RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

Randgold & Exploration Company Limited / (Incorporated in the Republic of South Africa) / (Registration number 1992/005642/06)
Share code: RNG / ISIN: ZAE000008819 / ("R&E" or "the company" or "the group")

Reviewed results for the six months ended 30 June 2010

COMMENTARY TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

General

The board of Randgold & Exploration Company Limited is pleased to announce the interim results for the six months ended 30 June 2010. The company has now fully implemented the JCI settlement as anticipated. Eligible shareholders will be aware of the distribution of Gold Fields Limited (GFI) and JCI Limited (JCI) shares made by the company on 5 July 2010.

Income

The majority of the income recognised in the period under review was a result of two recoveries of R783,5 million and R25,2 million which flowed from the settlement with JCI and the litigation settlement agreement, respectively.

Financial position

Excluding the effects of the settlement, R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash and an investment in GFI shares. After the settlement distribution and unbundling of the company's holding of JCI shares, R&E has a net asset value per share of R7,01.

Cashflow

R&E started the period under review with a cash balance of R295 million. Operating activities (excluding the JCI settlement) generated cash inflow of R15,8 million, primarily as a result of cash collected from outstanding settlement receivables.

Investing activities yielded cash inflows of R85,5 million primarily as a result of dividends received, proceeds from the disposal of recovered assets and the repayment of loans receivable from JCI.

Dividends paid by Free State Investment and Development Corporation Limited (FSD) to its non-controlling shareholder (JCI group) resulted in a cash outflow from financing activities.

R&E remains in a strong cash position at 30 June 2010 with R323 million in cash and cash equivalents.

Outlook

Given R&E's liquid financial position and position in the resources industry, management will focus on seeking out new opportunities, where appropriate, for the benefit of R&E and its shareholders. As in the past, a pragmatic commercial approach will be adopted in dealing with the outstanding legal claims.

DC Kovarsky
Chairman

Marais Steyn
Chief Executive Officer

Johannesburg
30 July 2010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended	
		30 June 2010	30 June 2009
		Reviewed	Un-reviewed
	Notes	R'000	R'000
Revenue		12 048	9 890
Recoveries – JCI	6	783 549	–
– Other		25 205	14 207
Other income		10 353	211
Other operating expenses		(38 592)	(24 857)
Results from operating activities		792 563	(549)
Finance income		1 320	17 489
Profit before taxation		793 883	16 940
Taxation		(1 052)	(5 839)
Profit for the period		792 831	11 101
Other comprehensive income			
Net change in fair value of available-for-sale investments	7	11 618	3 234
Total comprehensive income		804 449	14 335
Profit or loss attributable to:			
Non-controlling interest		628	10 167
Owners of the company		792 203	934
Profit for the period		792 831	11 101
Total comprehensive income attributable to:			
Non-controlling interest		628	10 167
Owners of the company		803 821	4 168
Total comprehensive income		804 449	14 335
Basic and diluted earnings per share (cents)	9	1 103	1

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2010	31 December 2009
		Reviewed	Audited
	Notes	R'000	R'000
Assets			
Non-current assets		211 409	247 032
Plant and equipment		357	108
Intangible assets		474	474
Investments in equity securities	7	210 578	246 450
Current assets		1 151 066	549 096
Loans receivable		–	207 543
Trade and other receivables		4 946	46 747
Financial asset – settlement receivable	6	791 416	–
Investments held for distribution	7	32 026	–
Cash and cash equivalents		322 678	294 806
Total assets		1 362 475	796 128
Equity and liabilities			
Shareholders' equity		503 633	484 152
Issued capital		748	748
Share premium		162 612	986 054
Reserves		23 755	12 137
Retained earnings/(Accumulated loss)		316 518	(514 787)
Non-controlling interest		9 396	250 378
Liabilities			
Non-current liabilities			
Post-retirement medical benefit obligation		34 355	34 575
Current liabilities		815 091	27 023
Tax liabilities		16 302	15 579
Shareholders for dividend	9	790 419	–
Trade and other payables		8 370	11 444
Total equity and liabilities		1 362 475	796 128

