prospecting and mining phases. A comprehensive Environmental Impact Assessment will be conducted as the next step in the application for a mining right.

Ferret's report concludes with the statement: "In general, the socio-environmental situation in the Greater Johannesburg area provides an opportunity for CRG SA to make a significant contribution to the well-being of historically disadvantaged persons in the area".

18.8 Mine water situation in the Central Rand Basin

Ferret (December 2005b) undertook a review of the mine water situation in the Central Rand Basin on behalf of CRG SA and notes that the history of mining on the Central Rand is intimately linked to the history of water management within the mines. Since mining commenced in the late 1800s there has been a requirement for continuous water pumping to allow mining to continue. Up to the 1950s each mine was responsible for its own pumping but as some mines reached the end of their working lives and were closed, pumping was left to the mines that remained open and, in particular, to the mines that were most impacted. The mines that assumed much of the responsibility for water pumping were granted state assistance for pumping costs.

In the event that mining to the east (ERPM) and west (DRD) of the Central Rand was to be terminated and water pumping was to stop, then the water level across the Central Rand would rise rapidly and would have the effect of sterilising CRG SA's access to the old workings within its project area. The old workings are reported to be "dry" down to 900 m vertical depth.

Water recharge within the old workings of Central Rand gold mines occurs as a direct result of rainfall and streams channelling water into old mining voids open to the surface via fracture systems as well as from water contained in secondary aquifers located above the old workings.

The water level within what is known as the "Central Rand Compartment" has traditionally been controlled by pumping from 24 level pump station (1,100 m below surface) at the ERPM South West Vertical (SWV) Shaft. Based mainly on pumping records from the shaft, various studies have estimated the sources of extraneous water recharge into the Central Rand.

An analysis of pumping records of 1986 to 1990 indicated that pumping traditionally varied from 0 to 30 MI/day. A study in 1994 indicated that the daily recharge rate was 33.5 MI/day. At this time DRD was still pumping from No. 5 Shaft on its mine to the west of the Central Rand project area.

A study in 2001, approximately 2 years after pumping from DRD had ceased, calculated a recharge of 46.5 MI/day. A second study indicated that for the whole Central Rand Basin a total average baseflow of 80 MI/day was calculated. Reasons for the large discrepancy were provided but Snowden has not attempted to evaluate the information provided by Ferret.

Pumping costs across the Central Rand in 2000 were R2.9 million per month on ERPM and R1.1 million on DRD.

Water pumped from the DRD operation during the 1990s was disposed of into the Klip River via the Natalspruit and Rietspruit drainages (7 to 9 MI/day) with the balance to its recovery plant. Water discharged from ERPM in 2001 was disposed of as shown in Table 20.1.

Based on available pumping data, Ferret has concluded that it is likely that current pumping will be between 30 MI/day to 50 MI/day. This figure could be reduced if more water could be prevented from entering old workings.

According to Ferret the latest ERPM predictions suggest the Central Rand water basin will take 8 to 9 years to flood to the expected decant level without pumping. A worst case scenario is 7 years.

Ensuring that the old mine voids within CRG SA's Central Rand project remain free of water, at least down to 900 m below surface, is a priority for the company. CRG SA has advised Snowden that it has committed to addressing all aspects of the water management issue on the Central Rand and has embarked on discussions with the DME.

18.9 Central Rand Goldfield shaft inventory and physical characteristics

Ferret, in association with Shango (2006), has undertaken an investigation of shafts and their physical characteristics within the Central Rand Goldfield. The review focussed on all the old mines that now constitute CRG SA's Central Rand project, including Crown Mines, City Deep, Consolidated Main Reef, Robinson Deep, Simmer and Jack, Village Main and Langlaagte. The data was compiled when locating shafts for water monitoring and sampling as part of a Central Rand Goldfield water management study. A total of 251 shafts and holings were identified within the project area from the DME mine plan inventory. All the shafts verified in the field were characterised according to a safety and accessibility criteria rating form and located on plans with the following information:

Table 18.1 Water disposal from DRD during 1990s

Destination	MI/day
Into a local river (Elsburg Spruit)	26
Water pumped to ERGO	14
Evaporation losses	3
Seepage and runoff	3
Retention in slimes	3
Metallurgical plant used	2
Other discharge	8
Total	59

- Shaft name
- Vertical or inclined shaft or adit
- Co-ordinate system
- X and Y co-ordinates
- Collar in feet or metres below datum
- Depth in feet or metres below shaft collar
- Other comments

CRG SA has informed Snowden that Village Main has been accessed down to 103 m and will be further explored down to 6 Level (277 m) and 9 Level (360 m) pending installation of a wireless e-cam system for control.

East shaft has been accessed at Consolidated Main Reef and equipped with a travelling way down to 9 Level, which is 170 m from surface. Samples have been taken from 5 and 9 Levels with encouraging assayed results. The central and western sections are being accessed through an adit adjacent to the Number 2 shaft and the new inclined shafts.

The K9 Kimberley Reef was accessed via an old stope which was intersected whilst trenching north-south across the reef for bulk sampling and grab samples.

The Number 11 winze has been located at Simmer and Jack and permission is being sought for access to the underground workings.

18.10 Additional exploration potential

18.10.1.1 Extension of known shoots

It has always been known that the Central Rand Group and its contained reefs persist down dip to the south of the old mining Lease boundaries. Mining on the old mining leases did not stop in the 1970s because the reefs terminated. It stopped, firstly, because the mining costs became excessive and, secondly, companies had other more attractive opportunities in other developing goldfields.

Southward projection of Main Reef Leader shoots, supported by some deep drilling from surface, has led to the company DRD (Durban Roodeport Deep) defining the Argonaut project (see Fig 4.1 – the Exclusion south of City Deep).

Snowden expects that once the Argonaut and surrounding areas are evaluated reefs other than the Main Reef Leader will be shown to host significant gold mineralisation some of which may prove to be important contributors to a mining venture in the area.

Viljoen and Viljoen have interpreted extensions of known mineralisation shoots covering considerable areas within a number of the reefs which host the identified historical mineral resources. In their opinion, these represent strong exploration targets.

It is apparent to Snowden that there are large expanses of a number of the principal reefs (not the Main Reef Leader) that remain “blank” on the plans and have yet to be explored.

Snowden also notes that Viljoen and Viljoen have not included in their inventory gold mineralisation that remains in unmined blocks peripheral to old workings, stope support pillars, sweepings, vappings etc. These sources of mineralisation are likely to be considerable but have yet to be quantified.

18.10.1.2 Hanging Wall and Footwall Mineralisation

Hanging wall or leader reefs as well as footwall reefs are known to be associated with some of the main reef horizons. This applies particularly to the Kimberley and Bird reefs. The potential of such reefs will be evaluated in due course.

18.10.1.3 Additional Reefs

There are at least two reefs, Johnstone and Livingstone reefs which are known to exist within the Central Rand project but which have not previously been evaluated. These reefs have been mined in certain other areas of the Witwatersrand Basin including in the West Rand and Carletonville Goldfields.

18.10.1.4 Pyritic Quartzite Channels

Several pyritic channels, additional to those referred to, have been reported in old mine records and represent potentially important exploration targets. The Pyritic Quartzite channels appear to be numerous in some areas although the geology and distribution of the channels was never properly understood when the gold mines were active and it appears as if they were generally disregarded during mining. The attraction of the pyritic channels is that they have the potential to contain relatively large tonnages of mineralisation.

18.10.1.5 Uranium mineralisation

The potential of the pebble conglomerate reefs within the project area to host uranium mineralisation requires assessment. Certain of the Bird Reefs in particular are on record as containing potentially economic levels of uranium. From an exploration standpoint investigation of the uranium potential should progress alongside the planned gold exploration work.

18.10.1.6 Old tailings in streams and dams

Viljoen and Viljoen have noted the widespread occurrence of old tailings within the project area notwithstanding the considerable operations that have existed over the last thirty years to remove tailings from the Central Rand area and process them in a purpose built facility in the East Rand.

According to Viljoen and Viljoen on the old Crown Mines property a recent study has shown that dams containing some 8 million tonnes of tailings average 0.8 g/t gold and contain some 206,000 ounces. It is the Authors' understanding that old tailings dams that remain at surface within the project area are not the property of CRG SA. However, tailings that have dispersed into the streams draining the area could be accessed by CRG SA subject to appropriate approvals by the DME.

18.10.1.7 Sweepings and Vampings

There is no doubt that the old mine areas of the project offer an immediate source of gold mineralisation as soon as access to old workings is achieved. It is, however, quite impossible to estimate the grade and abundance of the material available for extraction.

Snowden expects that most of the shallow stopes of the old mines will have been swept at least once and cleaned of broken ore. At increased depth within the mine it is to be expected that the potential for sweepings and vampings will increase.

18.10.1.8 Gold in surface materials

CRG SA has advised Snowden that it intends to explore the soil profile (in areas where such exploration is possible) down-slope from the outcrop traces of the principal reef packages. It is CRG SA's contention that gold would have been eroded from the outcropping Witwatersrand reefs and then shed southwards before being trapped in natural rock traps at or close to the soil-rock interface as well as within the soil profile which ranges in thickness from 0 m to 10 m or more in thickness.

In Snowden's opinion exploration of the soil profile and in particular the rock-soil interface is worthy of exploration.

Snowden also understands that across parts of the surface terrain of the project area old tailings occur originating from the old mining operations. The tailings are remnants of the enormous sand or tailings dumps a number of which were removed from the Johannesburg skyline in the 1970s and 1980s by hydraulic mining and pumping to the Egoli tailings retreatment plant located on the East Rand. Tailings dams that remain within the Central Rand project area are owned by the Durban Roodeport (DRD) mining company.

The largest occurrences of tailings within the project area and accessible to CRG SA is reported to be within valleys of rivers draining the area.

Snowden expects that CRG SA will evaluate the potential of any tailings remaining on the surface of the project area at the same time it evaluates the soil profile.

18.11 Conceptual ore processing study

In July 2007 Bateman Africa completed a conceptual ore processing study (conceptual study) which estimated order of magnitude costs (-0% +30%) for the construction and operation of a central concentrate gold recovery plant and three satellite crushing and concentrating plants. The study considered options for both surface operation of the satellite plants and underground operation once mining extends below 170 m vertical depth below surface. The satellite plants allow for an initial throughput of 60,000 t run-of-mine (ROM) ore per month, rising to 160,000 t each (approximately 500,000 t in total).

Bateman's objective is to deliver in slurry form to the central plant about 80% of gold in 10% of the original rock mass.

The total capital cost has been estimated by Bateman to be R364 M with expected operating costs of R95 M per annum.

No revenues were considered by Bateman as the study is not based on a defined ore reserve or mine plan. In addition, the study is not based on definitive metallurgical testwork. An initial programme of testwork has been conducted on Kimberley reef recovered from an old stockpile located in the field.

Bateman has commented that the processing route being proposed is novel (i.e. pre-concentration in satellite plants). However, major testwork still needs to be undertaken and ore reserves need to be estimated.

Snowden envisages that detailed metallurgical studies will be undertaken in the future once a project feasibility study has been completed based on appropriately classified mineral resources and ore reserves.

19 INTERPRETATION AND CONCLUSIONS

19.1 Sub-Projects

CRG SA's Central Rand project provides a remarkable but challenging opportunity to develop a very significant project. Its acquisition and consolidation of new order prospecting rights over 33.5 km of strike in the Central Rand Goldfield represents a singular achievement and provides CRG SA with a significant opportunity. Realising value from this opportunity will inevitably be accomplished in stages within a complex city infrastructure environment.

In effect the Central Rand project can be thought of as comprising several sub-projects which range widely in degree of difficulty and cost to progress and execute. The broad categories of sub-projects are summarised below in order of their degree of difficulty and likely cost to execute. The simplest and most straightforward projects are outlined first.

1. Surficial resource potential

CRG SA has advised Snowden that it considers the soil profile across the project area as well as plant tailings lying on the surface to represent potential resources. Evaluation of these materials will be comparatively simple and if the evaluation meets expectation will offer CRG SA an immediate source of gold mineralisation for processing and comparatively low capital costs.

2. Open pit mining

There is little doubt that the opportunity to develop shallow open pits to mine one or more of the available reefs offers a most attractive short-term development option. The option is also comparatively low cost. Progressing this option will require undertaking a shallow drilling programme to evaluate the mining potential of the various reefs. CRG SA has already completed a study to identify appropriate locations for surface exploration and mining. Several such sites have been identified.

3. Sweepings and vappings

Accessing the old underground stopes will allow CRG SA to evaluate the potential to recover gold in the "sweepings" and "vappings". If expectations raised by Handley are met in this regard then this will constitute a significant project in its own right given the enormous extent of old workings within the project area.

Key to progressing the sweeping and vapping sub-project will be selecting appropriate 'starter' locations where the best gold grades can be anticipated. It will be important for CRG SA to develop a reliable sampling approach to evaluate selected areas for "mining". The scale of operation chosen by CRG SA and the degree of sophistication in mining approach will dictate the lead time and the cost to implement a sweepings and vappings project.

4. Remnant Reef Blocks

Sub-project 3 involves evaluating remnant reef blocks that remain within old stopes. Such remnants within the 3Cs area have been included by De Frey (2006) in his resource estimate. Underground

“ground truthing” will be necessary to establish whether the blocks do indeed remain, whether their grade meets expectations and whether their mining poses particular safety hazards.

Snowden anticipates that remnant reef block mining will require that CRG SA identifies the most appropriate areas for investigation and feasibility study which will establish realistic capital, infrastructure and mining costs.

5. Reef mining above 900 m vertical depth

Sub-project 4 will likely involve evaluation of reefs above 900 m vertical depth which were only partially mined when the mines within the Central Rand project were in operation. Establishment of an underground mining operation on such reefs will be a significant undertaking and will certainly involve substantial capital expenditure budgetted on the back of a comprehensive feasibility study. Snowden expects that such a feasibility study will require a detailed compilation of historical data (this appears to be substantially complete), detailed underground sampling as well as a surface diamond drilling programme. Once again area selection will be very important in identifying areas to focus on in the short-term.

6. Reef mining below 900 m vertical depth

Sub-project 6 will likely involve dewatering the old workings to gain access to stopes in the depth range 900 m to 2,800 m vertical depth. Clearly this represents an enormous down dip extent and is relevant principally to the Main Reef Leader and to a much lesser extent, the South and Main reef stopes.

Clearly dewatering of old workings will provide CRG SA with significantly increased options for exploiting remaining resources but to embark on such a project will require careful consideration through a detailed feasibility study.

7. Reef mining below 2,800 m vertical depth

This sub-project is aimed at mining principally the high grade Main Reef Leader in the virgin terrain down-dip from the deepest old workings. This project would effectively take the mine into the area of ultradeep mining in the depth range 3,000 m to +4,000 m. A mining feasibility study for such a project will be founded on reef assay data from deep surface diamond drillholes. The drilling of such holes to the depths required to properly evaluate a “deeps” project will be time consuming and costly. This project falls in the category “long term” project.

19.2 Risk Considerations

In Snowden’s opinion the key to the successful development of CRG SA’s Central Rand project will be carefully considered mine planning based on high quality exploration data.

Obviously the location of the project in the midst of a very large city will present a wide range of challenges for project management and project development. On the positive side Johannesburg offers a large labour pool, excellent infrastructure and a strong mining culture. On the negative side it is to be expected that the project’s management will face a range of hurdles on several fronts such as environmental management, community interaction and water management. All these facets of the project are nevertheless quite manageable assuming the right personnel are in place. It is notable that CRG SA has already shown a strong inclination to engage high level expertise to assist with studies undertaken so far.

The Central Rand project has the potential to develop into a very significant mining operation. Today’s environment for developing and operating gold mines is strikingly different (ie more positive) to the negative sentiments that prevailed around the gold mining industry when mining on the Central Rand Goldfield ceased in the 1960s and 1970s. However, in many respects the project is challenging and will face numerous risks.

In the opinion of the Authors the greatest risks to the successful execution of CRG SAs Central Rand project reside in CRG SA being able to progress the project in a reliably budgeted time and cost framework on a scale currently conceptualised by the company.

CRG SA will almost certainly encounter a wide range of “unexpected” events as it proceeds to: (1) access old workings, (2) confirm and upgrade resource estimates, (3) identify areas suitable for

application of CRG SAs proposed mining method, (4) compile a fully costed mining feasibility study and (5) implement the mine plan.

Unexpected events could include more time taken to access old workings than planned, non-availability of suitably qualified and experienced man power to execute the plan, underground conditions more hazardous than reasonably anticipated in initial planning. CRG SA has a considerable amount of exploration work to do in order to delineate Proved and Probable Mineral Reserves to a level that will satisfy CRG SA's likely short and medium term production expectations.

20 RECOMMENDATIONS

20.1 Proposed exploration

20.1.1 Introduction

The Central Rand project can reasonably be considered an advanced exploration project that warrants detailed exploration on a number of fronts. Snowden has been advised by CRG SA of its intention to follow the exploration programme below.

It is the goal of CRG SA's exploration programme to prove the existence of economic open-pit and underground gold ore reserves on the Central Rand Goldfield with the view of re-opening gold mining there as soon as practicable. The exploration programme is designed to convert the existing Inferred Resources to a higher classification and to define additional gold and uranium resources within the stratigraphy of the Central Rand leases.

The exploration programme commenced in late 2006 (Year 1) and is scheduled to run for five years to 2011 (Year 5). It may be extended for a further three years to 2014 (Year 8) dependant upon the results of initial exploration.

CRG SA will initially conduct a surface topographic mapping survey over the entire Central Rand Goldfield prospecting permit and relevant adjacent areas. This work shall consist of airborne LIDAR and digital stereo colour aerial photographic surveys.

A ground study and audit of the documented historical mining environmental damage will be undertaken by independent consultants prior to CRG SA conducting any ground operations within the permit area.

CRG SA will conduct a major data acquisition and data analysis research study of the entire Central Rand Goldfield prospecting rights area. This research study will involve the capture of the voluminous previous old mining operations plans recently located at the SADME office in Pretoria and their contained ore body information, together with historical geological and geophysical data into a 3D-GIS database.

It is estimated that it will take a couple of years to capture the huge amount of existing data into a useable digital format. The 3D-GIS database will then be continually updated with exploration results from the Year 1 to Year 5 prospecting work programme.

The historical data and new exploration results will then be continually interpreted to identify open pit and underground gold resources and to delineate ore reserves. In future, this 3D-GIS database will form the basis for mining feasibility studies and day to day mining operations.

20.1.2 Open pit targets

During Prospecting Permit years 1 to 2, CRG SA intends to focus exploration on the western sections of the Consolidated Main Reef, Langlaagte, and Western Crown lease areas – where a lack of human infrastructure may allow greater access than elsewhere and potential for the establishment of open pit mining. This work will consist of RAB, RC and diamond drilling programmes designed to sequentially improve confidence in the Viljoen and Viljoen open pit resource estimates (to -50 m vertical depth). These traditional gold bearing conglomerate reef open pit resources are located on the Main, Main Reef Leader, Bird and Kimberley Reefs.

An ancillary reconnaissance RAB drilling programme will also focus on wide spaced fence line investigations of the spatial distribution of gold within the bedrock to -40 m vertical depth across

the entire Central Rand Goldfield project lease area. This programme is a search for previously unrecognised and/or un-mined gold bearing conglomerate reefs, and/or “metasomatic” zones, and/or “confidence” style quartz-carbonate vein systems, and/or low grade open pit target envelope gold mineralisation – capable of either open pit or underground mining.

20.1.3 Underground targets

Underground access exploration work will also be undertaken in Prospecting Permit Year 2 to ascertain current underground conditions, the potential for early extraction of sweepings and vappings, and those factors necessary for the successful re-opening of the underground infrastructure for exploration and eventual mining operations.

During Prospecting Permit years 3 to 5 CRG SA’s exploration programme will focus on proving up underground ore shoot resources and underground exploration for previously unrecognised parallel lateral development of economic gold mineralised conglomerate reefs.

The Year 3 to 5 work will initially consist of surface diamond drilling concentrated on intersecting the Viljoen predicted ore shoots in the subsurface to -300 m depth interval. Further underground access work with underground diamond drilling and underground reef face sampling will examine the -300 m to -900 m depth interval.

During Years 1 to 5 CRG SA also intends exploring deep targets located south of the 3Cs and Village Main lease areas in the AngloGold Deeps and Southern Deeps areas. This exploration will consist of initial data compilation, geophysical studies, and eventual deep diamond drilling in Year 4 and 5 to depths of 3,300 m to 4,000 m.

CRG SA’s current understanding is that deep mining below 2,800 m could potentially have several decades of operational mine life, but is likely to require a lengthy prospecting and feasibility evaluation, prior to the eventual commencement of deep mining operations.

CRG SA also intends conducting reconnaissance exploration of Black Reef gold resources south of the Central Rand Goldfield and for deeply buried Upper Witwatersrand reef gold deposits on other targets in new application areas adjacent to the Central Rand Goldfield.

The work programme results and 3D-GIS modelling of the ore shoots within the upper old mine levels will eventually be extended into the deeper historical mine levels. This Central Rand Goldfields modelling work will be essential for the identification of deep targets and deep drilling locations in Years 4 to 5 on the AngloGold Deeps and Southern Deeps lease areas.

CRG SA’s goal is to commence underground mining in the 0 to -900 m depth interval as soon as practicable – initially operating in the 0 m to -300 m depth interval, but then extending to the current water level (~900 m depth). On current resource information and as indicated by initial scoping studies, such underground mining (above the -900 m water level) can be expected to have a 12 to 15 year operational life.

20.1.4 Feasibility studies

Prior to the CRG SA internal approval of any mining operations, detailed mining feasibility studies shall be undertaken on the open pit and underground reserves (0 m to -900 m depth interval), as and when drilling results warrant. Applications for conversion of prospecting rights to mining rights will be undertaken as soon as practicable and/or as results warrant.

Subject to the grant of “new order” mining permits and mining approvals from the relevant South African Government and the DME, open pit mining operations could commence in the western lease areas during Year 2 with a potential anticipated operational life of several years.

