

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")

SUMMARISED GROUP UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

COMMENTARY TO SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS

Income
The majority of the R6.3 million income recognised in the period under review was derived from a further recovery of R4.4 million from the Insolvent Deceased Estate of RB Keble.

Financial position
R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash and cash equivalents and mineral prospecting rights. R&E's net asset value of R2.27 per share at 30 June 2015 remained unchanged from 31 December 2014.

Cash flow
R&E started the year under review with a cash and cash equivalent balance of R173.9 million. Operating activities utilised net cash of R5.1 million, primarily as a result of recoveries of R4.4 million offsetting net cash utilised in operations of R9.5 million.

Investment activities utilised cash outflows of R2.8 million, primarily from the net acquisition of investments in equity securities of R2.9 million. R&E remains in a healthy cash position with R171.8 million in cash and cash equivalents at 30 June 2015.

Outlook
The outlook for the balance of the year is largely dependent on the progress and outcome of legal proceedings in which the company is engaged. Legal expenses for the balance of the year are expected to be at a similar level. Management will continue to approach all legal matters and related expenses in a commercially pragmatic manner.

David Kovarsky Chairman
Johannesburg
14 August 2015

Marais Steyn Chief Executive Officer

SUMMARISED GROUP INTERIM STATEMENT OF COMPREHENSIVE INCOME

Notes	For the six months ended	
	30 June 2015 Unaudited R'000	30 June 2014 Unaudited R'000
Revenue	80	19
Profit/(loss) on disposal of investments	192	(7)
Recoveries	4 443	158 903
Other income	1 651	244
Other operating expenses	(11 841)	(14 215)
(Loss)/profit from operating activities	(5 475)	144 944
Finance income	5 811	7 322
Profit before taxation	336	152 266
Taxation	–	–
Profit for the period	336	152 266
Other comprehensive income		
Items of other comprehensive income that will not be subsequently reclassified to profit or loss		
Actuarial (losses)/gains	(158)	690
Taxation	–	–
Total comprehensive income for the period	178	152 956
Profit attributable to:		
Owners of the company	336	152 266
Total comprehensive income attributable to:		
Owners of the company	178	152 956
Basic and diluted earnings per share (cents)	0.47	213

SUMMARISED GROUP INTERIM STATEMENT OF CHANGES IN EQUITY

	For the six months ended	
	30 June 2015 Unaudited R'000	30 June 2014 Unaudited R'000
Attributable to equity holders of the company		
Ordinary share capital	746	746
Retained earnings	161 829	178 055
Balance at the beginning of the period	161 651	186 166
Dividend paid (225 cents per share)	–	(161 067)
Profit and total comprehensive income for the period	178	152 956

Legal update The consolidated class application by mineworkers/the dependents of mineworkers for permission to institute a class action against various companies including R&E arising from silicosis and/or tuberculosis (but excluding silico-tuberculosis) allegedly contracted on gold mines in South Africa:

- R&E has been cited as the twenty-ninth respondent in an application instituted in the High Court of South Africa, Gauteng Local Division, Johannesburg, which was consolidated with three other applications in August 2013, launched by mineworkers, alternatively dependents of mineworkers, who allegedly contracted silicosis and/or tuberculosis whilst working on gold mines in South Africa. They contend that during the period 1993 to 1996, R&E owned and/or controlled certain gold mines referred to in the papers and failed to take steps to prevent silicosis and tuberculosis from being contracted. This is disputed by R&E.
 - In terms of the consolidated application and as a first step in the process of proceeding with a class action against the twenty-nine respondents that have been cited, the applicants require the permission of the court to proceed with a class action and the certification by the court of both a silicosis and tuberculosis class.
 - Initially, the main application was confined to the certification of a silicosis class against R&E, which it opposed, and in respect of which it filed opposing papers. In September 2014, the applicants served a joinder application requesting permission to join R&E as a respondent to the tuberculosis class. R&E did not oppose its joinder. It subsequently filed papers opposing the certification of the tuberculosis class.
 - The hearing in respect of the certification of the classes is scheduled to take place in October 2015. Without prejudice to any of R&E's rights, R&E has decided to abide the outcome of the certification stage. Should certification be ordered by the court, R&E will thereafter consider its position.
- The minority shareholders application:**
- On 29 March 2011, David Smyth, Patrick Smyth, Anglorand Securities Limited, James Gubb, Elizabeth Gubb, Milkwood Investments and Jag Investments proceeded with an application for an order declaring the Settlement Agreement concluded between R&E, JCI Ltd (JCI) and JCI Investment Finance (Pty) Ltd on 20 January 2010 and the Litigation Settlement Agreement concluded between the various parties on 22 January 2010 to constitute or involve unfairly prejudicial, unjust or inequitable conduct. The application is opposed by R&E and opposing papers have been filed.
 - In March 2014, the parties to the application (which includes Investec Bank Limited), agreed to refer a dispute concerning the legal standing of the applicants (and those who have made common cause with them) to sue, to the High Court of South Africa, Gauteng Division, Pretoria to decide. Judge Rabie was appointed to hear the application, which was argued before him in June 2014 and resumed in November 2014. Judgment is awaited.

