

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

1. If you are in any doubt as to the action you should take in relation to this circular, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional advisor immediately.
2. If you have disposed of all your ordinary shares in Gold Reef Resorts Limited ("Gold Reef"), then this circular should be handed to the purchaser of such ordinary shares or the broker, CSDP, banker or agent through whom the disposal was effected.
3. If you are the registered holder of certificated Gold Reef ordinary shares or you hold dematerialised Gold Reef ordinary shares in your own name and if you are unable to attend the general meeting of Gold Reef shareholders to be held in the boardroom at Gold Reef City, Gate 4, Northern Parkway, Ormonde, Johannesburg, South Africa, at 11:00 or immediately after the annual general meeting, whichever is the later, on Tuesday, 22 May 2007 ("the general meeting") and wish to be represented at the general meeting, you should complete and return the relevant attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 11:00, Friday, 18 May 2007.
4. If you are the holder of dematerialised Gold Reef ordinary shares, other than dematerialised Gold Reef ordinary shares in your own name, you must timeously provide your CSDP or broker with your voting instructions for the general meeting in terms of the custody agreement entered into with your CSDP or broker. If, however, you wish to attend the general meeting in person, then you will need to request your CSDP or broker timeously to provide you with the necessary authority to attend and vote your ordinary shares.



GOLD REEF

R E S O R T S

GOLD REEF RESORTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1989/002108/06)

(Share code: GDF ISIN: ZAE000028338)

("Gold Reef" or "the Company")

CIRCULAR TO ORDINARY SHAREHOLDERS

relating to:

- **the acquisition by the Company of the BEE shareholdings in the subsidiaries (other than Garden Route), joint venture and management contracts of Gold Reef, settled by the issue of ordinary shares in the Company and cash; and**
- **the specific issue of shares for cash;**

and incorporating:

- **revised listing particulars of the Company;**
 - **a notice of general meeting of Gold Reef shareholders; and**
 - **a form of proxy for the general meeting (for use by certificated shareholders and dematerialised "own-name" shareholders).**
-

Date of issue: 2 May 2007

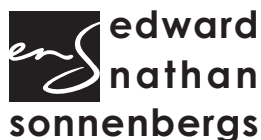
Copies of this circular are available in English only and may be obtained from the registered office of Gold Reef and the office of the transfer secretaries, the addresses of which are set out in the "Corporate information" section of this circular.

Financial advisor and transactional sponsor



A division of ABSA Bank Limited
Reg no 1986/004794/06

Legal advisor



Independent reporting accountants



PricewaterhouseCoopers Inc

Chartered Accountants (SA)
Registered Accountants and Auditors
(Registration no 1998/012055/21)

Lead independent sponsor



NEDBANK
CAPITAL

Joint independent professional experts



Chartered Accountants (SA)

Accountants, Auditors & Business Advisers



Legal advisor to BEE shareholders



Webber Wentzel Bowens

Corporate legal and tax advisors



WERKSMANS
ATTORNEYS

Transfer secretaries to Gold Reef



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CORPORATE INFORMATION

Registered office

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Christopher Richard Thomas Paul, CA(SA)

Lead independent sponsor and banker to Gold Reef

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Independent reporting accountants and auditors

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(Proprietary) Limited
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Financial advisor and transactional sponsor

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(A division of Absa Bank Limited)
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Transfer secretaries

Link Market Services South Africa
(Proprietary) Limited
(Registration number 2000/007239/07)
5th Floor
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Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)
Telephone number: +27 11 834 2266

Subsidiaries of Gold Reef

Constituting the Category 2 transaction (all incorporated in South Africa):

Akani Egoli
(Registration number 1996/006910/07)
ALICM
(Registration number 1996/012866/07)
Silverstar
(Registration number 1996/000369/06)

Registered addresses are the same as the Company.

SALIENT DATES AND TIMES

2007

Circular mailed by	Wednesday, 2 May
Last day to lodge forms of proxy for shareholders, by 11:00 on	Friday, 18 May
General meeting of shareholders to be held at 11:00 or immediately after the annual general meeting, whichever is the later, on	Tuesday, 22 May
Results of the general meeting to be released on SENS on	Tuesday, 22 May
Results of the general meeting to be published in the South African press on	Wednesday, 23 May

Note:

(1) The above dates and South African times are subject to change. Any changes will be released on SENS and published in the South African press.

DEFINITIONS

In this circular and the annexures hereto, unless the context indicates a contrary intention, references to the singular shall include the plural and *vice versa*; words denoting one gender shall include the other genders; expressions denoting natural persons shall include juristic persons and associations of persons and words in the first column below shall have the meanings stated opposite them in the second column:

“Absa Capital”	Absa Capital, a division of Absa Bank Limited (Registration number 1986/004794/06), a wholly-owned subsidiary of Absa Group Limited;
“Acquisition agreements”	collectively all the sale of share agreements signed between Gold Reef and the BEE shareholders, a complete list of which is set out in Annexure 9 to this circular;
“Akani Egoli”	Akani Egoli (Proprietary) Limited (Registration number 1996/006910/07), the operator of the Gold Reef City Casino and Theme Park in Gauteng;
“Akani Egoli Contract”	the Akani Egoli management contract, in terms of which Akani Egoli pays management fees for the management of its casino operations;
“Akani Msunduzi”	Akani Msunduzi (Proprietary) Limited (Registration number 1997/021611/07), the operator of the Golden Horse Casino in Pietermaritzburg;
“ALICM”	Akani Leisure Investment Casino Management (Proprietary) Limited (Registration number 1996/012866/07), the holder of an economic interest of 25.00% in the Akani Egoli Contract;
“ALICM BEE shareholders”	collectively all the entities listed in paragraph 4.4.2 of the circular;
“ALGI”	Akani Leisure Goldfields Investments (Proprietary) Limited (Registration number 2003/026125/07), the owner of a direct interest of 40,00% and a 12,00% economic interest in Goldfields Casino;
“ALGI BEE shareholders”	collectively, all the entities listed in paragraph 4.7.1 of this circular;
“ALGI Preference Shares”	participating preference shares issued to Gold Reef by ALGI which entitles Gold Reef to 70,00% of ALGI’s equity participation in Goldfields Casino;
“ALI”	Akani Leisure Investments (Proprietary) Limited (Registration number 1998/022583/07), the owner of a direct and economic interest of 50,00% in Akani Egoli;
“ALI BEE shareholders”	collectively, all the entities listed in paragraph 4.2.1 of this circular;
“ALMI”	Akani Leisure Msunduzi Investments (Proprietary) Limited (Registration number 2001/015408/07), the owner of a direct interest of 50,00% and a 15,00% economic interest in Akani Msunduzi;
“ALMI BEE shareholders”	collectively, all the entities listed in paragraph 4.6.1 of this circular;
“ALMI Preference Shares”	participating preference shares issued to Gold Reef by ALMI which entitles Gold Reef to 70,00% of ALMI’s equity participation in Akani Msunduzi;
“ALSH”	Akani Leisure (Silverstar Holdings) (Proprietary) Limited (Registration number 2005/031386/07), the owner of a direct and economic interest of 50,00% in Silverstar;

“ALSH BEE shareholders”	ALI BEE shareholders and Saffron;
“Articles of Association”	the articles of association of Gold Reef;
“BEE”	as defined in the broad-based Black Economic Empowerment legislation, and which means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies;
“BEE shareholders” or “BEE partners”	collectively, all the broad-based BEE groups, being ALI BEE shareholders, ALSH BEE shareholders, ALMI BEE shareholders, ALGI BEE shareholders, Reygrande and Satara, which own interests in the subsidiaries, joint venture and/or management contracts of the Company before the Proposed Share Exchange and which will, collectively, beneficially own a minimum 25,10% of the enlarged issued share capital of Gold Reef on implementation of the Proposed Share Exchange and Top-up Transaction;
“beneficial holder”	an owner of the beneficial interest in dematerialised ordinary shares who is recorded in the beneficial ordinary shareholder records maintained by a CSDP;
“black people”	African, Coloured or Indian persons who are natural persons; and <ul style="list-style-type: none"> – are citizens of South Africa by birth or descent; or – are citizens of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Africa, 1993; or – were not citizens of South Africa before the commencement date of the Constitution of the Republic of South Africa, 1993 but who were married (by law, custom or religious rite) to a person entitled to citizenship of South Africa upon that date;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“CAI”	Casinos Austria International Holding GmbH (Registration number FN37681 p), an Austrian company which owns 27,30% of the ordinary shares of Gold Reef, prior to the Proposed Share Exchange and Top-up Transaction;
“CASA”	Casino Association of South Africa;
“certificated ordinary shares”	ordinary shares which have not been dematerialised and which are evidenced by ordinary share certificates or other physical documents of title;
“certificated ordinary shareholders”	ordinary shareholders holding certificated ordinary shares;
“this circular”	this circular, dated 2 May 2007, including all annexures hereto, the revised listing particulars, the notice of general meeting and form of proxy;
“CML”	Club Mykonos Langebaan Limited (Registration number 1954/002223/06), owner of a direct and economic interest of 29,64% in West Coast Leisure;
“the common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“the Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;

“CSDP”	Central Securities Depository Participant registered in terms of the Custody and Administration of Securities Act, 1992 (Act 85 of 1992), as amended;
“dematerialise”	the process whereby paper security certificates are replaced with electronic records of ownership of securities under STRATE with a CSDP or broker;
“dematerialised ordinary shares”	ordinary shares which have been dematerialised and incorporated into STRATE and which are no longer evidenced by ordinary share certificates or other physical documents of title;
“directors” or “Board”	the board of directors of Gold Reef;
“documents of title”	ordinary share certificates, certified deeds, balance receipts and any other documents of title to ordinary shares acceptable to the Board;
“effective date”	1 January 2007;
“EPS”	earnings per share;
“Garden Route”	Garden Route Casino (Proprietary) Limited (Registration number 1998/000391/07), the operator of the Garden Route Casino in the Western Cape;
“general meeting of shareholders”	the general meeting of shareholders to be held at 11:00 or immediately after the annual general meeting, whichever is the later, on Tuesday, 22 May 2007, convened in terms of the notice of general meeting included in this circular, at which shareholders will consider the ordinary resolutions necessary to carry out and implement the Proposed Share Exchange and Top-up Transaction;
“Goldfields Casino”	Goldfields Casino and Entertainment Centre (Proprietary) Limited (Registration number 1997/021858/07), the operator of Goldfields Casino in the Free State;
“Goldfields Contract”	the Goldfields Casino management contract, in terms of which Goldfields Casino pays management fees for the management of its casino operations;
“Gold Reef” or “the Company”	Gold Reef Resorts Limited (Registration number 1989/002108/06), a public company incorporated in South Africa and listed on the JSE;
“GRM”	Gold Reef Management (Proprietary) Limited (Registration number 1998/024893/07), a wholly-owned subsidiary of Gold Reef;
“Group”	Gold Reef and its subsidiaries;
“HEPS”	headline earnings per share;
“Implementation Date”	the 5th (fifth) business day after the date on which the last of the suspensive conditions required in terms of the Proposed Share Exchange and the Top-up Transaction are fulfilled;
“Inkonka”	Inkonka Investments (Proprietary) Limited (Registration number 2000/018433/07), a wholly-owned subsidiary of Gold Reef;
“issue date”	the date on which the Company shall allot and issue the new ordinary shares to the BEE shareholders, which date shall be the Implementation Date, or such later date as the Parties may agree in writing;

“joint independent professional expert”	Merchant Sponsors (Proprietary) Limited (Registration number 2003/005493/07) and Grant Thornton;
“joint venture”	a joint venture as defined in paragraph 3 of IAS31 – Interests in Joint Ventures, in the International Financial Reporting Standards;
“the JSE”	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under Registration number 2005/022939/06, and licensed as an exchange under the Securities Services Act, Act 36 of 2004, as amended;
“last practicable date for this circular”	10 April 2007, being the last practicable date prior to the finalisation of this circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“management contracts”	collectively, the Akani Egoli Contract and the Goldfields Contract;
“Mogale”	Mogale Silverstar Holdings (Proprietary) Limited (Registration number 2005/032390/07), owner of a direct and economic interest of 50,00% in ALSH;
“NAV”	net asset value per share;
“NEPS”	normalised earnings per share;
“ordinary shareholders”	holders of ordinary shares;
“ordinary shares” or “Gold Reef shares”	Gold Reef ordinary shares;
“Outstanding ALI BEE Preference Shares”	cumulative redeemable preference shares issued to Gold Reef by Eglin Investments No. 30 (Proprietary) Limited and Newshelf 800 (Proprietary) Limited and the outstanding accumulated dividends on these preference shares. The redemption of the preference shares and the settlement of the outstanding dividends amounts to R64,2 million, in aggregate, on the effective date;
“own name dematerialised ordinary shareholders”	ordinary shareholders that have dematerialised their ordinary shares through their CSDP and have instructed their CSDP to hold their ordinary shares in their own name on the sub-register (the list of ordinary shareholders maintained by the CSDP and forming part of Gold Reef’s ordinary shareholder register);
“Parties”	the parties to the Voting Pool Agreement being Gold Reef and the BEE shareholders;
“PDI’s”	previously disadvantaged individuals;
“Proposed Share Exchange”	the proposed transactions in terms of which Gold Reef will acquire the entire BEE shareholding in most of the subsidiaries, joint venture and management contracts of the Company for 55 206 412 new Gold Reef ordinary shares and cash;
“Reygrande”	Reygrande Investment Holdings (Proprietary) Limited (Registration number 1997/009761/07), owner of a direct and economic interest of 10.00% in West Coast Leisure;
“Saffron”	Saffron Balm Trading 29 (Proprietary) Limited (Registration number 2005/038079/07), owner of a direct and economic interest of 20,00% in Mogale and an indirect and economic interest of 5,00% in ALSH;

“Satara”	Satara Trading (Proprietary) Limited (Registration number 2001/021084/07), holder of an economic interest of 30,00% in the Goldfields Contract;
“SENS”	the Securities Exchange News Service of the JSE;
“Share Exchange”	for purposes of the revised listing particulars, this refers to the Proposed Share Exchange on the assumption that it has been implemented;
“shareholders”	registered holders of ordinary shares;
“Silverstar”	Silver Star Development Limited (Registration number 1995/000369/06), which is the holder of the casino license in the West Rand region of Gauteng (this casino is currently under construction);
“South Africa”	the Republic of South Africa;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), a public registered Central Securities Depository in terms of the Custody and Administration Act, 1992 (Act 85 of 1992), as amended;
“STRATE system”	STRATE, a clearing and settlement system generated by the JSE for securities transactions to be settled and transfer of ownership to be recorded electronically;
“subsidiary”	a subsidiary company as defined in section 1 of the Companies Act and in paragraph 4 of IAS 27 – Consolidated and Separate Financial Statements, in the International Financial Reporting Standards;
“subsidiaries of the Company”	all the subsidiaries of Gold Reef, being Akani Egoli, West Coast Leisure, Akani Msunduzi, Garden Route, Goldfields Casino, Silverstar and GRM;
“Tanglepark”	Tanglepark Trading (Proprietary) Limited (Registration number 2000/020248/07), a wholly-owned subsidiary of Gold Reef;
“TNAV”	tangible net asset value per share;
“the Top-up Transaction”	the specific issue of 14 000 000 new Gold Reef ordinary shares of two cents each for cash at R20,50 per ordinary share;
“Top-up BEE participants”	collectively, the BEE shareholders listed in paragraph 4.10 of this circular;
“transfer secretaries”	Link Market Services South Africa (Proprietary) Limited (Registration number 2000/007239/07), previously known as Ultra Registrars (Proprietary) Limited, a private company incorporated in South Africa, who are the transfer secretaries of Gold Reef;
“Voting Pool Agreement”	the agreement entered into between the BEE shareholders and Gold Reef in terms of which the BEE shareholders cannot dispose of their shareholdings for three years, save within the voting pool, and thereafter only to PDI’s and/or with the approval of the relevant gaming boards;
“Voting Pool Members”	all BEE shareholders party to the Voting Pool Agreement; and
“West Coast Leisure”	West Coast Leisure (Proprietary) Limited (Registration number 1994/005194/07), the operator of Mykonos Casino in the Western Cape.



GOLD REEF

R E S O R T S

GOLD REEF RESORTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1989/002108/06)

(Share code: GDF ISIN: ZAE000028338)

Board of directors

Executive directors:

S B Joffe (*Chief executive officer*)

J S Friedman (*Financial director*)

C Neuberger (*Chief operating officer*)

Non-executive directors:

M Krok (*Chairman*)

A J Aaron

R J Khoza

M Z Krok

J Leutgeb

B J Schutte

Alternate directors:

A Krok

S Krok

R Vierziger

Company Secretary:

C R T Paul

CIRCULAR TO ORDINARY SHAREHOLDERS

1. INTRODUCTION

The Gold Reef Board is pleased to propose, subject to the fulfilment of the suspensive conditions set out in paragraph 4.12, the acquisition by Gold Reef of the BEE interests in Gold Reef's subsidiaries (other than Garden Route), joint venture and management contracts, to be settled by the issue of Gold Reef shares and cash to the BEE partners.

The Board is of the opinion that the Proposed Share Exchange and the Top-up Transaction will have future economic benefits for the Company and its shareholders.

The purpose of this circular is:

- (a) to provide Gold Reef ordinary shareholders with the relevant information regarding the Proposed Share Exchange and the Top-up Transaction; and
- (b) to convene a general meeting of shareholders by way of a notice of the general meeting of shareholders forming part of this circular, at which meeting the ordinary resolutions required to approve and implement the Proposed Share Exchange and the Top-up Transaction will be proposed.

2. RATIONALE FOR THE PROPOSED SHARE EXCHANGE AND THE TOP-UP TRANSACTION

Gold Reef was incorporated on 4 December 1989 as a public company and is the holding company of six principal subsidiaries and a joint venture, all of which are involved in the gaming and entertainment industry.

Its interests incorporate Akani Egoli, West Coast Leisure, Akani Msunduzi, Garden Route, Goldfields Casino, Silverstar and GRM.

The Proposed Share Exchange is in line with Gold Reef's objective of consolidating its gaming platform by increasing its exposure to its existing operations. Gold Reef is of the view that these corporate actions will create long-term financial benefits for its shareholders.

Gold Reef's intention is to increase the BEE direct and economic interest in Gold Reef to a minimum of 25,10%, thus satisfying an important component of the Codes of Good Practice issued by the Department of Trade and Industry on broad-based BEE and complying with the gaming boards' recommendations on BEE. The Proposed Share Exchange will result in a BEE direct and economic interest in Gold Reef of 21,30%. The Top-up Transaction is required to attain the intended 25,10% target.

3. BACKGROUND ON THE BEE SHAREHOLDERS

The BEE shareholders of each respective casino became partners with Gold Reef from the development stage of each casino. Akani Egoli is the only casino where the BEE economic interest in the entity has changed since development of the casino. All the other casinos' BEE interests have remained unchanged since the original development.

The BEE shareholders of Akani Egoli increased their economic interest from 16,06% to 25,02% effective 1 January 2006 with the ALI transaction announced on 13 February 2006.

4. THE PROPOSED SHARE EXCHANGE AND THE TOP-UP TRANSACTION

4.1 Terms of the acquisitions forming part of the Proposed Share Exchange

Gold Reef will acquire the BEE interests in its subsidiaries, joint venture and management contracts. The consideration for each BEE interest will be settled primarily through the issue of Gold Reef shares and some cash to facilitate the payment of taxes and the settlement of the Outstanding ALI BEE preference shares. For the purpose of the Proposed Share Exchange the value of the Gold Reef shares has been set at R19,00 per share, which was the approximate trading price of Gold Reef shares on the JSE at the effective date. All of the transactions forming part of the Proposed Share Exchange are conditional upon each other but Gold Reef has the right to waive this condition. Gold Reef has undertaken not to exercise this right if the suspensive conditions relating to the relevant gambling boards and Competition Commission are fulfilled in all agreements (except for Garden Route). The directors are committed to achieving 25,10% BEE shareholding in the Company and in the event that any gaming board or Competition Commission approval or part thereof is not forthcoming, the remaining transactions of the Proposed Share Exchange will be implemented. However, the Company will endeavour to rectify the situation by a possible further issue of shares for cash to a BEE partner subject to the relevant JSE Listings Requirements. The new shares to be issued to the BEE shareholders will be subject to the Voting Pool Agreement which will, *inter alia*, limit the tradability of these shares and protect Gold Reef's BEE status. A total number of 69 206 412 (including the Top-up Transaction) Gold Reef shares will be issued to the respective BEE shareholders. All of these BEE shareholders have entered into the abovementioned Voting Pool Agreement, of which the salient features, *inter alia*, are:

- the Voting Pool Members must appoint a pool agent to attend and vote at Gold Reef shareholders' meetings to represent the voting pool;
- the Voting Pool Members must meet prior to any meeting of Gold Reef shareholders;
- the BEE shareholders are required to submit their shares in certificated form to the auditors of the Company on Implementation Date;
- the auditors and Voting Pool Agent are only authorised to release these share certificates upon receipt of a written notice from the Voting Pool Members;
- any Gold Reef shares issued to BEE shareholders pursuant to the exercise of a right in terms of a rights offer, will also be subjected to the Voting Pool Agreement;

- until the third anniversary from the Implementation Date, the Voting Pool Members may not dispose of their shares without prior written consent from the Company, and in the event of any disposal of shares, the disposing Voting Pool Members must first offer their shares to the existing Voting Pool Members; and
- the Voting Pool Agreement shall endure so long as:
 - the Voting Pool Members beneficially own at least 5% of the entire issued capital of Gold Reef; and
 - until in terms of BEE regulations and regulations of the relevant gaming boards, Gold Reef shares can be transferred without Gold Reef’s BEE Status being negatively affected.

The existing BEE economic interests in the subsidiaries, joint venture and management contracts of the Company are set out below:

BEE shareholder	Subsidiary, Joint venture or Management contract	Percentage economic interest
ALI BEE shareholders	Akani Egoli	25,02
ALSH BEE shareholders	Silverstar	50,00
ALICM BEE shareholders	Akani Egoli Contract	25,00
ALMI BEE shareholders	Akani Msunduzi	15,00
ALGI BEE shareholders	Goldfields Casino	12,00
Reygrande	West Coast Leisure	10,00
Satara	Goldfields Contract	30,00

The ordinary resolution authorising the Proposed Share Exchange is contained in the attached notice of general meeting of shareholders (ordinary resolution number 1). The Proposed Share Exchange is subject to approval by a 50% majority of the votes, excluding the votes of the BEE shareholders and their associates, at the general meeting of shareholders.

4.2 The ALI acquisition

4.2.1 *Nature of business of ALI*

Gold Reef owns a direct and economic interest of 50,00% in the ordinary share capital of Akani Egoli and a 49,98% direct and economic interest in ALI. The remaining 50,02% of ALI is owned by the ALI BEE shareholders. This results in the ALI BEE shareholders owning an indirect and economic interest of 25,02% in Akani Egoli.

The ALI BEE shareholders that Gold Reef will be transacting with are as follows:

- Black Management Forum Investment Company Limited;
- G7 Investments Holdings (Proprietary) Limited;
- Mary Jantjies Family Trust;
- Newshelf 698 (Proprietary) Limited;
- Newshelf 800 (Proprietary) Limited;
- Platoon Trade and Invest 15 (Proprietary) Limited;
- Prime Portfolio Investments “A” (Proprietary) Limited;
- Saddle Path Props 20 (Proprietary) Limited;
- XAU Investments CC;
- Y Investments Limited; and
- Young Women’s Christian Association – Dube Charitable Trust.

4.2.2 *Details of the ALI acquisition*

Gold Reef will acquire the remaining 50.02% interest in ALI from the ALI BEE shareholders for approximately R384,8 million. The effect of the ALI acquisition is that Gold Reef will have a direct and economic interest of 100,00% in ALI and consequently Akani Egoli.

The ALI acquisition will be settled by the issue of 16 881 426 Gold Reef shares and R64,1 million in cash. The cash component will be used by the ALI BEE shareholders to settle various taxes arising from the ALI acquisition and to settle the Outstanding ALI BEE Preference Shares.

4.3 The ALSH acquisition

4.3.1 Nature of business of ALSH

Gold Reef owns a direct and economic interest of 50,00% in the ordinary share capital of Silverstar.

ALSH owns the remaining 50,00% direct and economic interest in Silverstar. The ALSH BEE shareholders own an indirect and economic interest of 100,00% in ALSH.

4.3.2 Details of the ALSH acquisition

Gold Reef will acquire 100,00% of the economic interest in ALSH from the ALSH BEE shareholders for approximately R519,2 million. The effect of the ALSH acquisition is that Gold Reef will:

- have an economic interest of 100,00% in ALSH and consequently Silverstar;
- assume external debt of R91,8 million, which will be immediately repaid by Gold Reef following the successful implementation of the Proposed Share Exchange and Top-up Transaction.

The ALSH acquisition will be settled by the issue of 27 323 575 Gold Reef shares.

Prior to the Proposed Share Exchange Silverstar was accounted for as a joint venture and only 50% of its assets, liabilities, revenues and expenses were consolidated. After the Proposed Share Exchange ALSH and Silverstar will become wholly owned subsidiaries.

The consideration was allocated to the net liabilities of ALSH and Silverstar.

Asset or liability of ALSH and Silverstar acquired	Allocation of consideration (R'000)
Assets	
Property, plant and equipment	49 951
Receivables and prepayments	5 249
Liabilities	
External debt	(91 468)
Deferred tax liabilities	(2 820)
Trade and other payables	(294)
Interest rate hedge	(10 251)
Bank overdraft	(31 397)
Amounts owing to related parties	(33 160)
Net liabilities assumed	(114 190)
Total consideration paid	519 148
	<hr/>
	633 338

4.4 The ALICM acquisition

4.4.1 Nature of business of ALICM

- GRM holds a 75,00% economic interest in the Akani Egoli Contract.
- ALICM holds the remaining 25,00% economic interest in the Akani Egoli Contract.

4.4.2 Details of the ALICM acquisition

Gold Reef will acquire 100,00% of the economic interest in ALICM from ALICM BEE shareholders for approximately R30,7 million. The effect of the ALICM acquisition is that Gold Reef will hold a 100,00% economic interest in ALICM and consequently the Akani Egoli Contract.

The ALICM BEE shareholders comprise of the following:

- Black Management Forum Investment Company Limited;
- Eglin Investments No 30 (Proprietary) Limited;
- G7 Investments Holdings (Proprietary) Limited;
- Mary Jantjies Family Trust;
- Newshelf 698 (Proprietary) Limited;
- Newshelf 800 (Proprietary) Limited;
- Platoon Trade and Invest 15 (Proprietary) Limited;
- Prime Portfolio Investments "A" (Proprietary) Limited;
- Saddle Path Props 20 (Proprietary) Limited;
- Saffron;
- XAU Investments CC;
- Y Investments Limited; and
- Young Women's Christian Association – Dube Charitable Trust.

The ALICM acquisition will be settled by the issue of 1 570 361 Gold Reef shares and R0,9 million in cash. The cash component will be used by the ALICM BEE shareholders to settle various taxes arising from the ALICM acquisition.

4.5 **Additional disclosure in respect of the BEE shareholders**

For the purposes of determining the categorisation of the Proposed Share Exchange the ALI acquisition, the ALSH acquisition and the ALICM acquisition were aggregated as the transacting parties are similar. The aggregate of these three transactions constitute a Category 2 related party transaction in terms of the Listings Requirements and accordingly the following additional information is disclosed:

Total consideration paid to each BEE shareholder for the Category 2 transaction is listed below:

Name	Address	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
Black Management Forum Investment Company Limited	Ground Floor, Block G, Pinmill Farm, 164 Katherine Street, Sandton, 2196	135 700 204	7 142 116	–
Eglin Investments No. 30 (Proprietary) Limited	2 Eglin Road Road, Sunninghill, 2157	888 883	–	888 883
G7 Investment Holdings (Proprietary) Limited	First Floor, Randpark Building, 20 Dover Street, Ferndale, Randburg, 2194	6 500 807	292 412	944 979
Mary Jantjies Family Trust	40 Dennis Road, Atholl, Sandton, 2157	6 158 640	255 899	1 296 559
Newshelf 698 (Proprietary) Limited	First Floor, Block A, 28 Sloane Street, Bryanston, 2021	158 409 807	6 327 740	38 182 747
Newshelf 800 (Proprietary) Limited	Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091	23 216 158	51 273	22 241 971
Platoon Trade and Invest 15 (Proprietary) Limited	Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091	183 159 658	9 639 982	–
Prime Portfolio Investments “A” (Proprietary) Limited	4580A Rustenburg Road, Zone 4, Diepkloof	67 145 316	3 533 964	–
Saddle Path Props 20 (Proprietary) Limited	33 Langermann Drive, Kensington, 2094	289 141 145	15 217 955	–
Saffron	Gold Reef City, Gate 4, Northern Parkway, Ormonde, 2091	51 699 532	2 721 028	–
Xau Investments CC	26 Mount Royal, Kopje Road, Morningside, Sandton, 2157	3 079 330	138 511	447 621
Y Investments Limited	15A Gibsin Drive, Buccleuch, 2066	6 500 807	292 412	944 979
Young Women’s Christian Association – Dube Charitable Trust	2188 Mncube Drive, Dube, Soweto	3 079 330	162 070	–
Total		934 679 617	45 775 362	64 947 739

Note:

(1) Represents the share component calculated at R19,00 per share, which was the approximate trading price of Gold Reef shares on the JSE at the effective date, plus the cash component.

ALI acquired its shares in Akani Egoli by way of transfer during February 1999. The total purchase price was equal to the aggregate par value of the shares, being an amount of R500,00.

ALSH acquired its shares in Silverstar by way of transfer during July 2006. The total purchase price was equal to R78 734 387.

ALI BEE Shareholders and ALSH BEE Shareholders have, in the acquisition agreements, provided warranties which are considered normal in transactions of this kind.

ALI and ALSH are precluded from owning anything other than their interests in Akani Egoli and Silverstar, respectively, as their sole purpose is to act as investing holding companies in each of the above respective companies. ALICM is not specifically precluded from owning other interests.

ALI and ALSH have no liability for accrued taxation. ALICM has a liability of R371 639 for accrued taxation.

The following directors have interests in the ALI acquisition, the ALSH acquisition and/or the ALICM acquisition:

Director	Entity	Interest	Percentage economic interest
B Biyela	ALI	Indirect interest in share capital of ALI	4,32
M Diliza	ALI	Indirect interest in share capital of ALI	1,40
R Moloko	ALI	Indirect interest in share capital of ALI	12,71
R Khoza	ALI	Indirect interest in share capital of ALI	3,82
B Tlhabi	ALI	Indirect interest in share capital of ALI	0,43
R Moloko	ALSH	Indirect interest in share capital of ALSH	36,85
B Biyela	ALICM	Indirect interest in share capital of ALICM	9,67
M Diliza	ALICM	Indirect interest in share capital of ALICM	17,20
D Lakay	ALICM	Indirect interest in share capital of ALICM	0,14
K Matthews	ALICM	Indirect interest in share capital of ALICM	0,12
R Moloko	ALICM	Indirect interest in share capital of ALICM	27,26
R Khoza	ALICM	Indirect interest in share capital of ALICM	8,27
B Tlhabi	ALICM	Indirect interest in share capital of ALICM	0,85

The Gold Reef directors have not been included above as their interests have been disclosed in paragraph 11.1.2.

No promoter or other director of Gold Reef has any beneficial interest in the ALI acquisition, the ALSH acquisition or the ALICM acquisition.

The shares to be acquired by Gold Reef in terms of the ALI acquisition, the ALSH acquisition and the ALICM acquisition will not be ceded or pledged as security on Implementation Date.

As the above Category 2 transaction, forming part of the Proposed Share Exchange, is a related party transaction, the Company is required, in terms of the Listings Requirements, to provide the ordinary shareholders with a fair and reasonable opinion from an independent professional expert acceptable to the JSE, indicating whether or not the three acquisitions forming part of the Category 2 transaction are fair and reasonable to the ordinary shareholders. The Company appointed the joint independent professional experts to provide such a fair and reasonable opinion, which is attached to this circular as Annexure 1A.

4.6 The ALMI acquisition

4.6.1 *Nature of business of ALMI*

Gold Reef owns a direct interest of 50,00% and an 85,00% economic interest in Akani Msunduzi through its direct interest plus its ALMI Preference Shares.

The ALMI BEE shareholders own the remaining 15,00% economic interest in Akani Msunduzi.

The ALMI BEE shareholders comprise the following:

- Akani Msunduzi Management (Proprietary) Limited⁽¹⁾;
- Black Management Forum Investment Company Limited;

- Eglin Investments No. 30 (Proprietary) Limited;
- Firm Edge Investments (Proprietary) Limited;
- Grey Jade Trade and Invest 77 (Proprietary) Limited;
- Grey Jade Trade and Invest 86 (Proprietary) Limited;
- Isimfonyo Investments (Proprietary) Limited;
- Loophole Trading and Investment 38 (Proprietary) Limited;
- Pedestal Investments (Proprietary) Limited;
- Philisizwe Investments (Proprietary) Limited;
- Phinda Investments (Proprietary) Limited;
- Rock Investments (Proprietary) Limited;
- Siyanda Co-Operative Limited;
- Siyangena Investments (Proprietary) Limited;
- Siyimbumba Investment (Proprietary) Limited;
- Umnotho Wamangwane (Proprietary) Limited; and
- Y-Investments Limited.

