



Report of the remuneration committee

The remuneration committee comprises two independent non-executive directors:

Members	Appointed
■ RI Israel (Chairman)	15 July 1997
■ BH Asher	15 July 1997

During the year, the committee met six times and its members discussed all aspects of the remuneration of the group. For the year under review, and purely as payment for his services as chairman of the remuneration committee, Mr Israel was paid US\$40 000. Mr Asher was paid a fee for his role as the senior independent non-executive director and he was not paid an additional fee for services to any board committee. Details of the fees paid to Mr Asher are contained on page 38.

REMUNERATION POLICY

The committee's principal function is to determine, on behalf of the board, the senior executive remuneration policy and the remuneration as well as other terms and conditions of employment of the company's executive directors. The company's human resources executive provides the committee with access to comparative industry surveys which assist in formulating remuneration.

The committee believes that it should be able to meet without the attendance of management. In addition, the members are entitled to call for independent consultants' advice on pertinent issues. During the year the committee employed the services of Bachelder & Dowling to review executive remuneration. This was done in conjunction with reviews of various mining related industry surveys. The consultant provides no other services to the company. At certain meetings, the committee members invite the chairman and chief executive officer to attend.

The committee has recommended a new remuneration charter which has to be approved by the board and, once adopted, will be placed on the company's website.

The committee's objective is to provide senior management, including directors, with a competitive package which will attract and retain executives of the highest calibre and encourage and reward superior performance. Further, the committee is cognisant that the market demands that criteria be established which measure an individual's performance. The committee agreed performance criteria with the executive directors and an appraisal was completed and performance measured against the agreed criteria. The committee believes that the bonus payments, which are linked to the performance of the company's share price, together with participation in the company's share option scheme and share grants for the CEO are sufficient to motivate executives and align their interests with those of shareholders. As a result of an investigation into the correct method of incentivising the CEO and to motivate his performance and to align him with the interests of shareholders it was decided that the CEO should no longer participate in the share option scheme but rather receive an award of shares which would only be granted upon the achievement of agreed performance criteria.

EXECUTIVE DIRECTORS

The remuneration of the executive directors comprises a basic salary, an annual bonus, participation in the share option scheme for the

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chief financial officer and a deferred compensation structure for the CEO. The total executive directors' remuneration for the year ended 31 December 2005 was US\$3 847 225 (year ended 31 December 2004: US\$5 350 664). Full details are provided in a table on page 38 of this report.

Basic salary

Each executive director receives a basic salary as determined by the committee in accordance with the remuneration policy and subject to agreed annual performance criteria. The service contracts do not provide for any retirement payments, nor does the company have any such retirement liability. The company does, however, provide a defined contribution fund into which employees, including directors, may contribute.

Share options

Share options are no longer awarded to non-executive directors or the CEO. In respect of the non-executive directors, the last options awarded were in 1998. Awards of share options are determined by the remuneration committee which is guided by industry and international standards. Currently options are not subject to any performance criteria. The use of performance criteria was not a standard used at the time the present scheme was adopted. However, the board acknowledges that any future scheme would be performance related. Any options awarded to an employee are subject to an upper limit of two per cent of the company's issued share capital. No share options can be awarded at a discount because the scheme rules provide that the exercise price is determined as the closing price of the shares on the trading day preceding that on which a person is granted the option. It is not the policy of the company to grant annual awards of share options to employees, nor has there been an award to the chief financial officer in 2005.

The scheme provides that all options may be exercised early in the event of an acquisition of the company that would require an offer to be made to all shareholders. Details of options held by directors are contained in a table on page 39 of this annual report.

Annual bonus

Executive directors' service contracts provide for the payment of an annual bonus. The bonus is determined on a notional shareholding and is measured according to the performance of the price of the ordinary shares of the company over a 12 month period ending 31 March. The calculation of the annual bonus for Dr DM Bristow is based on a notional shareholding of 300 000 ordinary shares, while for Mr Williams the figure is 100 000 ordinary shares. Under the terms of a termination agreement signed with the company's former chairman, Mr RAR Kebble, a bonus will be paid to him in the event of the company meeting agreed criteria similar to the CEO. The last such bonus to Mr RAR Kebble will be for the year ended 31 December 2005 and will be payable in April 2006.

