ASA LIMITED
36 Wierda Road West
Sandton 2196, South Africa

January 26, 2004

To United States Shareholders:

For federal tax purposes, ASA Limited ("ASA") became a "passive foreign investment company" (a "PFIC") on December 1, 1987. The manner in which the PFIC rules apply depends, in part, on whether a United States shareholder elects to treat ASA as a qualified electing fund (a "QEF") with respect to his or her interest therein. This letter and the accompanying "PFIC Annual Information Statement" are intended to provide United States shareholders of ASA with information they may use for purposes of making a QEF election and complying with the annual QEF reporting requirements.

The general tax consequences of ASA's PFIC status, and of making or not making a QEF election with respect to an investment in ASA shares, are discussed under the heading "Certain tax information for United States shareholders" on pages 14 and 15 of ASA's 2003 Annual Report (the "Annual Report"), which was mailed to ASA's shareholders in connection with the annual meeting of ASA shareholders to be held on February 6, 2004. Copies of the Annual Report may be obtained by applying to ASA at its Registered Office or to LGN Associates, P.O. Box 269, Florham Park, New Jersey 07932, (973) 377-3535. United States shareholders are encouraged to consult their own tax advisors regarding all of the potential tax consequences of the ownership of ASA shares based on their particular circumstances.

In general, a United States shareholder who makes a QEF election with respect to his or her ASA shares will be required annually to report on his or her federal income tax return an allocable amount of ASA's ordinary earnings and net capital gain, if any (the "QEF inclusions"). Each United States shareholder who desires QEF treatment with respect to his or her ASA shares must individually make the QEF election in accordance with the applicable tax rules (summarized below). The QEF election must be made for the taxable year of the electing shareholder that includes November 30, 2003, the date on which ASA's taxable year ended.[*]

The QEF election must be filed with the Internal Revenue Service ("IRS") by the due date, including extensions, of the electing United States shareholder's federal income tax return for the shareholder's taxable year for which the election is to apply. A United States shareholder can elect QEF treatment on IRS Form 8621 (Rev. Dec. 2000), which must be properly completed and attached to the shareholder's federal income tax return for the taxable year for which the election is made. IRS Form 8621 can be obtained from a local IRS office or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

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[*] However, if you first became an ASA shareholder after November 30, 2003, the PFIC rules are first relevant to you for ASA's taxable year ending November 30, 2004. In that case, if you are a calendar year taxpayer, you will not have to decide whether to make a QEF election for your ASA shares until you file your 2004 federal income tax return.

Enclosed with this letter is the PFIC Annual Information Statement for ASA's taxable year ended November 30, 2003 ("ASA's Taxable Year"). This statement sets forth ASA's ordinary earnings for that taxable year and provides certain other information required by Treasury regulations. For United States shareholders that plan to make, or that previously have made, a QEF election with respect to their ASA shares, the PFIC Annual Information Statement may be used in connection with preparing IRS Form 8621 and reporting the annual QEF inclusions. Electing United States shareholders should retain a copy of IRS Form 8621 and the PFIC Annual Information Statement for their records, because the failure of an electing United States shareholder to produce such documentation in connection with an IRS examination may result in invalidation or termination of the shareholder's QEF election.

A QEF election is effective for the taxable year of an electing United States shareholder for which the election is made and for all subsequent taxable years of the shareholder, and the election may not be revoked without IRS consent. Therefore, a United States shareholder who already has made a valid QEF election with respect to his or her ASA shares need not make another such election with respect to those shares. Such a shareholder must, however, file a properly completed IRS Form 8621 with his or her federal income tax return (reporting his or her share of ASA's ordinary earnings on the return).[**]

A United States shareholder who first acquired ASA shares after November 30, 2002, and before December 1, 2003, and who files his or her federal income tax return on the basis of a calendar year, may make a QEF election on his or her 2003 federal income tax return. A United States shareholder who first acquired ASA shares on or before November 30, 2002, and who has not previously made a QEF election with respect to those shares, also may make the election on his or her 2003 federal income tax return but should consult his or her tax advisor concerning the tax consequences and special rules that apply when the QEF election could have been made with respect to an interest in a PFIC for an earlier taxable year.

You should note that ASA's ordinary earnings have been reported on the PFIC Annual Information Statement on a per share, per day basis. Therefore, to determine the amount of ASA's ordinary earnings that are properly allocable to you, the amount thereof reported on the PFIC Annual Information Statement must be multiplied, first, by the number of shares you held during ASA's Taxable Year, and second, by the number of days during that year that you held those shares. An individual shareholder with a QEF election in effect with respect to ASA shares should report on his or her federal income tax return his or her allocable amount of ordinary earnings as dividend income (IRS Form 1040, line 9a, and, if total ordinary dividends exceed $1,500 for the year, Schedule B).[***] Because ASA is a PFIC, no part of that dividend

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** A non-electing United States shareholder also must file a properly completed IRS Form 8621 with his or her federal income tax return.

*** The amount shown in the Annual Report as "Net realized gain from foreign currency transactions" for ASA's Taxable Year has been treated as ordinary earnings in accordance with U.S. federal income tax principles.

income qualifies for the 15% maximum U.S. federal income rate on individuals' "qualified dividends" (IRS Form 1040, line 9b).

For ASA's Taxable Year, it reported ordinary earnings of $1.16 per share and had no net capital gain. The total amount of cash dividends ASA paid during that year was $.80 per share. A dividend paid during ASA's Taxable Year to a United States shareholder who made an effective QEF election first is treated as a distribution out of ASA's earnings and profits ("E&P") accumulated during that year. The excess is treated as being distributed out of the most recently accumulated E&P and is taxable to the shareholder unless the shareholder satisfactorily demonstrates to the Internal Revenue Service that the excess was previously included in any U.S. person's income; in the latter case, the shareholder must reduce the basis in his or her ASA shares by any untaxed amount.