Note:

(1) Akani Msunduzi Management (Proprietary) Limited is currently warehousing this shareholding pending resolution of a dispute over the shareholding. This dispute does not have any impact on Gold Reef shareholders, the Proposed Share Exchange or the Top-up Transaction.

4.6.2 **Details of the ALMI acquisition**

Gold Reef will acquire 100,00% of the ordinary share capital in ALMI from the ALMI BEE shareholders for approximately R105,8 million. The effect of the ALMI acquisition is that Gold Reef will have a direct and economic interest of 100,00% in ALMI and consequently Akani Msunduzi.

The ALMI acquisition will be settled by the issue of 5 122 112 Gold Reef shares and R8,4 million in cash. The cash component will be used by certain ALMI BEE shareholders to settle the Outstanding ALI BEE Preference Shares. After the implementation of the ALMI acquisition the ALMI Preference Shares will be redeemed.

4.7 **The ALGI acquisition**

4.7.1 **Nature of business of ALGI**

Gold Reef owns a direct interest of 10,00%, an indirect interest of 50,00% through Tanglepark, and an 88,00% economic interest in Goldfields Casino through its direct and indirect interests plus its ALGI Preference Shares.

The ALGI BEE shareholders own the remaining 12,00% economic interest in Goldfields Casino.

The ALGI BEE shareholders comprise:

- Dual Intake Investments 48 (Proprietary) Limited;
- Eglin Investments No 30 (Proprietary) Limited;
- Heritage Africa Communications in Events Management Promotions Marketing CC;
- Izulu Gaming (Proprietary) Limited;
- Lebohang Foreisitata Trust;
- Selang-Mabele Investments Company (Proprietary) Limited;
- Trema Investments (Proprietary) Limited; and
- Y-Investments Limited.

4.7.2 **Details of the ALGI acquisition**

Gold Reef will acquire 100,00% of the ordinary share capital in ALGI from the ALGI BEE shareholders for approximately R29,1 million. The effect of the ALGI acquisition is that Gold Reef will have a direct and economic interest of 100,00% in ALGI and consequently Goldfields Casino.

The ALGI acquisition will be settled by the issue of 1 358 174 Gold Reef shares and R3,3 million in cash. The cash component will be used by certain ALGI BEE shareholders to settle various taxes arising from the ALGI acquisition and to settle the Outstanding ALI BEE Preference Shares. After the implementation of the ALGI acquisition the ALGI Preference Shares will be redeemed.

4.8 The West Coast Leisure acquisition

4.8.1 Nature of business of West Coast Leisure

- Gold Reef owns a direct and economic interest of 60,36% in West Coast Leisure.
- Reygrande owns a direct and economic interest of 10,00% in West Coast Leisure.
- CML owns the remaining direct and economic interest of 29,64% in West Coast Leisure.

4.8.2 Details of the West Coast Leisure acquisition

Gold Reef will acquire the 10,00% direct and economic interest in West Coast Leisure from Reygrande for approximately R42,8 million. The effect of the West Coast Leisure acquisition is that:

- Gold Reef will have a direct and economic interest of 70,36% in West Coast Leisure; and
- CML will have a direct and economic interest of 29,64% in West Coast Leisure.

The West Coast Leisure acquisition will be settled by the issue of 2 250 764 Gold Reef shares.

4.9 The Satara acquisition

4.9.1 Nature of business of Satara

- GRM holds a 70,00% economic interest in the Goldfields Contract.
- Satara holds the remaining 30,00% economic interest in the Goldfields Contract.

4.9.2 Details of the Satara acquisition

GRM will acquire the remaining 30,00% economic interest in the Goldfields Contract from Satara for approximately R13,3 million. The effect of the Satara acquisition is that Gold Reef will, through GRM, hold a 100,00% economic interest in the Goldfields Contract.

The Satara acquisition will be settled by the issue of 700 000 Gold Reef shares.

The various transactions, as described in paragraph 4.2 to 4.9 above are collectively referred to as the Proposed Share Exchange and will be effective 1 January 2007. As a result of the Proposed Share Exchange the BEE shareholders will collectively acquire an economic interest of 21.30% in Gold Reef and will exercise voting rights equivalent to 21,30% of the Gold Reef issued shares.

As the Proposed Share Exchange is a related party transaction, the Company is required, in terms of the Listings Requirements, to provide the ordinary shareholders with a fair and reasonable opinion from an independent professional expert acceptable to the JSE, indicating whether or not the Proposed Share Exchange is fair and reasonable to the ordinary shareholders. The Company appointed the joint independent professional experts to provide such a fair and reasonable opinion, which is attached to this circular as Annexure 1A.

4.10 The Top-up Transaction

Gold Reef's intention is to increase the BEE beneficial shareholding of the Company to a minimum of 25,10%, thus satisfying an important component of the Codes of Good Practice issued by the Department of Trade and Industry on broad-based BEE and complying with the gaming boards' recommendations on BEE.

Therefore, in addition to the Proposed Share Exchange, in order to achieve a minimum of 25,10% BEE economic shareholding in Gold Reef, Gold Reef will issue a further 14 000 000 shares for cash to the Top-up BEE participants listed below at R20,50 per share, which represents a 12,95% discount to the 30-day weighted average trading price of Gold Reef shares as at the date of the detailed announcement on SENS, being 9 March 2007 and was agreed upon between Gold Reef and the Top-up BEE participants to facilitate the Top-up Transaction. The discount will be accounted

for on the Implementation Date in terms of IFRS. In terms of the Listings Requirements this is a specific issue of shares for cash to related parties, as certain Top-up BEE participants are material BEE shareholders in Gold Reef's subsidiaries. The Top-up BEE participants, and the number of shares to be issued to each of them, are as follows:

Top-up BEE participants	Number of shares to be issued
Black Management Forum Investment Company Limited	1 942 796
Izulu Gaming (Proprietary) Limited	292 500
Mary Jantjies Family Trust	65 084
Newshelf 698 (Proprietary) Limited	2 500 000
Platoon Trade and Invest 15 (Proprietary) Limited	2 489 951
Saddle Path Props 20 (Proprietary) Limited	6 611 881
Xau Investments CC	35 228
Y Investments Limited	55 000
Young Woman's Christian Association – Dube Charitable Trust	7 560
	14 000 000

As these Gold Reef shares are to be issued to related parties, the Company is required, in terms of the Listings Requirements, to provide the ordinary shareholders with a fair and reasonable opinion from an independent professional expert acceptable to the JSE, indicating whether or not the issue is fair and reasonable to the ordinary shareholders. The Company appointed the joint independent professional experts to provide such a fair and reasonable opinion, which is attached to this circular as Annexure 1B.

The ordinary resolution authorising the Top-up Transaction is contained in the attached notice of the general meeting of shareholders (ordinary resolution number 2). The specific issue is subject to the approval by a 75% majority of the votes at the general meeting of shareholders.

4.11 Shareholding structure

The shareholding structure of Gold Reef, including shareholders beneficially holding 5% or more of the issued share capital of Gold Reef, before the Proposed Share Exchange and the Top-up Transaction is set out in the table below:

Gold Reef ordinary shareholders	Number of ordinary shares	Percentage of total issued shares
CAI	60 226 988	27,30
The Maxim Krok 1994 Trust	15 585 569	7,07
Aldiss Investments (Proprietary) Limited	14 427 602	6,54
The Elana Pincus 1994 Trust	11 873 732	5,38
The Shelly Krok 1994 Trust	11 873 732	5,38
Other shareholders	106 615 036	48,33
	220 602 659	100,00

The shareholding structure and shareholder spread pursuant to the Proposed Share Exchange and the Top-up Transaction is provided in paragraph 7.2 of the revised listing particulars.

4.12 Suspensive conditions

The implementation of the Proposed Share Exchange is subject, *inter alia*, to the following:

- the approval of shareholders of Gold Reef;
- the approval of the Top-up Transaction;
- all necessary regulatory approvals, including the Competition Commission and the relevant gaming boards; and

- the amendment of clause 22 of the Voting Pool Agreement, as per the request of the JSE. This amendment will have the effect that in the event of a conflict between the Articles of Association and the Voting Pool Agreement, the Articles of Association shall be amended to resolve such conflict, subject to the requirements of the Companies Act.

The implementation of the Top-up Transaction is subject, *inter alia*, to the following:

- the approval of shareholders of Gold Reef;
- the approval of the Proposed Share Exchange; and
- all necessary regulatory approvals, including the Competition Commission and the relevant gaming boards.

4.13 JSE listing and voting rights of the new ordinary shares

Gold Reef's ordinary shares are listed on the JSE. All the new Gold Reef shares to be issued in terms of the Proposed Share Exchange and the Top-up Transaction will rank *pari passu* in all respects with the existing issued shares of the Company.

4.14 Major shareholders

At the last practicable date of this circular and before the Proposed Share Exchange and the Top-up Transaction the ordinary shareholders that beneficially held 5% or more of the issued share capital of Gold Reef are reflected in paragraph 4.11 above.

At the last practicable date of this circular and before the Proposed Share Exchange and the Top-up Transaction, the spread of ordinary shareholders was as follows:

Category	Number of shareholders	Percentage	Number of shares	Percentage holding
Ordinary shares of 2 cents each				
Public	1 879	98.38	61 346 382	27,81
Non-public	31	1.62	159 256 277	72,19
Directors	19	1.00	35 396 191	16,05
Associates	9	0.47	46 991 311	21,30
Share scheme	1	0.05	2 214 185	1,00
Subsidiaries	1	0.05	14 427 602	6,54
Holding 10%+	1	0.05	60 226 988	27,30
	1 910	100.00	220 602 659	100,00

The new ordinary shares will be issued to the BEE shareholders, which are all non-public shareholders as defined by the Listings Requirements, in that:

- 69 206 412 ordinary shares will be issued to the BEE shareholders;
- the BEE shareholders will collectively hold a 25,33% interest in the issued share capital of Gold Reef.

Accordingly, the Proposed Share Exchange and the Top-up Transaction will not result in a change of control in the Company.

5. FINANCIAL INFORMATION

5.1 Material changes

Other than for the effect of the Proposed Share Exchange and the Top-up Transaction as disclosed in this circular, dated 2 May 2007, the directors report that no material changes in the financial or trading position of Gold Reef have taken place since Gold Reef's published results for the year ended 31 December 2006.

5.2 Borrowings

Details of all material loans made to Gold Reef, its subsidiaries and joint venture at 31 December 2006 are set out below:

Lender	Subsidiary/ Joint venture	Balance R'm	Security	Repayment terms and conditions	Effective interest rate (%)
Nedbank Limited	Akani Egoli	314.7	<ul style="list-style-type: none"> • Mortgage bond over fixed property at Gold Reef City Theme Park; • Suretyship by Gold Reef in favour of Nedbank; • First mortgage bond over moveable assets at Gold Reef City Casino; • Praedial bond over Gold Reef City servitude lane; and • First covering mortgage bonds to be registered in favour of Nedbank for any new land acquired. 	Repayable over seven years in equal monthly instalments	9,50
ABSA Bank Limited	Akani Msunduzi	70.5	<ul style="list-style-type: none"> • Mortgage bond over Golden Horse's rights under its property lease; • Notarial bond over movable assets; • Cession of insurance policy on leasehold improvements and moveable assets; • Limited suretyship by Gold Reef; • Limited suretyship by ALMI and its individual consortium members; and • A four party agreement between Absa Bank Limited, Pietermaritzburg TLC, Pietermaritzburg Turf Club and Akani Msunduzi agreeing to the binding nature of the terms of the head lease and sub-lease and consenting to the registration of the above bonds in favour of ABSA Bank Limited. 	Repayable over seven years in equal monthly instalments	9,82
Nedbank Limited	Garden Route	49.5	<ul style="list-style-type: none"> • Mortgage bond over fixed property at the Garden Route Casino; and • Notarial bond over movable assets. 	Repayable over seven years in equal monthly instalments	9,44
Nedbank Limited	Goldfields Casino	36.6	<ul style="list-style-type: none"> • Pledge of assets secured by the management fee payable to GRM to the extent financial covenants have not been met. 	Repayable over seven years in equal monthly instalments	10,00
Nedbank Limited	Silverstar	31.4 ⁽¹⁾	<ul style="list-style-type: none"> • First covering mortgage bond over fixed property; • Notarial bond over movable assets; • Cession of insurance policy on building and moveable assets; • Limited suretyship by Gold Reef; and • Limited suretyship by ALSH and ALI. 	Repayable over 10 years	10,68

Note:

(1) Represents 50% of Silverstar's balance as Silverstar is proportionately consolidated.

No borrowing powers of Gold Reef, its subsidiaries or joint venture have been exceeded in the three years prior to the date of this circular

There have been no debentures created, issued or agreed to be issued by the Group at the date of this circular.

There are no conversion or redemption rights attached to the above borrowings.

No loans are repayable within 12 months from the last practicable date of this circular.

5.3 Trading history of securities

Annexure 5 to this circular sets out the trading history of Gold Reef shares on the JSE.

5.4 Effect of the Proposed Share Exchange and the Top-up Transaction on Gold Reef's share capital

The authorised and issued share capital of Gold Reef before the Proposed Share Exchange and the Top-up Transaction is as follows:

	R'000
Authorised	
590 000 000 ordinary shares of 2 cents each	11 800
Issued	
220 602 659 ordinary shares of 2 cents each	4 412
Share premium	499 280
	<u>503 692</u>
Treasury	
16 641 787 ordinary shares of 2 cents each	(333)
Share premium	(75 007)
	<u>(75 340)</u>
	<u>428 352</u>

The authorised and issued share capital of Gold Reef after the Proposed Share Exchange and Top-up Transaction will be as follows:

	R'000
Authorised	
590 000 000 ordinary shares of 2 cents each	11 800
Issued	
289 809 071 ordinary shares of 2 cents each	5 796
Share premium	1 833 818
	<u>1 839 614</u>
Treasury	
16 641 787 ordinary shares of 2 cents each	(333)
Share premium	(75 007)
	<u>(75 340)</u>
	<u>1 764 274</u>

5.5 Pro forma financial information

In compliance with the Listings Requirements, the unaudited *pro forma* financial information of Gold Reef has been prepared to provide information about how the Proposed Share Exchange and the Top-up Transaction might have affected Gold Reef, had the Proposed Share Exchange and the Top-up Transaction been effected on 1 January 2006 (i.e. for the year from 1 January 2006 to 31 December 2006) for income statement purposes and on 31 December 2006 for balance sheet purposes. The unaudited *pro forma* financial information consists of the *pro forma* balance sheet, the *pro forma* income statement and the *pro forma* financial effects.

The detailed *pro forma* financial information of the Group, which includes a *pro forma* income statement and balance sheet, is attached to this circular as Annexure 2.

Gold Reef issued a detailed announcement on SENS on Friday, 9 March 2007 and publication in the South African press on Monday, 12 March 2007 containing unaudited *pro forma* financial effects of the Proposed Share Exchange and Top-up Transaction based on the reviewed condensed consolidated preliminary results of the Company for the six months ended 30 June 2006. On Monday, 19 March 2007 the Company released its full year reviewed results for the 12 months ended 31 December 2006. Therefore the unaudited *pro forma* financial effects published in this circular have been based on these latest published results.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and, because of its nature, may not fairly reflect Gold Reef's financial position, changes in equity, results of operations or cash flows after the Proposed Share Exchange and the Top-up Transaction. The unaudited *pro forma* financial effects are the responsibility of the directors of Gold Reef.

The unaudited *pro forma* financial effects of the Proposed Share Exchange and Top-up Transaction on Gold Reef's EPS, HEPS, NAV and TNAV per share are set out below.

	Before ⁽¹⁾	After ⁽²⁾⁽⁴⁾ Proposed Share Exchange	Percentage change ⁽³⁾	After ⁽²⁾⁽⁴⁾ Proposed Share Exchange and Top-up Transaction	Percentage change	Net percentage change
EPS (cents)	124,69	97,13	(22,10)	89,36	(8,00)	(28,33)
HEPS (cents)	127,37	99,24	(22,08)	91,36	(7,94)	(28,27)
NAV (cents)	582,59	716,05	22,91	784,41	9,55	33,93
TNAV (cents)	350,82	248,58	(29,14)	340,90	37,14	(2,83)
Number of shares in issue for the purposes of calculating EPS, HEPS, NAV and TNAV ('000)	203 961	259 167	27,07	273 167	5,40	33,93

Excluding the ALSH acquisition the unaudited *pro forma* financial effects would be as follows:

	Before ⁽¹⁾	After ⁽²⁾⁽⁴⁾ Proposed Share Exchange	Percentage change ⁽³⁾	After ⁽²⁾⁽⁴⁾ Proposed Share Exchange and Top-up Transaction	Percentage change	Net percentage change
EPS (cents)	124,69	109,21	(12,41)	99,89	(8,53)	(19,89)
HEPS (cents)	127,37	111,56	(12,41)	102,11	(8,47)	(19,83)
NAV (cents)	582,59	535,27	(8,12)	621,52	16,12	6,68
TNAV (cents)	350,82	331,37	(5,54)	429,24	29,53	22,35
Number of shares in issue for the purposes of calculating EPS, HEPS, NAV, and TNAV ('000)	203 961	231 844	13,67	245 844	6,04	20,53

Notes:

- (1) Based on the published reviewed results of Gold Reef for the year ended 31 December 2006.
- (2) Based on the assumption that the transactions were effective on 1 January 2006 for income statement purposes and 31 December 2006 for balance sheet purposes.
- (3) The dilutive effect on EPS and HEPS of the Proposed Share Exchange is primarily due to the ALSH acquisition. Silverstar is under construction and will not contribute to earnings until its expected opening date in the first quarter of 2008. However, the Gold Reef shares will be issued to the ALSH BEE shareholders on implementation of the Proposed Share Exchange. The Proposed Share Exchange is expected to be earnings enhancing in the medium term, once Silverstar commences trading. Therefore the unaudited *pro forma* financial effects excluding the ALSH acquisition has been included.
- (4) The above financial effects were calculated using an estimated R22,50 as the value of the shares issued to the BEE shareholders on Implementation Date for the Proposed Share Exchange and Top-up Transaction for fair value accounting and IFRS 2 purposes.
- (5) The dilutive effect of the transactions is exaggerated by the non-recurring write-off of the acquisition value of the Goldfields Contract. Akani Egoli Contract and the IFRS 2 expense arising from the Top-up Transaction. The company has elected to disclose NEPS going forward in its financial reporting. NEPS excludes these non-recurring write-offs. NEPS prior to the transactions is 127,37 cents, the *Pro forma* NEPS post the Proposed Share Exchange would be 118,91 cents (133,46 cents excluding the ALSH acquisition) and the *Pro forma* NEPS subsequent to both the Proposed Share Exchange and the Top-up Transaction would be 120,28 cents (134,24 cents excluding the ALSH acquisition).

6. PROSPECTS

The Board of Gold Reef is of the opinion that excellent prospects for the Company will emanate from the key benefits of the Proposed Share Exchange and the Top-up Transaction. The key benefits of the Proposed Share Exchange and the Top-up Transaction are that they:

- transform Gold Reef into a BEE company, with over 25,10% of its equity being beneficially held by PDI's;
- preserve and strengthen Gold Reef's existing business through the consolidation of its casino and management interests;
- will generate and enhance future business opportunities through the BEE partners' contribution and Gold Reef's BEE status;
- align the interests of the BEE partners with the current shareholders of the Company;
- strengthen the Company balance sheet and allow for more efficient gearing in the Group;
- have long-term financial benefits for all shareholders; and
- position Gold Reef at the forefront of transformation in the South African gaming industry.

7. ISSUE AND LISTING OF ADDITIONAL SHARES

The BEE shareholders, as listed in paragraph 4.1, are to receive an aggregate of 55 206 412 newly issued ordinary shares as payment for their respective interests in the subsidiaries, joint venture and management contracts of the Company. The Top-up BEE participants, as listed in paragraph 4.10, are to receive an aggregate of 14 000 000 newly issued ordinary shares in exchange for cash.

The number of shares allotted to each BEE shareholder is detailed below:

BEE shareholder	Number of shares to be issued
ALI BEE shareholders	16 881 426
ALSH BEE shareholders	27 323 575
ALICM BEE shareholders	1 570 361
ALMI BEE shareholders	5 122 112
ALGI BEE shareholders	1 358 174
Reygrande	2 250 764
Satara	700 000
Top-up BEE participants	14 000 000
	69 206 412

The shares are to be allotted and issued on the issue date.

The newly issued shares will rank *pari passu* in all respects with the existing shares of Gold Reef.

8. EXCHANGE CONTROL REGULATIONS OF SOUTH AFRICA

In terms of the Exchange Control Regulations of South Africa:

- the share certificates of emigrants will be endorsed and deposited with the authorised dealer controlling such emigrants' blocked assets;
- the CSDP or broker of dematerialised shareholders will ensure that all requirements of Exchange Control are adhered to in the event that their clients are emigrants;
- the share certificates of non-resident shareholders will be endorsed "non-resident"; and
- the CSDP or broker of dematerialised shareholders will ensure that all requirements of Exchange Control are adhered to in the event that their clients are non-resident shareholders.

9. GENERAL MEETING OF SHAREHOLDERS AND APPROVAL

9.1 General meeting of shareholders

Attached to and forming part of this circular is a notice convening a general meeting of shareholders to be held at the registered office of Gold Reef, at 11:00 or immediately after the annual general meeting, whichever is the later, on Tuesday, 22 May 2007, at which meeting, *inter alia*, the ordinary resolutions required to implement the Proposed Share Exchange and the Top-up Transaction will be proposed for consideration and, if deemed fit, approved with or without modification.

A form of proxy for use by registered holders of certificated shares and holders of dematerialised shares in their own names who are unable to attend the general meeting and wish to be represented thereat, is attached to this circular.

Shareholders who have dematerialised their shares and do not have own name registration must inform their CSDP or broker of their intention to attend the general meeting of shareholders and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.

9.2 Shareholder approval

In accordance with Rules 5.52(e) and 10.4(d) of the Listings Requirements, the Proposed Share Exchange and Top-up Transaction are subject to approval by ordinary resolution passed by at least 50% and 75%, respectively, of Gold Reef shareholders present or represented by proxy at the general meeting and entitled to vote, excluding any parties and their associates participating in the Top-up Transaction.

10. FAIR AND REASONABLE OPINION

In accordance with Rule 10.4(f) of the Listings Requirements, a fair and reasonable opinion from an independent professional expert, acceptable to the JSE, that the terms of the Proposed Share Exchange with the BEE shareholders are fair and reasonable as far as the shareholders of Gold Reef are concerned, is required. The joint independent professional experts have been appointed by the Company to provide such an opinion, which is attached to this circular as Annexure 1A.

In accordance with Rule 11.19(d) of the Listings Requirements, a fair and reasonable opinion from an independent professional expert, acceptable to the JSE, that the terms of the Top-up Transaction with the Top-up BEE participants are fair and reasonable as far as the shareholders of Gold Reef are concerned, is required. The joint independent professional experts have been appointed by the Company to provide such an opinion, which is attached to this circular as Annexure 1B.

The joint independent professional experts have concluded that the Proposed Share Exchange is fair and reasonable and that the Top-up Transaction is not fair but reasonable to the shareholders of Gold Reef.

11. DIRECTORS' INTERESTS, EMOLUMENTS, OPINION, RESPONSIBILITY STATEMENT AND APPOINTMENTS

11.1 Directors and directors' interests in the ordinary share capital of Gold Reef and its subsidiaries

11.1.1 The names, ages, qualifications, occupations and addresses of the directors of Gold Reef are set out below:

Name, age and qualifications	Business address	Occupation
Arthur Jacob Aaron (75) B Comm, LLB	Werkmans Attorneys 155, 5th Street Sandown Sandton 2196	Non-executive director

Name, age and qualifications	Business address	Occupation
Jarrold Sean Friedman (34) CA(SA)	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Financial director
Steven Brian Joffe (36) B.Com (Hons Taxation) H.Dip (Company Law) CA(SA)	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Chief executive officer
Reuel Jethro Khoza (57) BA (Hons) MA (Lancaster) PMD (Harvard) IMPD MD (Lausanne)	Aka Capital First Floor, Block A 28 Sloane Street Bryanston 2021	Non-executive director
Abraham Krok* (77) Dipl. Pharmacy Doctor of Humane Letters <i>Honoris Causa</i>	Summerplace 69 Melville Road Hyde Park 2196	Alternate director
Martin Zane Krok (50)	Summerplace 69 Melville Road Hyde Park 2196	Non-executive director
Maxim Krok (50) B.Proc. LLB	Summer Cottage Corner of Melville and Helling Road Hyde Park 2196	Non-executive chairman
Solomon Krok* (77) Doctor of Humane Letters <i>Honoris Causa</i>	Summerplace 69 Melville Road Hyde Park 2196	Alternate director
Josef Leutgeb (45) MBA	Casinos Austria International Holding GmbH Dr Karl Leugerring 14 A-1015 Vienna Austria	Non-executive director
Christian Neuberger (41) MBA (Vienna)	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Chief operating officer
Barend Jacobus Schutte (60)	Empire Amusement Parks 19 Bundo street Sebenza Edenvale 1613	Non-executive director
Robert Vierziger* (53) Hotel Management School (Salzburg)	Casinos Austria International Holding GmbH Dr Karl Leugerring 14 A-1015 Vienna Austria	Alternate director
*Alternate director		

Abridged *curricula vitae* of the directors are set out below:

Arthur Jacob Aaron

Is a director of Werksmans Inc. with over 50 years' experience in commercial and corporate law. He serves as non-executive chairman of Aspen Pharmacare Holdings Limited and Transpaco Limited and as a non-executive director of Edgars Consolidated Stores Limited and a number of private companies.

Jarrood Sean Friedman

Has seven years' experience in the gaming industry having joined Gold Reef in 2000.

Steven Brian Joffe

Has 11 years' experience in the gaming industry, having served as financial director of Gold Reef before being appointed as CEO in 2000.

Reuel Jethro Khoza

Is the current chairman of Nedbank Group and Aka Capital (Proprietary) Limited and a non-executive director of Protea Hospitality Limited, Corobrik (Proprietary) Limited and Old Mutual plc. In addition, he is a director of a number of private companies.

Abraham Krok

Serves as a director of a number of private companies.

Martin Zane Krok

Has more than 21 years' experience in a diversity of business fields and holds directorships in numerous private companies.

Maxim Krok

Has more than 23 years' experience in legal and diverse business fields. He is currently a non-executive director of Aspen Pharmacare Holdings Limited and a director of numerous private companies.

Solomon Krok

Serves as a director of a number of private companies.

Josef Leutgeb

Is a member of the Austrian Chamber of Accountants and has over 10 years' experience in gaming. Currently he is an executive director of CAI and Chief Financial Officer of the Casinos Austria Group.

Christian Neuberger

Has 16 years' experience in gaming with Gold Reef and Gold Reef's international shareholder CAI.

Barend Jacobus Schutte

Has 35 years' experience in the leisure industry. He holds executive directorships in a number of private companies.

Robert Vierziger

Is the Regional Director of CAI – Europe, Middle East and Africa. He has more than 25 years' experience in the hospitality, marketing and casino industries.

The names, ages, qualifications, occupations and addresses of the other directors of Akani Egoli, a material subsidiary of Gold Reef, are set out below:

Name, age and qualifications	Business address	Occupation
Bongani Johannes Biyela (34) H.Dip Marketing Management (Natal Tech), Management Advance Program – MAP3 (Wits Business School)	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Director
Mzolisi Goodman Diliza (57) B.Comm B.Sc B.Admin	C/o Chamber of Mines 2nd Floor 5 Holland Street Marshalltown 2107	Director
David Trevor Lakay (52) B.Comm	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Financial manager
Kgomotso Regina Mathews (44) BA (Social Science) M.Sc Agric (Agricultural Economics)	1173 Beauty Avenue Blue Valley Estate Germiston 0157	Director
Richard Thabo Moloko (42) B.Proc, LLB, H.Dip (Tax) LLM (Harvard)	Gold Reef City Gate 4 Northern Parkway Ormonde 2091	Director
Brynnor Brian Tlhabi (47)	51, 11th Road Hyde Park 2196	Director

Jarrod Friedman, Steven Joffe, Reuel Khoza, Maxim Krok, Christian Neuberger and Barend Schutte are also directors of Akani Egoli.

11.1.2 At 31 December 2006, the directors of Gold Reef had the following direct and indirect beneficial and non-beneficial interests in Gold Reef ordinary shares:

Name	Beneficial		Non-beneficial		Percentage of total issued shares
	Direct	Indirect	Direct	Indirect	
A J Aaron	10 000	–	–	62 365 033	28,27
J S Friedman	1 447 093 ⁽²⁾	462 400 ⁽⁵⁾	–	–	0,67
S B Joffe	5 033 333 ⁽³⁾	982 600 ⁽⁵⁾	–	102 048	2,77
R J Khoza	16 800	170 000	–	–	0,08
A Krok	81 661	–	–	62 365 033	28,31
M Krok	2 063	15 585 569 ⁽¹⁾	–	46 779 464 ⁽¹⁾	28,27
	–	322 205	–	–	0,15
M Z Krok	–	–	–	–	–
S Krok	–	–	–	–	–
J Leutgeb	–	–	–	–	–
C Neuberger	850 000 ⁽⁴⁾	–	–	–	0,39
B J Schutte	–	12 064 267	–	–	5,47
R Vierziger	–	–	–	–	–

Note:

- (1) Included in Shareholding held non-beneficially by A J Aaron and A Krok.
- (2) J S Friedman has a loan of R4,1 million to the Gold Reef Share Scheme and 1 000 000 shares are pledged as security for this loan. Of his shares detailed above 416 667 are not yet available for sale.
- (3) S B Joffe has a loan of R9,2 million to the Gold Reef Share Scheme and 3 333 334 shares are pledged as security for this loan. Of his shares detailed above 833 333 are not yet available for sale.
- (4) C Neuberger has a loan of R3,5million to the Gold Reef Share Scheme and 850 000 shares are pledged as security for this loan. Of his shares detailed above 333 333 are not yet available for sale.
- (5) The exposure to this holding is via a shareholding in Little Swift Investments 465 (Proprietary) Limited.

- 11.1.3 Details of dealings in securities by Gold Reef directors, that took place from 1 January 2006 to the last practicable date of this circular, are set out below:

Date	Director	Nature of transaction	Number of ordinary shares	Extent of interest
25/01/2006	R J Khoza	Sale of shares	13 300	Direct beneficial
20/06/2006	J S Friedman	Purchase of shares	400 000	Indirect beneficial
20/06/2006	S B Joffe	Purchase of shares	850 000	Indirect beneficial
22/06/2006	J S Friedman	Purchase of shares	29 664	Indirect beneficial
22/06/2006	S B Joffe	Purchase of shares	63 036	Indirect beneficial
23/06/2006	J S Friedman	Purchase of shares	32 736	Indirect beneficial
23/06/2006	S B Joffe	Purchase of shares	69 564	Indirect beneficial
29/06/2006	M Krok	Purchase of shares	7 000	Indirect beneficial
29/06/2006	M Krok	Purchase of shares	93 000	Indirect beneficial
16/01/2007	R J Khoza	Sale of shares	16 800	Direct beneficial

No director has had any material beneficial interest, whether directly or indirectly (other than as a direct or indirect beneficial or non-beneficial Gold Reef shareholder), in any transaction effected by Gold Reef during the current or immediately preceding financial year or during an earlier financial year which remains in any respect outstanding or unperformed.

No remuneration receivable by any director of Gold Reef will be varied as a result of the Proposed Share Exchange or the Top-up Transaction.

11.1.4 ***Directors' interests in the Proposed Share Exchange and Top-up Transaction***

The directors of Gold Reef have no interest in the Proposed Share Exchange or the Top-up Transaction, other than R Khoza.

11.1.5 ***Other directorships held***

Details of other directorships held by the directors of Gold Reef are disclosed in Annexure 7 attached to this circular.

11.1.6 ***Directors' service contracts***

Steven Joffe, Jarrod Friedman and Christian Neuberger, have agreed contracts with the Company. Salient features of the contracts include the awarding of 50 000 shares in the Company at zero cost, over three years, dependent on performance criteria. Steven Joffe has been awarded a further 200 000 shares in the Company at zero cost, over a further two years, dependent on performance criteria. The articles of association currently limit the service contract of the managing director to three years. At the forthcoming annual general meeting a special resolution will be passed to amend this limitation to five years. The terms of the contracts have been agreed in principle and will be formalised shortly.