20.1.5 Budget

CRG SA has provided Snowden with a budget for the anticipated surface and underground drilling plus metallurgical and miscellaneous exploration and sampling costs for the first three years. Table 20.1 summarises the global expenditures for the key cost centres for the three years to the end of March 2010. Table 20.2 shows the anticipated drilling metres for the three-year period. CRG SA’s exploration budget is 499 M Rand (US\$ 69 M) for the three-year plan.

The magnitude of the proposed exploration programme (177,600 metres) indicates that the company recognises the importance of exploration to the project. Snowden expects that the exploration budget will be revised continuously as the company learns where best to focus its exploration efforts. It is expected, for example, that the cost for assaying could be revised downwards with assaying restricted to the important reef targets. Snowden notes that 46% of the company's budget over the next three years is allocated to drilling. The company is currently engaged in a programme aimed at gaining access to the underground workings in order that it may commence its underground drilling programme.

Table 20.1 Three-year exploration cost estimate

	Cost M Rand			
	Year 1 (Start Apr-07)	Year 2 (Start Apr-08)	Year 3 (Start Apr-09)	Years 1 to 3 (Start Apr-07)
Drilling expenses	59.5	58.5	58.5	176.5
Metallurgical	67.12	39.3	38.8	145.2
Misc exploration and sampling	49.6	7.4	5.5	62.5
Total	176.2	105.2	102.8	384.2
Contingency: 10%	17.6	10.5	10.3	38.4
Research & development: 20%	35.2	21.0	20.6	76.8
Grand Total (M Rand)	229.0	136.7	133.6	499.4
Cost M US\$ at exchange rate 1US\$ = 7.19975, dated Wed 12 Sept 2007				
Grand Total (M US\$)	31.8	19.0	18.6	69.4

Table 20.2 Three-year exploration drilling estimate

	Drilling metres			
	Year 1 (Start Apr-07)	Year 2 (Start Apr-08)	Year 3 (Start Apr-09)	Years 1 to 3 (Start Apr-07)
RC drilling	42,600	42,600	42,600	127,800
Diamond drilling	16,200	16,200	16,200	48,600
Alluvial drilling	1,200	—	—	1,200
Total	60,000	58,800	58,800	177,600

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GLOSSARY

aeromagnetic	A geophysical technique of exploring an area by measuring the magnetic intensity of the rock from an aircraft.
alluvial	Water transported sedimentary deposit
alluvial fan	A low, outspread, relatively flat to gently sloping mass of alluvium deposited by a stream or river. Viewed from above, it has the shape of an open fan, the apex being at the valley mouth.
AngloGold, AngloGold Ashanti, AGL	AngloGold Ashanti Limited
anticline	A fold, the core of which contains the stratigraphically older rocks; it is convex upward.
Archaean	That period of geological time prior to 2.5 Ga years before present, i.e. the earliest part of the Precambrian.
arenite	A general name used for consolidated sedimentary rocks composed of sand-sized fragments irrespective of composition.
argillaceous	Sedimentary rock containing an appreciable amount of clay.
assay	The chemical analysis of ore samples to determine their metal content.
auriferous	Said of a substance that contains gold.
bedding plane	A planar surface that visibly separates each successive layer of stratified rock (of the same or different lithology) from its preceding or following layer.

borehole	A circular hole of small diameter made by drilling to ascertain the nature of the underlying formations, to obtain samples of the rocks penetrated, or to gather other kinds of geological information.
borehole log	A lithologic record of the rocks penetrated by a borehole.
braided	Divergence of stream channels into complex system of smaller channels.
capital expenditure	Specific project expenditure for equipment, materials and infrastructure. (capex)
channel	An abandoned or buried watercourse represented by stream deposits of gravel and sand.
Charter	The Broad Based Socio-Economic Empowerment Charter for the South African Mining Industry.
cut-off grade	The grade which distinguishes the material within a mineralised body that is to be extracted and treated from the remainder.
clast	An individual constituent, grain, or fragment of a sediment or rock, produced by the mechanical weathering (disintegration) of a larger rock mass.
Competent Person	A person who is a member of the South African Council for Natural Scientific Professions (SACNASP), or the Engineering Council of South Africa (ECSA), or the South African Council for Professional Land Surveyors and Technical Surveyors (PLATO) or any other statutory South African or international body that is recognised by SAMREC. A Competent Person should have a minimum of five years experience relevant to the style of mineralization and type of deposit under consideration and to the activity which that person is undertaking. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Mineral Reserves.
conformable	Said of strata or stratification characterised by an unbroken sequence in which the layers are formed one above the other in parallel order by regular, uninterrupted deposition under the same general conditions.
conglomerate	A coarse-grained, clastic sedimentary rock composed of rounded to subangular fragments larger than 2mm in diameter set in a fine-grained matrix of sand, silt or any other natural cementing material.
contour	An imaginary line or surface along which a certain quantity, otherwise variable, has the same value, e.g. a structure contour.
cut-off grade	The grade which distinguishes the material within a mineralised body that is to be extracted and treated from the remainder.
detrital	Minerals occurring in sedimentary rocks, which were derived from pre-existing rocks either within or outside the basin of deposition.
diamond drill	A rotary type of rock drill, with the drill bit studded with diamonds, that cuts a core of rock that is recovered in long cylindrical sections.
dip	The angle that a structural surface (e.g. a bedding or fault plane), make with the horizontal, measured perpendicular to the strike of the structure.
down-dip	A direction that is downwards and parallel to the dip of a structure or surface.
exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in the search for mineralization.
fault	A surface or zone of rock fracture along which there has been displacement, from a few centimetres to a few kilometres in scale.
fire assay	The assaying of metallic ores by methods requiring the use of furnace heat.
fluvial	Produced by the action of a stream or river.
flyspeck carbon	Very small grains of carbonaceous material, which is often associated with high gold grades, due to the affinity of gold with carbon.
fold	Plastic deformation of previously horizontal rock strata.
footwall	The underlying side of an orebody, fault , or other structure.

Formation	The basic or fundamental rock-stratigraphic unit in the local classification of rocks, consisting of a body of rock generally characterised by some degree of internal lithologic homogeneity or distinctive lithological features. Formations may be combined in groups or subdivided into members. A formation name generally consists of a geographic name followed by the word “formation”.
greenstone	A field term for any compact dark-green altered or metamorphosed basic igneous rock that owes its colour to chlorite.
grit	A coarse-grained sandstone characterised by angular particles.
Group	A major stratigraphic unit next higher in rank than Formation, consisting wholly of two or more contiguous or associated Formations having significant lithologic features in common. The Group name is customarily preceded by a geographic name.
hanging wall	The overlying side of an orebody, fault , or other structure.
HDSA	Historically Disadvantaged South Africans, being South African nationals who were, prior to 1994, disadvantaged whether by legislation or convention.
Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that may be limited or of uncertain quality and reliability.
in situ	Reserves still in the ground, i.e. within unbroken rock.
isopach	A line drawn on a map through points of equal thickness of a designated stratigraphic unit or a group of stratigraphic units.
Kaapvaal Craton	The ancient, proto-continental crystalline basement of South Africa.
level (mining level)	Horizontal tunnel – the primary purpose of which is the transport of personnel and materials
lithologic marker	Geological description pertaining to different rock types. An easily recognised geologic feature having characteristics distinctive enough for it to serve as a reference or datum or to be traceable over long distances.
Member	A stratigraphic unit of subordinate rank, comprising some specially developed part of a varied Formation.
metamorphic metamorphism	Pertaining to the process of metamorphism or to its results. The mineralogical and structural adjustment of pre-existing rocks in response to marked changes in temperature, pressure, shearing stress, and chemical environment at depth.
Mineral Resource	A concentration (or occurrence) of material of economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral Resources are subdivided, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated and Measured categories.
‘new order’ Prospecting Rights	see unused ‘old order’ Prospecting Rights
normal fault	A fault in which the hanging wall moves downward relative to the footwall.
‘old order’ rights	see unused ‘old order’ Prospecting Rights
oligomictic ore	A conglomerate with over 95% of the clasts comprised of a single rock type. The naturally occurring material from which a mineral, or minerals, of economic value can be extracted.
orebody	A continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.

orthoquartzite	A clastic sedimentary rock that is made up almost exclusively of quartz sand, that is relatively free of or lacks a fine-grained matrix, and that is derived by secondary silicification.
palaeo-high	A high lying area in the topography at the time when the surface was exposed.
palaeoslope	The direction of initial dip of a former land surface.
placer	A surficial mineral deposit formed by mechanical concentration of mineral particles from weathered debris. The mechanical agent is usually alluvial, and the mineral is usually a heavy metal such as gold.
polymictic	A conglomerate with clasts comprised of many rock types.
Prospecting Rights	The rights granted to conduct prospecting activities over properties in South Africa in terms of the MPRDA.
pyrite	Iron sulphide mineral (FeS ₂).
quartz	Crystalline silica, the commonest gangue mineral of ore deposits.
quartzite	A very hard but unmetamorphosed sandstone consisting chiefly of quartz grains that have been completely and solidly cemented with secondary silica.
reef	A gold bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold mineralisation.
resource	A tonnage or volume of rock or mineralization or other material of intrinsic economic interest, the grades, limits and other appropriate characteristics of which are known with a specified degree of knowledge.
SAMREC	South African Mineral Resource Committee
SAMREC Code	The South African Code for reporting of Mineral Resources and Mineral Reserves published by the South African Mineral Resources Committee under the auspices of the South African Institute of Mining and Metallurgy.
sandstone	A medium-grained, clastic sedimentary rock composed of abundant and rounded or angular fragments of sand size set in a fine-grained matrix (silt or clay) and firmly united by cementing material such as silica, iron oxide or calcium carbonate.
sequence	A term for rocks formed during an era.
shaft	A vertical or subvertical excavation used for accessing an underground mine; for the transport of personnel, equipment and supplies; for the hoisting of ore and waste; for ventilation and utilities; and/or as an auxiliary exit.
shale	A fine-grained detrital sedimentary rock, formed by the compaction of clay, silt or mud.
Snowden	Snowden Mining Industry Consultants
South Africa	The Republic of South Africa
stope	underground excavation created by mining
stratigraphy	The branch of geology that deals with the definition and description of major and minor natural divisions of rocks and the arrangement of the strata and taking special cognisance of geographic position and chronological order of sequence.
strike (geol)	The direction or trend that a structural surface (e.g. a bedding or fault plane) takes as it intersects the horizontal plane, always perpendicular to the dip direction.
structure contour	A contour that portrays a structural surface such as faults and formation boundaries. The resulting structure contour map portrays subsurface configuration by means of structure contour lines.
subcrop	Describes a rock unit that unconformably underlies another rock unit.
Sub-vertical (shaft)	An opening cut below the surface downwards from an established surface shaft
sulphide	Sulphur-bearing mineral
Supergroup	A formally named assemblage of related Groups, or of Formations and Groups, having significant lithologic features in common.
syncline	A fold, the core of which contains the stratigraphically younger rocks; a basin shaped fold.

tectonic	Pertaining to the forces involved in, or the resulting structures or features of, tectonics.
tectonics	A branch of geology dealing with the broad architecture of the upper part of the Earth's crust i.e. the regional assembling of structural or deformational features, a study of their mutual relations, their origin, and their historical evolution.
throw	The amount of vertical displacement
unconformity	Buried erosion surface separating two rock units where the older was exposed to erosion for a long interval of time prior to the deposition of the younger.
unused 'old order' mineral right	Mineral rights, mining title, or rights to prospect, whether coupled with a mining authorisation or prospecting permit or not, and which relevant right was not actively being prospected or mined at the commencement of the MPRDA. The holder of such right had one year from the commencement of the MPRDA to apply for a new order prospecting right in terms of Sections 16 and 22 of the MPRDA respectively.
up-dip	a direction that is upwards and parallel to the dip of a structure or surface.
uraninite	A strongly radioactive, brownish-black mineral, UO ₂ , forming the chief ore of uranium and containing variable amounts of radium, lead, thorium and other elements as impurities.
Witwatersrand/Wits Basin	A sedimentary basin in South Africa and repository of the world's largest known gold deposit.

Abbreviations

Au	the chemical symbol for gold
AAC	Anglo American Corporation
AGL	AngloGold Ashanti Limited
BEE	Black Economic Empowerment
CPR	Comptent Persons Report
DME	Department of Minerals and Energy
EMP	Environmental Management Plan
HDSA	Historically Disadvantaged South Africans
MPRDA	Minerals and Petroleum Resources Development Act, 2002 (Act No.28 of 2002)
U ₃ O ₈	Uranium Oxide
VCR	Ventersdorp Contact Reef

Units

cm	a centimetre
cm.g/t	a centimetre-gram per metric tonne – metal accumulation over channel width
cm.kg/t	a centimetre-kilogram per metric tonne – metal accumulation over channel width
g	grammes
Ga	a thousand million years/billion years
g/t	grammes per metric tonne – metal concentration
Ha	a hectare
kg	a kilogram
kg/t	kilograms per metric tonne
km	kilometre
km ²	a square kilometre
koz	a thousand ounces
m	a metre
mm	a millimetre
Ma	Million years
Mt	a million metric tonnes
Moz	a million ounces

oz	a fine troy ounce equalling 31.10348 grammes
R, ZAR	South African Rand
t, Tonnes	a metric tonne equalling 1000 kilograms
t/m ³	a metric tonne per cubic metre
µm	microns
US\$	United States Dollar
US\$/oz	United States Dollar per ounce
%	percentage

PART VIII

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Company and the Directors accept responsibility for the information contained in this prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Moore Stephens LLP, (“Moore Stephens”) whose registered address is at St Paul’s House, Warwick Lane, London EC4M 7BP, United Kingdom, accepts responsibility for its accountants’ reports on the Company and its subsidiaries set out in Part VI of this prospectus. To the best of the knowledge of Moore Stephens (which has taken all reasonable care to ensure that such is the case) the information contained therein is in accordance with the facts and contains no omissions likely to affect its import.
- 1.3 Snowden Mining Industry Consultants PTY Limited (“Snowden”), whose registered address is at 87 Colin St, West Perth, WA 6005, Australia, accepts responsibility for its report and its letter set out in Part VII of this prospectus. To the best of the knowledge of Snowden (which has taken all reasonable care to ensure that such is the case) the information contained therein is in accordance with the facts and contains no omissions likely to affect its import.

2. Corporate Information

- 2.1 The Company was incorporated in Guernsey on 12 July, 2006 with registered number 45108 under the Companies (Guernsey) Law 1994 – 1996, as amended, as a company limited by shares with the name Central Rand Gold Consols Limited. It subsequently changed its name to Central Rand Gold (Guernsey) Limited on 8 December 2006 and then to Central Rand Gold Limited on 12 January 2007.
- 2.2 The Company was registered as an external company by the South African Registrar of Companies on 10 July 2007 with registration number 2007/019223/10.
- 2.3 The principal legislation under which the Company operates is the Companies (Guernsey) Laws 1994 – 1996, as amended, and the regulations and orders made thereunder, but it is also subject to the Companies Act 61 of 1973 as a result of its registration as an external company in South Africa.
- 2.4 The registered office and the principal place of business of the Company is at Sydney Vane House, Admiral Park, St Peter Port, Guernsey Tel. No. +44(0) 1481 729466 (which is where the register of members may be inspected).
- 2.5 The Company’s founding shareholders were Artemis Corporate Services Limited and Artemis Nominees Limited whose registered offices are at Sydney Vane House, Admiral Park, St Peter Port, Guernsey.

3. Share Capital

- 3.1 The authorised, issued and fully paid share capital of the Company on its incorporation was as follows:

<i>Authorised</i>		<i>Nominal Value (£)</i>	<i>Premium</i>	<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount (£)</i>			<i>Number</i>	<i>Amount (£)</i>
10,000	10,000	1	nil	2	2

- 3.2 On 14 March 2007 the Company resolved to subdivide its share capital into 1,000,000 ordinary shares of £0.01 each. On 8 June 2007, the Company resolved to increase its authorised share capital from £10,000 to £10,000,000 by the creation of an additional 999,000,000 Shares of £0.01 each.
- 3.3 The authorised, issued and fully paid share capital of the Company immediately following the Placing is expected to be as follows:

<i>Authorised</i>		<i>Nominal Value (£)</i>	<i>Premium (£)</i>	<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount (£)</i>			<i>Number</i>	<i>Amount (£)</i>
1,000,000,000	£10,000,000	0.01	1.24	246,599,650	2,465,996.50

- 3.4 On incorporation the authorised share capital of the Company was £10,000 divided into 10,000 ordinary shares of £1 each, of which 2 were issued for cash at par value, one to Artemis Nominees Limited, the other to Artemis Corporate Services Limited, as the subscribers to the Memorandum of Association as nominees for Rand Quest Syndicate Limited. On 14 March, 2007 the subscriber shares were each subdivided into 100 Shares of £0.01 On 3 July, 2007, the subscriber shares were transferred to Rand Quest Syndicate Limited.
- 3.5 On 3 July, 2007 pursuant to the terms of the agreements referred to at paragraphs 16.5, 16.7 and 16.13 of this Part VIII, 168,666,448 Shares were issued credited as fully paid up as to £0.01 per Share to Rand Quest Syndicate Limited which subsequently transferred the shares to the existing shareholders of Rand Quest Syndicate Limited. On 24 August 2007 12,133,002 Shares were issued to certain investors for cash at a subscription price of £0.75 per Share pursuant to the subscription letters, further details of which are set out in paragraph 16.18 of this Part VIII. On 12 September 2007, 5,800,000 Shares were issued for cash to Carey Pensions and Benefits Limited, the trustees of the CRG Benefit Trust, at a subscription price of £0.01 per Share.
- 3.6 On 31 October 2007, 60,000,000 new Shares were provisionally allotted for subscription pursuant to the Placing Agreement conditional on Admission. On Admission, the 60,000,000 Shares will be allotted at the Placing Price pursuant to the Placing.
- 3.7 In accordance with the Articles of Association of the Company, the authorised but unissued shares of the Company, are placed under the control of the Directors.
- 3.8 Save as disclosed in this paragraph 3, since incorporation there have been no other changes in the authorised and issued share capital of the Company.
- 3.9 The shareholders of the Company resolved by written resolution dated 8 June, 2007:
- 3.9.1. That subject to the adoption of the Articles of Association the Directors are hereby empowered to allot Equity Securities as if the pre-emption rights contained in Articles of Association did not apply to any such allotment, provided that such power is limited to:
- (a) the allotment of 168,666,448 ordinary shares in consideration for the transfer of certain assets from Rand Quest Syndicate Limited to the Company's subsidiary Central Rand Gold (SA) Pty Limited;
 - (b) the allotment of up to 5,800,000 ordinary shares to the directors of the Company;
 - (c) the allotment of up to 6,666,666 ordinary shares pursuant to a pre-IPO fundraising;
 - (d) the allotment of up to 90,000,000 ordinary shares pursuant to a placing in connection with the initial public offering of the Company on the Official List and the JSE (the "Transaction");
 - (e) the allotment of equity securities in connection with a rights issue, open placing or any other pre-emptive placing in favour of the holders of ordinary shares in proportion (as nearly as may be) to their holdings on a record date fixed by the Directors (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever);
 - (f) the allotment of up to 24,367,998 equity securities pursuant to the terms of any share option arrangements or share option scheme for Directors and employees of the Company and/or its subsidiaries currently in existence or operation or subsequently approved by the shareholders of the Company in general meeting;
 - (g) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (a), (b), (c), (d) or (e) above) up to a maximum aggregate nominal amount equal to £133,700.00 (being equal to approximately 5 per cent. of the proposed issued share capital of the Company immediately following the Transaction);

in each case, up to the conclusion of the Annual General Meeting of the Company to be held in 2008 save that the Company may before such expiry make placings or agreements which would or might required equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such placings or agreements as if the power conferred thereby had not expired.

- 3.10 Each of the Shares:
- 3.10.1 has been issued pursuant to the Companies (Guernsey) Laws 1994 – 1996, as amended;
 - 3.10.2 is in registered and certificated form; and
 - 3.10.3 is denominated in Pounds Sterling.
- 3.11 The Company remains subject to: (i) the Companies Law; and (ii) conditional on Admission, the continuing obligations of the Listing Rules and the JSE Listing Requirements; in connection with the allotment and issue of Shares.
- 3.12 As at the date of this prospectus, the Company has no listed or unlisted securities not representing capital.
- 3.13 As at the date of this prospectus, the Company does not hold any of its Shares and none of the Company's subsidiaries hold any of its Shares.
- 3.14 Save as disclosed below under paragraph 11 of this Part VIII no share or loan capital of the Company or any member of the Group is under option or agreed conditionally or unconditionally to be put under option.
- 3.15 The Shares are not redeemable and the Company has not issued any convertible securities, exchangeable securities or securities with warrants.

4. Memorandum and Articles of Association

- 4.1 The Company's principal objects, which are contained in its Memorandum of Association, include the carrying on of business as a general commercial company. The objects of the Company are set out in full in clause 3 of the Memorandum of Association, which is available for inspection at the addresses specified in paragraph 28 of Part VIII.
- 4.2 The Articles of Association adopted pursuant to a written resolution dated 8 June 2007, contain provisions relating to the following:

4.2.1 Voting Rights

Subject to any special rights or restrictions or prohibitions as regards voting for the time being attached to any class of share on a show of hands or on a poll every member present in person or by proxy shall have one vote; and on a poll every member present in person or by proxy shall have one vote for each share held by him.

In the case of joint holders, such joint holders shall not have the right to vote individually and unless such joint holders shall have chosen one of their number to represent them the vote of the most senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register.

On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

4.2.2 Dividends

Subject to the Companies Law and as set out in the Articles, the Company in general meeting may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board.

The Board may at any time declare and pay such interim dividends as appear to be justified by the profits of the Company.

No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. Any dividend unclaimed after the earlier of: (a) a period of seven years from the date when it first became due for payment, and (b) the date on which the Company is wound up will be forfeited and will revert to the Company without the necessity for any declaration or other action on the part of the Company.

The Board may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Board, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Board may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Board may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Companies Law.

The Directors may deduct from any dividend payable to any member on or in respect of a Share all sums of money (if any) presently payable by him to the Company.

4.2.3 *Capitalisation of Reserves*

The Company by ordinary resolution may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that the sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, but the share premium account and the capital redemption reserve fund may only be applied in the paying up of unissued shares to be issued to members as fully paid bonus shares.