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

		For the six months ended	
		30 June 2010	30 June 2009
		Reviewed	Un-reviewed
	Notes	R'000	R'000
Share capital			
Balance at the beginning and end of the period		748	748
Share premium		162 612	986 054
Balance at the beginning of the period		986 054	986 054
Distribution dividend	8	(823 442)	–
Foreign currency translation reserve		–	–
Balance at the beginning of the period		–	(19)
Movement for the period		–	19
Investment fair value reserve		23 755	3 234
Balance at the beginning of the period		12 137	–
Net change in fair value of available-for-sale investments		11 618	3 234
Retained earnings/(Accumulated loss)		316 518	(548 596)
Balance at the beginning of the period		(514 787)	(549 530)
Transaction with non-controlling shareholders	8	6 079	–
Profit for the period		792 203	934
Distribution dividend		33 023	–
Non-controlling interest		9 396	242 930
Balance at the beginning of the period		250 378	232 763
Transaction with non-controlling shareholders		(168 034)	–
Dividends paid to non-controlling shareholders		(73 576)	–
Profit for the period		628	10 167
Dividend per share (cents)	9	1 101	–

GROUP CONDENSED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2010	30 June 2009
	Reviewed	Un-reviewed
	R'000	R'000
Profit before taxation	793 883	16 940
Adjusted for:		
Recoveries not settled in cash	(808 754)	–
Other non-cash items	5 277	(41)
Interest received	(1 320)	(17 489)
Dividends received	(12 048)	(9 890)
Working capital changes	38 727	(2 301)
Cash flows from operations	15 765	(12 781)
Interest received	478	940
Taxation paid	(329)	(5 756)
Cash flows from operating activities	15 914	(17 597)
Cash flows from investing activities	85 534	(55 407)
Dividends received	12 048	9 890
Proceeds from disposal of recovered assets	27 344	–
Acquisition of investment in equity securities	–	(5 129)
Acquisition of plant and equipment	(288)	–
Loan payments received/(advanced)	46 430	(60 168)
Cash flow from financing activities		–
Dividends paid to non-controlling shareholders	(73 576)	–
Translation effect on foreign cash and cash equivalents	–	19
Net increase/(decrease) in cash and cash equivalents	27 872	(72 985)
Cash and cash equivalents at the beginning of the period	294 806	275 725
Cash and cash equivalents at the end of the period	322 678	202 740

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. Reporting entity

R&E is a company domiciled and incorporated in the Republic of South Africa. The condensed consolidated interim financial statements of the company for the six months ended 30 June 2010 include the company and its subsidiaries (together referred to as the "group").

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 December 2009.

These condensed consolidated interim financial statements were approved by the board of directors on 30 July 2010.

3. Significant accounting policies

The accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended 31 December 2009, except for the following standards and interpretations adopted on 1 January 2010:

IAS 27 Amendment	*Consolidated and Separate Financial Statements*
15 Amendments	*Improvements to International Financial Reporting Standards 2009*
IFRS 3	*Business Combinations*
IFRIC 17	*Distribution of Non-cash Assets to Owners (IFRIC 17)*

There was no significant impact on these condensed consolidated interim financial statements as a result of adopting these standards and interpretations, except for IFRIC 17.

IFRIC 17 addresses the accounting treatment for non-cash distributions made to owners. In terms of IFRIC 17 a liability is recognised at the fair value of the asset to be distributed when the distribution is authorised. The asset to be distributed is reclassified as held for distribution and measured in terms of IFRS 5. Re-measurement of the liability at fair value of the asset to be distributed will be recognised in equity. When the distribution is made, the liability and the asset will be derecognised. IFRIC 17 has been applied prospectively.

The distribution of the JCI settlement assets, as discussed in note 6 and the unbundling of R&E's existing holding of 305 million JCI shares, as discussed in note 7, have been accounted for in terms of IFRIC 17.