The application of the foregoing rules to a typical United States shareholder may be illustrated as follows.

<u>QEF Election</u>. A United States shareholder who held, for each day of ASA's Taxable Year, 100 ASA shares with respect to which a QEF election is or will be effective should report on his or her federal income tax return $116.00 (100 shares x $1.16 per share) as dividend income.

<u>No QEF Election</u>. A United States shareholder who held 100 ASA shares with respect to which no QEF election is or will be effective for 2003, and who held those shares on each of ASA's 2003 dividend record dates, should report $80.00 cash dividends (100 shares x $.80 per share) as dividend income.

United States shareholders are cautioned that the illustrations set forth above make certain assumptions as to the ownership of ASA shares. In particular, the illustrations assume that ASA shares were held by a United States shareholder for each day in ASA's Taxable Year. While the principles discussed in the illustrations generally would apply to all United States shareholders, the actual calculation of reportable income would be affected by the individual circumstances of a particular United States shareholder (such as increases and decreases in share ownership by the shareholder during the year). Accordingly, shareholders should consult their tax advisors regarding the proper reporting of income attributable to their ASA shares.

As an alternative to the QEF election discussed above, a "mark-to-market" election is available for regularly traded PFIC stock, such as the ASA shares. In general, an electing United States shareholder annually would report any increase in the fair market value of his or her ASA shares as ordinary income on his or her federal income tax return (which amount would be added to the shareholder's tax basis in the shares), and any decrease in that value would be permitted as an ordinary deduction (and deducted from that basis) but only to the extent of previous inclusions of ordinary income. A United States shareholder must make the mark-to-market election with the original federal income tax return for the taxable year in which his or her ASA shares are first marked-to-market (and generally applies for that and all subsequent taxable years). The election is made by checking Box F in Part I of Form 8621 and completing Part III of the form.

For example, a United States shareholder who is a calendar year taxpayer and who desired to make the mark-to-market election with respect to his or her ASA shares, would report ordinary income on his or her 2003 federal income tax return, in addition to the dividend income received in respect of those shares, to the extent, if any, that the fair market value of those ASA shares on December 31, 2003 ($45.50 per share), exceeded his or her tax basis in those shares on that date. If, however, the shareholder's tax basis in those ASA shares exceeded their fair market value on December 31, 2003, the unrealized loss could be claimed as a deduction on the shareholder's federal income tax return, but only to the extent the shareholder included an amount in income in prior taxable years pursuant to an effective mark-to-market election. United States shareholders should consult their own tax advisors regarding the advisability of a mark-to-market election for ASA shares, including the special rules that apply to shareholders that owned ASA shares prior to the effective date for making the election, January 1, 1998.

THE DISCUSSION ABOVE, WHICH IS BASED ON CURRENT TAX LAW AND TREASURY REGULATIONS (WHICH ARE SUBJECT TO CHANGE), IS NOT INTENDED TO CONSTITUTE TAX ADVICE. DUE TO THE COMPLEXITY OF THE TAX RULES RELATING TO PFICS, YOU ARE STRONGLY URGED TO CONSULT YOUR OWN TAX ADVISOR CONCERNING (A) THE IMPACT OF THESE RULES ON YOUR INVESTMENT IN ASA SHARES AND ON YOUR INDIVIDUAL SITUATION, (B) WHETHER YOU SHOULD MAKE A QEF ELECTION, (C) THE PROPER MANNER FOR MAKING A QEF ELECTION AND REPORTING THE INCOME ATTRIBUTABLE TO YOUR INVESTMENT IN ASA ON YOUR TAX RETURN, (D) THE TAX CONSEQUENCES OF MAKING A QEF ELECTION FOR A YEAR OTHER THAN THE FIRST YEAR YOU ARE ELIGIBLE TO DO SO UNDER THE PFIC RULES, AND (E) THE ADVANTAGES AND DISADVANTAGES OF MAKING A MARK-TO-MARKET ELECTION.

Sincerely yours,

ASA Limited

ASA LIMITED
36 Wierda Road West
Sandton 2196, South Africa

PFIC ANNUAL INFORMATION STATEMENT

1. This statement applies to the taxable year of ASA Limited ("ASA") beginning December 1, 2002, and ended November 30, 2003 (the "2003 Taxable Year").

2. ASA's per day, per share ordinary earnings (as defined in section 1293(e) of the Internal Revenue Code of 1986, as amended, and determined in accordance with Treas. Reg. § 1.1293-1(a)(2)(i)(C)) for the 2003 Taxable Year were:

$0.0031789

ASA's per day, per share net capital gain (as defined in Treas. Reg. § 1.1293-1(a)(2)) for the 2003 Taxable Year was:

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3. ASA did not distribute any property to you during the 2003 Taxable Year. The amount of cash dividends distributed to you during the 2003 Taxable Year may be computed with reference to the following table, which shows the cash dividends per ASA share payable to its shareholders of record on each record date during the 2003 Taxable Year. The amount of cash dividends distributed to you by ASA also will be reported on the IRS Form 1099 that you receive with respect to your ASA shares.

Record Date	Per Share Dividend
Feb. 13	$0.15
May 23	0.15
Aug. 15	0.15
Nov. 14	0.15
Nov. 14	0.20 Year-End

4. ASA will permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by ASA that are necessary to establish that its ordinary earnings and net capital gain enumerated above are computed in accordance with U.S. income tax principles and to verify those amounts and your *pro rata* share thereof.

ASA Limited

By: ____________________
Title: Treasurer
Date: January 26, 2004