

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 CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014



NOTES TO THE SUMMARISED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. Reporting entity

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised consolidated interim financial statements of the company for the six months ended 30 June 2014 include the company and its subsidiaries (together referred to as the "group").

2. Statement of compliance

The summarised consolidated interim financial statements are prepared and presented in accordance with International Financial Reporting Standards, 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) and the Listings Requirements of the JSE Limited. These summarised consolidated interim financial statements were approved by the board of directors on 12 August 2014.

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.

3. Significant accounting policies

The accounting policies applied by the group in these summarised consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements for the year ended 31 December 2013.

4. No independent review by the auditor

The company's auditor has not reviewed or audited the summarised consolidated interim financial statements of R&E for the six months ended 30 June 2014.

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 concluded a settlement agreement with PriceWaterHouseCoopers ("PwC") on 16 April 2014 in terms of which R150 million was payable by PwC to R&E. The settlement relates to the group's claims against PwC for damages arising from PwC's audit of the group during the period 1999 to 2003. Shareholders are referred to the announcement made by the company on 16 April 2014 relating to this settlement. R&E recognised the payment of R150 million received in cash during June 2014.

7. Earnings per share

	For the six months ended	
	30 June 2014 Unaudited	30 June 2013 Reviewed
Basic earnings and diluted earnings per ordinary share		
Basic and diluted earnings for the period (R'000)	152 266	16 554
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
Earnings per share (cents)	213	23

	30 June 2014 Unaudited	30 June 2013 Reviewed
Headline and diluted headline earnings per ordinary share		
Headline and diluted headline earnings for the period (R'000)	152 266	15 338
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
Headline earnings per share (cents)	213	21

	R'000	R'000
Reconciliation between basic and headline earnings for the period		
Profit for the period attributable to the equity holders of the company	152 266	16 554
Adjusted for:		
Profit on disposal of prospecting rights	–	(1 076)
Profit on disposal of available-for-sale investments	–	(140)
	152 266	15 338
Tax effect of adjustments	–	–
Headline earnings for the period attributable to equity holders of the company	152 266	15 338

8. Net asset and tangible net asset value per share

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

	30 June 2014 Unaudited	30 June 2013 Reviewed
Net asset value (R'000)	178 801	192 432
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	250	269
Net tangible asset value per share (cents)	250	269

The number of shares outstanding at 30 June 2014 and 30 June 2013 has been adjusted for the 2,999,893 treasury shares held.

9. Material changes

The final settlement received from PwC is material in its totality.

10. Related party transactions

There were no 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.

COMMENTARY TO SUMMARISED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General

The board of R&E is pleased to announce the interim results for the six months ended 30 June 2014. The period saw the conclusion of a further successful claim against third parties, resulting in settlement income of R150 million.

Income

The majority of the income recognised in the period under review derived from the settlement of a legal claim against the company's former auditors.

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 of R179 million or R2.50 per share as at 30 June 2014 (net of the dividend declared, which amounted to R161 million or R2.25 per share).

Cash flow

R&E started the period under review with a cash and cash equivalent balance of R201 million. Operating activities generated cash of R152 million, primarily as a result of the settlement of a legal claim of R150 million, recoveries of R8.9 million and interest received of R7.3 million, offsetting operating expenses of R14.2 million. Operating expenses include legal and forensic costs of R8.2 million. As at 30 June 2014, R&E held R353 million in cash and cash equivalents. After paying the dividend of R161 million on 28 July 2014, the company's cash position was R191 million.

Outlook

The company will continue to take a commercial and pragmatic approach towards legal claims against third parties and their relative legal costs, focus on containing the operational costs where possible and to maintain liquidity.

David Kovarsky
Chairman

Johannesburg
18 August 2014

Marais Steyn
Chief Executive Officer

SUMMARISED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2014 Unaudited R'000	31 December 2013 Audited R'000
Assets		
Non-current assets	105	124
Plant and equipment	56	75
Intangible assets	49	49
Current assets	356 274	204 360
Trade and other receivables	1 955	2 030
Investment in equity securities	1 645	1 170
Cash and cash equivalents	352 674	201 160
Total assets	356 379	204 484
Equity and liabilities		
Shareholders' equity	178 801	186 912
Issued capital	746	746
Retained earnings	178 055	186 166
Liabilities		
Non-current liabilities		
Post-retirement medical benefit obligation	14 665	15 547
Current liabilities		
Trade and other payables	162 913	2 025
Total equity and liabilities	356 379	204 484

SUMMARISED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2014 Unaudited R'000	30 June 2013 Reviewed R'000
Profit before taxation	152 266	16 554
Adjusted for:		
Loss on sale of other assets	–	65
Profit on disposal of prospecting rights	–	(1 076)
Other non-cash items	(146)	(1 426)
Loss/(profit) on disposal of equity securities	7	(140)
Actuarial gains	690	–
Movement in post-retirement medical aid benefit liability	(882)	(1 710)
Depreciation	19	27
Loss on fair value of equity instruments	20	397
Interest received	(7 322)	(5 357)
Dividends received	(19)	(28)
Working capital changes	160 962	1 198
Cash flows from operations	305 741	9 930
Interest received	7 322	5 357
Dividends paid	(161 067)	–
Cash flows from operating activities	151 996	15 287
Cash flows from investing activities	(482)	2 211
Dividends received	19	28
Proceeds from disposal of prospecting rights	–	1 500
Proceeds from disposal of equity securities	299	721
Acquisition of investment in equity securities	(800)	(38)
Net increase in cash and cash equivalents	151 514	17 498
Cash and cash equivalents at the beginning of the period	201 160	213 917
Cash and cash equivalents at the end of the period	352 674	231 415

SUMMARISED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Notes	For the six months ended	
	30 June 2014 Unaudited R'000	30 June 2013 Reviewed R'000
Dividends received	19	28
Profit on disposal of prospecting rights	–	1 076
(Loss)/profit on sale of equity securities	(7)	140
Recoveries	158 903	22 136
Foreign exchange losses	–	(35)
Other income	244	2 473
Other operating expenses	(14 215)	(14 621)
Results from operating activities	144 944	11 197
Finance income	7 322	5 357
Profit before taxation	152 266	16 554
Taxation	–	–
Profit for the period	152 266	16 554
Actuarial losses	690	–
Dividends paid	(161 067)	–
Total comprehensive (loss)/income for the period	(8 111)	16 554
Profit attributable to:		
Owners of the company	152 266	16 554
Total comprehensive (loss)/income attributable to:		
Owners of the company	(8 111)	16 554
Basic and diluted earnings per share (cents)	213	23

SUMMARISED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	For the six months ended	
	30 June 2014 Unaudited R'000	30 June 2013 Reviewed R'000
Share capital balance at the beginning and end of the period	746	746
Retained earnings	178 055	191 686
Balance at the beginning of the period	186 166	175 132
(Loss)/profit for the period	(8 111)	16 554

Directors: DC Kovarsky (Chairman)**, M Steyn (CEO)*, V Botha*, P Burton**, JH Scholes** (*Executive, **Independent non-executive) Company secretary and financial director: V Botha CA(SA)

Transfer secretaries: Computershare Investor Services (Pty) Ltd (Registration number 2004/003647/07), 70 Marshall Street, Johannesburg, 2001 Sponsor: PSG Capital, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

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