4. Independent review by the auditor

The condensed consolidated interim financial statements of R&E were reviewed by the group's auditor, CH Basson of KPMG Inc. The unmodified review report is available for inspection at the company's registered office.

The comparative financial information presented in these interim financial statements has not been reviewed by the group's auditor as the group did not publish interim financial statements for the six months ended 30 June 2009. The company obtained dispensation from the Registrar of Companies and the JSE Limited not to lodge interim financial statements for the six months ended 30 June 2009.

5. Segment reporting

The group operates in a single operating segment as an investment holding company with assets in the mining industry.

6. Settlement with JCI Limited and distribution of shares

On 28 May 2010, the shareholders of R&E approved the settlement agreement with JCI as well as the distribution of the shares received as part of the settlement to R&E shareholders. The JCI shareholders also approved the settlement with R&E on 4 June 2010.

The settlement circular, containing full details of the settlement, was distributed to shareholders on 12 May 2010. As a result of the settlement, the JCI group transferred the following assets to the R&E group on 4 July 2010:

- 6 051 632 GFI shares; and
- 1 555 710 220 JCI shares (a fresh issue).

On 5 July 2010 R&E distributed the above shares to its shareholders.

No tax liability is expected to arise from the settlement transaction as all the affected entities within the group have sufficient income tax and capital gains tax losses to absorb the recovery. There are also no tax consequences as a result of the distribution, as it is made partially out of share premium and partially as an unbundling in terms of section 46 of the Income Tax Act.

A recovery and a financial asset were recognised in profit or loss and in the statement of financial position, respectively, on 23 June 2010 (the date on which the last suspensive condition contained in the settlement agreement was met) at fair value of the shares receivable. A corresponding liability to shareholders was raised on the same day with the charge being taken directly to equity (distribution dividend) for the shares to be distributed to the ordinary shareholders of R&E.

At the reporting date, the financial asset was revalued with reference to the value of the underlying securities, with the fair value movement being recognised in profit or loss. The liability to shareholders was revalued on the same criteria with the change in fair value recognised directly in equity (distribution dividend).

Financial asset – settlement receivable	Number of shares	Price (ZAR/cents)	Value (R'000)
At 23 June 2010 – settlement date			
Recovery			**783 549**
GFI	6 051 632	10 250	620 293
JCI	1 555 710 220	10,5	163 256
Movement to profit or loss (included in 'Other income')			7 867
At 30 June 2010			**791 416**
GFI	6 051 632	10 380	628 160
JCI	1 555 710 220	10,5	163 256

JCI was suspended from trading on the JSE at a price of R0,16 per share on 1 August 2005. Having regard to the JCI group net asset value (NAV) statement at 31 December 2009, as published on 9 February 2010, adjusted for the settlement and other known variables, i.e. fair value movements in assets and liabilities and based on information available to the directors of R&E, the directors have calculated JCI group's NAV at R0,15 per share at 30 June 2010. After applying a discount factor of 30% to the calculated NAV per share due to the illiquidity of JCI's shares and nature of its assets, a fair value of R0,105 was arrived at. The directors of R&E believe that R0,105 represents their best estimate of JCI's fair value based on currently available information.

7. Investments in equity securities and investments held for distribution

As part of the settlement transaction mentioned above, R&E also unbundled its current holding of 305 million JCI shares (the unbundling shares) on 5 July 2010. These shares were re-valued at R0,105 per share (refer note 6 for basis of valuation) and were re-classified as 'investments held for distribution' in accordance with IFRIC 17 at 30 June 2010. The revaluation of the shares resulted in a R15,6 million impairment being recognised in profit or loss. A liability at fair value of this asset to be distributed to shareholders was also recognised in equity (distribution dividend).

There are no tax consequences as a result of the unbundling, as it is in terms of section 46 of the Income Tax Act.

