

Randgold & Exploration Company Ltd
(Incorporated in the Republic of South Africa)
(Registration Number: 1992/005642/06)
Sharecode: RNG
ISIN: ZAE00008819
(R&E or the company)

ABRIDGED GROUP FINANCIAL STATEMENTS 2017

COMMENTARY TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND NOTICE OF ANNUAL GENERAL MEETING

GENERAL

The board of R&E is pleased to announce the audited results for the year ended 31 December 2017. Mr Van Zyl Botha CA(SA), Financial Director, is responsible for the annual financial statements and these summarised annual results and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (Group Financial Manager).

INCOME

The 2017 group results reflected a total comprehensive loss for the year of R7.0 million (2016: R7.9 million). This was mainly as a result of an increase in legal fees. During the year income was derived primarily from third party recoveries of R1.1 million (2016: R6.4 million), the sale of prospecting rights realising a profit of R9.1 million and interest of R13.0 million (2016: R13.7 million) earned on cash investments. The company spent R6.7 million (2016: R6.4 million) on personnel costs, R22.4 million (2016: R18.3 million) on legal and forensic fees, and other operational costs totalled R2.1 million (2016: R4.8 million).

FINANCIAL POSITION

R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash and cash equivalents. R&E had a net asset value per share of R2.13 at 31 December 2017. (2016: R2.23)

CASH FLOW

R&E started the year under review with a cash and cash equivalent balance of R170.0 million. The group's cash outflow of R9.9 million was the net result of interest earned on cash, the disposal of prospecting rights and recoveries received, less cash utilised to fund its operations during the year. R&E remains in a healthy cash position with R160.1 million in cash and cash equivalents at 31 December 2017.

OUTLOOK

The outlook for 2018 is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to be at a similar level as 2017. Until the claims in which the company are engaged have been finalised, this pattern of expenditure is likely to prevail.

David Kovarsky Marais Steyn
Chairman Chief Executive Officer

Johannesburg
23 March 2018

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Audited 2017 R'000	Audited 2016 R'000
Dividends received - listed equity securities		294	296
Profit on disposal of listed equity securities		33	66
Recoveries	7	1 158	6 441
Other income		150	-
Personnel expenses		(6 711)	(6 444)
Profit on disposal of prospecting rights	6	9 120	-
Change in fair value of listed equity securities		(389)	917
Change in fair value of cash investments		851	(545)
Other operating expenses		(24 528)	(23 196)
Loss from operating activities		(20 022)	(22 465)
Finance income		13 005	14 445
Finance expense		-	(654)
Loss before taxation		(7 017)	(8 674)
Taxation		-	-
Loss for the year		(7 017)	(8 674)
Other comprehensive income			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss			
Actuarial (losses)/gains		(42)	687
Total comprehensive income for the year		(7 059)	(7 987)
Basic and diluted loss per share (cents)	8	(10)	(12)

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Audited 2017 R'000	Audited 2016 R'000
Assets		
Non-current assets	17	24
Equipment	17	23
Intangible assets	-	1
Current assets	166 661	176 842
Investment in listed equity securities	6 472	6 683
Trade and other receivables	85	118
Cash and cash equivalents	160 104	170 041
Total assets	166 678	176 866
Equity and liabilities		
Shareholders' equity	152 717	159 776
Ordinary share capital	716	716
Retained earnings	152 001	159 060
LIABILITIES		
Non-current liabilities		
Post-retirement medical benefit obligation	11 404	11 849

Current liabilities		
Trade and other payables	2 557	5 241
Total equity and liabilities	166 678	176 866

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R'000	Audited 31 December 2016 R'000
Attributable to equity holders of the company		
Ordinary share capital	716	716
Retained earnings	152 001	159 060
Balance at the beginning of the period	159 060	167 047
Total comprehensive income for the year	(7 059)	(7 987)