11.1.7 Directors' emoluments

The table below sets out the emoluments of the directors of Gold Reef at 31 December 2006:

Directors	Directors' fees R	Other ⁽¹⁾ services R	Basic remuneration R	Other ⁽²⁾ benefits R	Retirement/ Medical R	Performance incentives R	2006 R	2005 R
Executive								
<i>Paid by the Company</i>								
J S Friedman	-	-	-	20 000	-	-	20 000	10 000
S B Joffe	-	-	-	20 000	-	-	20 000	10 000
C Neuberger	-	-	-	20 000	-	-	20 000	30 000
<i>Paid by subsidiaries</i>								
J S Friedman	-	-	939 002	14 000	160 998	1 100 000	2 214 000	1 750 000
S B Joffe	-	-	1 612 334	18 000	287 666	1 900 000	3 818 000	2 975 000
C Neuberger	-	-	1 344 000	14 000	-	1 344 000	2 702 000	2 000 000
Non-executive								
<i>Paid by the Company</i>								
A J Aaron ⁽¹⁾	146 000	11 736	-	20 000	-	-	177 736	160 000
R J Khoza	90 000	-	-	20 000	-	-	110 000	30 000
M Krok	363 000	-	-	20 000	-	-	383 000	195 000
M Z Krok	79 000	-	-	20 000	-	-	99 000	132 000
J Leutgeb ⁽³⁾	38 000	-	-	20 000	-	-	58 000	121 000
B J Schutte	90 000	-	-	-	-	-	90 000	75 000
<i>Paid by subsidiaries</i>								
A J Aaron ⁽¹⁾	-	85 529	-	-	-	-	85 529	41 433
R J Khoza	40 000	-	-	-	-	-	40 000	30 000
M Krok	53 000	-	-	-	-	-	53 000	51 000
M Z Krok	-	-	-	-	-	-	-	-
J Leutgeb ⁽³⁾	-	-	-	-	-	-	-	-
B J Schutte	5 000	-	-	-	-	-	5 000	15 000
Alternate								
<i>Paid by the Company</i>								
A Krok	-	-	-	-	-	-	-	-
S Krok	-	-	-	20 000	-	-	20 000	-
R Vierziger ⁽³⁾	117 000	-	-	20 000	-	-	137 000	30 000
<i>Paid by subsidiaries</i>								
A Krok	-	-	-	-	-	-	-	-
S Krok	-	-	-	-	-	-	-	-
R Vierziger ⁽³⁾	-	-	-	-	-	-	-	-
	1 021 000	97 265	3 895 336	246 000	448 664	4 344 000	10 054 265	7 655 433

Notes:

- (1) "Other services" includes legal, tax and consulting services provided by Werkmans Inc. Amounts for A J Aaron are paid to Werkmans Inc. in lieu of director's fees.
- (2) "Other benefits" includes motor vehicle allowances and probity payments. No other sums were paid to any director by way of expense allowances.
- (3) Amounts represented by J Leutgeb and R Vierziger are paid to CAI in lieu of directors' fees.

11.1.8 Directors' share options

Share options granted by the Gold Reef share scheme to directors are as follows:

Director	Share options at 1 January 2006		Share options granted during the year		Share options exercised and taken delivery of during the year		Share options not exercised at 31 December 2006	
	Number	Average strike price (R)	Number	Average strike price (R)	Number	Price (R)	Number	Average strike price (R)
J S Friedman	170 000	15.35	300 000	14.39	–	–	470 000	14.74
S B Joffe	500 000	15.35	500 000	14.39	–	–	1 000 000	14.87
C Neuberger	170 000	15.35	300 000	14.39	–	–	470 000	14.74

11.2 New appointments

Gold Reef is committed to Black Economic Empowerment throughout the Group and not only at shareholder level. Therefore following the successful implementation of the Proposed Share Exchange and the Top-up Transaction the following appointments to the Board will be made:

Bongani Biyela (34) – Executive director of strategy and business development

Bongani obtained the Higher Diploma in Marketing Management (Natal Tech), completed the Management Advance Program – MAP3 (Wits Business School) and is currently studying towards a Bachelor of Business Administration (Midrand University). He has ten years' experience in the gaming industry after joining Akani Egoli in 1997. He was general manager of Gold Reef City Casino for four years and holds non-executive directorships in a number of private companies.

Richard Moloko (42) – Non-executive director

Richard obtained a Bachelor of Procureas (University of the North), LLB (Wits University), HDip Tax (Wits University) and a LLM in International Law (Harvard University). He has nine years' experience in the gaming industry after joining Akani Egoli in 1998, holds non-executive directorships in a number of private companies and is Chairperson of the Umsobomvu Youth Fund.

Patrick September (64) – Non-executive director

Patrick holds a B.Sc (Hons) (University of London) and an M.Sc (University of London). He has six years' experience in the gaming industry after joining Akani Msunduzi in 2001. He holds non-executive directorships in a number of private companies and is Chairperson of Business Against Crime in KwaZulu-Natal.

The proposed new directors received the following remuneration from the Group during the year ended 31 December 2006:

Directors	Directors' fees R	Other services R	Basic remuneration R	Other benefits R	Retirement/Medical R	Performance incentives R	2006 R
B J Biyela ⁽¹⁾	5 000	–	953 226	–	137 547	448 369	1 544 142
R T Moloko ⁽²⁾	3 000	–	1 290 035	–	202 043	628 876	2 123 954
P September ⁽³⁾	35 000	–	–	–	–	–	35 000

(1) B J Biyela's basic remuneration was paid by Akani Egoli. His director's fees were paid by Akani Egoli Management (Proprietary) Limited to Akani Egoli for services rendered on the Board of Akani Egoli.

(2) R T Moloko's basic remuneration was paid by ALICM. His director's fees were paid by Akani Msunduzi Management (Proprietary) Limited for services rendered on the Board of Akani Msunduzi.

(3) P September's director's fees were paid by Akani Msunduzi Management (Proprietary) Limited for services rendered as Chairman of Akani Msunduzi.

Subsequent to the above appointments, one-third of Gold Reef's Board will be PDI's.

11.3 **Directors' opinion**

The Board believes that the Proposed Share Exchange and Top-up Transaction are in the best interests of Gold Reef and its ordinary shareholders.

The directors confirm that the Top-up Transaction referred to in this circular does not constitute an affected transaction as defined in the Securities Regulation Code on Take-overs and Mergers and the Rules of the Securities Regulation Panel established under section 440B of the Companies Act.

11.4 **Directors' responsibility statement**

The directors, whose names are given on page 10 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given in this circular, certify that to the best of their knowledge and belief there are no other facts, the omission of which, would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by the Companies Act and the Listings Requirements.

12. **GENERAL**

12.1 **Corporate Governance**

The directors of Gold Reef endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Company. In discharging this responsibility the intention is to comply with the requirements of the Second King Report on Corporate Governance. Gold Reef's full statement in respect of the Second King Report on Corporate Governance is set out in Annexure 6 to this circular.

12.2 **Consents**

The merchant bank and transactional sponsor, corporate advisors, independent reporting accountants, joint independent professional experts, sponsor and the transfer secretaries have all provided their written consents to act in the capacities stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

12.3 **Litigation statement**

Akani Egoli has issued summons against M-Net and Carte Blanche for damages suffered as a result of incorrect negative publicity aired during March 2005. The case is scheduled to be heard towards the end of 2007.

Widgetrade 205 (Proprietary) Limited holds an option to increase its shareholding in Garden Route to 25.10%. The exercise price of the option was fixed until 28 February 2007 at R36.4 million. Thereafter, the exercise price is increased to the fair value of the shares acquired. Kovacs 838 (Proprietary) Limited sent a letter notifying Gold Reef of its intention to exercise the option on 27 February 2007 and deposited R36.4 million into Gold Reef's bank account. Gold Reef is disputing Kovacs 838 (Proprietary) Limited's right to exercise the option granted to Widgetrade 205 (Proprietary) Limited.

Apart from the above, the directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the Group which may have, or have had in the past 12 months, a material effect on the financial position of Gold Reef or its subsidiaries.

12.4 Transaction costs

The costs relating to the proposed transactions are estimated at R10.3 million (excluding Value-Added Tax) and relate to:

PAYEE	(R)
JSE documentation fees	55 589
JSE listing fees	264 636
Advisory fees	
– Financial advisor and transactional sponsor: Absa Capital	1 000 000
– Legal advisor: Edward Nathan Sonnenberg	600 000
– Independent reporting accountants: PricewaterhouseCoopers Advisory Services (Proprietary) Limited	215 000
– Lead independent sponsor: Nedbank Capital	75 000
– Joint independent professional experts: Merchant Sponsors (Proprietary) Limited and Grant Thornton	675 000
– Corporate legal and tax advisors: Werksmans Inc	220 000
– Professional fees incurred by BEE partners payable by Gold Reef: Rouxbin Corporate Finance (Proprietary) Limited	7 017 543
Publication and distribution costs: INCE (Proprietary) Limited	148 000
	10 270 768

12.5 Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Gold Reef, Gold Reef City, Gate 4, Northern Parkway, Ormonde from the date of this circular up to and including the date of the general meeting of shareholders:

- a signed copy of this circular;
- the Memorandum and Articles of Association of Gold Reef;
- the audited annual financial statements of Gold Reef for the financial years ended 31 December 2004, 2005 and the reviewed annual financial statements for the financial year ended 2006;
- the Voting Pool Agreement between Gold Reef and the BEE shareholders;
- the acquisition agreements;
- the signed fair and reasonable opinion letters, the text of which is reproduced in this circular as Annexure 1A and Annexure 1B;
- the signed independent reporting accountants' report on the *pro forma* financial information, the text of which is reproduced in this circular as Annexure 3; and
- the signed consents of the appointed professional advisors as provided in paragraph 12.2 of this circular.

By order of the Board

GOLD REEF RESORTS LIMITED

C R T Paul

Company Secretary

2 May 2007

Registered office

Gold Reef City
Gate 4
Northern Parkway
Ormonde
Johannesburg, 2091
(Private Bag X1890,
Gold Reef City, 2159)

Transfer secretaries

Link Market Services South Africa (Proprietary) Limited
5th Floor
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

FAIR AND REASONABLE OPINION ON THE PROPOSED SHARE EXCHANGE

Gold Reef Resorts Limited
Gold Reef City, Gate 4
Northern Parkway
Ormonde
Johannesburg

ATTENTION: THE DIRECTORS

10 April 2007

Dear Sirs

INDEPENDENT OPINION ON THE PROPOSED SHARE EXCHANGE BETWEEN GOLD REEF RESORTS LIMITED ("GOLD REEF") AND THE BLACK ECONOMIC EMPOWERMENT ("BEE") PARTNERS IN CERTAIN SUBSIDIARY COMPANIES, JOINT VENTURE AND MANAGEMENT CONTRACTS

The definitions outlined in the circular to Gold Reef shareholders to be dated on or about 10 April 2007 ("the circular") to which this letter relates and of which this letter forms a part, have been used *mutatis mutandis* throughout this letter, unless otherwise indicated.

INTRODUCTION

Gold Reef has concluded agreements with its BEE partners in certain of its subsidiaries, joint venture and management contracts to exchange the BEE interests in Gold Reef's individual casinos for Gold Reef shares, as set out in the circular. The transactions will, in aggregate, be referred to as the Proposed Share Exchange.

You have requested us to report on the terms of the Proposed Share Exchange as they relate to the independent shareholders of Gold Reef shares. Our opinion is required as the BEE partners are considered to be related parties.

The Proposed Share Exchange is considered by Gold Reef to be a single composite arrangement. Because there are different vendors, the Issuer Services Division of JSE Limited ("the JSE") has ruled that an independent fair and reasonable opinion is required on the Proposed Share Exchange as a whole and separate statements are required as to the fairness and reasonableness of the acquisitions of the interests in Akani Egoli, Silverstar and ALICM, viewed as part of the Proposed Share Exchange as a whole.

A fair and reasonable opinion is required because the BEE investors are material shareholders of Gold Reef's subsidiaries; the share exchange constitutes a related party transaction in terms of Section 10.4 of the Listings Requirements

Full details of the Proposed Share Exchange are contained in the circular to Gold Reef shareholders of which this letter forms part.

DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

Fairness is primarily based on quantitative issues and reasonableness on qualitative issues. For illustrative purposes, in this case, the transactions may be said to be fair if the fair value of assets being acquired by Gold Reef is equal to or greater than the fair value of the consideration being provided to the BEE partners. To the extent that the fair value of assets being acquired is less than the fair value of the consideration being provided, the transactions may still be said to be reasonable in certain circumstances after considering other significant qualitative factors.

RESPONSIBILITY

The circular and compliance with the Listings Requirements of the JSE are the responsibility of the directors of Gold Reef. Our responsibility is to report on the terms of the Proposed Share Exchange as they relate to the holders of Gold Reef shares.

Merchant Sponsors (Proprietary) Limited and Grant Thornton have been appointed by the Board of Gold Reef as the joint independent professional experts to advise the Board and the shareholders as to whether the terms and conditions of the Proposed Share Exchange are fair and reasonable to the shareholders of Gold Reef.

SCOPE OF FACTORS

In arriving at our opinion, which is set out below, we have considered the following quantitative factors:

- the annual reports of Gold Reef for the years ended 31 December 2004 and 31 December 2005 and the interim results for the six months ended 30 June 2006;
- cash flow forecasts and budgets prepared by the management of Gold Reef's subsidiary companies for the years ending 31 December 2006 to 31 December 2017;
- the financial year to date management accounts of Gold Reef and its subsidiary companies for the years ended December 2004, December 2005 and December 2006;
- the prevailing economic and market conditions in the sectors in which Gold Reef operates (viz the casino, hotel, conference and leisure sectors);
- the respective agreements concluded in order to give effect to the transactions;
- information and assumptions made available by and discussions with the executive directors and management of Gold Reef;
- Gold Reef's share price history and trading activity on the JSE;
- the quantum and nature of the transaction consideration;
- the announcements published by Gold Reef in relation to the Proposed Share Exchange;
- the share price volatility of Gold Reef and listed companies comparable to Gold Reef;
- publicly available information, such as investment analyst reports and financial publications in terms of general market conditions.
- key value drivers to our valuation model, including revenue growth (incorporating primary industry growth rates and inflation), margins and discount rates, and sensitivity to these key value drivers.

In arriving at our opinion, which is set out below, we have considered the following qualitative factors:

- discussions with management of Gold Reef;
- the rationale for the timing of the Proposed Share Exchange;
- the current South African business environment in which the conclusion of a favourable BEE transaction has become an imperative for many companies wishing to continue operating successfully in South Africa;
- Gaming Board empowerment considerations.

PROCEDURES

In arriving at our opinion, amongst other things, we:

- considered the terms and conditions of the Proposed Share Exchange;
- considered the underlying rationale for the Proposed Share Exchange as set out in the circular;
- considered the audited annual financial statements for Gold Reef for the year ended 31 December 2005, and the financial management accounts for the year to 31 December 2006;
- analysed and reviewed the forecasts for Gold Reef and its subsidiary companies as presented by management;
- reviewed and assessed the information provided and assumptions made through discussions with management;
- analysed and reviewed additional information prepared by management;
- considered the performance and prospects of Gold Reef's business operations relative to comparative companies;

- considered prevailing economic and market conditions in the industry in which Gold Reef operates;
- considered the *pro forma* financial effects of the transactions as detailed in the circular.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the valuations performed by:

- considering the historical trends of such information and assumptions;
- where practicable, comparing and corroborating such information and assumptions, as we considered appropriate, with external sources of information; and
- discussing such information and assumptions with the management of Gold Reef.

VALUATION APPROACH

In formulating our opinion as to the fairness of the Proposed Share Exchange, we performed a valuation of the shares being acquired by Gold Reef and a valuation of the shares of Gold Reef itself. This was to determine the fair value of the assets being acquired relative to the fair value of the consideration provided. We also assessed the relative position of Gold Reef before and after the Proposed Share Exchange transaction.

The valuation methodology employed was the discounted cash flow model.

Key value drivers for our valuation workings were forecast revenue and expenditure growth rates, capital expenditure requirements, growth rate in perpetuity from the end of the forecast period, economic growth rates for the industry, risk discount rates and interest rates. Sensitivity analyses were conducted, where practicable, by adjusting key value drivers within probable ranges of expected values.

SCOPE

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with the management and directors of Gold Reef, by comparing information and assumptions to historical events and results, as well as external sources of information.

Forecasts relating to future events are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, forecast information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to projections made by the management of Gold Reef and provided to us during the course of our review.

While our work has involved an analysis of the financial information, as provided to us, our procedures and enquiries do not constitute an audit or a review in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion. We have not and we do not assume responsibility or liability for such information.

Our opinion is based on current economic, market and regulatory conditions and only upon the abovementioned information made available to us. It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

OPINION

Based on and only subject to the foregoing, it is our opinion that the terms and conditions of the Proposed Share Exchange are fair to the independent shareholders of shares in Gold Reef. Based on the abovementioned qualitative factors, it is our opinion that the terms of the Proposed Share Exchange are reasonable to the holders of shares in Gold Reef. It is also our opinion that the terms of the acquisitions of shares in each of Akani Egoli, Silverstar and ALICM viewed as part of the Proposed Share Exchange are both fair and reasonable to the independent shareholders of Gold Reef.

An individual shareholder's decision as to whether or not to vote in favour of the transaction may be influenced by his particular circumstances. This independent opinion does not purport to cater for each shareholder's circumstances and risk profile, but rather to the general body of shareholders taken as a whole. Should any Gold Reef shareholder have any doubt as to what action to take, he should consult an independent advisor as to the merits of the transaction considering his personal circumstances.

INDEPENDENCE

In terms of Schedule 5 of the Listings Requirements of the JSE, we advise that we have no material interest in the transaction or in the success or failure thereof and that our fees are not contingent upon the success or failure thereof.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear, in the circular to Gold Reef shareholders, to be issued on or about 10 April 2007.

Yours faithfully

MERCHANT SPONSORS (PROPRIETARY) LIMITED

2nd Floor, North Wing
Hyde Park Shopping Centre,
Jan Smuts Avenue
Sandton, 2196

GRANT THORNTON

137 Daisy Street
Corner Grayston Drive
Sandown, 2196

FAIR AND REASONABLE OPINION ON THE TOP-UP TRANSACTION

Gold Reef Resorts Limited
Gold Reef City, Gate 4
Northern Parkway
Ormonde
Johannesburg

ATTENTION: THE DIRECTORS

10 April 2007

Dear Sirs

INDEPENDENT OPINION ON THE TOP-UP TRANSACTION BETWEEN GOLD REEF RESORTS LIMITED ("GOLD REEF") AND THE BLACK ECONOMIC EMPOWERMENT ("BEE") PARTNERS IN CERTAIN SUBSIDIARY COMPANIES, JOINT VENTURE AND MANAGEMENT CONTRACTS

The definitions outlined in the circular to Gold Reef shareholders to be dated on or about 10 April 2007 ("the circular") to which this letter relates and of which this letter forms a part, have been used *mutatis mutandis* throughout this letter, unless otherwise indicated.

INTRODUCTION

Gold Reef has concluded agreements with its BEE partners in certain of its subsidiaries, joint venture and management contracts to exchange the BEE interests in Gold Reef's individual casinos for Gold Reef shares, as set out in the circular. The transactions will, in aggregate, be referred to as the Proposed Share Exchange.

Gold Reef will also issue shares to the BEE parties, by way of a specific issue of shares for cash ("Top-up Transaction"). This number of shares will be calculated based on the difference between the 25,1% minimum shareholding and the percentage of Gold Reef shares issued in the Proposed Share Exchange.

You have requested us to report on the terms of the Top-up Transaction as they relate to the independent shareholders of Gold Reef shares. A fair and reasonable opinion is required in terms of section 5.51(f) of the Listings Requirements because Saddle Path Properties 20 (Proprietary) Limited is a related party in that it is a wholly owned subsidiary of a material shareholder of Gold Reef's subsidiaries and the specific issue for cash is made to Saddle Path Properties 20 (Proprietary) Limited.

Full details of the transactions are contained in the circular to Gold Reef shareholders of which this letter forms part.

DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

Fairness is primarily based on quantitative issues and reasonableness on qualitative issues. For illustrative purposes, in this case, the transactions may be said to be fair if the fair value of the shares to be issued by Gold Reef is less than or equal to the fair value of the cash being received from the BEE partners in respect of the shares that Gold Reef is issuing. To the extent that the fair value of shares being issued is greater than the fair value of the cash being received, the transactions may still be said to be reasonable in certain circumstances after considering other significant qualitative factors.

RESPONSIBILITY

The circular and compliance with the Listings Requirements of the JSE Limited ("the JSE") are the responsibility of the directors of Gold Reef. Our responsibility is to report on the terms of the specific issue for cash as they relate to the holders of Gold Reef shares.

Merchant Sponsors (Proprietary) Limited and Grant Thornton have been appointed by the Board of Gold Reef as the joint independent professional experts to advise the Board and the independent shareholders as to whether the terms and conditions of the Top-up Transaction are fair and reasonable to the independent shareholders of Gold Reef.

SCOPE OF FACTORS

In arriving at our opinion, which is set out below, we have considered the following quantitative factors:

- the annual reports of Gold Reef for the years ended 31 December 2004 and 31 December 2005 and the interim results for the six months ended 30 June 2006;
- cash flow forecasts and budgets prepared by the management of Gold Reef's subsidiary companies for the years ending 31 December 2006 to 31 December 2017;
- the financial year to date management accounts of Gold Reef and its subsidiary companies for the years ended December 2004, December 2005 and December 2006;
- the prevailing economic and market conditions in the sectors in which Gold Reef operates (viz the casino, hotel, conference and leisure sectors);
- the respective agreements concluded in order to give effect to the transactions;
- information and assumptions made available by and discussions with the executive directors and management of Gold Reef;
- Gold Reef's share price history and trading activity on the JSE;
- the quantum and nature of the transaction consideration;
- the announcements published by Gold Reef in relation to the Proposed Share Exchange;
- the share price volatility of Gold Reef and listed companies comparable to Gold Reef;
- publicly available information, such as investment analyst reports and financial publications in respect of general market conditions.
- key value drivers to our valuation model, including revenue growth (incorporating primary industry growth rates and inflation), margins and discount rates, and sensitivity to these key value drivers

In arriving at our opinion, which is set out below, we have considered the following qualitative factors:

- discussions with management of Gold Reef;
- the rationale for the timing of the Top-up Transaction;
- the current South African business environment in which the conclusion of a favourable BEE transaction has become an imperative for many companies wishing to continue operating successfully in South Africa;

Gaming Board empowerment considerations;

- the share offer price required in order to encourage BEE investment in Gold Reef; and
- the terms of the share issue with specific regard to restrictions imposed on investors on the resale of the shares acquired in the Top-up Transaction.

PROCEDURES

In arriving at our opinion, amongst other things, we:

- considered the terms and conditions of the Top-up Transaction;
- considered the underlying rationale for the Top-up Transaction as set out in the circular;
- considered the audited annual financial statements for Gold Reef for the year ended 31 December 2005, and the financial management accounts for the year to 31 December 2006;
- analysed and reviewed the forecasts for Gold Reef and its subsidiary companies as presented by management;
- reviewed and assessed the information provided and assumptions made through discussions with management;
- analysed and reviewed additional information prepared by management;

- considered the performance and prospects of Gold Reef's business operations relative to comparative companies;
- considered prevailing economic and market conditions in the industry in which Gold Reef operates;
- considered the *pro forma* financial effects of the transactions as detailed in the circular; and

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the valuations performed by:

- considering the historical trends of such information and assumptions;
- where practicable, comparing and corroborating such information and assumptions, as we considered appropriate, with external sources of information; and
- discussing such information and assumptions with the management of Gold Reef.

VALUATION APPROACH

In formulating our opinion as to the fairness of the transaction, we performed a valuation of the shares of Gold Reef. This was to determine the fair value of the shares being issued relative to the fair value of the cash consideration received. We also assessed the relative position of Gold Reef before and after the Top-up Transaction.

The valuation methodology employed was the discounted cash flow model.

Key value drivers for our valuation workings were forecast revenue and expenditure growth rates, capital expenditure requirements, growth rate in perpetuity from the end of the forecast period, economic growth rates for the industry, risk discount rates and interest rates. Sensitivity analyses were conducted, where practicable, by adjusting key value drivers within probable ranges of expected values.

SCOPE

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with the management and directors of Gold Reef, by comparing information and assumptions to historical events and results, as well as external sources of information.

Forecasts relating to future events are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, forecast information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to projections made by the management of Gold Reef and provided to us during the course of our review.

While our work has involved an analysis of the financial information, provided to us, our procedures and enquiries do not constitute an audit or a review in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion. We have not and we do not assume responsibility or liability for such information.

Our opinion is based on current economic, market and regulatory conditions and only upon the abovementioned information made available to us. It should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

OPINION

The Top-up Transaction has been undertaken in order to ensure that the total BEE shareholding of Gold Reef after taking into account the Proposed Share Exchange, is equal to 25.1%. The issue price of Gold Reef shares in terms of the The Top-up Transaction was established at the market price of Gold Reef shares at the time of negotiation. The market price has increased, after the finalisation of the The Top-up Transaction. Based on and only subject to the foregoing after taking into account the procedures and factors of our valuation exercise, our opinion is that the The Top-up Transaction is quantitatively not fair, but due to the qualitative benefits of enhanced BEE credentials in the highly regulated gaming environment and the very nature of BEE transactions in the current South African climate, the The Top-up Transaction is reasonable to independent shareholders of shares in Gold Reef.

An individual shareholder's decision as to whether or not to vote in favour of the transaction may be influenced by his particular circumstances. This independent opinion does not purport to cater for each shareholder's circumstances and risk profile, but rather to the general body of shareholders taken as a whole. Should any Gold Reef shareholder have any doubt as to what action to take, he should consult an independent advisor as to the merits of the transaction considering his personal circumstances.

INDEPENDENCE

In terms of Schedule 5 of the Listings Requirements of the JSE, we advise that we have no material interest in the transaction or in the success or failure thereof and that our fees are not contingent upon the success or failure thereof.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear, in the circular to Gold Reef shareholders, to be issued on or about 10 April 2007.

Yours faithfully

MERCHANT SPONSORS (PROPRIETARY) LIMITED

2nd Floor, North Wing
Hyde Park Shopping Centre,
Jan Smuts Avenue
Sandton, 2196

GRANT THORNTON

137 Daisy Street
Corner Grayston Drive
Sandown, 2196

THE *PRO FORMA* FINANCIAL INFORMATION OF GOLD REEF

In compliance with the Listings Requirements, the unaudited *pro forma* financial information of Gold Reef has been prepared to provide information about how the Proposed Share Exchange and the Top-up Transaction might have affected Gold Reef, had the Proposed Share Exchange and the Top-up Transaction been effected on 1 January 2006 (i.e. for the year from 1 January 2006 to 31 December 2006) for income statement purposes and on 31 December 2006 for balance sheet purposes. The unaudited *pro forma* financial information consists of the *pro forma* balance sheet, the *pro forma* income statement and the *pro forma* financial effects.

The unaudited *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, may not fairly reflect Gold Reef's financial position, changes in equity, results of operations or cash flows after the Proposed Share Exchange and the Top-up Transaction. The unaudited *pro forma* financial information is the responsibility of the directors of Gold Reef. The independent reporting accountants' report on the unaudited *pro forma* financial information of Gold Reef is reproduced in Annexure 3 to this circular.

PRO FORMA BALANCE SHEET

	Before ⁽¹⁾ R'000	Proposed ⁽²⁾ Share Exchange R'000	After ⁽³⁾ Proposed Share Exchange R'000	Top-up ⁽⁴⁾ Transaction R'000	After ⁽⁵⁾ Top-up Transaction R'000
ASSETS					
Non-current assets					
Property, plant and equipment	1 278 485	49 214	1 327 699	–	1 327 699
Leasehold improvements	101 710	–	101 710	–	101 710
Intangible assets ⁽⁶⁾	472 717	738 811	1 211 528	–	1 211 528
Deferred tax assets	62 627	–	62 627	–	62 627
Investment in joint venture	36 280	–	36 280	–	36 280
Financial assets	94 675	(94 673)	2	–	2
Share incentive scheme	25 484	–	25 484	–	25 484
	2 071 978	693 352	2 765 330	–	2 765 330
Current assets					
Inventories	7 584	–	7 584	–	7 584
Receivable and pre-payments	20 223	9	20 232	–	20 232
Cash and cash equivalents	105 735	(111 822)	(6 087)	–	(6 087)
Amounts owing by related parties	4 865	81	4 946	–	4 946
	138 407	(111 732)	26 675	–	26 675
Total assets	2 210 385	581 620	2 792 005	–	2 792 005
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital	4 412	1 105	5 517	280	5 797
Share premium	499 280	1 241 040	1 740 320	314 720	2 055 040
Treasury shares	(75 340)	–	(75 340)	–	(75 340)
	428 352	1 242 145	1 670 497	315 000	1 985 497
Share based payment reserve	26 210	–	26 210	–	26 210
Acquisition reserve	(6 153)	(522 234)	(528 387)	–	(528 387)
Other reserves	19 948	–	19 948	–	19 948
Retained earnings	719 892	(52 398)	667 494	(28 000)	639 494
	1 188 249	667 513	1 855 762	287 000	2 142 762
Minority interest	196 895	(166 540)	30 355	–	30 355
Total equity	1 385 144	500 973	1 886 117	287 000	2 173 117
Non-current liabilities					
Interest bearing borrowings	394 330	–	394 330	(287 000)	107 330
Deferred tax liabilities	56 453	2 820	59 273	–	59 273
	450 783	2 820	453 603	(287 000)	166 603
Current liabilities					
Trade and other payables	144 623	6 800	151 423	–	151 423
Provisions	46 653	–	46 653	–	46 653
Bank overdraft	43 013	31 397	74 410	–	74 410
Tax liabilities	58 779	–	58 779	–	58 779
Current portion of interest-bearing borrowings	76 967	–	76 967	–	76 967
Amounts owing to related parties	4 423	39 630	44 053	–	44 053
	374 458	77 827	452 285	–	452 285
Total equity and liabilities	2 210 385	581 620	2 792 005	–	2 792 005
Weighted average number of shares in issue (000)					
	203 961	55 206	259 167	14 000	273 167
NAV (cents)	582,59	133,46	716,05	68,36	784,41
TNAV (cents)	350,82	(102,24)	248,58	92,32	340,90

Notes:

- (1) Extracted from the reviewed consolidated results of Gold Reef for the year ended 31 December 2006.
- (2) Represents the consolidation of the additional interests acquired in the underlying entities and settlement of the purchase consideration in cash and issue of shares in Gold Reef on the assumption that the Proposed Share Exchange was effective 31 December 2006.
- (3) Represents the *pro forma* balance sheet after the Proposed Share Exchange.
- (4) Represents the issue of shares in terms of the Top-up Transaction on the assumption that the issue was effective 31 December 2006.
- (5) Represents the *pro forma* balance sheet after the Proposed Share Exchange and Top-up Transaction.
- (6) Intangible assets relates to goodwill and capitalised bid costs.

PRO FORMA INCOME STATEMENT

	Before ⁽¹⁾ R'000	Proposed ⁽²⁾ Share Exchange R'000	After ⁽³⁾ Proposed Share Exchange R'000	Top-up ⁽⁴⁾ Transaction R'000	After ⁽⁵⁾ Top-up Transaction R'000
Revenue	1 517 113	14 734	1 531 847	–	1 531 847
Net gaming win	1 381 332	14 618	1 395 950	–	1 395 950
Theme Park ⁽⁶⁾	58 396	–	58 396	–	58 396
Food and beverage ⁽⁷⁾	33 759	–	33 759	–	33 759
Other	43 626	116	43 742	–	43 742
Other income	9 365	–	9 365	–	9 365
	1 526 478	14 734	1 541 212	–	1 541 212
Gaming levies and VAT	(271 310)	(2 436)	(273 746)	–	(273 746)
Employee costs	(314 695)	(5 503)	(320 198)	–	(320 198)
Promotional and marketing costs	(113 679)	(504)	(114 183)	–	(114 183)
Depreciation and amortisation	(101 812)	(1 144)	(102 956)	–	(102 956)
Other operating expenses	(218 482)	(47 624)	(266 106)	(28 000)	(294 106)
Operating profit	506 500	(42 477)	464 023	(28 000)	436 023
Finance income	11 957	(8 842)	3 115	–	3 115
Finance costs	(36 960)	(2 068)	(39 028)	28 700	(10 328)
Profit before equity accounted earnings	481 497	(53 387)	428 110	700	428 810
Share of profits of associate	669	(669)	–	–	–
Profit before taxation	482 166	(54 056)	428 110	700	428 810
Taxation expense	(159 210)	(3 311)	(162 521)	(8 323)	(170 844)
Profit for the year	322 956	(57 367)	265 589	(7 623)	257 966
Attributable to:					
Equity holders of Gold Reef	254 312	(2 586)	251 726	(7 623)	244 103
Minority interest	68 644	(54 781)	13 863	–	13 863
	322 956	(57 367)	265 589	(7 623)	257 966
Weighted average number of shares in issue (000)	203 961	55 206	259 167	14 000	273 167
EPS (cents)	124,69	(27,56)	97,13	(7,77)	89,36
HEPS (cents)	127,37	(28,13)	99,24	(7,88)	91,36

Notes:

- (1) Extracted from the reviewed consolidated results of Gold Reef for the year ended 31 December 2006.
- (2) Represents the consolidation of the additional interests acquired in the underlying entities and settlement of the purchase consideration in cash and issue of shares in Gold Reef on the assumption that the Proposed Share Exchange was effective 1 January 2006.
- (3) Represents the *pro forma* income statement after the Proposed Share Exchange.
- (4) Represents interest saving after tax on cash received from the issue of shares in terms of the Top-up Transaction which was utilised to settle interest bearing debt on the assumption that the issue was effective 1 January 2006.
- (5) Represents the *pro forma* income statement after the Proposed Share Exchange and Top-up Transaction.
- (6) Theme Park refers to entrance fees to the Gold Reef City Theme Park.
- (7) Food and beverage relates to the proceeds from the sale of food and beverages within the Group.