4.2.4 *Share Capital*

Subject to the Articles, the Company may by extraordinary resolution:-

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide all or any of its shares into shares of smaller amount than is fixed by the Memorandum;
- (d) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled;
- (e) convert all or any of its fully paid shares into stock and reconvert that stock into paid-up shares of any denomination; and
- (f) convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any consent required by the Companies Law.

4.2.5 *Modification of Rights*

If at any time the shares of the Company are divided into different classes, all or any of the special rights for the time being attached to any class of shares for the time being issued may (and notwithstanding that the Company may or may be about to be in liquidation) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than two-thirds in number of the issued shares of that class or with the consent of an ordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in the Articles, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one third of the issued shares of the class in question.

Preferential rights may be conferred upon the holders of the shares of any class of shares issued by the Company unless otherwise prohibited by the terms of issue of the shares of any other class.

The rights conferred upon the holders of any shares or class of shares issued with preferred or other rights shall (unless otherwise expressly provided by the conditions of the issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith.

4.2.6 Shares

Subject to the provisions of the Articles, the unallotted and unissued Shares are at the disposal of the Directors which may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Directors shall determine.

4.2.7 Interests in Shares

The Directors have power by notice in writing to require any member to disclose to the Company the identity of any person other than the member (an “interested party”) who has any interest (whether direct or indirect) in the shares held by the member and the nature of such interest.

Directors may be required to exercise their powers under the Articles on the requisition of members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company.

On the deposit of a requisition it is the Directors’ duty to exercise their powers under the Articles in the manner specified in the requisition.

If any member has been duly served with a notice given by the Directors and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a “direction notice”) upon such member. A direction notice may direct that, in respect of:-

- (a) any shares in relation to which the default occurred (all or the relevant number as appropriate of such Shares being the “default shares”); and
- (b) any other shares held by the member;

the member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company.

Where the default shares represent at least 0.25 per cent. of the class of shares concerned, the direction notice may additionally direct that in respect of the default shares:-

any dividend or the proceeds of any repurchase or repayment on the default shares or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member and no transfer other than an approved transfer (as defined in the Articles) of the default shares held by such member shall be registered unless:-

- (a) the member is not himself in default as regards supplying the information requested; and
- (b) when presented for registration the transfer is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

If shares are issued to a member as a result of that member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that member as such default shares. For this purpose, shares which the Company procures to be offered to Members *pro rata* (or *pro rata* ignoring fractional entitlements and shares not

offered to certain Members by reason of legal or practical problems associated with offering shares outside the United Kingdom or Guernsey) shall be treated as shares issued as a result of a Member holding other shares in the Company.

Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect in relation to any shares which are transferred by such Member by means of an approved transfer as set out in the Articles. As soon as practical after the direction notice has ceased to have effect (and in any event within 7 days thereafter) the Directors shall procure that the restrictions imposed by the Articles shall be removed and that dividends withheld pursuant to the Article are paid to the relevant member.

4.2.8 *Transfer of Shares*

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system.

In relation to any class of shares which, for the time being, EUROCLEAR has admitted to settlement by means of the CREST UK system, and for so long as such class remains so admitted, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:-

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of the CREST UK system; or
- (c) The CREST Guernsey Requirements.

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of any electronic settlement system other than that operated by EUROCLEAR.

4.2.9 *General Meetings*

The Company shall hold the first general meeting within such times as may be required by the Laws and thereafter a general meeting as its annual general meeting once in every calendar year at such time and in Guernsey and such other places (with the exception of the United Kingdom) as may be determined by the Directors.

The Board may whenever they think fit convene an extraordinary general meeting and extraordinary general meetings shall also be convened on a requisition made in writing and signed by members holding the aggregate not less than one tenth of the issued share capital of the Company.

Not less than 30 days' notice (or such longer period as may be required by law or Stock Exchange Rules) shall be given to members of any general meeting.

4.2.10 *Appointment of Directors and Fees*

Until otherwise determined by the Board, the number of Directors shall be not fewer than four nor more than eleven. The Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director. The Company may by Ordinary Resolution appoint any person to office as a Director.

The Directors shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine. Any fees payable pursuant to the Articles shall be distinct from and shall not include any salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of the Articles and shall accrue from day to day. The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of Shares or of debentures of the Company. If by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.

4.2.11 *Election, Re-election and Retirement of Directors*

Any person appointed by the Board as a Director shall hold office only until the next annual general meeting and shall then be eligible for election.

At each annual general meeting:

- (a) any Director who was elected or last re-elected a Director at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation; and
- (b) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one-third).

A Director retiring by rotation shall be eligible for re-election, provided that no Director shall be obliged to retire as a result of having attained the normal age of retirement.

4.2.12 *Powers of Directors*

The business of the Company shall be managed by the Board who may exercise all such powers of the Company as are not required to be exercised by the Company in general meeting subject to the Articles and to the Laws and to such regulations as may be prescribed by the Company in general meeting but no such regulation shall invalidate any prior act of the Board. The powers given by the relevant Article shall not be limited or restricted by an other special authority or power given to the Directors by the Articles.

4.2.13 *Proceedings of the Directors*

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business which in default of such determination shall be two.

Any Director may participate in a meeting of the Directors or in a committee thereof by means of a video link or telephone conference call or other electronic or telephonic means of conversation whereby all of the Directors participating in the meeting can hear and speak to each other provided that no Directors physically present in the United Kingdom may participate by such means unless a majority of the Directors participating are physically present outside the United Kingdom.

The Directors may elect one of their number as chairman of their meetings and determine the period for which he is to hold office.

4.2.14 *Directors' Interests*

A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement entered into or proposed to be entered into by the Company shall disclose to the Board the nature and extent of his interest.

A Director may not vote (or be counted in the quorum) (subject to the exceptions noted below) and may be asked to leave a meeting for the duration of the vote in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any member of the Group;
- (b) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any member of the Group for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a member of the Group) in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing one per cent. or more of either a class of the equity share capital (or of any third party company through which his interest is derived) or of the voting rights in the relevant company; and
- (e) a contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or whereat the terms of any such appointment are arranged or whereat any contract in which he is interested is considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

A Director may hold any other office or place of profit under the Company (other than auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

If a question arises at any time as to the materiality of a Director's interest or as to his entitlement to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

4.2.15 *Borrowing Powers*

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking property or assets (present or future) and uncalled capital and, subject to the provision of the Laws, to issue debentures, loan stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Subject to the maximum limits imposed by the Company, the directors of the subsidiaries of the Company may exercise all the powers of the relevant subsidiary to borrow money, and to give guarantees, mortgage, hypothecate, pledge, or charge all or part of its respective assets, (present or future) and uncalled capital and, subject to the provision of the relevant laws, to issue debentures, loan stock and other securities whether outright or as collateral security for any debt liability or obligation of the Company, the subsidiary or any third party.

4.2.16 *Winding Up*

If the Company shall be wound up the liquidator may with the authority of an extraordinary resolution divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (“the transferee”) the liquidator may, with the sanction of an ordinary resolution, conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares policies or other like interests in the transferee for distribution among the members or may enter into any other arrangement whereby the members may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

4.2.17 *Rights of pre-emption*

If the Company is proposing to allot Equity Securities it:

- (a) shall not allot any of them on any terms to a person unless it has made an offer to each person who holds Relevant Shares or Relevant Employee Shares to allot to him on the same or more favourable terms a proportion of those Equity Securities which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate of Relevant Shares and Relevant Employee Shares, and
- (b) shall not allot any of those Equity Securities to a person unless the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made.

This prohibition on allotment does not apply to a particular allotment of Equity Securities if these are, or are to be, wholly or partly paid up otherwise than in cash or Equity Securities which the Company has offered to allot to a holder of Relevant Shares or Relevant Employee Shares or which would, apart from a renunciation or assignment of the right to their allotment, be held under an employees’ share scheme.

4.2.18 *Change in Control*

The Articles and the Companies Laws do not contain any provisions which would have the effect of delaying, deferring or preventing a change of control of the Company.

4.2.19 *Disclosure of Interest in Shares*

Every member shall comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as an “issuer” whose “Home State” is the “United Kingdom” (as such terms are defined in the FSA Handbook).

4.2.20 *Untraceable Members*

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that:

- (a) for a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person so entitled to the share at his address in the register of members or otherwise the last known address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by

the Company from the member or the person so entitled provided that in any such period of twelve years the Company has paid at least three dividends whether interim or final;

- (b) the Company has at the expiration of the said period of twelve years by advertisement in a newspaper circulating in the area in which the address referred to in paragraph (a) above is located given notice of its intention to sell such shares;
- (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the member or person so entitled; and
- (d) if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

4.2.21 *Reports and Accounts*

The Board shall cause proper books of account to be kept with respect to all the transactions, assets and liabilities of the Company in accordance with the Laws.

The books of account shall be kept at the registered office of the Company or at such other place as the Board shall think fit and shall at all times be open to the inspection of the Directors but no person other than a Director or auditor or other person whose duty requires and entitles him to do so shall be entitled to inspect the books, accounts and documents of the Company except as provided by the Laws or authorised by the Board or by the Company in general meeting.

A balance sheet shall be laid before the Company at its annual general meeting and such balance sheet shall contain a general summary of the assets and liabilities of the Company. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company as to the amount (if any) which they recommend to be paid by way of dividend and the amount (if any) which they have carried or propose to carry to reserve. The auditors' report shall be attached to the balance sheet or there shall be inserted at the foot of the balance sheet a reference to the report.

A copy of every balance sheet and of all documents annexed thereto including the reports of the Directors and the auditors shall at least 21 days before the date of the meeting be delivered or sent by post to each of the registered holders of shares and to the auditors. Any holder may by written notice served on the Company waive this requirement.

5. Directors' and Senior Managers' Interests and Indebtedness

5.1 In the year ended 30 June 2007:

5.1.1 the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to each of the Directors and Senior Managers by members of the Group was approximately \$2,130,525 (£1,059,963); and

5.1.2 the total amount set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors and Senior Managers is zero.

5.2 Save as disclosed in paragraphs 25 and 16.10 (the later paragraph relates to a loan owed by Puno, a company of which Sedupe Ramokgopa is a director and interested in its share capital (as detailed in paragraph 5.7 of this Part VIII), to the Company) of this Part VIII, none of the Directors or Senior Managers of the Company, or associates or affiliates of the foregoing persons, is (or was during the most recently completed financial year of the Company) indebted to the Company or any of its subsidiaries, or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

5.3 The table below sets out the interests of the Directors and Senior Managers in the Company's issued share capital as at the date of this prospectus and as adjusted to reflect the Placing.

	<i>As at the date of this prospectus</i>		<i>After the Placing</i>	
	<i>Number of shares held</i>	<i>% of issued share capital</i>	<i>Number of shares</i>	<i>% of issued share Capital</i>
Directors				
Alastair Walton ¹	2,850,000	1.53	3,850,000 ⁵	1.56
Gregory James	375,000	0.20	750,000 ⁶	0.30
Riccardo Vittino ²	1,100,000	0.59	1,600,000 ⁷	0.65
Michael Sullivan	900,000	0.48	1,400,000 ⁸	0.57
Sedupe Ramokgopa ³	950,000	0.51	950,000	0.39
Nicholas Farr-Jones	100,000	0.05	200,000 ⁹	0.08
Robert Kirkby ⁴	500,000	0.27	775,000 ¹⁰	0.31
Miklos Salamon	300,000	0.16	575,000 ¹¹	0.23
Senior Managers				
James McArdle	—	—	25,000 ¹²	0.01
Barry Venter	—	—	25,000 ¹³	0.01

1 These Shares are held by San Michelle Holdings Ltd, a company of which the sole shareholder is a trust of which Alastair Walton and his family are beneficiaries. The trustee also controls the board of San Michelle Holdings Ltd.

2 400,000 of the Shares listed in the table are held jointly by Riccardo Vittino and his wife. 200,000 of the Shares listed in the table are held by Riccardo Vittino and his wife jointly as trustees of The Gargoyle Super Fund, of which Riccardo Vittino, his wife and children are beneficiaries.

3 These Shares are held by Fairview Corporation Ltd, a company of which Sedupe Ramokgopa is the sole director and the sole shareholder.

4 300,000 of the Shares listed in the table are held by the wife of Robert Kirkby. 200,000 of the Shares are held by UBS Wealth Management Australia Nominees Pty Ltd which holds as nominee for the Kirkby Superannuation Fund.

5 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Alastair Walton will receive 1,000,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, Alastair Walton is entitled to a further 750,000 Shares which he will receive on the first anniversary of Admission at a subscription price of £0.01 per Share.

6 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Gregory James will receive 375,000 Shares at a subscription price of £0.01 per Share on the date of Admission.

7 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Riccardo Vittino will receive 500,000 Shares at a subscription price of £0.01 per Share on the date of Admission.

8 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Michael Sullivan will receive 500,000 Shares at a subscription price of £0.01 per Share on the date of Admission.

9 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Nicholas Farr-Jones will receive 100,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, Nicholas Farr-Jones is entitled to a further 100,000 Shares which he will receive on the first anniversary of Admission at a subscription price of £0.01 per Share.

10 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Robert Kirkby will receive 275,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, Robert Kirkby is entitled to a further 275,000 Shares which he will receive on the first anniversary of Admission at a subscription price of £0.01 per Share.

11 Pursuant to the terms of the share grants, further details of which are set out at paragraph 11.3 below, Miklos Salamon will receive 275,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, Miklos Salamon is entitled to a further 275,000 Shares which he will receive on the first anniversary of Admission at a subscription price of £0.01 per Share.

12 Pursuant to the terms of the share grants, further details of which are set out in paragraph 11.3 below, James McArdle's nominee, will receive 25,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, James McArdle's nominee is entitled to a further 25,000 Shares on the first anniversary of Admission at a subscription price of £0.01 per Share.

13 Pursuant to the terms of the share grants, further details of which are set out in paragraph 11.3 below, Barry Venter will receive 25,000 Shares at a subscription price of £0.01 per Share on the date of Admission. In addition to the Shares listed in this table, Barry Venter is entitled to a further 25,000 Shares on the first anniversary of Admission at a subscription price of £0.01 per Share.

Further details of the terms of the share awards referred to in the notes to this table are set out in paragraph 11.3 of this Part VIII.

5.4 No options were granted during the Company's most recently completed financial year to the Executive Directors.

5.5 Paragraphs 11.2 and 11.3 below set out the interests of the Directors and the Senior Managers in Share awards and options over Shares in the Company as at the date of this prospectus.

5.6 None of the Directors or Senior Managers have exercised any options in the most recently completed financial year.

- 5.7 Save as set out above in this paragraph 5, immediately following the Placing no Director or Senior Manager will have any interest in the Company's share capital or any of its subsidiaries. None of the Directors or Senior Managers have had any interest in any transactions of the Company in the immediately preceding financial year. It must be noted that Riccardo Vittino, Sedupe Ramokgopa and Michael Sullivan have all been appointed as directors of Fereirra Estate and Investment Company Limited in terms of the agreements with iProp Limited referred to in paragraph 16.1 of this Part VIII. Sedupe Ramokgopa is a director of Puno, Central Rand Gold SA's BBBEE partner and holds 20 per cent. of the issued share capital of ADG Resources (Pty) Limited which in turn currently holds 60 per cent. of the issued share capital of Puno but is intended to hold 45 per cent. of the share capital once the settlement agreement referred to at paragraph 15.2 of this Part VIII becomes unconditional. Further details of the Group's agreements with Puno are set out in paragraphs 16.8 to 16.11 and 16.13 of this Part VIII.
- 5.8 Immediately after completion of the Placing, the Directors and Senior Managers of the Company, as a group, will beneficially own, directly or indirectly, or exercise control or direction over 10,150,000 Shares, representing approximately 4.12 per cent. of the issued Shares outstanding, before giving effect to any exercise of options or completion of share awards to be effected after the date of Admission referred to at paragraphs 11.2 and 11.3 of this Part VIII.

6. Other Directorships

- 6.1 In addition to their directorships of the Company (in the case of the Directors), the Directors and the Senior Managers hold or have held the following directorships, other (in the case of the Directors) than of subsidiaries of the Company, and are or were members of the following partnerships, within the past five years.

<i>Directors Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/Partnerships</i>
Alastair Walton	European-Australian Business Council Limited Film Finance Corporation Australia Limited Great Barrier Reef Foundation Rand Quest Syndicate Limited	American Golf Australia Proprietary Limited Australian Business and Community Network Goldman Sachs Australia Proprietary Limited Goldman Sachs JBWere Proprietary Limited Goldman Sachs JBWere Australia Holdings Proprietary Limited Goldman Sachs JBWere Australia Nominees Proprietary Limited Goldman Sachs JBWere Australia Securities Proprietary Limited Goldman Sachs JBWere Foundation Limited Goldman Sachs JBWere Group Holdings Proprietary Limited
Gregory James	3 Rugby Close (Proprietary) Limited Any Name 506 (Proprietary) Limited Any Name 507 (Proprietary) Limited Circle Way Trading 91 (Proprietary) Limited Circle Way Trading 92 (Proprietary) Limited Circle Way Trading 93 (Proprietary) Limited Circle Way Trading 94 (Proprietary) Limited	Before the Wind Investments (Proprietary) Limited San Francisco Coffee Roastery (Vincent) CC

<i>Directors Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/Partnerships</i>
	Circle Way Trading 95 (Proprietary) Limited Cross Atlantic Properties 65 (Proprietary) Limited Elite Sports Investments (Proprietary) Limited Greg James Investments Group (Proprietary) Limited Hometrad 0018 CC Lakeside City Trading 140 (Proprietary) Limited McMurchie Plumbing CC Milbloem 45 (Proprietary) Limited Rand Quest Syndicate Limited Riverstone Trading 037 (Proprietary) Limited Strega Publishing (Proprietary) Limited Tamasa Trading 496 CC Valuline 152 (Proprietary) Limited	
Riccardo Vittino	Fereirra Estate and Investment Company Limited Rand Quest Syndicate Limited	Helix Mining Investment Proprietary Limited Helix Resources Limited Hillview Mining N.L. No Laughing Proprietary Limited Platina Resources Limited
Michael Sullivan	Fereirra Estate and Investment Company Limited Rand Quest Syndicate Limited	—
Sedupe Ramokgopa	ADG Holdings (Proprietary) Limited ADG Resources (Proprietary) Limited CBDP Management Education (Pty) Limited Fereirra Estate and Investment Company Limited Ikaya Properties (Proprietary) Limited Katochemicals (Proprietary) Limited Puno Gold Investments (Proprietary) Limited Society for International Development South Africa	Pieter Ernst Foundation Promat College Rand Quest Syndicate Limited Rotek Industries (Proprietary) Limited
Robert Kirkby	Leighton Contractors Proprietary Limited Neptune Resources Proprietary Limited Rand Quest Syndicate Limited	BHP Mitsui Coal Pty Limited Samancor Holdings Pty Ltd Samancor Maganese Pty Ltd Samanco Mineracao SA
Miklos Salamon	AMCI Capital Limited New World Resources B.V. Rand Quest Syndicate Limited Tranquility CC	African Metals Limited BHP Billiton Limited BHP Billiton (Aus) Limited BHP Billiton Nickel West Pty

<i>Directors Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/Partnerships</i>
		Limited BHP Billiton plc BHP Billiton SA Limited BHP Billiton SA Holdings Limited Billiton Coal SA Limited Billiton plc Cerro Matoso SA Columbus Stainless (Pty) Ltd International Aluminium Institute McAlpine SA Limited Minera Escondida Limitada QNI Limited Richards Bay Iron and Titanium (Pty) Limited Samancor Chrome Limited Samancor Manganese (Proprietary) Limited Tisand (Proprietary) Limited Trans-Natal Coal Corporation WMC Limited Worsley Alumina Proprietary Limited
Nicholas Farr-Jones	Corwell Investments Proprietary Limited International Nippon Australia & New Zealand Club Limited Rand Quest Syndicate Limited The Australian Gold Club Foundation Proprietary Limited	SG Proprietary Limited

<i>Senior Managers Name</i>	<i>Current directorships/ Partnerships</i>	<i>Previous directorships/ Partnerships</i>
James McArdle	None	None
Barry Venter	None	None

6.2 Save as described in paragraph 6.3 below, within the period of five years preceding the date of this prospectus none of the Directors or Senior Managers:

6.2.1 has any convictions in relation to fraudulent offences;

6.2.2 has been a director or senior manager of any company at the time of any bankruptcy, receivership or liquidation of such company; or

6.2.3 has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

6.3 Alastair Walton was a director of American Golf Australia Pty Limited on 11 September 2006 when American Golf Corporation resolved, as its sole member, to wind it up and appoint a liquidator. No assets were realised and no receipts or payments were made during the members' voluntary winding up.

6.4 Save as disclosed on page 42 of Part II under the heading "Conflicts of Interests" and paragraph 7.1 of this Part VIII, none of the Directors or Senior Managers has any potential conflicts of interests between their duties to the Company and their private interests or other duties.

7. Directors' Service Agreements and Letters of Appointment

There are two sets of executive service agreements for Executive Directors, one with the Company and one with Central Rand Gold SA. It is agreed that time shall be allocated as between the two service agreements 25 per cent. and 75 per cent. respectively.

Both service agreements state the relevant jurisdictions and there is express provision for summary termination of the equivalent sister service agreement if one or other should be terminated, or if employment should otherwise end for any reason.

Both agreements carve out the entire agreement provisions as regards the other sister service agreement.

7.1 Each Executive Director has entered into service agreements with the Company and Central Rand Gold SA as follows:

7.1.1 *Central Rand Gold Limited Directors' Service Agreements and remuneration of the Executive Directors*

Gregory James, Riccardo Vittino, Michael Sullivan and Sedupe Ramokgopa entered into service agreements (the "**Service Agreements**") with the Company governing their appointments under Guernsey law as Chief Executive Officer (3 days per week), Chief Financial Officer, Chief Operating Officer and Executive Director Human Resources respectively.

Under the terms of the Service Agreements, the appointments commenced with effect from 12 September 2007 (signed and dated 12 September 2007) in the case of all the Executive Directors.

