



REPORT OF THE REMUNERATION COMMITTEE

The remuneration committee comprises three independent non-executive directors:

Name	Appointed	Resigned
RI Israel (Committee chairman)	15 July 1997	
BH Asher	15 July 1997	
F Lips	15 July 1997	19 February 2004
P Liétard	23 February 2004	

During the year, the committee met three times and all standing members were present at these meetings. In accordance with his appointment as chairman of the company, Mr Liétard stood down as a member of the committee. The board is currently considering his replacement.

For the year under review, and purely as payment for their services as members of the remuneration committee, Mr Israel was paid US\$23 000 as chairman and Messrs Asher and Liétard US\$2 500 and US\$12 917 respectively.

REMUNERATION POLICY

The committee's principle function is to determine, on behalf of the board, the senior executive remuneration policy and the remuneration and other terms and conditions of employment of the company's executive directors. The company's human resources executive provides the committee with access to comparative industry surveys which assist in formulating remuneration. To this end, the committee has in the past year engaged the services of an independent external consultant, Bachelder & Dowling, to assess and measure the employment contracts of the executive directors in comparison to international standards. During the past financial year, at the behest of the board and in consultation with the independent external consultant, the committee investigated and proposed a revised structure for remunerating the company's non-executive directors. The proposal, which was subsequently adopted by the board, has altered payment away from an attendance based system to that of an annual retainer. The committee considers the new system to more accurately reflect the commitment of the non-executive directors to the strategic direction of the company and is in line with current remunerative practice. Details of the revised structure are provided on page 58 of this report. When determining the revised structure, the committee took cognisance of the fact that the company has multiple listings and attempted to initiate a system which included various different features.

The committee believes that its meetings should be held within formal corporate structures, but should be flexible enough to ensure that these can be called without the attendance of management. At such meetings the members present are entitled to call for independent consultant's advice on pertinent issues. At other meetings, the committee members may invite the chairman and chief executive officer to attend.

The committee is currently re-evaluating its charter and once updated, a copy will be placed on the company's website.

The committee's objective is to provide senior management, including directors with a competitive package which will attract and retain executives of the highest calibre and encourage and reward superior performance. Further, whilst such packages are paid, the committee is cognisant that the market demands that criteria be established which measure an individual's performance. The committee agreed performance criteria with the individuals concerned and an appraisal is completed and performance measured against the agreed criteria. The committee believes that the short-term reward structures, which are made up in the form of participation in the company's share option scheme, are sufficient to motivate certain of the executives, but agreed that in the case of the CEO additional incentivisation was necessary to retain his services, motivate his performance and align him with the interests of the shareholders. Further investigations are continuing to establish systems which would provide meaningful rewards in the longer term.

In November 2004, Mr RAR Keble, the former executive chairman, following the signature of a termination agreement, resigned from the board. The terms of Mr Keble's agreement, which was approved by the board, provided for:

- Payment of all monies due in terms of his existing contract of employment, which was due to run until 31 May 2006, amounting to US\$593 750;
- All unexercised share options, at the date of the agreement amounting to 133 400 options at a strike price of US\$3.25, were to be unrestricted and to vest with immediate effect;
- An additional payment of US\$500 000; and
- Payment of any bonus that Mr Keble would have been entitled to in accordance with the terms of his employment contract had he not resigned with effect from 3 November 2004.

Mr P Liétard was appointed non-executive chairman with effect from 3 November 2004. Details of his remuneration are contained on page 58 of this report.

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of the executive directors comprises a basic salary, an annual bonus, participation in the share option scheme and share grants for the chief executive. The total executive directors' remuneration for the year ended 31 December 2004 was US\$5 350 664 (year ended 31 December 2003: US\$3 578 500). Full details are provided in a table on page 58 of this report.

BASIC SALARY

Each executive director receives a basic salary as determined by the committee in accordance with the remuneration policy.

SHARE OPTIONS

Awards of share options are determined by the remuneration committee which is guided by industry and international standards. Such options are not currently subject to any performance criteria. Any options awarded to an employee are subject to an upper limit of two per cent of the company's issued share capital. No share options can be awarded at a discount because the scheme rules provide that the exercise price is determined as the closing price of the shares on the trading day preceding that on which a person is granted the option.

The scheme provides that all options may be exercised early in the event of an acquisition of such shares as would require an offer to be made to all shareholders. Details of options held by directors are contained in a table on page 59 of this annual report.