Service contracts

Service contracts have been concluded with the two executive directors and Mr RA Williams' current agreement runs until 31 May 2006. The remuneration committee is reviewing the service contract and will conclude negotiations with Mr RA Williams before the end of his current contract. Given the size of the company and its small management team, the board considers periods of employment in excess of one year appropriate. The board has agreed to a rolling three year contract for Dr DM Bristow which has been approved based on the importance attributed to his contribution to the company's overall strategic direction and performance. In the event of unilateral termination, the company would be required to compensate the director concerned for any outstanding amounts due in terms of the contract.

Share grants

Under the terms of the service contract entered into with Dr DM Bristow, the board awarded the CEO restricted stock amounting to 150 000 shares. At the beginning of 2004, certain performance criteria were agreed by the board and the CEO. At year end an appraisal was undertaken and it was agreed that the criteria had been met. In the circumstances, an award of 150 000 shares was made to the CEO. The award entitled the CEO to 50 000 shares at the end of each year of a three year period commencing 1 January 2005. To date, 100 000 shares have been issued to the CEO with the final third accruing on 1 January 2007. Such an award is not made annually, but the board reserves the right on the recommendation of the remuneration committee to reconsider this when it is deemed appropriate.

The company's performance has been measured against the HSBC Global Mining Index. The HSBC Global Mining Index is a capitalisation-weighted index calculated in dollars (US\$). The series represents the mining industries of 21 countries for securities with a market capitalisation generally in excess of US\$50 million. The series has a base of 100 on 31 December 1985, with the exception of two Latin American indices which are based at 100 at 31 December 1989. A copy of the graph is included on the inside back cover of this annual report.

NON-EXECUTIVE DIRECTORS

Following a detailed review of non-executive directors' remuneration by the remuneration committee and based on the recommendations of the independent external consultant, the following remuneration was approved at the annual general meeting held on 25 April 2005:

- A general annual retainer to all non-executive directors of US\$45 000;
- An annual committee assignment fee of US\$25 000, with an additional premium for membership of the audit committee of US\$10 000;
- The chairman of a board committee to receive a committee assignment fee of US\$40 000;
- The senior independent director, in addition to the

- general annual retainer but in lieu of any committee assignment fee, to receive an additional US\$75 000;
- The non-executive chairman, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional US\$90 000;
 - An award to each director of US\$30 000 to be translated into a number of "restricted" shares. The shares are to vest over a three year period from the date of the award.

Vesting would accelerate on the following conditions:

- Termination other than resignation or dismissal;
- Voluntary retirement after the age of 65 with a minimum of three years service as a director; and
- Change in control of the company.

A non-executive director must hold shares at least equal in value (as at the beginning of the year) to the general annual retainer. New directors would be granted three years in which to acquire the required shareholding

and this period could be extended by the unanimous approval of the disinterested directors. If the number of shares were to fall below the threshold due to a fall in the share price, no additional purchase of shares would be required. Save for Mr Cramer, all the directors hold shares equal to the value of the general annual retainer.

For details of directors' shareholdings see page 39 of this report.

Previously, non-executive directors were granted share options over the company's ordinary shares. These share options were awarded to non-executive directors at a time when such options were not considered as affecting a director's independence and with the intention of aligning directors' interests with those of shareholders. Currently only three non-executive directors have unexercised share options. Details of the remaining options are shown on page 39.

DIRECTORS' REMUNERATION AND INTERESTS

Summary of directors' remuneration

US\$	Basic salary/fees 31 Dec 2005	Basic salary/fees 31 Dec 2004	Bonus/ service contract 31 Dec 2005	Bonus/ service contract 31 Dec 2004	Other pay- ments* 31 Dec 2005	Other payments 31 Dec 2004	Total 31 Dec 2005	Total 31 Dec 2004
<i>Executive</i>								
DM Bristow	600 000	530 156	975 136	1 118 022	693 700	535 250	2 268 836	2 183 428
RA Williams	278 208	239 040	325 045	372 674	-	-	603 253	611 714
RAR Kebble**	-	343 750	975 136	1 118 022	-	1 093 750	975 136	2 555 522
Subtotal	878 208	1 112 946	2 275 317	2 608 718	693 700	1 629 000	3 847 225	5 350 664
<i>Non-executive</i>								
P Liétard	135 000	102 500	-	-	30 000	-	165 000	102 500
BH Asher	120 000	115 000	-	-	30 000	-	150 000	115 000
J-A Cramer	80 000	85 000	-	-	30 000	-	110 000	85 000
RI Israel	85 000	68 000	-	-	30 000	-	115 000	68 000
AL Paverd	80 000	85 000	-	-	30 000	-	110 000	85 000
Subtotal	500 000	455 500	-	-	150 000	-	650 000	455 500
TOTAL	1 378 208	1 568 446	2 275 317	2 608 718	843 700	1 629 000	4 497 225	5 806 164

* Other payments to Dr DM Bristow in 2004 and 2005 comprise the grant of shares. The award in 2005 of US\$30 000 to each non-executive director was translated into share grants which vest over a three year period from the date of the award.

