THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Where applicable, the interpretations and definitions on pages 14 to 22 of this Circular have been used on this front cover.

Action required

1. If you are in any doubt as to the action that you should take in relation to this Circular, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.
2. If you have disposed of all your R&E shares please forward this Circular to the purchaser of such R&E shares or the CSDP, broker, banker or other agent through whom such disposal was effected.
3. Certificated R&E shareholders or own name dematerialised shareholders who are unable to attend the R&E general meeting to be held at 10:00 on Monday 19 January 2009 at The Hilton, Rivonia Road, Sandton and wish to be represented at such meeting, must complete and return the attached form of proxy in accordance with the instructions contained therein, to the South African transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or the United Kingdom Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, which form of proxy, in order to be valid must be received by no later than 10:00 on Thursday, 15 January 2009.
4. Dematerialised R&E shareholders, other than own name dematerialised R&E shareholders who wish to attend the R&E General Meeting to be held at 10:00 on Monday, 19 January 2009 at The Hilton, Rivonia Road, Sandton must instruct their CSDP or broker to issue them with the necessary authority to attend. Should dematerialised shareholders, other than own name dematerialised R&E shareholders, wish to vote at the R&E general meeting by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.
5. Holders of American Depositary Receipts (ADRs) will receive a form of proxy generated by the Company's United States Depositary Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E General Meeting to be held at 10:00 on Thursday, 15 January 2009 at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa must contact the United States Depositary to become registered owners of the ordinary shares corresponding to their ADRs prior to Thursday, 15 January 2009, by presenting their ADRs to the United States Depositary for cancellation, and (upon compliance with the terms of the Depositary Agreement including payment of the United States Depositary's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depositary are referred to in the Corporate Information section on pages 1 and 2 of this Circular.
6. **For shareholders resident in the United States:**

   The exchange offer contemplated herein is made for the securities of a non-US company. The offer is subject to the disclosure requirements of a country outside the US, that are different from those of the United States. Financial statements included in this document, if any, have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of United States companies.

   It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since the issuer is located outside the US, and none of its officers or directors are US residents. You may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. It may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

   You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

   Neither the US Securities and Exchange Commission nor any state securities commission has approved or disapproved of the new shares to be issued by R&E in the scheme of arrangement, or expressed a view as to whether to vote for or against the scheme of arrangement, or determined if this Circular is truthful or complete. Any representation to the contrary is a criminal offence.

   The new shares to be issued by R&E in terms of the scheme of arrangement have not been, and will not be registered under the US Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be resold in the United States unless such disposition is registered under the US Securities Act of 1933, as amended, and applicable state securities laws or is exempt from registration thereunder. R&E has no obligation or intention to register the new shares under the US Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction in the United States. Furthermore, on 24 March 2008, the U.S. Securities and Exchange Commission issued an Order pursuant to Section 12(j) of the Securities Exchange Act of 1934, as amended, pursuant to which the registration of R&E's ordinary shares and ADRs in the United States was revoked. As a result of the Order by the U.S. Securities and Exchange Commission, no member of a U.S. national securities exchange, U.S. broker, or U.S. dealer may make use of the mails or any means or instrumentality of U.S. interstate commerce to effect any transaction in, or to induce the purchase or sale of, R&E's ordinary shares and ADRs in the United States. The effect of this order is to prohibit trading in R&E's Ordinary Shares and ADRs in the United States. See paragraph 22 of this Circular.

   This offer is not being made, directly or indirectly, in any jurisdiction or to any JCI shareholder in any jurisdiction where this offer or the acquisition of R&E shares would or might constitute a violation of the laws of such jurisdiction or require registration or approval under the securities laws of such jurisdiction and accordingly JCI shareholders in any such jurisdiction may not tender their JCI shares or receive R&E shares or otherwise accept this offer or receive this Circular.

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (suspended)
ADR ticker symbol: RNG
("**R&E**" and "**the Company**")

CIRCULAR TO R&E SHAREHOLDERS

relating to:

- **the proposed merger of R&E and JCI to be effected, *inter alia,* through the acquisition of the entire issued share capital of JCI by means of a scheme of arrangement in terms of section 311 of the Act, which has been proposed by R&E between JCI and its shareholders, other than R&E, incorporating an exchange of one new R&E share for every 95 JCI shares held by eligible JCI scheme participants in South Africa and other permissible jurisdictions (as more fully detailed in paragraph 2.5.2 on page 26 of this Circular);**
- **an increase in the authorised share capital of R&E required in order to effect the proposed merger;**

and incorporating a:

- **Notice of General Meeting of R&E shareholders; and**
- **Form of proxy (purple) – for use by certificated R&E shareholders and "own name" dematerialised R&E shareholders only.**

Date of issue: 5 December 2008

Sponsor and Corporate Advisor

PSG CAPITAL

Attorneys to R&E

VAN HULSTEYNS

ATTORNEYS

SINCE 1872

Auditor and Independent Reporting Accountant

KPMG

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United Kingdom secretaries to R&E

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United Kingdom
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United Kingdom registrars to R&E and JCI

Capita Registrars
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Telephone: +27 11 269 8400
Fax: +27 11 269 8550
www.jci.co.za

TABLE OF CONTENTS

The interpretations and definitions on pages 14 to 22 of this Circular, apply to the following table of contents:

R&E shareholders are informed that certain information contained in previously published annexures may contain information which may subsequently have changed due to the ongoing forensic investigations.

This Circular is only available in English and copies thereof may be obtained from the registered office of R&E, the office of the South African Transfer Secretaries and the office of the Sponsor, the addresses of which are set out in the "Corporate Information" section of this Circular and are also available on R&E's website (www.randgold.co.za).

FORWARD-LOOKING STATEMENT DISCLAIMER FOR R&E

Certain statements in this Circular as well as oral statements that may be made by the officers, directors or employees of each of R&E or JCI acting on its behalf relating to such information, contain "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. All statements, other than statements of historical facts, are "forward-looking statements". These include, without limitation, those statements concerning the combined value of the net assets of R&E and JCI; the fairness of the proposed merger ratio; the ability of R&E and JCI to successfully consummate a merger that is approved by the shareholders and is acceptable to the necessary governmental authorities or, failing that, to successfully complete an arbitration or mediation in a costly manner; the fraud and misappropriation that are alleged to have occurred and the time periods affected thereby; the ability of R&E and JCI and/or any of their respective subsidiaries to recover any misappropriated assets and investments; the outcome of any proceedings on behalf of, or against R&E or JCI; the ability of each of R&E and JCI to complete its forensic investigation and prepare financial statements in accordance with IFRS; the time period for completing the forensic investigation and financial statements in accordance with IFRS; the amount of any claims R&E is or is not able to recover against others, including JCI, and the ultimate impact on the previously released financial statements and results, assets and investments, including the business, operations, economic performance, financial condition, outlook and trading markets of R&E, JCI and RRL. Although R&E and JCI believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct, particularly in light of the extent of the alleged frauds and misappropriations uncovered to date. Actual results could differ materially from those implied by or set out in the forward-looking statements.

Among other factors, these include the inherent difficulties and uncertainties in ascertaining the combined values of the net assets of R&E and JCI, particularly in light of the absence of any independent valuations; the existence of any unknown liabilities; the age of the financial information included in this Circular and the absence of any financial statements in accordance with IFRS or unqualified fairness opinions; the ability of R&E to obtain the necessary regulatory dispensations and the willingness of any governmental authority to sanction any merger or scheme of arrangement in light of the absence of independent valuations or otherwise; the extent, magnitude and scope of any fraud and misappropriation that may be ultimately determined to have occurred and the time periods and facts related thereto following the completion of the forensic investigation and any other investigations that may be commenced and the ultimate outcome of such forensic investigation; the ability of R&E to successfully assert any claims it may have against other parties for fraud or misappropriation of R&E's assets or otherwise and the solvency of any such parties, including JCI; the ability of any alleged perpetrators or any other party which has been sued by R&E and/or its subsidiaries to successfully counter-sue and/or join JCI in any of the litigation in which R&E and/or its subsidiaries are engaged, at any stage prior to or following the scheme of arrangement which would reduce the value of JCI and accordingly R&E; the acceptance of any statement and opinion of the Mediators by the shareholders of R&E and JCI; the ability of R&E and JCI to successfully defend any counterclaims or proceedings against them; the ability of each of R&E and JCI and the forensic investigators to obtain the necessary information with respect to the transactions, assets, investments, subsidiaries and associated entities of R&E and JCI to complete the forensic investigation and prepare financial statements in accordance with IFRS; the willingness and ability of the forensic investigators and auditors to issue any final opinions with respect thereto; the ability of R&E to implement improved systems and to correct its late reporting; the JSE Limited's willingness to lift its suspension of the trading of R&E's securities on that exchange; changes in economic and market conditions; fluctuations in commodity prices and exchange rates; the success of any business and operating initiatives, including any prospecting or mining rights; changes in the regulatory environment and other government actions; business and operational risk management; other matters not yet known to R&E or JCI or not currently considered material by R&E or JCI; and the risks identified in R&E's press releases and other filings and submissions previously made with the United States Securities and Exchange Commission.

All forward-looking statements attributable to R&E, or persons acting on its behalf, are qualified in their entirety by these cautionary statements. R&E expressly disclaims any obligation to release publicly any update or revisions to any forward-looking statements to reflect any changes in expectations, or any change in events or circumstances on which those statements are based, unless otherwise required by law.

LACK OF AUDITED FINANCIAL INFORMATION AND LIMITATIONS ON FINANCIAL INFORMATION

This Circular to shareholders does not contain any audited historical financial information that is ordinarily required by the South African and US Securities laws due to the frauds and misappropriations that are alleged to have occurred.

In addition, and for similar reasons, this Circular to shareholders contains only a Group NAV statement for R&E and JCI at 31 March 2008 and 31 October 2008, respectively, prepared in accordance with the basis of preparation described in the accompanying notes thereto as set out in Annexures 5a, 5c, 6a and 6c, respectively, and on a combined basis at 31 March 2008 as set out in Annexure 7a. The consolidated balance sheet of R&E at 31 March 2008 (which is in accordance with the recognition and measurement requirements of IFRS and not the presentation and disclosure requirements) as set out in Annexure 8a and the unaudited pro forma consolidated balance sheet of R&E after the proposed transaction as set out in Annexure 9a does not include any historical statement of operations, financial information or any more recent balance sheet information than is ordinarily required by the South African and US securities laws.

The financial information included in this Circular to shareholders has been prepared by, and is the responsibility of the directors of R&E. The directors, comprising the present board of R&E (subsequent to 24 August 2005), have relied on the forensic reports referred to herein and used their respective reasonable endeavours to make available the information used in the preparation of the financial information included in this Circular to shareholders. Notwithstanding the reasonable endeavours of the directors as described herein, the attention of shareholders is drawn to the fact that:

- *the newly constituted Board of R&E, and more specifically the present Board of R&E, was appointed subsequent to material events and circumstances which had a direct effect on the financial and other affairs of R&E and JCI;*
- *the directors, comprising the present board of R&E, have no further knowledge of the material circumstances and events which have affected the financial and other affairs of R&E and JCI; and*
- *due to the extent of the alleged frauds and thefts referred to herein, there may be other material events and circumstances or liabilities of which the directors are not aware, which may have a material effect on R&E and JCI and which may affect the accuracy and completeness of the information reflected in the financial information and/or may have the effect that the financial and other information does not reflect a true and complete account of the financial and other affairs of R&E and JCI.*

Whilst KPMG has provided reports in which they have provided limited assurance or review conclusions on certain of the financial information presented in this Circular (refer to Annexures 5b, 6b, 7b, 8b and 9b), KPMG has not performed any audits of this financial information in accordance with International Standards on Auditing, and accordingly has not expressed any audit opinions on such financial information.

As a result shareholders may have limited financial information upon which to evaluate the proposed merger ratio or to base a decision to approve or disapprove (or to the extent necessary ratify) the proposed transaction.

Given the inhibiting factors referred to above, the financial information presented in this Circular (refer to Annexures 5a, 5c, 6a, 6c, 7a, 8a and 9a) to shareholders could not be prepared in accordance with the published guidelines of the JSE or the SEC for the preparation and presentation of financial statements and pro forma financial information. Accordingly, this information does not include financial statements and financial information disclosures of all information that is required by the guidelines of the JSE and the SEC.

Shareholders should consult their own professional advisors if they are still in doubt or require clarification of the above.

DETERMINATION OF MERGER RATIO RIDER

The determination of the proposed merger ratio was based, in part, on the limited financial information available as at 31 March 2007 and with reference to developments subsequent to the date of that financial information.

R&E has not received a Fairness Opinion in regard to the proposed merger ratio as required in terms of the JSE Listings Requirements. The inability to produce a Fairness Opinion was motivated to the JSE. The Mediators' Report (being Annexure 1 hereto) and setting out the Mediators comments on the proposed merger ratio, has been included in this Circular.

Due to the limitations in the available financial information, the scope and magnitude of the alleged frauds and thefts, the uncertainties of any potential recoveries, the undisclosed nature of any potential liabilities or counterclaims against JCI (including the joinder of JCI in any action in which R&E is involved and the unknown consequences thereof including the extent to which a contribution may be exacted from JCI and its ability to meet same), the fact that it is not known to what extent the R&E claims and such other claims as are/may be enjoyed by R&E and its subsidiaries may be successful and the amount that any inter-company claim could ultimately realise; the merger ratio may not necessarily be acceptable to shareholders in all circumstances (including those not known).

In making a decision as to whether or not R&E should propose to JCI, that JCI and the JCI scheme participants should conclude the scheme of arrangement, R&E's shareholders should rely upon their own examination of R&E and JCI, and take account of the unknown circumstances enumerated above and in this Circular, including the financial information, and should consult their own professional advisors.

SALIENT FEATURES OF THE PROPOSED TRANSACTION

The interpretations and definitions on pages 14 to 22 of this Circular apply to the following Salient Features.

1. INTRODUCTION

1.1 On 23 April 2007, R&E and JCI announced on SENS, that pursuant to the recommendation of the Mediators, R&E intended to propose a scheme of arrangement between JCI and its shareholders (excluding R&E) which, if implemented, would result in R&E becoming the owner of the entire issued share capital of JCI (and JCI becoming a wholly-owned subsidiary of R&E).

1.2 As a result of delays in concluding the proposed merger, R&E and JCI engaged in negotiations regarding a possible settlement and on 21 July 2008 signed an MOU with a view to a possible settlement agreement being concluded between the companies within 21 days thereof.

1.3 On 26 August 2008, R&E announced on SENS that the companies had not been able to achieve the settlement agreement envisaged in the MOU and furthermore, had not been able to execute the proposed merger as contemplated in the joint SENS announcement dated 23 April 2007. R&E announced that the merger having failed, the dispute between the companies would be referred to arbitration. In the same announcement R&E cited various parties in respect of which it has proceeded with legal action in an attempt to recover damages arising from the alleged misappropriation of its assets during the Kebble era.

1.4 Following the SENS announcement of 26 August 2008, certain of R&E's major shareholders approached the present Board of R&E and requested that R&E revisit a possible merger with JCI as an alternative to an immediate arbitration, which gave rise to the companies engaging in without prejudice discussions and which culminated in R&E making the proposal on 4 November 2008 (subject to R&E shareholder ratification and the approval of the resolutions detailed in the Notice of the R&E general meeting attached to this Circular).

1.5 Having regard to all the circumstances detailed in this Circular, the present Board of R&E regards the merger as a prudent, pragmatic and viable mechanism to resolve the difficulties between R&E and JCI. The proposed transaction requires R&E shareholders to ratify the proposal and approve the requisite resolutions to enable R&E to proceed with the proposed merger which forms the subject matter of this Circular.

2. PURPOSE OF THIS CIRCULAR AND THE R&E GENERAL MEETING

2.1 The purpose of this Circular is to provide R&E shareholders with the requisite information upon which to make a decision in respect of the proposed resolutions as set out in the Notice of the R&E general meeting enclosed with this Circular relating to:

2.1.1 the approval required from R&E shareholders in order for the present Board of R&E to proceed with the proposed merger and to ratify the proposal made to JCI, that JCI and the scheme participants (excluding R&E), conclude the scheme of arrangement as proposed, and that each eligible scheme participant transfers its ordinary shares in JCI to the Company in exchange for the issue and allotment of shares in the Company, on the basis of the merger ratio being the allotment of one new ordinary R&E share for every 95 ordinary JCI shares held by JCI scheme participants, the further details of which and the manner in which fractions of shares are dealt with in respect of the proposed merger being provided on page 25 of this Circular.

2.1.2 The merger ratio enjoys the support of the present Board of R&E. The Mediators, as appears from the Mediators' Report, consider the merger commercially prudent and not inequitable to the shareholders of the Company in the particular circumstances.

3. BACKGROUND TO THE PROPOSED MERGER

3.1 The timeline at paragraph 3 (page 28) of this Circular sets out a brief summary of the timeline and sequence of events which have given rise to the circumstances in which the Company finds itself at present. Insightful detail as to the background leading up to the institution of the R&E claims and the mediation in which R&E and JCI have been engaged is also to be found in Annexure 2 (Overview of R&E's claims) and Annexure 3 (Summary of the forensic findings of JLMC) to this Circular, as well as in the Information Update (24 July 2008) (as already provided to shareholders and which is available for inspection in terms of paragraph 39 below).

3.2 During the Kebble era, R&E alleges that the R&E group was subjected to substantial frauds and thefts of their assets. The manner in which the affairs of R&E and JCI were conducted during the Kebble era gave rise to severe financial consequences for R&E on a scale unprecedented in South African corporate history. Following upon an in depth forensic investigation into the affairs of R&E, and the conclusion of the Mediation Agreement as a means of addressing any claims enjoyed by R&E against JCI, and *vice versa*, R&E formulated a series of claims (the R&E claims) against JCI, which cumulatively, as at the last practicable date, exceed approximately R14 billion, based on the maximum value thereof, determined prior to 31 March 2008. Such claims have been contested by JCI, which denies any liability to R&E. The factual basis of R&E's claims and the legal consequences which flow therefrom are disputed by JCI. An important legal question relates to whether the actions and conduct of Kebble and his accomplices can be ascribed to JCI so as to render it liable for the losses which R&E has sustained in consequence thereof. R&E contends in this regard that the perpetrators comprised the controlling mind of JCI, directed the affairs of JCI and that their actions are imputable to JCI, although JCI does not admit this. R&E's Counsel have opined that R&E enjoys a reasonable prospect of success in the arbitration, however litigation cannot be predicted with any degree of certainty. Should the merger between R&E and JCI not eventuate, the Mediation Agreement provides for arbitration.

3.3 On 26 August 2008, R&E published a SENS announcement in which it announced *inter alia* that the companies had not been able to achieve a settlement agreement as envisaged in the MOU concluded between the companies on 21 July 2008 "*... and consequently, the merger having failed, the dispute between the companies (would) now be referred to arbitration*". On 27 August 2008, JCI published a SENS announcement in which it announced that the failure on the part of the companies to achieve a settlement did not preclude the companies from continuing to endeavour to achieve a merger between them and that JCI intended engaging with R&E on the issues raised by R&E in its announcement. Following the SENS announcement by R&E, certain shareholders of R&E approached the Board of R&E and requested that R&E revisit a possible merger with JCI as an alternative to immediate arbitration.

3.4 On 31 October 2008, R&E published a cautionary announcement that it was engaged in "*without prejudice*" discussions with JCI regarding the possibility of a merger and on 6 November 2008 the companies published a joint announcement that "*the boards of R&E and JCI have each resolved to proceed with the merger of the companies ...*" and the proposed transaction "*will be subject to regulatory approval being obtained, the shareholders of R&E and JCI voting in favour thereof, and the scheme of arrangement to be proposed by R&E to JCI shareholders (excluding R&E) being implemented in all respects by 31 March 2009.*"

3.5 The notion of a merger between R&E and JCI stems from the realisation that regardless of the extent of R&E's claims against JCI, any recovery which R&E may ultimately be able to achieve against JCI, is constrained by the extent of JCI's NAV. The present Board of R&E regards the proposed merger as pragmatic and sensible and a preferable option to immediate arbitration, for the reasons detailed in paragraph 5 below (Rationale for the proposed transaction).

3.6 R&E shareholders should note that it is important to preface what is contained in this Circular with the following, at the outset:

3.6.1 Much of what is described in this Circular occurred prior to the reconstitution of the Board of R&E on 24 August 2005;

3.6.2 The findings which gave rise to R&E's claims against JCI in the circumstances more fully described herein, were made by R&E's forensic investigators, JLMC. It was on the strength of such findings, that the Board of R&E directed that the R&E claims against JCI be formulated;

3.6.3 Many of the statements contained in this Circular have not yet been established as a matter of fact and/or law and have been made based on the assumption that such findings can be factually and legally sustained.

4. THE PROPOSED TRANSACTION

4.1 The proposed merger

4.1.1 The Business of R&E and JCI

The Business of R&E

R&E is an investment holding company with assets in the mining industry. The Company aims to invest in high quality assets that will ensure maximum return for its shareholders. It currently holds prospecting rights directly and indirectly (through subsidiary companies) which it plans to develop further in order to add value to its investments. R&E will only consider mining where the resource analysis proves that it is commercially prudent to do so. There are no operational mines in the group.

Recovery of assets

R&E alleges that the R&E group was the victim of widespread frauds and thefts of their assets during the Kebble era which resulted in the R&E group being stripped of the majority of their assets. Based on forensic investigations, legal assessments and the opinion of R&E's Counsel, R&E has embarked on a process of attempting to recover damages allegedly occasioned to the R&E group in respect of the alleged misappropriation of their assets.

The Business of JCI

JCI has invested in various industries having formerly had a strong mining background. R&E has lodged various claims against JCI, totalling approximately R14 billion based on the highest value of such claims up to 31 March 2008.