SUMMARISED GROUP INTERIM STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2015 Unaudited R'000	31 December 2014 Audited R'000
Assets		
Non-current assets	71	86
Equipment	22	37
Intangible assets	49	49
Current assets	178 318	177 348
Trade and other receivables	1 011	1 134
Investment in equity securities	5 470	2 259
Cash and cash equivalents	171 837	173 955
Total assets	178 389	177 434
Equity and liabilities		
Shareholders' equity	162 575	162 397
Ordinary share capital	746	746
Retained earnings	161 829	161 651
Liabilities		
Non-current liabilities		
Post-retirement medical benefit obligation	13 677	13 753
Current liabilities		
Trade and other payables	2 137	1 284
Total equity and liabilities	178 389	177 434

SUMMARISED GROUP INTERIM STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2015 Unaudited R'000	30 June 2014 Unaudited R'000
Profit before taxation	336	152 266
Adjusted for:		
(Profit)/loss on disposal of investments	(192)	7
Post-retirement medical benefit obligation – interest cost	496	559
Post-retirement medical benefit obligation – benefits paid	(730)	(751)
Depreciation	15	19
(Profit)/loss on fair value of investments	(101)	20
Interest received	(5 811)	(7 322)
Dividends received	(80)	(19)
Working capital changes	976	160 962
Cash (utilised)/generated in operations	(5 091)	305 741
Interest received	5 811	7 322
Cash flows from operating activities	720	313 063
Cash flows from investing activities	(2 838)	(482)
Dividends received	80	19
Proceeds on disposal of investment in equity securities	882	299
Acquisition of investment in equity securities	(3 800)	(800)
Cash flows from financing activities	–	(161 067)
Dividend paid	–	(161 067)
(Decrease)/increase in cash and cash equivalents	(2 118)	151 514
Cash and cash equivalents at the beginning of the period	173 955	201 160
Cash and cash equivalents at the end of the period	171 837	352 674

- Following a decision on the locus standi issue, R&E will assess its position. In the interim, R&E is considering an invitation by applicants to file a further affidavit dealing with various allegations that surfaced for the first time in their replying affidavit.
- No monetary relief is claimed against R&E in the main application. Further details of the application may be found in the previous Legal Report of R&E on pages 20 – 21 of R&E's Annual Report for 2014.

The action against Gold Fields Operations Ltd (Gold Fields):

- In August 2008, R&E and African Strategic Investment (Holdings) Ltd (formerly Randgold Resources (Holdings) Ltd) (ASI) instituted action against Gold Fields for relief having its origin in the alleged theft of Randgold Resources Ltd and Afflesee Shares, the extent of which claims extend to several billion rand. If successful, a favourable judgment could be sizable.
- On 22 April 2015, Gold Fields delivered its plea to the action denying any liability to R&E and ASI.
- Gold Fields has joined JCI, the trustees of the Estate Late Roger Brett Keble (the Brett Keble Estate), John Chris Lamprecht (Lamprecht) and Roger Ainsley Ralph Keble to the action, claiming a contribution against them as wrongdoers to the extent that Gold Fields is found to be liable to R&E and/or ASI. Both Lamprecht and JCI have filed pleas denying that they are liable to Gold Fields and raised special defences relating to, among others, the prescription of Gold Fields' right to join them to the proceedings. Apart from the special defences raised by JCI, JCI has indicated that it will abide the decision of the court.
- In addition, Gold Fields has served notices on additional persons (who have not been joined to the proceedings), notifying them that should it be found to be liable to R&E and/or ASI, it thereafter intends instituting action against such persons and claiming relief from them.
- R&E has called upon Gold Fields to discover the documents which it intends placing reliance on at trial and the matter is proceeding.

The action against Charles Orbach and Company (Charles Orbach):

- The action instituted by R&E against Charles Orbach in the High Court of South Africa, Gauteng Local Division, Johannesburg relates to a claim for damages arising from the alleged negligent assurance given by Charles Orbach on the provisional results of R&E for the financial year ended 31 December 2004. Charles Orbach has responded to R&E's claim and raised a special defence that if found to be liable, the extent of its liability is limited by the limitation of liability provision on which it relies.
- On 30 September 2014, the parties agreed to have such special defence determined by way of arbitration. The matter was argued before Judge Malan on 23 January 2015, who upheld such special defence. R&E appealed against the aforesaid

NOTES TO THE SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. Reporting entity

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group interim financial statements of the company for the six months ended 30 June 2015 include the company and its subsidiaries (together referred to as the "group").

2. Statement of compliance

The summarised group interim financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS), which include International Accounting Standard (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. These summarised group interim financial statements were approved by the board of directors on 11 August 2015.

Mr Van Zyl Botha CA(SA), the financial director of R&E, is responsible for these interim financial statements and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (group financial manager).

3. Significant accounting policies

The accounting policies applied by the group in these summarised group interim financial statements in accordance with IFRS are the same as those applied by the group in its group financial statements for the year ended 31 December 2014.