The Service Agreements may be terminated by the Company giving 12 months written notice (save that prior to Admission the Company will be required to give only 6 months written notice) to the Executive Directors and the Executive Directors giving 6 months written notice to the Company. The Service Agreements may also be terminated without notice (summary termination) by payment in lieu of notice in certain circumstances including gross misconduct, negligence, breach of the Company's Share dealing code, bankruptcy or the material breach of the service agreement.

Under these Service Agreements Gregory James is entitled to a basic salary of £62,500 per annum, Michael Sullivan £37,500 per annum, Riccardo Vittino £37,500 per annum and Sedupe Ramokgopa £25,000 per annum. In addition, the Service Agreements provide for a further wholly discretionary bonus payable to the Executive Directors in the employing company's absolute discretion. The Executive Directors salaries shall be reviewed by the Remuneration Committee in December each year. There is no pension scheme in operation save for stakeholder arrangements. The Executive Directors are entitled to no additional benefits. The Executive Directors are entitled to 25 working days paid holiday plus agreed public holidays per annum in respect of all employment, including both the Company and Central Rand Gold SA.

The Service Agreements contain detailed provisions in respect of the Company's power to impose garden leave and to ensure delivery up of Group property on termination. Under the terms of the Service Agreements each of the Executive Directors have obligations to disclose and to continue to disclose all outside interests and shall not (without the prior written consent of the board of the Company, such consent not to be unreasonably withheld or delayed) directly or indirectly either on his own account or on behalf of any other person engage in, be concerned with, or provide services to, (whether as an employee, officer, director, agent, partner, consultant or otherwise) any other business, office or other external activity which does or might reasonably be expected to affect the full and proper performance of his duties or might reasonably be likely to compete with the business of the Group except that the Directors may hold any disclosed existing directorships, holdings and family trusts and up to five per cent of any securities in a company which is quoted on any recognised stock exchange (other than the Company).

The Service Agreements are subject to various post-termination restrictions for a period of 3 months after termination of employment specifically non-solicitation of certain key employees and non-competition with the Company. The Service Agreements also contain

detailed provisions in respect of the preservation of the Group's confidential information both during and after the termination of the Service Agreements and the protection of the Company's intellectual property.

7.1.2 *Central Rand Gold SA (Proprietary) Limited Executive Directors' Service Agreements and remuneration of the Executive Directors*

Gregory James, Riccardo Vittino, Michael Sullivan and Sedupe Ramokgopa entered into service agreements under South African Law (the "**Service Agreements**") with Central Rand Gold SA governing their appointments as Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Executive Director Human Resources respectively.

Under the terms of the Service Agreements, the appointments commenced with effect from 12 September 2007 (signed and dated 12 September 2007) in the case of all the Executive Directors.

The Service Agreements may be terminated by Central Rand Gold SA giving 12 months written notice (save that prior to Admission Central Rand Gold SA will be required to give only 6 months written notice) to the Executive Directors and the Executive Directors giving 6 months written notice to Central Rand Gold SA. The Service Agreements may also be terminated without notice (summary termination) by payment in lieu of notice in certain circumstances including gross misconduct, negligence, breach of the Company's Share dealing code, bankruptcy of the material breach of the service agreement.

Under these Service Agreements Gregory James is entitled to a basic salary of £187,500 per annum, Riccardo Vittino £112,500 per annum, Michael Sullivan £112,500 per annum and Sedupe Ramokgopa £75,000 per annum. In addition, the Service Agreements provide for a further wholly discretionary bonus payable to the Directors in the employing company's absolute discretion.

The Executive Directors salary shall be reviewed by the Remuneration Committee in December each year. Other than such annual salary review there will be no variation in the remuneration of the Directors as a result of any transaction entered into by Central Rand Gold SA. There is no pension scheme in operation and the Executive Directors are entitled to no additional benefits. The Executive Directors are entitled to pro rata 25 working days paid holiday per annum plus agreed public holidays in respect of all employment including both the Company and Central Rand Gold SA. The Service Agreements contain detailed provisions in respect of Central Rand Gold SA's power to impose garden leave provisions and to ensure delivery up of Central Rand Gold SA property on termination. Under the terms of the Service Agreements each of the Executive Directors have on-going obligations not to compete with Central Rand Gold SA in matters relating to gold and uranium exploration and mining worldwide without the prior written consent of the Board. The Service Agreements are subject to various post-termination restrictions for a period of 3 months after termination of employment specifically non-solicitation of certain key employees and non-competition with Central Rand Gold SA. The Service Agreements also contain detailed provisions in respect of the preservation of Central Rand Gold SA's confidential information both during and after the termination of the Service Agreements and the protection of Central Rand Gold SA's intellectual property.

The total remuneration of the service agreements referred to in paragraphs 7.1.1 and 7.1.2 is the amount of £650,000 per annum.

7.2 Non-executive Letters of Appointment

Each of the Non-Executive Directors of the Company, namely Alastair Walton (Chairman), Nicholas Farr-Jones, Robert Kirkby and Miklos Salamon has entered into a letter of appointment governing the terms of their appointment as a non-executive director of the Company with the Company dated 12 September 2007 and governed by English law.

Each of the letters of appointment provides for termination on three months written notice by either party. The appointments may also be terminated by the Company without notice in certain circumstances including material repeated breach of obligations or fiduciary duties in connection with the appointment, serious misconduct, bankruptcy or voluntary arrangements or anything which in the reasonable opinion of the Board brings the Company into disrepute.

Under the terms of the letters of appointment, the Company shall pay an annual fee of £150,000 for 30 days per annum in the case of Alastair Walton (Chairman) and £50,000 is payable in the case of the other non-executive directors and their commitment of 30 days per annum.

The Company will reimburse any expenses properly and reasonably incurred by the Non-Executive Directors in the performance of duties under the letters of appointment, including business class air travel for business purposes between countries and accommodation.

The Non-Executive Directors are expected to attend such meetings of the Board or general meetings of the Company as requested. The appointments are subject to the Laws and the Company's constitution and other legal obligations and guidance and the Non-Executive Directors are subject to the normal duties and responsibilities of a director at law. Directors' liability insurance is provided.

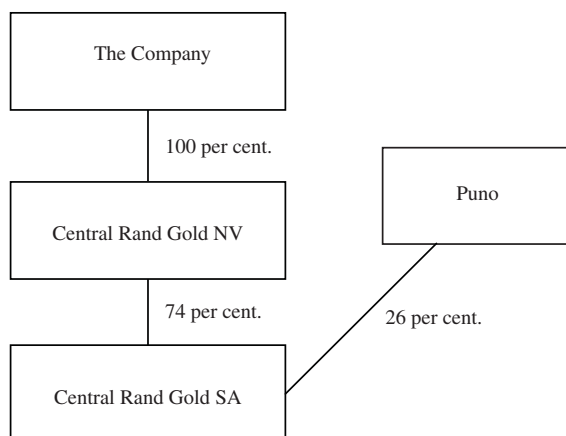
Although the Non-Executive Directors are not required to work exclusively for the Company, they are required to disclose to the Company any external commitments and obtain advance written approval. If this is not granted, the Company can terminate the appointment.

There are obligations in respect of confidential information, entitlement to information and the right to seek independent advice, as well as data protection consents.

- 7.3 Save as set out in this paragraph 7, there are no existing or proposed service agreements between any Director and any member of the Group providing for benefits upon termination of employment.

8. Reorganisation

- 8.1 The Group was established as a result of the restructuring of Rand Quest Syndicate and its subsidiaries, Central Rand Australia and Central Rand Gold SA. The Group as at the date of this prospectus is depicted in the diagram below.



For the avoidance of doubt as at the date of this prospectus, Rand Quest Syndicate and Central Rand Australia do not form part of the Group.

- 8.2 Central Rand Gold Limited is a holding and investment company based in Guernsey. It holds 100 per cent. of the ordinary share capital of Central Rand Gold NV, a Netherlands Antilles based company which is also a holding and investment company. Central Rand Gold SA is the operating company of the Group and is involved primarily in exploration activities and intends to commence mining activities as soon as reasonably practicable. The ordinary shares of Central Rand Gold SA are held in the following proportions: 74 per cent. are held by Central Rand Gold NV and the remaining 26 per cent. are held by Puno, a BBBEE consortium.
- 8.3 The first step in the restructuring was the unbundling of Central Rand Gold SA as a subsidiary of Rand Quest Syndicate. This was achieved by a transfer on 9 February 2007 at par of the then entire issued share capital of 100 shares which was held by Harry Mason (74 shares) and Sedupe Rams Ramokgopa (26 shares) as nominees for Rand Quest Syndicate to Central Rand Gold NV.
- 8.4 In terms of the restructuring both Rand Quest Syndicate and Central Rand Australia then disposed of their material rights and obligations to Central Rand Gold SA on 15 June 2007. The consideration payable in respect of both disposals was satisfied by means of loans outstanding to Rand Quest Syndicate and Central Rand Australia from Central Rand Gold SA. Both of these loans were then assigned by Rand Quest Syndicate and Central Rand Australia to the Company in consideration for the issue to Rand Quest Syndicate of 168,666,448 Shares in the Company on 3 July 2007. These Shares were subsequently transferred by Rand Quest Syndicate to its existing shareholders.
- 8.5 As the consideration payable in respect of the Sale of Business Agreement and the cession and assignment agreement (further details of which are set out in paragraphs 16.5 and 16.7 of this Part VIII) were payable by means of a loan from Rand Quest Syndicate and Central Rand Australia respectively (the payment of which would result in an exportation of funds out of the Common Monetary Area), and Central Rand Gold SA, has obtained all necessary SARB approvals to ensure repayment of such terms as and when they fall due for payment.
- 8.6 In order to comply with the requirements of the Mining Charter and the MPRDA, the Company required a BBBEE partner. Puno, which qualifies as Broad Based Black Economic Empowerment entity was identified by the Company as being a suitable BBBEE partner. Puno acquired a 26 per cent. equity interest in Central Rand Gold SA and Central Rand Gold NV subscribed for a further 640 shares in Central Rand Gold SA resulting in Central Rand Gold NV acquiring an aggregate shareholding in Central Rand Gold SA of 74 per cent. Further details of the agreements in relation to the re-organisation are set out in paragraphs 16.5 to 16.13 of this Part VIII of the prospectus.

9. Significant Subsidiaries

- 9.1 The Company is the holding company for the Group and has the following principal direct and indirect subsidiary undertakings.

<i>Name</i>	<i>Country of Incorporation/ Registered office</i>	<i>Activity</i>	<i>Proportion of Share capital held per cent.</i>	<i>Amount of issued capital</i>
Central Rand Gold South Africa (Proprietary) Limited	Republic of South Africa/ Block C 6-9 Riviera Road Houghton 2198	Operating Company	74	100 ordinary shares of ZAR1 each
Central Rand Gold (Netherlands Antilles) N.V.	Netherlands Antilles Pretermaai 15 Curaçao Netherland Antilles	Investment company	100	2 ordinary shares of £1 each

- 9.2 The Company's principal subsidiary is Central Rand Gold SA in which it indirectly holds 74 per cent. of the issued ordinary share capital through the Company's direct subsidiary Central Rand Gold NV. Central Rand Gold SA is the operating company through which the Group holds or intends to hold its interests in prospecting rights.
- 9.3 Save as set out above in paragraph 9.1 and paragraph 16 below (which details options held by Central Rand Gold SA over shares in other undertakings) the Company does not hold any capital in any other undertakings.

10. Principal/Major Shareholders

- 10.1 In addition to the interests of the Directors and Senior Managers disclosed at paragraph 5.3 above, the following table sets out details, in so far as it is known to the Company, the interests in Shares by persons who are directly or indirectly interested in three per cent. or more of its issued share capital as at the date of this prospectus and as adjusted to reflect the issue of Shares pursuant to the Placing.

<i>Name</i>	<i>As at the date of this prospectus</i>		<i>After the Placing</i>	
	<i>Number of Shares</i>	<i>Per cent. of issued share capital</i>	<i>Number of Shares</i>	<i>% of issued share capital</i>
Mark Creasy ¹	23,739,583	12.72%	23,739,583	9.63
Mapleleaf Capital Ltd	13,333,340	7.15%	13,333,340	5.41
Drawbridge Global Macro Master Fund Ltd	11,670,000	6.25%	11,670,000	4.73
BlackRock Merrill Lynch ²	10,000,000	5.36%	12,200,000	4.95
Harry Mason ³	8,460,001	4.53%	8,460,001	3.43
Plataurum Limited	8,000,000	4.29%	8,000,000	3.24
Jabre Capital Partners ⁴	8,000,000	4.29%	10,000,000	4.06
John Alefounder ⁵	7,580,001	4.06%	7,580,001	3.07
GLG European Fund ⁶	7,000,000	3.69%	10,000,000	4.06
Oryx Investment Management ⁷	6,666,667	3.57%	6,666,667	2.70

1 1,600,000 of these Shares are held by Marc Creasy personally, 19,568,154 Shares are held by Yandal Investments Pty Ltd, and 2,571,429 Shares are held by Ladnay Pty Ltd, both being companies connected with Marc Creasy.

2 8,590,000 of these Shares are held in the name of Nutraco Nominees Ltd and 1,410,000 of these Shares are held in the name of Chase Nominees Ltd, both as nominees for BlackRock Merrill Lynch

3 2,460,001 of these Shares are held by Harry Mason personally, 600,000 of these Shares are held by MinXplor LLC, a company connected with Harry Mason.

4 1,333,333 of these Shares are held by Jabre Capital Partners SA. 6,666,667 of these Shares are held in the name of ING Bank (Suisse) SA as nominee for Jabre Capital Partners.

5 7,380,001 of these Shares are held by John Alefounder personally, 200,000 of these Shares are held by Alefounder Superannuation Pty Ltd, a company connected with John Alefounder.

6 4,040,484 of these Shares are held by GLG European Long-Short Fund. 2,500,000 of these Shares are held by GLG European Opportunity Fund. 459,516 of these Shares are held by Mac Pilsudski 20A Limited, a company connected with GLG European Fund.

7 5,066,667 of these Shares are held by Hargreave Hale Nominees Limited, 666,667 of these Shares are held by Optis Global Opportunities Fund and 933,333 of these Shares are held by Optis Southern Africa Fund Ltd, all as nominees for Oryx Investment Management.

- 10.2 There are no differences between the voting rights enjoyed by the major shareholders described above and those enjoyed by any other holder of Shares in the Company.

10.3 As part of the Placing, the following persons have agreed to subscribe for more than five per cent. of the Shares subject to the Placing at the Placing Price:

<i>Name</i>	<i>Shares subscribed for in Placing</i>	<i>Percentage of Placing Shares (%)</i>	<i>Total Number of Shares held at Admission</i>	<i>Percentage of Shares held at Admission (%)</i>
JP Morgan Asset Management (UK) Limited	9,100,000	15.17%	9,100,000	3.69%
Schroder Investment Management Ltd.	5,600,000	9.33%	5,600,000	2.27%
Taube, Hodson, Stonex Partners, Ltd.	5,600,000	9.33%	5,600,000	2.27%
M&G Investment management Ltd.	4,850,000	8.08%	4,850,000	1.97%
GLG Partners, L.L.C. (UK)	3,000,000	5.00%	10,000,000	4.06%
Total	<u>28,150,000</u>	<u>46.92%</u>	<u>35,150,000</u>	<u>14.25%</u>

10.4 To the extent known to the Company, as at the date of this prospectus, the Company is not directly or indirectly owned or controlled by any person, nor is it aware of any arrangements which may at a subsequent date result in a change in control in the Company.

10.5 Save as disclosed in paragraphs 2 to 4 of this Part VIII, there has not been any change in the controlling shareholders and trading objects of the applicant in the last 5 years.

11. Employee Share Schemes and Option Agreements

11.1 CRG Benefit Trust

The CRG Benefit Trust (the “Trust”) is a trust established under the laws of the Island of Guernsey with independent trustees, Carey Pensions and Benefits Limited (the “Trustees”) duly licensed under the regulatory laws of Guernsey. The Trust was established pursuant to an Instrument of Settlement dated 12 September 2007 entered into between the Trustees and the Company. Other than the initial nominal amount settled on the Trustees by the Company, the Trust is financed by way of an interest free loan of £64,000 from the Company to the Trustees, the proceeds of which were used to acquire Shares in the Company. The loan is repayable by the Trustees, subject to the liability of the Trustees being limited to the value of the assets by the Trust less any liability of the Trust. The immediate aim of the Trust is to satisfy obligations to transfer Shares under the Central Rand Gold Limited Company Share Option Scheme (the “Scheme”) and similar schemes that are, or may be, administered by the Trustees under the Trust.

On 12 September 2007 the Trustees subscribed for 5,800,000 Shares at an aggregate subscription price of £58,000. On 4 October 2007, the Trustees acquired 600,000 Shares from an existing Shareholder for an aggregate consideration of £6,000. In addition, in order for the Trustees to have available to them the required number of Shares for existing and future option grants over Shares by the Trustees, the Company and the Trustees entered into on 31 October 2007 a back to back option agreement. Under the terms of this agreement, the Company shall provide the Trustees with such number of Shares they require at the relevant option price in order to settle any existing and future options granted.

As at 1 November 2007 (the latest practical date prior to the publication of this prospectus) the Trustees of the Trust held 5,000,000 Shares in the Company.

11.2 Share Incentive Scheme

On 12 September 2007, the Company approved the Scheme to be administered as a Scheme of the Trust to incentivise the Group’s management and employees to achieve the Group’s objectives and to retain the senior management and other employees responsible for the attainment of objectives. The Scheme was adopted by the Company’s board of directors (“Board”) on 12 September 2007 and accepted by the Trustees of the Trust. As at 1 November 2007 (the latest practicable date prior to the publication of this prospectus), options outstanding under the Scheme and issued to the Directors, together with their exercise prices and dates, were as set out in the table below. In addition, share options are to be granted under the Scheme to a number of employees of the Group.

<i>Name</i>	<i>Grant Date</i>	<i>Vesting</i>	<i>Expiry</i>	<i>Exercise Price (£)¹</i>	<i>Shares under Option²</i>
Gregory James	31 October 2007	One third per annum. Full vesting on third anniversary of date of grant	Fourth anniversary of date of grant	Escalating price (see note)	4,931,993
Riccardo Vittino	31 October 2007	One third per annum. Full vesting on third anniversary of date of grant	Fourth anniversary of date of grant	Escalating price (see note)	2,465,996
Michael Sullivan	31 October 2007	One third per annum. Full vesting on third anniversary of date of grant	Fourth anniversary of date of grant	Escalating price (see note)	2,465,996
Sedupe Ramokgopa	31 October 2007	One third per annum. Full vesting on third anniversary of date of grant	Fourth anniversary of date of grant	Escalating price (see note)	2,465,996
Total					12,329,981

1 Exercise price escalates in accordance with the vesting tranches; one third at Placing Price, one third at 150% of Placing Price and one third at 200% of Placing Price.

In addition, options over 1,283,000 Shares have been granted on 31 October 2007 under the Scheme to employees of the Group on similar terms to those issued to the Directors referred to above with the following differences: (i) options over 100,000 Shares have been granted which are immediately exercisable, have an exercise price equal to the Placing Price and expire on the fourth anniversary of grant; and (ii) options over 1,183,000 Shares have been granted on terms that one third become exercisable on Admission, a further third on the first anniversary of Admission, and the final third on the second anniversary of Admission and expire on the fourth anniversary of grant (all other terms remain the same as those relating to Directors and are as summarised below in this paragraph 11.2).

11.2.1 Administration

Overall responsibility for the operation and administration of the Scheme is vested in the Trustees.

11.2.2 Eligibility

Participants in the Scheme are selected by the Board (“Eligible Person”) and include any person identified by the Board as being an Eligible Person who at the date of grant of an option is an employee. An employee for the purposes of the Plan means a full time director or employee of the Group who is required to devote to his duties not less than 25 hours per week.

11.2.3 Options

The Board may request the Trustees to grant options (“Options”) to Eligible Persons identified by the Board and which Options entitle the holder of the Options in question (“Holder”) to acquire Shares. Options are personal to the Holder and may not be transferred. Options shall be granted subject to such exercise conditions as are imposed on each Option by the Trustees at the request of the Company. No payment is required at the time of the grant of the Option.

11.2.4 Timing

Options will normally be granted between four and 42 days following the announcement of the Company’s results to the LSE or, otherwise, in exceptional circumstances (subject always to compliance with the listing rules of the UKLA and the JSE).

11.2.5 Exercise Price

Options may be exercised against payment of the exercise price (“Exercise Price”) being, in the case of an Option granted on the day immediately preceding the day on which the Company is listed, the listing price or in any other case the market value of the shares

(which shall not be less than the average middle market quotation of the Company's Shares calculated over a period of the three business days immediately preceding the date of grant).

11.2.6 *Individual Limit*

There is a limit on the number of Shares over which an Eligible Person may be granted Options. The limit is 5 per cent. of the issued share capital of the Company subject to any further reduction in accordance with the Rules of any Stock Exchange on which the Shares are being traded.

11.2.7 *Scheme Limits*

The Scheme is subject to a limit on the aggregate nominal amount of Shares in respect of which Shares may be held by the Scheme equal to 20% as required by the JSE. However, the Directors intend that the options issued under the Scheme shall not exceed 10 per cent. of the issued share capital of the Company in any ten year period. 5 per cent. of the options are granted to executive Directors and 5 per cent. of the options to other staff below executive Director level. The Directors intend to be compliant with guidelines on option grants that are issued by investor advisory groups.

11.2.8 *Performance Targets*

The Scheme makes provision for the inclusion of an exercise condition ("Exercise Condition") in the grant of Options. An Exercise Condition is an objective condition precedent to the exercise of an Option. It is intended that the Board will request the Trustees to ensure Exercise Conditions are included in all Option grants which are compliant with relevant stock exchange rules, investor guidelines and corporate governance rules.

'The Board may request the Trustees to change an Exercise Condition if events happen which causes it to consider that it is no longer appropriate. The Board may only make such a request to vary the Exercise Condition if the Board reasonably considers it will result in a fairer measure of the performance of the job of the person holding the Options in question and will ensure that the Scheme operates more effectively in the achievement of its purpose of providing share benefits for persons who contribute to the prosperity of the Company. The Trustees, before acceding to such request, will need to be satisfied that it will be no more difficult to satisfy the varied Exercise Conditions than would have been the case if there had been no such amendment.