4.1.2 Vendors of JCI

Should the proposed merger be approved by R&E shareholders as contemplated in this Circular, and should the scheme of arrangement as proposed by the present Board of R&E (which is subject to the ratification of the R&E shareholders as requested in terms of this Circular) become unconditional, then the vendors will be all of the shareholders in JCI, save for R&E (to the extent that it is already a shareholder in JCI).

4.1.3 Effective date

The effective date of the proposed merger will be the date upon which the scheme of arrangement becomes unconditional.

4.1.4 Conditions precedent

The proposed merger is subject to the conditions precedent as set out in paragraph 2.6 of the Circular (page 26) that, *inter alia,* the resolutions as set out in the Notice of R&E general meeting attached to this Circular (if deemed acceptable) are approved by the requisite majority of R&E shareholders (entitled to vote thereon), and the scheme of arrangement proposed to JCI (and the JCI scheme participants), is approved by JCI shareholders (excluding R&E) and becomes unconditional by the condition precedent fulfilment date.

4.1.5 Other significant terms

The scheme of arrangement requires implementation prior to 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), failing which the scheme will no longer be valid. No goodwill arises in respect of the proposed transaction.

5. RATIONALE FOR THE PROPOSED TRANSACTION

5.1 Factors detracting from arbitration

JCI has denied all liability to R&E and litigation seems inevitable. Such litigation will be time consuming and very costly before resolution is obtained. In the interim, R&E may also not be able to pursue its ordinary business and executive management will need to be dedicated to the prosecution of the R&E claims. More importantly, the success of the arbitration is constrained by JCI's NAV of R1.02 billion at the last practicable date as set out in this Circular. There is no prospect of R&E being able to satisfy the R&E claims (if successful) beyond the extent of JCI's NAV. R&E's prospects of success in the arbitration, cannot be assured. The present Board of R&E is of the opinion that protracted and expensive litigation is not in the best interests of shareholders and regards the merger as a pragmatic means to restore shareholder value representing a sensible resolution to the impasse with JCI.

5.2 Support from various parties for the proposed merger

Certain of the shareholders of R&E have, since the R&E announcement dated 26 August 2008, requested the present Board of R&E to revisit a merger, as a possible means of bringing about a resolution to the difficulties faced by them, indicating their support therefor. The Mediators re-affirmed their support for a merger on 3 November 2008 as a commercially realistic basis for resolving the difficulties facing the companies as appears from the Mediators Report being Annexure 1 to this Circular. Faced with the alternatives to a merger, the Board of R&E supports a merger as a pragmatic means of resolving the difficulties which confront R&E and its shareholders.

5.3 R&E and JCI post the merger

The merger alternative affords the shareholders of both R&E and JCI, a mechanism whereby although the R&E claims remain unresolved, the new board of the combined R&E and JCI will be appointed for the benefit of all shareholders in R&E, and will be vested with the opportunity to determine how best to deal therewith. Management intends focussing on increasing value within the group (to the extent possible), and taking advantage of corporate opportunities which may arise for the benefit of R&E and its shareholders, including the JCI scheme participants.

6. *PRO FORMA* FINANCIAL EFFECTS

6.1 *Pro forma* financial effects of the proposed transaction based on the consolidated balance sheet of R&E at 31 March 2008

The unaudited *pro forma* financial effects of the proposed transaction on R&E, before and after the proposed transaction, are set out below. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the consolidated balance sheet of R&E has been presented in Annexure 8a which is in accordance with the basis of preparation described in the accompanying notes thereto as set out in Annexure 8a to this Circular (in compliance with the recognition and measurement requirements of IFRS).

In the respective notes to the consolidated balance sheet of R&E at 31 March 2008 before the proposed transaction (Annexure 8a) and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the consolidated balance sheet of R&E at 31 March 2008 and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a), reference should be made to the respective notes thereto.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* consolidated balance sheet after the proposed transaction may not give a fair reflection of R&E's financial position after the proposed transaction. It has been assumed for the purposes of the *pro forma* financial information that the proposed transaction took place on 31 March 2008. It does not purport to be indicative of what the financial position would have been had the proposed transaction been implemented on a different date. The unaudited *pro forma* financial effects of the

proposed transaction are based on the estimates and assumptions set out in the notes to Annexure 9a to this Circular. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial effects.

The unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a to this Circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 9a.

The independent reporting accountant's report relating to the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a to this Circular is included as Annexure 9b to this Circular.

The *pro forma* financial effects after the proposed transaction presented below has been prepared from the information available to the directors of R&E and includes the consolidated balance sheet of R&E at 31 March 2008 (Annexure 8a) before the proposed transaction and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a) together with adjustments as further set out in the notes to Annexure 9a to this circular.

Based on merger ratio of 95:1	**Consolidated Balance Sheet at 31 March 2008**	***Pro forma* Consolidated Balance Sheet at 31 March 2008 after the proposed transaction**	**Percentage difference**
Net asset value per R&E share (Cents)	766.72	2 523.77	229.16%
Net tangible asset value per R&E share (Cents)	766.72	2 523.77	229.16%

7. NOTICE OF GENERAL MEETING

A General Meeting of the shareholders of R&E has been convened and will be held at The Hilton, Rivonia Road, Sandton on Monday, 19 January 2009 at 10:00 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to approve (and to the extent necessary ratify) the proposal in order for the present Board of R&E to implement the proposed transaction. The Notice convening the R&E general meeting is attached to this Circular.

8. THE SCHEME DOCUMENT

8.1 Shareholders are hereby advised that the R&E board will make available for inspection a copy of the scheme circular issued by the board of JCI and place same on R&E's website, as soon as such scheme circular is made available to JCI shareholders. R&E will make an announcement on SENS informing all R&E shareholders as to when such scheme document is made available to JCI shareholders as set out above.

8.2 Shareholders are further advised that no SRP approval is required for the purposes of this Circular to R&E shareholders. Details pertaining to any application for rulings and rulings granted by the SRP in respect of the scheme circular will be documented in the scheme circular to be posted to JCI shareholders in due course and made available to R&E shareholders as referred to in 8.1 above.

INTERPRETATIONS AND DEFINITIONS

Throughout this Circular and annexures, unless the context indicates otherwise, the words in the left hand column below shall have the meaning stated opposite them in the right hand column below. Reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, words and expressions denoting natural persons shall include juristic persons and associations of persons:

"Act"	The Companies Act, No. 61 of 1973, as amended;
"AFSA"	The Arbitration Foundation of South Africa;
"ADRs"	American Depositary Receipts, negotiable certificates issued by a US bank representing a specified number of shares in a non-US share that is traded on a US exchange each ADR exchange representing 1 (one) R&E share;
"AICPA"	American Institute of Certified Public Accountants;
"Allan Gray"	Allan Gray Limited (Registration number 2005/002576/06), a company incorporated in South Africa being a major shareholder of both JCI and R&E as more fully set out in paragraph 23 of the Circular;
"annual financial statements"	Depending on the context, either a complete set of annual financial statements prepared in accordance with IFRS, or SA GAAP, whichever is applicable;
"the Articles"	The Articles of Association of R&E;
"AU$"	Australian dollar, the unit of currency in Australia;
"BEE Act"	The Black Economic Empowerment Act, No. 53 of 2003;
"Blersch"	Johann Blersch, a former director of R&E, he having served on the Board of R&E between 14 August 2006 to 9 March 2007;
"Board of JCI" or "the JCI directors" or "the JCI Board"	The board of directors of JCI as indicated in the context of this Circular as being either the present board of directors of JCI or a previously appointed board of directors of JCI;
"Board of R&E" or "the R&E directors" or "the R&E Board"	The board of directors of R&E as indicated in the context of this Circular as being either the newly constituted Board of R&E or the present Board of R&E;
"Cents"	South African cents;
"CEO"	Chief executive officer;
"certificated R&E shareholders"	R&E shareholders who hold certificated R&E shares;
"certificated R&E shares"	R&E shares which have not been dematerialised and which are evidenced by share certificates or other physical documents of title;
"Charles Orbach"	Charles Orbach & Company, a firm of Accountants and Auditors carrying on business as such from Suite 17, Third Floor, 3 Melrose Boulevard, Melrose Arch, Melrose and who were the former auditors of R&E from 8 December 2004 to 5 September 2005;
"Circular" or "the R&E Circular"	This Circular, together with the annexures thereto, the Notice of the R&E general meeting and form of proxy enclosed therewith;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a company incorporated in South Africa and a subsidiary company of JCI;

"the Code"	The Securities Regulation Panel Code on Take-overs and Mergers established in terms of section 440C of the Act;
"Cohen"	Advocate Clive Cohen SC, the independent legal advisor appointed by R&E and JCI in June 2008 to furnish a *prima facie* view on the third party claims then in existence;
"the Cohen report"	The report by Cohen relating to certain of the third party claims, dated 26 June 2008;
"common monetary area"	South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland;
"combined companies"	The combined R&E and JCI group of companies as may be referred to in the Circular on the basis that the scheme of arrangement is approved by JCI shareholders and becomes unconditional;
"the Company" or "R&E" or "Randgold"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a company incorporated in South Africa, the shares of which are listed on the JSE, and which are currently suspended;
"Competition Act"	The Competition Act, No. 89 of 1998 as amended;
"Competition Tribunal"	The Competition Tribunal, South Africa created in terms of the Competition Act;
"conditions precedent"	The conditions precedent to the proposed transaction, as recorded in paragraph 2.6 on page 26 of this Circular;
"condition precedent fulfilment date"	The date on which the conditions precedent are fulfilled being on or before 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 days after 31 March 2009);
"CSDP"	A Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act;
"Dale"	Thomas Graham Dale, a former director of R&E, he having served on the Board of R&E between 14 August 2006 to 9 March 2007;
"day" or "days"	Any day other than a Saturday, Sunday or an official public holiday in South Africa;
"dematerialised"	The process whereby paper share certificates or other physical documents of title are replaced with electronic records of ownership of shares or securities under Strate, with a duly appointed CSDP or broker;
"dematerialised R&E shareholders"	R&E shareholders who hold dematerialised shares;
"dematerialised shares"	R&E shares which have been dematerialised and incorporated into Strate and which are no longer evidenced by share certificates or other physical documents of title;
"Depositary Agreement"	The Deposit Agreement dated 3 March 1997, as amended and restated as at 9 November 1998 and further amended and restated as at 29 December 2004, concluded between R&E, the United States Depositary and each Owner and holder from time to time of ADRs issued thereunder;
"disputed R&E shares"	2 943 087 R&E shares allegedly issued during the Kebble era for no value, such shares being referred to in R&E's NAV Statement as set out in Annexures 5a and 5c to this Circular;

"DME"	The Department of Minerals and Energy;
"documents of title"	Share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the R&E shares in question acceptable to the Board of R&E;
"de Bruin"	Daniel Izan de Bruin, a current independent non-executive director of the Company, he having been appointed to the Board of R&E on 1 April 2007;
"DRD"	DRD Gold Limited (Registration number 1895/000926/06), a company incorporated in South Africa, the shares of which are listed on the JSE;
"Du Preez Leger Project"	A project encompassing the farms Du Preez Leger 324, Jonkersrus 72, Milo 639, Rebelkop 456, Tweepan 678 and Vermeulenskraal 223 located in the district of Virginia in the Free State Province;
"Eljay Investments"	Eljay Investments Incorporated, a company incorporated in Guernsey;
"the 8th of May report"	The forensic report prepared by KPMG Services at the instance of JCI dated 8 May 2006 for the purposes of the mediation;
"First Wesgold"	First Wesgold Mining (Proprietary) Limited (Registration number 1992/004721/07), a company incorporated in South Africa; First Wesgold is a 100% owned subsidiary of R&E;
"the forensic report of JLMC"	The report prepared by JLMC at the instance of R&E dated 20 June 2006 for the purposes of the mediation;
"form of proxy"	The form of proxy (purple) for use by certificated R&E shareholders and "own name" dematerialised R&E shareholders which is attached to and forms part of this Circular;
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a company incorporated in South Africa, jointly held by JCI (44.89%) and by R&E (55.11%);
"the further JCI report"	the further report which was prepared by KPMG Services at the instance of JCI, in September 2006;
"Gold Fields"	Gold Fields Limited, (Registration number 1968/004880/06), a company incorporated in South Africa, the shares of which are listed on the JSE;
"Gold Fields shares"	Ordinary shares in the issued ordinary share capital of Gold Fields having a par value of 50 Cents per share;
"GFO" or "Western Areas"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/003209/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Gold Fields;
"GFO transaction"	The relinquishment by R&E and Goldridge (a subsidiary of FSD) of rights contiguous to the South Deep gold mine to GFO, the details of which are included in the circular to R&E shareholders issued on 15 October 2007;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07) a company incorporated in South Africa; Goldridge is a 100% owned subsidiary of FSD;
"Gray"	Peter Henry Gray, the current CEO of JCI and former CEO of R&E (he having held such office until 11 July 2008), having been appointed as the CEO of JCI and R&E on 24 August 2005;

"g/t"	Grams of gold per tonne;
"Harmony"	Harmony Gold Mining Company Limited (Registration number 1950/038232/06), a company incorporated in South Africa, the shares of which are listed on the JSE, the New York Stock Exchange and the Nasdaq;
"Holdings"	African Strategic Investment (Holdings) Limited, formerly Randgold Resources (Holdings) Limited (Registration number 65832), a company incorporated in Jersey, Channel Islands;
"IFRS"	International Financial Reporting Standards of Accounting;
"Information Update"	The information update issued by the Company on 24 July 2008 to its shareholders providing an updated unaudited NAV Statement at 31 March 2008 on the R&E group, an overview of the R&E claims and an updated forensic report relating to the R&E claims against third parties and in respect of which settlements have been concluded;
"Income Tax"	Income Tax levied in terms of the Income Tax Act;
"Income Tax Act"	The Income Tax Act, 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a company incorporated in South Africa, the shares of which are listed on the JSE;
"Investec loan facility"	The loan facility made available by Investec to JCIIF (a wholly owned subsidiary of JCI) in terms of a loan agreement in terms whereof Investec loaned JCIIF an initial amount of R460 000 000, which later escalated to in excess of R1.1 billion in aggregate, in consideration for which Investec claims an entitlement to the Investec raising fee;
"Investec raising fee"	A raising fee equal to the greater of R50 000 000, or an amount equal to 30% of the increase in the value of the assets of JCIIF, together with an additional 10% of the amount representing the increase in the price of approximately 2.218 billion JCI ordinary shares;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, (formerly known as Jaganda (Proprietary) Limited (Registration number 2004/005559/07) (in liquidation), a company incorporated in South Africa;
"Jaganda matter"	The summons action by JCI and JCIIF against Jaganda, issued out of the High Court of South Africa in terms whereof JCI and JCIIF seek an order directing Jaganda to register JCIIF in its register as the owner of 200 000 000 preference shares in the share capital of Jaganda, which relief is disputed by Jaganda and which in turn seeks an order that the preference shares in the name of JCI and JCIIF be cancelled and that the share register of Jaganda be rectified to remove JCI and JCIIF therefrom;
"JCI"	JCI Limited (Registration number 1894/000854/06), a company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"JCI Gold"	JCI Gold Limited, (Registration number 1998/005215/06), a company incorporated in South Africa and a 100% owned subsidiary of JCI;

"JCI group"	JCI and its subsidiaries and associated companies;
"JCI Group Net Asset Value Statement"	The JCI Group NAV Statement at 31 March 2008 published on 24 November 2008;
"JCI scheme" or "scheme of arrangement"	The scheme of arrangement in terms of section 311 of the Act proposed by R&E between JCI and its shareholders (excluding R&E), aimed at bringing about a merger of R&E and JCI;
"JCI scheme circular"	The Circular to shareholders of JCI relating to the JCI scheme to be finalised and posted to JCI shareholders in due course;
"JCI scheme participants"	Those shareholders of JCI, other than R&E, who are to be recorded in the register of JCI on the record date of the scheme of arrangement and who are thus entitled to participate in the JCI scheme and to receive the scheme consideration;
"JCI shares"	Ordinary shares of R0,01 (One Cent) each in the issued share capital of JCI;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JLMC" or "Umbono"	John Louw & Co (Proprietary) Limited (Registration number 2004/034874/07), a company incorporated in South Africa, formerly known as John Louw McKnight and Company (Pty) Limited, previously known as Umbono Financial Advisory Services (Proprietary) Limited, being the independent forensic auditors appointed by R&E to investigate the affairs of R&E and the misappropriation of R&E's assets;
"JORC"	The Australasian Joint Ore Reserves Committee, based in Australia have developed an internationally accepted code for defining ore "resources" and "reserves";
"JSE"	JSE Limited (Registration number 2005/022939/06), a company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"JSE Listings Requirements"	The listings requirements of the JSE, as amended from time to time;
"Kebble"	The late Roger Brett Kebble, the former CEO of R&E and JCI, who passed away on 27 September 2005;
"the Kebble era"	The era during which Kebble was the former CEO of R&E and JCI, he having served as the CEO of R&E between 24 July 2003 to 24 August 2005 and 1 September 1997 to 24 August 2005, in the case of JCI;
"Kelgran"	Kelgran Limited (Registration number 1975/004595/06), a company incorporated in South Africa, the shares of which are listed on the JSE but which are currently suspended;
"Kovarsky"	David Kovarsky, the current independent non-executive Chairman of the Company, he having been appointed to the Board of R&E on 12 December 2007;
"KPMG"	KPMG Inc (Registration number 1999/021543/21), the Company's auditor and independent reporting accountant, as referred to in this Circular;
"KPMG Services"	KPMG Services (Proprietary) Limited (Registration number 1999/012876/07), a company incorporated in South Africa and appointed as JCI's forensic auditors;
"Lamprecht"	John Chris Lamprecht, the former Financial Director of R&E and JCI, he having served on the Board of R&E between 24 August 2005 and 16 May 2006;

"last practicable date"	22 November 2008, being the last practicable date prior to the finalisation of this Circular;
"Letseng Diamonds"	Letseng Diamonds Limited (Guernsey) (Registration number 31750), a company incorporated in Guernsey;
"Madumise"	Motsehoa Brenda Madumise, a current independent non-executive director of R&E;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a company incorporated in South Africa, the shares of which are listed on the JSE;
"Maxwell"	Leslie Arthur Maxwell, the current Financial Director of JCI appointed on 13 December 2006;
"Mediators"	Advocate S F Burger SC, Professor H E Wainer, CA(SA) and Mr C Nupen, appointed in terms of the Mediation Agreement as mediators as contemplated in terms of such agreement;
"Mediation Agreement"	The Mediation/Arbitration Agreement signed by R&E and JCI on 7 April 2006, as amended, together with the Addenda thereto, providing for the determination of, *inter alia,* the R&E and JCI claims as defined therein and the appointment of the Mediators;
"mediation"	The mediation and arbitration in which R&E and JCI are currently engaged, pursuant to the Mediation Agreement;
"merger ratio" or "exchange offer"	The exchange of 1 (one) new R&E share for 95 (Ninety-Five) JCI shares in terms of the scheme of arrangement as contemplated in this Circular;
"MOU"	Memorandum of Understanding;
"Moz"	Million ounces;
"the MPRDA Act"	The Mineral and Petroleum Resources Development Act, No. 28 of 2002;
"Nasdaq"	Nasdaq National Market, an automated inter-dealer quotation system in the United States on which the ADRs were previously quoted before being delisted;
"NAV"	Net asset value;
"new share(s)" or "new R&E share(s)"	The creation of 30 000 000 new ordinary shares in the authorised share capital of R&E of R0.01 (one Cent) each, so as to ensure that sufficient authorised share capital is available for the issue and allotment of R&E shares to eligible JCI scheme participants;
"newly constituted Board of R&E"	The Board of R&E as reconstituted on 24 August 2005 to comprise Messrs. Gray, Lamprecht, Madumise and Nissen and later Nurek (with effect from 7 October 2005);
"Nissen"	Andrew Christoffel Nissen, a former director of R&E and a current director of JCI (he having resigned as a director of R&E on 1 April 2007);
"Notice of the R&E general meeting"	The notice of the R&E general meeting attached at pages 60 to 62 of this Circular;
"Nurek"	David Morris Nurek, the former non-executive Chairman of R&E and JCI and an employee of Investec, he having been appointed as the non-executive chairman of R&E on 7 October 2005 and having resigned therefrom on 9 July 2008;

"NI 43-101	National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators;
"oz"	Ounces (troy);
"own name dematerialised R&E shareholders"	R&E shareholders who have dematerialised their R&E shares and have instructed their CSDP to hold their R&E shares in their own name on the sub-register (being the list of shareholders maintained by the CSDP and forming part of the Company's register);
"Pan Palladium"	Pan Palladium Limited (Registration number ALN 093 178 388), a company incorporated in Australia, the shares of which are listed on the Australian Exchange;
"PAYE"	Pay As You Earn and Site (Standard Income Tax on Employees) falls within the Fourth Schedule to the Income Tax Act and is a withholding tax deducted from an employee's remuneration. The Fourth Schedule defines remuneration earned from amongst other income, employment and the corresponding tax liabilities to be deducted from the employee termed 'Site' and 'Paye' whilst the Seventh Schedule of the Income Tax Act applies to certain fringe benefits derived from employment and the subsequent Paye liability deductions where applicable;
"PWC"	PricewaterhouseCoopers Inc (Registration number 1998/012055/21), a company incorporated in South Africa in accordance with the provisions of section 53(b) of the Act and who prior to 8 December 2004 were the auditors of R&E;
"the perpetrators"	The persons whom R&E asserts are perpetrators and whom it alleges comprise a number of persons, some of whom were formerly employed by JCI alternatively associated with the JCI group and/or who served as directors of JCI/the JCI group prior to 24 August 2005. R&E alleges that such persons at all times acted within the field of operation assigned to them by JCI when assisting either directly or indirectly in some or all of the schemes more fully detailed in the Overview of R&E's claims (being Annexure 2 hereto) on behalf of JCI, with the objective of benefiting JCI and/or the JCI group and whose knowledge and conduct R&E alleges is, as a matter of law, imputable to JCI;
"present Board of R&E"	The present board of directors of R&E as reflected on page 24 of this Circular;
"previous Mediators Report"	The previous report of the Mediators, dated 14 April 2008, which is available for inspection as per paragraph 39 of this Circular;
"Phikoloso transaction"	The Phikoloso transaction referred to in Annexure 2 (Overview of R&E Claims) hereto;
"promoter"	The individual(s), company, partnership or association responsible for promoting a company;
"the proposed merger" or "the proposed transaction"	The proposed merger between R&E and JCI to be implemented by way of the scheme of arrangement;
"the proposal"	The proposal made by the present Board of R&E to JCI on 4 November 2008 and updated on 2 December 2008, in line with the resolutions referred to in paragraphs 2.5.1 to 2.5.5 (page 25), subject to the ratification of the proposal by the R&E shareholders and their approval of the resolutions detailed in the Notice of the R&E general meeting, at the R&E general meeting;
"the proposal date"	The date on which the present Board of R&E submitted the proposal to JCI, being 4 November 2008 (and updated on 2 December 2008);