SUMMARISED GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R'000	Audited 31 December 2016 R'000
Loss before taxation	(7 017)	(8 674)
Adjusted for:		
Profit on disposal of listed equity securities	(33)	(66)
Profit on disposal of prospecting rights	(9 120)	-
Change in fair value of listed equity securities	389	(917)
Purchase of computer equipment	-	(18)
Depreciation	6	2
Post-retirement medical benefit obligation - interest cost	975	1 190
Interest received	(13 005)	(14 445)
Interest paid	-	654
Dividends received	(294)	(296)
Working capital changes	(2 651)	4 109
Cash utilised in operating activities	(30 750)	(18 461)
Interest received	13 005	14 445
Interest paid	-	(654)
Post-retirement medical benefit liability - benefits paid	(1 462)	(1 526)
Cash flow from operating activities	(19 207)	(6 196)
Cash flow from investing activities	9 270	299
Dividends received	9 294	296
Proceeds on disposal of prospecting rights	9 120	-
Acquisition of investment in listed equity securities	(2 269)	(1 647)
Proceeds on disposal of listed equity securities	2 125	1 650
Cash flow from financing activities	-	-
Decrease in cash and cash equivalents	(9 937)	(5 897)
Cash and cash equivalents at the beginning of the year	170 041	175 938
Cash and cash equivalents at the end of the year	160 104	170 041

NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1.REPORTING ENTITY

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group annual financial statements of the company for the year ended 31 December 2017 includes the company and its subsidiaries (together referred to as "the group").

2.BASIS OF PREPARATION

The summarised group financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Accountants Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

3.SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the group financial statements, from which the summarised group financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous group annual financial statements. The accounting policies have been applied consistently by all group entities.

4.INDEPENDENT AUDIT BY THE AUDITOR

These summarised group financial statements for the year ended 31 December 2017 have been extracted from the complete set of annual financial statements on which the auditors, KPMG Inc., have expressed an unqualified audit opinion, dated 23 March 2018. The auditor's report and annual financial statements, which have been summarised in this report, are available for inspection at the registered office of the company. This abridged report is extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

5.SEGMENT REPORTING

The group operates in a single operating segment as an investment holding company.

6.PROSPECTING RIGHTS

During 2017 R&E received proceeds of R 9.1 million from the disposal of the Doornbosch prospecting right.

7.RECOVERIES

During 2017 R&E received liquidation dividends from The Insolvent Deceased Estate of Roger Brett Kebble of R1.1 million.

8.LOSS PER SHARE

	2017 Per share (in cents)	2016 Per share (in cents)
Loss per share		
Basic loss and diluted loss per ordinary share	(10)	(12)

The calculation of basic and diluted loss per ordinary share is based on loss of R7.0 million (2016: R8.6 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2016: 71 585 172) shares in issue.

Headline loss and diluted headline loss per share	(23)	(12)
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The calculation of the headline loss and diluted headline loss per share is based on headline loss of R16.1 million(2016: R8.6 million) attributable to equity holders of the company and a weighted average of 71 585 172 (2016: 71 585 172) ordinary shares in issue.

Reconciliation between basic loss for the year and headline loss		
Loss for the year attributable to equity holders of the company	(7 017)	(8 674)
Adjusted for:		
Profit on disposal of prospecting rights	(9 120)	-
Headline loss for the year attributable to equity holders of the company	(16 137)	(8 674)

9.NET ASSET AND TANGIBLE NET ASSET VALUE PER SHARE

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

	31 December 2017	31 December 2016
Net asset value (R'000)	152 717	159 776
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	213	223
Net tangible asset value per share (cents)	213	223

The number of shares outstanding at 31 December 2017 and 31 December 2016 has been adjusted for the 2 999 893 treasury shares held.

10.MATERIAL CHANGES

No material changes occurred during 2017.

11.RELATED PARTY TRANSACTIONS

There were no related party transactions during the period under review other than in the normal course of business. Key management remuneration for the current year was R4.8 million (2016: R4.5 million). JH 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 R45 790 during 2017 (2016: R119 860).

12.EVENTS AFTER REPORTING DATE

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

13. NOTICE OF ANNUAL GENERAL MEETING

Shareholders are advised that the annual general meeting ("the meeting" or "the annual general meeting") of shareholders of R&E will be held at The Westin Cape Town, Convention Square, Lower Long Street, Cape Town, at 11:00 on Friday 18 May 2018. A copy of the notice of the annual general meeting, incorporating the summarised group financial statements will be distributed to shareholders on 26 March 2018. The date on which shareholders must be recorded in the share register, maintained by the transfer secretaries, for purpose of being entitiled to attend and vote at the meeting, is Friday, 11 May 2018, with the last day to trade being, Tuesday, 8 May 2018.

Directors

DC Kovarsky (Chairman)**, M Steyn (CEO)*, V Botha*, P Burton**, JH Scholes**
(*Executive, **Independent Non-executive)

Company secretary: V Botha CA(SA)

26 March 2018

Sponsor: PSG Capital Proprietary Limited, First Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Registration number 2004/003647/07)