11.2.9 *Exercise of Options*

Options are normally exercisable in the whole or in part only if and to the extent that they have vested. That is to say the relevant Exercise Condition has been met and the third anniversary of the date of grant of the Option has passed (or such earlier or later date as the Trustees at the request of or with the written consent of the Directors shall determine), while the tenth anniversary of the date of grant of the Option in question has not passed (or such earlier date as the Trustees at the request of or with the written consent of the Directors shall determine).

On exercise of an Option, the Holder is, in addition to payment of the Exercise Price, responsible for paying to the Company a sum equal to any tax, duties or social security contributions accounted for by the Company or chargeable upon the Company or where a collection obligation is imposed on the Company if such taxes, duties or social security contributions become payable as the result of the exercise.

11.2.10 *Termination of Employment*

If a Holder ceases to be an Eligible Person he may if ceasing to be an Eligible Person by reason of injury, disability, redundancy, retirement or sickness be able to exercise his Options so long as on the date of exercise any relevant Exercise Condition has been satisfied within the period of twelve months after his ceasing to be an Eligible Person, or should he so cease to be an Eligible Person within three years of the grant of the Options, 6 months after the third anniversary of the date of the grant.

If an Eligible Person ceases to be employed by the Group for any other reason, he may not exercise his Options unless the Trustees at the request of the Board so permit and to the extent that they decide to so permit for such further period as the remuneration committee (“Remuneration Committee”).

If a Holder dies before exercising an Option granted to him under the Scheme and was then otherwise entitled to exercise the Option, the Option may be exercised by his personal representatives within twelve months of the date of his death.

11.2.11 *Change of Control*

In the event of a change of control as a result of the making of a general offer or otherwise, the Options may be exercised by a Holder within six months or such longer period as the Trustees with the consent of the Board may permit so long as any Exercise Condition has been complied with. In the event of a scheme of reconstruction of the Company the Trustees may with the consent of the Board permit any Option, subject to compliance with the Exercise Condition, to be exercised up until the time of the scheme of reconstruction being approved, such exercise being conditional upon the Court sanctioning such compromise or arrangement.

In the event that the Company is voluntarily or involuntarily wound up, Options may be exercised within one month, subject to compliance with any relevant Exercise Condition and the terms of the Scheme.

11.2.12 *Listing*

Shares in the Company issued under the Scheme will be admitted to the Official List of the LSE and will trade on the LSE. The Shares will also be admitted to the JSE. Shares in the Company issued on the exercise of Options will rank equally in all respects with the other issued Shares of the Company except for rights attaching to Shares by reference to a record date prior to the date of allotment. The Company will procure that the Trust at all times keeps available sufficient authorised and issued share capital to satisfy outstanding Options to subscribe for Shares in the Company.

11.2.13 *Variation of Capital*

In the event of a variation in the share capital of the Company (including, without limitation, any consolidation or sub division) or in such other circumstances where as considered appropriate, the Trustees may at the request and with the consent of the Board, adjust Options in such a manner as it determines to be appropriate, so long as the auditors of the Company for the time being confirm in writing that the adjustment or variation in question is in their opinion reasonable.

11.2.14 *Benefits Non-Pensionable*

Benefits under the Scheme will not form part of the Holders’ remuneration for pension purposes.

11.2.15 *Amendments*

The Board may, with the consent of the Trustees, make amendments to the Scheme except that no alteration or addition to the advantage of Holders shall be made without the prior approval by ordinary resolution of the Company in general meeting (unless the alteration or addition in question is minor in nature). Further, no alteration or addition to the disadvantage of any Holders shall be made unless the alteration or addition is approved by a majority of Holders who have given an indication as to whether they approve or disapprove the alteration or addition in question.

11.3 Grant of Shares in the Company

11.3.1 Director, senior management and key consultant Share Grants

A summary of the main features of share grants (“Grants”) made or to be made under the CRG Benefit Trust to the Directors, senior management and key consultants of the Group is set out below, together with details of how the Grants are intended to operate. The Grants have been or will be made by the Trustees of the CRG Benefit Trust at the direction of the Board as advised by the Remuneration Committee.

The number of participants beneficially interested in the Grants made to date are seven (7) Directors and eleven (11) senior managers and two key consultants of the Group.

The Grants allow the award of Shares to Directors, senior management and key consultants at nominal cost and vest on a contingent basis, namely the effluxion of time. The Grants to the Directors senior management and key consultants are as set out in the table below:

<i>Grantee</i>	<i>Grant Date</i>	<i>Subscription Price (Per Share)</i>	<i>Shares Granted (No)</i>	<i>Vesting date</i>
Directors				
Alastair Walton	12 September 2007	£0.01	1,750,000	1,000,000 on Admission 750,000 on 1st anniversary of Admission
Gregory James	12 September 2007	£0.01	750,000	375,000 on 12 September 2007 375,000 on Admission
Michael Sullivan	12 September 2007	£0.01	1,000,000	500,000 on 12 September 2007 500,000 on Admission
Riccardo Vittino	12 September 2007	£0.01	1,000,000	500,000 on 12 September 2007 500,000 on Admission
Nicholas Farr-Jones	12 September 2007	£0.01	200,000	100,000 on Admission 100,000 on 1st anniversary of Admission
Robert Kirby	12 September 2007	£0.01	550,000	275,000 on Admission 275,000 on 1st anniversary of Admission
Miklos Salamon	12 September 2007	£0.01	550,000	275,000 on Admission 275,000 on 1st anniversary of Admission
Senior Managers				
James McArdle	1 November 2007	£0.01	50,000	25,000 on Admission 25,000 on 1st anniversary of Admission
Barry Venter	1 November 2007	£0.01	50,000	25,000 on Admission 25,000 on 1st anniversary of Admission
Wayne Epstein	1 November 2007	£0.01	50,000	25,000 on 1 November 2007 25,000 on Admission
Riaan Jonker	1 November 2007	£0.01	30,000	15,000 on Admission 15,000 on 1st anniversary of Admission
Clive Neuwerth	1 November 2007	£0.01	30,000	15,000 on Admission 15,000 on 1st anniversary of Admission
Rolf Walther	1 November 2007	£0.01	30,000	15,000 on Admission 15,000 on 1st anniversary of Admission
Chris Makhomo	1 November 2007	£0.01	30,000	15,000 on Admission 15,000 on 1st anniversary of Admission
Mark Buckley	1 November 2007	£0.01	30,000	15,000 on Admission 15,000 on 1st anniversary of Admission
Mark Baker	1 November 2007	£0.01	20,000	10,000 on Admission 10,000 on 1st anniversary of Admission
Consultants				
Gayton McKenzie	1 November 2007	£0.01	250,000	250,000 on Admission
Kenny Kunene	1 November 2007	£0.01	30,000	30,000 on Admission

Senior managers are required to remain in continuous employment in order to receive Shares on the first anniversary of Admission. The continuous employment condition also applies to all Executive Directors but does not apply to Non-Executive Directors. This is because the Company considers it important that Non-Executive Directors maintain their independence.

11.3.2 *Eligibility*

The Grants will be (and have been) made for the beneficial entitlement of (i) the Directors: (ii) senior management of the Group to and (iii) key consultants of the Group to whom the Board deems it appropriate and in the Company's interest to make such Grants allowing the acquisition of Shares on account of their key service provider status. The Company encourages and welcomes shareholdings by Directors, senior management and key consultants, subject to their own individual personal financial circumstances, on the basis that it is attractive for the interests of Directors, senior management and key consultants and the Company to be aligned as closely as possible. Shares rather than Options are the subject of the Grants to Non-Executive Directors in order to maintain their independence and so they are less likely to hold back the Company from taking appropriate risks which may offer the most attractive returns, in line with current corporate governance guidance.

11.3.3 *Participation Limits*

The Remuneration Committee and the Board of the Company intend that no more than 5 per cent. of the total issued Shares of the Company may in aggregate be the subject of a Grant to a person when aggregated with any other scheme or plan undertaken through the Trust.

11.3.4 *Making an Award*

Awards further to the eighteen Grants referred to above are not currently intended. However, if any such further Grants are made, they will be made in accordance with the relevant rules of the LSE and the JSE. Hence no award would be made to any person during a period where dealings in Shares by directors or certain employees of the Group are not permitted, whether by the Listing Rules of the United Kingdom Listing Authority, or the rules of the JSE. All Grants currently made operate such that Shares will be transferred for the beneficial entitlement of the Grantee has been made on a specified date of Grant. Once these Shares are transferred, the Shares will be transferable pursuant to the Company's memorandum and articles of association and the relevant rules of the LSE and the JSE.

11.3.5 *Performance Targets*

The Grants referred to above are not subject to performance targets. It is considered that where these Grants are made to Non-Executive Directors, the inclusion of performance targets would be contrary to the spirit of current corporate governance guidance. Where these Grants are made to Executive Directors, senior management and key consultants the Grants are a reward for their service to the development of the Company to date and constitute an alignment to the wider shareholders interest.

11.3.6 *Award Price*

The award price of all Grants made is equal to the nominal value of the Shares per share the subject of the Grant.

11.3.7 *Variation of Share Capital*

The Grants make no provision in connection with the variation of share capital of the Company. Once the date of Grant has passed, the Shares will be transferred to the person to whom the Grant is made and that person shall thenceforth be a Shareholder and subject to all variations of share capital as a Shareholder.

11.3.8 *Dividend Roll-up*

If Dividends have been paid in respect of the Shares during the period prior to the date of Grant, those dividends shall be paid to the Trust and it shall be for the Trustees of the Trust to determine how such monies may be applied in their discretion taking into account any requests made by the Board.

11.3.9 *Amendments to Grants*

The Grants are made on a stand alone and ad hoc basis. Accordingly, there is no Grant plan as such. In the circumstances provisions for amendment of the Grants are not considered necessary and hence no such provision is made.

11.4 Additional Option Agreements

The Company has granted the following options ("Options") over Shares in the Company which are conditional on Admission occurring or admission to another stock exchange occurring before 31 October 2017.

<i>Grantee</i>	<i>Number of Options over Shares</i>	<i>First Exercise Date</i>	<i>Final Exercise Date</i>	<i>Option Price per Share</i>
Drawbridge Macro Master Fund Ltd	3,000,000	Admission	3rd anniversary of Admission	150 per cent. of Placing Price
Kaylan Trading Corp.	2,000,000	Admission	3rd anniversary of Admission	Placing Price

RQS originally agreed to grant the number of options referred to above. The options to be granted to Kaylan Trading Corp. were in consideration for fundraising activities. The options to be granted to Drawbridge Macro Master Fund Ltd (“Drawbridge”) were originally to be granted to an investor in RQS who received the options in connection with its subscription for shares in RQS and subsequently assigned their rights to the options to Drawbridge. In connection with the Reorganisation the Company granted the Options in order that the Options would roll over into the Company from RQS.

11.4.1 *Exercise of Options*

The Options are exercisable in whole or in part only if and to the extent that Admission or admission to another stock exchange has occurred on or before 31 October 2007 (the “Condition”) these Options may only be exercised once. The Options may be exercisable between the date of satisfaction of the Condition and the third anniversary of satisfaction of the Condition. On exercise of an Option, the holder must pay the relevant exercise price.

11.4.2 *Transferability*

Save with the prior written consent of the Company, the Options are transferable only to a subsidiary or holding company of the holder of the options.

11.4.3 *Change of Control*

In the event of a change of control (including a scheme of reconstruction) as a result of the making of the general offer or otherwise, the options may be exercised by a holder within 30 business days provided the Condition has been met.

In the event that the Company is voluntarily or involuntarily wound up, Options to the extent not exercised will lapse on the date of an effective resolution for winding up being passed.

11.4.4 *Listing*

Shares in the Company issued on exercise of the Options will be admitted to the Official List and will trade on the LSE. The Shares will also be admitted to the JSE. Shares in the Company issued on the exercise of Options will rank equally in all respects with the existing issued shares of the Company except for rights attaching to Shares by reference to a record date prior to the date of allotment. The Company will procure it at all times keeps available sufficient authorised and issued share capital to satisfy outstanding Options to subscribe for Shares in the Company.

11.4.5 *Variation of Capital*

In the event of a variation in the share capital of the Company (including, without limitation, any consolidation or sub division) the auditors of the Company will adjust Options in such a manner as they determine necessary.

11.4.6 *Amendments*

No variation to the option agreements shall be effective unless made in writing and signed by or on behalf of the relevant parties to the option agreement.

In addition to the options set out above, the Company has offered (in consideration for the waiver of options in RQS) the following persons options in the Company.

<i>Grantee</i>	<i>Number of Options over Shares</i>	<i>First Exercise Date</i>	<i>Final Exercise Date</i>	<i>Option Price Per Share</i>
Harry Mason	2,000,000	Admission	3rd anniversary of Admission	Placing Price
Findlay & Co. Stockbrokers Ltd.	2,000,000	Admission	3rd anniversary of Admission	Placing Price

The terms of the options offered are the same terms as those summarised in paragraphs 11.4.1 to 11.4.6 above. To date, the options have not been accepted by the parties noted above.

The options granted in RQS to Findlay & Co. Stockbrokers Limited were in consideration of fundraising activities performed for RQS. The options to be granted to Harry Mason were originally granted in RQS and his entitlement to them confirmed in his settlement agreement with RQS in connection with his resignation from RQS.

12. Property

12.1 The material properties owned or leased by the Group are as follows:

<i>Description</i>	<i>Location</i>	<i>Tenure</i>	<i>Building/site use area</i>
Office lease of two storey building together with parking bays	Erf 1494 Houghton Johannesburg Republic of South Africa	5 year lease from 1 August 2006 to 31 July 2011	4,624 square metres
Field office and surrounding land	Holding 59 Tedderfield Agricultural Holdings Registration Division IQ The Province of Gauteng Republic of South Africa	Freehold	2.1444 hectares

12.2 The Group's use of its material properties referred to in paragraph 12.1 above is subject to restrictions and limits under South African law. For more information, see Part III of this prospectus.

13. Working Capital

13.1 In the opinion of the Directors and the Company, taking into account the net proceeds receivable by the Company from the Placing, the working capital available to the Group is sufficient for the Group's present requirement, that is for the next 12 months following the date of this prospectus.

14. Significant Change

14.1 Save as disclosed in Parts II, VI and VIII there has been no significant change in the financial or trading position of the Group in the last 5 years. Save as disclosed in note 26 of Part VI the financial or trading position of the Group has not changed significantly since 30 June 2007, the date of the Group's most recent audited accounts.

15. Litigation

15.1 Save as set out in paragraph 15.2 below, neither the Company nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this prospectus which may have, or have had in the recent past significant effect's on the financial position or profitability of the Group.

15.2 On 14 April 2005, Rand Quest Syndicate entered into a heads of agreement ("Heads of Agreement") with Ditholwana and the African Development Group (Proprietary) Limited ("ADG") pursuant to and superceding an earlier agreement amongst the same parties. This Heads of Agreement was assigned to Central Rand Gold SA pursuant to the Sale of Business Agreement, further details of which are set out in paragraph 16.5 below.

The primary function of the founding members of the BEE consortium as envisaged by the Heads of Agreement was to introduce additional potential consortium members. Shares in Central Rand Gold SA would then be allocated to the BEE Consortium which would be organised as a body corporate. Ditholwana failed to introduce any additional consortium members and in the opinion of the Directors further failed to meaningfully engage with the other members of the consortium. Accordingly the attitude of Ditholwana was regarded as a repudiation of the terms of the Heads of Agreement by Rand Quest Syndicate and ADG, which repudiation was accepted by Rand Quest Syndicate and ADG. Notwithstanding Ditholwana's

repudiation of the Heads of Agreement, Rand Quest Syndicate has issued and allotted 2 million ordinary shares in Rand Quest Syndicate as compensation for having been a founding member of the BEE consortium.

On 8 December 2006, a letter was received by Central Rand Gold SA, from an attorney on behalf of Ditholwana, demanding the immediate delivery of a 10 per cent. interest in Central Rand Gold SA, failing which Ditholwana would take legal action to obtain delivery of a 10 per cent. equity interest in Central Rand Gold SA on the basis of the Heads of Agreement. The Company and Central Rand Gold SA regard this claim as spurious, as it bears no resemblance to the terms of the Heads of Agreement and there is no mention of a 10 per cent. equity entitlement in favour of Ditholwana (or any other consortium member) contained in the Heads of Agreement. It accordingly appears that Ditholwana has based its claim on the earlier, superceded agreement, which contemplated both ADG and Ditholwana each receiving a 10 per cent. equity interest in Central Rand Gold SA with the remaining 6 per cent. to be divided among the other consortium members introduced by ADG and Ditholwana.

On 23 August 2007, Ditholwana addressed a letter to the Minister of the DME, copied to Central Rand Gold SA requesting the Minister's intervention in its dispute with Central Rand Gold SA. The specific intervention sought by Ditholwana relates to the creation and constitution of Puno and whether it complies with the requirements of the Mining Charter and whether Ditholwana's exclusion from the BEE consortium was reasonable and justifiable. In addition, Ditholwana has indicated that the DME should investigate whether any misrepresentations were made by Central Rand Gold SA in any of the applications it has made in respect of prospecting and/or mining rights, and if so, that corrective steps be taken. Insofar as this latter contention is concerned, Central Rand Gold SA is not aware of any misrepresentation that may have been made, and the Directors are of the view that it has complied with the requirements of the MPRDA in connection with its prospecting rights the details of which are set out at paragraph 16.17 below.

On 30 October 2007 a sale of shares and claims agreement was signed between ADG, Ditholwana and Puno settling the dispute. The agreement provides for 15 per cent. of the issued share capital of Puno owned by ADG to be transferred to Ditholwana and for this transfer to be in full and final settlement of all and any claims between the parties and against the Group. The Group, through third party rights, can seek to enforce this agreement. Subject to certain administrative and logistical conditions regarding the transfer of the shares in Puno being satisfied between the date of this prospectus and Admission, there will be no outstanding issue regarding Ditholwana. Following the agreement becoming unconditional, ADG will own 45 per cent. of Puno, Ditholwana 15 per cent. with minorities making up the remaining holders.

16. Material Contracts

Set out below is a summary of:

- (i) each material contract, other than contracts entered into in the ordinary course of business to which the Company or any member of the Group is a party, for the two years immediately preceding the date of this prospectus; and
- (ii) any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision which any member of the Group has any obligation or entitlement which is material to the Group as at the date of the prospectus.

16.1 Exploration and Exploitation Agreement as amended by Notarial Addendum: iProp

On 19 January 2005, Rand Quest Syndicate (which has subsequently assigned the agreement to Central Rand Gold SA in terms of the Sale of Business Agreement) entered into an exploration and exploitation agreement ("the iProp Agreement") with iProp Limited ("iProp"), Industrial Zone Limited ("Inzo"), and FEIC pursuant to a heads of agreement ("the Heads") executed between the parties on 10 December 2003. FEIC and Inzo are both wholly owned subsidiaries of iProp. Inzo, in terms of the Heads assigned its interest in certain mining titles to FEIC on the date on which MPRDA was promulgated.

In terms of the iProp Agreement FEIC has appointed Central Rand Gold SA to conduct an exploration programme and subject to the exploration programme returning positive findings, FEIC has granted to Central Rand Gold SA an option to acquire all the ordinary shares in the issued share capital of FEIC. FEIC is the holder of New Ordinary prospecting rights over the areas known as the 3C's.

Central Rand Gold SA is obliged to undertake the exploration programme (in all its aspects including without limitation infrastructural development) entirely at its own cost and risk and comprehensively indemnifies iProp and its subsidiaries against any and/or all losses howsoever arising pursuant to the performance by it of any of its obligations in terms of the iProp Agreement. Central Rand Gold SA is obliged and has spent a minimum of US\$2,000,000 on the exploration programme.

Central Rand Gold SA is further obliged to pay iProp an amount of US\$500,000 per annum for a period of 8 years commencing on 1 July 2005. To date two such payments have been made. Following the expiry of the period of 8 years, Central Rand Gold SA will pay to iProp a minimum amount of US\$100,000 per annum for the remainder of the iProp Agreement (ie until such time as a closure certificate is issued).

In addition to any pecuniary provision for the rehabilitation of the project area provided for and on behalf of FEIC to the DME for the sole purpose of ensuring that the EMP be approved for the exploration phase, Central Rand Gold SA is obliged to furnish iProp with an irrevocable bank guarantee in a form acceptable to iProp of US\$100,000 which iProp and/or FEIC will be entitled to draw down on to repair any damage to the project area, in the event that Central Rand Gold SA fails to effect such repairs within 6 months of the cessation of the exploration programme, unless the area is subsumed by subsequent mining operations in the exploitation phase. To the extent that any draw down occurs against the guarantee, Central Rand Gold SA is obliged to "top up" the guarantee until the rehabilitation has been completed.

When a decision to mine has been taken, Central Rand Gold SA is obliged to pay to iProp an amount of US\$1,000,000 as consideration for the shares of FEIC which shall be payable on the grant of Ministerial consent pursuant to a Section 11 Application. Central Rand Gold SA has met all of its expenditure commitments under the agreement. In addition to the amount referred to above, and with effect from the date on which the production threshold in the phase two mining work programme has been reached, Central Rand Gold SA will pay to iProp quarterly in arrears an amount of US\$8.00 per ounce of gold produced by FEIC from the project area. The quarterly payments will cease once all expenditure in respect of exploration and mine development have been repaid. Thereafter, Central Rand Gold SA will pay to iProp an amount of 10 per cent. of the net profits of FEIC for the remainder of the iProp Agreement.

On 27 August 2007 a notarial addendum to the iProp Agreement was entered into between the parties in terms of which addendum the manner of the exercise of the option granted in the iProp Agreement was made contingent on the granting by the Minister of consent pursuant to a Section 11 Application.

The decision to mine and the exercise of the option to acquire the entire issued share capital of FEIC (including the payment of the US\$1,000,000 purchase price) shall be deemed to have occurred on the date on which Ministerial consent to a Section 11 Application shall have been granted.