"Rand" or "R"	South African Rand, the unit of currency in use in South Africa;
"R&E claims"	The alleged claims proffered by R&E against JCI, detailed in Annexure 2 to this Circular, none of which have yet been proven;
"R&E Counsel" or "R&E's Counsel"	Advocates Faber SC and N Konstantinides, being practising advocates in South Africa and members of the Johannesburg bar;
"R&E general meeting"	The General Meeting of R&E shareholders to be held at 10:00 on Monday, 19 January 2009 at The Hilton, Rivonia Road, Sandton, 2146, for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions referred to on pages 25 and 26 of this Circular;
"R&E share(s)"	Ordinary shares of R0.01 (one Cent) each in the issued share capital of R&E;
"RRL"	Randgold Resources Limited (Registration number 62686), a company incorporated in Jersey, Channel Islands, the shares of which are listed on the Nasdaq and the London Stock Exchange;
"R&E group"	R&E and its subsidiary and associated companies;
"Report of the Mediators" or "Mediators Report"	The report of the Mediators being Annexure 1 to this Circular and dated 3 November 2008;
"Registrar"	The Registrar of Companies and Intellectual Property, South Africa;
"Roger"	Roger Ainsley Ralph Kebble, the former Chairman of R&E and JCI;
"SA GAAP"	South African Generally Accepted Accounting Practice;
"SAMREC Code"	South African code for reporting of mineral resources and mineral reserves;
"SARS"	The South African Revenue Services is a division of the Government that collects revenue and regulates all forms of tax payable by South African taxpayers. SARS relies upon the Income Tax Act for these collections and regulations;
"Second Addendum"	The second addendum to the Mediation Agreement, concluded between R&E and JCI on 28 September 2007;
"SEC"	The United States Securities and Exchange Commission, Washington D.C.;
"Securities Exchange Act"	US Securities Exchange Act of 1934, as amended;
"Securities Services Act"	The Securities Services Act, No. 36 of 2004, as amended;
"SENS"	The Securities Exchange News Service of the JSE;
"shareholders" or "R&E shareholders"	The certificated, dematerialised and own name dematerialised shareholders of R&E recorded in the shareholders register of the Company as at the date of issue of this Circular;
"Simmer & Jack"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a company incorporated in South Africa in respect of which Jaganda holds shares;
"South Deep"	South Deep (a gold mine), situated in the Magisterial District of Westonia and Vanderbijlpark (Gauteng Province), owned by Gold Fields;
"SRP"	The Securities Regulation Panel established in terms of section 440B of the Act;

"South Africa"	The Republic of South Africa;
"South African transfer secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a company incorporated in South Africa and being the South African transfer secretaries of R&E;
"Statement of Claim"	R&E's Statement of Claim in the mediation, which was served on JCI on 3 August 2006 and which has since been amended;
"Strate"	Strate Limited (Registration number 1998/022242/06), a registered Central Securities Depository in terms of the Securities Services Act;
"Steyn"	Marais Steyn, the current acting CEO of R&E, he having been appointed as a director of R&E on 13 December 2006;
"St Helena"	St Helena Gold Mines Limited (Registration number 1905/020743/06), a company registered in South Africa and located within the Free State Province of South Africa, its main business being the mining of gold within the Free State Province;
"subsidiary"	A subsidiary company as defined in section 1(3) of the Act;
"Trinity Endowment"	Trinity Endowment Provident Fund, an investment fund;
"Trinity Management"	Trinity Asset Management (Pty) Ltd (Registration number 1996/010864/07), a company incorporated in South Africa;
"third party claims"	Various claims by R&E and certain of its subsidiaries against third parties whom R&E alleges gave rise to R&E and the said subsidiaries sustaining damages which are yet to be proven;
"the unaudited and unreviewed results"	The provisional unaudited and unreviewed results of R&E for the financial years ended 31 December 2004 and 31 December 2005 and the restated provisional unaudited and unreviewed results for the financial year ended 31 December 2003;
"United Kingdom registrars"	Capita Registrars Limited (Registration number 02605568), a company incorporated in England and Wales, United Kingdom;
"United States" or "US"	The United States of America;
"United States Depositary"	The Bank of New York;
"US GAAP"	Generally Accepted Accounting Principles in the United States;
"VAT"	Value Added Tax levied in terms of the Value Added Tax Act, being a form of indirect taxation imposed on the value of goods and services supplied by vendors (being persons who are required to register for VAT), the current rate of which is 14%;
"Value Added Tax Act"	The Value Added Tax Act, No. 89 of 1991, as amended; and
"VWAP"	The volume weighted average traded price on the JSE.

IMPORTANT DATES AND TIMES

	Date
Circular and Notice of the R&E General Meeting posted to R&E shareholders on	Friday, 5 December 2008
Last day for lodging forms of proxy with the South African transfer secretaries and the United Kingdom registrars for the R&E General Meeting by no later than 10:00 on	Thursday, 15 January 2009
R&E General Meeting to be held at 10:00 on	Monday, 19 January 2009
Results of the R&E General Meeting announced on SENS on	Monday, 19 January 2009
Results of the R&E General Meeting published in the press on	Tuesday, 20 January 2009

Notes:

1. The interpretations and definitions on pages 14 to 22 of this Circular apply to these important dates and times.
2. The above dates and times are subject to change. Any such changes to the above dates and times will be published on SENS and in the South African press.
3. All times indicated above are in South African times.

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (suspended)
ADR ticker symbol: RNG

Directors of R&E

D C Kovarsky *(Independent Non-executive Chairman)*
M Steyn *(CEO and Financial Director) (Executive)*
D I de Bruin *(Independent Non-executive)*
M B Madumise *(Independent Non-executive)*

CIRCULAR TO R&E SHAREHOLDERS

1. INTRODUCTION

1.1 On 23 April 2007, R&E and JCI announced on SENS, that pursuant to the recommendation of the Mediators, R&E intended to propose a scheme of arrangement between JCI and its shareholders (excluding R&E) which, if implemented, would result in R&E becoming the owner of the entire issued share capital of JCI (and JCI becoming a wholly-owned subsidiary of R&E).

1.2 In the Information Update (dated 24 July 2008), shareholders were informed that as a result of delays in concluding the proposed merger, R&E and JCI had been engaged in negotiation regarding a settlement and on 21 July 2008 had signed an MOU, with a view to a possible settlement agreement being concluded between the companies within 21 days thereof.

1.3 On 26 August 2008, R&E announced on SENS that the companies had not been able to achieve the settlement agreement as envisaged in the MOU and furthermore, had not been able to execute the proposed merger as contemplated in the joint SENS announcement dated 23 April 2007. R&E announced further, that the merger having failed, the dispute between the companies would be referred to arbitration. In the same announcement R&E cited various parties in respect of which it has proceeded with legal action in an attempt to recover damages arising from assets which it alleges were misappropriated from it during the Kebble era. (It should be noted that the Mediation Agreement provides *inter alia* that should the merger fail for any reason whatsoever, the disputes between the companies would be referred to arbitration.)

1.4 On 27 August 2008, JCI published a SENS announcement in which it announced that in its view, there was no reason why the merger should be aborted and that JCI intended engaging with R&E in regard to the issues raised in R&E's announcement.

1.5 Following the SENS announcement of 26 August 2008, certain of R&E's major shareholders approached the present Board of R&E and requested that R&E revisit a possible merger with JCI as an alternative to immediate arbitration.

1.6 The present Board of R&E is mindful of the costs associated with pursuing a protracted arbitration with JCI at this stage and of its obligation to R&E shareholders to seek an expedient solution to the impasse with JCI, to the extent achievable.

1.7 Having obtained various regulatory dispensations and rulings from the JSE and SRP (regarding the formal disclosure requirements applicable to such a merger), due largely to the inability on the part of R&E and JCI to produce annual financial statements, the present Board of R&E is now in a position to formally seek the requisite approvals from R&E shareholders in order to proceed with a merger with JCI.

1.8 The present Board of R&E regards the merger as a prudent, pragmatic and viable mechanism to resolve the difficulties between R&E and JCI.

1.9 On 4 November 2008, the present Board of R&E made the proposal to JCI in line with the resolutions referred to in paragraphs 2.5.1 to 2.5.5 below.

1.10 The proposed transaction requires R&E shareholders to approve the requisite resolutions set out in the Notice of the R&E general meeting, to enable R&E to proceed with the proposed merger (which forms the subject matter of this Circular), and in so doing to ratify the proposal.

2. PURPOSE OF THIS CIRCULAR AND THE R&E GENERAL MEETING

2.1 The purpose of this Circular is to provide R&E shareholders with the requisite information upon which to make a decision in respect of the proposed resolutions as set out in the Notice of the R&E general meeting relating to the approval required from R&E shareholders in order for the present Board of R&E to proceed with the proposed merger and to ratify the proposal made to JCI, that JCI and the scheme participants (excluding R&E), conclude the scheme of arrangement as proposed, and that each eligible scheme participant transfers its ordinary shares in JCI to the Company in exchange for the issue and allotment of shares in the Company, on the basis of the merger ratio being the allotment of one new ordinary R&E share for every 95 ordinary JCI shares held by JCI scheme participants, the further details of which and the manner in which fractions of shares will be dealt with in respect of the proposed merger being set out in paragraph 2.5.1 below and the Notice of the R&E general meeting.

2.2 R&E shareholders should note that the merger ratio enjoys the support of the present Board of R&E. The merger ratio has been considered by the Mediators, as confirmed in their report which is attached hereto as Annexure 1. As appears from the Mediators' Report, the Mediators consider the proposed merger to be commercially prudent and not inequitable to the shareholders of R&E and JCI in the circumstances.

2.3 In order to give effect to the proposed merger, and to enable JCI to conclude a scheme of arrangement with its shareholders (excluding R&E) pursuant to the provisions of section 311(1) of the Act, the authorised share capital of R&E will need to be increased through the creation of the new R&E shares.

2.4 Accordingly, a General Meeting of the shareholders of R&E has been convened to take place at 10:00 on Monday, 19 January 2009, at 10:00 The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa.

Resolutions to be tabled at the R&E general meeting

2.5 The purpose of the R&E general meeting is to consider and if deemed acceptable, to adopt the following resolutions, which appear in full in the Notice of the R&E general meeting enclosed with this Circular:

2.5.1 that R&E shareholders ratify the proposal, that JCI and the JCI scheme participants (excluding R&E), conclude a scheme of arrangement on or before 31 March 2009, or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), in terms whereof, subject to the fulfilment of the conditions precedent to such scheme of arrangement as proposed being fulfilled, each eligible scheme participant in South Africa and other permissable jurisdictions will transfer its ordinary shares in JCI to the Company in exchange for the issue and allotment of one new R&E share for every 95 ordinary JCI shares so transferred on the basis that where any fractional entitlement to a new R&E share arises from the application of the merger ratio and:

- such fractional entitlement to a new R&E share is 0.5 or more, such fraction will be rounded up to the nearest whole number; and
- such fractional entitlement to a new R&E share is less than 0.5, such fraction will be rounded down to the nearest whole number;

2.5.2 that the proposal be ratified by R&E shareholders subject to the further proviso that:

- the NAV of JCI at 31 March 2008 as set out in this Circular ("**the JCI NAV**") does not reduce by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Jaganda may have thereon; and/or
- the NAV of R&E at 31 March 2008 as set out in this Circular ("**the R&E NAV**") does not increase by more than 20%, excluding the effect that any fluctuations in the prices of listed equities and derivatives may have thereon;

should either the JCI NAV or the R&E NAV fluctuate as set out above after the making of the proposal but prior to 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent as set out in paragraphs 2.6.1 to 2.6.6 below, to be fulfilled, is fulfilled (whichever is the first occurring), the Board of R&E shall in either of such events be obliged to withdraw the proposal;

2.5.3 that subject to the passing of the resolution referred to in paragraph 2.5.1 above and the special resolution authorising the issue of the new shares, that the Company be authorised to make a cash payment to those eligible JCI scheme participants whose fractional entitlement to a new R&E ordinary share will be rounded down to the nearest whole number, in terms whereof such JCI scheme participants, having so elected, will receive a cash payment of R16.19 for any fractional entitlement to an ordinary R&E share that may be rounded downwards;

2.5.4 subject to the passing of the resolution referred to in paragraphs 2.5.1 above, and the fulfilment of the conditions precedent pertaining to the scheme of arrangement by 31 March 2009, or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), that the Company approve a special resolution increasing its authorised ordinary share capital by the creation of the new R&E shares so as to ensure that there are sufficient unissued R&E shares in the authorised share capital of the Company for the issue and allotment of the new R&E shares to eligible JCI scheme participants (in terms whereof the authorised and unissued shares in R&E's share capital, including those to be issued in terms of the proposed merger, will be of the same class and will rank *pari passu* in all respects);

2.5.5 following the adoption of the resolutions referred to in paragraphs 2.5.1 and 2.5.4 and any other resolutions which may be adopted, the new R&E shares are to be placed under the control of the present Board of R&E who are authorised to issue and allot such shares for the purposes of implementing the scheme of arrangement.

Conditions precedent

2.6 R&E shareholders should note that notwithstanding their approval of the proposed merger as contemplated in this Circular, in order for the scheme of arrangement to proceed there are various conditions precedent that will need to be fulfilled, which will include, *inter alia,* the following:

2.6.1 the approval by the requisite majority of R&E shareholders in general meeting of the resolutions ratifying the proposal (Ordinary Resolution Number 1), authorising the share capital of R&E to be increased by the new R&E shares (Special Resolution Number 1) and placing the new shares under the control of the Board of R&E with the authority to allot and issue such new shares (Ordinary Resolution Number 4) as tabled in the Notice of R&E general meeting attached to this Circular, by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);

2.6.2 the approval by the requisite majority of eligible JCI scheme participants representing not less than three-fourths of the votes exercisable by such JCI scheme participants present and voting, either in person or by proxy at the meeting to give effect to the scheme of arrangement, by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009;

2.6.3 the Registrar of Companies registering Special Resolution Number 1 as set out in the Notice of the R&E general meeting by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);

2.6.4 the High Court of South Africa sanctioning the scheme of arrangement by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);

2.6.5 the Registrar of Companies registering a certified copy of the Order of Court sanctioning the scheme of arrangement in terms of the Act, by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);

2.6.6 the approval of all regulatory approvals or consents to the extent required (including the Competition Authorities) being granted, necessary to implement the scheme of arrangement by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);

2.6.7 if Ordinary Resolution Number 2 as set out in the Notice of the R&E general meeting is passed, then by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent detailed in paragraphs 2.6.1 to 2.6.6 above to be fulfilled, is fulfilled (whichever is the first occurring), the NAV of JCI at 31 March 2008 (as set out in Annexure 6a), shall not have reduced by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Jaganda (in liquidation), may have thereon;

2.6.8 if Ordinary Resolution Number 2 as set out in the Notice of the R&E general meeting is passed, then by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent detailed in paragraphs 2.6.1 to 2.6.6 above to be fulfilled, is fulfilled (whichever is the first occurring) the NAV of R&E at 31 March 2008 (as set out in Annexure 5a), shall not have increased by more than 20%, excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon.

If any of the above conditions precedent shall not have been fulfilled by the date specified in paragraph 2.6 above for its fulfilment, the JCI scheme shall lapse and be of no force and effect.

General

2.7 The adoption of the resolutions referred to in paragraphs 2.5.1 to 2.5.5 above is subject to such resolutions being approved by the requisite majority of R&E shareholders, entitled to vote thereon, at the R&E general meeting.

2.8 The proposed merger is classified as a Category 1 transaction and as a related party transaction in terms of the JSE Listings Requirements and accordingly R&E is required to obtain shareholder approval (excluding those related parties as set out in paragraph 11 of this Circular), ratifying the proposal in general meeting. Accordingly, those related parties as described in paragraph 11 below will be taken into account for the purposes of determining a quorum in respect of Ordinary Resolutions Numbers 1, 2 and 3 as set out in the Notice of the R&E general meeting, but will not be entitled to vote thereon. All other R&E shareholders will be entitled to vote thereon, including the holders of the disputed R&E shares and ADR holders. Save for the restrictions placed on related parties from voting in terms of the JSE Listings Requirements, all shares in issue as held by R&E shareholders, whether or not disputed R&E shares, are entitled to vote at the R&E general meeting, including ADR holders.

2.9 In addition, in terms of the JSE Listings Requirements pertaining to related party transactions, the Board of R&E is required to obtain a Fairness Opinion in respect of the proposed transaction. The inability to produce a Fairness Opinion was motivated to the JSE. The Mediators' Report (being Annexure 1) has been included in this Circular.

2.10 The offer in terms of the scheme of arrangement is not being made, directly or indirectly, in any jurisdiction or to any JCI shareholder in any jurisdiction where this offer or the acquisition of R&E shares would or might constitute a violation of the laws of such jurisdiction or require registration

or approval under the securities laws of such jurisdiction and accordingly JCI shareholders in any such jurisdiction may not tender their JCI shares or receive R&E shares or otherwise accept the offer as contemplated in terms of the scheme of arrangement or receive this Circular. The completion of the scheme of arrangement is subject to a number of conditions precedent being fulfilled, including, without limitation, shareholder approval by R&E and JCI and the receipt of regulatory approvals. Shareholders in certain jurisdictions outside of South Africa may not be entitled to receive any R&E shares as scheme consideration if such receipt would require registration or approval under local securities laws in R&E's sole discretion. R&E currently intends to put a mechanism in place, to the extent permitted, so that the shareholders in such jurisdictions may receive cash instead of such R&E shares. Such mechanism may include the implementation of an arrangement for the sale of the R&E shares in South Africa due to the eligible JCI scheme participants, which such shareholders would otherwise be entitled to in South Africa, and the distribution of the sale proceeds therefrom to such shareholders. R&E's shares currently only trade in the over-the-counter market in South Africa on a limited basis. As a result, there can be no assurance as to how long R&E would be able, if at all, to arrange for the sale of such R&E shares in South Africa, what price could be obtained, if any, for the sale of such R&E shares in South Africa or that R&E would be able to successfully implement such mechanism, should the Board of R&E indeed elect to utilise such mechanism. Notwithstanding any of the foregoing, R&E expressly reserves the right to implement any other mechanism, or no mechanism, that it determines in its sole discretion.

2.11 **The scheme document**

2.11.1 Shareholders are hereby advised that the R&E board will make available for inspection a copy of the scheme circular issued by the board of JCI and place same on R&E's website, as soon as such scheme circular is made available to JCI shareholders. R&E will make an announcement on SENS informing all R&E shareholders as to when such scheme circular is made available to JCI shareholders as set out above.

2.11.2 Shareholders are further advised that no SRP approval is required for the purposes of this Circular to R&E shareholders. Details pertaining to any application for rulings and rulings granted by the SRP in respect of the scheme circular will be documented in the scheme circular to be posted to JCI shareholders in due course and made available to R&E shareholders as referred to in 2.11.1 above.

3. BACKGROUND TO THE PROPOSED MERGER

3.1 The background to the R&E claims and the JCI dispute is best illustrated with reference to the following timeline:

Prior to 24 August 2005 (the Kebble era)	• R&E alleges that during the Kebble era, it was the victim of widespread frauds and thefts of its assets on a scale unprecedented in South African corporate history. • Kebble was the CEO of both R&E and JCI. • Dr Mark Bristow, the CEO of RRL, questioned whether R&E continued to hold its substantial investment in RRL (which comprised the majority of R&E's asset base). • Kebble maintained throughout that R&E still held its investment in RRL. • The uncertainty surrounding R&E's investment in RRL prevented R&E from publishing annual financial statements for the financial year ended 31 December 2004. • On 8 December 2004, PWC resigned as R&E's auditors. • On 8 December 2004, Charles Orbach was appointed as R&E's auditors. • As at August 2005, JCI was in a precarious financial position requiring funding.
1 August 2005	• R&E was suspended on the JSE (having failed to comply with the requirements of both the JSE and Nasdaq) as a result of it not being able to produce audited annual financial statements for the year ended 31 December 2004.