ANNUAL BONUS

Executive directors' service contracts provide for the payment of an annual bonus. The bonus is determined on a notional shareholding measured against the performance of the weighted average price of the ordinary shares of the company calculated on a 12 month period ending 31 March. The calculation of the annual bonus for Mr RAR Kebble and Dr DM Bristow is based on a notional shareholding of 300 000 ordinary shares, whilst for Mr RA Williams the figure is 100 000 ordinary shares.

SERVICE CONTRACTS

Service contracts have been concluded with the two executive directors and Mr RA Williams' current agreement runs until 31 May 2006. However, the board, following recommendations made by the remuneration committee, has entered into a new service contract with Dr DM Bristow.

Given the size of the company and its small management team, the board considers periods of employment in excess of one year appropriate. The board has agreed to a rolling three year contract for Dr DM Bristow and this has been approved based on the importance attributed to his contribution to the company's overall strategic direction and performance. In the event of unilateral termination, the company would be required to compensate the director concerned for any outstanding amounts due in terms of the contract.

In terms of the new service contract entered into with Dr DM Bristow, the board on the recommendation of the remuneration committee has awarded the CEO restricted stock amounting to 150 000 shares. The award was subject to agreed performance criteria set for the 2004 financial year. Since Dr DM Bristow has met these criteria, one third of the shares has become due by 31 December 2004 and the remaining two thirds from the end of the next two financial years.

Each agreement provides for the directors performance to be reviewed annually. The service contracts do not provide for any retirement payments, nor does the company have any such retirement liability. The company does, however, provide a defined contribution fund into which employees, including executive directors, may contribute for the purpose of providing for retirement.

On 16 August 2004, the board of directors approved a resolution awarding Mr RA Williams 125 000 share options in accordance with the rules of the current share option scheme. The options were awarded at a price of US\$8.05, being the trading price of the company on 5 August 2004, Mr RA Williams would be entitled to exercise the options in three annual tranches commencing on 6 August 2006.

In accordance with the requirements of the Statutory Instrument: The Directors Remuneration Report Regulations 2002, the company's performance has been measured against the HSBC Global Mining Index. The HSBC Global Mining Index is a capitalisation-weighted index calculated in dollars (US\$). The series represents the mining industries of 21 countries for securities with a market capitalisation generally



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(CONTINUED)

in excess of US\$50 million. The series has a base of 100 on 31 December 1985, with the exception of two Latin American indices which are based at 100 at 31 December 1989. A copy of the graph is included on page 4 of this annual report.

NON-EXECUTIVE DIRECTORS

As discussed on page 56 of this report, the board has accepted the recommendations of the remuneration committee relating to non-executive directors' fees. Accordingly, the board has recommended that the remuneration payable be amended as follows:

- A general annual retainer to all non-executive directors of US\$45 000;
- An annual committee assignment fee of US\$25 000, with an additional premium for membership of the audit committee of US\$10 000;
- The chairman of a board committee to receive a committee assignment fee of US\$40 000;
- The senior independent director, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional US\$75 000;
- The non-executive chairman, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional US\$90 000;
- An award to each director of US\$30 000 to be translated into a number of "restricted" shares. The shares are to vest over a three year period from the date of the award being 1 January 2005. Vesting would accelerate on the following conditions:
 - Termination other than resignation or dismissal;
 - Voluntary retirement after the age of 65 with a minimum of three years service as a director; and
 - Change in control of the company.

A director must hold shares at least equal in value (as at the beginning of the year) to the general annual retainer. A director would be granted three years in which to acquire the required shareholding and this period could be extended by the unanimous approval of the uninterested directors. If the number of shares were to fall below the threshold due to a fall in the share price, no additional purchase of shares would be required. Currently, save for Mr P Liétard, all the directors hold shares equal to the value of the general annual retainer, and to date the award of restricted stock to non-executive directors has not been made. For details of directors' shareholdings see page 59 of this report.

Previously non-executive directors were granted share options over the company's ordinary shares. These share options were awarded to non-executive directors at a time when such options were not considered as affecting a directors independence and when it was thought that such options would align directors with the interests of shareholders. Details of the options are shown on page 59.