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE *PRO FORMA* FINANCIAL INFORMATION OF GOLD REEF

The Directors
Gold Reef Resorts Limited
Private Bag X1890
Gold Reef City
2159

10 April 2007

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF GOLD REEF RESORTS LIMITED ("Gold Reef")

The board of directors of Gold Reef has resolved to acquire the BEE shareholdings, in subsidiaries (other than Garden Route), joint venture and management contracts of Gold Reef, settled by the issue of ordinary shares of the company and cash to the BEE partners ("the Proposed Share Exchange") and to issue 14 000 000 new ordinary shares for cash to the Top-up BEE participants ("the Top-up Transaction").

We have performed our limited assurance engagement in respect of the *pro forma* income statement, balance sheet and financial effects ("the *pro forma* financial information") of Gold Reef set out in the circular to Gold Reef shareholders ("the Circular"), to be dated on or about 13 April 2007, to be issued in connection with the Proposed Share Exchange and Top-up Transaction. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the the Proposed Share Exchange and Top-up Transaction might have affected the *pro forma* financial information presented, had the corporate action been undertaken at the date of the *pro forma* financial information being reported on.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Gold Reef; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCE OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Gold Reef,

considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors and management of the company in respect of the corporate action that is the subject of this Circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Gold Reef and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical and projected financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Gold Reef; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

P McCrystal

Director: Transaction Services

PricewaterhouseCoopers Advisory Services (Proprietary) Limited

2 Eglin Road

Sunninghill

2157

HISTORICAL FINANCIAL INFORMATION OF GOLD REEF FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2004, 2005 AND 2006

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	Notes	2006 R'000	2005 R'000	2004 R'000
Revenue		1 517 113	1 165 422	1 056 683
Net gaming win		1 381 332	1 046 409	934 502
Theme Park		58 396	46 700	54 424
Food and beverage		33 759	26 944	26 465
Other		43 626	45 369	41 292
Other income	4	9 365	27 806	11 170
		1 526 478	1 193 228	1 067 853
Gaming levies and VAT	5	(271 310)	(207 610)	(186 346)
Employee costs	6	(314 695)	(253 402)	(219 678)
Promotional and marketing costs		(113 679)	(107 484)	(84 480)
Depreciation and amortisation	5	(101 812)	(90 278)	(86 122)
Other operating expenses	5	(218 482)	(147 144)	(144 042)
Operating profit		506 500	387 310	347 185
Finance income	7	11 957	19 179	7 957
Finance costs	7	(36 960)	(19 295)	(13 222)
Profit before equity accounted earnings		481 497	387 194	341 920
Share of profits of associate	15	669	2 613	1 414
Profit before taxation		482 166	389 807	343 334
Taxation expense	8	(159 210)	(121 968)	(122 302)
Profit for the year		322 956	267 839	221 032
Attributable to:				
Equity holders of Gold Reef		254 312	230 732	192 208
Minority interest		68 644	37 107	28 824
		322 956	267 839	221 032
Number of shares (000)				
– in issue	9	220 603	220 603	220 003
– for EPS calculation	9	203 961	205 260	203 938
– for diluted EPS calculation	9	203 961	205 410	204 538
EPS (cents)				
– EPS	9	124,7	112,4	94,2
– diluted EPS	9	124,7	112,3	94,0
Dividends per share (cents)	10	See Note 10	51,0	48,0

GROUP BALANCE SHEET AT 31 DECEMBER

	Notes	2006 R'000	2005 R'000	2004 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	1 278 485	857 039	845 540
Leasehold improvements	12	101 710	98 540	101 626
Intangible assets	13	472 717	135 092	93 458
Deferred tax assets	26	62 627	6 046	9 624
Investment in associate	15	–	5 315	7 378
Investment in joint ventures	16	36 280	18 591	18 733
Financial assets	17	94 675	1	1
Share incentive scheme	18	25 484	32 839	37 613
		2 071 978	1 153 463	1 113 973
Current assets				
Inventories	19	7 584	2 739	2 986
Receivables and pre-payments	20	20 223	15 007	17 666
Cash and cash equivalents	21	105 735	126 547	104 742
Amounts owing by related parties	31	4 865	98 401	27 840
		138 407	242 694	153 234
Total assets		2 210 385	1 396 157	1 267 207
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital	22	4 412	4 412	4 400
Share premium	22	499 280	499 280	497 888
Treasury shares	22	(75 340)	(75 340)	(44 157)
		428 352	428 352	458 131
Share-based payment reserve		26 210	16 222	6 480
Other reserves	23	13 795	2 774	2 741
Retained earnings		719 892	595 373	463 589
		1 188 249	1 042 721	930 941
Minority interest	24	196 895	96 429	74 454
Total equity		1 385 144	1 139 150	1 005 395
Non-current liabilities				
Interest-bearing borrowings	25	394 330	10 682	26 698
Deferred tax liabilities	26	56 453	42 394	50 019
		450 783	53 076	76 717
Current liabilities				
Trade and other payables	27	144 623	66 033	72 811
Provisions	28	46 653	13 809	15 941
Bank overdraft	21	43 013	17 185	138
Tax liabilities		58 779	55 443	62 736
Current portion of interest-bearing borrowings	25	76 967	50 000	30 000
Amounts owing to related parties	31	4 423	1 461	3 469
		374 458	203 931	185 095
Total equity and liabilities		2 210 385	1 396 157	1 267 207

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2006**

	Share capital R'000	Share premium R'000	Treasury shares R'000	Share- based payment reserve R'000	Other reserves R'000	Retained earnings R'000	Total equity holders' interest R'000	Minority interest R'000	Total equity R'000
Balance at 1 January 2004	4 357	481 476	(44 157)	982	1 611	324 304	768 573	59 331	827 904
Ordinary shares issued	43	16 412	-	-	-	-	16 455	-	16 455
Recognition of share-based payments	-	-	-	5 498	-	-	5 498	-	5 498
Transfer between reserves	-	-	-	-	(12)	12	-	-	-
Profit on sale of shares by share trust	-	-	-	-	1 142	-	1 142	-	1 142
Attributable profit for year	-	-	-	-	-	192 208	192 208	28 824	221 032
Dividend declared	-	-	-	-	-	(52 935)	(52 935)	-	(52 932)
Movement in loans from minorities	-	-	-	-	-	-	-	(13 701)	(13 701)
Balance at 1 January 2005	4 400	497 888	(44 157)	6 480	2 741	463 589	930 941	74 454	1 005 395
Ordinary shares issued	12	1 392	-	-	-	-	1 404	-	1 404
Treasury shares acquired	-	-	(31 183)	-	-	-	(31 183)	-	(31 183)
Recognition of share-based payments	-	-	-	9 742	-	-	9 742	-	9 742
Transfer between reserves	-	-	-	-	(16)	16	-	-	-
Profit on sale of shares by share trust	-	-	-	-	49	-	49	-	49
Attributable profit for year	-	-	-	-	-	230 732	230 732	37 107	267 839
Dividend declared	-	-	-	-	-	(98 964)	(98 964)	-	(98 964)
Movement in loans from minorities	-	-	-	-	-	-	-	(15 132)	(15 132)
Balance at 1 January 2006	4 412	499 280	(75 340)	16 222	2 774	595 373	1 042 721	96 429	1 139 150
Recognition of share-based payments	-	-	-	9 988	-	-	9 988	-	9 988
Revaluation of land per IFRS 3	-	-	-	-	27 519	-	27 519	-	27 519
Hedge reserve created during year	-	-	-	-	(10 345)	-	(10 345)	-	(10 345)
Attributable profit for year	-	-	-	-	-	254 312	254 312	68 644	322 956
Dividend declared	-	-	-	-	-	(104 020)	(104 020)	-	(104 020)
Movement in loans from minorities	-	-	-	-	-	-	-	(1 702)	(1 702)
Adjustment arising on ALI refinancing	-	-	-	-	-	(25 773)	(25 773)	61 323	35 550
Transactions with minorities in West Coast Leisure	-	-	-	-	(6 153)	-	(6 153)	(1 623)	(7 776)
Dividends paid to minorities by subsidiaries	-	-	-	-	-	-	-	(42 505)	(42 505)
Minorities created on Goldfields Casino acquisition	-	-	-	-	-	-	-	3 213	3 213
Minorities created on Garden Route Casino acquisition	-	-	-	-	-	-	-	13 116	13 116
Balance at 31 December 2006	4 412	499 280	(75 340)	26 210	13 795	719 892	1 188 249	196 895	1 385 144

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	Notes	2006 R'000	2005 R'000	2004 R'000
<i>Cash flow from operating activities</i>				
Profit before taxation		482 166	389 807	343 334
Non-cash items and other adjustments	29	137 263	69 775	87 772
		619 429	459 582	431 106
Decrease/(increase) in net current assets	29	49 438	(6 004)	9 334
Cash flow from operating activities		668 867	453 578	440 440
Interest received		11 957	19 179	7 957
Interest paid		(36 960)	(16 892)	(12 658)
Taxation paid	29	(227 584)	(133 308)	(92 300)
Dividend paid		(104 020)	(98 964)	(52 935)
Net cash generated in operating activities		312 260	223 593	290 504
<i>Cash flow from investing activities</i>				
Additions to property, plant and equipment		(351 456)	(107 708)	(88 550)
Additions to leasehold improvements		(6 530)	(127)	(1 297)
Proceeds from disposal of property, plant and equipment		4 178	9 433	2 952
Proceeds from disposal of management contract		–	5 000	–
(Investment in)/proceeds from disposal of financial instruments		(94 674)	20 411	–
Investment in intangibles		(53)	(42 771)	(2 114)
Loans (issued to)/repaid by joint ventures	16	(36 280)	548	4 926
Loans repaid by associates	15	691	5 052	16 145
Net repayments by/(advances to) related parties		94 601	(72 569)	(24 664)
Net cash effect of acquisition of ordinary shares in Inkonka	30	(150 503)	–	–
Net cash effect of acquisition of loan to Inkonka		(25 120)	–	–
Net cash effect of ALI refinancing		35 550	–	–
Net cash effect of acquisition of Tanglepark		(117 006)	–	–
Net cash effect of acquisition of Silverstar		(78 278)	–	–
Net cash effect of acquisition in West Coast Leisure		(7 776)	–	–
Net cash utilised in investing activities		(732 656)	(182 731)	(92 602)
<i>Cash flow from financing activities</i>				
Ordinary shares issued		–	12	–
Share premium raised		–	1 392	–
Net treasury shares acquired by share scheme		–	(31 134)	–
Decrease in share incentive scheme loan		7 355	4 774	1 396
Dividend and loan repayments to outside shareholders		(44 207)	(15 132)	(13 701)
Increase/(decrease) in interest-bearing borrowings		410 608	3 984	(146 784)
Net cash generated/utilised in financing activities		373 756	(36 104)	(159 089)
Net (decrease)/increase in cash and cash equivalents		(46 640)	4 758	38 813
Cash and cash equivalents at beginning of year		109 362	104 604	65 791
Cash and cash equivalents at end of year	21	62 722	109 362	104 604

SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER

EBITDA Reconciliation	2006 R'000	2005 R'000	2004 R'000
Operating profit	506 500	387 310	347 185
Property and equipment rental	15 346	10 503	8 886
Depreciation and amortisation	101 812	90 278	86 122
EBITDA	623 658	488 091	442 193
EBITDA margin	41,1%	41,9%	41,8%

Headline earnings reconciliation	Profit before tax R'000	Tax R'000	Minority interest R'000	Headline earnings		
				2006 R'000	2005 R'000	2004 R'000
Attributable profit for the year	482 166	(159 210)	(68 644)	254 312	230 732	192 208
Profit on sale of available-for-sale instruments	–	–	–	–	(21 726)	(6 919)
CGT arising on ALL refinancing	–	5 466	–	5 466	–	–
(Profit)/loss on sale of property, plant and equipment	(111)	60	35	(16)	488	590
Headline earnings	482 055	(153 684)	(68 609)	259 762	209 494	185 879
Weighted average number of shares in issue (000)				203 961	205 260	203 938
HEPS (cents)				127,4	102,1	91,1

Departmental analysis	2006 R'000	2005 R'000	2004 R'000
Revenue	1 517 113	1 165 422	1 056 683
Net gaming win	1 381 332	1 046 409	934 502
Theme Park	58 396	46 700	54 424
Hotel	12 572	11 161	8 320
Theatre	2 588	1 665	5 018
Food and beverage	33 759	26 944	26 465
Parking	8 276	8 396	9 295
Management fees and commissions	6 520	11 861	6 772
Rental income	12 953	11 739	10 807
Other	717	547	1 080
Operating costs	(902 820)	(705 137)	(625 660)
Gaming			
– Gaming levies and VAT	(271 310)	(207 610)	(186 346)
– Gaming expenses	(206 091)	(184 781)	(176 185)
Theme Park	(54 541)	(45 324)	(51 156)
Hotel	(8 029)	(7 552)	(5 540)
Theatre	(6 776)	(8 052)	(9 952)
Food and beverage	(26 673)	(23 229)	(24 192)
Parking	(2 722)	(1 981)	(1 855)
Management fees and commissions	(5 534)	(10 421)	(5 481)
Other	(321 144)	(216 187)	(164 953)
Other operating income	9 365	27 806	11 170
EBITDA	623 658	488 091	442 193

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with “International Financial Reporting Standards” (IFRS).

The term IFRS includes International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). The standards referred to are set by the International Accounting Standards Board (IASB).

1.1.1 ***Standards, amendments and interpretations effective in 2006 but not relevant to the group***

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the group’s operations:

- IAS 19 (Amendment), Employee Benefits;
- IAS 21 (Amendment), Net Investment in a Foreign Operation;
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions;
- IAS 39 (Amendment), The Fair Value Option;
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards;
- IFRS 6, Exploration for and Evaluation of Mineral Resources;
- IFRIC 4, Determining Whether an Arrangement Contains a Lease;
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

1.1.2 ***Standards, amendments and interpretations that are not yet effective***

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group’s accounting periods beginning on or after 1 March 2006 or later periods but which the group has not early adopted, as follows:

- IAS 1, Presentation for Financial Statements: Capital Disclosures (effective for years commencing on or after 1 January 2007).

The amendment to IAS 1 requires disclosure that enables the users of the financial statements to evaluate the entity’s objectives, policies and processes for managing capital. This includes qualitative information about the entity’s objectives, policies and processes for managing capital, summary quantitative data about what it manages as capital, as well as changes from the previous period. The entity would also need to disclose whether during the period it complied with any externally imposed capital requirements to which it may be subject to and when the entity has not complied with such externally imposed capital requirements, the consequence of such non-compliance. The group is currently evaluating the effect of the standard.

- IFRS 7, Financial Instruments: Disclosures, and the complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007).

IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the group’s financial instruments.

- IFRS 8, Operating Segments (effective from 1 January 2009).
IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments and products and services; the geographical areas in which it operates; and its major customers. The group is currently evaluating the effect of the standard.
- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006).
IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the group's operations.
- IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006).
IFRIC 8 requires consideration of transactions involving the issuance of equity instruments where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The group will apply IFRIC 8 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- IFRIC 9, Reassessment of Embedded Derivatives (effective from 1 June 2006).
IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent re-assessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case re-assessment is required. The group will apply IFRIC 9 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- IFRIC 10, Interim Financial Reporting and Impairment (effective from 1 November 2006).
IFRIC 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The group will apply IFRIC 10 from 1 January 2007 but it is not expected to have any impact on the group's accounts.
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions (effective from 1 March 2007).
IFRIC 11 addresses how to apply IFRS 2 Share based Payments to share based payment arrangements involving an entity's own equity instruments or equity instruments of another entity in the same group. The group is currently evaluating the effect of the standard.
- IFRIC 12, Service Concession Arrangements (effective from 1 January 2008).
IFRIC 12 gives guidance on the accounting by operators for public-to-private service concession arrangements. The group will apply IFRIC 12 from 1 January 2008 but it is not expected to have any impact on the group's accounts.
- AC 503 Accounting for Black Economic Empowerment ('BEE') Transactions (effective for annual periods beginning on or after 1 May 2006).
AC 503 BEE transactions states that if equity instruments are granted at a discount to a BEE partner, this must be expensed. BEE credentials acquired as part of a business combination shall be subsumed in goodwill and not recognised as a separate intangible asset. Where the BEE transaction includes service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised over the period of service conditions. Where the BEE transaction includes no service conditions, the fair value of the equity instruments shall be measured at grant date and the expense should be recognised immediately on grant date. The group will apply AC 503 from 1 January 2007 and is currently evaluating the effects of the standard.

1.2 **Financial statement presentation**

The consolidated annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

1.3 **Consolidation**

The group recognises investments in subsidiaries, associates and joint ventures as per the accounting policies detailed below. The company recognises these categories of investment at historical cost. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

1.3.1 **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which Gold Reef has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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 the original business combination and the minority's share of changes in equity since the date of the combination. 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

The group applies a policy of treating transactions with minority interests as transactions with equity owners of the group. For purchases from minority interests, the difference between and consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3.2 **Associates**

An associate is an entity over which Gold Reef has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after re-assessment, is recognised immediately in profit or loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3.3 **Joint venture undertakings**

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held-for-sale, in which case it is accounted for under IFRS 5. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary (see 1.6.1).

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

1.4 **Property, plant and equipment**

Land and buildings comprise mainly casino buildings and offices. Property, plant and equipment are shown at historical cost, less depreciation for buildings and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

All significant assets' residual values and remaining useful lives are reviewed annually, and estimated useful lives are adjusted if appropriate, at each balance sheet date. The following estimated useful lives were used in the preparation of these accounts:

• Buildings	50 years
• Plant and machinery	5 – 15 years
• Casino equipment	5 – 6 years
• Theme Park rides	6 – 26 years
• Vehicles	5 years
• Furniture, fittings and other equipment	5 – 10 years
• Computer equipment and software	2 – 6 years
• Computer mainframes and servers	5 years

Professional valuations of the residual values of land and buildings are updated at least once every three years. At each balance sheet date, these residual values are compared to market values of 50 year old properties and adjusted accordingly.

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.

Leasehold improvements are depreciated using the straight-line method over the period of the lease adjusted for any decommissioning costs to be incurred at the end of the lease period.

Gains and losses on disposals are determined by comparing the proceeds with the respective carrying amounts and are included in operating profit.

1.5 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 **Intangible assets**

1.6.1 **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the net fair value of the group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, associate or jointly controlled entity recognised at the date of acquisition. Goodwill on acquisitions of subsidiaries and jointly controlled entities is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to each of Gold Reef's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The group

considers each existing business operation to be a cash-generating unit. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.6.2 **Trademarks**

Trademarks are recognised at cost. Trademarks have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives. The estimated useful lives of the group's trademarks are 10 years.

1.6.3 **Royalty fees**

Royalty fees in respect of past services are capitalised on the basis of the costs incurred to acquire the specific royalty. These costs are amortised over the estimated useful life of the royalty purchased (20 years).

1.6.4 **Bid costs and licences**

Capitalised bid costs that relate to the exclusivity period of the casino licence are amortised over the exclusivity period.

Bid costs incurred that relate to the casino licence are amortised over the period of the license, or over 50 years for permanent licenses.

1.7 **Internally generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Research and development expenditure previously recognised as an expense is not recognised as an asset in subsequent periods.

Internally generated intangible assets are recognised when it is probable that the project to which the expenditure relates will be a success, considering its commercial and technical feasibility and costs can be reliably measured. These intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

1.8 **Impairment of tangible and definite-lived intangible assets excluding goodwill**

At each balance sheet date the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.9 **Financial instruments**

The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification

depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.9.1 *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. 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. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date.

1.9.2 *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

1.9.3 *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. Realised and unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the

income statement on equity instruments are not reversed through the income statement. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

1.9.4 **Financial guarantee contracts**

The group recognises financial guarantee contracts where they are required to make specified payments to reimburse the holder for a loss it incurs because a specified debtor (outside of the group) fails to make payment when due in accordance with the original or modified terms of a debt instrument.

1.10 **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and related costs that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable marketing, selling and distribution expenses.

1.11 **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed separately under current liabilities.

1.12 **Share capital**

Ordinary shares are classified as equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders.

1.13 **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.14 **Taxation**

The South African ("SA") normal tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Secondary Tax on Companies ("STC") is calculated in respect of dividend payments net of dividends received. Income tax expense represents the sum of SA normal tax, STC and deferred tax.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a

business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates enacted or substantially enacted in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

1.15 **Employee benefits**

1.15.1 ***Share-based payments – Gold Reef Share Scheme***

The group operates an equity-settled, share-based compensation plan. Options are granted to permanent employees at the discretion of the directors in terms of which shares in Gold Reef may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected at future dates, which are determined at the time of granting the options. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts.

On a group level the Gold Reef Share Scheme is consolidated. Upon exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options.

The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. The fair value of the employee services received by the company's associates in exchange for the grant of the options is recognised as an increase in the investment in associate. The fair value of the employee services received by the company's joint ventures in exchange for the grant of the options is recognised as an expense to the extent that the venture is consolidated, any remaining portion is included in the investment in joint venture.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the vesting period. This equity account is included in the share-based payment reserve of the company.

Fair value is measured using a modified Binomial pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

1.15.2 ***Bonus plans***

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises the liability where a reliable estimate can be made of

the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the directors are of the opinion that it is probable that such bonuses will be paid.

1.15.3 **Retirement benefit costs**

The group operates a defined contribution plan. The group's contribution to the defined contribution provident plan is charged to the income statement in the period to which the contribution relates.

1.15.4 **Employee leave entitlement**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability has been included in the accruals balance in the balance sheet.

1.16 **Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The increase in the provision due to passage of time is recognised as an interest expense.

1.17 **Revenue recognition**

Gaming revenue comprises the net gaming win generated by casino operations. In terms of accounting standards, contracts concluded under gaming operations meet the definition of derivatives, and therefore income from gaming operations represents the net position arising from financial instruments. Net gaming win is measured as the net cash received from casino operations. Due to the short-term nature of the group's casino operations, all income is recognised in profit and loss immediately, at fair value.

Revenue arising from entrance fees, theatre revenue, hotel revenue, parking revenue, rental income, management fees and commissions and food and beverage revenue are recorded on the accrual basis.

VAT and other taxes levied on casino winnings are included in net gaming win and are treated as direct costs as these are borne by the group and not customers. VAT on all other revenue transactions is excluded from revenue as this is considered to be a tax collected as an agent on behalf of the South African Revenue Services.

Other revenue earned by the group is recognised on the following bases:

- royalty income: on an accrual basis in accordance with the substance of the relevant agreement;
- interest income: as it accrues (taking into account the effective yield on the assets) unless collectability is in doubt; and
- dividend income: when the shareholders' rights to receive payment have been established.

1.18 **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

1.19 **Dividend distribution**

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

1.20 **Segmental reporting**

In terms of IAS 14, the group operates in one business and one geographic segment only. However, information has been disclosed in the annual report for the individual casino operations within the group.

2. **FINANCIAL RISK MANAGEMENT**

2.1 **Financial risk factors**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

2.1.1 **Market risk**

To manage their foreign exchange risk arising from future commercial transactions, which result in the group recognising assets and liabilities, entities in the group use forward contracts. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The group's risk management policy is to hedge the majority of anticipated transactions (mainly import purchases) in each major currency.

2.1.2 **Credit risk**

The group has no significant concentrations of credit risk. It has policies in place to ensure that the granting of credit to customers is adequately controlled.

2.1.3 **Cash flow and fair value interest rate risk**

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The group manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates.

2.2 **Accounting for derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 2.5.

2.2.1 **Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2.2.2 **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.2.3 **Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.3 **Fair value estimation**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

2.4 Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in South African Rands, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts and options.

2.5 Financial effects of derivative financial instruments and hedging activities

2.5.1 *Effects of hedging transactions effective at year-end.*

During the year various group companies obtained loans from financial institutions (refer Note 25). The loans attract interest at various rates. Subsequent to this either a) Zero Cost Interest Rate Collars or b) Interest Rate Swap Agreements were entered into with these and other financial institutions.

- (a) The Zero Cost Interest Rate Collar agreements provide the group with different cap and floor rates on initial notional principle amounts, the notional amount being adjusted each month for the capital repayments.
- (b) The Interest Rate Swap Agreements have the effect of hedging the group against any further changes in interest rates by fixing the rate on the notional amount.

The effects of these agreements are represented below at their mark-to-market value.

Company	Notional principle	Term	Floor/ Swap rate	Cap rate	Effective hedge?	Deriva- tive asset	Deriva- tive liability	Hedge reserve at year end
Akani Egoli	R250 million	3 years	8,00%	10,47%	Ineffective	423	(1 371)	–
Goldfields Casino	See Note 1	3 years	8,78%	N/A	Effective	N/A	(91)	91
Garden Route Casino	See Note 1	3 years	8,00%	10,35%	Ineffective	70	(187)	–
Silverstar	See Note 1	5 years	8,97%	N/A	Effective	N/A	(10 251)	10 254
Akani Msunduzi	See Note 1	3 years	8,00%	10,98%	Ineffective	77	(320)	–
						570	(12 220)	10 345

Note 1: The above casinos have entered into contracts to hedge their amortised debt balance. Management predict the debt build up and resulting amortisation at these casinos and use this as the basis of entering into interest rate hedges.

To the extent that there is a deviation between the projected amortised balance and the actual level of debt, the ineffective portion of the hedge is recognised in the income statement.

2.5.2 *Effects of hedging transactions completed at year-end*

During 2004 three companies in the group entered into interest rate swap agreements. This had the effect of hedging the group against further changes in interest rates that it was subject to on its interest-bearing borrowings. The interest rate swap agreements that the group entered into were classified as cash flow hedges.

The fair value of these cash flow hedges is Nil (2005: R146 989, 2004: R738 460). A cost of R115 098 (2005: R553 326, 2004: R561 595) has been recorded in the income statement due to the hedged rates being higher than marginal rates.

3. **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES:

3.1 Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimates used are disclosed in Note 13.

3.2 Income taxes

Judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 Estimates of residual values and useful lives of property, plant and equipment

The group reassesses annually the residual values and remaining useful lives of significant assets. The residual values of these assets have been estimated as the amount that the group would currently obtain from disposal of each significant asset, in its current location, if the asset were already of the age and in the condition expected at the end of its useful life. The useful life is estimated as the period over which an asset is expected to be available for use by the group.

3.4 Gaming provisions

Gaming provisions consist of expected future obligations to customers. The timing of the payments required to settle these obligations is uncertain, as is the eventual recipient of the payment. The group however assumes that these amounts will be paid out in the ongoing operations of the relevant gaming subsidiaries during the next 12 months.

3.5 Net gaming win

The group regards the national VAT levied on net gaming win to be comparable with the gaming levies which are paid to provincial gaming boards. These are seen as direct costs of the group as they are borne entirely by the group and have no effect on casino activities from the customer's perspective. In the casino industry the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows casinos to account for VAT by applying the tax fraction to the net betting transaction. Provincial gaming levies are calculated on a similar basis by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed by the group and would not be recouped from the customer. The group thus treats VAT and other taxes levied on casino winnings as direct costs. These costs are included in net gaming win and are disclosed separately from other expense items on the face of the income statement.

4. OTHER INCOME

	2006 R'000	2005 R'000	2004 R'000
The following items have been included in other income:			
Profit on sale of available-for-sale financial instruments	–	20 411	7 800
Profit on sale of management contract	–	5 000	–
Dividends and redemption premium received on ACI refinancing	8 947	–	–
Other income items	418	2 395	3 370
	9 365	27 806	11 170

5. OPERATING PROFIT

The following items have been charged/(credited) in arriving at operating profit:

Gaming levies and VAT

– Gaming levies	114 705	90 204	81 438
– VAT on gross gaming revenue	156 605	117 406	104 908
	271 310	207 610	186 346

Depreciation

– Owned	94 095	85 928	80 418
– Leasehold	3 360	3 213	3 876

Amortisation

– Trademarks	100	100	100
– Casino licences	144	146	115
– Bid costs	1 994	891	1 613
– Royalties	2 119	–	–

Total depreciation and amortisation

	101 812	90 278	86 122
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Operating expenses consists of:

Gaming expenses	7 958	7 949	9 895
Food and beverage expenses	13 680	13 039	12 416
General administration, human resources and IT	59 765	35 287	48 502
Security and surveillance	17 332	13 422	9 747
Operating lease charges	15 346	10 157	8 590
– Land and buildings	8 608	5 474	4 808
– Property, plant and equipment	6 738	4 683	3 782
Repairs and maintenance	50 420	32 203	27 303
Auditor's remuneration	2 812	1 925	640
– Audit fees – current year	2 371	1 351	861
– Audit fees – relating to prior years	15	22	(688)
– Other services	426	552	467
Other expenses	51 169	33 162	26 949
	218 482	147 144	144 042

(Profit)/loss on disposal of property, plant and equipment

	(111)	810	1 077
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6. EMPLOYEE COSTS

	2006 R'000	2005 R'000	2004 R'000
Salaries and wages	290 454	233 965	205 081
Share-based payment charge	9 988	8 960	5 086
Provident fund costs			
– Defined contribution plan	14 253	10 477	9 511
	314 695	253 402	219 678
Average weekly number of employees employed by the group during the year:			
– Full time	2 112	1 830	1 966
– Part time	299	259	135

7. FINANCE (COSTS)/INCOME

Interest expense	(36 887)	(16 892)	(12 658)
– Bank	(28 736)	(8 378)	(9 331)
– Finance leases	–	–	(1 423)
– Other	(8 151)	(8 514)	(1 904)
Facilitation fees	(2 414)	(2 403)	(564)
Finance costs capitalised	2 341	–	–
Total finance costs	(36 960)	(19 295)	(13 222)
Interest income	11 957	19 179	7 957
– Bank	4 745	6 377	3 451
– Other	7 212	12 802	4 506
Net finance costs	(25 003)	(116)	(5 265)

8. TAXATION

	2006 R'000	2005 R'000	2004 R'000
Current taxation			
– Current year	154 162	110 490	104 990
– Prior year over provision	(14 643)	(462)	(14 766)
Secondary tax on companies	67 017	12 370	6 624
Capital gains tax	5 466	3 617	1 131
Deferred taxation			
– Current year	(56 905)	(2 766)	2 884
– Prior year under provision	4 113	–	21 439
– Rate change	–	(1 281)	–
Taxation charge	159 210	121 968	122 302
The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of SA as follows:			
Standard rate (%)	29,0	29,0	30,0
Adjusted for:			
Exempt income (%)	(0,6)	(2,0)	(0,9)
Non-deductible expenses (%)	1,5	0,8	2,4
Prior year adjustments current (%)	(3,0)	(0,1)	(4,2)
Prior year adjustments deferred (%)	0,9	–	6,2
Secondary tax on companies (%)	13,9	3,2	1,9
Deferred secondary tax on companies recognised	(10,1)	–	–
Capital gains tax (%)	1,1	0,9	0,3
Income from associate (%)	–	(0,2)	(0,1)
Rate change (%)	–	(0,3)	–
Other items (%)	(0,3)	–	–
	33,0	31,3	35,6

In 2005 the government enacted a change in the companies income tax rate from 30% to 29%.

	2006	2005	2004
	R'000	R'000	R'000

9. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit attributable to equity holders of Gold Reef by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Basic EPS

Profit attributable to shareholders	254 312	230 732	192 208
Total number of shares in issue (000)	220 603	220 603	220 003
Weighted average number of shares in issue (000)	203 961	205 260	203 938
Basic EPS (cents)	124,7	112,4	94,2

Diluted EPS

For diluted EPS the weighted average number of shares in issue is adjusted to assume conversion of all potentially dilutive shares

Profit attributable to shareholders	254 312	230 732	192 208
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Adjusted for:

Effective earnings relating to a share option in favour of S B Joffe over 600 000 shares at R2.34 per share. The options were redeemed in April 2005

–	15	59
<u>254 312</u>	<u>230 747</u>	<u>192 267</u>

Weighted average number of shares in issue (000)	203 961	205 260	203 938
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Adjusted for:

Share options outstanding (000)

–	150	600
<u>203 961</u>	<u>205 410</u>	<u>204 538</u>

Diluted EPS (cents)	124,7	112,3	94,0
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10. DIVIDEND PER SHARE

No final dividend has been declared pending the fulfilment of the conditions precedent as set out in the announcement relating to the BEE transactions issued on 9 March 2007. A further announcement in this regard will be made by Monday, 30 April 2007.