24 August 2005	• The boards of directors of R&E and JCI (as well as Western Areas and Matodzi) were reconstituted in consequence of Investec agreeing to extend a financial rescue package to JCIIF, (with the support of Allan Gray), which gave rise to Kebble and Roger, together with other R&E and JCI directors, resigning. • Gray and Lamprecht were appointed to the board of R&E as CEO and Financial Director, respectively. • Newly constituted R&E Board appointments resulted in an overlap between the boards of JCI and R&E in respect of Gray, Lamprecht and Nissen, and later Nurek (with effect from 7 October 2005). • Subject to the re-constitution of the various boards, Investec agreed to extend a financial rescue package to JCIIF of R460 million aimed mainly at enabling JCI to settle a judgment granted in favour of Benoryn Investments (Pty) Limited for approximately R70 million.
5 September 2005	• Charles Orbach resigned as auditors of R&E due to an inability to reconcile the financial affairs of the Company, including validating the existence of R&E's investment in RRL (and various other listed investments), thus precluding them from being able to finalise the audit for the year ended 31 December 2004.
21 September 2005	• R&E was delisted from Nasdaq as a result of not being able to produce annual financial statements for the year ended 31 December 2004.
14 October 2005	• The newly constituted Board of R&E appointed independent forensic auditors, JLMC (formerly Umbono), to embark on a forensic investigation on behalf of R&E.
Mid-October 2005	• JCI also appointed forensic investigators, KPMG Services, to undertake a forensic investigation into the affairs of JCI.
27 October 2005	• The newly constituted Board of R&E appointed KPMG to act as R&E's statutory auditors.
End of October 2005	• JLMC established that CMMS had not properly recorded the inter-company loan accounts between JCI and R&E as one of many mechanisms used to disguise alleged misappropriations. No meaningful explanation could be provided as to the whereabouts of the proceeds derived from the sale of R&E's shares in RRL. • The 1st interim forensic report of JLMC indicated that it appeared that there had been wide scale misappropriations of R&E assets from which it appeared further that the JCI group had benefitted therefrom. • JLMC continued with their investigations and the newly constituted Board of R&E appointed an independent legal team. • The forensic reports that followed indicated that the greater majority of R&E's assets had been misappropriated and that legal claims existed between R&E and JCI.
7 April 2006	• The Mediation Agreement was concluded. This provided for the mediation of the claims between the companies arising out of the Kebble era, and in the event of the mediation failing, arbitration. • Based on the findings of JLMC and contributions from witnesses, the R&E claims were formulated against JCI. • An analysis of the R&E claims and JLMC's findings indicated a series of complex and intricate transactions which occurred over many years. • The R&E claims amounted to R5,6 billion (based on the highest value thereof at the time), excluding interest. (JCI has contested such claims and denies any liability to R&E). • The Mediation Agreement provided for the appointment of the Mediators.
20 June 2006	• KPMG Services and JLMC exchanged the 8th of May report and forensic report of JLMC, respectively, which were prepared for the purposes of the mediation.

	• Subsequent to the 8th of May report, JCI served the further JCI report on R&E (which was not contemplated under the Mediation Agreement).
19 July 2006	• R&E and JCI concluded an addendum to the Mediation Agreement, extending the time period for the filing of Statements of Claim and by when the mediation should be resolved by.
8 September 2006	• JCI served a Statement of Defence on R&E, denying any indebtedness to R&E.
Mid-December 2006	• The Mediators requested additional financial information regarding the flow of funds between the R&E group and the JCI group, especially with regard to the disposal of R&E's listed investments.
19 – 22 February 2007	• The newly constituted Board of R&E and the Board of JCI endorsed the notion of a merger between the companies and resolved to canvass such possibility with the Mediators.
28 February 2007	• The Mediators issued an interim recommendation, followed by an explanatory note on 5 March 2007, in which they suggested that based on the NAV of JCI at the time an imputed settlement of between R1.2 to R1.5 billion represented a realistic starting point to resolve the disputes between the companies.
15 March 2007	• An update to R&E shareholders regarding the merger was published on SENS.
23 April 2007	• A joint SENS announcement was made by R&E and JCI indicating that pursuant to the recommendation of the Mediators, the respective boards proposed to recommend the proposed scheme of arrangement to their shareholders.
19 June 2007	• An application was submitted by R&E and JCI to the JSE and SRP for dispensation from complying with certain rulings and regulations regarding the proposed merger. • The shareholders of R&E and JCI were called upon to make submissions to the SRP in regard to the merger.
September 2007	• A Second Addendum to the Mediation Agreement was signed providing for the mediation to be referred to arbitration in the event of a merger failing for any reason whatsoever.
October 2007	• R&E and JCI made a joint application to the JSE and SRP in respect of certain of the disclosure requirements relating to the presentation of financial information for the purposes of proceeding with the proposed merger.
13 December 2007	• Both R&E and JCI published unaudited NAV statements as of 31 March 2007 on SENS, incorporating limited assurance reports from KPMG.
7 March 2008	• R&E proceeded with an action against PWC out of the High Court of South Africa for approximately R7.6 billion, based on the highest value of R&E's claims at the time. (Such action is presently being defended by PWC.)
12 March 2008	• JCI denied that it was "holding substantial moneys (R767 million) owing to R&E which should be reflected in the assets of R&E".
24 March 2008	• The SEC issued an Order pursuant to Section 12(j) of the Securities Exchange Act pursuant to which the registration of R&E's shares and ADRs in the United States was revoked. The effect of this Order is to prohibit trading in R&E's shares and ADRs in the United States. See paragraph 22 of this Circular.
15 July 2008	• JCI denied the existence of any common cause indebtedness (allegedly acceded to by JCI). • JCI also denied any liability towards R&E based on the causes of action relied upon by R&E in the Statement of Claim.

21 July 2008	• R&E and JCI signed an MOU, aimed at settling the disputes between the companies and paving the way for the conclusion of a possible settlement agreement within 21 days.
24 July 2008	• The Information Update was posted to all R&E shareholders.
August 2008	• R&E and certain of its subsidiaries issued summons against third parties for damages allegedly sustained by R&E and its subsidiaries.
26 August 2008	• A SENS announcement was made by R&E that a settlement (which ultimately proved to be commercially and legally unsatisfactory), had not been achieved and the merger having failed, the dispute between the companies would be referred to arbitration.
September 2008	• Major shareholders of R&E approached the present Board of R&E and requested R&E to revisit a possible merger with JCI as opposed to immediate arbitration.
To date	• A possible merger with JCI as contemplated in this Circular requires the consideration of the R&E shareholders. (Refer to "Rationale for the proposed transaction" in paragraph 5 below.)

3.2 The matters referred to in the table above are in no way intended to be exhaustive of what follows in this Circular and shareholders are required to carefully study the contents thereof, as well as the Information Update (to the extent referred to in this Circular), and give consideration to the complex issues detailed herein.

4. THE PROPOSED TRANSACTION

4.1 The proposed merger

4.1.1 The Business of R&E and JCI

The Business of R&E

R&E is an investment holding company with assets in the mining industry. The Company aims to invest in high quality assets that will ensure maximum return for its shareholders. It currently holds prospecting rights directly and indirectly (through subsidiary companies) which it plans to develop further in order to add value to its investments. R&E will only consider mining where the resource analysis proves that it is commercially prudent to do so. There are no operational mines in the group.

Recovery of assets

R&E alleges that the R&E group was the victim of widespread frauds and thefts of their assets during the Kebble era which resulted in the R&E group being stripped of the majority of their assets. Based on forensic investigations, legal assessments and the opinion of R&E's Counsel, R&E has embarked on a process of attempting to recover damages allegedly occasioned to the R&E group in respect of the alleged misappropriation of their assets.

The Business of JCI

JCI has invested in various industries having formerly had a strong mining background. R&E has lodged various claims against JCI, totalling approximately R14 billion based on the highest value of such claims up to 31 March 2008.

4.1.2 Vendors of JCI

Should the proposed merger be approved by R&E shareholders as contemplated in this Circular, and should the scheme of arrangement as proposed by the present Board of R&E (which is subject to the ratification of the R&E shareholders as requested in terms of this Circular) become unconditional, then the vendors will be all of the shareholders in JCI save for R&E (to the extent that it is already a shareholder in JCI). The major shareholders of JCI (excluding R&E) who are eligible to participate in the scheme of arrangement are detailed in paragraph 23.2 of this Circular.

4.1.3 **Effective date**

The effective date of the proposed merger will be the date upon which the scheme of arrangement becomes unconditional.

4.1.4 **Conditions precedent**

The proposed merger is subject to the conditions precedent as set out in paragraph 2.6 that, *inter alia,* the resolutions as set out in the Notice of R&E general meeting attached to this Circular (if deemed acceptable) are approved by the requisite majority of R&E shareholders, and the scheme of arrangement proposed to JCI (and the JCI scheme participants), is approved by JCI shareholders (excluding R&E), and becomes unconditional by the condition precedent fulfilment date.

4.1.5 **Other significant terms**

The scheme of arrangement requires implementation prior to 31 March 2009 (or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009)), failing which the scheme of arrangement will no longer be valid. No goodwill arises in respect of the proposed transaction.

5. RATIONALE FOR THE PROSPOSED TRANSACTION

5.1 Factors detracting from arbitration

5.1.1 In the absence of a merger, the present Board of R&E will have little choice but to refer the R&E claims to arbitration. Much time and significant cost will be expended on preparing for and prosecuting the arbitration and it has been conservatively estimated that the arbitration will endure for a considerable period of time (the preparation and hearing thereof being estimated at approximately 18 months). The attrition associated with arbitration may detract from its desirability.

5.1.2 Should the R&E claims be successfully sustained after a lengthy arbitration, the final result may not vest in R&E a tangible financial advantage which R&E could not otherwise obtain through a responsibly negotiated resolution of the present impasse. More importantly, the success of the arbitration is constrained by JCI's NAV, of R1.02 billion as at the last practicable date, as set out in this Circular. There is no prospect of R&E being able to satisfy its claims (if successful) beyond the extent of JCI's NAV at present. The merger may therefore result in a saving of costs which could otherwise make inroads into JCI's NAV. Management's time will also be saved, as will the allocation of resources in pursuing the arbitration, with the concomitant advantages which could arise there from. In short, R&E may be in a more favourable financial position should the matter be resolved on the basis of a merger than it otherwise might be were the arbitration to proceed. (It should however be noted that R&E and certain of its subsidiaries have proceeded with a number of summonses against a variety of parties whom it is contended have occasioned R&E and such subsidiaries loss. The possibility exists that such parties may seek to hold JCI accountable in respect thereof, the likelihood and the extent of which and ability of JCI to meet same not being possible to quantify or determine.)

5.1.3 Should JCI fail in its defence in the arbitration, its liquidation could follow. Were JCI to be wound up, the costs of liquidation could substantially erode any possible recovery by R&E. Any reduction in the NAV of JCI will filter directly through to R&E and its shareholders, and impact directly upon the extent of the recovery available to R&E. A merger will not extinguish the R&E claims. Such claims will be preserved for the board of R&E to determine how best to deal therewith for the benefit of the shareholders of the merged entity in due course. Any possible liquidation may also hold grave implications in respect of JCI's portfolio of prospecting rights. In terms of the MPRDA Act, were JCI to be wound-up, the prospecting rights which it has converted to date may lapse.

5.1.4 During such arbitration process, the engagement of R&E's senior executive management and the commitment of vast financial resources to such process (which may extend to in the region of R10 to R35 million), will need to be dedicated to the prosecution of R&E's claims.

Such utilisation of management's time and resources could very well lead to the foregoing of possible business opportunities which may evolve. (To date R&E has incurred approximately R150 000 in respect of the arbitration, as it is only in its fledgling stage.)

5.1.5 The merger ratio of one new R&E share for every 95 JCI shares will effectively allocate approximately 77% of the combined companies to R&E shareholders and 23% to JCI scheme participants in the post-merger group (on the basis that the scheme of arrangement becomes unconditional).

5.1.6 This merger proposal is the final attempt by the Company to resolve the difficulties facing the companies in a commercially pragmatic fashion.

5.2 **Support from various parties for the proposed merger**

Certain of the shareholders have since the R&E SENS announcement dated 26 August 2008 requested the present Board of R&E to revisit a merger, indicating their support therefor. The Mediators have also expressed their support for the proposed merger as appears from the Mediators Report being Annexure 1 to this Circular. Faced with the alternatives to a merger, the Board of R&E supports a merger as a pragmatic resolution to the difficulties which confront R&E and its shareholders.

5.3 **R&E and JCI post the merger**

5.3.1 The merger alternative affords the shareholders of both R&E and JCI, a mechanism whereby although the R&E claims remain unresolved, the new board of the combined R&E and JCI will be appointed for the benefit of all shareholders in R&E, and will be vested with the opportunity to determine how best to deal therewith. Through a merger, the companies will be able to pool their collective energies in an attempt to benefit and create a revitalised group. The companies can then commit their combined resources to the pursuit of core business aimed at restoring each of R&E and JCI in so far as is possible.

5.3.2 Management will then be able to focus their attention on the pursuit of increasing value within the group and take advantage of corporate opportunities which may arise for the benefit of R&E and its shareholders, including the JCI scheme participants.

5.3.3 The shareholders in the merged entity (including the erstwhile shareholders of JCI), stand to benefit directly from all and any recoveries made against third parties although it is not possible to predict the extent to which such third parties may seek recourse against JCI and to what extent JCI will be undermined hereby.

5.3.4 The present Board of R&E is of the considered view that a merger will bring about relative certainty for R&E shareholders.

6. THE MEDIATION AGREEMENT AND THE R&E CLAIMS

6.1 The main features of the Mediation Agreement are that both R&E and its subsidiary and associated companies on the one hand and JCI and its subsidiary and associated companies on the other, would be treated as single entities. In terms of the Mediation Agreement, JCI is defined to include both it and its subsidiaries and associated companies, including its interest in CMMS. (A similar definition applies to R&E.) At the inception of the mediation, both R&E and JCI were obliged to exchange separate forensic reports, detailing the basis of any claims which either company alleged it enjoyed against the other. Both companies would thereafter formulate claims, by way of a Statement of Claim. Following the exchange of their respective Statements of Claim, both companies would exchange Statements of Defence. Three experienced professionals, consisting of a Senior Counsel, a Mediation Specialist and a Chartered Accountant, were to be appointed to manage the mediation process and make recommendations to the companies. The shareholders of both companies in general meeting would ultimately be required to decide whether or not to accept any recommendation that the Mediators may make. Failure by the shareholders to endorse the recommendation by the Mediators, would result in the claims being referred to arbitration in accordance with the expedited rules of AFSA, the outcome of which would be binding on the companies (and subject only to one right of appeal).

6.2 The formal mediation process commenced with the exchange by the parties of the 8th of May report as prepared by KPMG Services and JLMC's report of 20 June 2006. Such exchange took place on 20 June 2006.

6.3 R&E's Statement of Claim was served on JCI on 3 August 2006. JCI did not serve a Statement of Claim on R&E. On 8 September 2006 JCI however served its Statement of Defence on R&E.

6.4 A summary of the mediation process and the R&E claims, as well as the legal basis upon which they are predicated, is to be found in Annexure 2 to this Circular (Overview of R&E claims at 31 October 2008 against JCI).

6.5 Annexure 2 (Overview of R&E claims at 31 October 2008 against JCI) includes a table summarising the R&E claims at the time they were lodged against JCI, and updated for progress made to date.

7. THE PROSPECTS OF SUCCESS OF R&E'S CLAIMS

R&E's legal team were instructed to formulate the R&E claims with reference to the findings of JLMC, the forensic reports and the input of various witnesses. R&E's Counsel have furnished an opinion to R&E in terms whereof (on the basis of their analysis of the forensic reports and witnesses interviewed thus far) they indicate that in their view, a reasonable prospect of success exists in respect of the R&E claims, subject to the qualifications as more fully set out in the formal opinion by R&E's Counsel which is attached to this Circular as Annexure 4 (R&E's Senior Counsel's opinion in respect of the R&E claims).

8. THE GENESIS OF THE PROPOSED MERGER

In giving expression to the machinery of the Mediation Agreement, the Mediators were appointed. The newly constituted Board of R&E were of the view that given the complexity and magnitude of the alleged misappropriations and claims identified, the Mediators were the most suitable persons to mediate the claims. During mid December 2006 the Mediators requested financial information from both R&E and JCI. There was extensive co-operation between the respective boards (and specifically Steyn and Maxwell) as the prospect of a merger between R&E and JCI began taking hold as a pragmatic solution to the impasse at hand. The idea of a merger was favourably received by the newly constituted Board of R&E and the Board of JCI. During the period 19 February to 22 February 2007, the respective boards of R&E and JCI endorsed the notion of the merger and the idea was canvassed with the Mediators, given that the mediation process was well underway.

9. THE MEDIATORS' RECOMMENDATION AND THE EVENTS SUBSEQUENT THERETO

On 28 February 2007, the Mediators issued an interim recommendation that R&E and JCI merge. The Mediators went further to recommend that an imputed settlement of between R1.2 to R1.5 billion based on the NAV of JCI at the time (31 March 2007) represented *"a realistic starting point to resolve the disputes between the companies – the basis being that the settlement figure be used to ultimately drive the merger ratio between the shareholders of the companies"*. On 3 November 2008, the Mediators furnished their updated Mediators' Report and indicated that owing to the fact that the NAV of JCI has roughly halved since February 2007, the aforementioned imputed or notional settlement range is no longer valid. Applying the exchange ratio, the Mediators indicate that "this implies a notional settlement figure of approximately R750 million which, having regard to the current financial position of JCI, is a figure which, in our opinion, is not unreasonable". The Mediators arrived at the ultimate conclusion that having regard to all of the factors taken into account, "our 14 April 2008 opinion remains of application, *viz*: In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI". It should however be noted that the proposed merger will not result in the R&E claims being compromised in any way, a position supported by the Mediators.

10. THE DETERMINATION OF THE MERGER RATIO

10.1 Background to the previously recommended merger ratio

10.1.1 In early 2007, it became clear that even if R&E were to be successful in the arbitration against JCI, in relation to the R&E claims (initially R5.8 billion based on the highest value of such claims at the time) the NAV of JCI was insufficient to meet same.

10.1.2 The respective Boards of R&E and JCI were cognisant of the Mediators' view that any merger should leave some value for JCI scheme participants. Accordingly, the Boards of R&E and JCI went about formulating a possible merger that left some value for the shareholders of JCI.

10.1.3 Ultimately, after much consultation with the major shareholders of both R&E and JCI a merger ratio of 95 JCI shares for every one R&E share was accepted by the respective Boards of R&E and JCI, as well as by major shareholders, and it was resolved that such merger ratio should be proposed to the respective shareholders of the companies. It was also resolved that the NAV's of R&E and JCI at 31 March 2007 should be utilised for the purpose of the determination of the merger ratio to be proposed at that time.

10.1.4 For the sake of completeness the board of R&E invites the attention of shareholders to the following considerations and circumstances that were taken into account in arriving at the previously recommended merger ratio.

10.1.5 During the early stages of 2007, Maxwell and Steyn together with KPMG Services and JLMC, engaged with the Mediators (and in particular Professor Harvey Wainer), regarding the extent of funds which had allegedly flowed from R&E to JCI in respect of R&E's assets. Whether a negotiated settlement of the claims between R&E and JCI was capable of being attained had to be considered.

10.1.6 It became obvious that a factor in support of the merger was that the NAV of JCI in relation to R&E's claims rendered a long and complex arbitration unattractive, even if R&E was to be substantially successful.

10.1.7 In the discussions which ensued between Maxwell and Steyn:

10.1.7.1 The unaudited NAV of JCI, excluding the R&E claims and any liability which may arise therefrom, was conservatively estimated by Maxwell during December 2006 to amount to between R1.4 billion to R1.8 billion;

10.1.7.2 It was determined that even on the assumption that R&E were to succeed with its claims in full against JCI, the unaudited NAV of JCI rendered a full recovery unlikely.

10.1.8 With reference to the figures then being discussed, Maxwell and Steyn took account of the view of the Mediators, namely that leaving no value for JCI scheme participants in implementing any merger as a possible solution to the complexities facing the companies, was both unrealistic and a poor alternative to litigation for JCI. In this context, Maxwell and Steyn agreed that a workable compromise could be found in a merger swap ratio which imputed a figure of 106 JCI shares for one R&E share at that time.

10.1.9 The proposed ratio initially found favour with the executive directors of both R&E and JCI at the time. It was formally unanimously endorsed by the Board of R&E, albeit that the assent of two of R&E's directors was conditional. The Board of JCI however did not formally endorse this ratio.

10.1.10 During a road show undertaken by Gray, Steyn and Maxwell to canvass the idea of a possible merger with the major shareholders of R&E (under confidentiality agreements), an exchange ratio of 106 JCI shares for one R&E share was tabled for discussion.

10.1.11 In consequence of the views expressed by the major shareholders in regard to the values of the individual assets and liabilities of R&E and JCI, Maxwell and Steyn revised the merger ratio to 95 JCI shares for one R&E share, which revised merger ratio was submitted to the Boards of R&E and JCI. Both of the Boards of R&E and JCI approved thereof.

10.1.12 The information which was initially imparted to the major shareholders of R&E was subsequently published in an update to all shareholders on 15 March 2007. There was an acceptance between the Boards of R&E and JCI at the time and the major shareholders of both companies, that subject to there not being any material or adverse change in the financial positions of either R&E or JCI, a merger should be proposed to the respective shareholders of both companies at a ratio of 95 JCI shares for one R&E share.

10.1.13 The Boards of R&E and JCI determined that pending the implementation of the merger, the proposed ratio should be 95 JCI shares for one R&E share, irrespective of changing market conditions which might prevail (but subject to other material changes which may eventuate, although none were anticipated).

10.1.14 The NAV statements of R&E and JCI at 31 March 2007 (excluding the R&E claims), incorporating limited assurance reports from KPMG were published on SENS on 13 December 2007.

10.1.15 These NAV statements reflected the NAV positions of R&E and JCI respectively at 31 March 2007, but excluded any assets in favour of R&E or any liability owing by JCI to R&E arising from the R&E claims and no contingent liabilities were raised in respect of any contribution which may have been found to be owing by JCI in respect of the third party claims. At 31 March 2007, the NAV Statement of R&E (excluding any asset which may result from the R&E claims), reflected an NAV of approximately R589 million, which equated to R8.196 per R&E share. The NAV Statement of JCI at 31 March 2007, reflected an NAV of approximately R2 088 million (excluding any liability which may arise from the R&E claims), which equated to R1.0324 per JCI share.

10.1.16 Having regard to the above, and based on the combined NAV's of R&E and JCI at 31 March 2007, the proposed merger ratio of 95 JCI shares for one R&E share would effectively have allocated approximately R2 billion to R&E shareholders and R434 million to JCI scheme participants of the post-merger group, taking into account the effect of the cross-shareholdings.