	R'000
Investment in equity securities – 1 January 2010	**246 450**
Increase in fair value of available-for-sale GFI shares to other comprehensive income	11 618
Decrease in fair value of JCI shares taken to profit or loss (included in 'Other operating expenses')	(15 653)
Increase in fair value of GFI shares held for trading taken to profit or loss	189
Transfer of investment JCI shares to 'Investments held for distribution'	(32 026)
Investment in equity securities – 30 June 2010	**210 578**

The remaining investment in equity securities of R210,6 million represents an investment in GFI of 2 028 684 shares.

8. Excussion of FSD shares from JCI

At 30 December 2009, R&E had a loan receivable from the JCI group of R207,5 million. This loan was secured by a pledge of shares in FSD. On 14 January 2010 (the agreed settlement date), JCI was unable to make a full repayment of the loan. As a result, R&E exercised its security and became the beneficial owner of a further 6 690 610 FSD shares at an agreed value of R161,9 million, increasing its shareholding in FSD by 30,10% to 85,21%.

In terms of R&E's accounting policies, the acquisition of a non-controlling interest is accounted for as a transaction with equity holders in their capacity as equity holders.

9. Earnings per share and dividend per share

	For the six months ended	
	30 June 2010	30 June 2009
Basic earnings and diluted earnings per ordinary share	Reviewed	Un-reviewed
Basic and diluted earnings for the period (R'000)	792 203	934
Weighted average number of ordinary shares in issue	71 813 128	74 313 128
Earnings per share (cents)	1 103	1
Headline and diluted headline earnings per ordinary share		
Headline and diluted headline earnings for the period (R'000)	805 717	934
Weighted average number of ordinary shares in issue	71 813 128	74 313 128
Headline earnings per share (cents)	1 122	1
Reconciliation between basic and headline earnings for the period	R'000	R'000
Profit for the period attributable to the equity holders of the company	792 203	934
Adjusted for:		
Profit on disposal of available-for-sale investments	(2 139)	–
Impairment of investment held for distribution	15 653	–
	805 717	934
Tax effect of adjustments	–	–
Portion attributable to non-controlling interest	–	–
Headline earnings for the period attributable to equity holders of the company	805 717	934
Dividend per share		
Total dividend declared	790 419	–
Eligible shares in issue	71 813 128	–
Dividend per share (cents)	1 101	–

The distribution dividend payable to ordinary shareholders of the company, as approved on 28 May 2010, of R790,4 million comprises of the JCI settlement assets amounting to R791,4 million and the unbundling shares of R32,0 million adjusted for the portion which will be returned to the company by virtue of its 3 million treasury shares.

Total dividend payable from R&E's share premium	823 442	–
Dividend payable to group entities recognised in retained earnings	(33 023)	–
Shareholders for dividend per statement of financial position	790 419	–

10. Net asset and tangible net asset value and per share

The net asset value per share is calculated using the following variables:

	30 June 2010 Reviewed	31 December 2009 Audited
Net asset value (R'000)	503 633	484 152
Ordinary shares outstanding	71 813 128	71 813 128
Net asset value per share (cents)	701	674
Net tangible asset value per share (cents)	701	674

The number of shares outstanding at 31 December 2009 and 30 June 2010 has been adjusted for the 3 million treasury shares held.

11. Material changes

There have been no material changes to the information contained in the independent mineral asset valuation reports that were disclosed to shareholders in the settlement circular.

12. Related party transactions

Refer notes 6 and 8 for transactions with JCI, a related party.

13. Events after reporting date

Refer notes 6 and 7 for significant events occurring after 30 June 2010.

GREYMATTER & FINCH # 5345

Directors: DC Kovarsky (Chairman)**, M Steyn (CEO)*, V Botha*, MB Madumise**, JH Scholes** (*Executive, **Independent non-executive) **Secretary and Registered office:** RP Pearcey FCIS, 7th Floor Fredman Towers, Fredman Drive, Sandown, 2196
Transfer secretaries: Computershare Investor Services (Pty) Ltd (Registration number 2004/003647/07) 70 Marshall Street, Johannesburg 2001 **Sponsor:** PSG Capital