11. PROPERTY, PLANT AND EQUIPMENT

	Casino equipment R'000	Plant and machinery R'000	Furniture, fittings and other equipment R'000	Computer equipment and software R'000	Land and buildings R'000	Theme Park rides R'000	Total R'000
For the year ended 31 December 2004							
At beginning of year	102 818	75 537	41 747	21 905	540 718	58 712	841 437
Additions	25 737	65	12 840	7 225	38 894	3 789	88 550
Disposals	(1 613)	(64)	(30)	(4)	(2 318)	–	(4 029)
Depreciation	(33 969)	(14 984)	(12 359)	(13 954)	(3 175)	(1 977)	(80 418)
At end of year	92 973	60 554	42 198	15 172	574 119	60 524	845 540
At 31 December 2004							
Cost	255 063	117 133	91 572	54 761	608 044	65 280	1 191 853
Accumulated depreciation	(162 090)	(56 579)	(49 374)	(39 589)	(33 925)	(4 756)	(346 313)
Closing carrying value	92 973	60 554	42 198	15 172	574 119	60 524	845 540
For the year ended 31 December 2005							
At beginning of year	92 973	60 554	42 198	15 172	574 119	60 524	845 540
Additions	39 450	799	7 900	3 267	44 888	11 404	107 708
Disposals	(2 425)	–	(7 774)	(44)	–	–	(10 243)
Write-offs	–	–	–	–	(38)	–	(38)
Depreciation	(44 135)	(14 691)	(11 623)	(9 784)	(3 261)	(2 434)	(85 928)
At end of year	85 863	46 662	30 701	8 611	615 708	69 494	857 039
At 31 December 2005							
Cost	254 001	117 932	89 972	53 685	652 894	76 684	1 245 168
Accumulated depreciation	(168 138)	(71 270)	(59 271)	(45 074)	(37 186)	(7 190)	(388 129)
Closing carrying value	85 863	46 662	30 701	8 611	615 708	69 494	857 039
For the year ended 31 December 2006							
At beginning of year	85 863	46 662	30 701	8 611	615 708	69 494	857 039
Acquisitions	23 678	14 884	3 719	2 239	124 572	–	169 092
Additions and finance costs capitalised	88 119	1 739	73 778	20 963	155 717	11 140	351 456
Transfers	–	85	348	–	1 701	(2 134)	–
Disposals	(940)	–	(3 100)	(27)	–	–	(4 067)
Write-offs	(930)	–	(10)	–	–	–	(940)
Depreciation	(48 653)	(18 145)	(12 393)	(6 692)	(3 680)	(4 532)	(94 095)
At end of year	147 137	45 225	93 043	25 094	894 018	73 968	1 278 485
At 31 December 2006							
Cost	372 878	149 522	166 630	81 245	936 116	85 690	1 792 081
Accumulated depreciation	(225 741)	(104 297)	(73 587)	(56 151)	(42 098)	(11 722)	(513 596)
Closing carrying value	147 137	45 225	93 043	25 094	894 018	73 968	1 278 485

12. LEASEHOLD IMPROVEMENTS

	2006 R'000	2005 R'000	2004 R'000
At beginning of year	98 540	101 626	104 205
Additions	6 530	127	1 297
Depreciation	(3 360)	(3 213)	(3 876)
At end of year	101 710	98 540	101 626
Cost	119 442	112 912	112 785
Accumulated depreciation	(17 732)	(14 372)	(11 159)
Closing carrying value	101 710	98 540	101 626

13. INTANGIBLE ASSETS

	Goodwill R'000	Trade- marks R'000	Casino licences R'000	Bid costs R'000	Royalties R'000	2006 R'000	Total 2005 R'000	2004 R'000
At beginning of year	66 962	300	5 480	19 970	42 380	135 092	93 458	93 172
Acquisitions	329 067	–	3 010	10 152	–	342 229	–	–
Additions	–	–	–	53	–	53	42 771	2 114
Write-offs	–	–	–	(300)	–	(300)	–	–
Amortisation	–	(100)	(144)	(1 994)	(2 119)	(4 357)	(1 137)	(1 828)
At end of year	396 029	200	8 346	27 881	40 261	472 717	135 092	93 458
At 31 December 2006								
Cost	396 029	1 000	11 124	38 436	42 380	488 969	144 081	101 310
Accumulated amortisation	–	(800)	(2 778)	(10 555)	(2 119)	(16 252)	(8 989)	(7 852)
Closing carrying value	396 029	200	8 346	27 881	40 261	472 717	135 092	93 458

Goodwill is allocated to the casino operations and management company as follows:

	2006 R'000	Goodwill 2005 R'000	2004 R'000
Casino operations	356 709	27 642	27 464
Management company	39 320	39 320	39 320
	396 029	66 962	66 784

Goodwill in the casino operations relates primarily to the casino licence and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships.

The recoverable amount of each of the above is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Management have assumed revenue growth to be as disclosed in the annual report; EBITDA margins to remain consistent; and a discount rate as per the average borrowing rate disclosed in Note 25.

14. PRINCIPAL SUBSIDIARY UNDERTAKINGS

All subsidiaries are eliminated in group annual financial statements. Complete details of the investments in subsidiaries are supplied in the company annual financial statements in the company annual report.

15. INVESTMENT IN ASSOCIATE

	2006 R'000	2005 R'000	2004 R'000
Net share of results in associate in prior years	4 027	1 414	*
Net share of results in associate during the year	669	2 613	1 414
Transfer of associate to a subsidiary during the year	(4 696)	–	–
Share-based payments made to associate employees	–	597	221
At end of year	–	4 624	1 635
Loans to associate	–	691	5 743
Closing carrying value	–	5 315	7 378
Reconciliation			
At beginning of year	5 315	7 378	21 920
Net share of results in associate	669	2 613	1 414
Transfer of associate to a subsidiary during the year	(5 293)	–	–
Share-based payments made to associate employees during the year	–	376	189
Loans repaid during the year	(691)	(5 052)	(16 145)
	–	5 315	7 378
Closing carrying value is analysed as follows:			
Goldfields Casino	–	5 315	7 378
Loans to associate is analysed as follows:			
Goldfields Casino**	–	691	5 743

* Amount less than R1 000.

** The company loan to Goldfields Casino bears interest at prime and was repaid in the current year.

The carrying amounts of the loans to associate approximates their fair value. In the prior year the directors valued the shares in the groups' associate, Goldfields Casino, at its carrying value in the financial statements.

The following information relates to the group's interest in its associate from the prior year:

Associate	Country of incorporation	Listed/ Unlisted	Proportion owned	Economic interest	Nature of business
Goldfields Casino	South Africa	Unlisted	10,00%	14,67%	Gaming and entertainment

As the group holds a significant influence in Goldfields Casino but not control, the results of its operations were equity-accounted. The directors considered the group to hold a significant influence in Goldfields Casino as the group appointed two directors to the Board of the company and a group subsidiary held 70% of the management contract in the casino.

15. **INVESTMENT IN ASSOCIATE (continued)**

	2006 R'000	2005 R'000	2004 R'000
The trading results of the associate company, whose results are equity-accounted in the annual financial statements, are as follows:			
Revenue	–	86 241	80 550
Total associate company's retained profit for the year	–	17 818	12 337
The aggregate balance sheet of the associate is summarised as follows:			
Property, plant and equipment	–	27 478	37 441
Intangible assets	–	6 494	7 309
Deferred tax assets	–	3 643	296
Current assets	–	2 220	1 868
Cash	–	11 944	8 096
Total assets	–	51 779	55 010
Shareholders' loans	–	(7 530)	(32 958)
Net current liabilities	–	(16 163)	(12 159)
Total shareholders' funds	–	28 086	9 893

16. **INVESTMENT IN JOINT VENTURES**

Share-based payments made to joint venture employees	–	667	261
Loans to ventures	36 280	17 924	18 472
Closing carrying value	36 280	18 591	18 733
Reconciliation			
At beginning of year	18 591	18 733	23 436
Transfer of joint venture to a subsidiary during the year	(18 585)	–	–
Disposal of joint venture during the year	(6)	–	–
Share-based payments made to joint venture employees	–	406	223
Loans raised/(repaid) during the year	36 280	(548)	(4 926)
	36 280	18 591	18 733
Closing carrying value is analysed as follows:			
Silverstar	36 280	–	–
Garden Route Casino	–	18 585	18 727
Newshelf 698 (Pty) Limited	–	6	6
	36 280	18 591	18 733
Loans to joint ventures is analysed as follows:			
Silverstar*	36 280	–	–
Garden Route Casino**	–	17 918	18 466
Newshelf 698 (Pty) Limited	–	6	6
	36 280	17 924	18 472

* Loans from group companies to Silverstar bear interest at 1 month JIBAR plus 1,29%.

** The loan to Garden Route Casino bore interest at prime plus 2% and was repaid during the current year.

The carrying amounts of the loans to joint ventures approximate their fair value.

16. INVESTMENT IN JOINT VENTURES (continued)

Joint Venture	Country of incorporation	Listed/ Unlisted	Proportion owned	Economic interest	Nature of business
Silverstar – acquired effective 14 July 2006	South Africa	Unlisted	50,00%	50,00%	Gaming and entertainment
Garden Route Casino	South Africa	Unlisted	***42,50%	***42,50%	Gaming and entertainment
Newshelf 698 (Pty) Limited	South Africa	Unlisted	***50,00%	***50,00%	Investment holding

*** Garden Route Casino and Newshelf 698 (Pty) Limited were not regarded as joint ventures effective 1 January 2006. The holding during the 2005 financial year is disclosed above.

	2006 R'000	2005 R'000	2004 R'000
The trading results of the joint ventures, whose results are proportionally consolidated in the annual financial statements, are as follows:			
Revenue	–	123 352	98 449
Total joint venture's retained profit since acquisition	(140)	24 044	11 583
The aggregate balance sheet of the joint ventures is summarised as follows:			
Property, plant and equipment	70 604	80 462	87 029
Intangible assets	204	11 834	11 570
Deferred tax assets	–	829	1 312
Current assets	180	2 754	3 941
Cash	70	11 580	6 622
Total assets	71 058	107 459	110 474
Shareholders' loans	–	(54 000)	(67 320)
Net current liabilities	(155 654)	(26 374)	(40 815)
Total shareholders' funds	(84 596)	27 085	2 339

17. FINANCIAL ASSETS

Available-for-sale financial assets	2006 R'000	2005 R'000	2004 R'000
At beginning of year	1	1	1
Preference shares subscribed for during the year	85 727	–	–
Cumulative preference dividends accrued during the year	8 947	–	–
At end of year	94 675	1	1

Available-for-sale investments are fair valued at the close of business on 31 December.

For investments traded in active markets, fair value is determined by reference to the JSE quoted closing prices. For other investments, fair value is estimated by reference to the current market value of similar instruments.

Available-for-sale investments are classified as non-current assets unless they are expected to be realised within 12 months of the balance sheet date or are expected to be sold to raise operating capital.

Credit risk

The company and the group do not have a significant concentration of credit risk. From time to time derivative instruments are entered into and cash is placed with reputable financial institutions. There was no credit risk relating to derivatives at year-end.

17. FINANCIAL ASSETS (continued)

Fair values

The carrying amounts of the following financial instruments approximate their fair value:

Cash, investments, trade receivables and payables, other receivables and payables, loans to associates and joint ventures, share-based payments to employees of investee companies and short-term borrowings.

The investments in preference shares by the company have not been valued and have been recorded at cost.

The remaining preference shares have not been fair valued as it is not possible to attribute a fair value to them individually. The investments in these preference shares have been included in the consolidation of the underlying casinos in the group's annual financial statements.

The following information relates to the group's available-for-sale investments:

Investment	Number of shares held	Carrying value	Nature of business
ALMI**	1 000	*	Investment holding
ALGI**	3 012	*	Investment holding
ALICM***	–	*	Share-based payments to employees of company

* Amount less than R1 000.

** This shareholding comprises preference shares only.

*** This investment comprises share-based payments made to the employees of the company. The group holds no ordinary shares or preference shares in the company. The investment is expensed on consolidation.

The following information relates to preference shares subscribed for by the company to provide finance to its empowerment partners:

Investment	Original value subscribed for R'000	Cumulative dividends R'000	Total R'000
Newshelf 786 (Pty) Limited	28 226	2 313	30 539
Newshelf 800 (Pty) Limited	19 531	1 901	21 432
Eglin Investments No. 30 (Pty) Limited	37 970	4 733	42 703
	85 727	8 947	94 674

18. SHARE INCENTIVE SCHEME

Available-for-sale financial assets	2006 R'000	2005 R'000	2004 R'000
Amounts due by participants	25 484	32 839	37 613

The group operates an equity-settled, share-based compensation plan established in September 1999. Options are granted to permanent employees at the discretion of the directors in terms of which shares in Gold Reef may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected at future dates, which are determined at the time of granting the options. Shares acquired through the share incentive scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options. The shares in Gold Reef are held as security against this asset and any dividends paid on those shares are utilised to reduce the balance owing by the employee.

18. SHARE INCENTIVE SCHEME (continued)

A complete accounting policy for the scheme is included in Note 1.15 to these annual financial statements.

Movements in the number of share options outstanding are as follows:

	2006		2005		2004*
	Number of	Average	Number of	Average	Number
	shares	price	shares	price	of shares
		(R)		(R)	
Awards/options at beginning of year	1 564 000	15.35	133 334	7.68	7 752 334
Granted	2 585 000		1 654 000		2 305 000
– Directors	1 100 000	14.39	840 000	15.35	1 000 000
– Staff	1 485 000	14.39	814 000	15.35	1 305 000
Lapsed	(9 000)		(123 334)		(162 500)
– Directors	–	–	–	–	–
– Staff	(9 000)	15.35	(123 334)	13.28	(162 500)
Exercised and delivered	–		(100 000)		(8 956 668)
– Directors	–	–	–	–	(5 483 333)
– Staff	–	–	(100 000)	7.68	(3 473 335)
Exercised, delivered and sold	–		–		(804 832)
– Directors	–	–	–	–	233 334
– Staff	–	–	–	–	(571 498)
Awards/options at end of year	4 140 000	14,75	1 564 000	15,35	133 334

At year-end all of the 2 585 000 options granted during the year were available to be exercised by employees at a price of R14.39. At year-end 1 555 000 of the 1 564 000 options carried forward from the prior year were available to be exercised by employees at a price of R15.35.

Share options that have already been exercised by employees are not regarded as outstanding. The following transactions are relevant to these shares:

During the year 886 501 (2005: 628 832) shares vested in and were sold on the open market by participants. A further 1 520 165 (2005: 1 378 532) shares vested in and remained unsold.

In the prior year 2 114 185 shares were purchased on the open market by the Gold Reef Share Scheme.

The average price data has not been presented for the comparative period as this data was not required prior to the conversion to IFRS and it is no longer practicable to obtain this data.

19. INVENTORIES

	2006	2005	2004
	R'000	R'000	R'000
Operating equipment	493	431	442
Food and beverage	840	695	773
Stationery	917	583	521
Promotional items	137	34	49
Other	5 197	996	1 201
	7 584	2 739	2 986

20. RECEIVABLES AND PRE-PAYMENTS

	2006 R'000	2005 R'000	2004 R'000
Trade receivables	3 299	3 357	4 285
Provision for impairment of receivables	(590)	(249)	(2 362)
Net trade receivables	2 709	3 108	1 923
Pre-payments	6 605	7 260	4 270
Sundry debtors	4 179	3 173	10 579
Financial assets (see Note 2.5)	570	–	–
Other	6 160	1 466	894
	20 223	15 007	17 666

21. CASH AND CASH EQUIVALENTS

Cash at bank	71 225	91 379	76 893
Cash on hand	34 510	35 168	27 849
	105 735	126 547	104 742
Bank overdrafts	(43 013)	(17 185)	(138)
	62 722	109 362	104 604

All bank balances and bank overdrafts are held under cash management for individual group companies.

22. SHARE CAPITAL

	Number of shares (000)	Ordinary share capital R'000	Share premium R'000	Treasury shares R'000	Total R'000
Group (net of treasury shares)					
At 1 January 2004	203 332	4 357	481 476	(44 157)	441 979
Ordinary shares issued in 2004	2 143	43	16 412	–	16 152
Share capital at 31 December 2004	205 475	4 400	497 888	(44 157)	458 131
Ordinary shares issued in 2005	600	12	1 392	–	1 404
Ordinary shares acquired by share scheme	(2 114)	–	–	(31 183)	(31 183)
Share capital at 31 December 2005	203 961	4 412	499 280	(75 340)	428 352
Ordinary shares issued in 2006	–	–	–	–	–
Share capital at 31 December 2006	203 961	4 412	499 280	(75 340)	428 352

The total authorised number of ordinary shares is 590 000 000 (2005: 590 000 000) with a par value of 2 cents per share (2005: 2 cents per share). All issued shares are fully paid-up.

23. OTHER RESERVES

	Land revaluation R'000	Hedging reserve R'000	Existing control business combination reserve* R'000	Other reserves R'000	Total R'000
Balance at 1 January 2004	–	–	–	1 611	1 611
Transfer to retained earnings	–	–	–	(12)	(12)
Profit on sale of shares by share trust	–	–	–	1 142	1 142
Balance at 31 December 2004	–	–	–	2 741	2 741
Transfer to retained earnings	–	–	–	(16)	(16)
Profit on sale of shares by share trust	–	–	–	49	49
Balance at 31 December 2005	–	–	–	2 774	2 774
Revaluation of land as per IFRS 3. Business Combination **	27 519	–	–	–	27 519
Transactions with minorities in West Coast Leisure	–	–	(6 153)	–	(6 153)
Net hedge reserve created during the year (see Note 2.5)	–	(10 345)	–	–	(10 345)
Balance at 31 December 2006	27 519	(10 345)	(6 153)	2 774	13 795

* See Note 30 for a detailed description of the nature of the reserve.

** IFRS 3 was applied to the acquisition of an additional effective holding of 42.5% in Garden Route Casino at 1 January 2006. The land owned by the casino at the date of the acquisition was valued by an independent valuer.

24. MINORITY INTEREST

	2006 R'000	2005 R'000	2004 R'000
Minority interest consists of:			
Subsidiaries' prior year earnings attributable to minorities	128 251	57 620	28 796
Profit attributable to minority interest in the current year	68 644	37 107	28 824
Minority interests' loans at year-end	–	1 702	16 834
At end of year	196 895	96 429	74 454
Minority interests' loans are analysed as follows:			
Hillary Peer Family Trust	–	1 702	4 749
The loan bears interest at prime and is unsecured with no fixed terms of repayment. In terms of the funding agreement for Akani Egoli a portion of the loan has been subordinated in favour of Nedbank. The loan was repaid during the current year.			
Club Mykonos Langebaan (Pty) Limited	–	–	8 867
Flexcor Thirteen (Pty) Limited	–	–	3 218
	–	1 702	16 834

25. **INTEREST BEARING BORROWINGS**

	2006 R'000	2005 R'000	2004 R'000
Current			
– Term loans	76 967	50 000	30 000
Non-current	394 330	10 682	26 698
– Term loans	394 330	6	13 871
– Loan to joint venture from funders	–	10 676	12 827
	471 297	60 682	56 698
Maturity of borrowings (excluding finance lease liabilities):			
Not later than 1 year	76 967	50 000	30 000
Later than 1 year but not later than 5 years	352 067	10 682	26 698
Later than 5 years	42 263	–	–
	471 297	60 682	56 698
Weighted average effective interest rates:			
Term loans	9.6	8.5	10.2

These interest-bearing borrowings are at floating rates linked to JIBAR. The directors believe that the carrying values of the current borrowings approximate their fair value.

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000
Akani Egoli		
Mortgage bond over fixed property at Gold Reef City	Nedbank term loans	370 000
Suretyship by Gold Reef in favour of Nedbank	Nedbank term loans	370 000
First mortgage bond over moveable assets at Gold Reef City Casino	Nedbank term loans	25 000
Praedial bond over Gold Reef City servitude lane	Nedbank term loans	2 500
First covering mortgage bonds to be registered in favour of Nedbank for any new land acquired		
Akani Msunduzi		
Mortgage bond over Akani Msunduzi rights under its property lease	ABSA term loan and bank overdraft	110 000
Notarial bond over movable assets	ABSA term loan and bank overdraft	65 000
Cession of insurance policy on leasehold improvements and moveable assets	ABSA term loan and bank overdraft	269 000
Limited suretyship by Gold Reef	ABSA term loan and bank overdraft	45 000
Limited suretyship by Akani Leisure Msunduzi Investments and its individual consortium members	ABSA term loan and bank overdraft	45 000
A four party agreement exists between ABSA Bank Limited, Pietermaritzburg TLC, Pietermaritzburg Turf Club and Akani Msunduzi agreeing to the binding nature of the terms of the head lease and sub-lease consenting to the registration of the above bonds in favour of ABSA Bank Limited.		

25. **INTEREST BEARING BORROWINGS (continued)**

NATURE OF SECURITY	NATURE OF BORROWINGS	AMOUNT SECURED R'000
West Coast Leisure		
Mortgage bond over West Coast Leisure's section in the common property scheme	ABSA term loan and bank overdraft	35 000
General and special notarial bonds over movable assets	ABSA term loan and bank overdraft	25 000
Cession of insurance policy on fixed property and moveable assets	ABSA term loan and bank overdraft	60 000
Goldfields Casino		
Pledge of assets to be registered	Nedbank term loan	77 000
Secured by the management fee payable to Gold Reef to the extent financial covenants have not been met.	Nedbank term loan	77 000
Garden Route Casino		
Mortgage bond over fixed property at Garden Route Casino	Nedbank term loan	20 000
Notarial bond over moveable assets	Nedbank term loan	30 100
Silverstar		
First covering mortgage bond over fixed property	Nedbank facility/term loan	1 400 000
Notarial bond over moveable assets	Nedbank facility/term loan	1 400 000
Cession of insurance policy on building and moveable assets	Nedbank facility/term loan	1 400 000
Limited suretyship by Gold Reef	Nedbank facility/term loan	700 000
Limited suretyship by Akani Leisure Silverstar Holdings and Akani Leisure Investments	Nedbank facility/term loan	700 000
Gold Reef Management		
A negative pledge of assets	Nedbank term loan	50 000

The borrowings of the group do not exceed that allowed as per the articles of association.

26. DEFERRED TAXATION

	2006 R'000	2005 R'000	2004 R'000
At beginning of year	(36 348)	(40 395)	(16 072)
Rate change	–	1 281	–
Current year movement	56 905	2 766	(2 884)
Prior year adjustments	(4 113)	–	(21 439)
Acquisitions	(10 270)	–	–
At end of year	<u>6 174</u>	<u>(36 348)</u>	<u>(40 395)</u>
Broken down as follows:			
Deferred tax assets	62 627	6 046	9 624
Deferred tax liabilities	(56 453)	(42 394)	(50 019)
	<u>6 174</u>	<u>(36 348)</u>	<u>(40 395)</u>
The deferred tax balance may be analysed as follows:			
Deferred tax assets			
Provisions	11 617	6 036	9 544
Assessed losses	–	–	24
Deferred STC credits	48 702	–	–
Other temporary differences resulting in assets	2 308	10	56
	<u>62 627</u>	<u>6 046</u>	<u>9 624</u>
Deferred tax liabilities			
Capital allowances	(55 284)	(40 298)	(48 711)
Pre-payments	(1 106)	(1 934)	(1 096)
Other temporary differences resulting in liabilities	(63)	(162)	(212)
	<u>(56 453)</u>	<u>(42 394)</u>	<u>(50 019)</u>

Deferred taxation is calculated in full on temporary differences under the liability method using a principal tax rate of 29% (2005: 29%; 2004: 30%)

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The group also has tax losses of R735 380 (2005: R576 050; 2004: R329 528) to carry forward against taxable income, which have not been recognised in these financial statements.

27. TRADE AND OTHER PAYABLES

Trade payables	16 528	13 035	5 762
Accrued expenses	40 271	21 340	33 353
Financial liabilities (see Note 2.5)	12 220	–	–
Other payables	75 604	31 658	33 696
	<u>144 623</u>	<u>66 033</u>	<u>72 811</u>

28. PROVISIONS

	Gaming provisions*	Performance incentive provisions	Other	2006 R'000	Total 2005 R'000	2004 R'000
At beginning of year	5 017	4 219	4 573	13 809	15 941	18 955
Acquisitions	809	1 985	6 415	9 209	–	–
Provisions raised	677	16 782**	7 427	24 886	3 565	2 392
Provisions utilised	(283)	(968)	–	(1 251)	(5 697)	(5 406)
At end of year	6 220	22 018	18 415	46 653	13 809	15 941

* Gaming provisions include casino jackpot provisions and loyalty point provisions.

** Certain performance incentive provisions recognised as accruals in the prior year were classified as provisions in the current year.

Casino jackpot provisions are utilised when won. Loyalty point provisions are redeemed by casino patrons at their discretion. Performance incentive provisions are paid following finalisation of the annual financial results.

29. CASH FLOW INFORMATION

	2006 R'000	2005 R'000	2004 R'000
Profit before taxation	482 166	389 807	343 334
Adjusted for:	137 263	69 775	87 772
Interest received	(11 957)	(19 179)	(7 957)
Interest paid	36 960	16 892	12 658
Depreciation	97 455	89 141	84 294
Amortisation	4 357	1 137	1 828
(Profit)/loss on disposal of property, plant and equipment	(111)	810	1 077
Profit on sale of available-for-sale financial instruments	–	(20 411)	(7 800)
Profit on sale of management contract	–	(5 000)	–
Write-off of fixed assets and intangible assets	1 240	38	–
Share-based payment expenditure	9 988	8 960	5 086
Associate earnings	(669)	(2 613)	(1 414)
	619 429	459 582	431 106
Decrease/(increase) in net current assets	49 438	(6 004)	9 334
(Increase)/decrease in accounts receivable	(3 030)	2 659	3 607
(Increase)/decrease in inventories	(3 754)	247	354
Increase/(decrease) in accounts payable and provisions	66 567	(8 910)	5 373
Increase in financial liabilities included in hedge reserves	(10 345)	–	–
	668 867	453 578	440 440
Taxation paid			
Tax liability at beginning of year	(55 443)	(62 736)	(57 057)
Acquisitions during the year	(18 918)	–	–
Current taxation	(154 162)	(110 490)	(104 990)
Prior year adjustment	14 643	462	14 766
Capital gains tax	(5 466)	(3 617)	(1 131)
Secondary tax on companies	(67 017)	(12 370)	(6 624)
Tax liability at end of year	58 779	55 443	62 736
	(227 584)	(133 308)	(92 300)

30. BUSINESS COMBINATIONS

Effective 1 January 2006 the group acquired 100% of the share capital of Inkonka. This increased the effective holding in Garden Route Casino from 42.5% to 85%. Inkonka had no other material assets or liabilities. Garden Route Casino is thus consolidated as a subsidiary and no longer proportionately consolidated.

Effective 1 January 2006 the group acquired an additional 6.03% of the share capital of West Coast Leisure. As the entity was already a subsidiary, other reserves are used to account for the transaction with minority shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the group's interest in previously recognised assets and liabilities is allocated to the "existing control business combination reserve" in equity.

Effective 1 January 2006 the group restructured the effective shareholding in Akani Egoli by means of the ALI transaction. This decreased the effective holding in Akani Egoli from 83.94% to 74.99%. A transfer was made from retained earnings to minority interest to reflect this transaction.

Effective 1 March 2006 the group acquired 100% of the share capital of Tanglepark. This increased the effective holding in Goldfields Casino from 14.67% to 88%. Tanglepark had no other material assets or liabilities. Goldfields Casino is thus consolidated as a subsidiary and no longer equity accounted.

Effective 14 July 2006 the group acquired 50% of the share capital of Silverstar. Silverstar is thus proportionately consolidated from this date.

	Inkonka R'000	Tanglepark R'000	Silverstar R'000	Total R'000
Cash purchase consideration	156 495	128 596	78 978	364 069
Fair value of net assets acquired (see below)	(35 783)	(19 466)	20 198	(35 051)
Goodwill	120 712	109 130	99 176	329 018

Goodwill relates primarily to the casino licence and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships (see Note 13).

30. BUSINESS COMBINATIONS (continued)

The additional assets and liabilities arising from the acquisition are as follows:

	Inkonka R'000	Tanglepark R'000	Silverstar R'000	Total R'000
Property, plant and equipment at book value	46 263	26 106	7 079	79 448
Property, plant and equipment fair value adjustment	75 732	–	13 912	89 644
Intangible assets*	6 804	6 358	49	13 211
Inventories	386	705	–	1 091
Receivables and prepayments	963	1 223	–	2 186
Cash and cash equivalents	5 992	11 590	700	18 282
Interest-bearing borrowings	(7)	–	–	(7)
Deferred tax (liabilities)/assets	(11 007)	3 557	(2 820)	(10 270)
Trade and other payables	(4 922)	(2 452)	(28 284)	(35 658)
Provisions	(4 473)	(4 736)	–	(9 209)
Tax liabilities	(6 961)	(11 957)	–	(18 918)
Amounts owing to related parties	(32 352)	(3 019)	(10 834)	(46 205)
Net assets	76 418	27 375	(20 198)	83 595
Minority interest	(13 116)	(3 213)	–	(16 329)
Fair value adjustment attributable to existing holding in other reserves	(27 519)	–	–	(27 519)
Entity earnings previously included as investment in associate	–	(4 696)	–	(4 696)
Net assets acquired	35 783	19 466	(20 198)	35 051
Purchase consideration settled in cash	156 495	128 596	78 978	364 069
Property, plant and equipment intra-group interest to be capitalised	–	–	(696)	(696)
Cash and cash equivalents in entity acquired	(5 992)	(11 590)	(4)	(17 586)
Cash outflow on acquisition	150 503	117 006	78 278	345 787

* The Silverstar group had recognised R49 000 of goodwill prior to the acquisition by Gold Reef.

31. RELATED PARTY TRANSACTIONS

	2006 R'000	2005 R'000	2004 R'000
Transactions with the following related parties during the year:			
Akani Leisure Investments	*	300	3 617
Akani Leisure Casinos	7 428	6 711	5 454
CASA	968	766	649
Casinos Austria	–	46 886	4 013
Club Mykonos Resort Managers (Pty) Limited	1 395	1 211	1 567
Empire Amusement Parks (Pty) Limited	–	–	947
Goldfields Casino	–	5 580	7 235
Reygrande Investment Holdings (Pty) Limited	180	441	501
Satara Trading (Pty) Limited	1 412	5 000	–
Siphumelele Investments Limited	–	–	2 019
South African Apartheid Museum	3 495	3 315	3 135
Amounts owing by related parties at end of year			
Akani Leisure Casinos	–	3	–
Akani Leisure Investments	–	25	2
Akani Leisure Goldfields Investments	44	421	–
Akani Leisure Msunduzi Investments	92	67	37
Akani Leisure Investments Hotels Management (Pty) Limited	1 286	228	–
CASA	58	–	11
Pinnacle Point Resorts (Pty) Limited	–	–	581
Silverstar Developments (Pty) Limited	–	25 477	18 956
Satara Trading (Pty) Limited	3 385	4 337	–
Richard Moloko Consortium (Pty) Limited	–	9 260	8 253
Newshelf 786 (Pty) Limited	–	57 620	–
Key members of personnel excluding the share scheme	–	963	–
	4 865	98 401	27 840
Amounts owing to related parties at end of year			
Akani Leisure Casinos	(412)	(818)	(669)
Akani Leisure Silverstar Holdings	(3 118)	–	–
Akani Leisure Goldfields Investments	–	–	(1)
Casinos Austria	–	(478)	(435)
Newshelf 698 (Pty) Limited	(611)	–	–
Empire Amusement Parks (Pty) Limited	–	–	(215)
Olwazini Discovery Centre	(50)	–	(32)
Siphumelele Investments Limited	–	–	(2 019)
South African Apartheid Museum	(232)	(165)	(98)
	(4 423)	(1 461)	(3 469)

Note:

* Akani Leisure Investments owns 50% of Akani Egoli. Effective 1 January 2006 Akani Leisure Investments is regarded as a subsidiary of the group.

A management fee is paid to Akani Leisure Casinos for services rendered in the performance of the management of Gold Reef City Casino. These transactions are carried out on commercial terms and conditions and have been approved by the Board.

Akani Leisure Goldfields Investments owns 40% of Goldfields Casino. An amount is owed by Akani Leisure Goldfields Investments to Goldfields Casino at year-end.

31. RELATED PARTY TRANSACTIONS (continued)

Akani Leisure Investments Hotel Management (Pty) Limited has common directors and shareholders with Akani Leisure Investments. Akani Leisure Investments Hotel Management (Pty) Limited has a current balance outstanding at year-end to Akani Egoli Management (Pty) Limited, a subsidiary of Gold Reef.

Akani Leisure Silverstar Holdings owns 50% of Silverstar. The company has shared directors with Silverstar.

Akani Leisure Msunduzi Investments owns 50% of Akani Msunduzi. An amount is owed by Akani Leisure Msunduzi Investments to Akani Msunduzi Management, a subsidiary of Gold Reef, for expenses paid by Akani Msunduzi Management on behalf of Akani Leisure Msunduzi Investments.

CASA is an association not for gain whose members and contributors are casino operators of SA. The association was formed in order to align all licence holders' interest into one association. All members, including group companies, contribute a monthly fee.