10.2 **Basis of the merger ratio as set out in this Circular**

10.2.1 Pursuant to the SENS announcement of 26 August 2008, with R&E having informed shareholders of its intention to pursue arbitration, and with the settlement and merger negotiations having failed, certain R&E shareholders approached the present Board of R&E and requested that it revisit a possible merger between R&E and JCI. In the light of such requests, the present Board of R&E resolved to pursue a merger as an alternative to immediate arbitration. The proposed merger is regarded as a possible mechanism of resolving the difficulties between the companies with a view to obtaining the necessary approval to proceed with the proposed merger on the basis as set out in this Circular, should the parties agree on such merger.

10.2.2 The present Board of R&E has determined the merger ratio, as reflected in this Circular, based on what it views as a pragmatic solution to the impasse between R&E and JCI and the resultant arbitration which seems inevitable. The present Board of R&E, having taken cognisance of the Mediators' previously recommended imputed settlement range and the background thereto as set out in paragraph 10.1 above, has based the merger ratio as reflected in this Circular on what it regards as being an equitable ratio for both R&E and JCI shareholders under the current circumstances.

10.2.3 Furthermore, the merger ratio enjoys the support of the Mediators as reflected in the report by the Mediators attached hereto as Annexure 1. Such Mediators' Report has been issued in lieu of a Fairness Opinion, the details of which are further set out in paragraph 11 below and in Annexure 1 to the Circular. The present Board of R&E regards the proposed merger as being in the interests of R&E shareholders and their opinion in this regard is set out in paragraph 19 below. The merger ratio allocates approximately 77% of the combined companies to R&E shareholders and 23% to JCI scheme participants in the post merger group. Such allocation will apply equally to any recoveries against third parties and correspondingly to any liabilities arising in respect thereof.

10.2.4 In terms of Ordinary Resolution Number 2 of the Notice of the R&E general Meeting, it is proposed, in ratifying the proposal, that the R&E shareholders attach the proviso that:

10.2.4.1 the JCI NAV at 31 March 2008 does not reduce by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Jaganda may have thereon; and/or

10.2.4.2 the R&E NAV at 31 March 2008 does not increase by more than 20% excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon.

Should either the JCI NAV or the R&E NAV fluctuate as set out above, after the proposal date, but prior to 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent to such scheme of arrangement as set out in paragraphs 2.6.1 to 2.6.6 of the Circular to be fulfilled, is fulfilled (whichever is the first occurring), the Board of R&E shall in either of such events be obliged to withdraw the proposal.

10.2.5 Some of the other material factors which could materially affect the values of the companies and hence the abovementioned fluctuations include the outcome of litigation involving the Investec raising fee, R&E's claim against PWC, the third party claims which have been instituted and the litigation between JCI and Jaganda. (Shareholders are further reminded that recourse may also be sought against JCI in respect of the third party claims which if a contribution were to be exacted from it will undermine JCI.) Annexure 11 is a statement of the litigation in which R&E is currently engaged and the attention of shareholders is drawn thereto as well as to the Cohen Report (Annexure 10). A Litigation Statement furnished to R&E by JCI in respect of the litigation in which JCI is involved is set out in Annexure 14 to this Circular.

10.2.6 In terms of the 10% and 20% differential in thresholds as referred to in paragraph 10.2.4 above, R&E shareholders should note that the NAV of R&E at 31 March 2008 (as reflected in Annexure 5a) is approximately R600 million, while that of JCI at 31 March 2008 is approximately R2 billion (as reflected in Annexure 6a). The intention of the present Board of R&E is to allow for a greater fluctuation in R&E's NAV (up to a maximum of R120 million), before being obliged to withdraw the proposal. Should any of the factors contemplated in 10.2.5 above render an increase in R&E's NAV of R120 million or more, then the Board of R&E will be obliged to withdraw the proposal per paragraph 10.2.4 above. Considering that the R&E claims and third party claims could run into billions of Rands each, there is a likelihood that any recovery in terms thereof could exceed R60 million (or 10%) on its own. Accordingly, the present Board of R&E regards 20% as being a prudent threshold in respect of a fluctuation in R&E's NAV. On the same basis, considering JCI's much larger NAV, and the fact that the Board of R&E has little/any control over JCI's NAV, the present Board of R&E regards a 10% decrease as being sufficient cause for considering a withdrawal of the proposal. Such fluctuations in NAV are therefore deemed to be material by the Board and would render the merger ratio no longer commercially viable.

10.2.7 As at 31 March 2008, and bearing in mind the fluctuation in the NAV's of R&E and JCI, a merger ratio of 95 JCI shares for one R&E share effectively allocates approximately R1.8 billion to R&E shareholders and R522 million to JCI scheme participants in respect of the post-merger group, excluding the effect of the cross-shareholdings.

10.3 **The impact of adverse market conditions on the merger ratio post 31 March 2008**

10.3.1 By far the largest asset of JCI is its investment in Gold Fields. The investment in Gold Fields constitutes approximately 80% of JCI's NAV at 31 March 2008 and 73% of the combined post-merger NAV of the enlarged group (should the JCI scheme become unconditional).

10.3.2 Recently, the world equity markets have experienced significant downward trends, the Gold Fields share price being no exception, having decreased by some 42.57% from the monthly VWAP of R123.51 for March 2008 to R70.93 for the month of October 2008.

10.3.3 Based on the proposed merger ratio of 95 to one, this reduction in the value of the Gold Fields investment has contributed to the reduction in the NAV of JCI from approximately R2 billion at 31 March 2008 to R1.02 billion at 31 October 2008.

10.3.4 The board of R&E is of the opinion that the proposed merger ratio, after considering the above reduction, still remains a commercially acceptable proposition, especially in the light of the alternative to a merger, namely immediate arbitration, as an R&E shareholder will

continue to share in approximately 77% of the combined assets and liabilities of the combined companies subsequent to the merger (if so approved by R&E shareholders).

10.3.5 The attention of R&E shareholders is also drawn to the Report of the Mediators and paragraph 11 hereof which details the events to which the Mediators had regard to subsequent to 14 April 2008.

11. RELATED PARTY INFORMATION AND THE MEDIATORS' REPORT

11.1 In view of the fact that JCI (and certain of its subsidiaries) hold in aggregate 10 634 023 shares in R&E, at the last practicable date, comprising 14.21% of the issued share capital of R&E, the proposed merger is classified as a related party transaction in terms of the JSE Listings Requirements.

11.2 Therefore JCI (and its associates, being CMMS and JCIIF), are regarded as related parties to R&E in terms of the JSE's Listings Requirements and will, in respect of Ordinary Resolution Numbers 1, 2 and 3 as set out in the Notice of R&E general meeting attached to this Circular relating to the proposed transaction, be taken into account in determining whether a quorum is present, but will be excluded from voting on such resolution.

The suitability of the Mediators and their reports

11.3 The inability to produce a Fairness Opinion was motivated to the JSE. The Mediators' Report (being Annexure 1 hereto) has been included in this Circular. The Mediators Report has been included in this Circular as it was not possible to produce a Fairness Opinion (as is ordinarily required in terms of the JSE Listings Requirements, having regard to the fact that the proposed transaction is a related party transaction). Annexure 16 sets out the motivation to the JSE for the Mediators' Report to be utilised.

11.4 With effect from 1 June 2007, R&E and JCI appointed the Mediators to express an opinion on the proposed transaction. In order to enable them to do so, the companies agreed, *inter alia,* to make available to the Mediators all forensic reports compiled by their respective forensic investigators, the companies' calculations relevant to the exchange ratio and generally undertook to act with the utmost good faith towards the Mediators in order to enable the Mediators to furnish an opinion.

11.5 On 3 November 2008, the Mediators' Report was issued, a copy whereof is Annexure 1 hereto. The Mediators concluded by way thereof that:

"Having regard to all of the above, our 14 April 2008 opinion remains of application, viz: "*In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI.*"

The Mediators' Report considered

11.6 In terms of the Mediators' Report it will be noted that:

11.6.1 The Mediators were appointed during 2006, to mediate the dispute that had arisen between the companies;

11.6.2 As a result of the complexity of the matter, and the fact that there was little chance of identifying an independent expert more capable than the Mediators themselves, R&E and, JCI jointly motivated to the JSE the inability to produce a Fairness Opinion. The Mediators Report (being Annexure 1 hereto) has been included in this Circular. The opinion of the Mediators, as set out in the Mediators Report, has been included in this Circular as it was not possible to produce a Fairness Opinion as is ordinarily required in terms of the JSE Listings Requirements in respect of related party transactions. Annexure 16 sets out the motivation to the JSE for the Mediators' Report to be utilised in this manner;

11.6.3 By way of their statement, the Mediators recommended that a merger between the companies be pursued. The Mediators were subsequently approached by the companies to furnish an opinion on the terms of the share swap arrangement then being proposed by the directors of the companies in order to effect a merger;

11.6.4 In considering the matter at the time of their April 2008 opinion, the Mediators contend that they were subject to a number of constraints, *inter alia,* the background to the dispute related to the misuse of assets (belonging to R&E) by Kebble and others, a significant portion of which accrued to the benefit of the JCI group; the financial records of the R&E group and JCI group were in some respects incomplete; past financial statements appeared to have been materially misstated; KPMG were unable to audit the financial positions of the companies and could only provide limited assurances in respect of certain aspects thereof; prior to Kebble's death, certain arrangements were concluded between JCI and Investec providing, *inter alia*, for a profit share to be paid to Investec (the arrangement pertaining thereto being the subject of as yet unresolved litigation regarding its validity and enforceability); as at April 2008 there were certain directors who served on both of the boards of R&E and JCI (one of whom was Nurek, an employee of Investec) and potential conflicts of interest had to be considered by the Mediators. In addition, the Mediators could not verify the accuracy of any of the information provided by any of the directors or the auditors and relied on that information in arriving at their expressed opinion.

11.6.5 On 14 April 2008, the Mediators issued an opinion that "*In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of R&E and JCI*". In arriving at their assessment, the Mediators had regard, *inter alia*, to the financial position of each of the companies at 31 March 2007; the subsequent changes in the financial position of the companies between March 2007 and 31 July 2007; the potential outcomes of the dispute regarding the Investec loan facility; the quantum of the sustainable R&E claims against JCI; the probable value which would be lost in a litigation scenario and the costs associated therewith; the fact that any settlement proposal which left no value for JCI shareholders would, from JCI's perspective be unrealistic and a poor alternative to litigation, (irrespective of its probable outcome); the swap ratio was sensitive to relatively small changes in the NAV's of the companies and dependent on market prices of certain investments held by the companies, including the possible value of the Investec claim by JCI and the indicative range of settlement values referred to in the Mediators' February 2007 Statement. (The further factors which the Mediators took into account are set out in the Mediators' Report, being Annexure 1 hereto.)

11.6.6 In October 2008, the Mediators were requested to advise whether the opinion issued by them on 14 April 2008 still applied "*in the significantly changed financial circumstances of R&E and JCI since issuing that opinion*".

11.6.7 In reaching their conclusion, as set out in paragraph 11.5 above, the Mediators draw attention to the fact, *inter alia,* that various delays were encountered by the companies in advancing the proposed merger; R&E and JCI unsuccessfully attempted to negotiate a settlement of their dispute on the basis of a payment by JCI to R&E; the asset values of both R&E and JCI have reduced materially, primarily as a consequence of the dramatic fall in stock exchange prices; certain of the assets were realised and in the case of JCI exchanged for further shares in R&E (thus increasing the extent of the cross-holdings of shares between JCI and R&E); R&E has recently proceeded with the third party claims and changes to the board of directors of R&E and JCI has resulted in the elimination of certain of the potential conflicts of interest which previously existed (although a director of JCI is also a director of Investec).

11.6.8 In reconsidering their opinion the Mediators highlight further, *inter alia,* that a critical factor affecting the swap ratio is the notional value of the R&E claims, as this has the effect of reducing the NAV of JCI and increasing the NAV of R&E; in determining the notional settlement range of R1.2 billion to R1.5 billion indicated in their February 2007 Statement, the Mediators took account of the amount which R&E would probably ultimately realise in a litigation process; given that the NAV of JCI has roughly halved since February 2007, the notional settlement range is no longer valid; if one utilises the same swap ratio originally proposed (of 95 JCI shares for one R&E share), this implies a notional settlement figure of approximately R750 million which "*having regard to the current financial position of JCI, is a figure which, (in the opinion of the Mediators), is not unreasonable*".

11.7 A copy of the full Mediators Report is annexed to this Circular as Annexure 1. The *curricula vitae* of the Mediators are contained in Annexure 12 hereto.

11.8 The previous Mediators Report is available for inspection in terms of paragraph 39 below.

12. THE CONSTRAINTS UPON R&E IN PRODUCING MEANINGFUL ANNUAL FINANCIAL STATEMENTS AND THE JSE'S RULINGS IN RESPECT THEREOF

12.1 R&E shareholders will recall the suspension of R&E on the JSE and de-listing of R&E from the Nasdaq as a result of its inability to produce audited annual financial statements for the year ended 31 December 2004, as well as audited annual financial statements for the year ended 31 December 2003, which required restatement as a result of substantial shortcomings that were discovered during the forensic investigations.

12.2 On 31 March 2006, R&E's provisional unaudited and unreviewed results for the two years ended 31 December 2005 and the restated provisional results for the financial year ended 31 December 2003 were published (a copy of which is available for inspection in terms of paragraph 39 of this Circular). Although initially optimistic that such results could, through supplementation, be elevated to IFRS compliant financial statements, such belief held by the then Board of R&E was soon thwarted by revelations made during the forensic investigation process. In fact, it became apparent to the R&E board that even if financial statements could be prepared, such financial statements would be disclaimed by management and consequently an opinion would also have been disclaimed by R&E's auditors and therefore be meaningless to shareholders.

12.3 R&E remains unable to produce meaningful financial statements for the aforementioned periods in accordance with IFRS, and, in the opinion of the present Board of R&E, they will not be in a position to do so until a resolution in respect of the R&E claims is secured.

12.4 Given the inability of R&E and JCI to produce annual financial statements and JCI's denial of any indebtedness towards it, it has not been possible for R&E and JCI to comply with the formal requirements of the JSE and SRP. Accordingly, a substantive application was lodged by R&E and JCI with the SRP for leave to dispense with the requirement relating to the need to make available to shareholders updated financial statements, before the proposed merger may be implemented.

12.5 R&E shareholders are referred to the detailed summary of the above constraints as previously set out in the Information Update (24 July 2008) which is available for inspection in terms of paragraph 39 of this Circular.

12.6 Further, the JSE has also provided R&E with certain dispensations in respect of the JSE Listings Requirements relating to the disclosure of financial information for the purpose of this Circular. Such dispensations, rulings and confirmations are summarised below:

12.6.1 As a result of neither R&E nor JCI being in a position to produce audited historical financial information for the past three years, the JSE agreed that the companies could utilise their respective NAV Statements at 31 March 2008 with limited assurance reports thereon produced by KPMG and their respective NAV statements at 31 October 2008 (which have not been reviewed by or reported on by the independent auditor and reporting accountant), provided that all assets as referred to therein were supported by valuations from independent experts not more than six months old (to the extent applicable) Such independent valuations are included as Annexures 17 and 18 to this Circular, while other supporting documentation is available for inspection in terms of paragraph 39 below;

12.6.2 As a result of the complexity of the matter, and the fact that there was little chance of identifying an independent expert more capable than the Mediators themselves, R&E and JCI jointly motivated to the JSE the inability to produce a Fairness Opinion. The Mediators' Report (being Annexure 1 hereto) has been included in this Circular. The opinion of the Mediators, as set out in the aforementioned report, has been included in this Circular as it was not possible to produce a Fairness Opinion as is ordinarily required in terms of the JSE Listings Requirements in respect of related party transactions. Annexure 16 sets out the motivation to the JSE for the Mediators' Report to be utilised in this manner;

12.6.3 Due to the difficulties in preparing and updating the financial information of both R&E and JCI as described in this Circular, and the companies' inability to produce audited annual financial statements as set out above, the JSE have recently confirmed that provided the Circular was issued before 30 November 2008 (later extended to 5 December 2008), the NAV statements of the respective companies at 31 March 2008 as examined by KPMG and at 31 October 2008 (which have not been reviewed by or reported on by the independent auditor and reporting accountant) as prepared by the directors of the respective companies (who take responsibility for such preparation) could be utilised instead of audited historical financial information for the past three years prepared in terms of IFRS having to be provided; and

12.6.4 The JSE has most recently confirmed the inclusion of the consolidated balance sheet of R&E at 31 March 2008 in accordance with the recognition and measurement requirements of IFRS (but not the presentation and disclosure requirements), also as a result of the company's inability to produce audited financial statements as set out above.

13. **THE FATE OF THE R&E CLAIMS**

13.1 The proposed merger will not on implementation result in the R&E claims being compromised in any way. Following the merger, the new board of the enlarged R&E group will determine how best to deal therewith, for the benefit of shareholders.

13.2 The shareholders of R&E (which will include the erstwhile shareholders of JCI), should jointly aspire to create a climate which will permit JCI to prosper to the fullest extent possible, so that the fruits of such growth may devolve on R&E and through it, to its newly constituted body of shareholders. At the appropriate time, the board of R&E will be able to address the manner in which the R&E claims should be dealt with.

13.3 The Mediators have expressed the view that a merger should not result in the R&E claims being compromised or settled. For R&E to liquidate JCI may not necessarily make commercial sense at this stage. The Board of JCI has represented to the Board of R&E that they are not aware of any material undisclosed liabilities, however the possibility remains that recourse may be sought against JCI in respect of the third party claims. It is not known what the extent of JCI's liability may be to those who might seek recourse against it. The present Board of R&E considers it commercially unwise for R&E to compromise or abandon its claims against JCI, as it will then not be able to exercise any influence in relation to JCI should JCI be liquidated (in the event of it being unable to pay the contributions which third parties may seek to enforce against it).

13.4 The need for R&E to assert that it is a creditor of JCI is imperative. In the absence hereof, R&E may find itself in the untenable position where it would not be able to lodge a claim against JCI in the event of JCI's liquidation. In such circumstances the benefits under a winding-up could accrue to those creditors of JCI other than R&E. The concomitant detriment to R&E and to its shareholders is self-evident.

14. **RECOVERIES AGAINST THIRD PARTIES**

14.1 As already mentioned, R&E and certain of its subsidiaries have formulated a number of claims against third parties, namely the third party claims. These include a claim launched in March 2008 against R&E's former auditors during the Kebble era, PWC, claiming an amount of approximately R7.6 billion, a claim against GFO of approximately R10 billion and claims against Charles Orbach, Investec and certain former directors of JCI and R&E, *inter alia*. Such claims are referred to in Annexure 11, being a Litigation Statement in respect of R&E at 31 October 2008.

14.2 Whilst litigation is by its very nature uncertain, and the likelihood of any recovery being made against these parties is not known and their ability to satisfy any judgments is unclear, R&E's shareholders should bear in mind that in the absence of a merger between R&E and JCI, any recovery which could be made in respect of the third party claims, would arise solely for the benefit of the shareholders of R&E.

14.3 Should the proposed merger be implemented, any recovery which R&E may make arising from this litigation (less all expenses incurred in doing so), will be shared between the combined shareholders of R&E and JCI in the post-merger R&E in the ratio of approximately 77% and 23%, respectively. This will apply equally to any recovery which JCI may make against Jaganda in the Jaganda matter and to any saving which JCI may succeed in obtaining in respect of the Investec raising fee in terms of paragraph 15 below. It should be borne in mind that Jaganda is presently in liquidation. Annexure 15 discusses the Jaganda claim in more detail, the attention of shareholders being drawn thereto. It should be noted further that the above ratios will similarly also apply to any liabilities which may arise having regard to the third party claims.

14.4 In June 2008, Cohen was appointed by R&E and JCI to provide a "*prima facie assessment*" of the claims referred to in the Cohen Report (a copy of which is Annexure 10 to this Circular), and based on a consideration of the information, pleadings and submissions in respect thereof, to indicate the likely value of the claims as far as possible. His assessment is intended to assist shareholders in evaluating the merger. However, it does not amount to a legal opinion on the merits of the claims considered therein, or the validity of the defences raised. With reference to the R&E claims against JCI, Cohen expressed a *prima facie* view in regard to the values of such claims (which at that stage comprised 15 in number) "*that the total of the values assessed is R1 892 085 155.00".* Cohen went on to state (with reference to an amount of R208 142 593.00 in respect of an alleged payment made by CMMS on behalf of R&E that "*it seems to me prima facie that JCI is entitled to set-off the amount of R208 142 593.00 against the assessed claims totalling R1 892 085 155.00, resulting in a net liability of R1 683 942 562.00 by JCI to Randgold".* In addition, Cohen had regard, *inter alia*, to the application by Letseng concerning the Investec raising facility, the Jaganda matter, certain claims against one Paul Main, the claim against PWC, the claim by Toico (Pty) Limited against JCI and certain proved claims in insolvent estates. R&E shareholders are referred to the Cohen Report (Annexure 10) where the above is discussed in more detail.

14.5 In considering the appropriateness of the merger ratio, the possible outcome of pending litigation is not possible to predict. Other than as detailed in the Litigation Statement, being Annexure 11 hereto, no other actions have to R&E's knowledge been instituted against R&E and there has been no intimation that any such actions will be instituted. R&E has been similarly advised by JCI that other than as previously disclosed to the board of R&E and as may be disclosed in the JCI Circular pertaining to legal actions instituted against JCI no actions have been instituted against JCI and there has been no intimation that any such actions will be instituted against JCI (although the possibility of JCI being joined by third parties for a *pro rata* contribution in respect of the third party claims cannot be excluded).