** Mr RAR Kebble resigned from the board with effect from 3 November 2004. All amounts shown as remuneration for 2005 and the "other payments" for 2004 reflect payments in settlement of Mr RAR Kebble's termination agreement.

The bonus is calculated on the movement in the company's share price based on a calendar year to 31 March. The 2005 bonuses, as shown above, reflect the amounts paid in April 2005 in respect of the movement in the share price from 1 April 2004 to 31 March 2005, being US\$10.70 to US\$12.36. At 31 December 2005, the company accrued US\$2.1 million for bonus payments, in respect of 2005, based on a share price of US\$16.13. Based on a share price at 13 March 2006, the date of the signing of the accounts, the aggregate accrued amount of the bonuses payable for the period up to that date would be the higher amount of US\$3.0 million. Bonuses in respect of the 2005 year are expected to be paid in April 2006 in terms of the provisions of the service contracts.

Directors' options

	Number of options during the period				Exercise price (US\$)	Market price at date of exercise (US\$)	Date from which exercisable	Expiry date
	At 1 Jan 2005	Granted	Exercised	At 31 Dec 2005				
<i>Executive</i>								
DM Bristow	166 700	-	-	166 700	3.25	-	12/07/02	11/07/12
RA Williams	27 760	-	27 760	-	3.03	14.09	01/05/02	30/04/12
RA Williams	66 700	-	66 700	-	3.25	14.09	12/07/02	11/07/12
RA Williams	125 000	-	-	125 000	8.05	-	06/08/06	05/08/16
<i>Non-executive</i>								
BH Asher	25 400	-	-	25 400	1.65	-	29/01/01	28/01/11
J-A Cramer	25 400	-	-	25 400	1.65	-	29/01/01	28/01/11
RI Israel	25 400	-	-	25 400	1.65	-	29/01/01	28/01/11
P Liétard	25 400	-	25 400	-	1.65	14.09	29/01/01	28/01/11
AL Paverd	25 400	-	25 400	-	1.65	13.62	29/01/01	28/01/11

The high and low ordinary share prices for the company for the year under review were: ordinary shares on the LSE (trading symbol RRS) and Nasdaq from 1 January 2005 to 31 December 2005:

Pound sterling on LSE (trading symbol RRS): High: £9.58; Low: £5.30

ADRs on the Nasdaq (trading symbol GOLD): High: US\$16.77; Low: US\$10.13

The share price at the year end, being 31 December 2005 was £9.27 for the ordinary shares trading on the LSE and US\$16.13 for the ADRs trading on the Nasdaq.

Directors' shareholdings

	At 28 Feb 2006 number§	At 31 Dec 2005 number	At 31 Dec 2004 number	Beneficial/non-beneficial
<i>Executive</i>				
DM Bristow	728 400	606 700	556 700	Beneficial
RA Williams	160 000	160 000	100 000	Beneficial
<i>Non-executive</i>				
BH Asher	14 614	13 248	16 420	Beneficial
J-A Cramer	2 148	782	12 466	Beneficial
RI Israel	14 614	13 248	12 466	Beneficial
AL Paverd	40 014	38 649	-	Beneficial
P Liétard	27 548	26 182	-	Beneficial
RAR Kebble*	-	-	550 000	Beneficial

§ This includes all shares issued to Dr DM Bristow in respect of his share award and restricted shares which have vested in the name of each non-executive director. Currently, in terms of the US\$30 000 awarded to each non-executive director on 1 January 2005, the final 783 shares will be issued on 1 January 2007. In terms of the US\$30 000 awarded to each non-executive director on 1 January 2006, 584 were issued on 1 January 2006 whilst the remaining 1 169 will be issued in two tranches of 584 and 585 shares on 1 January 2007 and 1 January 2008.

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