16.2 *Notarial Cession and Assignment of Rights and Obligations*

On 4 July 2007 iProp Limited, Industrial Zone Limited, Ferreira Estate and Investments Company Limited, Rand Quest Syndicate and Central Rand Gold SA entered into a notarial cession and assignment of rights and obligations agreement in order to give effect on a legally valid basis (in terms of South African law) to the assignment contemplated in the Sale of Business Agreement detailed in paragraph 16.5 below. The agreement is subject to and will only become effective after certain suspensive conditions relating to the necessary regulatory approvals and the substitution of the existing environmental guarantee are satisfied.

16.3 *Prospecting and Option Agreement: Gravelotte Mining Limited*

On 25 April, 2005 Central Rand Gold SA entered into a prospecting and option agreement ("the Prospecting and Option Agreement") with Gravelotte Mines Limited ("Gravelotte"), (which agreement was subsequently assigned to Central Rand Gold SA in terms of the Sale of Business Agreement). Pursuant to the Prospecting and Option Agreement Gravelotte applied for

and was granted a prospecting right. Gravelotte has appointed Central Rand Gold SA as its contractor to prospect on its behalf on, in and under the prospecting area. Gravelotte further granted Central Rand Gold SA an exclusive option to acquire the prospecting right and any right to mine granted in terms thereof.

Gravelotte is the exclusive registered holder of an unused Old Order prospecting right, which had to be converted into a New Order prospecting right (The unused Old Order prospecting right related to 858 precious metals claims situated on the farm Langlaagte No 224, Registration Division IQ, and held under precious metal claim licence number 2753 and in terms of Gauteng Region Deed of Transfer 41/99.).

The option period coincides with the duration of the prospecting right, (being 5 years from 4 November 2005). The parties have further agreed that in the event that prospecting activities have not been completed upon expiry of the prospecting right, that an application for the renewal thereof shall be lodged by Gravelotte.

During the option period, Central Rand Gold SA will pay Gravelotte option fees in the amount of US\$100,000 annually in advance, and the next option fee is due to be paid in November 2007. In addition Central Rand Gold SA is obliged to pay to Gravelotte an amount of US\$10 per ounce of gold mined in the prospecting area.

Central Rand Gold SA is entitled at any time prior to the termination of the option period to abandon its rights in terms of the Prospecting and Option Agreement, whereupon the Prospecting and Option Agreement will, subject to any accrued rights, lapse and cease to be of any further effect.

Central Rand Gold SA is obliged to exercise the option by no later than close of business 6 months prior to the expiry of the option period, or any extension thereof. The purchase price in respect of the prospecting right or the mining right, as the case may be, is an amount of US\$250,000 payable by Central Rand Gold SA no later than 5 days after the exercise by Central Rand Gold SA of the option.

16.4 *Acquisition of Mineral Rights Agreement: AngloGold Ashanti Limited*

On 20 April, 2005 Central Rand Australia entered into a binding heads of agreement with AngloGold Ashanti Limited (“AngloGold Ashanti”) (which agreement was subsequently assigned to Central Rand Gold SA in accordance with the Sale of Business Agreement) (“the AngloGold Heads”). In terms of the AngloGold Heads, AngloGold Ashanti is obliged to apply for the conversion of certain of its Old Order prospecting rights into New Order prospecting rights, and, subject to Ministerial consent being obtained, to assign the same to Central Rand Gold SA.

The right has been granted to AngloGold Ashanti and will be transferred to Central Rand Gold SA on the date that Ministerial consent pursuant to a Section 11 Application is granted. In consideration for the acquisition of the mineral rights and costs of the conversion application from an Old Order to a New Order prospecting right, Central Rand Gold SA has paid to AngloGold Ashanti an amount of US\$ 150,000.

If Central Rand Gold SA elects to establish a mine on the project area it is obliged to consult with AngloGold Ashanti and determine its future involvement. In the event that AngloGold Ashanti withdraws from any future involvement with the mine so established, Central Rand Gold SA will be obliged to pay to AngloGold Ashanti an amount of US\$8 per fine ounce of gold recovered during mining operations.

The definitive agreements in respect of the AngloGold Heads are as at the date of this prospectus, still being finalised. In the interim period the parties relationship is being governed solely by the contents of the AngloGold Heads.

16.5 *Sale of Business Agreement*

On 15 June 2007, and as the first step in the reorganisation of Rand Quest Syndicate (referred to in paragraph 8 above), Rand Quest Syndicate and Central Rand Gold SA entered into a sale of business agreement in terms of which Rand Quest Syndicate sold its business (including its assets and liabilities) to Central Rand Gold SA. The consideration payable by Central Rand Gold SA was an amount of ZAR111,747,790 settled by means of a loan in the same amount (payable on demand) from Rand Quest Syndicate to Central Rand Gold SA.

As the mineral rights held by Rand Quest Syndicate may not be transferred to Central Rand Gold SA without Ministerial consent in terms of a Section 11 Application, the agreement contemplates two effective dates: one in respect of the business and one in respect of the prospecting rights. The business was transferred on 15 June 2007 and the prospecting rights will *ipso facto* transfer on the date on which Ministerial consent is granted to the transfer of the prospecting rights pursuant to a Section 11 Application.

In the interim period (between the effective date of the business and the prospecting right effective date) and in terms of the contractorship agreement forming an annexure to the Sale of Business Agreement, Central Rand Gold SA will conduct all prospecting activities on behalf of Rand Quest Syndicate at Central Rand Gold SA's risk and for its benefit.

16.6 *Prospecting Contract: Central Rand Gold SA*

The prospecting contract forms an annexure to the Sale of Business Agreement and was entered into by Rand Quest Syndicate and Central Rand Gold SA on 15 June, 2007. In terms of this agreement, Central Rand Gold SA shall conduct all prospecting activities on behalf of Rand Quest Syndicate at its own cost and for its own benefit until such time as Ministerial consent to the cession of the prospecting rights sold in terms of the Sale of Business Agreement, is obtained. On the date on which Ministerial consent is obtained the agreement will automatically lapse.

16.7 *Cession and Assignment Agreement: Central Rand Australia*

The cession and assignment agreement also forms an annexure to the Sale of Business Agreement, and was entered into by Central Rand Australia and Central Rand Gold SA on 15 June, 2007. In terms of this agreement, Central Rand Australia assigned the "Subject Rights and Obligations" (being those rights and obligations of Central Rand Australia acquired in terms of the head of agreement between Central Rand Australia and AngloGold Ashanti on 20 April, 2005 and referred to in paragraph 16.4 above).

The consideration payable in respect of the assignment was the amount of ZAR1,041,022 which was settled by means of a loan from Central Rand Australia to Central Rand Gold SA, payable on demand.

16.8 *BEE Heads of Agreement and Co-Ordination Agreement*

On 14 April 2005 Rand Quest Syndicate (which has assigned its rights to Central Rand Gold SA in accordance with the Sale of Business Agreement), Central Rand Australia, Ditholwana and African Development Group ("ADG") entered into the "BEE Heads" in terms of which Ditholwana and ADG were to become the founding members of what would become a BBEE consortium.

ADG and Ditholwana were each issued 2,000,000 ordinary shares in Rand Quest Syndicate as compensation for their participation in the BBEE consortium and for the introduction by ADG and Ditholwana of additional consortium members.

Ditholwana failed to introduce any further consortium members into the consortium, which Central Rand Gold SA viewed as a repudiation of the BEE Heads, which repudiation was accepted by Central Rand Gold SA. Ditholwana's participation in the BBEE consortium ceased since late 2006.

The BEE Heads were superseded by the co-ordination agreement entered into between Central Rand Gold SA, Central Rand Australia and Lexshell 24 General Trading (Proprietary) Limited ("Lexstell") on 8 June 2006, which agreement contemplated the inclusion of Puno as the BEE participant in the Central Rand Goldfield project and which co-ordination agreement set out the basic principles to be included in the shareholders agreement referred to in paragraph 16.11 below. In terms of a resolution passed on 1 October 2007 Lexstell ratified the assignment of its rights under the BEE Heads to Puno.

The co-ordination agreement contemplated Central Rand Gold SA as being the vehicle to be used by Rand Quest Syndicate to hold the interests in the Central Rand Goldfield project and that Puno would be the vehicle through which the broad-based black economic empowerment partners would hold their interests in the Central Rand Goldfield Project. It was provided that the shareholders in Puno would be limited to historically disadvantaged persons and their relationships as shareholders in Puno would be governed by a shareholders' agreement which was to be agreed amongst them and subject to such terms being reasonable acceptable to Rand Quest Syndicate. Such a shareholders' agreement has been concluded amongst the shareholders

in Puno and Central Rand Gold SA is satisfied with the terms thereof in that they comply with the BBBEE objectives of MPRDA and contain sufficient lock-up provisions to ensure that Puno will remain an HDSA company for purposes of the Mining Charter.

It was also contemplated that Puno would pay for its 26 per cent. shareholding in Central Rand Gold SA, either at the inception of exploration operations or once a decision has been taken to proceed with a project based on a bankable feasibility study. The consideration payable by Puno would escalate the longer the period was before Puno elected to make payment. It was also contemplated that Puno would be entitled to get involved in different projects, whether they be the deep underground mining project, the open-pit project or the shallow underground mining project, which were all defined in the co-ordination agreement.

16.9 *Subscription and Purchase of Claim Agreement: Central Rand Gold SA*

On 14 June, 2007 Central Rand Gold NV, the Company, Central Rand Gold SA and Puno entered into a subscription agreement in terms of which Central Rand Gold NV and Puno respectively subscribed for 740 and 260 ordinary shares of ZAR1.00 each for cash, thereby constituting Puno as Central Rand Gold SA's BBBEE partner in accordance with the requirements of the DME, and completing the restructure of Rand Quest Syndicate and the formation of the Group.

The Company assigned 26 per cent. of its claim on loan account against Central Rand Gold SA to Puno for an equivalent amount to be paid by Puno to the Company settled by means of the Puno loan discussed at paragraph 16.10 below.

16.10 *Puno Loan Agreement*

On 14 June, 2007 Puno and the Company entered into a loan agreement in terms of which the Company advanced ZAR39,068,963 to Puno for the purpose of Puno acquiring 26 per cent. of the Company's claim on loan account from Central Rand Gold SA.

The loan is repayable as a first charge against dividends declared in Central Rand Gold SA and is subject to an interest rate of prime plus 2 per cent.

16.11 *Shareholders' Agreement: Central Rand Gold SA*

On 14 June, 2007 Central Rand Gold NV, Puno and Central Rand Gold SA entered into a shareholders' agreement intended to govern the relationship between the shareholders of Central Rand Gold SA.

The shareholders acknowledge Central Rand Gold SA's commitment to complying with all its obligations in respect of black economic empowerment from time to time, and to the extent that such black economic empowerment requirements may be amended in such a way as to materially impact on Central Rand Gold SA, the shareholders agree to co-operate with each other in good faith to amend the provisions of the agreement to comply with the amended requirements.

The agreement contains comprehensive lock-in provisions in respect of Puno, which may not dispose of its shares in any manner for 3 years from the date on which the Minister grants the transfer of the prospecting rights from Rand Quest Syndicate to Central Rand Gold SA pursuant to the Sale of Business Agreement.

It is intended that Central Rand Gold SA's funding requirements will be procured via third party funders on terms acceptable to the directors of Central Rand Gold SA, failing which the shareholders will be obliged to provide funding *pro rata* to their shareholding in Central Rand Gold SA. In the event that Puno is unable to provide funding, and to the extent that Central Rand Gold NV is able and/or willing to assist Puno, Puno shall be entitled to request that Central Rand Gold NV provide it with a loan (on such terms as may be agreed between them) and thereby provide its funding.

Each of the shareholders in Central Rand Gold SA is entitled to board representation. For so long as Puno retains its 26 per cent. interest in Central Rand Gold SA, it is entitled to appoint 2 board members, and Central Rand Gold is entitled to appoint 3 board members, such that the board will be composed of 5 members.

16.12 *Lease Agreement*

On 19 May, 2006 Rand Quest Syndicate entered into a lease agreement ("the Lease Agreement") with Kilkishen Investments (Proprietary) Limited ("the Lessor") in respect of the office premises currently occupied by the Company and Central Rand Gold SA in South Africa.

This lease was consensually assigned to Central Rand Gold SA by Rand Quest Syndicate on 29 March, 2007. The lease is for a period of 5 years terminating on 31 July 2011. Rental escalates at rate of approximately 9 per cent. per year on the anniversary of the commencement date and the rental payable as at the date of this prospectus is ZAR145,134.82 per month excluding utilities which are billed on a monthly consumption basis. Central Rand Gold SA may terminate this lease at any time after the third anniversary thereof on 9 months written notice and by payment of a pro-rata portion of the initial tenant installation allowance plus a penalty.

16.13 *Intra Group Loans*

In terms of a resolution dated 3 July 2007 and pursuant to the reorganisation of the Group the loans outstanding from Central Rand Gold SA to Rand Quest Syndicate and Central Rand Australia were assigned to the Company in exchange for the issue of 168,666,448 Shares in the Company to Rand Quest Syndicate credited as fully paid up.

The Company in turn assigned 26 per cent. of its newly acquired loan claim against Central Rand Gold SA to Puno for an equivalent value (settled by means of the Puno loan referred to at paragraph 16.10 above.

16.14 *Purchase of Field Office*

On 15 August 2006, Central Rand Gold SA purchased immovable property from the Executor of the Estate late James William Harold Jennings and the improvements thereon situated at stand 59 in the Tedderfield Township of Eikenhoff measuring 2,1444 hectares in extent.

The purchase price payable in respect of the immovable property was ZAR3,250,000, and has been paid in full. The property is unencumbered by any mortgage bonds.

16.15 *Assay Laboratory Testing*

Central Rand Gold SA makes use of a number of SANAS accredited assay laboratories to test its samples. The laboratories primarily utilised are the Mintek Laboratory, Performance Laboratories, Set Point Laboratories, ALS Chemex Laboratory Group and the Anglo American Research, a division of Anglo Operations Limited. Central Rand Gold SA spends approximately between approximately R200,000 and R1,000,000 on assay testing per month.

16.16 *Drilling Agreement*

On 23 April 2007, Central Rand Gold SA and Geosearch (a division of Transbor (Proprietary) Limited) entered into a drilling and exploration agreement in terms of which Geosearch would undertake drilling activities on behalf of Central Rand Gold SA. The anticipated period of the agreement is one year, but depends on the completion of the requisite number and depth of the drill holes. Completion may be delayed as a result of Geosearch encountering unforeseen and adverse geological conditions. The agreement requires Geosearch to conduct both Diamond Drilling (12,000 metres) and RC Drilling (30,000 metres) with payment being dependent on the number and depth of holes drilled in any given month, plus an additional charge for operational standing time, survey, mobilisation, demobilisation and moving between sites all of which are charged on an hourly basis. Invoices are submitted on a monthly basis and are payable within 14 days of the date of the invoice. The agreement is subject to a flat rate monthly water consumption charge of R45,000,00. Geosearch is obliged to provide both Workmens Compensation insurance cover and such other public liability insurance as Central Rand Gold SA may require.

16.17 *Summary of the mineral interests*

16.17.1 *Robinson Deep and Village Main Gold Mining Areas*

These areas were the subject of unused Old Order prospecting rights which lapsed in the names of the erstwhile mineral right holders on 30 April 2005 in that no applications for prospecting rights or mining rights were made thereover during that 1 year period. Rand Quest Syndicate applied directly for a prospecting right to the State, which prospecting right was executed in April 2006 but commenced with effect from 3 January 2006 and thus lapses 5 years thereafter, namely on 2 January 2011, subject to the statutory right of extension. The prospecting right has been granted for gold ore and associated minerals (this including uranium as an associated mineral).

The area comprises the defunct Village Main and Robinson Deep gold mining areas.

This prospecting right has been duly registered in the Mineral and Petroleum Titles Registration Office under Registration Number 201/2006 (PR).

A Section 11 Application for Ministerial consent has been lodged for the transfer of this right from Rand Quest Syndicate to Central Rand Gold SA (pursuant to the Sale of Business Agreement referred to at paragraph 16.5 above) which upon transfer will be the holder of the prospecting rights.

16.17.2 Simmer & Jack Mine Area

In regard to the old Simmer & Jack gold mine, Rand Quest Syndicate lodged an application directly to the Regional Manager and the State for a prospecting right in terms of sections 16 and 17 of MPRDA on the basis that the erstwhile mineral right holder has caused the lapse of its unused Old Order prospecting rights by not having applied for a prospecting right or mining right prior to the end of April 2005. The application by Rand Quest Syndicate was lodged on 26 September 2005. It was lodged for gold ore and all associated minerals, thus including uranium and has been applied for a period of 5 years, subject to the statutory right of extension.

The application has been accepted in terms of section 16(4) of MPRDA by the Regional Manager and was granted by the Minister on 12 April 2007. RQS is entitled at law to demand notarial execution as the holder of the right.

A Section 11 Application for Ministerial consent for the transfer of this right to Central Rand Gold SA (pursuant to the Sale of Business Agreement referred to in paragraph 16.5 above). The cession of the right once notarially executed after consent to the Section 11 Application has been obtained will be lodged in the Mineral and Petroleum Titles Registration Office for registration, whereupon Central Rand Gold SA will be the holder of the prospecting right.

16.17.3 Western Areas

This area has been divided into 3 application areas, such applications having been lodged by Rand Quest Syndicate in 2006. They have been lodged for gold ore and all associated minerals, thus including uranium and have been applied for a period of 5 years, subject to the statutory right of extension.

The application has been accepted in terms of section 16(4) of MPRDA by the Regional Manager. RQS is entitled at law to demand notarial execution thereof as the holder of the prospecting right.

A Section 11 Application for Ministerial consent has been lodged for the transfer of these rights to Central Rand Gold SA (pursuant to the Sale of Business Agreement referred to in paragraph 16.5). Upon transfer, Central Rand Gold SA will be the holder of the rights.

16.17.43 C's Area

Ferreira and Estate Investment Company (Proprietary) Limited ("FEIC") has been granted a prospecting right in terms of sections 16 and 17 of MPRDA over the area known as the 3 C's area. The prospecting right was notarially executed on 19 July 2006 and the effective date of the prospecting right is 19 July 2006. The prospecting right relates to gold and associated minerals. As uranium is associated with gold in the same ore body it would be included in the ambit of the prospecting right, but Central Rand Gold SA on behalf of FEIC has now lodged an application under section 102 of MPRDA for an amendment of the prospecting right to specifically refer to uranium because of the importance and value thereof. The prospecting right has been registered as 356/2006(PR).

The prospecting right covers an area of 8,287.7 hectares and is in force for a period of 5 years, terminating on 18 July 2011.

The prospecting right confers upon FEIC (and thus Central Rand Gold SA as its contractor) the sole and exclusive right to prospect for a period of 5 years, provided the provisions of MPRDA and the prospecting work programme are complied with and FEIC has the sole and exclusive right to apply for a mining right under section 22 of MPRDA. FEIC has the right to apply for an extension of the prospecting right provided it satisfies the criteria for an extension.

A Section 11 Application for Ministerial consent for the transfer of the shares in FEIC from iProp to Central Rand Gold SA as contemplated in the second addendum has been lodged. Central Rand Gold SA will be deemed to have exercised the option on the same date on which the consent to the Section 11 Application is obtained.

16.17.5 AngloGold Ashanti Area

AngloGold Ashanti was the holder of unused Old Order prospecting rights in respect of the Central Witwatersrand area and AngloGold Ashanti applied for a prospecting right during the 1 year transitional period of its exclusive holding of unused Old Order prospecting rights between 1 May 2004 and 30 April 2005.

The prospecting right was notarially executed on 19 July 2006, duly granted in accordance with sections 16 and 17 of MPRDA for a period of 5 years commencing on 19 July 2006 and terminating on 18 July 2011 (subject to the statutory right to extend). The prospecting right was issued in respect of gold and associated minerals (thus including uranium) and confers the rights referred to in paragraph 16.17.4 above on the holder of a prospecting right. The prospecting right has been duly registered in the Mineral and Petroleum Titles Registration Office under registration number 309/2006(PR).

A Section 11 Application for Ministerial consent has been lodged for the transfer of this right to Central Rand Gold SA on the basis that AngloGold Ashanti has agreed for the right to be directly ceded to Central Rand Gold SA, notwithstanding that AngloGold Ashanti originally concluded the agreement with Central Rand Australia, a subsidiary then of Rand Quest Syndicate.

16.17.6 Gravelotte Area

Gravelotte Mines Limited, as the holder of unused Old Order rights in respect of the Gravelotte area, applied for a prospecting right in terms of sections 16 and 17 of MPRDA during the 1 year exclusive period between 1 May 2004 and 30 April 2005.

The prospecting right was granted on 4 November 2005 and endures for a period of 5 years until 3 November 2010 (subject to the statutory right to extend). It has been granted for gold ore, silver ore and platinum group metals (once again thus including uranium which is part of the "gold ore"). It extends over an area of 509,8771 hectares. The prospecting right has been duly executed and registered as Prospecting Right 125/2005(PR) in the Mineral and Petroleum Titles Registration Office.

The prospecting right confers upon Gravelotte the same rights as mentioned above in relation to the prospecting right. The prospecting right is, fully binding, effective and valid.

Ministerial consent will be required in terms of a Section 11 Application for the transfer of this right to Central Rand Gold SA when Central Rand Gold SA exercises the option to acquire the prospecting right, Central Rand Gold SA having taken cession of the contract from Rand Quest Syndicate, with the written consent of Gravelotte.

16.17.7 Southern Deeps Area

Rand Quest Syndicate has applied for a prospecting right over what is known as the Southern Deeps area. The application was accepted under section 16(4) of MPRDA. The rights were previously unused Old Order prospecting rights which lapsed on 1 May 2005 and thus became available for any third party to apply for a right to prospect or mine. Rand Quest Syndicate is first in line and no other application can be considered whilst the Rand Quest Syndicate application is being considered by the Minister. Rand Quest Syndicate has applied for gold ore and all minerals for a period of 5 years (subject to the statutory right to extend).