14.6 The fact that a third party may seek and obtain a contribution against JCI in any particular third party claim must inevitably hold the consequence that R&E's claim in that action will have been successfully prosecuted, if not in whole, then at least in part. If JCI is unable to satisfy such contribution which may be exacted against it, R&E may be required in law to restore to JCI the value of the assets which R&E may have received from it in consequence of the merger. R&E and the third parties who are successful in securing contributions will then enjoy claims against a pool of funds which will not exceed the value of the assets which R&E may have received from JCI in consequence of the merger and the value of such other assets as JCI may then own. Shareholders are reminded that the R&E claims will not be compromised by the merger, and it will be open to R&E to establish such claims at any stage thereafter.

15. **THE INVESTEC LOAN AGREEMENT**

15.1 On 25 August 2005, Investec, JCIIF, and JCI, concluded the Investec loan facility. In terms of the initial loan agreement, Investec agreed to make available to JCIIF, a facility of up to a maximum of R460 million. Investec subsequently advanced further amounts, the aggregate of which amounted to in excess of R1.1 billion and which amounts have been repaid.

15.2 As security for the loan indebtedness due by JCIIF to Investec, JCI pledged the shares which it held in the issued share capital of JCIIF, to Investec. Moreover, the assets which were purchased by JCIIF from JCI and certain JCI subsidiaries were ceded by JCIIF to Investec, as were the loan claims enjoyed by JCI and the JCI subsidiaries.

15.3 In consideration for the provision of the Investec loan facility, the agreements underpinning the Investec loan facility provided for a raising fee equal to the greater of R50 million or 30% of the increase in the value of each of the assets of JCIIF, together with an additional 10% of the amount representing the increase in the price of approximately 2,218 billion JCI ordinary shares ("**the Investec raising fee**").

15.4 JCI convened a general meeting of its shareholders to take place on 29 September 2006, for the purpose of passing certain resolutions relating to the Investec loan facility, including ratifying the Investec loan facility, paving the way for the Investec raising fee to be paid to Investec.

15.5 Prior to the general meeting of 29 September 2006, Letseng launched an urgent application to obtain an interdict restraining JCI from tabling the resolutions at the general meeting to be held for the ratification of the Investec facility. The parties to the urgent application agreed that the general meeting should be postponed to 30 November 2006. On 27 November 2006 an interim Order was granted by the High Court, interdicting JCI from tabling the resolutions at the adjourned general meeting scheduled for 30 November 2006 (or any adjournment thereof), and interdicting JCI and JCIIF from making any further payments to Investec in respect of the Investec raising fee. The application was postponed to 24 April 2007, and the Investec loan facility became the subject matter of two shareholder applications, the first by Letseng and the second by Trinity Management, Trinity Endowment and Eljay Investments (the latter three parties being referred to as Trinity). Both applications allege that the agreements giving rise to the Investec loan facility were invalid (the resultant effect of which is that it is contended that JCI and JCIIF are not liable to Investec in respect of the Investec raising fee).

15.6 In April 2007, the applications by Letseng and Trinity were dismissed by the Witwatersrand Local Division of the High Court, the court holding that Letseng and Trinity, in their capacity as shareholders of JCI, lacked *locus standi* to bring such applications. Letseng and Trinity each subsequently applied for leave to appeal to the Supreme Court of Appeal in regard to this issue. On 25 and 26 August 2008 the respective appeals were argued before a full bench. The decision of the Appeal Court is pending.

15.7 JCI has made a provision for the Investec raising fee of approximately R373 million. Investec contends that the extent of the Investec raising fee amounts to R575.6 million. Should a saving in respect of the Investec raising fee be made, the shareholders of the merged entity will (in the event of the merger ratio being applicable), share in such saving in the ratio of approximately 77% (to those R&E shareholders prior to the merger) and 23% (to JCI scheme participants), respectively.

16. SETTLEMENTS CONCLUDED BETWEEN R&E AND THIRD PARTIES POST THE NEWLY CONSTITUTED BOARD OF R&E

A Statement of Settlements which R&E has concluded with third parties is attached to the Information Update (24 July 2008). R&E shareholders are referred thereto. Such Information Update will be available for inspection together with the other documents referred to in paragraph 39 hereof.

17. THE SHARE CAPITAL OF R&E

17.1 As at the last practicable date:

17.1.1 The authorised share capital of R&E was R75 000, divided into 75 000 000 ordinary shares of R0.01 (one Cent) each;

17.1.2 The issued share capital of R&E was R74 813.13 divided into 74 813 128 ordinary shares of R0.01 (one Cent) each;

17.1.3 Subsidiaries of R&E held no R&E shares; and

17.1.4 JCI held 10 634 023 R&E shares comprising approximately 14.21% of R&E's issued share capital;

17.2 All of the issued R&E shares are listed in the "*Mining: Gold Mining*" sector of the JSE. Trading in R&E shares was suspended by the JSE on 1 August 2005 and remains so suspended.

17.3 ADRs were formerly listed on the Nasdaq. R&E's listing was terminated by the Nasdaq on 19 September 2005.

17.4 The share capital of R&E, before and following the merger, will be as follows:

	R
Authorised – Before the proposed transaction	
75 000 000 ordinary shares of 1 Cent each	750 000
Issued – Before the proposed transaction	
74 813 128 ordinary shares of 1 Cent each	748 131
Authorised – After the proposed merger (based on merger ratio)	
105 000 000 ordinary shares of 1 Cent each	1 050 000
Issued – After the proposed merger (based on merger ratio)	
95 432 740 ordinary shares of 1 Cent each	954 327

Irregular or invalid allotment of shares and reservation of rights

17.5 Apart from the claims which R&E asserts by way of its Statement of Claim as set out in Annexure 2 in respect of R&E shares which R&E claims were issued for no value, R&E (and it is understood JCI too), is investigating further possible bases upon which certain of R&E's (and JCI's) shares were allotted and issued, with a view to determining whether or not such allotments and issues were valid. Dependent upon the outcome of such investigations, R&E may take steps to set aside the allotment and issue of, *inter alia,* the disputed R&E shares which may be found to be irregularly or invalidly allotted and issued, including, without limitation, applying for the rectification of its share register.

17.6 Accordingly:

17.6.1 The inclusion as part of the scheme shares of any of the shares which may subsequently be found to have been irregularly or invalidly allotted and issued; and

17.6.2 The allotment and issue of R&E shares as part of the scheme consideration to JCI scheme participants who are the holders of any shares which are subsequently found to have been irregularly or invalidly allotted and issued,

is not (and must not be construed as) an acceptance on the part of either R&E or JCI of the validity of the allotment and issue of such shares and is without prejudice to such rights which either R&E or JCI may have at law, in respect thereof.

18. THE SHARE CAPITAL OF JCI

18.1 As at the last practicable date:

18.1.1 The authorised share capital of JCI was R27 000 000, divided into 2 700 000 000 ordinary shares of R0.01 (one Cent) each;

18.1.2 The issued share capital of JCI was R22 247 989.93 divided into 2 224 798 993 ordinary shares of R0.01 (one Cent) each;

18.1.3 Subsidiaries of JCI held a total of 202 115 127 JCI shares comprising approximately 9.08% of JCI's issued share capital; and

18.1.4 R&E held 265 935 854 JCI shares comprising approximately 11.5% of JCI's issued share capital.

18.2 All of the issued JCI shares are listed in the "*Mining: Gold Mining*" sector of the JSE. Trading in JCI shares was suspended by the JSE on 1 August 2005 and remains so suspended.

Irregular or invalid allotment of shares

18.3 It must be noted that JCI is undertaking an investigation into the basis upon which certain of its shares were allotted and issued with a view to determining whether or not such allotments and issues were valid. Dependent upon the outcome of such investigation and on legal advice obtained, JCI may take steps to declare and accordingly set aside the allotment and issue of some or all of its shares which are found to be irregularly or invalidly allotted and issued, including, without limitation, applying for the rectification of its share register.

18.4 As more fully set out in note 17 in Annexure 6a to this Circular, approximately 90 874 834 JCI shares have been issued without any value having been received by JCI in respect thereof.

18.5 Accordingly:

18.5.1 The inclusion as part of the scheme shares of any of the shares which may subsequently be found to have been irregularly or invalidly allotted and issued; and

18.5.2 The allotment and issue of R&E shares as the scheme consideration to scheme participants who are the holders of any shares which are subsequently found to have been irregularly or invalidly allotted and issued,

is not (and must not be construed as) an acceptance on the part of either JCI or R&E of the validity of the allotment and issue of such shares and is without prejudice to such rights which either JCI or R&E may have at law, in respect thereof.

19. OPINIONS AND RECOMMENDATIONS OF THE R&E BOARD

19.1 The Board of R&E having considered the terms and conditions of the proposed transaction, the board members unanimously support the proposed transaction and are of the opinion that the terms thereof are fair and reasonable and in the interests of R&E shareholders given the current circumstances of R&E and JCI.

19.2 Accordingly, the Board of R&E supports the proposed transaction and recommends that R&E shareholders vote in favour of the resolutions to be proposed at the R&E General Meeting.

20. NAV STATEMENTS OF R&E AND JCI AND CONSOLIDATED BALANCE SHEET OF R&E

20.1 Annexure 5a to this Circular summarises the NAV Statement of R&E at 31 March 2008 prepared by the Board of R&E and examined by KPMG in terms of a limited assurance report prepared by them and incorporated as Annexure 5b to the Circular. The JSE have accepted the presentation of the R&E NAV Statement for disclosure purposes and have waived the requirement for audited financial statements on the basis that R&E is unable to produce annual financial statements for the reasons as stated on page 40 in this Circular and the Information Update (24 July 2008). The preparation of the R&E NAV Statement at 31 March 2008 as set out in Annexure 5a in this Circular is the responsibility of the directors of R&E. Attention is drawn to the "Purpose of the Group Net Asset Value Statement" and the "Basis of Preparation" as contained in Annexure 5a to this Circular.

20.2 Annexure 6a to this Circular summarises the NAV Statement of JCI at 31 March 2008, which was prepared by the Board of JCI and examined by KPMG in terms of a limited assurance report prepared by them and incorporated as Annexure 6b to the Circular. The JSE have accepted the presentation of the JCI NAV Statement for disclosure purposes and have waived the requirement for audited financial statements on the basis that JCI is unable to produce annual financial statements. The preparation of the JCI NAV Statement at 31 March 2008 as included in Annexure 6a in this Circular is the responsibility of the Board of JCI and not of R&E. The present R&E Board however takes responsibility for the presentation of such Annexure 6a to the extent that it reflects the JCI NAV Statement at 31 March 2008 as published on SENS on 24 November 2008. Attention is also drawn to the "Purpose of the Group Net Asset Value Statement" and the "Basis of Preparation" contained in Annexure 6a to this Circular.

20.3 Annexure 5c to this Circular summarises the unaudited NAV Statement of R&E at 31 October 2008 prepared by the Board of R&E which has not been examined by KPMG. The JSE have accepted the

presentation of the unaudited R&E NAV Statement for disclosure purposes and have waived the requirement for audited financial statements on the basis that R&E is unable to produce annual financial statements for the reasons as stated on page 40 in this Circular and the Information Update (24 July 2008). The preparation of the unaudited R&E NAV Statement at 31 October 2008 as reflected in Annexure 5c in this Circular is the responsibility of the directors of R&E. Attention is drawn to the "Purpose of the Group Net Asset Value Statement" and the "Basis of Preparation" as contained in Annexure 5c to this Circular.

20.4 Annexure 6c to this Circular summarises the unaudited NAV Statement of JCI at 31 October 2008, which was prepared by the Board of JCI and which similarly has not been examined by KPMG. The JSE have accepted the presentation of the unaudited JCI NAV Statement for disclosure purposes and have waived the requirement for audited financial statements on the basis that JCI is unable to produce annual financial statements. The preparation of the JCI NAV Statement at 31 October 2008 as included in Annexure 6c in this Circular is the responsibility of the Board of JCI and not of R&E. Attention is also drawn to the "Purpose of the Group Net Asset Value Statement" and the "Basis of Preparation" contained in Annexure 6c to this Circular.

20.5 Annexure 8a to this Circular summarises the consolidated balance sheet of R&E as at 31 March 2008 prepared by the Board of R&E in accordance with the recognition and measurement requirements of IFRS (and not the presentation and disclosure requirements) and examined by KPMG in terms of a qualified review report prepared by them and incorporated as Annexure 8b to the Circular. The JSE have accepted the basis of preparation of the consolidated balance sheet of R&E and have waived the requirement for a complete set of audited financial statements on the basis that R&E is unable to produce audited annual financial statements for the reasons as stated on page 40 of this Circular. The preparation of the consolidated balance sheet is the responsibility of the directors of R&E. Attention is also drawn to the "Background" and "Basis of preparation" paragraphs as contained in Annexure 8a to this Circular.

20.6 Annexure 7a to this Circular summarises the unaudited *pro forma* combined NAV statement of R&E, post the merger, subject to the implementation of the scheme of arrangement prepared by the Board of R&E and examined by KPMG in terms of a reporting accountant's report prepared by them and incorporated as Annexure 7b to the Circular. The preparation of the unaudited *pro forma* combined NAV statement of R&E, post the merger, is the responsibility of the directors of R&E, based on the information as set out in Annexures 5a (R&E NAV Statement at 31 March 2008) and 6a (JCI NAV Statement at 31 March 2008) to the Circular, respectively, and has been prepared for illustrative purposes only. Shareholders should note that the unaudited *pro forma* combined NAV statement of R&E post the merger does not comply with IFRS, and because of certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information as set out in the notes in Annexures 5a and 6a, the unaudited *pro forma* combined NAV statement of R&E, post the merger, may not present a fair reflection of the NAV position of the enlarged R&E group after the proposed transaction.

21. UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

21.1 Unaudited *pro forma* financial effects of the proposed transaction based on the consolidated ifrs balance sheet of R&E

The unaudited *pro forma* financial effects of the proposed transaction on R&E, before and after the proposed transaction, are set out below. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the consolidated balance sheet of R&E has been presented in Annexure 8a to this Circular which is in accordance with the basis of preparation described in the accompanying notes thereto as set out in Annexure 8a,(in compliance with the recognition and measurement requirements of IFRS).

In the respective notes to the consolidated balance sheet of R&E before the proposed transaction (Annexure 8a) and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the consolidated balance sheet of R&E at 31 March 2008 (Annexure 8a) and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a), reference should be made to the respective notes thereto.

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* consolidated balance sheet after the proposed transaction may not give a fair reflection of R&E's financial position after the proposed transaction. It has been assumed for the purposes of the *pro forma* financial information that the proposed transaction took place on 31 March 2008. It does not purport to be indicative of what the financial position would have been had the proposed transaction been implemented on a different date. The unaudited *pro forma* financial effects of the proposed transaction are based on the estimates and assumptions set out in the notes below. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial information.

The unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a to this Circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 9a.

The independent reporting accountant's report relating to the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a to this Circular is included as Annexure 9b to this Circular.

The unaudited *pro forma* financial effects after the proposed transaction presented below has been prepared from the information available to the directors of R&E and includes the consolidated balance sheet of R&E at 31 March 2008 (Annexure 8a) before the proposed transaction and the Group NAV Statement of JCI at 31 March 2008 (Annexure 6a) together with adjustments as further set out in the notes to Annexure 9a to this circular.

Based on merger ratio of 95:1	**Consolidated Balance Sheet at 31 March 2008[1]**	***Pro forma* Consolidated Balance Sheet at 31 March 2008 after the proposed transaction[2]**	**Percentage difference**
Net asset value per R&E share (Cents)	766.72	2 523.77	229.16%
Net tangible asset value per R&E share (Cents)	766.72	2 523.77	229.16%
Net number of R&E shares in issue	74 813 128	83 568 118[3]	

Notes:

1. This column is extracted from the consolidated balance sheet of R&E at 31 March 2008 prepared on the basis of preparation described in the accompanying notes thereto, which is in accordance with the recognition and measurement requirements of IFRS, as detailed in Annexure 8a to this Circular. The qualified review conclusion by the independent auditor on the consolidated balance sheet of R&E at 31 March 2008 is included in Annexure 8b to this Circular.
2. The *pro forma* financial effects after the proposed transaction have been adjusted taking into account the effects of the acquisition of JCI, based on the NAV of JCI at 31 March 2008, adjusted in terms of the recognition and measurement requirements of IFRS based on the R&E directors' best estimate to reflect the acquired assets and liabilities at fair value based on available information included in the Group NAV Statement of JCI at 31 March 2008 and subject to the inhibiting factors referred thereto in Annexure 6a and Annexure 8a to this Circular.
3. It has been assumed that 20 619 612 R&E shares will be issued in order to effect the proposed merger in terms of the merger ratio (as further disclosed in paragraph 10 of this Circular) i.e.one R&E share for every 95 JCI shares held by JCI scheme participants. The shares to be issued were reduced by treasury shares and shares identified for cancellation. Refer to the notes to Annexure 9a to this circular for further details.

21.2 Unaudited *pro forma* financial effects of the proposed transaction on net asset value statement of R&E

The unaudited *pro forma* financial effects of the proposed transaction on the NAV Statement of R&E, before and after the proposed transaction are set out below. These unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the NAV Statement of R&E and JCI has been presented which is in accordance with the basis of preparation described in the accompanying notes thereto (which is not in accordance with IFRS) set out in Annexures 5a and 6a to this Circular.

In the respective notes to the NAV Statement of R&E (Annexure 5a) and the NAV Statement of JCI at 31 March 2008 (Annexure 6a), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the respective NAV Statement at 31 March 2008 of R&E (Annexure 5a) and JCI (Annexure 6a), reference should be made to the respective notes thereto.

The unaudited *pro forma* financial effects of the proposed transaction on the NAV Statement of R&E has been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* combined NAV Statement as set out in Annexure 7a to this Circular may not give a fair reflection of R&E's NAV position after the proposed transaction. It has been assumed, for the purposes of the unaudited *pro forma* financial effects on the NAV Statement of R&E, that the proposed transaction took place on 31 March 2008. It does not purport to be indicative of what the financial effects on the NAV would have been had the proposed transaction been implemented on a different date. The unaudited *pro forma* financial effects of the proposed transaction on the NAV Statement of R&E are based on the estimates and assumptions set out in the notes to Annexure 7a to this Circular. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial effects of the proposed transaction on the NAV Statement of R&E.

The unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* combined NAV statement of R&E as set out in Annexure 7a to this circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 7a to this circular.

The independent reporting accountant's report relating to the unaudited *pro forma* combined net asset value statement of the proposed transaction is included in this Circular as Annexure 7b.

The unaudited *pro forma* financial effects of the proposed transaction on the unaudited *pro forma* combined NAV Statement of R&E has been prepared from the information available to the directors of R&E and includes the respective NAV Statements at 31 March 2008 of R&E (Annexure 5a) and JCI (Annexure 6a) together with adjustments as further set out in the notes to Annexure 7a to this Circular.

Based on merger ratio of 95:1	**NAV at 31 March 2008[1]**	**Unaudited *pro forma* combined NAV after the proposed transaction[2]**	**Percentage difference**
Net asset value per R&E share (Cents)	836.07	2 790.67	233.78%
Net tangible asset value per R&E share (Cents)	836.07	2 790.67	233.78%
Net number of R&E shares in issue	71 870 041[4]	83 568 118[3]	

Notes:

1. This column is extracted from the Group NAV Statement of R&E at 31 March 2008 prepared on the basis of presentation described in the accompanying notes thereto, as detailed in Annexure 5a to this Circular. The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 March 2008. The limited assurance report issued by the independent auditor of R&E on the Group NAV Statement of R&E at 31 March 2008 is included in Annexure 5b to this Circular.
2. The *pro forma* financial effects after the proposed transaction has been adjusted taking into account the effects of the acquisition of JCI, based on the NAV Statement of JCI as at 31 March 2008 as prepared on the basis of preparation described in the accompanying notes thereto as further set out in Annexure 6a to this Circular and after taking into consideration any combination entries that arise on the acquisition of JCI.
3. It has been assumed that 20 619 612 R&E shares will be issued in order to effect the proposed merger as set out in terms of the merger ratio (as further disclosed in paragraph 10 of this Circular), i.e. one R&E share for every 95 JCI shares held by JCI scheme participants. The 6 794 007 R&E shares held by JCI have been treated as treasury shares on combination post the proposed merger. Furthermore, JCI treasury shares of 202 115 127 shares and after conversion into R&E shares at a merger ratio of one R&E share for 95 JCI shares, amounting to 2 127 528 R&E shares, have also been treated as treasury shares on combination post the proposed merger.
4. The net number of shares in issue have been calculated based on 74 813 128 R&E shares in issue less the 2 943 087 shares identified by R&E for possible cancellation as further set out in note 13 to Annexure 5a to this Circular.

22. DE-REGISTRATION OF US SECURITIES

On 24 March 2008, the SEC issued an Order pursuant to Section 12(j) of the Securities Exchange Act, pursuant to which the registration of R&E's shares and ADRs in the United States was revoked. Without admitting or denying the substantive allegations in the Order, R&E consented to the entry of the Order.

As set forth in the Order, R&E's shares and its American Depositary Shares ("ADSs"), evidenced by ADRs were registered under Section 12(g) of the Securities Exchange Act since 1997. R&E's shares were traded on the JSE until they were suspended on 1 August 2005, for failure to timely produce audited financial statements. R&E's ADRs were traded on the Nasdaq until they were delisted on 21 September 2005, for failure to file an Annual Report on Form 20-F with the SEC for the year ended 31 December 2004. R&E's ADRs were then quoted and traded on the "Pink Sheets".

As a result of the Order by the SEC, no member of a U.S. national securities exchange, U.S. broker, or U.S. dealer may make use of the mails or any means or instrumentality of U.S. interstate commerce to effect any transaction in, or to induce the purchase or sale of, R&E's shares and ADRs in the United States. The effect of this order is to prohibit trading in R&E's shares and ADRs in the United States.