DIRECTORS' REMUNERATION AND INTERESTS

Summary of directors' remuneration[§]

US\$	Basic salary/fees 31 December		Bonus/service contract 31 December		Other payments 31 December		Total 31 December	
	2004	2003	2004	2003	2004	2003	2004	2003
<i>EXECUTIVE</i>								
RAR Kebble*	343 750	375 000	1 118 022	1 000 500	1 093 750	-	2 555 522	1 375 500
DM Bristow+	530 156	462 000	1 118 022	1 062 500	535 250	-	2 183 428	2 183 428
RA Williams**	239 040	187 000	372 674	491 500	-	-	611 714	678 500
Subtotal	1 112 946	1 024 000	2 608 718	2 554 500	1 629 000	-	5 350 664	5 350 664
<i>NON-EXECUTIVE</i>								
P Liétard	102 500	97 500	-	-	-	-	102 500	97 500
BH Asher	115 000	115 000	-	-	-	-	115 000	115 000
J-A Cramer	85 000	97 500	-	-	-	-	85 000	97 500
RI Israel	68 000	66 000	-	-	-	-	68 000	66 000
F Lips***	15 000	65 000	-	-	-	-	15 000	65 000
AL Paverd	85 000	97 500	-	-	-	-	85 000	97 500
TOTAL	1 583 446	1 622 500	2 608 718	2 554 500	1 629 000	-	5 821 164	5 821 164

[§] Payments made to non-executive directors in respect of the new remuneration referred to in the bullets above commenced with effect from 1 May 2004.

* Included in these payments, Mr RAR Kebble received monies on his resignation in November 2004, refer to page 60 for detail.

** The comparative numbers for Mr RA Williams include a restraint of trade payment.

+ Other payments comprise the grant of shares to Dr DM Bristow.

*** Mr F Lips retired from the board with effect from 19 February 2004.

The bonus is calculated on the movement in the company's share price based on a calendar year to 31 March. The 2004 bonuses as shown above reflect the amounts paid in April 2004 in respect of the movement in the share price from 1 April 2003 to 31 March 2004, being US\$6.625 to US\$9.827.

DIRECTORS' OPTIONS

	Number of options during the period				Exercise price US\$	Market price at date of exercise US\$	Date from which exercis- able	Expiry date
	At 01/01/04	Granted	Exercised	At 31/12/04				
<i>EXECUTIVE</i>								
RAR Kebble	266 800	-	133 400	133 400	3.25	9.41	12/07/03	11/07/12
DM Bristow	333 400	-	166 700	166 700	3.25	9.68	12/07/03	11/07/12
RA Williams	55 520	-	27 760	27 760	3.03	9.61	01/05/03	30/04/12
RA Williams	133 400	-	66 760	66 700	3.25	9.61	12/07/03	11/07/12
RA Williams	-	125 000	-	125 000	8.05	-	06/08/06	05/08/14
<i>NON-EXECUTIVE</i>								
P Liétard	24 500	-	-	24 500	1.65	-	29/01/01	28/01/11
BH Asher	24 500	-	-	24 500	1.65	-	29/01/01	28/01/11
J-A Cramer	24 500	-	-	24 500	1.65	-	29/01/01	28/01/11
RI Israel	24 500	-	-	24 500	1.65	-	29/01/01	28/01/11
AL Paverd	24 500	-	-	24 500	1.65	-	29/01/01	28/01/11

The high and low ordinary share prices for the company for the year under review were:

Ordinary shares on the LSE and Nasdaq from 1 January 2004 to 31 December 2004:

■ Pound sterling on LSE (trading symbol RRS): High: £7.81; Low: £4.29

■ ADRs on the Nasdaq (trading symbol GOLD): High: US\$14.23; Low: US\$7.76

The share price at the year-end, being 31 December 2004, was £5.93 for the ordinary shares trading on the LSE and US\$11.36 for the ADRs trading on the Nasdaq.

DIRECTORS' SHAREHOLDINGS

	At 31 December 2004 Number	At 31 December 2003 Number*	Beneficial/ non-beneficial
<i>EXECUTIVE</i>			
RAR Kebble**	550 000	260 000	Beneficial
DM Bristow***	556 700	252 092	Beneficial
RA Williams	100 000	30 000	Beneficial
<i>NON-EXECUTIVE***</i>			
BH Asher	16 420	8 210	Beneficial
J-A Cramer	12 466	6 233	Beneficial
RI Israel	12 466	6 233	Beneficial
F Lips§	-	50 000	Beneficial
AL Paverd+	12 466	6 233	Beneficial

* Shares held by directors at 31 December 2003 are shown prior to the share split.

** Mr RAR Kebble resigned from the board on 3 November 2004.

*** This shareholding does not include any award of restricted stock, as referred to on pages 57 and 58.

§ Mr F Lips retired from the board with effect from 19 February 2004 at which date he held 50 000 shares in the company.

+ On 25 February 2005, Dr AL Paverd exercised 24 500 options and increased his holding to 36 966 or 0.06% of the company's issued share capital. The market price on the date of exercise was US\$13.65.