On 17 January 2007 Rand Quest Syndicate received a letter from the Minister's delegatee, refusing the grant of the prospecting right on the following basis:

- “a. your failure to meet the requirements of section 17(1)(c), read with section 39 of the Act (being the MPRDA), in that the environmental management plan does not address all the environmental impacts of the proposed prospecting programme; and

- b. your failure to comply with the provisions of section 48 of the Act (being the MPRDA), in that residential areas were included in the application without taking cognisance of the sustainable development of the mineral resource, the national interest as well as proof that the proposed prospecting operations will take place within the framework of the national environment management policies, norms and standards.”

After consultation with the DME a new application was lodged in February 2007 taking into account the delegatee’s comments referred to above. The application has been accepted under section 16(4) of MPRDA and the application process is in motion in terms of MPRDA.

A Section 11 Application has been lodged for Ministerial consent to transfer the prospecting right to Central Rand Gold SA upon notarial execution of the prospecting right.

16.18 *Subscription Letters*

On 24 August 2007, the Company completed a private funding round of 12,133,002 Shares which raised in aggregate the gross sum of €9,099,751.50 in respect of which the Company entered into a number of subscription agreements with individual and institutional investors. The subscription agreements contained standard warranties from both the Company and investors to ensure compliance with applicable securities laws.

16.19 *Placing Agreement*

On 1 November 2007, the Company entered into the Placing Agreement with each of the Directors, Evolution, Macquarie and RBC pursuant to which the Company has agreed to issue 60,000,000 Shares at the Placing Price, and each of the Managers has agreed to use its reasonable endeavours to procure purchasers at the Placing Price for the 60,000,000 Shares pursuant to the Placing. Allocations of Shares under the Placing will be to such persons as may be nominated by Evolution on behalf of the Managers. The Placing is not underwritten.

The Placing Agreement is conditional, *inter alia*, on the entire issued and to be issued share capital of the Company being admitted to listing on the Official List and the JSE and the admission to trading of such Shares on the London Stock Exchange and the JSE by no later than 8 November 2007 (or such later date as may be agreed between the parties being no later than 14 December 2007).

The Placing Agreement contains customary warranties and undertakings given by the Company and the Directors as to the accuracy of the information contained in this prospectus and other matters relating to the Shares, the Group and its business. In addition, the Company and the Directors have given an indemnity to each of the Managers in respect of certain customary matters.

Evolution acting on behalf of the Managers is entitled to terminate the Placing Agreement in specified circumstances prior to Admission, *inter alia*, in the event of the occurrence of certain *force majeure* events, or an unremedied breach of the Placing Agreement or of any of the warranties or undertakings contained in it. If any of the conditions contained in the Placing Agreement are not satisfied (or waived, where capable of being waived) or if for any other reason the Placing does not proceed, Admission, will not take place and any monies received in respect of the Placing will be returned to places without interest.

In consideration of their services in connection with the Placing, the Company has agreed to pay the Managers in aggregate a commission of 6 per cent. of the amount equal to the Placing Price multiplied by the number of Shares issued pursuant to the Placing.

The Company has agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees (including legal fees) and expenses of, or in connection with, or incidental to the Placing and Admission.

17 **Lock-in Arrangements**

- 17.1 The Company, the Directors and certain of the Shareholders have entered into lock-in arrangements.

17.2 The Company pursuant to the Placing Agreement has agreed that it will not offer to sell, grant any option for the sale of, or otherwise dispose or transfer, or announce any intention to do so, in a public offering or by way of private placement or any Shares or any securities convertible into Shares without the prior written consent (such consent not to be unreasonably withheld or delayed) of the Managers for a period of 6 months following the date of Admission except for the exercise, sale or grant of Shares pursuant to the terms of the existing option arrangements or Share awards referred to in paragraph 11 of this Part VIII or otherwise as set out in this prospectus.

17.3 On 1 November 2007, the Company, Evolution and each of the Directors entered into a lock-in agreement pursuant to which each of the Directors has agreed, subject to certain exceptions, that he will not, and that he will use reasonable endeavours to procure that their connected persons will not transfer, sell, dispose of or encumber any Shares or any interest in Shares without the prior written consent of Evolution for a period of 12 months after the date of Admission.

The Directors have further undertaken for a period of 12 months from the first anniversary of the date of Admission that any disposal of Shares will not be made by them other than through the Managers to ensure an orderly market in the Shares.

17.4 On 1 November 2007, the Company, Evolution, and each of John Alefounder, Mark Creasy and Plataurum Limited (the "Locked-In Shareholders") entered into lock-in agreements pursuant to which each of them has agreed, subject to certain exceptions, that for the part of their Shares as set out below they will not, and that they will use reasonable endeavours to procure that their connected persons will not transfer, sell, dispose of or encumber any of these Shares or any interest in these Shares without the prior written consent of Evolution for a period of 12 months after the date of Admission (the "Lock-in Provisions").

Each of the Locked-In Shareholders have also undertaken for a period of 24 months from the date of Admission that, subject to certain exceptions, their Shares will not be disposed by them other than through the Managers to ensure an orderly market in the Shares (the "Orderly Market Provisions").

At the date of Admission 80 per cent. of the Locked-In Shareholders' Shares are initially subject to the Lock-in Provisions for a period of 12 months (provided that the balance of 20 per cent. of the Locked-In Shareholders' Shares are subject to the Orderly Market Provisions) and thereafter they are subject to the Orderly Market Provisions save that:

- (i) if within the period of 12 months following Admission the Share price reaches 150 per cent of the Placing Price for 30 consecutive business days then half of the Shares subject to the Lock-in Provisions will no longer be subject to the Lock-in Provisions but will remain subject to the Orderly Market Provisions.
- (ii) if within the period of 12 months following Admission the Share price reaches 200 per cent of the Placing Price for 30 consecutive business days then the remaining Shares that are subject to the Lock-in Provisions will no longer be subject to the Lock-in Provisions but will remain subject to the Orderly Market Provisions.

18. Related Party Transactions

18.1 Save as disclosed in this paragraph 18 and in the financial information in Part VI note 23, no members of the Group entered into a related party transaction during the financial years ended 30 June 2005, 2006, 2007, or during the period from 30 June 2007 to the date of this prospectus.

18.2 RQS entered into a deed of release (the "Deed of Release") (which was subsequently assigned to the Company under the terms of the Sale of Business Agreement) on 19 February 2007 with Harry Mason, Johan Nel and Orbital Research Exploration Pty Limited ("Orbital") relating to the termination of Mr Mason's (i) directorships of the RQS Group; and (ii) consultancy services provided to the RQS Group. Harry Mason and Johan Nel were directors of RQS and Central Rand Gold SA. Orbital provided the services of Mr Mason to RQS.

The terms of the Deed of Release were approved by the shareholders of RQS in an extraordinary general meeting. Pursuant to the terms of the Deed of Release RQS agreed to pay Mr Mason £300,000 less any further amounts owed by Mr Mason to RQS, subject to the repayment by Mr Mason of certain loans owed by him to RQS together with interest and tax

paid by the RQS/the Company in respect of their loans (these loans excluding interest amounted to ZAR1,397,344). RQS/the Company has not to date received repayment of the loans from Mr Mason and accordingly has not made the payment. Furthermore, under the terms of the Deed of Release the Company is entitled to retain £100,000 subject to a determination of the further amounts owed by Mr Mason to the Company. The Company intends to make payment pursuant to the Deed of Release once the loans referred to above have been repaid by Mr Mason. In addition, the Deed of Release confirmed Mr Mason's entitlement to options over 2,000,000 shares in RQS which the Company intends be rolled over into options over Shares in the Company (further details of which are set out in paragraph 11.4 of this Part VIII). The Deed of Release released all claims, RQS had against Mr Mason in connection with a property in South Africa and amounts owed by Harry Mason to RQS other than matters arising after the date of the deed, or to the extent that such a release is not prohibited by law. Mr Mason and Mr Nel released all claims they may have had against the RQS Group.

18.3 Members of the Group entered into transactions with Puno, a company of which Sedupe Ramokgopa is a director. Sedupe Ramokgopa is also a director and a 20 per cent. shareholder of ADG Resources (Pty) Limited which in turn currently holds 60 per cent. of the issued share capital of Puno but is intended to hold 45 per cent. of the share capital once the settlement agreement referred to at paragraph 15.2 of this Part VIII becomes unconditional. Further details of the agreements with Puno are set out in paragraphs 16.8 to 16.11 and paragraph 16.13 of this Part VIII.

18.4 For the purposes of reading note 23 of the financial information contained in Part VI of the prospectus, which relates to related party transactions:

18.4.1 Orbital Research (Proprietary) Limited is a company connected with Harry Mason, a former director of RQS and Central Rand Gold SA;

18.4.2 African Development Group is a company connected with Sedupe Ramakgopa a former director of RQS and current director of Central Rand Gold SA;

18.4.3 DN Security (WA) Pty Ltd is a company connected with John Alefounder a current director of RQS;

18.4.4 Corwell Investments (Proprietary) Limited is a company connected with Nicholas Farr-Jones a director of RQS; and

18.4.5 Felix Bay Capital is a company connected with Gerard Farley, a director of RQS.

19. Auditors

19.1 The auditors of the Company are Moore Stephens LLP, St Paul's House, Warwick Lane, London EC4M 7PB.

20. Registrar and Transfer Agent

20.1 The Company's registrar and transfer agent for its Shares in South Africa is Computershare Investor Services Limited at its principal offices at 70 Marshall Street, Johannesburg, South Africa. The Company's transfer agent for its Shares in CREST is Computershare Investor Services (Channel Islands) Limited at its offices in St. Helier, Jersey. The Company's registrar and transfer agent for its shares in Guernsey is Artemis Corporate Services Limited at its offices in St. Peter Port, Guernsey.

21. Interests of Experts

21.1 None of the Company's Counsel, the Managers' Counsel, Snowden, each being persons who have prepared reports or who have been responsible for reporting exploration results relating to the Company's mineral properties, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the Company's property or of any associate or affiliate of the Company. As at the date hereof, the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company.

- 21.2 Neither the aforementioned persons, nor any director, officer, employee or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.
- 21.3 Moore Stephens LLP, the auditors of the Company, report that they are independent from the Company in accordance with applicable rules of professional conduct.
- 21.4 The Competent Persons' Report prepared by Snowden relies on certain information produced by Viljoen and Viljoen. Viljoen and Viljoen hold an interest through Plataurum Limited in 8,000,000 Shares representing 4.29 per cent. of the issued share capital of the Company as at the date of this prospectus. Where information has been sourced from Viljoen and Viljoen it has been accurately reproduced and, as far as the Company is aware and is able to be ascertained from information published by Viljoen and Viljoen, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22. Payments to Promoters

The following amounts were paid or accrued as payable to the Managers or other promoters within the preceding three years to the date of this prospectus. No other benefit or consideration was given or proposed to be paid to any promoter, syndicate or other association save for the options set out in paragraph 11.4 of this Part IX.

<i>Date</i>	<i>Promoter</i>	<i>Event</i>	<i>Payment</i>	
AUSS Based Payments				
25/10/2005	L Owen	(Kaylan) part payment 6% Commission	\$50,000	
09/11/2005	Gerard Farley	(Kaylan) part payment 6% Commission	\$28,000	
16/01/2006	Gerard Farley	(Kaylan) part payment 6% Commission	\$2,000	
06/02/2006	Bell Potter Securities Ltd	Part payment Findlay 6% Commission	\$16,500	
28/02/2006	Felix Bay Capital	Gerard Extra 3% commission	\$9,339	
28/02/2006	Findlay & Co Stockbrokers	6% Commission	\$145,653	
17/03/2006	Kaylan Trading Corp	Part of 6% Commission re fund raising	\$30,055	
19/04/2006	Kaylan Trading Corp	Part of 6% Commission re fund raising	\$578,090	
22/05/2006	Felix Bay Capital	6% Commission	\$60,407	
03/07/2006	Felix Bay Capital	6% Commission	\$90,750	
05/07/2006	Findlay & Co Stockbrokers	Placement Fee @ 6%	\$15,319	
29/08/2006	Felix Bay Capital	Part 6% Commission	\$120,000	
30/11/2006	Felix Bay Capital	Remainder of 6% fee	\$180,000	
11/06/2007	Findlay & Co Stockbrokers	Commission on Capital Raising	\$200,000	
			AUSS\$1,526,113	
GBP Based Payments				
16/01/2007	Evolution	6% Commission	£173,670	
28/06/2007	Evolution	6% Commission	£159,000	
			£332,670	
RAND Based Payments				
26/07/2007	Macquarie		R 1,221,624	
			R 1,221,624	
Share Based Payments in Aus \$				
<i>Date</i>	<i>Issued to</i>	<i>Number of shares</i>	<i>Per share</i>	<i>Value</i>
06/03/2006	Findlays & Kaylan Capital	4,000,000	0.1500	\$600,000
24/04/2006	Kaylan & Felix Bay Capital	2,000,000	0.3500	\$700,000
				\$1,300,000

23. Consents

- 23.1 Moore Stephens LLP whose registered office is at St Paul's House, Warwick Lane, London EC4M 7BP is a member of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of its accountants' reports on the Company and the Group set out in Part VI of this prospectus and references to it and its name in the form and context in which they are included and has authorised the contents of its reports for the purposes of paragraph 5.5.4R(2)(f) of the Prospectus Rules and item 23.1 of Annex I of the Commission Regulation (EC) 809/2004.
- 23.2 Evolution Securities Limited, Royal Bank of Canada Europe Limited and Macquarie First South Corporate Finance (Proprietary) Limited have given and have not withdrawn their respective written consent to the inclusion in this prospectus of their respective names and the references thereto in the form and context in which they appear.
- 23.3 Snowden Mining Industry Consultants PTY Limited whose registered office is at 87 Colin St, West Perth SA 6005 Australia has given and has not withdrawn its written consent to the inclusion of its report set out in Part VII of this prospectus and the references to its report and its name in the form and context in which they are respectively included and has authorised the contents of its report for the purposes of paragraph 5.5.4R(2)(f) of the Prospectus Rules and item 23.1 of Annex I of the Commission Regulation (EC) 809/2004. Dr Philip Snowden BSc (Hons), PhD, FAusIMM, CPGeo, MAIG (Reviewer) is the former Managing Director and is Executive Consultant to Snowden with over 30 years' experience in the minerals industry. Dr Snowden is a Fellow of the Australian Institute of Mines and a Member of the Australian Institute of Geoscientists and has undertaken numerous independent reviews and valuations of exploration and mining projects throughout Australia, Africa and South East Asia and has the appropriate relevant qualifications, experience and competence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.

24. Reports and accounts

- 24.1 Copies of the annual audited financial statements will be sent to each Shareholder. In addition copies of the annual audited financial statements and the semi-annual unaudited interim reports will be made available for inspection at and may be obtained upon request from the registered office of the Company shortly thereafter.
- 24.2 It is intended that the annual report and accounts of the Company will be made for the 12 month (or such shorter) period ending on 31 December in each year.

25. Inter-Company loans

- 25.1 Subsidiary company cash requirements to fund working capital, procurement and exploration costs to date have been provided by Central Rand Gold NV through inter-company loan accounts. Interest on inter-company loan accounts are charged at the prevailing South African prime overdraft interest rate plus 2 per cent.
- 25.2 Set out below are the details of the Group's inter-company loan accounts at 30 June 2007. Full details of the Company's subsidiary companies are set out in paragraph 9 above:
- 25.2.1 Balance in Central Rand Gold SA due to Central Rand Gold NV – Rand 131,380k.
- 25.2.2 Balance in Central Rand Gold NV due from Central Rand Gold SA and same amount due to Central Rand Gold Limited – Rand 131,380k.
- 25.2.3 Balance in Central Rand Gold Limited due from Central Rand Gold NV – Rand 131,380k.

26. Taxation

- 26.1 The following summary of material Guernsey, United Kingdom and South African tax consequences of ownership of Shares is of a general nature and based upon laws, regulations, decrees, rulings, double taxation conventions, agreements and arrangements, administrative practice and judicial decisions in effect as at the date of this prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or

modify the statements and conclusions set forth in this prospectus. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Shares.

26.2 The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder of Shares. It is not intended to address all tax aspects that may be relevant to a holder of Shares. Accordingly, potential investors should satisfy themselves as to the overall tax consequences in their own particular circumstances of the acquisition, ownership and disposal of the Shares, including any pending or proposed changes in relevant tax laws as at the date of this prospectus and any actual changes in relevant tax laws after such date, by consulting their own tax advisers in all relevant jurisdictions.

26.3 *Guernsey*

26.3.1 The Company is treated for Guernsey Income Tax purposes as an exempt company, which means that under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest. A fee, currently £600 per annum, is payable to the States of Guernsey Treasury and Resources Department in respect of the Company's exempt status.

26.3.2 On 25 November 2002, the Advisory and Finance Committee of the States of Guernsey ("A&F", now replaced by the States of Guernsey Policy Council) announced a proposed framework for a structure of corporate tax reform within an indicative timescale. In the announcement, A&F stated that any specific recommendations for change would only be placed before the Guernsey Government after further consultation with local businesses and a review of taxation in other financial centres. The relevant parts of the announcement are as follows:

26.3.2.1 The general rate of income tax paid by Guernsey companies will be reduced to zero per cent. in respect of tax year 2008 and subsequent years.

26.3.2.2 Certain regulated businesses such as banks will pay tax at 10 per cent.

26.3.2.3 While income tax on Guernsey individuals will remain at 20 per cent. it has been confirmed there will be no VAT, capital gains tax, inheritance or other wealth taxes.

26.3.3 It is currently expected that the Company will qualify as either an exempt or zero rated company. Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax), gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration. Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. No stamp duty is chargeable in Guernsey on the issue, transfer or redemption of Shares.

26.3.4 Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will suffer no deduction of tax by the Company from any dividends payable by the Company but the Administrator will provide details of distributions made to Shareholders resident in the Islands of Guernsey, Alderney and Herm to the Administrator of Income Tax in Guernsey and such dividends will form part of the resident Shareholder's global income for the purpose of assessing their liability to income tax in Guernsey. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of any Shares owned by them.

26.4 *United Kingdom*

26.4.1 The comments below are of a general nature and are based on current UK law and published H.M. Revenue & Customs practice at the date of this prospectus, both of which are subject to change possibly with retroactive effect. The summary assumes that the Company is and shall remain resident in Guernsey for taxation purposes. The summary only discusses certain UK tax consequences of holding the Shares and receiving dividends for the absolute beneficial owners of the Shares who are resident and, in the case of individuals only, ordinarily resident and domiciled in the UK, for tax purposes ("UK holders"). In addition, the summary principally addresses the tax consequences for UK holders who hold the Shares as capital assets or investments and other than 26.4.3.1 does not address the tax consequences which may be relevant to

certain other categories of UK holders, for example dealers; and assumes that each UK holder is not otherwise connected with the Company or any other member of the Group.

26.4.2 *Taxation of Chargeable Gains*

26.4.2.1 If a holder of Shares disposes of Shares, a liability to tax on chargeable gains may arise, depending on the circumstances of the UK holder of Shares. UK holders of Shares that are companies are eligible for indexation allowance which may reduce the chargeable gain. Non corporate shareholders may be able to reduce the chargeable gain by taper relief.

26.4.3. *Dividends*

26.4.3.1 Except in the case of Shares held by UK holders who are individuals or companies dealing in Shares, dividends will be paid by the Company without deduction of United Kingdom withholding tax but will be assessable to income tax under Part 4 of the Income Tax (Trading and Other Income) Act 2005 or corporation tax under Schedule D Case V.

26.4.3.2 Corporate UK holders of Shares who are resident for tax purposes in the United Kingdom and who directly or indirectly control 10 per cent. or more of the Company's voting power may be entitled to claim relief against United Kingdom corporation tax in respect of the Company's underlying tax. The extent to which such foreign tax may be set against a UK holder's tax liability in the UK will depend on the particular circumstances of the UK holder concerned.

26.4.3.3 Persons who are not resident in the UK should consult their own tax advisers on the possible application of relevant local tax law as to what relief or credit they may be entitled to in the jurisdiction in which they are resident.

26.4.4 *Stamp duty and stamp duty reserve tax*

No UK stamp duty or stamp duty reserve tax is payable on the transfer or issue of Shares by the Company.

26.5 *South Africa*

26.5.1 The comments below are of a general nature and are based on the Income Tax Act 58 of 1962 as applicable as at the date of this prospectus. The summary only addresses certain South African tax consequences of holding shares and receiving dividends for the beneficial holders of Shares who are residents for taxation purposes in South Africa, and specifically excludes share dealers. South Africa is party to a number of Double Taxation Treaties, which may affect a person's (whether natural or juristic) residence for taxation purposes, and tax advice must be obtained prior to the investment in the Shares of the Company.

26.5.2 South Africa does not as at the date of this prospectus impose any withholding tax on dividends or any other form of tax on dividends paid with respect to Shares. However, a proposal has been made by the South African Government to replace Secondary Tax on Companies (currently at 12,5 per cent. levied on the net amount of dividends declared to its shareholders) with a 10 per cent. withholding tax on dividends. It is anticipated that the withholding tax will be implemented in phases between late 2007 and 2009. Although this will have the effect of reducing the tax burden of the Company in respect of its South African operations thereby increasing the distributable earnings, the withholding tax may reduce the amount of dividends or other distributions received by the shareholders, unless its effects are mitigated by a Double Taxation Treaty.

26.5.3 The change in beneficial ownership in Shares listed on an exchange in South Africa is subject to Uncertificated Securities Tax ("UST") at a rate of 0.25 per cent. of the consideration payable in respect of the Shares. Although UST is normally paid by the purchaser of the Shares the obligation to pay the UST rests with the seller. In addition Capital Gains Tax is payable on any disposal of Shares held by a shareholder who is a resident for South African tax purposes.