4. No independent review by the auditor

The company's auditor has not reviewed or audited the summarised group interim financial statements of R&E for the six months ended 30 June 2015.

5. Segment reporting

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

6. Recoveries

R&E received a distribution from the Fourth Liquidation and Distribution Account of the Insolvent Deceased Estate of RB Keble.

7. Earnings per share

	For the six months ended	
	30 June 2015 Unaudited	30 June 2014 Unaudited
Basic earnings and diluted earnings per ordinary share		
Basic and diluted earnings for the period (R'000)	336	152 266
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
Earnings per share (cents)	0.47	213
Headline and diluted headline earnings per ordinary share		
Headline and diluted headline earnings for the period (R'000)	336	152 266
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
Headline earnings per share (cents)	0.47	213

8. Net asset and tangible net asset value per share

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

	For the six months ended	
	30 June 2015 Unaudited	30 June 2014 Unaudited
Net asset value (R'000)	162 575	178 801
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	227	250
Net tangible asset value per share (cents)	227	250

The number of shares outstanding at 30 June 2015 and 30 June 2014 has been adjusted for the 2,999,893 treasury shares held.

9. Material changes

IAS 8 – Prior period classification error

In the summarised group unaudited interim financial statements for the six months ended 30 June 2014 previously published, the dividend paid was inadvertently classified as part of the statement of comprehensive income, instead of the statement of changes in equity. As this reclassification does not affect the balance sheet, a third balance sheet is not required. The reclassification also does not have any impact on or affect the calculation of basic or headline earnings per share. The effect of the reclassification is set out below.

	For the six months ended	
	30 June 2014 Unaudited R'000 Previously published	30 June 2014 Unaudited R'000 Restated figures
Summarised group interim statement of comprehensive income		
Profit for the period	152 266	152 266
Actuarial gains	690	690
Dividend paid	(161 067)	–
Total comprehensive (loss)/income for the period	(8 111)	152 956
Total comprehensive (loss)/income attributable to:		
Owners of the company	(8 111)	152 956
Summarised group interim statement of changes in equity	(8 111)	(8 111)
Dividend paid	–	(161 067)
(Loss)/profit and total comprehensive (loss)/income for the period	(8 111)	152 956
Summarised group interim statement of cash flows	151 996	151 996
Cash flows from operating activities	151 996	313 063
Cash flows from financing activities	–	(161 067)

10. Related party transactions

Hulme Scholes, a director of R&E, is also a director of Malan Scholes Attorneys, which provides legal prospecting right consulting services to R&E on an ad hoc basis.

The cost of these services amounted to R171 197 during the current period under review (June 2014 – R46 194).

There were no other related party transactions during the period under review other than in the normal course of business, i.e. key management remuneration.

11. Events after reporting date

There were no significant events between the reporting date and the approval date of these results.

12. Legal update

What follows represents an update to the shareholders of R&E regarding the legal matters in which the R&E group remains engaged, either in consequence of claims instituted by it against third parties or as a result of proceedings brought against it. The progression of the claims has been reported in prior legal reports, SENS announcements and updates to shareholders, including circulars and annual reports.

judgment to three retired Supreme Court of Appeal Judges. Its appeal was argued on 13 July 2015 and was successful. On 27 July 2015, the appeal award was delivered. R&E's exception to the limitation of liability provision (which was declared to be void) was upheld and Judge Malan's award was overturned. Costs of both the arbitration before Judge Malan and the appeal were granted in favour of R&E.

The action against certain former directors/employees of R&E:

- The action instituted in 2008 by R&E, ASI and First Wesgold Mining (Pty) Ltd (First Wesgold) out of the High Court of South Africa, Gauteng Local Division, Johannesburg, against Hendrik Buitendag (Buitendag), John Stratton (Stratton), Charles Cornwall, Lieben Swanevelde, Lunga Ncwana and Lamprecht, is being defended.

The action against Bookmark Holdings (Pty) Ltd (Bookmark), Sello Rasathaba (Rasathaba) and Lamprecht:

- The action instituted in 2008 by R&E and ASI in the High Court of South Africa, Gauteng Local Division, Johannesburg, claiming damages against Bookmark, Rasathaba and Lamprecht is being defended.

The action against Buitendag, Lamprecht and Stratton:

- The action instituted in 2008 by R&E against Buitendag, Lamprecht and Stratton in the High Court of South Africa, Gauteng Local Division, Johannesburg, in respect of a trading account ostensibly conducted by R&E at Tlotlota Securities (Pty) Ltd is being defended.

The action against Patricia Beale (Beale):

- The action instituted in 2008 by R&E and ASI out of the High Court of South Africa, Gauteng Local Division, Johannesburg claiming damages against Beale is being defended.

The action against the Brett Keble Estate:

- Having proved claims against the Brett Keble Estate in excess of R2.7 billion, R&E instituted an action in the High Court of South Africa, Western Cape Division, Cape Town. No further steps have been taken in the matter.

General:

- The board of R&E continues to evaluate the legal matters in which the R&E group is engaged from time to time, mindful of the commercial and other practicalities associated with such litigation.