23. MAJOR SHAREHOLDERS

23.1 As at 31 October 2008, being the most recent share register date of R&E, the following R&E shareholders beneficially held, directly or indirectly, an interest of 5% or more of the 74 813 128 ordinary R&E shares currently in issue:

R&E shareholders	Number of R&E shares	Percentage holding of R&E shares
Allan Gray[1]	9 297 917	12.43%
Bank of New York (ADRs)	8 073 933	10.79%
Clear Horizon Capital (Pty) Limited	6 766 651	9.04%
JCIIF[2]	5 789 318	7.74%

Notes:

1. At 31 October 2008, Allan Gray in their capacity as fund managers had under their control (inclusive of their beneficial holding in R&E of 12.43%), 17 459 458 ordinary R&E shares comprising 23.34% of the issued share capital of R&E.
2. JCIIF will be excluded from voting as it is a related party as defined in terms of the JSE Listings Requirements as more fully set out in paragraph 11 above.

23.2 At 31 October 2008, being the most recent share register date of JCI, the following JCI shareholders beneficially held, directly or indirectly, an interest of 5% or more of the ordinary JCI shares currently in issue:

JCI shareholders	Number of JCI shares	Percentage holding of JCI shares
R&E	265 935 854	11.95%
Allan Gray Limited	228 970 628	10.29%
Hawkhurst Investments Limited	212 165 623	9.54%
Matodzi	126 834 740	5.70%
Letseng	177 455 684	7.98%

23.3 Assuming that the scheme of arrangement becomes unconditional, the following shareholders will beneficially hold, directly or indirectly, an interest of 5% or more of the enlarged group. Should the transaction be implemented at the merger ratio, 95 432 645 ordinary R&E shares will be in issue and such shareholders will hold the following interests R&E:

Shareholders	Based on the merger ratio	
	Number of shares	Percentage shareholding
Allan Gray	11 751 069	12.31%
Bank of New York	8 073 933	8.46%
Clear Horizon Capital (Pty) Limited	6 766 651	7.09%

24. MATERIAL CHANGES

24.1 R&E shareholders are referred to the transactions contained in the forensic investigation summary in Annexure 3 and as contained in the unaudited and unreviewed R&E results for the two years ended 31 December 2005 and restated provisional results for the year ended 31 December 2003 issued to shareholders on 31 March 2006, as well as the GFO transaction, and the conclusion of the Mediation Agreement, as representing material changes that have occurred in and have affected the financial position of R&E since the publication of the unaudited and unreviewed results. Since the issue of the Information Update on 24 July 2008, which contained R&E's Group Net Asset Value Information at 31 March 2008, and included KPMG's limited assurance report thereon, there have been no material changes in the financial position of R&E and its subsidiaries since 31 March 2008 until the last practicable date, save for as disclosed in note 3 in Annexure 5c.

24.2 The Board of R&E have been informed that there have not been any material changes in the financial or trading position of JCI and its subsidiaries since 24 November 2008, being the publication date of the JCI Group Net Asset Value Statement at 31 March 2008 and the last practicable date, save for as disclosed in note 3 in Annexure 6c.

25. THE CHANGES TO THE DIRECTORATE OF R&E SINCE AUGUST 2005

The below table reflects the changes that have occurred to the Board of R&E since 2005:

Name	Designation	Appointment date	Resignation date
R B Kebble [1]	Chief Executive Officer	24/07/2003	24/08/2005
R A R Kebble	Non-executive Chairman	05/03/1998	24/08/2005
H C Buitendag	Financial Director	01/03/2000	24/08/2005
M B Madumise	Independent Non-executive Director	24/07/2003	CURRENT
L R Ncwana	Non-executive Director	24/07/2003	24/08/2005
A C Nissen	Non-executive Director	24/07/2003	01/04/2007
J C Lamprecht	Financial Director	24/08/2005	16/05/2006
P H Gray [2]	Chief Executive Officer	24/08/2005	11/07/2008

Name	Designation	Appointment date	Resignation date
D M Nurek	Non-executive Chairman	07/10/2005	09/07/2008
J Blersch	Independent Non-executive Director	14/08/2006	09/03/2007
T G Dale	Independent Non-executive Director	14/08/2006	09/03/2007
M Steyn	CEO and Financial Director	13/12/2006	CURRENT
D I De Bruin	Independent Non-executive Director	01/04/2007	CURRENT
D C Kovarsky	Independent Non-executive Chairman	05/12/2007	CURRENT

Notes:

1. Kebble passed away on 27 September 2005.
2. Gray is currently the CEO of JCI.

26. SERVICE CONTRACTS WITH R&E'S PRESENT DIRECTORS, THEIR EMOLUMENTS AND THEIR REMUNERATIONS AND INCENTIVES

Service contracts and contracts of engagement

26.1 There are no service contracts between R&E and its non-executive directors.

26.2 R&E concluded a contract of engagement with Kronen Investments 96 (Pty) Limited (a company in which Steyn has an interest), and Steyn, the financial director of R&E, which was concluded on 12 September 2007 and became effective from 1 November 2006, the date on which Steyn was appointed as an accountant of R&E, which provided that Steyn would serve as R&E's financial director with effect from 13 December 2006. The contract of engagement contains normal terms and conditions relative to such engagement contracts and other than as disclosed below has recently been formalised within the period beginning six months prior to the date of this Circular.

26.3 In terms of Steyn's contract of engagement, either party may terminate this contract upon the giving of ninety days notice in writing to the other party.

26.4 The contract of engagement pertaining to Steyn is available to shareholders for inspection in terms of paragraph 39 below.

26.5 At the date of this Circular, no further candidates have been nominated or proposed as directors of R&E. Accordingly, no other service contracts with any proposed directors have been entered into.

26.6 The total emoluments received by the directors will not be varied as a consequence of the proposed transaction.

Directors' emoluments and incentives

26.7 In terms of his service contract, Gray, was entitled to receive an all-inclusive package of R1 200 000.00 which was subsequently increased to R1 399 000 per annum and approved of by the Board of R&E**.** In terms of Gray's resignation the board agreed to make a payment of R1 million bonus and a further R2.75 million should the shareholders vote on the resolution of the disputes between R&E and JCI before 31 December 2008. Accordingly, the latter payment has not (and will not) be made. A payment of three month's salary *in lieu* of notice was also paid.

26.8 In terms of his contract of engagement, Steyn is entitled to receive an all-inclusive, package of R1 980 000 per annum. In addition to the all-inclusive package, R&E may award an annual bonus based on the performance of Steyn. His remuneration package will be reviewed on an annual basis.

26.9 The Board of R&E has resolved that the non-executive directors would be entitled to receive R150 000 per annum and that R&E's Chairman would receive R250 000.00 per annum.

26.10 Other than as disclosed in the contract of engagement with Steyn, R&E has not paid any management, consulting, technical or other fees for services rendered by directors, directly or indirectly, including payments to management companies, a part of which was then paid to a director for the period commencing 24 August 2005 and ending on the last practicable date.

26.11 No share options are held by any directors and therefore none were exercised for the period commencing 24 August 2005 and ending on the last practicable date.

26.12 Save as disclosed in paragraph 26, no cash or securities were paid nor any benefit given within the three years preceding the date of this Circular, or are proposed to be paid or given, to any promoter or director of R&E. No promoter had any direct or indirect beneficial interest in any transaction made by the R&E group within the three years preceding the date of this Circular.

Directors' remuneration

26.13 The following remuneration was paid to the directors of R&E for the period commencing 1 March 2007 to 29 February 2008:

Director	**Salary R**	**Bonus R**	**Retrench-ment R**	**Directors' fees R**	**Total R**
Nurek	–	–	–	250 000	**250 000**
Gray *	1 388 600	1 399 200	–	–	**2 787 800**
Steyn	1 530 000	1 150 000	–	–	**2 680 000**
Blersch	–	–	–	37 500	**37 500**
Dale	–	–	–	37 500	**37 500**
Madumise	–	–	–	150 000	**150 000**
Nissen	–	–	–	37 500	**37 500**
De Bruin	–	–	–	112 500	**112 500**
Kovarsky	–	–	–	18 750	**18 750**

* Executive director.

26.14 The following remuneration was paid to the directors of R&E for the period commencing 1 March 2008 to 31 October 2008:

Director	Salary R	Bonus R	Retrench-ment R	Directors' fees R	Total R
Nurek	–	–	–	125 000	**125 000**
Gray *	1 061 023	1 000 000	–	–	**2 061 023**
Steyn *	1 490 000	–	–	–	**1 490 000**
Madumise	–	–	–	112 500	**112 500**
De Bruin	–	–	–	112 500	**112 500**
Kovarsky	–	–	–	137 500	**137 500**

26.15 Nurek, Gray and Nissen were common to the Boards of R&E and JCI during the period 1 March 2007 to 29 February 2008 (or part thereof). The following remuneration was paid to them by JCI during this period:

Director	Salary R	Bonus R	Directors' fees R	Sign-on Incentive R	Total R
Nurek	–	–	350 000	–	**350 000**
Gray *	1 804 827	1 814 719	–	–	**3 619 546**
Nissen	–	–	175 000	–	**175 000**

26.16 Nurek and Gray were common to the Boards of R&E and JCI during the period 1 March 2008 to 11 July 2008 (or part thereof). The following remuneration was paid to them by JCI during this period:

Director	Salary R	Bonus R	Directors' fees R	Sign-on Incentive R	Total R
Nurek	–	–	123 472	–	**123 472**
Gray *	646 157	–	–	–	**646 157**

* Executive directors.

26.17 Nurek resigned from both JCI and R&E on 9 July 2008 and Gray resigned from the board of R&E on 11 July 2008. Refer to paragraph 28.5 for further details regarding the possible composition of the board in respect of the enlarged group.

27. R&E AND ITS DIRECTORS' INTERESTS AND DEALINGS

Directors' interests in R&E shares before and after the proposed transaction

As at the last practicable date, no directors held any beneficial or non-beneficial interest, whether directly or indirectly, in R&E shares nor will any such directors hold any such interests in respect of the enlarged group post the implementation of the proposed merger. Accordingly, there has been no change in the directors' interests in R&E shares nor will there be any such change in respect of the proposed enlarged group post the implementation of the proposed merger between the end of the preceding financial year and the last practicable date.

Directors' interests in transactions

27.1 Save as set out in paragraph 26, none of the directors have any material direct or indirect beneficial interests in any transactions which were effected by R&E during:

- the current or immediately preceding financial year; or
- an earlier financial year and which remain in any respect outstanding or unperformed.

28. FUTURE STRATEGY OF R&E AND THE ENLARGED GROUP

28.1 R&E was historically a mining investment company. R&E's main objective at present is to resolve the current impasse with JCI, in respect of which R&E has lodged the R&E claims against JCI amounting to approximately R14 billion based on the highest value thereof up to 31 March 2008.

28.2 Subsequent to the merger being implemented, the merged entity will review its strategic alternatives, which may include the following:

- To apply to the JSE for the lifting of the suspension in the trading of R&E shares on the JSE;
- To seek commercial opportunities and to successfully exploit them for the benefit of R&E and its shareholders;
- To distribute certain liquid assets (such as its Gold Fields shares), to shareholders and/or utilise its assets as leverage to further develop other assets or acquire and invest in assets to grow the current portfolio;
- To continue pursuing its claims against third parties and where possible to make recoveries against such parties;
- To reduce R&E's cost structure and to take advantage of synergies common to both R&E and JCI in the best interests of all concerned; and
- To realise value (insofar as is possible) from the existing prospecting rights portfolio.

28.3 Shareholders are informed that post the merger of the companies as contemplated, the new enlarged group will, having regard to the best interests of shareholders, maintain the current strategies of the separate entities. The board of directors of the enlarged merged group will, furthermore, having due regard for the considerations raised in paragraph 14.6 hereof, determine whether certain of the liquid assets should be distributed to shareholders, mindful always of such exposure as JCI may have in respect of the third party claims and consequently the ability of R&E to restore to JCI the value of any assets received from it, should R&E be required at law to restore the value thereof. The board of R&E will, post the implementation of the merger, subject to the requisite regulatory and shareholder approvals endeavour to de-list the enlarged group or alternatively make an application to the JSE in order to request the lifting of the suspension in the trading of R&E shares on the JSE. Shareholders are further informed that there can be no guarantee that the JSE will approve the lifting of the suspension post the merger.

28.4 Furthermore, a pre-listing statement, containing revised listings particulars of the combined entity, in compliance with the JSE Listings Requirements, will be posted to shareholders should the proposed merger as contemplated in this Circular occur. Detailed prospects of the combined group will be contained in the pre-listing statement.

28.5 R&E hereby undertakes to appoint three directors nominated by the board of JCI to the board of R&E immediately after the implementation of the proposed scheme of arrangement. JCI will nominate three appropriate candidates after the shareholders of JCI have approved the scheme of arrangement, and R&E will appoint the nominees within 10 days of the date of the implementation of the scheme of arrangement. Should a nominee however not be acceptable to R&E then JCI will be entitled to nominate another candidate on the same basis as set out above.

29. HISTORY OF CHANGES

R&E has not, in the past five years, had a controlling shareholder and currently does not have a controlling shareholder.

30. WORKING CAPITAL STATEMENT

30.1 The Board of R&E is of the opinion that the working capital resources of R&E and its subsidiaries are sufficient for R&E's current working capital requirements and will be adequate for a period of 12 months from the date of this Circular following the completion of the proposed transaction.

30.2 After the implementation of the scheme of arrangement, the Board of R&E is of the opinion that the working capital resources of the enlarged group will be sufficient for the enlarged group's working capital requirements and will be adequate for a period of 12 months from the date of this Circular following the completion of the proposed transaction.

31. LITIGATION STATEMENT

Other than as disclosed in Annexure 11 in respect of R&E and Annexure 14 in respect of JCI of this Circular, there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) in relation to R&E or JCI of which the Board of R&E (or Board of JCI to the extent applicable) is aware which may have, or have had, a material effect on the R&E or JCI group's financial position during the past 12 months preceding the date of this Circular.

32. DIRECTORS' RESPONSIBILITY STATEMENT

32.1 The current Board of R&E cannot provide any assurances as to the correctness of the historical facts and allegations and financial information contained in this Circular which relates to the period preceding the reconstitution of the Board of R&E on 24 August 2005. Subject to the content of the Forward-Looking Statement (which features at page 6 of this Circular), the statement regarding the lack of audited financial information and limitations thereof and the statement regarding the determination of the merger ratio as set out on page 7 and 8 of the Circular, respectively, the current directors (whose names are specified on page 24 of this Circular), collectively and individually, accept full responsibility for the accuracy of the information furnished relating to the R&E group, and certify that to the best of their knowledge and belief, that there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains as much of the information required in terms of the JSE Listings Requirements and the Act, that R&E is able to furnish.

32.2 Similarly, the current Board of JCI, which is responsible for and has prepared Annexures 6a and 6c (being the JCI NAV Statements at 31 March 2008 and the unaudited JCI NAV Statement at 31 October 2008, respectively) as well as Annexure 14 (JCI Litigation Statement) only, has not provided any assurances as to the correctness of the historical facts and allegations and financial information pertaining to JCI contained in this Circular which relates to the period preceding the reconstitution of the Board of JCI on 24 August 2005. Subject to the content of the Forward-Looking Statement (which features at page 6 of this Circular), the statement regarding the lack of audited financial information and limitations thereof and the statement regarding the determination of the merger ratio as set out on page 7 and 8 of the Circular, respectively, the current Board of JCI has however, collectively and individually accepted full responsibility for the accuracy of the information furnished in respect of Annexures 6a and 6c (being the JCI NAV Statements at 31 March 2008 and the unaudited JCI NAV Statement at 31 October 2008, respectively) and Annexure14 (JCI Litigation Statement) only, and has certified that to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement included in such Annexures 6a, 6c and 14 false or misleading, and that all reasonable enquiries to ascertain such facts as they have regarded as necessary have been made and that the aforementioned annexures contain as much of the information required in terms of the JSE Listings Requirements and the Act, that the Board of JCI is able to furnish. R&E shareholders must under no circumstances construe the reference to JCI and/or the current Board of JCI in either this section or with reference to Annexures 6a, 6c and 14 as a representation or indication that the Board of R&E has in any way assisted in the compilation of the abovementioned Annexures or verified such facts or is in any way agreeable to carrying responsibility therefor. Accordingly, such information including that contained in Annexures 6a, 6c and 14 is disclaimed.

33. MATERIAL CONTRACTS

JCI and R&E relinquish mineral rights

33.1 On 27 July 2007, Gold Fields, GFO (formerly Western Areas), R&E and Goldridge (a subsidiary of R&E) and JCI and certain of its subsidiaries concluded an agreement in terms whereof R&E and Goldridge and JCI and certain of its subsidiaries relinquished certain rights contiguous to the

South Deep Gold Mine to GFO. (The details hereof are contained in the Circular to R&E's and JCI's shareholders dated 15 October 2007 which is available for inspection in terms of paragraph 39 below.)

Sale by JCI (and certain of its subsidiaries) of its assets to JCIIF

33.2 JCI (and certain of its subsidiaries) disposed of certain of their assets with effect from 1 July 2006 to JCIIF on loan account, and also ceded and pledged such assets, as well as certain loan accounts, to Investec as security for the Investec loan facility and for the subscription by JCI for Western Areas shares in terms of the Western Areas rights offer and the underwriting of JCI of a portion of the Western Areas rights offer, up to a maximum of R250 million. The entering into of such transaction by JCI, and the provision of such security required the ratification of JCI shareholders as more fully set out in the circular to JCI shareholders dated 14 September 2006. Letseng launched an urgent application to obtain an interdict to prevent such general meeting from being held and resolutions in respect of such ratification from being tabled on 29 September 2006, as more fully set out in paragraph 15.5 above. The JCI circular of 14 September 2006 is available for inspection in terms of paragraph 39 below.

Gold Fields' acquisition of JCI's Western Areas shares

33.3 As more fully set out in the circular to JCI shareholders of 30 October 2006, JCIIF disposed of 27 000 000 Western Areas ordinary shares to Gold Fields for a disposal consideration of 35 Gold Fields shares for every 100 Western Areas shares sold, and the JCI subsidiaries (being JCIIF and JCI Gold) were granted a put option by Gold Fields to dispose of the remaining 9 957 844 Western Areas ordinary shares held by the JCI subsidiaries to Gold Fields, and, similarly, the JCI subsidiaries were granted a call option to Gold Fields providing Gold Fields with the right to acquire the remaining 9 957 844 ordinary shares held by the JCI subsidiaries. The circular of 30 October 2006 to JCI shareholders is available for inspection in terms of paragraph 39 below.

33.4 Save as is disclosed in paragraphs 33.1 to 33.3 above, the conclusion of the Mediation Agreement and addenda thereto, the Phikoloso transaction agreement (referred to in Annexure 2) or as disclosed in the Information Update, to the best of the directors' belief, the R&E group has not entered into, verbally or in writing, any material contract other than in the ordinary course of business either:

- within the last two years prior to the date of this Circular; or
- at any time which contains an obligation or settlement that is material to the R&E group at the date of this Circular.

33.5 No material assets have been acquired by the R&E group and/or JCI within the last three years prior to the date of this Circular. As a consequence, there are no book debts or other assets that have been guaranteed by any vendors to the R&E group and/or JCI nor are there any liabilities for taxation that have to be settled in terms of such acquisitions.

34. BORROWINGS

As at the last practicable date, R&E and JCI had no material borrowings.

35. EXCHANGE CONTROL APPROVAL

The following summary is not a comprehensive statement of the South African Exchange Control Regulations. R&E shareholders who are in any doubt as to the action to be taken should consult their professional advisors.

Note: The following provisions only apply to shareholders who are recorded on the South African register, either in their own name or through an intermediary.

35.1 Residents of the common monetary area

For all shareholders whose addresses are within the common monetary area and whose documents of title or accounts have not been restrictively endorsed in terms of the South African

Exchange Control Regulations, the offer consideration payable in respect of the scheme of arrangement being either one R&E share for every 95 JCI shares so transferred, or R16.19 in the case of the rounding downwards of any fractional entitlement to an R&E share ("**the offer consideration**") will be freely paid to those eligible JCI scheme participants.

35.2 **Emigrants from the common monetary area**

In the case of shareholders who are emigrants from the common monetary area, the offer consideration will:

35.2.1 in the case of certificated shareholders who are eligible JCI scheme participants whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be forwarded to their authorised dealer in foreign exchange in South Africa controlling such shareholder's blocked assets in terms of the South African Exchange Control Regulations. If details of their authorised dealer are not provided to the South African transfer secretaries, the offer consideration in respect of the scheme of arrangement will be held by R&E for the benefit of the certificated shareholders concerned pending receipt of the necessary information or instructions. No interest will accrue or be paid on the offer consideration so held; or

35.2.2 in the case of dematerialised shareholders who are eligible JCI scheme participants be credited to the bank account of the shareholders' CSDP or broker which shall arrange for the same to be credited directly to the shareholders' blocked Rand bank accounts held by the shareholders' authorised dealers and held to the order of the shareholders' authorised dealers in foreign exchange in South Africa.

35.3 **All other non-residents of the common monetary area**

The offer consideration accruing to non-resident shareholders who are eligible JCI scheme participants whose addresses recorded in the register are outside the common monetary area and who are not emigrants from the common monetary area will:

35.3.1 In the case of certificated shareholders who are eligible JCI scheme participants whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be posted to the addresses of the non-resident shareholders concerned recorded on the register on the record date; or

35.3.2 In the case of dematerialised shareholders who are eligible JCI scheme participants, be credited by their duly appointed CSDP or broker directly to the accounts nominated by the shareholders in terms of the provisions of the custody agreement with their CSDP or broker.