27. General

- 27.1 The financial information concerning the Group contained in this prospectus will not constitute the accounts of the Company maintained in accordance with Part IX of the Companies Law.
- 27.2 Information of an economic (including economic analysis), scientific or technical nature regarding the Group and its prospecting rights is included in this prospectus based upon the Competent Persons' Report. This report provides an independent technical review of the mineral resources and reserves, and development of the Group and was prepared by Snowden.
- 27.3 The Placing Price per Share which is to be paid in cash represents a premium of £1.24 over the nominal value of £0.01 per Share in respect of Shares offered pursuant to the Placing.
- 27.4 The expenses of the listing on the LSE and JSE are estimated at £6.1 million (excluding Value-Added Tax and other sales taxes). All listing expenses will be for the account of the Company and will be paid out of cash reserves. The estimated expenses of the listing on the LSE and the JSE are set out in the table below:

<i>Expense</i>	<i>Payable to</i>	<i>£'000</i>
UKLA documentation fee	LSE	6
LSE listing fee	LSE	33
JSE documentation fee	JSE	6
JSE listing fee	JSE	25
Printing, publication, distribution and advertising expenses	Various	50
Sponsor and advisory fee	Evolution, Macquarie & RBC	4,500
Accounting fee	Moore Stephens	170
	Hunton & Williams Tabacks, other legal advisers to the Company and Legal Advisers to the Managers	1,123
Legal fees	Snowden	7
CPR	Strate	
Registrars	Computershare and Artemis	66
Other	Various	79
Estimated Total		<u>6,065</u>

- 27.6 The Shares will be admitted with the ISIN GG00B24HM601.

28. Documents For Inspection

- 28.1 Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the offices of Evolution Securities Limited at 100 Wood Street, London EC2V 7AN, at the Company's registered office at Sydney Vane House, Admiral Park, St Peter Port, Guernsey, and at its office at 6-10 Houghton, Johannesburg, South Africa 2193 from the date of publication of this prospectus for a period of 12 months following Admission.
- 28.1.1 the Memorandum and Articles of Association of each member of the Group;
- 28.1.2 the accountants' reports on the Group prepared by Moore Stephens LLP set out in Part VI;
- 28.1.3 the report by Snowden set out in Part VII;
- 28.1.4 the audited consolidated accounts of the Group for three financial years ended 30 June, 2005, 2006 and 2007;
- 28.1.5 the material contracts (and notarially executed copies if relevant) referred to at paragraph 16 of Part VIII;
- 28.1.6 the instrument of settlement referred to at paragraph 11.1 of Part VIII;
- 28.1.7 the latest valuations relevant to movable and immovable properties;

28.1.8 the service agreements of Directors, the Senior Managers, company secretaries, underwriters, vendors and promoters; and

28.1.9 this prospectus.

1 November 2007

PART IX

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

The following definitions apply throughout this prospectus unless the context requires otherwise. For the avoidance of doubt the following definitions do not apply to the report prepared by Snowden and contained in Part VII of this prospectus.

“adit”	a horizontal or sub-horizontal underground development providing access to underground workings from surface
“Admission to Listing”	the admission to listing on the Official List and the JSE of the Shares
“Admission to Trading”	the admission to trading on the LSE’s market and the JSE’s market for listed securities of the Shares
“Admission”	Admission to Listing and Admission to Trading and a reference to Admission becoming “effective” is to be construed in accordance with the Listing Rules or the Standards (as applicable) and JSE’s Listing Requirements
“alteration”	changes in the chemical or mineralogical composition of a rock, generally produced by weathering or hydrothermal solutions
“Anglodeeps”	a defunct Old Order mining area situated in the southern area of the Central Rand Project, held by AngloGold Ashanti Limited
“Articles of Association” or “Articles”	the articles of association of the Company
“auriferous”	pertaining to gold
“Australian Dollar”, “AUD” or “A\$”	the lawful currency of Australia
“BBBEE”	Broad Based Black Economic Empowerment in accordance with the provisions of the MPRDA and the Mining Charter
“basement”	oldest rocks exposed in an area
“Bird Reef”	a geological outcrop forming part of the upper Witwatersrand supergroup geological formation which is a relatively lithologically homogenous mappable unit
“Board”	the board of directors of the Company
“borehole intersection”	that part of a drilled hole that contains the economic mineralised section
“°C”	degrees Celsius
“carbonate”	refers to a carbonate mineral such as calcite CaCO ₃
“Central Rand Australia”	Central Rand Australia PTY Limited, a company incorporated under the laws of Western Australia
“Central Rand Gold NV”	Central Rand Gold (Netherlands Antilles) N.V. a company incorporated under the laws of the Netherlands Antilles
“Central Rand Goldfield”	the central area of the Witwatersrand Basin, comprising the aggregate of all the defunct and working gold mines in the area
“Central Rand Gold SA”	Central Rand Gold South Africa (Proprietary) Limited, a company incorporated under the laws of South Africa
“Central Rand Project”	the project area over which the Prospecting Rights extend, being an area from west to east of about 40 kilometres and north to south of about 7 kilometres
“chalcopyrite”	the mineral sulphide of iron and copper, CuFeS
“channel samples”	continuous rock-samples, where an even channel is cut into the rock to obtain the sample. If competently sampled, the quality of such sampling is comparable to drill-hole assays

“chloritisation”	alteration of rocks to chlorite as a result of low-grade metamorphism
“CIM”	Canadian Institute of Mining, Metallurgy and Petroleum
“City Deep”	a defunct Old Order gold mine, which lies in the north eastern area of the Central Rand Project held by FEIC
“City of Johannesburg”	the historic downtown central business district of Johannesburg
“clast”	a particle of broken-down rock. These fragments may vary in size from boulders to silt-sized grains
“Combined Code”	the Combined Code on Corporate governance including the principles of Good Governance and Code of Best Practice appended to the Listing Rules
“Common Monetary Area”	South Africa, Namibia and Lesotho
“Companies Law”	Companies (Guernsey) Law 1994 – 1996 as amended, and the Companies Act 61 of 1973 (South African)
“Company’s Counsel”	with respect to English law, Hunton & Williams; and with respect to South African law, Taback & Associates Proprietary Limited
“Company”	Central Rand Gold Limited, a company incorporated under the laws of the Bailiwick of Guernsey
“Competent Persons’ Report”	the report prepared by Snowden set out in Part VII of this prospectus
“conglomerate”	a coarse grained rock with rounded clasts that are greater than 2mm in size
“Consolidated Main Reef” or “CMR”	a defunct Old Order gold mine, which lies to the west of City Deep and is held by FEIC
“CREST Guernsey Requirements”	rule 22 and such other rules and requirements of CREST as may be applicable to issues as from time to time specified in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 as amended (SI 2001/3755)
“CREST”	the relevant system (as defined in the CREST Regulations) operated by EUROCLEAR in accordance with which securities may be held or transferred in uncertificated form
“Crown Mines”	a defunct Old Order gold mine, which lies between CMR and City Deep and is held by FEIC
“cut-off grade”	lowest grade of mineralised material considered economic, used in the calculation of ore resources
“deposit”	coherent geological body such as a mineralised body
“Diamond Drilling” or “DD”	the process of drilling potholes or shafts by means of an annular diamond impregnated drill bit to retrieve a cylindrical core of solid rock
“dip”	the true dip of a plane is the angle it makes with the horizontal plane
“Directors”	directors of the Company, including the Executive and Non-Executive Directors
“Ditholwana”	Ditholwana Mining and Exploration (Proprietary) Limited
“DME”	the South African Department of Mining and Energy
“doré”	an unrefined (therefore impure) alloy of gold with variable quantities of silver and smaller quantities of base metals, which is produced at a mine before passing on to a refinery for upgrading to London Good Delivery standard, usually consists of 85% gold on average

“drive”	a horizontal underground tunnel
“dyke”	a sheet like body of igneous rock which is discordant
“Equity Securities”	a share in the Company (other than a share shown in the memorandum to have been taken by a subscriber to the memorandum or a bonus share), or a right to subscribe for or to convert securities into Relevant Shares in the Company
“EU”	the European Union
“EUROCLEAR”	EUROCLEAR UK & Ireland Limited, a company incorporated under the laws of England and Wales.
“Evolution”	Evolution Securities Limited
“Executive Directors”	Mr Gregory James, Mr Riccardo Vittino, Mr Rams Ramokgopa and Mr Michael Sullivan
“Existing Shareholders”	the shareholders of the Company as at the date of this prospectus
“Existing Shares”	the Shares that will be in issue immediately prior to Admission
“exploration”	method by which ore deposits are evaluated
“fault”	surface of rock fracture along which has been differential movement
“feasibility study”	an extensive technical and financial study to assess the commercial viability of a project
“FEIC”	Ferreira Estate Investment Company Limited, a company incorporated under the laws of South Africa
“FEIC Mining Right Application”	the New Order mining right application in respect of Crown Mines, City Deep and CMR within the Central Rand Project which was submitted to the DME on 25 July 2007
“flotation”	a mineral processing used to separate mineral particles in a slurry, by causing them to selectively adhere to a froth and float to the surface
“fold”	a flexure in rocks
“footwall”	rock mass below a fault, vein, bed or mineralisation
“FSA”	The Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA
“FSMA”	Financial Services and Markets Act 2000, as amended
“galena”	important sulphide ore of lead, PbS
“geophysical”	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing
“grade”	relative quantity or the percentage of ore mineral or metal content in an ore body
“Group”	the Company and its subsidiaries and subsidiary undertakings from time to time. For the purposes of the historical financial information included in Part VI of this prospectus, which has been prepared using the ‘pooling of interests’ method of accounting, the “Group” includes the RQS Group prior to the Reorganisation.
“hanging wall”	rock mass above a fault, vein, bed or mineralisation
“holder”	the person or persons registered in the register of members of the Company as a holder of Shares
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards

“igneous”	said of a rock or mineral that solidified from molten or partly molten material, i.e., from a magma
“Indicated Mineral Resource”	as defined in the JORC Code, is that part of a Mineral Resource which has been sampled by drill holes, underground openings or other sampling procedures at locations that are too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable degree of reliability. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate
“Inferred Mineral Resource”	as defined in the JORC Code, is that part of a Mineral Resource for which the tonnage and grade and mineral content can be estimated with a low level of confidence. It is inferred from the geological evidence and has assumed but not verified geological and/or grade continuity. It is based on information gathered through the appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
“intermediate”	the composition of igneous or volcanic rocks whose composition lies between those of basic and acid rocks
“JORC Code”	the Australasia Code for Reporting of Mineral Resources and Ore Reserves 2004 which sets out the minimum standards, recommendations and guidelines for the Public Reporting of exploration results, Mineral Resources and Ore Reserves in Australasia
“JSE”	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa under registration number 2005/022939/06, licensed as an exchange under the South African Securities Services Act, 2004
“JSE Listing Requirements”	The Listing Requirements of the JSE Securities Exchange of South Africa
“Kimberly Reef”	a geological outcrop forming part of the Upper Witwatersrand supergroup formation which is a relatively lithologically homogenous mappable unit
“Langlaagte”	the site of discovery of gold in the Johannesburg area, and a defunct Old Order mines held by Gravelotte Mines Limited
“Laws”	every order in Council Act or ordinance for the time being in force concerning companies registered in Guernsey or security or other laws of other jurisdictions applicable to the Company
“Lemmer”	Dr Carinna Lemmer
“lineament”	a large scale linear structural feature
“Listing Rules”	the rules and regulations made by the FSA under Part VI of FSMA
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Main Reef”	a geological outcrop forming part of the upper Witwatersrand supergroup formation which is a relatively lithologically homogeneous mappable unit
“Main Reef Leader”	a geological outcrop forming part of the upper Witwatersrand supergroup formation which is a relatively lithologically homogeneous mappable unit
“Managers’ Counsel”	with respect to English Law Stikeman Elliot LLP and with respect to South African law Webber Wentzel Bowen
“Managers”	Evolution, Macquarie and RBC

“Macquarie” or “Macquarie First South”	Macquarie First South Corporate Finance (Proprietary) Limited
“mbs”	metres below surface
“Measured Mineral Resource”	defined in the JORC Code, as that part of a Measured Mineral Resource for which the resource has been intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A Measured Mineral Resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of the shapes, sizes, densities and grades
“Memorandum of Association”	the memorandum of association of the Company
“metallurgical”	describing the science concerned with the production, purification and properties of metals and their applications
“metamorphosed”	rocks which have been altered by temperature and pressure
“Mineral Resource”	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such a form that there are reasonable prospects for the eventual economic extraction. The location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided into Inferred Mineral Resources, Indicated Mineral Resources and Measured Mineral Resources
“mineralisation”	process of formation and concentration of elements and their chemical compounds within a mass or body of rock
“Mining Charter”	the Broad-Based Soco-Economic Empowerment Charter for the South African Mining Industry published under the MPRDA
“mm”	millimetres
“Model Code”	the Model Code on directors’ dealings in securities as set out in LR 9 Ann 1 of the Listing Rules
“MPRDA”	the South African Mineral and Petroleum Resources Development Act 28 of 2002
“New Order mining right application”	any mining right granted in terms of the substantive provisions of the MPRDA, or upon the conversion of an Old Order mining right granted in terms of item 7 of Schedule II
“New Order prospecting right”	any prospecting right, mining right, granted in terms of the substantive provisions of the MPRDA or upon the conversion of an Old Order right granted in terms of items 6 of Schedule II to the MPRDA
“Non-Executive Directors”	Mr Alastair Walton, Mr Robert Kirkby, Mr Miklos Salamon and Mr Nicholas Farr-Jones.
“NPV”	net present value
“NUP”	Natural Use Permit
“ochre”	natural pigments, usually iron hydroxides and hydrated iron oxides
“Official List”	the Official List of the FSA
“Old Order prospecting right” or “Old Order mining right”	a mineral right, right to prospect or right to mine, valid as at 1 May 2004 and preserved for the time periods set out in Schedule II to the MPRDA as Old Order rights as defined in item 1 of Schedule II to the MPRDA
“open pit”	a large scale hard rock surface mine
“Ordovician”	a period of geologic time from about 500 to 435 million years

“ore body”	mining term to define a solid mass of mineralised rock which can be mined profitably under current or immediately foreseeable economic conditions
“ore reserve”	the economically mineable part of a Measured or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore reserves are sub-divided in order of increasing confidence into Probable and Proven
“ore”	rock that can be mined and processed at a profit
“ounce”	troy ounce; equal to 31.1035 grammes
“outcrop”	a rock exposure on surface
“paragenesis”	the relationship of minerals expressed in terms of a time sequence
“Placing”	the conditional placing by Evolution, RBC and Macquarie of new Shares on behalf of the Company pursuant to the terms of the Placing Agreement. For purposes of the SA Companies Act, such placing does not constitute an offer to the public and is made in accordance with section 144 of the SA Companies Act
“Placing Agreement”	the conditional agreement dated 2 November 2007 between the Company, the Directors, Evolution, RBC and Macquarie relating <i>inter alia</i> to the Placing and Admission further details of which are set out in paragraph 16.19 of Part VIII of the prospectus
“Placing Price”	the price per Share at which Shares are to be made available under the Placing being 125p per Share placed in the UK and the EU, and ZAR 16.94 per Share placed in South Africa
“plunge”	a fold is said to plunge if the axis is not horizontal
“plutonic”	pertaining to igneous rocks formed at great depths
“polymetallic”	refers to a mineral deposit or occurrence with several metal sulphides, common metals include Cu, Pb, Zn, Fe, Mo, Au and Ag
“porphyry”	igneous rock containing conspicuous phenocrysts (crystals) in fine-grained or glassy groundmass
“Pounds Sterling” or “GBP”	the lawful currency of the United Kingdom and “£,” “pence” or “p” shall be construed accordingly
“Precambrian”	era before 590 million years
“precious metal”	gold, silver and platinum group minerals
“Proceedings”	any legal action or proceedings arising out of or in connection with the Shares
“Prospecting Application”	the New Order prospecting right application over the Southern Deeps which if granted would extend the Central Rand Project by a further 13 kilometres to the south, further details of which are set out in paragraph 16.17.7 of the prospectus
“prospecting rights”	a right granted in terms of the MPRDA to prospect for minerals
“Prospecting Rights”	the eight New Order prospecting rights in the Central Rand Goldfield constituting from west to east, Western Areas A, B and E, Consolidated Main Reef, Langlaagte, Crown Mines, Anglodeeps Village Main, Robinson Deep, City Deep and Simmer & Jack, further details of which are set out in paragraph 16.17.1 to 16.17.6 of Part VIII of this prospectus
“Prospectus Directive”	Directive 2003/771/EC

“Prospectus Rules”	rules published by the FSA under section 73A FSMA
“Puno”	Puno Gold Investments (Proprietary) Limited, a company incorporated under the laws of South Africa
“pyrite”	an iron sulphide mineral with the formula FeS ₂
“QA”	the quality assurance process undertaken by Snowden
“QC”	the quality control process undertaken by Snowden
“quartz”	Silica group of minerals
“Rand Quest Syndicate” or “RQS”	Rand Quest Syndicate Limited (ACN 105755039) incorporated in Australia
“RBC”	Royal Bank of Canada Europe Limited
“recovery”	proportion of valuable material obtained in the processing of an ore, stated as a percentage of the material recovered compared with the total material present
“Regional Manager”	an appointee of the Minister for Minerals and Energy charged with overseeing compliance with the MPRDA in a particular province in South Africa
“Regulation S”	Regulation S under the US Securities Act
“Relevant Employee Shares”	shares in the Company which would be Relevant Shares but for the fact that they are held by a person who acquired them in pursuance of an employees’ share scheme
“Relevant Shares”	shares in the Company other than (i) shares which as respect dividend and capital carry a right to participate only up to a specific amount in a distribution; and (ii) shares which are held by a person who acquired them in pursuance of an employees’ share scheme or which are to be allotted in pursuance to such a scheme
“Reorganisation”	the transfer of the material assets of a Rand Quest Syndicate Limited and its subsidiaries to the Group
“Resource Drilling or RD drilling”	the process of combining RC Drilling holes with PD drilling holes around an identified target to delineate a resource.
“Responsible Persons”	the Company, the Directors and, to the extent set out in paragraph 1.2 and 1.3 of “Part VIII” only, Moore Stephens and Snowden
“Reverse Circulation Drilling” or “RC Drilling”	the process of drilling utilising a solid tri-cone bit to produce rock chips for subsequent analysis, when the Chips are produced inside the drill tube
“Robinson Deep”	a defunct blaster mine in the North East of the Central Rand Project and held by RQS
“RQS Group”	RQS and its subsidiaries and subsidiary undertakings from time to time. For the avoidance of doubt as at the date of this prospectus, the RQS Group comprises RQS and Central Rand Australia but not Central Rand Gold SA
“SA Companies Act”	the Companies Act No 61 of 1973 as amended
“Sale of Business Agreement”	the agreement dated 15 June 2007 between RQS and Central Rand Gold SA relating to the sale and purchase of the material business and assets of RQS, further details of which are set out in paragraph 16.5 of Part VIII of this prospectus
“sandstone”	detrital sedimentary rock in which particles range from 0.1mm to 2mm
“SANAS”	South African National Accreditation System
“SARB”	South African Reserve Bank
“schists”	metamorphic rock dominated by fibrous or platy minerals
“SDRT”	stamp duty reserve tax

“Section 11 Application”	an application pursuant to Section 11 of MPRDA for Ministerial Consent to the transfer of a controlling interest in a company or close corporation holding a prospecting or mining right (as applicable) or the transfer of the right itself
“sedimentary”	rocks formed from material derived from pre-existing rocks by processes of denudation
“Senior Managers”	Mr James McArdle and Mr Barry Venter
“shaft”	vertical or inclined excavation into mine workings
“Shareholders”	holders of Shares
“Shares”	ordinary shares of £0.01 each in the capital of the Company
“silicification”	the introduction of silica into a rock, either filling pore spaces or replacing pre-existing minerals
“Simmer & Jack”	the defunct Simmer & Jack mine area held by RQS
“Skyjack”	cage lift utilising four independent motors attached to guide ropes
“Slots”	a target area identified by the Company for entering drilling
“Soil Drilling”	the process of drilling utilising a solid tri-cone bit to produce rock chips for analysis. The chips are produced outside the drill tube
“Snowden”	Snowden Mining Industry Consultants PTY Limited
“South Africa”	the Republic of South Africa
“South African Rand” or “ZAR”	the lawful currency of the Republic of South Africa
“Southern Deeps”	the southern most area of the Cental Rand Goldfield in respect of which a prospecting right application has been lodged by RQS
“Standards”	the “Admission and Disclosure Standards” of the London Stock Exchange
“State”	the government for the time being of South Africa
“stibnite”	an antimony ore mineral SG_2S_3
“Stock Exchanges”	the London Stock Exchange and the JSE Limited
“stockwork”	a three-dimensional network of planar or irregular veinlets closely enough spaced that the whole mass is considered to be mineralised
“stoping”	the mining term for large-scale extraction of ore from underground
“STRATE”	Strate Limited, the Central Securities Depository used by the JSE for dematerialized shares, enabling securities to be evidenced otherwise than by way of a certificate and transferred otherwise than by a written instrument. STRATE is licensed as a Central Securities Depository in terms of the Securities Services Act 36 of 2004 as amended
“strike length”	the longest horizontal dimension of an ore body or zone of mineralisation
“tailings”	material that remains after all metals/minerals considered economic have been removed from the ore
“Tertiary”	a period of geologic time from about two to 65 million years
“treatment plant”	a plant where ore undergoes physical or chemical treatment to extract the valuable metals/minerals
“UK holders”	holders of the Shares and absolute beneficial owners of the Shares who are resident and, in the case of individuals only, ordinarily resident and domiciled in the UK for tax purposes
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “UK Listing Authority”	United Kindgom Listing Authority

“underground working”	mine openings for evaluation for ore extraction excavated beneath the ground surface
“United States” or “USA”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US dollars”, “USD” or “US\$”	the lawful currency of the United States
“US Securities Act”	the United States Securities Act of 1933 (as amended)
“vein”	a tabular deposit of minerals occupying a fracture, in which particles may grow away from the walls towards the middle
“Viljoen and Viljoen”	Morris Viljoen and Richard Viljoen, professors of geology at the University of the Witwatersrand
“Village Main”	a defunct Old Order mine immediately south of the Robinson Deep area
“weathering”	the breakdown of rocks and minerals in the near-surface environment by the action of physical and chemical processes, in the presence of air and water
“Western Areas A, B and E”	three contiguous defunct mining areas situated to the west of the Central Rand Project
“Witwatersrand Basin”	gold bearing conglomerates within the Witwatersrand Basin
“Witwatersrand Goldfields”	a large bank of shaped depositary of sedimentary rocks including gold bearing conglomerates constituting the Witwatersrand Goldfields

In this prospectus, words denoting any gender include all genders (unless the context otherwise requires).