Casinos Austria is a 27.3% shareholder of Gold Reef. Casinos Austria previously earned a royalty based on gross gaming revenue. This transaction was carried out on commercial terms and conditions and has been approved by the Board. On 31 December 2005 Gold Reef repurchased Casinos Austria's share in all future royalties.

Club Mykonos Resorts Managers (Pty) Limited is affiliated to Club Mykonos Langebaan Limited which is a shareholder in West Coast Leisure. Club Mykonos Resorts Managers (Pty) Limited supplies services to West Coast Leisure. The fees payable by West Coast Leisure were carried out on commercial terms and conditions and were approved by the Board.

Richard Moloko Consortium (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. Gold Reef advanced monies to Richard Moloko Consortium (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the Board. The loan was repaid during the current year.

Newshelf 698 (Pty) Limited is a company holding an interest in Akani Leisure Investments. Effective 1 January 2006 Gold Reef disposed of its entire shareholding in Newshelf 698 (Pty) Limited to Eglin Investments No 30 (Pty) Limited as part of the ALL transaction. The transaction was carried out on commercial terms and conditions and was approved by the Board.

Newshelf 786 (Pty) Limited is a BEE company holding an interest in Akani Leisure Investments. Gold Reef advanced monies to Newshelf 786 (Pty) Limited in order for it to purchase its investment. The transaction was carried out on commercial terms and conditions and was approved by the Board. The loan was repaid during the current year.

Reygrande Investment Holdings (Pty) Limited performs administration functions for West Coast Leisure. The administration fees payable by West Coast Leisure are carried out on commercial terms and have been approved by the Board.

Satara Trading (Pty) Limited is a BEE company that purchased a 30% interest in the management contract of Goldfields Casino from Gold Reef during 2005. This transaction was carried out on commercial terms and conditions and was approved by the Board.

Silverstar is the successful applicant for the license in the West Rand region of Gauteng. In 2004 and 2005 Gold Reef lent Silverstar monies in order for Silverstar to acquire land and for other pre-opening expenses. Effective 14 July 2006 the company is regarded as a joint venture.

The Olwanzi Discovery centre is a Section 21 company which operates the science museum adjacent to Golden House Casino. The Olwanzi Discovery Centre was developed by Akani Msunduzi as one of its Casino license conditions. Akani Msunduzi management contributes a monthly fee to fund the operational expenses of the museum.

The South African Apartheid Museum is a Section 21 company which operates the museum adjacent to the Theme Park. The South African Apartheid Museum was developed by Akani Egoli as one of its casino licence conditions. Akani Egoli contributes a fixed monthly fee to fund the operational expenses of the museum.

32. SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND INVESTMENTS

	Effective holding (Economic interest)			Investment in shares (Company and group)			Net indebtedness		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
	%	%	%	R'000	R'000	R'000	R'000	R'000	R'000
Subsidiaries									
Akani Egoli	74,99	83,94	83,94	18 301	18 301	18 301	–	121 547	339 243
Akani Leisure Investments	49,97	–	–	445 524	–	–	–	–	–
Akani Msunduzi	85,00	85,00	85,00	2 377	2 377	2 377	–	11 000	110 000
West Coast Leisure	60,36	54,33	54,33	7 777	*	*	–	–	17 916
Garden Route Casino	85,00	42,50	42,50	12 343	–	–	–	–	–
Inkonka	100,00	–	–	156 495	–	–	–	–	–
Goldfields Casino	88,00	14,67	14,67	*	*	*	–	–	–
Tanglepark	100,00	–	–	128 596	–	–	–	–	–
Gold Reef Management	100,00	100,00	100,00	63 501	63 501	63 501	(92 232)	(75 577)	(61 564)
Akani Egoli Management	62,50	62,50	62,50	*	1	1	–	–	–
Akani Msunduzi Management	62,50	62,50	62,50	*	1	1	–	–	–
Aldiss Investments	100,00	100,00	100,00	*	*	*	43 557	43 538	43 527
				834 914	84 180	84 180	(48 675)	199 508	449 122
Joint ventures									
Silverstar	50,00	–	–	78 978	–	–	26 180	–	–
Garden Route Casino	–	42,50	42,50	–	12 343	12 165	–	25 094	26 121
Newshelf 698 (Pty) Limited	–	50,00	50,00	–	5 603	5 603	–	17	6
				78 978	17 946	17 768	26 180	25 111	26 127
Associate									
Goldfields Casino	–	14,67	14,67	–	*	*	–	1 053	5 411
Investments									
Akani Leisure Investments**	–	93,39	91,67	–	*	*	–	25	2
Akani Leisure Msunduzi Investments***	100,00	100,00	100,00	*	*	*	92	67	37
Akani Leisure Goldfields Investments***	100,00	16,67	16,67	*	*	*	44	421	(1)
Newshelf 786 (Pty) Limited***	–	–	–	30 539	–	–	–	57 620	–
Newshelf 800 (Pty) Limited***	–	–	–	21 432	–	–	–	–	–
Eglin Investments No. 30 (Pty) Limited***	–	–	–	42 703	–	–	–	–	–
Sekunjalo Health Care Limited	0,50	0,50	0,50	–	–	–	–	–	–
				94 675	1	1	136	58 133	38

Notes:

* Amount less than R1 000.

** This shareholding comprises preference shares only in 2005. Akani Leisure Investments is regarded as a subsidiary in 2006 due to the subscription for ordinary shares in that company effective 1 January 2006.

*** This shareholding comprises preference shares only.

33. CONTINGENCIES, COMMITMENTS AND GUARANTEES

At 31 December 2006 the group had contingent liabilities in respect of bank and other guarantees as well as other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The details are as follows:

	2006	2005	2004
	R'000	R'000	R'000
Guarantees	551 226	85 448	50 515
Litigation	500	500	500
Capital commitments	72 975	19 421	47 172
	624 701	105 369	98 187

Akani Egoli has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R33 544 000 (2005: R30 472 000) for gambling board taxes and working capital.

Akani Msunduzi has entered into an agreement with ABSA and the KwaZulu-Natal Gambling Board whereby the bank has guaranteed an agreed capital amount not exceeding R4 325 000 (2005: R4 150 000) for gambling board taxes and working capital.

ABSA has also issued a guarantee to the Pietermaritzburg Municipal Council for R470 000 (2005: R349 500) on behalf of Akani Msunduzi.

Goldfields Casino has entered into an agreement with Nedbank and the Free State Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R1 000 000 (2005: R1 000 000) for gambling board taxes and working capital.

West Coast Leisure has entered into an agreement with ABSA and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R250 000 (2005: R250 000) for gambling board taxes and working capital.

In terms of the licence conditions for the casino operator licence, issued by the Western Cape Gambling and Racing Board, West Coast Leisure shall lodge an unconditional, irrevocable financial guarantee from a recognised banking or other financial institution in the sum of R1 500 000 with the West Coast District Council (WCDC) which funding, when required, will be used to partly finance the construction of the new main road to replace the existing Minor Road 44 link between Mykonos and Main Road 233. Such guarantee shall be furnished at the time that advertisements for tender in respect of such construction contract are published.

Silverstar Development has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R179 000 000 for the completion of the construction of the proposals contained in the company's bid application. The guarantee remains in place at full face value until 50% of the development costs have been expended and thereafter reduces and converts into a building bond on a Rand-for-Rand basis as the remaining 50% development costs are expended.

Silverstar Development has entered into an agreement with Nedbank and the Gauteng Gambling Board whereby the bank has guaranteed an agreed amount not exceeding R18 300 000 for gambling board taxes and working capital.

Garden Route Casino has entered into an agreement with Nedbank and the Western Cape Gambling and Racing Board whereby the bank has guaranteed an agreed capital amount not exceeding R250 000 (2005: R250 000) for gambling board taxes and working capital.

The company has bound itself as surety for Akani Egoli, Silverstar Development, Akani Msunduzi and West Coast Leisure to their bankers for 100%, 50%, 50% and 53,33% of their exposure, respectively. The contingent liability under these sureties in aggregate amounted to R381 340 000 (2005: R50 000 000).

Akani Leisure Investments has bound itself as surety, jointly and severally with Akani Leisure Silverstar Holdings, to the bankers of Silverstar for the remaining 50% of their exposure.

33. CONTINGENCIES, COMMITMENTS AND GUARANTEES (continued)

Litigation comprises a general contingency for litigation and related costs throughout all group companies.

R65.1 million of the capital commitments had been contracted for at year-end.

	2006 R'000	2005 R'000	2004 R'000
Operating lease commitments			
The future minimum lease commitments under non-cancellable operating leases are as follows:			
Not later than 1 year	3 650	1 952	2 090
Later than 1 year but not later than 5 years	8 645	7 681	7 369
Later than 5 years	10 110	11 522	12 875
	22 405	21 155	23 607

34. DIRECTORS' EMOLUMENTS

Executive directors

Basic remuneration	3 895	3 545	3 222
Retirement and medical contributions	449	405	378
Performance incentives	4 344	2 775	3 120
Other services	106	50	–
	8 794	6 775	6 720

Non-executive directors

Directors' fees	1 021	829	609
Other services	237	51	982
	1 258	880	1 591
	10 052	7 655	8 311

Total directors' emoluments

Emoluments paid by the company	923	793	516
Emoluments paid by subsidiaries	9 129	6 862	7 795
	10 052	7 655	8 311

Directors' service contracts

Steven Joffe, Jarrod Friedman and Christian Neuberger, have agreed contracts with the Company. Salient features of the contracts include the awarding of 50 000 shares in the Company at zero cost, over three years, dependent on performance criteria. Steven Joffe has been awarded a further 200 000 shares in the Company at zero cost, over a further two years, dependent on performance criteria. The articles of association currently limit the service contract of the managing director to three years. At the forthcoming annual general meeting a special resolution will be passed to amend this limitation to five years. The terms of the contracts have been agreed in principle and will be formalised shortly.

Share-based payment charges during the year relating to awards to directors were R4.9 million (2005: R4.9 million).

In terms of the Articles of Association A J Aaron, R J Khoza and J Leutgeb will retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

PRICE HISTORY OF GOLD REEF ORDINARY SHARES ON THE JSE

The highest, lowest and closing market prices and volumes traded of Gold Reef ordinary shares on the JSE:

- quarterly for the twelve quarters ended March 2006;
 - monthly from 1 April 2006 to 30 March 2007; and
 - for each trading day during the 30-day period ended on the last practicable date of this circular,
- are set out below:

DATE	High (cents)	Low (cents)	Close (cents)	Volume
Quarter ended				
June 2003	395	332	380	1 297 131
September 2003	500	380	475	9 124 824
December 2003	625	450	601	5 466 827
March 2004	740	600	705	13 405 343
June 2004	810	700	810	10 364 361
September 2004	1 000	785	955	4 113 381
December 2004	1 300	910	1 265	7 561 441
March 2005	1 400	1 250	1 370	8 017 266
June 2005	1 450	1 261	1 380	6 057 486
September 2006	1 700	1 363	1 451	13 195 228
December 2006	1 500	1 310	1 470	9 593 704
March 2006	1 725	1 449	1 510	11 114 842
Month ended				
28 April 2006	1 550	1455	1 500	3 310 312
31 May 2006	1 699	1454	1 470	5 373 473
30 June 2006	1 520	1250	1 358	9 105 256
31 July 2006	1 500	1360	1 490	5 325 164
31 August 2006	1 650	1450	1 600	1 750 205
29 September 2006	1 680	1 530	1 640	1 426 949
31 October 2006	1 750	1 580	1 690	1 653 519
30 November 2006	1 995	1 670	1 898	3 912 598
29 December 2006	2 150	1 800	2 060	3 017 468
31 January 2007	2 500	1 921	2 315	2 993 280
28 February 2007	2 450	2 200	2 300	2 630 271
30 March 2007	2 675	2 200	2 645	4 233 638

DATE	High (cents)	Low (cents)	Close (cents)	Volume
Daily				
22 February 2007	2 435	2 365	2 435	8 160
23 February 2007	2 439	2 430	2 430	173 910
26 February 2007	2 445	2 400	2 425	7 397
27 February 2007	2 400	2 360	2 380	26 960
28 February 2007	2 380	2 200	2 300	305 197
1 March 2007	2 300	2 279	2 279	191 345
2 March 2007	2 300	2 240	2 250	15 137
5 March 2007	2 290	2 200	2 273	92 657
6 March 2007	2 314	2 280	2 300	254 970
7 March 2007	2 300	2 250	2 284	26 640
8 March 2007	2 300	2 280	2 290	24 745
9 March 2007	2 350	2 290	2 340	940 569
12 March 2007	2 400	2 340	2 389	365 881
13 March 2007	2 400	2 375	2 390	135 415
14 March 2007	2 390	2 310	2 365	26 484
15 March 2007	2 390	2 360	2 375	132 050
16 March 2007	2 375	2 370	2 375	26 325
19 March 2007	2 450	2 400	2 440	202 270
20 March 2007	2 450	2 380	2 400	105 239
22 March 2007	2 450	2 370	2 390	56 326
23 March 2007	2 430	2 370	2 430	83 202
26 March 2007	2 500	2 390	2 451	136 129
27 March 2007	2 600	2 400	2 520	246 813
28 March 2007	2 675	2 550	2 600	750 031
29 March 2007	2 650	2 600	2 640	216 049
30 March 2007	2 645	2 585	2 645	205 361
2 April 2007	2 675	2 624	2 645	270 411
3 April 2007	2 650	2 570	2 615	478 746
4 April 2007	2 650	2 590	2 640	64 836
5 April 2007	2 675	2 640	2 650	112 997
10 April 2007	2 650	2 600	2 635	158 111

Source: I-Net Bridge.

STATEMENT IN RESPECT OF THE SECOND KING REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Gold Reef Resorts Limited

Gold Reef has, in all material respects, complied with King II and continually strives to enhance compliance. The directors of Gold Reef are committed to observing the Code of Corporate Practices and Conduct set out in the King II Report and conducting the affairs of the group with transparency and integrity. The directors continually monitor compliance with best-practice corporate governance to ensure ongoing improvement of operational and corporate practices.

THE BOARD

The unitary Board is regulated by a formal Board Charter, which sets out the role of the Board and the responsibilities of the directors. The comprehensive Charter addresses matters relating to Board composition, leadership, remuneration and evaluation, review of group processes and procedures, key operational risks and corporate governance compliance to evaluate performance, assess risk and review the strategic direction of the group. The Charter provides the Board with a mandate to exercise leadership determine the group's vision and strategy and monitor operational performance.

In accordance with the King II Report the Board comprises a majority of six non-executive directors who outnumber the three executive directors, with three alternate non-executive directors. The roles of the non-executive Chairman and CEO are strictly separated. The clear division of responsibilities is echoed across the board and ensures a balance of authority which precludes any one director from exercising unfettered powers of decision-making. Non-executive directors provide objectivity and independence in board deliberations and internal decision-making processes and are not involved in the day-to-day operations of the group. Executive directors implement operational decisions through management. The directors are cognisant of the need to increase the number of independent directors and are involved in an ongoing process to identify appropriate candidates.

The Board meets at least quarterly with additional meetings convened as dictated by circumstance.

In terms of the Articles of Association directors are subject to retirement by rotation and re-election at least once every three years. All directors have unrestricted access to the advice and services of the company secretary and to company records, information, documents and property. Non-executive directors also have unfettered access to management at any time. All directors are entitled, at Gold Reef's expense, to seek independent professional advice on any matters pertaining to the group where they deem this to be necessary.

BOARD PROCESSES

New appointments

New Board appointments are considered by the Board as a whole taking into account a blend of skills and experience as well as concerns such as diversity. In terms of Gold Reef's Articles of Association new directors hold office until the next annual general meeting at which they must retire and are subject to re-election at the instance of shareholders. The company secretary is responsible for implementing any induction programme which sets out the new director's responsibilities and fiduciary duties, as well as advises on the relevant statutory and regulatory framework. New appointees are further introduced to key senior management and taken on site visits. They also receive copies of the latest interim announcements and annual financial statements and are introduced to the company's accounting systems.

Conflict of interests

Directors are required to report to the Board any conflicts or potential conflicts of interest and any other directorships held by them, which are reflected in the minutes of the Board meetings. If a conflict of interest in respect of matters under deliberation is found to exist the relevant director must recuse him/herself from the relevant deliberations.

Ongoing corporate governance information

The company secretary is responsible for informing all directors on an ongoing basis of major regulatory and legislative developments in order to keep the Board abreast of current requirements. The company involves its sponsor and other relevant experts where necessary to ensure that the level of information is sufficient to enable the Board to fulfil its duties.

Share dealing

A group-wide share trading policy is in place whereby all directors and other employees who have access to financial results and any other price-sensitive information are prohibited from dealing in Gold Reef shares during 'closed periods' as defined, or while the company is operating under cautionary. Employees are expressly informed when the group is entering a 'closed period' and that dealing in Gold Reef shares during that period is prohibited. Further, directors are obliged to obtain clearance from the Chairman prior to dealing in the shares of the company and to report any share dealings (including transactions in terms of the Gold Reef Share Scheme) to the company secretary who, together with the sponsor, ensures that the information is published on SENS.

BOARD COMMITTEES

All committees satisfy their responsibilities in compliance with their written terms of reference.

Audit and Risk Committee

The audit and risk committee comprises three non-executive directors including committee chairman A J Aaron and meets three times during the year. The directors are of the opinion that a minimum of three meetings is sufficient for the purposes of discharging the committee's responsibilities. Additional special meetings are convened as and when required. The CEO, FD, Group Internal Audit Manager and external auditors are invited to attend every meeting and management members attend as required.

The audit and risk committee's responsibilities include:

- reviewing the interim results and annual financial statements before they are approved by the Board;
- ensuring an effective control environment is maintained by considering accounting, auditing, financial reporting and internal control matters;
- evaluating the internal audit mandate, plan and activities;
- monitoring proposed changes to accounting policies;
- advising the Board on the accounting implications of major transactions;
- recommending the appointment of external auditors to the Board for approval by shareholders;
- setting out the principles for recommending the use of the external auditors for non-audit services;
- evaluating the external auditors' independence and plan; and
- reviewing the group's compliance with the King II Report and JSE Listings Requirements.

Subject to overall Board responsibility, the committee is further responsible for risk management. It continually assesses the major business and operational risks faced by the group and recommends and monitors appropriate risk management strategies.

Each of Akani Egoli, Akani Msunduzi, West Coast Leisure, Garden Route and Goldfields Casino has a separate audit committee. These committees comply with the standards and practices set by Gold Reef's audit and risk committee. The internal audit manager and the external auditors of each of these companies report their findings to Gold Reef's audit and risk committee.

The chairman of the audit and risk committee or another committee member nominated by him, attends the company's annual general meeting.

Remuneration and Nominations Committee

The remuneration and nominations committee chaired by non-executive Chairman M Krok, comprises a further two non-executive directors who meet three times a year. As set out in the formal Remuneration and Nominations Committee Charter adopted during 2005, the committee is responsible for determining the terms of employment and remuneration of the company's executive directors and senior management. This includes an assessment of specific reward proposals and in turn involves an evaluation of performance.

The committee determines the fair remuneration of executive directors and senior management taking all factors and circumstances into account and benchmarking it against market trends. The Charter sets out bonus parameters. An incentive component forms part of the remuneration package to ensure performance delivery against key objectives and alignment with shareholder interests.

The committee further recommends a remuneration strategy for the group for approval by the Board.

The performances of the CEO and other senior executives are assessed three times each year by the remuneration and nominations committee as a precursor to evaluating appropriate remuneration. Non-executive director remuneration is assessed by the CEO and executive directors to prevent any conflict of interest. This involves an evaluation of their performance and contribution. Directors' interests and remuneration are provided in paragraphs 11.1.2 and 11.1.7 of the circular, respectively.

The chairman of the remuneration and nominations committee or another committee member nominated by him, attends the company's annual general meeting.

MANAGEMENT

Operational management is appointed by the Board based on the appropriate skills and experience necessary to perform the relevant function. Processes have been formalised to promote interactive dialogue and decision-making between management and executive directors. This facilitates the disclosure to the directors of any conflict or potential conflict of interest on the part of management.

The performance of senior managers is independently reviewed by the remuneration and nominations committee and the company's executive directors.

ACCOUNTING AND AUDITING

IFRS

Gold Reef adopted International Financial Reporting Standards ("IFRS") for the year ended 31 December 2005, with a transition date of 1 January 2004. Internal workshops were held for the operations' financial managers and the Financial Director and his staff have attended outside seminars on IFRS to ensure ongoing integration of the accounting standards and practices.

External audit

Gold Reef's external auditors are responsible for providing an independent assessment of internal controls and reporting on whether the financial statements are fairly presented in compliance with IFRS. The preparation of the financial statements remains the responsibility of the directors and management.

Internal audit

The group's internal audit function is housed in Akani Egoli and seconded to Gold Reef, Akani Msunduzi, West Coast Leisure, Garden Route, Goldfields Casino and Gold Reef City Theme Park on a cost recovery basis. The Group Internal Audit Manager co-ordinates this process and attends all of the meetings. He also reports at Gold Reef audit and risk committee meetings and has direct access to the chairman of the audit and risk committee. The internal audit function is operated in accordance with the terms of reference set out in an Internal Audit Charter. The function is as envisaged in the Standards for the Professional Practice of Internal Auditing, which is fully endorsed by the applicable codes on corporate governance. It evaluates and examines the operations' activities and resultant business risks. The scope of the function includes compliance auditing of specific areas stipulated by the relevant gaming boards as well as assessing the adequacy of internal controls, fraud prevention, risk management and the safeguarding of assets. Unrestricted consultation is encouraged between the internal audit function and directors, management and Gold Reef's external auditors.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the group's systems of internal control and risk management. These systems of internal control are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard and maintain accountability of the group's assets. These systems provide reasonable but not absolute assurance regarding the safeguarding of assets against unauthorised disposal or use, compliance with statutory laws and regulations and the maintenance of proper accounting records as well as the adequacy and reliability of financial information.

The group's systems of internal control are further designed to detect and minimise significant fraud, potential liability, loss and material mis-statement. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

The audit and risk committee reports to the Board which is responsible for assessing the risks that are continuously identified through the risk management process. Together with the audit and risk committee, the Board monitors the implementation of the appropriate risk management strategies throughout the group. Key risks facing the group include:

Risk	Mitigation
Exchange rate fluctuations	Gold Reef makes use of forward exchange contracts
Increase in interest rates	Gold Reef makes use of interest rate hedges
Increase in gaming taxes	CASA membership provides Gold Reef with a platform to lobby Government on tax changes
Legislative and regulatory changes	CASA membership provides Gold Reef with a platform to lobby Government on any impending changes
Penetration of new markets	Gold Reef partners with local groups with intimate knowledge of the new target markets
Local gaming market saturation	Gold Reef identifies complementary non-gaming and international expansion opportunities
Organised crime targeting casinos countrywide	Gold Reef partners with local police in all regions to ensure the protection of casino premises. The group also has enhanced security measures at all casinos
Health and safety	Regular reviews of operations are conducted for compliance with health and safety regulations
Electricity supply	Gold Reef has sufficient backup and generator capacity available where required

The directors have satisfied themselves that adequate systems of internal control are in place to mitigate significant risks identified to an acceptable level. Nothing has come to their attention to indicate that a material breakdown in the functioning of these systems within the group has occurred during the last 12 months.

STATEMENT OF OTHER DIRECTORSHIPS

The Gold Reef directors have held the following directorships (excluding the Gold Reef Group) during the five years prior to the last practicable date of this circular.

DIRECTOR	STATUS	COMPANY
ARTHUR JACOB AARON	ACTIVE	PARSHIP INVESTMENTS (PTY) LTD
	ACTIVE	ABERCORN ESTATES (PTY) LTD
	ACTIVE	ARTHUR MURRAY S A (PTY) LTD
	ACTIVE	ASPEN PHARMACARE HOLDINGS LTD
	ACTIVE	EDGARS CONSOLIDATED STORES LTD
	ACTIVE	INDUSTRIAL FINANCE AND TRUST COMPANY (PTY) LTD
	ACTIVE	LEXSHELL 300 INVESTMENT HOLDINGS (PTY) LTD
	ACTIVE	POPPY'S HYPER (PTY) LTD
	ACTIVE	SUPER MARKETS LEASEBACK (PTY) LTD
	ACTIVE	TRANSPACO LTD
	ACTIVE	WERKSMANS INC
	ACTIVE	WERKSMANS SPONSORS (PTY) LTD
	RESIGNED	AIRBAY INVESTMENTS (PTY) LTD
	RESIGNED	ANBEECO INVESTMENT HOLDINGS LTD
	RESIGNED	AXIAM HOLDINGS LTD
	RESIGNED	BRIDGESTONE MAXIPREST (PTY) LTD
	RESIGNED	CAPITEC BANK LTD
	RESIGNED	CLEARMAN PROPERTIES (PTY) LTD
	RESIGNED	COIN SECURITY GROUP (PTY) LTD
	RESIGNED	CONSOLIDATED DRUG HOUSES (PTY) LTD
	RESIGNED	CONTRACT PUBLISHING SERVICES (PTY) LTD
	RESIGNED	ELAND TRUST (PTY) LTD
	RESIGNED	ELAND TRUST (PTY) LTD
	RESIGNED	FOOD-TOWN INCORPORATED (PTY) LTD
	RESIGNED	GEMLIN INVESTMENTS (PTY) LTD
	RESIGNED	GOLDEN HANDS PROPERTY HOLDINGS (PTY) LTD
	RESIGNED	KROK AND KROK INTERNATIONAL (PTY) LTD
	RESIGNED	KROK BROTHERS HOLDINGS (PTY) LTD
	RESIGNED	MAINFORCE INVESTMENTS (PTY) LTD
	RESIGNED	MANUFACTURERS INVESTMENT COMPANY (PTY) LTD
	RESIGNED	MARCHIA ESTATES (PTY) LTD
	RESIGNED	PHOENIX SALT INDUSTRIES (PTY) LTD
	RESIGNED	PLETTENBERG BAY CHALET DEVELOPMENTS (PTY) LTD
	RESIGNED	SALT REFINERS AND PACKERS (PTY) LTD
	RESIGNED	SENTRALE AKSEPBANK LTD
	RESIGNED	SIMON KROK INVESTMENTS (PTY) LTD
	RESIGNED	SOL KROK INVESTMENTS (PTY) LTD
	RESIGNED	TWINTech HOLDINGS (PTY) LTD
RESIGNED	TWINWIN INVESTMENTS (PTY) LTD	
RESIGNED	UNIPHARM HOLDINGS (PTY) LTD	
RESIGNED	WACO GROUP LTD	
JARROD SEAN FRIEDMAN	ACTIVE	LITTLE SWIFT INVESTMENTS 465 (PTY) LTD
	RESIGNED	NEWSHELF 698 (PTY) LTD
STEVEN BRIAN JOFFE	ACTIVE	123 ATHOLL CLOSE HOMEOWNER'S ASSOCIATION (SECTIONAL SCHEME)
	ACTIVE	LITTLE SWIFT INVESTMENTS 465 (PTY) LTD
	ACTIVE	LUKHANJI LEISURE (PTY) LTD
	RESIGNED	NEWSHELF 698 (PTY) LTD

DIRECTOR	STATUS	COMPANY
REUEL JETHRO KHOZA	ACTIVE	AKA CAPITAL (PTY) LTD
	ACTIVE	AKA LIQUID FUELS (PTY) LTD
	ACTIVE	AKA PACKAGING (PTY) LTD
	ACTIVE	AKA RESOURCES (PTY) LTD
	ACTIVE	AKA RESOURCES HOLDINGS (PTY) LTD
	ACTIVE	BLUE HORISON INVESTMENTS 1 (PTY) LTD
	ACTIVE	CNI FINANCE HOLDINGS (PTY) LTD
	ACTIVE	CNI HOLDINGS (PTY) LTD
	ACTIVE	COROBRIK (PTY) LTD
	ACTIVE	EGLIN INVESTMENTS NO 30 (PTY) LTD
	ACTIVE	EGLIN INVESTMENTS NO 31 (PTY) LTD
	ACTIVE	EGLIN INVESTMENTS NO 34 (PTY) LTD
	ACTIVE	FIRST AFRICA MARKETING INVESTMENTS (PTY) LTD
	ACTIVE	GENESIS RECORD COMPANY (PTY) LTD
	ACTIVE	HOYOHOYO HOTELS AND RESORTS (PTY) LTD
	ACTIVE	IMBALI SAFARI LODGE (PTY) LTD
	ACTIVE	MAIN STREET 57 (PTY) LTD
	ACTIVE	MIKO NO 181 (PTY) LTD
	ACTIVE	MIKO NO 182 (PTY) LTD
	ACTIVE	MURRAY AND ROBERTS CEMENTATION (PTY) LTD
	ACTIVE	NAMPAK LTD
	ACTIVE	NEDBANK GROUP LTD
	ACTIVE	NEPAD BUSINESS FOUNDATION (SECTION 21)
	ACTIVE	NEWINVEST 235 (PTY) LTD
	ACTIVE	NEWSHELF 698 (PTY) LTD
	ACTIVE	NTWANANA INVESTMENTS (PTY) LTD
	ACTIVE	PARMTRO INVESTMENTS NO 65 (PTY) LTD
	ACTIVE	PARMTRO INVESTMENTS NO 65 (PTY) LTD
	ACTIVE	PILLOWPROPS 3 (PTY) LTD
	ACTIVE	PROTEA HOSPITALITY CORPORATION (PTY) LTD
	ACTIVE	PROTEA HOSPITALITY HOLDINGS (PTY) LTD
	ACTIVE	PROTEA HOTELS AND INNS (PTY) LTD
	ACTIVE	PROTEA HOTELS EMPOWERMENT CONSORTIUM (PTY) LTD
	ACTIVE	PROTEA HOTELS EMPOWERMENT INITIATIVE (PTY) LTD
	ACTIVE	RDI DEVCO ONE (PTY) LTD
	ACTIVE	SASOL OIL (PTY) LTD
	ACTIVE	TSHWARISANO LFB INVESTMENT (PTY) LTD
	ACTIVE	VEZUBUNTU PUBLISHING (PTY) LTD
	ACTIVE	WHEATFIELDS INVESTMENTS NO 230 (PTY) LTD
	ACTIVE	WISANI INVESTMENTS (PTY) LTD
	RESIGNED	AFRICAN COMMODITY METAL CORPORATION (PTY) LTD
	RESIGNED	AKANI ST LUCIA NDLOZI COVES (PTY) LTD
	RESIGNED	CALDRON INVESTMENTS (PTY) LTD
	RESIGNED	COMAIR LTD
	RESIGNED	CO-ORDINATED NETWORK INVESTMENTS (PTY) LTD
	RESIGNED	CORRIDOR DEVELOPMENT CORPORATION (PTY) LTD
	RESIGNED	CREDA COMMUNICATIONS (PTY) LTD
	RESIGNED	ESKOM HOLDINGS LTD
	RESIGNED	GATEWAY AIRPORT AUTHORITY LTD
	RESIGNED	GLOBAL AFRICAN METALS AND MINERALS TRADING CORPORATION (PTY) LTD
	RESIGNED	HOOLICAN INVESTMENTS (PTY) LTD
	RESIGNED	JSE LTD
	RESIGNED	LIBERTY GROUP LTD
	RESIGNED	MAIN STREET 57 (PTY) LTD
	RESIGNED	MAIN STREET 57 (PTY) LTD
	RESIGNED	MANUPONT 223 (PTY) LTD
	RESIGNED	MASASE INVESTMENTS (PTY) LTD
	RESIGNED	OLLAMORE INVESTMENTS (PTY) LTD
	RESIGNED	QUITO INVESTMENTS LTD
	RESIGNED	ROYECK INVESTMENTS (PTY) LTD
	RESIGNED	SAIL GROUP LTD

DIRECTOR	STATUS	COMPANY
	RESIGNED	STANDARD BANK GROUP LTD
	RESIGNED	STRATE LTD
	RESIGNED	THE STANDARD BANK OF SOUTH AFRICA LTD
	RESIGNED	TOLCON LEHUMO (PTY) LTD
	RESIGNED	UNIHOLD LTD
	RESIGNED	VODACOM GROUP (PTY) LTD
ABRAHAM KROK	ACTIVE	CARSAFE INTERNATIONAL (PTY) LTD
	ACTIVE	ERF 132 CHLOORKOP (PTY) LTD
	ACTIVE	IN-VOGUE TOURS AND TRAVEL (PTY) LTD
	ACTIVE	MILLONEX ASSOCIATION (SECTION 21)
	ACTIVE	SALT REFINERS AND PACKERS (PTY) LTD
	ACTIVE	SUPER MARKETS LEASEBACK (PTY) LTD
	ACTIVE	TSIKRO INVESTMENT HOLDINGS (PTY) LTD
	ACTIVE	TWINTech HOLDINGS (PTY) LTD
	ACTIVE	TWINWIN INVESTMENTS (PTY) LTD
	ACTIVE	WILD WATERS (PTY) LTD
	RESIGNED	ADCOCK INGRAM LTD
	RESIGNED	AIRBAY INVESTMENTS (PTY) LTD
	RESIGNED	ASPEN PHARMACARE SOUTH AFRICA (PTY) LTD
	RESIGNED	CINEBOX (S A) (PTY) LTD
	RESIGNED	COBIN INVESTMENTS (PTY) LTD
	RESIGNED	D A J ENTERPRISES (PTY) LTD
	RESIGNED	FOOD-TOWN INCORPORATED (PTY) LTD
	RESIGNED	FUCIL PROPERTIES (PRESIDENT STREET) (PTY) LTD
	RESIGNED	FUCIL PROPERTIES (SMAL STREET) (PTY) LTD
	RESIGNED	HOUSEHOLD PRODUCTS (PTY) LTD
	RESIGNED	MAINFORCE INVESTMENTS (PTY) LTD
	RESIGNED	MARCHIA ESTATES (PTY) LTD
	RESIGNED	PHOENIX SALT INDUSTRIES (PTY) LTD
	RESIGNED	S A V R PROPERTY COMPANY (PTY) LTD
	RESIGNED	SALT REFINERS AND PACKERS (PTY) LTD
	RESIGNED	THIRTYFOUR NEWTON STREET (PTY) LTD
	RESIGNED	TWIN PARK (PTY) LTD
	RESIGNED	UNIPHARM HOLDINGS (PTY) LTD
MARTIN ZANE KROK	ACTIVE	BRUSH-T INNOVATIONS (PTY) LTD
	ACTIVE	CINEBOX (S A) (PTY) LTD
	ACTIVE	COBIN INVESTMENTS (PTY) LTD
	ACTIVE	CONSOLIDATED DRUG HOUSES (PTY) LTD
	ACTIVE	CONTRACT PUBLISHING SERVICES (PTY) LTD
	ACTIVE	CREATIVE GAMING (PTY) LTD
	ACTIVE	FUCIL PROPERTIES (PRESIDENT STREET) (PTY) LTD
	ACTIVE	FUCIL PROPERTIES (SMAL STREET) (PTY) LTD
	ACTIVE	GEMLIN INVESTMENTS (PTY) LTD
	ACTIVE	HOUSEHOLD PRODUCTS (PTY) LTD
	ACTIVE	INDEX CAPITAL CORPORATION (PTY) LTD
	ACTIVE	KROK AND KROK INTERNATIONAL (PTY) LTD
	ACTIVE	LILJEN INVESTMENTS NO 11 (PTY) LTD
	ACTIVE	MARCHIA ESTATES (PTY) LTD
	ACTIVE	MUTI MEDICINES (PTY) LTD
	ACTIVE	ORALGIENE S A (PTY) LTD
	ACTIVE	SIMON KROK INVESTMENTS (PTY) LTD
	ACTIVE	TWIN PARK (PTY) LTD
	ACTIVE	UNICHILL (PTY) LTD
	RESIGNED	ABE KROK INVESTMENTS (PTY) LTD
	RESIGNED	ABKRO INVESTMENTS (PTY) LTD
	RESIGNED	AFRICAN COFFEE SPECIALISTS (PTY) LTD
	RESIGNED	AIRBAY INVESTMENTS (PTY) LTD
	RESIGNED	ASPEN PHARMACARE HOLDINGS LTD
	RESIGNED	CRINPROP (PTY) LTD
	RESIGNED	GOLDEN HANDS PROPERTY HOLDINGS (PTY) LTD
	RESIGNED	KROK BROTHERS HOLDINGS (PTY) LTD

DIRECTOR	STATUS	COMPANY
	RESIGNED	MAINFORCE INVESTMENTS (PTY) LTD
	RESIGNED	RITTEL MARKETING (PTY) LTD
	RESIGNED	SKAY INVESTMENTS (PTY) LTD
	RESIGNED	SOL KROK INVESTMENTS (PTY) LTD
	RESIGNED	TRIMBLE INVESTMENTS (PTY) LTD
	RESIGNED	TWINCOR INVESTMENTS LTD
MAXIM KROK	ACTIVE	ABE KROK INVESTMENTS (PTY) LTD
	ACTIVE	ABKRO INVESTMENTS (PTY) LTD
	ACTIVE	AFRICA GENESIS INVESTMENTS (PTY) LTD
	ACTIVE	AFRICAN MEDICINES (PTY) LTD
	ACTIVE	ALLSTAR MEDICATED PRODUCTS (PTY) LTD
	ACTIVE	ANKARA TRADE AND TRAVEL (PTY) LTD
	ACTIVE	ASPEN PHARMACARE HOLDINGS LTD
	ACTIVE	BLACKFIELD INVESTMENTS (PTY) LTD
	ACTIVE	BLUEBUSH INVESTMENTS (PTY) LTD
	ACTIVE	BRAAI AND BARBEQUE INTERNATIONAL (PTY) LTD
	ACTIVE	BUFFALO ESTATES (UPINGTON) (PTY) LTD
	ACTIVE	CARSAFE INTERNATIONAL (PTY) LTD
	ACTIVE	CAWOODS SALT WORKS (PTY) LTD
	ACTIVE	CINEBOX (S A) (PTY) LTD
	ACTIVE	COBIN INVESTMENTS (PTY) LTD
	ACTIVE	CONSOLIDATED DRUG HOUSES (PTY) LTD
	ACTIVE	CRINOLINE MEDICAL SUPPLIES (PTY) LTD
	ACTIVE	ECOWIZE (PTY) LTD
	ACTIVE	ECOWIZE SPECIALIZED HYGIENE HOLDINGS (PTY) LTD
	ACTIVE	FERAX INVESTMENTS (PTY) LTD
	ACTIVE	FUCIL PROPERTIES (PRESIDENT STREET) (PTY) LTD
	ACTIVE	FUCIL PROPERTIES (SMAL STREET) (PTY) LTD
	ACTIVE	FURNQUIP MANUFACTURING AND WHOLESALE SUPPLIERS (PTY) LTD
	ACTIVE	FURNQUIP MEDICAL BOPHUTHATSWANA (PTY) LTD
	ACTIVE	FURNQUIP MEDICAL NATAL (PTY) LTD
	ACTIVE	GEMLIN INVESTMENTS (PTY) LTD
	ACTIVE	GOLDEN HANDS PROPERTY HOLDINGS (PTY) LTD
	ACTIVE	GORDONIA SALT (PTY) LTD
	ACTIVE	HIGHVELD MEDICAL SERVICES (PTY) LTD
	ACTIVE	HOUSEHOLD PRODUCTS (PTY) LTD
	ACTIVE	INDUSTRIAL SALT (PTY) LTD
	ACTIVE	KROK BROTHERS HOLDINGS (PTY) LTD
	ACTIVE	MANTA GEMS - IT (PTY) LTD
	ACTIVE	MARCHIA ESTATES (PTY) LTD
	ACTIVE	MEDEX ENTERPRISES (PTY) LTD
	ACTIVE	MEDHOLD MEDICAL (PTY) LTD
	ACTIVE	MEDSEARCH INDUSTRIES (PTY) LTD
	ACTIVE	MODULAR TRAFFIC LIGHT SYSTEMS (PTY) LTD
	ACTIVE	MOVE-ON-UP 140 (PTY) LTD
	ACTIVE	PLATINUM MILE INVESTMENTS 208 (PTY) LTD
	ACTIVE	PLETTENBERG BAY CHALET DEVELOPMENTS (PTY) LTD
	ACTIVE	RITTEL MARKETING (PTY) LTD
	ACTIVE	SALT REFINERS AND PACKERS HOLDINGS (PTY) LTD
	ACTIVE	SHS HYGIENE SERVICES (PTY) LTD
	ACTIVE	SIYANDA HYGIENE SERVICES (PTY) LTD
	ACTIVE	SKAY INVESTMENTS (PTY) LTD
	ACTIVE	SOL KROK INVESTMENTS (PTY) LTD
	ACTIVE	SOLAR SALT PROCESSORS (PTY) LTD
	ACTIVE	SPRINGCORE INVESTMENTS (PTY) LTD
	ACTIVE	TANCORE INVESTMENTS (PTY) LTD
	ACTIVE	THE CUPBOARD GROUP (PTY) LTD
	ACTIVE	THE J R WATKINS COMPANY (PTY) LTD
	ACTIVE	TRANSKEI TRAWLERS (PTY) LTD
	ACTIVE	TWIN PARK (PTY) LTD

DIRECTOR	STATUS	COMPANY
	ACTIVE	TWINCOR INVESTMENTS LTD
	ACTIVE	TWINTech HOLDINGS (PTY) LTD
	ACTIVE	UPINGTON SOUTMYN (PTY) LTD
	RESIGNED	ASPEN PHARMACARE SOUTH AFRICA (PTY) LTD
	RESIGNED	BLITZ TRIQUETTES (PTY) LTD
	RESIGNED	FUCIL PROPERTIES (PRESIDENT STREET) (PTY) LTD
	RESIGNED	S A V R PROPERTY COMPANY (PTY) LTD
	RESIGNED	SPORTS CENTRE HOLDINGS (PTY) LTD
	RESIGNED	THIRTYFOUR NEWTON STREET (PTY) LTD
	RESIGNED	TWINWIN INVESTMENTS (PTY) LTD
	RESIGNED	UNIPHARM HOLDINGS (PTY) LTD
	RESIGNED	WILLOWCORE INVESTMENTS (PTY) LTD
SOLOMON KROK	ACTIVE	CARSAFE INTERNATIONAL (PTY) LTD
	ACTIVE	CONTRACT PUBLISHING SERVICES (PTY) LTD
	ACTIVE	KROK AND KROK INTERNATIONAL (PTY) LTD
	ACTIVE	ROLISEL INVESTMENT HOLDINGS (PTY) LTD
	ACTIVE	SIMON KROK INVESTMENTS (PTY) LTD
	ACTIVE	SUPER MARKETS LEASEBACK (PTY) LTD
	ACTIVE	WILD WATERS (PTY) LTD
	ACTIVE	WOODLANDS ARCADE (PTY) LTD
	RESIGNED	AFRICAN COFFEE SPECIALISTS (PTY) LTD
	RESIGNED	AIRBAY INVESTMENTS (PTY) LTD
	RESIGNED	ALPEN INVESTMENTS (PTY) LTD
	RESIGNED	BONFIT SOUTH AFRICA (PTY) LTD
	RESIGNED	CINEBOX (S A) (PTY) LTD
	RESIGNED	COBIN INVESTMENTS (PTY) LTD
	RESIGNED	D A J ENTERPRISES (PTY) LTD
	RESIGNED	FOOD-TOWN INCORPORATED (PTY) LTD
	RESIGNED	FUCIL PROPERTIES (PRESIDENT STREET) (PTY) LTD
	RESIGNED	FUCIL PROPERTIES (SMAL STREET) (PTY) LTD
	RESIGNED	HOUSEHOLD PRODUCTS (PTY) LTD
	RESIGNED	MAINFORCE INVESTMENTS (PTY) LTD
	RESIGNED	PHOENIX SALT INDUSTRIES (PTY) LTD
	RESIGNED	PLETTENBERG BAY CHALET DEVELOPMENTS (PTY) LTD
	RESIGNED	S A V R PROPERTY COMPANY (PTY) LTD
	RESIGNED	SALT REFINERS AND PACKERS (PTY) LTD
	RESIGNED	TWIN PARK (PTY) LTD
	RESIGNED	TWINTech HOLDINGS (PTY) LTD
	RESIGNED	TWINWIN INVESTMENTS (PTY) LTD
	RESIGNED	UNIPHARM HOLDINGS (PTY) LTD
	RESIGNED	WILD WATERS PROPERTIES (PTY) LTD
JOSEF LEUTGEB	ACTIVE	CASINOS AUSTRIA AG
	ACTIVE	CASINOS AUSTRIA INTERNATIONAL HOLDING GMBH
	ACTIVE	CONGRESS CASINO BADEN BETRIEBSGMBH
	ACTIVE	CAI CASINOINVEST GMBH
	ACTIVE	CAI CASINOINVEST MIDDLE EAST GMBH
	ACTIVE	CASINOS AUSTRIA (GREECE) GMBH
	ACTIVE	MTB PRIVATSTIFTUNG
	ACTIVE	ENTERTAINMENT GLÜCKS- UND UNTERHALTUNGSSPIEL GMBH
	ACTIVE	CASINOS AUSTRIA LIEGENSCHAFTSVERWALTUN-U LEASING GMBH
	ACTIVE	CASINOS AUSTRIA INTERNATIONAL LTD
	ACTIVE	CASINOS CANBERRA LTD
	ACTIVE	SZEREENCSEKEREK KFT
	ACTIVE	PANNON PARTNER KFT
	ACTIVE	POWERBROOK SPAIN S.L.
	ACTIVE	GOLD REEF CASINO RESORTS LTD
	ACTIVE	CASINOS AUSTRIA INT.SERVICES LIMITED

DIRECTOR	STATUS	COMPANY
	ACTIVE	REEF CORPORATE SERVICES LTD
	ACTIVE	CASINOS AUSTRIA INTERNATIONAL (CAIRNS) PTY LTD
	ACTIVE	REEF CASINO INVESTMENTS PTY LTD
CHRISTIAN NEUBERGER	ACTIVE	LUKHANJI LEISURE (PTY) LTD
	ACTIVE	PLATINUM MILE INVESTMENTS 210 (PTY) LTD
	ACTIVE	AUSTRIAN BUSINESS CIRCLE (SECTION 21)
	RESIGNED	NEWSHELF 698 (PTY) LTD
BAREND JACOBUS SCHUTTE	ACTIVE	CARSAFE INTERNATIONAL (PTY) LTD)
	ACTIVE	CELLULAR TREES (PTY) LTD)
	ACTIVE	ELANDSFONTEIN 629 LQ (PTY) LTD)
	ACTIVE	NIBEN INVESTMENTS (PTY) LTD)
	ACTIVE	PLEASURELAND PROPERTIES (PTY) LTD)
	ACTIVE	ROLISEL INVESTMENT HOLDINGS (PTY) LTD)
	ACTIVE	ROYAL SECRET PROPERTIES (PTY) LTD)
	ACTIVE	WILD WATERS PROPERTIES (PTY) LTD)
	ACTIVE	BERGENDAL NATUURRESERVAAT (PTY) LTD)
ROBERT VIERZIGER	ACTIVE	CASINOS AUSTRIA INTERNATIONAL GESMBH
	ACTIVE	CASINOS AUSTRIA MANAGEMENT, GMBH
	ACTIVE	GLÜCKSRAD GMBH
	ACTIVE	CASINOS AUSTRIA INTERNATIONAL UNGARN KFT
	ACTIVE	CASINO ODENSE KS
	ACTIVE	CASINO MUNKEBJERG VEJLE A/S
	ACTIVE	CASINO DENMARK A/S
	ACTIVE	FORTUNA I APS
	ACTIVE	CASINO SCANDINAVIA AB
	ACTIVE	ROMANIAN AUSTRIAN CASINO CORPORATION S.R.L.
	ACTIVE	SAFIR REAL
	ACTIVE	SMARAGD REAL
	ACTIVE	CZECH CASINOS LTD
	ACTIVE	CASINOS 777 LTD
	ACTIVE	CASINO SOPRON KFT
	ACTIVE	PANNON PARTNER LFT
	ACTIVE	CASINO KECSKEMÉT KFT
	ACTIVE	CASINO GYÖR KFT
	ACTIVE	CASINOS AUSTRIA OF EGYPT

EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF GOLD REEF AND AKANI EGOLI

GOLD REEF ARTICLES OF ASSOCIATION**12. BORROWING POWERS**

- 12.1 The Board may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the company or of any third party.
- 12.2 For the purpose of the provisions of Article 12.1 the borrowing powers of the company shall be unlimited.

13. BOARD OF DIRECTORS

- 13.1 Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four) nor more than 15 (fifteen).
- 13.2 The Board shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the Board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.2, any person appointed to fill a casual vacancy or as an addition to the Board shall retain office only until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 13.3 The appointment of a director shall take effect upon compliance with the requirements of the Statutes.
- 13.4 The share holding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.
- 13.5 The directors' fees shall from time to time be approved by the company in general meeting.
- 13.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the Board or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the Board which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.
- 13.7 The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.
- 13.8 A director shall cease to hold office as such:
- 13.8.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or
- 13.8.2 if he becomes of unsound mind; or
- 13.8.3 if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
- 13.8.4 if he is absent from meetings of the Board for 6 (six) consecutive months without leave of the Board and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the Board resolves that the office be vacated, provided that the Board shall have power to grant any director leave of absence for any or an indefinite period; or

- 13.8.5 if he is removed under Article 13.15; or
 - 13.8.6 if he is given notice, signed by members holding in the aggregate more than 50% (fifty per cent) of the total voting rights on a poll of all members then entitled to vote on a poll at a general meeting, of the termination of his appointment; or
 - 13.8.7 1 (one) month or, with the permission of the Board earlier, after he has given notice in writing of his intention to resign; or
 - 13.8.8 if he shall be disqualified or cease to hold office or be prohibited from acting as director.
- 13.9 The company and the directors shall comply with the provisions of the Statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office 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 shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 13.10 A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the Board.
- 13.11 Any general notice given to the Board of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Statutes.
- 13.12 For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.
- 13.13 Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.
- 13.14 A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the Board may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.6 : Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.
- 13.15 The company may by ordinary resolution remove any director before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual meeting of the company and shall then retire and be eligible for re-election.
- 13.16 The company may by ordinary resolution in general meeting from time to time increase (or reduce, but not below 4 (four)) the number of directors and may also determine in what manner or rotation such increased (or reduced) number is to go out of office. Whenever such increase is made the members at the said meeting or failing them the Board may fill the new seats so created.

15. ROTATION OF DIRECTORS

- 15.1 At the annual meeting held in each year 1/3 (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.15 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any annual meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing

or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.15, be computed from the date of his last election or appointment.

- 15.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 15.3 Subject to Article 15.2 the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the Statutes shall be complied with.
- 15.4 If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

16. MANAGING DIRECTORS

- 16.1 The Board may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the office of chairperson and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 16.2 A managing director may be appointed by contract for a maximum period of 3 (three) years at anyone time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract, provided always that the number of managing directors so appointed shall at all times be less than one-half of the number of directors in office. The managing director shall be eligible for re-appointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director.
- 16.3 A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year - in respect of such office as may be determined by a disinterested quorum of the Board.
- 16.4 The Board may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the Board and after powers have been conferred upon him by the Board in terms hereof he shall be deemed to derive such powers directly from this Article.

17. PROCEEDINGS OF DIRECTORS

- 17.1 The Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and may determine the quorum necessary for the transaction of business. The quorum for a meeting of the Board shall be 5 (five). A director may at any time and the secretary upon the request of a director shall convene a meeting of the Board. The Board may determine what period of notice shall be given of meetings of the Board and may determine the medium of giving such notice which may include telephone, telegram, telex or telefax, provided that at least 7 (seven) day's notice is given.

- 17.2 Questions arising at any meeting shall be decided by a majority of votes and in the case of an equality of votes, the chairperson shall not have a second or casting vote.
- 17.3 The Board may elect a chairperson of their meetings and one or more deputy chairmen to preside in the absence of the chairperson, and may determine a period, not exceeding 1 (one) year, for which they are to hold office, but if no such chairperson or deputy chairperson is elected or if at any meeting neither the chairperson nor a deputy chairperson is present at the time appointed for holding the same, the Board shall choose one of their number to be chairperson of such meeting.
- 17.4 A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the regulations of the company for the time being vested in or exercisable by the directors generally.
- 17.5 A resolution in writing, including through the medium of telefax, signed by the sole director or by a majority of the members of the Board, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate.
- 17.6 In the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution as contemplated in Article 17.1, proceedings may be conducted by utilising video conference and/or conference telephone facilities, provided that the required quorum is met. A resolution agreed to by a majority of the Board participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the Board duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by telephone has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.
- 17.7 Any resolution referred to in Article 17.5 may consist of several documents, each signed by one or more directors or their alternates in terms of these Articles.
- 17.8 Any resolution referred to in Article 17.5 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the last director or alternate required to sign it and where it states a date as being the date of its signature by any director or alternate that document shall be *prima facie* evidence that it was signed by that director or alternate on that date.

18. COMMITTEES

- 18.1 The Board may delegate or allocate any of their powers to an executive or other committee consisting of such member or members of their body or any other person or persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board.
- 18.2 Any director who serves on an executive or other committee, or who devotes special attention to the business of the company, or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a director) by way of salary and/or by way of an amount equal to a percentage of the dividends declared, provided that such amount shall be limited to a reasonable maximum to be fixed by a disinterested quorum of the Board.
- 18.3 The meetings and proceedings of any such committee consisting of 2 (two) or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under Article 18.
- 18.4 All acts done at any meeting of the Board or of any executive or other committee of the Board, or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Board or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not qualified to vote be as valid as if every such person had been duly appointed and was qualified to be and to act and vote as a director.

19. ALTERNATE DIRECTORS

- 19.1 Any director shall have the power to nominate another person approved by the Board to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 19.2 The alternate directors, whilst acting in the place of the members of the Board who appointed them, shall exercise and discharge all the duties and functions of the Board they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director, would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

20. POWERS OF DIRECTORS

- 20.1 The management of the company shall be vested in the Board which, in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the Statutes expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the Board which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
- 20.2 It is hereby declared pursuant to the provisions of the Statutes that although the Board shall have power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall become binding on the company only in the event of the specific transaction proposed by the Board being approved by a resolution passed by the company in general meeting.
- 20.3 The Board shall have power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.
- 20.4 Without in any way limiting or restricting the general powers of the Board to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the Board, after consulting the remuneration committee, may from time to time without any further sanction or consent of the company in general meeting grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment under the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the Board in its discretion may from time to time think fit. For the purpose of this Article, the expression "executive director" shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The Board may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the interests of the company.

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12. DIRECTORS

- 12.1 Until otherwise determined by a meeting of members, the number of directors shall be not less than 2 (two).
- 12.2 The company may from time to time at any meeting of members increase or reduce the number of directors.
- 12.3 Unless otherwise decided by a meeting of members any vacancy occurring in the board of directors may be filled by the directors but any appointment so made shall be subject to confirmation at the next annual general meeting of the company.
- 12.4 The company at a meeting of members or the directors shall have power at any time, and from time to time, to appoint any person as a director but so that the total number of directors shall not at any time exceed the maximum number which may be fixed by or in terms of these articles. Any appointment so made shall, however, be subject to confirmation at the next annual general meeting of the company.

13. QUALIFICATION OF DIRECTORS

The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

14. REMUNERATION OF DIRECTORS

- 14.1 The remuneration of the directors shall from time to time be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as directors including those of attending and travelling to and from meetings of the directors or any committee of the directors or at any meeting of members of the company.
- 14.2 The directors may pay any director who serves on any committee or who devotes special attention to the business of the company, or otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director, such extra remuneration by way of salary, commission, percentage of profits or by any or all of these modes or otherwise as they may determine, provided that such remuneration is determined by a disinterested quorum (except in the case of a wholly owned subsidiary company) of directors.

15. ALTERNATE AND ASSOCIATE DIRECTORS

- 15.1 Any director shall have the power to nominate another person to act as alternate director in his place during his absence or inability to act as such director, and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than 1 (one) director. Where a person is alternate to more than 1 (one) director or where an alternate director is a director, he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any.
- 15.2 The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director would cause him to cease to hold office in terms of these articles or if the director who appointed him ceases to be a director, or gives notice to the secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

15.3 The directors may from time to time appoint any person to be an associate director and may from time to time cancel any such appointment. The directors may fix, determine and vary the powers, duties and remuneration of any person so appointed but a person so appointed shall not be required to hold any shares to qualify him for appointment or have any right to attend or vote at any meeting of directors except by the invitation and with the consent of all the directors.

16. BORROWING POWERS OF DIRECTORS

16.1 The directors may in their discretion, from time to time, raise or borrow from the members or other persons any sums of money for the purposes of the company subject to such limitations as may be imposed from time to time by its holding company.

16.2 The directors may secure the payment or repayment of any sums of money borrowed or raised in terms of article 16.1 or the payment of any debt, liability or obligation whatsoever of the company or of a third party, in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the execution of bonds or the issue of debentures or debenture stock of the company charged upon all or any part of the property and rights of the company, both present and future, including its uncalled capital.

17. GENERAL POWERS AND DUTIES OF DIRECTORS

17.1 The business of the company shall be managed by the directors who may pay all expenses incurred in setting up and registering the company, and may exercise all such powers of the company as are not by the statutes or by these articles required to be exercised by the company at any meeting of members, subject nevertheless to the provisions of these articles and of the statutes and to such regulations being not inconsistent with these articles or the statutes, as may be prescribed by the company at any such meeting; but no regulation made by the company at such meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

17.2 The directors may from time to time appoint one or more of their body to the office of managing director or manager for such period and at such remuneration (whether by way of salary or commission, or participation in profits or partly in one way and partly in another) and generally on such terms as they may think fit, provided that notwithstanding anything to the contrary in these articles, the remuneration of any such managing director may be determined only at a meeting at which there is a disinterested quorum (except in the case of a wholly owned subsidiary company) and provided further that the maximum period for which a managing director may be appointed by contract shall be 5 (five) years at anyone time. It may be made a term of his appointment that he be paid a pension, gratuity or other benefit on his retirement from office. The appointment of a managing director or manager shall determine *ipso facto* if he shall cease for any reason to be a director, or if the company at any meeting of members shall resolve that his tenure of the office of managing director or manager be determined.

17.3 The directors may from time to time entrust to and confer upon a managing director or manager for the time being such of the powers vested in them as they may think fit, and may confer such powers for such time and to be exercised for such objects and upon such terms and with such restrictions as they may think expedient; and they may confer such powers either collaterally or to the exclusion of, and in substitution for, all or any of the powers of the directors, and may from time to time revoke or vary all or any of such powers. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and after powers have been conferred upon him by the directors in terms hereof he shall be deemed to derive such powers directly from this article.

17.4 The directors shall have the power from time to time to delegate or allocate to anyone of their members or to any other person, whether in the Republic or not, such of the powers as are vested in the directors pursuant to the statutes or under these articles, as they may deem fit.

17.5 The directors may delegate or allocate any of their powers to committees consisting of such member or members of their body as they think fit, any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the directors. Save as aforesaid, the meetings and proceedings of a committee consisting of more than 1 (one) member shall be governed by the provisions of these articles regulating the meetings and proceedings of directors.

17.6 The directors may:

17.6.1 establish and maintain any non-contributory or contributory pension, superannuation, provident and benefit funds for the benefit of; and

17.6.2 give pensions, gratuities and allowances to and make payments for or towards the insurance of any persons who are employees or ex-employees (including directors or ex-directors) of the company, or of any company which is or was a subsidiary of the company or is or was in any way allied to or associated with it or any such subsidiary, and the wives, widows, families and dependants of such persons.

18. DISQUALIFICATION AND PRIVILEGES OF DIRECTORS

18.1 A director shall cease to hold office as such if:

18.1.1 he ceases to be a director by virtue of any of the provisions of the statutes or becomes prohibited from being a director by reason of any order made under the statutes; or

18.1.2 his estate is sequestered or he files a petition for the surrender of his estate or an application for an administration order, or if he commits an act of insolvency as defined in the insolvency law for the time being in force or if he makes any arrangement or composition with his creditors generally; or

18.1.3 he is found lunatic or becomes of unsound mind; or

18.1.4 he is removed by a resolution of the company as provided in the statutes; or

18.1.5 he resigns his office by notice in writing to the company; or

18.1.6 a notice removing him from office is signed by members having a right to attend and vote at a meeting of members who hold not less than 51 % (fifty one per cent) of the total voting rights of all the members who are at that time entitled so to attend and vote and is delivered to the company or lodged at its registered office; or

18.1.7 he is otherwise removed in accordance with any provisions of these articles.

18.2 Subject to the provisions of the statutes, a director of the company may be or become a director of any subsidiary or other company promoted by the company or in which it may be interested as vendor, shareholder or otherwise, or may represent the company in the management of any business or operations or concern in which the company may be interested as partner or otherwise or may be employed by the company in any capacity or may accept a retainer from the company in consideration for which he agrees to give his services to the company in any special capacity when called upon by the company to do so, and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or member of such company or representative of the company in such management or in any employment or retention of his services by the company. The directors may exercise the voting power conferred by the shares in any such other company held or owned by the company, or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers of company) and any director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or be about to be, appointed a director or other officer of such company and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

18.3 No director or intending director shall be disqualified by his office from contracting with the company in any manner whatsoever and in particular as:

18.3.1 an underwriter of any shares or securities; or

18.3.2 a guarantor of any liability of the company, or of any company in which the company may be interested, for a commission or profit, nor shall any such contract or arrangement entered into by or on behalf of the company in which any director shall be in any way interested, nor any contract or agreement entered into with any company or partnership of or in which any director shall be a member, director or partner or otherwise interested, be invalidated or voided by any such reason or by reason of the board of directors of the company not constituting an independent quorum, nor shall any director so contracting or being so interested or acquiring any benefit under any contract or arrangement made or entered into by or on behalf of any person, company or partnership in relation to the affairs of the company be liable to account to the company for any profits or benefits realised by or under such contract or arrangement by reason of thereby established. Any director so interested or acquiring any benefit shall disclose the fact of his possessing any interest and full particulars thereof, be it as director or member or otherwise, whether or not it appears on the face of the contract or arrangement, in accordance with the provisions of the statutes.

Subject to the provisions of the statutes, a general notice in writing given to the directors by a director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, shall be deemed to be a sufficient disclosure in relation to any contract or proposed contract so made or to be made.

18.4 Without detracting from the generality of article 18.3:

18.4.1 a director may hold any other office or place of profit in the company, other than that of auditor, in conjunction with his directorship, and may be appointed thereto upon such terms as to remuneration, tenure of office and otherwise as may be arranged by a disinterested quorum (except in the case of a wholly owned subsidiary company) of directors. A director may, notwithstanding his interest, be counted in the quorum present at any meeting at which he or any other director is so employed or appointed to hold any such office of profit or at which the terms of such appointment are arranged and he may vote on such employment or appointment or arrangement other than his own appointment or employment or the arrangement of the terms thereof;

18.4.2 a director may himself act or any firm of which he is a member may act in a professional capacity for the company, and he or his firm shall be entitled to remuneration for those professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor of the company.

18.5 If any person appointed as a director of the company is interested directly or indirectly in an entity which conducts a competitive activity with the business from time to time of the company, any resolution to be considered by the directors of the company in which such person could have a conflict of interest shall not be dealt with by the Board of the company but shall be submitted to the shareholders of the company for consideration.

19. PROCEEDINGS OF DIRECTORS

19.1 A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

19.2 The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

19.3 Unless otherwise resolved by the directors, all their meetings shall be held in the city or town where the company's registered office is for the time being situated.

- 19.4 Questions arising at any meeting of directors shall be decided by a majority of votes.
- 19.5 In the case of an equality of votes the chairperson shall not have a second or casting vote.
- 19.6 The directors may determine what period of notice shall be given of meetings of directors and may determine the means of giving such notice which may include telephone, telegram, telex or telefax. It shall not be necessary to give notice of a meeting of directors to any director for the time being absent from the Republic, but notice of any such meeting shall be given to his alternate, if he has appointed one, provided that such alternate is in the Republic.
- 19.7 A quorum at meetings of directors shall consist of, if the number of directors is one, that director and in all other cases, 2 (two) directors, 1 (one) of whom shall be appointed by the holding company. For the purpose hereof a director who has authorised another director to vote for him at a meeting in terms of article 19.10 shall, if the director so authorised is present at the meeting, be deemed to be present himself and each director whose alternate is present at a meeting (even if the latter is alternate to more than 1 (one) director) shall be deemed to be so present.
- 19.8 The continuing directors (or sole continuing director) may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as a quorum, the continuing directors or director may act only for the purpose of summoning a general meeting of the company. If there are no directors or director able and willing to act, and no specific provision is made in these articles for the appointment of directors, then any 2 (two) members may summon a general meeting for the purpose of appointing directors.
- 19.9 Subject to the statutes:
- 19.9.1 a resolution in writing, including through the medium of telefax, signed by the sole director or by all the directors present in the Republic when the resolution in question is signed by the first of such directors and being not less than are sufficient to form a quorum and also completing a majority of the directors then in office, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted: Provided that where a director is not present in the Republic, but has an alternate who is, the resolution must be signed by that alternate. The resolution may consist of several documents, each signed by one or more directors or their alternates in terms of this article;
- 19.9.2 in the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet as contemplated in article 19.3 or pass a resolution as contemplated in article 19.9.1, proceedings may be conducted by utilising conference telephone facilities, provided that the required quorum is met. A resolution agreed to during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The secretary of the company shall as soon as is reasonably possible after such meeting by telephone has been held, be notified thereof by the relevant parties to the meeting, and the secretary shall prepare a written minute thereof.
- 19.10 A director unable to attend a directors' meeting may authorise any other director to vote for him at that meeting, and in that event the director so authorised shall have a vote for each director by whom he is so authorised in addition to his own vote. If both the director so authorised and an alternate of the director who granted the authority are present at the meeting, the alternate shall not be entitled to vote on behalf of the absent director. Authority in terms of this article must be in writing (which may take the form of a telegram, cable or telex) and must be handed to the person presiding at the meeting at which it is to be used.
- 19.11 The directors may elect a chairperson of their meetings and determine the period for which he is to hold office; but if no such chairperson is elected, or if at any meeting the chairperson is not present within fifteen minutes after the time appointed for holding it, the directors present may choose one of their number to be chairperson of the meeting.

20. VALIDITY OF ACTS OF DIRECTORS AND COMMITTEES

As regards all persons dealing in good faith with the company, all acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment or continuance in office of any such directors or persons acting as aforesaid, or that they or any of them were disqualified or had ceased to hold office or were not entitled to vote, be as valid as if every such person had been duly appointed or was qualified or had continued to be a director or was entitled to vote, as the case may be.

COMPLETE LIST OF ACQUISITION AGREEMENTS

BEE partner	Agreement	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
The ALI acquisition				
Black Management Forum Investment Company Limited	Agreement 11 – Black Management Forum Investment Company Limited	71 477 525	3 761 975	–
Eglin Investments No. 30 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	–	–	–
G7 Investment Holdings (Proprietary) Limited	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	3 329 422	125 497	944 979
Mary Jantjies Family Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	3 154 189	97 770	1 296 559
Newshelf 698 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	95 069 393	2 994 034	38 182 747
Newshelf 800 (Proprietary) Limited	Agreement 10 – Newshelf 800 (Proprietary) Limited	23 216 158	51 273	22 241 971
Platoon Trade and Invest 15 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	56 499 692	2 973 668	–
Prime Portfolio Investments “A” (Proprietary) Limited	Agreement 8 – Prime Portfolio Investments “A” (Proprietary) Limited agreement	35 323 204	1 859 116	–
Saddle Path Props 20 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	90 252 755	4 750 145	–
Xau Investments CC	Agreement 6 – Sale of shares in Newshelf 786 Proprietary) Limited	1 577 096	59 446	447 622
Y Investments Limited	Agreement 12 – Y Investments Limited	3 329 422	125 497	944 979
Young Woman’s Christian Association – Dube Charitable Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	1 577 095	83 005	–
		384 805 950	16 881 426	64 058 856

BEE partner	Agreement	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
The ALSH acquisition				
Black Management Forum Investment Company Limited	Agreement 11 – Black Management Forum Investment Company Limited	58 937 468	3 101 972	–
Eglin Investments No. 30 (Proprietary) Limited	Agreement 9 – Eglin Investments (Proprietary) Limited Limited and Newshelf 698 (Proprietary) Limited	–	–	–
G7 Investment Holdings (Proprietary) Limited	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	2 762 695	145 405	–
Mary Jantjies Family Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	2 617 288	137 752	–
Newshelf 698 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	56 610 994	2 979 526	–
Platoon Trade and Invest 15 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	121 416 802	6 390 358	–
Prime Portfolio Investments “A” (Proprietary) Limited	Agreement 8 – Prime Portfolio Investments “A” (Proprietary) Limited Agreement	29 210 239	1 537 381	–
Saddle Path Props 20 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	190 512 924	10 026 996	–
Saffron	Agreement 7 – Sale of shares in Mogale Silverstar Holdings (Proprietary) Limited Agreement	51 699 532	2 721 028	–
Xau Investments CC	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	1 308 644	68 876	–
Y Investments Limited	Agreement 12 – Y Investments Limited	2 762 695	145 405	–
Young Woman’s Christian Association – Dube Charitable Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	1 308 644	68 876	–
		519 147 925	27 323 575	–

BEE partner	Agreement	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
The ALICM acquisition				
Black Management Forum Investment Company Limited	Agreement 11 – Black Management Forum Investment Company Limited	5 285 211	278 169	–
Eglin Investments No. 30 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	888 883	–	888 883
G7 Investment Holdings (Proprietary) Limited	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	408 690	21 510	–
Mary Jantjies Family Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	387 163	20 377	–
Newshelf 698 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	6 729 420	354 180	–
Platoon Trade and Invest 15 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	5 243 164	275 956	–
Prime Portfolio Investments “A” (Proprietary) Limited	Agreement 8 – Prime Portfolio Investments “A” (Proprietary) Limited Agreement	2 611 873	137 467	–
Saddle Path Props 20 (Proprietary) Limited	Agreement 5 – Sale of shares in Richard Moloko Consortium Holdings (Proprietary) Limited	8 375 466	440 814	–
Xau Investments CC	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	193 591	10 189	–
Y Investments Limited	Agreement 12 – Y Investments Limited	408 690	21 510	–
Young Woman’s Christian Association – Dube Charitable Trust	Agreement 6 – Sale of shares in Newshelf 786 (Proprietary) Limited	193 591	10 189	–
		30 725 742	1 570 361	888 883

BEE partner	Agreement	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
The ALMI acquisition				
Akani Msunduzi Management (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	7 404 794	389 726	–
Black Management Forum Investment Company Limited	Agreement 11 – Black Management Forum Investment Company Limited	8 462 619	445 401	–
Eglin Investments No. 30 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	8 441 466	–	8 441 466
Firm Edge Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	5 289 144	278 376	–
Grey Jade trade and invest 77 (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	2 115 650	111 350	–
Grey Jade trade and invest 86 (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	1 057 825	55 675	–
Isimfonyo Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	5 289 144	278 376	–
Loophole Trading and Investment 38 (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	9 520 444	501 076	–
Pedestal Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	5 289 144	278 376	–
Philisizwe Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	9 520 444	501 076	–
Phinda Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	8 462 619	445 401	–
Rock Investments (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	2 115 650	111 350	–
Siyanda Co-Operative Limited	Agreement 4 – Sale of shares in ALMI	6 346 969	334 051	–
Siyangena Investments (Pty)Ltd	Agreement 4 – Sale of shares in ALMI	6 346 969	334 051	–
Siyimbumba Investment (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	2 115 650	111 350	–
Umnotho Wamangwane (Proprietary) Limited	Agreement 4 – Sale of shares in ALMI	8 462 619	445 401	–
Y Investments Limited	Agreement 12 – Y Investments Limited	9 520 444	501 076	–
		105 761 594	5 122 112	8 441 466

BEE partner	Agreement	Amount payable⁽¹⁾ (R)	Number of shares	Cash (R)
The ALGI acquisition				
Dual Intake Investments 48 (Proprietary) Limited	Agreement 3 – Sale of shares in ALGI	1 819 269	95 751	–
Eglin Investments No. 30 (Proprietary) Limited	Agreement 9 – Eglin Investments No 30 (Proprietary) Limited and Newshelf 698 (Proprietary) Limited	2 903 551	–	2 903 551
Heritage Africa Communications in Events Management Promotions Marketing CC	Agreement 3 – Sale of shares in ALGI	2 910 819	153 201	–
Izulu Gaming (Proprietary) Limited	Agreement 3 – Sale of shares in ALGI	6 549 357	344 703	–
Lebohang Foreisitata Trust	Agreement 3 – Sale of shares in ALGI	1 819 270	75 113	392 123
Selang-Mabele Investments Company (Proprietary) Limited	Agreement 3 – Sale of shares in ALGI	7 277 076	383 004	–
Trema Investments (Proprietary) Limited	Agreement 3 – Sale of shares in ALGI	2 910 819	153 201	–
Y Investments Limited	Agreement 12 – Y Investments Limited	2 910 819	153 201	–
		29 100 980	1 358 174	3 295 674
The West Coast Leisure acquisition				
Reygrande	Agreement 1 – Sale of shares in West Coast Leisure	42 764 516	2 250 764	–
The Satara acquisition				
Satara	Agreement 13 – Assignment of management contract (Goldfields)	13 300 000	700 000	–

Note:

(1) Represents the share component calculated at R19.00 per share, which was the approximate trading price of Gold Reef shares on the JSE at the effective date, plus the cash component.

REVISED LISTING PARTICULARS OF GOLD REEF

(Issued in terms of the Listings Requirements)

(The definitions and corporate information given on pages 5 to 9 of this circular apply *mutatis mutandis* to these revised listing particulars.)

These revised listing particulars have been prepared on the assumption that the ordinary resolutions proposed in the notice of general meeting of shareholders forming part of the circular to which these revised listing particulars are attached, will have been approved at the general meeting of Gold Reef shareholders to be held on Tuesday, 22 May 2007 and, where applicable, registered by the Registrar of Companies and that the proposals will have been implemented.

References to "the date of these revised listing particulars" are accordingly to be construed as 22 May 2007 unless the context demands otherwise.

These revised listing particulars do not constitute an invitation to the public to subscribe for shares in the Company, but are issued in compliance with the Listings Requirements for the purposes of giving information to the public with regard to Gold Reef.

On 22 May 2007, after the Share Exchange and Top-up Transaction, the capital of Gold Reef will consist of 590 000 000 authorised ordinary shares, 289 809 071 issued ordinary shares, with a nominal value of 2 cents each and a share premium of R1 833.8 million. There are no other classes of shares in existence.

The directors of the Company, whose names are given on page 120 of the Revised Listing Particulars, collectively and individually accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no other material facts or circumstances, the omission of which would render any statement herein contained false or misleading and that they have made all reasonable enquiries to ascertain such material facts and that these revised listing particulars contain all information required by law and the Listings Requirements.

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GOLD REEF

R E S O R T S

GOLD REEF RESORTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1989/002108/06)

(Share code: GDF ISIN: ZAE000028338)

Board of directors

Executive directors:

S B Joffe (*Chief executive officer*)

B J Biyela (*Director of strategy and business development*)

J S Friedman (*Financial director*)

C Neuberger (*Chief operating officer*)

Non-executive directors:

M Krok (*Chairman*)

A J Aaron

R J Khoza

M Z Krok

J Leutgeb

R T Moloko

B J Schutte

P September

Alternate directors:

A Krok

S Krok

R Vierziger

Company Secretary

C R T Paul, CA(SA)

Gold Reef City

Gate 4

Northern Parkway

Ormonde

Johannesburg, 2091

(Private Bag X1890, Gold Reef City, 2159)

Telephone number: +27 11 248 6800

REVISED LISTING PARTICULARS

1. INTRODUCTION

Gold Reef was incorporated on 4 December 1989 as a public company and is the holding company of six principal subsidiaries and a joint venture, all of which are involved in the gaming and entertainment industry.

Its interests incorporate Akani Egoli, West Coast Leisure, Akani Msunduzi, Garden Route, Goldfields Casino, Silverstar and GRM.

There has been no change in the controlling shareholders and trading objects of the Group during the five years prior to the date of the circular. The Group is not managed or proposed to be managed by a third party under contract or arrangement.

2. **SUMMARY OF AND RATIONALE FOR THE SHARE EXCHANGE AND THE TOP-UP TRANSACTION**

Gold Reef has acquired the BEE interests in its subsidiaries (excluding Garden Route), joint venture and management contracts. The consideration for each BEE interest was settled primarily through the issue of Gold Reef shares and some cash to facilitate the payment of taxes and the settlement of the Outstanding ALI BEE preference shares. For the purpose of the Share Exchange the value of the Gold Reef shares has been set at R19.00 per share, which was the approximate trading price of the Gold Reef shares on the JSE at the effective date. The new shares issued to the BEE shareholders are subject to the Voting Pool Agreement which will, *inter alia*, limit the tradability of these shares and protect Gold Reef's BEE status. A total number of 69 206 412 (including the Top-up Transaction) Gold Reef shares were issued to the respective BEE shareholders.

The Share Exchange is in line with Gold Reef's objective of consolidating its gaming platform by increasing its exposure to its existing operations. Gold Reef is of the view that these corporate actions will create long-term financial benefits for its shareholders.

Gold Reef's intention was to increase the BEE economic interest in Gold Reef to a minimum of 25.10%, thus satisfying an important component of the Codes of Good Practice issued by the Department of Trade and Industry on broad-based BEE and complying with the gaming boards' recommendations on BEE. The Share Exchange resulted in a BEE direct and economic interest in Gold Reef of 21.30%. The Top-up Transaction was required to attain the intended 25.10% target.

3. **PROSPECTS**

The prospects of the Share Exchange and Top-up Transaction are provided in paragraph 6 of the circular.

4. **FINANCIAL INFORMATION**

4.1 **Share capital**

The authorised and issued share capital of Gold Reef after the Share Exchange and the Top-up Transaction are provided in paragraph 5.4 of the circular.

4.2 **Rights attaching to shares and power to issue shares**

4.2.1 All the Gold Reef shares in issue are of the same class and rank *pari passu* with each other in all respects and are fully paid. Accordingly, no share has any special right to any dividends, capital or profits of the Company. The articles of association of the Company require that any variation of rights attaching to Gold Reef shares be approved by a special resolution at a general meeting of shareholders.

4.2.2 The unissued shares are under the control of the directors, subject to the provisions of the Companies Act, the Listings Requirements and the Articles of Association of Gold Reef. This control was granted in terms of an ordinary resolution passed at the general meeting of ordinary shareholders held on Wednesday, 24 May 2006.

4.2.3 The shares of the Company are only listed on the JSE.

4.3 **Historical financial information**

The audited annual financial statements of Gold Reef for the years ended 31 December 2004 and 2005 and the reviewed annual financial statements for the year ended 31 December 2006 are provided in Annexure 4 to the circular.

4.4 Issue of ordinary shares

During the three years preceding the last practicable date, the following ordinary shares were issued:

Year	Number of shares	Issue price (R)	Proceeds of issue (R)	Purpose
2004	2 142 500	7,68	16 454 400	Issue of shares to the Gold Reef Share Scheme at market value
2005	600 000	2,34	1 404 000	Exercise of share option granted outside the share scheme. These shares were granted at a discount to market value as they formed part of a pre-agreed incentive to a director

No assets were acquired through the issues listed above.

No securities were repurchased during the three years preceding the last practicable date.

There were no subdivisions or consolidations of shares in the three years preceding the last practicable date.

4.5 Borrowings

The borrowings of Gold Reef have arisen from developmental capex undertaken in the Group and to fund the ongoing operations of Gold Reef.

The borrowing powers of the Group are unlimited, and may only be varied by the amendment of the Articles of Association. An extract from the Articles of Association, pertaining to borrowings, is attached to the circular as Annexure 8. There are no exchange control or other restrictions on the borrowing powers of the Group. Details of the interest bearing borrowings of Gold Reef are provided in paragraph 5.2 of the circular.

4.6 Contingencies, commitments, guarantees and lease payments

Details of Gold Reef's material commitments, contingent liabilities and lease payments are provided in Note 33 of Annexure 4 to the circular.

4.7 Loans receivable

At the last practicable date for this circular and at the most recent financial year-end, the Group had no material loans receivable.

4.8 Inter-company transactions and balances

Details of Gold Reef's inter-company transactions and balances are provided in Note 31 of Annexure 4 to the circular.

4.9 Options or preferential rights in respect of Gold Reef shares

At the last practicable date no option or preferential right of any kind was given or proposed to be given to any person to subscribe for any shares in Gold Reef or its subsidiaries, other than to Widgetrade 205 (Proprietary) Limited, which holds an option to increase its shareholding in Garden Route to 25,10% (currently holds 150 ordinary shares but has the option to subscribe for another 101 ordinary shares). The exercise price of the option was fixed until 28 February 2007 at R36,4 million. Thereafter the exercise price is increased to the fair value of the shares acquired. The fair value will be determined by agreement between Widgetrade and Gold Reef, failing which, by a reputable and independent merchant bank agreed on by the two parties. The option does not expire and can be exercised at the discretion of Widgetrade 205 (Proprietary) Limited in whole or in part.

4.10 Acquisition and disposal of material property

No material acquisitions or disposals have occurred within the last three years prior to the date of the circular.

The following assets were acquired during the previous three financial years, are not material individually, but have been inserted for information purposes:

4.10.1 **ALI restructuring**

The shareholding of ALI was restructured on 1 January 2006, which resulted in:

- ALI redeeming the participating preference shares issued to, *inter alia*, Gold Reef at a premium of approximately R408,4 million;
- Gold Reef utilising the cash proceeds from the redemption of the participating preference shares to subscribe for 49,98% of the ordinary share capital in ALI for R445,5 million. The balance of R37,1 million was funded from Gold Reef's available cash resources;
- Gold Reef disposing of its 50,00% interest in Newshelf 698 (Proprietary) Limited, a shareholder in ALI, to Eglin Investments No 30 (Proprietary) Limited for R43,3 million which was funded by way of a subscription for cumulative redeemable preference shares in Eglin Investments No 30 (Proprietary) Limited by Gold Reef; and
- Gold Reef subscribing for cumulative redeemable preference shares in certain of the BEE shareholders of ALI, for R51,1 million (excluding the preference shares referred in the previous item), so as to facilitate and fund the acquisition of additional ALI shares by these ALI BEE shareholders.

4.10.2 **CAI royalty agreement**

Gold Reef acquired CAI's right to a royalty of 0,375% of the gross gaming revenues of all Gold Reef's casino operations for R42,4 million on 31 December 2005. The CAI transaction was funded from Gold Reef's available cash resources.

4.10.3 **Inkonka acquisition**

Gold Reef acquired 100,00% of the ordinary share capital in Inkonka for R156,0 million plus their shareholder loan of approximately R25,1 million on 1 January 2006. The effect was that Gold Reef obtained an economic interest of 85,00% in Garden Route.

4.10.4 **Tanglepark acquisition**

Gold Reef acquired 100,00% of the ordinary share capital in Tanglepark on 1 March 2006. The effect of the Tanglepark acquisition was that Gold Reef obtained an economic interest of 88,00% in Goldfields Casino. The purchase consideration paid by Gold Reef to the shareholders of Tanglepark was R128,2 million.

4.10.5 **Silverstar acquisition**

Gold Reef acquired 50,00% of the ordinary share capital of Silverstar on 14 July 2006. The purchase consideration paid by Gold Reef to the shareholders of Silverstar was R78,7 million.

4.10.6 **Mykonos acquisition**

Gold Reef acquired 6,03% of the ordinary share capital in West Coast Leisure for R7,8 million on 1 January 2006. The effect of the Mykonos acquisition was that Gold Reef increased its beneficial shareholding to 60,63% in West Coast Leisure.

Details of the above acquisitions and disposal were included in announcements to shareholders published on 13 February 2006, 18 July 2006 and 29 September 2006. Details are also provided in Note 30 of Annexure 4 to the circular.

5. TRADING HISTORY OF SECURITIES

The trading history of the Gold Reef ordinary shares is provided in Annexure 5 to the circular.

6. ADEQUACY OF WORKING CAPITAL

The directors of Gold Reef are of the opinion that the working capital resources available to the Company and its subsidiaries will be adequate for their present requirements, that is at least for the 12 months from the date of the circular. The Company's lead independent sponsor, Nedbank Capital, has confirmed in writing to the JSE that they have obtained written confirmation from the Company that:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the approval of these revised listing particulars;
- the assets of the Company and the Group will exceed the liabilities of the Company and the Group for a period of 12 months after the date of the approval of these revised listing particulars;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of these revised listing particulars;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of these revised listing particulars;
- that they are satisfied that, *prima facie*, the working capital pack compiled for the directors of Gold Reef supports the directors' statement on the working capital; and
- they are satisfied that this confirmation has been given after due and careful enquiry by the directors.

7. ORDINARY SHAREHOLDERS

7.1 Controlling shareholders

Gold Reef is jointly controlled (through a voting pool agreement) by:

Gold Reef ordinary shareholders	Number of ordinary shares	Percentage of total issued shares
CAI	60 226 988	27,30
The Maxim Krok 1994 Trust	15 585 569	7,06
The Elana Pincus 1994 Trust	11 873 732	5,38
The Shelly Krok 1994 Trust	11 873 732	5,38
The Simone Lerman 1994 Trust	11 523 733	5,22
The David Krok 1994 Trust	10 458 268	4,74
Mark Krok	9 223 733	4,18
Total	130 765 755	59,26

7.2 Shareholding structure

The total number of Gold Reef shares to be issued pursuant to the Proposed Share Exchange and the Top-up Transaction is 69 206 412. The shareholding structure of Gold Reef after the Proposed Share Exchange and the Top-up Transaction is set out in the table below:

Gold Reef ordinary shareholders	Number of ordinary shares	Percentage of total issued shares
CAI	60 226 988	20,78
The Maxim Krok 1994 Trust	15 585 569	5,38
Aldiss Investments (Proprietary) Limited	14 427 602	4,98
The Elana Pincus 1994 Trust	11 873 732	4,10
The Shelly Krok 1994 Trust	11 873 732	4,10
The Simone Lerman 1994 Trust	11 523 733	3,98
The David Krok 1994 Trust	10 458 268	3,61
Mark Krok	9 223 733	3,18
Other shareholders	75 409 302	26,02
Saddle Path Props 20 (Pty) Limited ⁽¹⁾	21 790 872	7,52
Platoon Trade and Investment 15 (Pty) Limited ⁽¹⁾	12 168 897	4,20
Other BEE shareholders ⁽¹⁾	35 246 643	12,16
Total	289 809 071	100,00

Note:

(1) Represents BEE shareholders arising from the Proposed Share Exchange and the Top-up Transaction.

After implementation of the Share Exchange and the Top-up Transaction, the spread of ordinary shareholders will be as follows:

Category	Number of shareholders	Percentage	Number of shares	Percentage holding
Ordinary shares of 2 cents each				
Public	1 879	96.51	61 353 382	21,17
Non-public	68	3.49	228 462 689	78,83
Directors	56	2.88	104 602 603	36,09
Associates	9	0.46	46 991 311	16,21
Share Scheme	1	0.05	2 214 185	0,76
Subsidiaries	1	0.05	14 427 602	4,98
Holding 10%+	1	0.05	60 226 988	20,78
Total	1 947	100.00	289 809 071	100,00

8. SUBSIDIARIES

Details of Gold Reef's subsidiaries are provided in Note 32 of Annexure 4 to the circular.

9. DIRECTORS AND MANAGEMENT

9.1 Directors

The full names, ages, qualifications and addresses of the existing directors are provided in paragraph 11.1.1 of the circular and the new appointments, subsequent to the implementation of the Share Exchange and the Top-up Transaction, are provided in paragraph 11.2 of the circular.

None of the directors have been:

- declared bankrupt or insolvent or have entered into any individual voluntary compromise arrangements;
- party to any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such person is or was a director with an executive function at the time of or within the 12 months preceding such event(s);
- party to any compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where such person is or was a partner at the time of or within 12 months preceding such events;
- party to any receiverships of any asset(s) of a person or of a partnership of which the person is or was a partner at the time of or within the 12 months preceding such event; or
- subject to public criticisms by a statutory or regulatory authority nor has any such person 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 any company; or convicted of any offence involving dishonesty.

The provisions of the Articles of Association of the Company insofar as it relates to the qualification, remuneration and powers of the directors are provided in Annexure 8 of the circular.

9.2 Directors' emoluments

Details of the directors' emoluments are provided in paragraph 11.1.7 of the circular.

9.3 Directors' interests in securities

Existing directors' interests in Gold Reef's securities are provided in paragraph 11.1.2 of the circular.

The interests of the new directors, appointed pursuant to the Share Exchange and the Top-up Transaction, are set out below:

Name	Beneficial		Non-beneficial	
	Direct	Indirect	Direct	Indirect
B J Biyela	133 333	6 607 709	–	–
R T Moloko	–	21 790 872	–	–
P September	–	154 836	–	–

9.4 Directors' interests in contracts and transactions

The directors of Gold Reef have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by Gold Reef during the current or immediately preceding financial year or during an earlier financial year that remain in any respect outstanding or unperformed.

9.5 Directors' service agreements and remuneration

Steven Joffe, Jarrod Friedman and Christian Neuberger have agreed contracts with the Company. Salient features of the contracts include the awarding of 50 000 shares in the Company at zero cost over three years, dependent on performance criteria. Steven Joffe has been awarded a further 200 000 shares in the Company at zero cost over a further two years, dependent on performance criteria. The articles of association currently limit the service contract of the managing director to three years. At the forthcoming annual general meeting a special resolution will be passed to amend this limitation to five years. The terms of the contracts have been agreed in principle and will be formalised shortly.

The directors have not been paid or were beneficially interested in any monies to induce them to become a director of Gold Reef in the three years preceding the date of the circular.

Gold Reef and its subsidiaries have not made loans or provided security for the benefit of any of its directors or managers.

The remuneration of directors will not be varied as a result of the implementation of the Share Exchange and the Top-up Transaction.

10. GENERAL

10.1 Promoters' fees, underwriting fees, commission, discounts and brokerages paid

No amounts were paid to any individuals, companies, partnerships or associations responsible for promoting Gold Reef, in the context of a new listing, book build or capital raise ("promoter") where the promoter tries to place the company's shares, during the three years preceding the last practicable date of the circular or were proposed to be paid at the last practicable date of the circular.

No commissions were paid or are payable in respect of underwriting fees to any person, including any director, promoter or entity during the three years preceding the last practicable date of the circular.

No amounts were paid in respect of commission, discounts or brokerages to any person, including any director, promoter or entity during the three years preceding the last practicable date of the circular or were proposed to be paid at the last practicable date of the circular, other than has been disclosed in the audited annual financial statements.

No promoter or director has any material benefit, direct or indirect in the promotion of Gold Reef.

10.2 **Litigation statement**

The litigation statement is provided in paragraph 12.3 of the circular.

10.3 **Material changes**

Other than for the effect of the Share Exchange and the Top-up Transaction as disclosed in the circular, dated 2 May 2007, the directors report that no material changes in the financial or trading position of Gold Reef or the subsidiaries of the Company have taken place since Gold Reef's published results for the year ended 31 December 2006.

10.4 **Material contracts**

Save for the Share Exchange and the Top-up Transaction which are the subject of the circular, neither Gold Reef nor its subsidiaries have entered into any material contracts, either verbally or in writing, during the two years preceding the date of issue of the circular, other than in the ordinary course of the Company's business. Further to this, no material contracts other than in the ordinary course of business have been entered into, containing an obligation or settlement that is material to Gold Reef or its subsidiaries at the last practicable date. No royalties, or any items of a similar nature, are payable in respect of the Group.

10.5 **Preliminary expenses and issue expenses**

No preliminary or issue expenses were incurred during the three years preceding the last practicable date.

10.6 **Consents**

The merchant bank, transactional sponsor and co-advisor, legal advisors, independent reporting accountants, lead independent sponsor and banker and transfer secretaries have all provided their written consents to act in the capacity stated and to their names being used in the circular and have not withdrawn their consents prior to the publication of the circular.

10.7 **Directors' responsibility statement**

The directors, whose names are given on page 120 of the Revised Listing Particulars, collectively and individually, accept full responsibility for the accuracy of the information given in the Revised Listing Particulars, certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that the Revised Listing Particulars contain all information required by the Companies Act and the Listings Requirements.

11. **DOCUMENTS AVAILABLE FOR INSPECTION**

Details of the documents available for inspection are provided in paragraph 12.5 of the circular.

Yours faithfully

By order of the Board

C R T Paul

Company Secretary

Johannesburg
2 May 2007



GOLD REEF

R E S O R T S

GOLD REEF RESORTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1989/002108/06)

(Share code: GDF ISIN: ZAE000028338)

("Gold Reef" or "the Company")

Board of directors

Executive directors:

S B Joffe (*Chief executive officer*)

J S Friedman (*Financial director*)

C Neuberger (*Chief operating officer*)

Non-executive directors:

M Krok (*Chairman*)

A J Aaron

R J Khoza

M Z Krok

J Leutgeb

B J Schutte

Alternate directors:

A Krok

S Krok

R Vierziger

Company Secretary:

C R T Paul

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of shareholders of Gold Reef will be held at 11:00 or immediately after the annual general meeting, whichever is the later, on Tuesday, 22 May 2007 for the purpose of considering, and if deemed fit, passing, with or without modification, the following ordinary resolutions:

1. ORDINARY RESOLUTION NUMBER 1

"RESOLVED AS AN ORDINARY RESOLUTION THAT:

the agreements comprising the "Proposed Share Exchange" as defined in the circular of which the notice convening the general meeting of ordinary shareholders of the Company is forming part are approved and that the directors are authorised to issue and allot 55 206 412 unissued ordinary shares in the Company in terms of those agreements.

This resolution is subject to clause 22 of the Voting Pool Agreement being amended as follows:

"as regards clause 22, by deleting the words "the provisions of this Agreement shall, as between the Pool Members (and their successors), prevail in respect of the Voting Pool Shares" and replacing same with the words "the Pool Members undertake to use their best endeavours to amend the articles of association of the Company. Any such amendment will be subject to the required statutory requirements and will comply with the JSE Limited's Listing Requirements, if required."

COMMENTARY

In terms of the Listings Requirements, the above resolution requires a simple majority (50% plus 1) of shareholders present in person or proxy, excluding the related parties in relation to the Proposed Share Exchange and their associates. The amendment to clause 22 of the Voting Pool Agreement has been requested by the JSE.

2. ORDINARY RESOLUTION NUMBER 2

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

the issue and allotment of 14 000 000 ordinary shares in the Company at R20.50 per share for cash is approved and that the directors of the Company are authorised to issue and allot those shares.”

COMMENTARY

In terms of the Listings Requirements, the above resolution requires a majority of 75% of shareholders present in person or proxy, excluding the related parties in relation to the Top-up Transaction and their associates.

3. ORDINARY RESOLUTION NUMBER 3

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

Any director of the Company is authorised to sign all such documents as may be necessary to implement ordinary resolutions numbers 1 and 2.”

VOTING AND PROXIES

On a show of hands, every shareholder present in person or by proxy at the general meeting shall have only one vote and a proxy shall have only one vote, irrespective of how many shareholders he/she represents. On a poll every shareholder present in person or by proxy shall have one vote for every share held by such shareholder.

A shareholder entitled to attend and vote at the general meeting may appoint a proxy or proxies to attend and speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

Registered holders of certificated Gold Reef shares and holders of dematerialised Gold Reef shares in their own name who are unable to attend the general meeting and who wish to be represented at the general meeting, must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by no later than 11:00 on Friday, 18 May 2007.

Shareholders who have dematerialised their Gold Reef shares, other than holders of dematerialised Gold Reef shares in their own name, must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the general meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.

By order of the Board

C R T Paul

Company Secretary

Johannesburg
2 May 2007



GOLD REEF

R E S O R T S

GOLD REEF RESORTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1989/002108/06)

(Share code: GDF ISIN: ZAE000028338)

("Gold Reef" or "the Company")

FORM OF PROXY FOR SHAREHOLDERS

For the use of shareholders registered as such, and who have not dematerialised their Gold Reef shares or hold dematerialised Gold Reef shares in their own name, to nominate a proxy for the general meeting to be held at Gold Reef City, Gate 4, Northern Parkway, Ormonde, Johannesburg on Tuesday, 22 May 2007 at 11:00 or immediately after the annual general meeting, whichever is the later ("the general meeting").

Shareholders who have dematerialised their Gold Reef shares and do not have own name registration must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person. Such shareholder must not return this form of proxy to the transfer secretaries.

I/We (BLOCK LETTERS please)

of (address)

Telephone (work) ()

(home) ()

being the holder(s) of ordinary shares in Gold Reef, hereby appoint (see Note 1):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to attend and speak and vote for me/us on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing with or without modification the ordinary resolutions to be proposed at the general meeting and at each adjournment of the general meeting and to vote for or against the ordinary resolutions or to abstain from voting in respect of the shares in the issued share capital of Gold Reef registered in my/our name/s, in accordance with the following instructions (see Note 2):

	Insert an "X" or the number of shares (see Note 2)		
	For	Against	Abstain
1. Ordinary resolution number 1 The agreements comprising the "Proposed Share Exchange" as defined in the circular of which the notice convening the general meeting of ordinary shareholders of the company is forming part are approved and that the directors are authorised to issue and allot 55 206 412 unissued ordinary shares in the company in terms of those agreements subject to the amendment of Clause 22 of the Voting Pool Agreement			
2. Ordinary resolution number 2* The issue and allotment of 14 000 000 ordinary shares in the company at R20.50 per share for cash is approved and that the directors of the company are authorised to issue and allot those shares			
3. Ordinary resolution number 3 Any director of the company is authorised to sign all such documents as may be necessary to implement ordinary resolutions numbers 1 and 2			

* Although this is an ordinary resolution, it is subject to approval by a 75% majority of the votes available at the general meeting of shareholders.

Signed at _____ on _____

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of Gold Reef) to attend, speak and vote in place of that shareholder at the general meeting.

Please read the notes on the reverse side of this form of proxy.

Notes:

1. A shareholder may insert the name of a proxy or the names of one alternative proxy of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be signed in full by the shareholder. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in Gold Reef, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of the entire shareholder's votes exercisable at the general meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be received by the transfer secretaries, Link Market Services South Africa (Proprietary) Limited, 5th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), by no later than 11:00 on Friday, 18 May 2007.
4. Where there are joint holders of any Gold Reef shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.
5. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person at the general meeting to the exclusion of any proxy appointed in terms of this form of proxy.
6. Any alterations or corrections to this form of proxy must be signed in full and not initialled.
7. If this form of proxy is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form of proxy for noting (unless it has already been noted by the transfer secretaries).
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
9. The chairman of the general meeting may accept any form of proxy which is completed, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the shareholder wishes to vote.
10. Shareholders who have dematerialised their Gold Reef shares, other than holders of dematerialised Gold Reef shares in their own name, must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the general meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.