36. EXPENSES

36.1 The expenses of the proposed transaction, excluding VAT where applicable, for R&E are estimated at approximately R5 395 000, made up as follows:

Expenses of R&E	**R'000**
Printing, including publication in the press and distribution – Ince (Proprietary) Limited	600
Documentation and inspection fee – JSE	37
Reporting Accountant's reports – KPMG	650
Attorneys fees – Van Hulsteyns	600
Sponsor and Corporate Advisor – PSG Capital (Proprietary) Limited	1 100
Senior Counsel	200
Mediators	2 108
Forensic team – JLMC	100
Estimated total	**5 395**

36.2 The expenses of the proposed transaction borne by R&E will be funded by R&E from available cash resources.

36.3 The expenses of the proposed transaction, excluding VAT where applicable, for JCI are estimated at approximately R8 058 000, made up as follows:

Expenses of JCI	R'000
Reporting Accountant's reports – KPMG	650
Corporate legal fees	1 000
Attorneys fees – Routledge Modise Attorneys	600
Sponsor and corporate adviser – Sasfin	1 900
Senior Counsel	200
Mediators	2 108
Forensic team – KPMG Services	600
Printing, including publication in the press and distribution – Ince (Proprietary) Limited	1 000
Estimated total	**8 058**

36.4 The expenses of the proposed transaction borne by JCI will be funded by JCI from available cash resources.

37. THE TAX POSITION OF R&E CONSEQUENT UPON THE MERGER

The Board of R&E has taken independent tax advice in regard to the tax position which is likely to result for R&E were the proposed merger to be implemented. The shareholders are informed that it is unlikely that any adverse tax consequences will arise for R&E post the merger.

38. CONSENTS

The Sponsor and Corporate Advisor, Mediators, independent Auditor and Reporting Independent Reporting Accountant, Corporate Law Advisors, Forensic Investigators, Senior Counsel (including R&E Counsel and Cohen), South African transfer secretaries, United Kingdom secretaries, United Kingdom registrars and United States Depositary have consented in writing to act in the capacity stated and to their names being stated in this Circular, and in the case of the Auditors and Independent Reporting Accountants, Mediators, JLMC and Cohen, have consented to the reference to their respective reports in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

39. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of R&E and the office of the United Kingdom secretaries from Friday, 5 December 2008 up to and including Monday,19 January 2009:

39.1 The original report of the Mediators of 14 April 2008;

39.2 The updated report of the Mediators of 3 November 2008.

39.3 The Memoranda and Articles of Association of R&E and its subsidiaries;

39.4 Service and consultancy agreements with directors and managers entered into during the last three years;

39.5 Phikoloso transaction agreement as referred to in Annexure 2 (Overview of R&E's claims);

39.6 The JCI and R&E NAV Statements at 31 March 2008, as set out in Annexures 5a and 6a to this Circular, including the limited assurance reports of KPMG;

39.7 The independent valuer's report in respect of the prospecting rights of JCI and R&E of 7 November 2008 to the extent utilised for the purposes of compiling the JCI and R&E NAV Statements;

39.8 Valuation report in respect of Boschendal Limited of 17 October 2008 to the extent relied upon for purposes of compiling the JCI NAV Statement;

39.9 The unaudited, unreviewed results of R&E for the financial years ended 2004 and 2005 and the restated results for the financial year ended 31 December 2003;

39.10 The independent auditor's review report on the consolidated balance sheet of R&E at 31 March 2008;

39.11 The independent reporting accountant's report on the *pro forma* financial consolidated balance sheet of R&E at 31 March 2008;

39.12 the independent reporting accountant's report on the *pro forma* combined net asset value statement of R&E at 31 March 2008;

39.13 The Mediation Agreement and Addenda thereto of 1 July 2006 and 28 September 2007, respectively;

39.14 All agreements/offers for sale, and such like, supporting the values of the assets as referred to in the respective NAV Statements of R&E and JCI as set out in Annexures 5a, 5c, 6a and 6c in this Circular;

39.15 Mediators' Statement of 28 February 2007 and explanatory note of 5 March 2007 in respect thereof;

39.16 Signed summary of forensic findings of JLMC prepared for shareholders of R&E by JLMC;

39.17 All forensic reports prepared by JLMC for R&E;

39.18 All forensic reports prepared by KPMG Services for JCI;

39.19 The Cohen Report of 26 June 2008;

39.20 R&E Counsel's opinion;

39.21 Circular to R&E and JCI shareholders regarding the agreement in terms whereof R&E and Goldridge and JCI and certain of its subsidiaries relinquished certain rights contiguous to the South Deep Gold Mine to Gold Fields Operations Limited of 15 October 2007;

39.22 Circular to JCI shareholders regarding the disposal of the Western Areas ordinary shares dated 30 October 2006;

39.23 Circular to JCI shareholders regarding the Investec loan facility of 14 September 2006;

39.24 R&E Shareholders' Information Update to R&E shareholders dated 24 July 2008; and

39.25 All SENS announcements of both R&E and JCI over the past two years relating to the proposed merger between the companies.

40. NOTICE OF R&E GENERAL MEETING

40.1 A General Meeting of the shareholders of R&E has been convened and will be held at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa on Monday, 19 January 2009 at 10:00 for the purpose of considering and, if deemed fit, passing, with or without modification, resolutions to ratify the proposal and implement the proposed transaction. The notice convening the R&E general meeting is attached to this Circular.

40.2 Any certificated R&E shareholder or "own name" dematerialised R&E shareholder who is unable to attend the R&E general meeting, but wishes to vote by proxy at the R&E general meeting, is required to complete and return the form of proxy in accordance with the instructions contained therein. Duly completed forms of proxy must be received by the South African transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 or the United Kingdom registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, no later than 10:00 on Thursday, 15 January 2009.

40.3 Dematerialised R&E shareholders other than "own name" dematerialised R&E shareholders must inform their CSDP or broker of their intention to attend the R&E general meeting and obtain the necessary letter of representation from their CSDP or broker to permit them to attend the R&E general meeting. Alternatively, they may provide their CSDP or broker with their voting instructions should they not be able to attend the R&E General Meeting, but wish to be represented thereat.

40.4 Holders of ADRs will receive a form of proxy generated by the Company's United States Depositary Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E general meeting to be held at 10:00 on Monday, 19 January 2009 at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa, must contact the United States Depositary to become registered owners of the ordinary shares corresponding to their ADRs prior to Monday, 12 January 2009, by presenting their

ADRs to the United States Depositary for cancellation, and (upon compliance with the terms of the Depositary Agreement, including payment of the United States Depositary's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depositary are referred to in the Corporate Information section on pages 1 and 2 of this Circular.

SIGNED AT JOHANNESBURG ON 22 NOVEMBER 2008 BY MR ROGER PEARCEY ON BEHALF OF ALL THE DIRECTORS OF R&E, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

D C Kovarsky

M Steyn

D I de Bruin

M B Madumise

R PEARCEY

Company Secretary
Johannesburg

22 November 2008

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (suspended)
ADR ticker symbol: RNG
("**R&E**" and "**the Company**")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS OF R&E

Notice is hereby given that a General Meeting of ordinary shareholders of R&E will be held at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa at 10:00 on Monday, 19 January 2009 for the purpose of considering, and if deemed fit, passing, with or without modification, the following ordinary and special resolutions:

ORDINARY RESOLUTION NUMBER 1

APPROVAL OF THE PROPOSED MERGER WITH JCI LIMITED BY WAY OF A SCHEME OF ARRANGEMENT ON THE BASIS OF THE ALLOTMENT OF ONE NEW ORDINARY R&E SHARE TO ELIGIBLE JCI SHAREHOLDERS HOLDING 95 JCI SHARES AND THE MANNER IN WHICH FRACTIONS ARE TO BE DEALT WITH

"**RESOLVED AS AN ORDINARY RESOLUTION** that the proposal made by the board of directors of R&E ("**the Board of R&E**") to JCI Limited ("**JCI**") on 4 November 2008 and updated on 2 December 2008 ("**the proposal**") (as referred to in the Circular ("**the Circular**") to which this Notice of General Meeting forms a part), that JCI and the scheme participants qualifying as such (excluding R&E) conclude a scheme of arrangement in terms of section 311 of the Companies Act, No. 61 of 1973, as amended ("**the Act**"), on or before 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009) in terms whereof R&E and the said scheme participants will be deemed to have elected that the share exchange referred to in this Ordinary Resolution Number 1 constitutes an asset-for-share exchange as contemplated in section 42(1) of the Income Tax Act, is hereby ratified, on the basis that, subject to the fulfilment of the conditions precedent to such scheme of arrangement as set out in paragraph 2.6 of the Circular, each eligible scheme participant in South Africa and other permissible jurisdictions will transfer its ordinary shares in JCI to the Company in exchange for the issue and allotment of one new ordinary R&E share for every 95 ordinary JCI shares so transferred ("**the merger ratio**") on the basis that where any fraction of a new ordinary R&E share arising from the application of the merger ratio results, and such fraction of a new ordinary R&E share is 0.5 or more, it will be rounded up to the nearest whole number, and any fraction of a new ordinary R&E share that is less than 0.5 will be rounded down to the nearest whole number."

R&E shareholders who are related parties or associates thereof as defined in terms of the JSE Listings Requirements, as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part, will be taken into account for the purposes of determining whether a quorum is present, but will be excluded from voting on Ordinary Resolution Number 1. The validity of this resolution is therefore subject to a simple majority of votes of R&E shareholders, other than the related parties (and their associates) as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part.

ORDINARY RESOLUTION NUMBER 2

APPROVAL FOR THE PROPOSED MERGER WITH JCI LIMITED ON THE BASIS OF THE MERGER RATIO, PROVIDED THAT THE NAVS OF R&E AND JCI DO NOT FLUCTUATE BY MORE THAN 10% OR 20%, RESPECTIVELY, FROM THE NAVS OF R&E AND JCI AT 31 MARCH 2008

"**RESOLVED AS AN ORDINARY RESOLUTION**, subject to the adoption of Ordinary Resolution Number 1, that the proposal referred to in Ordinary Resolution Number 1 is subject further to the proviso that:

i. the Net Asset Value of JCI Limited ("**JCI**") at 31 March 2008 as set out in the Circular to which this Notice of General Meeting forms a part ("**the JCI NAV**") does not reduce by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Xelexwa (Pty) Limited (in liquidation) may have thereon; and/ or

ii. the Net Asset Value of R&E at 31 March 2008 as set out in this Circular to which this Notice of General Meeting forms a part ("**the R&E NAV**") does not increase by more than 20%, excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon;

should either the JCI NAV or the R&E NAV fluctuate as set out above after the making of the proposal by the board of directors of R&E ("**the Board of R&E**") to JCI, but prior to 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent to such scheme of arrangement as set out in paragraph 2.6.1 to 2.6.6 of the Circular to be fulfilled, is fulfilled (whichever is the first occurring), the Board of R&E shall in either of such events be obliged to withdraw the proposal."

R&E shareholders who are related parties or associates thereof as defined in terms of the JSE Listings Requirements, as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part, will be taken into account for the purposes of determining whether a quorum is present, but will be excluded from voting on Ordinary Resolution Number 2. The validity of this resolution is therefore subject to a simple majority of votes of R&E shareholders, other than the related parties (and their associates) as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part.

ORDINARY RESOLUTION NUMBER 3

APPROVAL OF CASH PAYMENT IN RESPECT OF THE ROUNDING OF FRACTIONS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the adoption of Ordinary Resolution Number 1 and Special Resolution Number 1, and subject to the conditions precedent to the scheme of arrangement as set out in paragraph 2.6 of the Circular to which this Notice of General Meeting forms a part being fulfilled, the Company shall be authorised to make a cash payment to those scheme participants qualifying as such whose fractional entitlement to a new R&E ordinary share will be rounded down to the nearest whole number (as a result of the application of the merger ratio as set out in Ordinary Resolution Number 1 above), in terms whereof such scheme participants will receive a cash payment of R16.19 for each fractional entitlement to an R&E share that may be rounded downwards, subject further to such scheme participants specifically electing to receive such cash payment in the manner to be provided for in terms of the scheme of arrangement that may be adopted."

R&E shareholders who are related parties or associates thereof as defined in terms of the JSE Listings Requirements, as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part, will be taken into account for the purposes of determining whether a quorum is present, but will be excluded from voting on Ordinary Resolution Number 3. The validity of this resolution is therefore subject to a simple majority of votes of R&E shareholders, other than the related parties (and their associates) as set out in paragraph 11 of the Circular to which this Notice of General Meeting forms a part.

SPECIAL RESOLUTION NUMBER 1

INCREASE OF AUTHORISED SHARE CAPITAL OF THE COMPANY

"**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the adoption of Ordinary Resolution Number 1 and subject to the conditions precedent pertaining to the scheme of arrangement as set out in paragraph 2.6 of the Circular to which this Notice of General Meeting forms a part being fulfilled, the authorised share capital of the Company shall be increased from R750 000 (Seven Hundred and Fifty Thousand Rand), divided into 75 000 000 (Seventy Five Million) ordinary shares of R0.01 (One Cent) each, to R1 050 000 (One Million and Fifty Thousand Rand), divided into 105 000 000 (One Hundred and Five Million) ordinary shares of R0.01 (one Cent) each, through the creation of 30 000 000 (Thirty Million) unissued new ordinary shares of R0.01 (one Cent) each in the authorised share capital of the Company, for the purposes contemplated in the ordinary resolutions contained in this Notice of General Meeting, such new shares to rank *pari passu* in every respect with the existing ordinary shares of the Company and that the Memorandum of Association of the Company be amended accordingly."

REASON AND EFFECT OF SPECIAL RESOLUTION

REASON

The reason for the increase in the authorised share capital of the Company is to create sufficient unissued ordinary shares in reserve (to be placed under the control of the board of directors of R&E), in order to enable R&E to give effect to the ordinary resolutions contained in this Notice of General Meeting.

EFFECT

The effect of the special resolution is to increase the authorised share capital of the Company to R1 050 000 (One Million and Fifty Thousand Rand) divided into 105 000 000 (One hundred and Five Million) ordinary shares of R0.01 (one Cent) each.

ORDINARY RESOLUTION NUMBER 4

PLACEMENT OF THE NEW SHARES TO BE ISSUED UNDER THE CONTROL OF THE BOARD OF DIRECTORS OF R&E

"**RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the adoption of Ordinary Resolution Number 1 and Special Resolution Number 1, the new shares referred to in Special Resolution Number 1 above, be placed under the control of the board of directors directors of R&E ("**the Board of R&E**") with the authority to allot and issue such new shares to scheme participants qualifying as such on the basis contemplated in Ordinary Resolution Number 1 and that the Board of R&E, and where applicable the Company Secretary, be authorised to do all things and sign all documents necessary in order to implement the resolutions as set out in this Notice convening the R&E general meeting."

ORDINARY RESOLUTION NUMBER 5

AUTHORISING THE BOARD OF DIRECTORS OF R&E TO DO ALL SUCH THINGS AS MAY BE NECESSARY TO IMPLEMENT ALL OF THE AFOREGOING RESOLUTIONS

"RESOLVED AS AN ORDINARY RESOLUTION that, following upon the adoption of Ordinary Resolution Number 1, any other Ordinary Resolutions which may be adopted and Special Resolution Number 1, the board of directors of R&E be and are hereby authorised, instructed and empowered to do all things and sign all such documents as may be necessary or incidental in order to give effect thereto."

VOTING AND PROXIES

On a show of hands, each shareholder who is present in person or by proxy at the R&E general meeting, is entitled to one vote irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of shareholders he represents, have only one vote. On a poll, a shareholder present in person or by proxy at the R&E general meeting shall be entitled to one vote for each share held or represented.

Each shareholder who is entitled to attend and vote at the R&E general meeting may appoint one or more proxies (none of whom needs to be a shareholder of R&E), to attend, speak and vote in his stead. The completion and lodging of forms of proxy will not preclude an R&E shareholder from attending, speaking and voting to the exclusion of the proxy or proxies so appointed.

A form of proxy *(purple)* is included with this notice for use by certificated shareholders and "own name" dematerialised shareholders only who are unable to attend the R&E general meeting but who wish to be represented thereat. Duly completed forms of proxy must be received by the South African transfer secretaries (Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107) or by the United Kingdom registrars (Capita Registrars), Proxies Department, The Registry, 34 Beckenham Road, Kent, BR3 4TU by not later than 10:00 on Thursday, 15 January 2009.

For and on behalf of the Board of R&E

Randgold & Exploration Company Limited

R P Pearcey
Company Secretary

Johannesburg
5 December 2008

Registered office
10 Benmore Road
Morningside,
Sandton, 2146
(PO Box 650905, Benrose 2010)

Transfer secretaries
Computershare Investor Services
(Proprietary) Limited
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

United Kingdom registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (suspended)
ADR ticker symbol: RNG
("**R&E**" and "**the Company**")

FORM OF PROXY

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the general meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend. Should dematerialised shareholders, other than "own name" dematerialised shareholders, be unable or not wish to attend the general meeting in person, but wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker. Such shareholders must not return this form of proxy to the South African transfer secretaries or the United Kingdom registrars.

This form of proxy is for use by certificated ordinary shareholders and "own name" dematerialised ordinary shareholders of R&E only, at the general meeting of R&E shareholders ("**the general meeting**") to be held at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa at 10:00 on Monday, 19 January 2009.

For shareholders resident in the United States:

Holders of American Depositary Receipts (ADRs) will receive a form of proxy generated by the Company's United States Depositary Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E General Meeting to be held at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa at 10:00 on Monday, 19 January 2009 must contact the United States Depositary to become registered owners of the ordinary shares corresponding to their ADRs prior to Monday, 12 January 2009, by presenting their ADRs to the United States Depositary for cancellation, and (upon compliance with the terms of the Depositary Agreement including payment of the United States Depositary's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depositary are referred to in the Corporate Information section on the inside cover of the Circular to which this form of proxy forms a part.

The exchange offer or business combination contemplated herein is made for the securities of a non-US company. The offer is subject to the disclosure requirements of a country outside the United States, that are different from those of the United States. Financial statements included in this document, if any, have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since the issuer is located outside the US, and none of its officers or directors are US residents. You may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. It may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

Neither the US Securities and Exchange Commission nor any state securities commission has approved or disapproved of the new securities to be issued by R&E in terms of the scheme of arrangement, or expressed a view as to whether to vote for or against the scheme of arrangement, or determined if the Circular to which this form of proxy forms a part is truthful or complete. Any representation to the contrary is a criminal offence.

The new shares to be issued by R&E in terms of the scheme of arrangement have not been, and will not be registered under the US Securities Act 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be resold in the United States unless such disposition is registered under the US Securities Act of 1933, as amended, and applicable state securities laws or is exempt from registration thereunder. R&E has no obligation or intention to register the new shares under the US Securities Act of 1933, as amended, or with any other securities or regulatory authority of any state or jurisdiction in the United States. Furthermore, on 24 March 2008, the U.S. Securities and Exchange Commission issued an Order pursuant to Section 12(j) of the Securities Exchange Act of 1934, as amended, pursuant to which the registration of R&E's ordinary shares and ADRs in the United States was revoked. As a result of the Order by the U.S. Securities and Exchange Commission, no member of a U.S. national securities exchange, U.S. broker, or U.S. dealer may make use of the mails or any means or instrumentality of U.S. interstate commerce to effect any transaction in, or to induce the purchase or sale of, R&E's ordinary shares and ADRs in the United States. The effect of this Order is to prohibit trading in R&E's Ordinary Shares and ADRs in the United States. See paragraph 22 of this Circular.

I/We (please print name in full)

of address(please print)

being the holder of [ ] ordinary shares in R&E, hereby appoint (see note 2):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the general meeting,

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the R&E general meeting which is to be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary resolutions and special resolution to be proposed thereat and at each adjournment thereof and to vote for or against the ordinary resolutions and special resolution or to abstain from voting in respect of their ordinary shares in the issued share capital of R&E registered in my/our name/s, in accordance with the following instructions (see note 3).

	For	Against	Abstain
Ordinary resolution number 1 Approval of the proposed merger with JCI in terms of the merger ratio of one R&E share for every 95 JCI shares			
Ordinary resolution number 2 Approval for the proposed merger on the basis of the limits to NAV fluctuations of 10% in JCI and/or 20% in R&E			
Ordinary resolution number 3 Approval of the cash payment in respect of rounding of fractions			
Special resolution number 1 Approval of the increase to the authorised share capital of R&E			
Ordinary resolution number 4 Authorising the new shares to be issued to be placed under the control of the board of directors of R&E			
Ordinary resolution number 5 Authorising the board of directors of R&E to do all such things and sign all such documents in order to implement the resolutions as set out in the Notice of General Meeting			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in R&E, insert the number of R&E ordinary shares held in respect of which you desire to vote (see note 3).

Signed at on 2008/2009

Signature

Assisted by me (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder) to attend, speak and vote in place of that member at the R&E general meeting.

Please read the notes on the reverse hereof.

Notes:

1. All R&E shareholders are entitled to attend, be represented and vote at the R&E general meeting. Each R&E shareholder present in person or by proxy at the general meeting shall be entitled, on a show of hands, to one vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of shareholders he represents have only one vote. On a poll, at the R&E general meeting, an R&E shareholder who is present in person or by proxy shall be entitled to one vote for each share held or represented.
2. An R&E shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting". If a deletion is made, such deletion must be initialled by the shareholder. The person whose name stands first on this form of proxy and who is present at the R&E general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An R&E shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting, and in respect of the relevant number of shares to vote in such a manner, shall, in respect of the resolution, be indicated as follows:
   a. by the insertion of an "X" in the appropriate box provided to indicate whether to vote for, against or abstain from voting. Such an insertion, without the insertion of the relevant number of shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the R&E general meeting as indicated by the "X" in respect of all (and not some) of the shareholder's votes exercisable thereat;
   b. by the insertion, of the relevant number of shares held by the shareholder in R&E to indicate the number of shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the R&E general meeting as indicated by the number so inserted in respect of such inserted number (and not a portion) of shares; and
   c. by the failure to insert anything in the appropriate box. Such failure will be deemed to authorise the chairman of the general meeting, if he is the proxy to vote in favour and any other proxy to vote or abstain from voting at the R&E general meeting as he deems fit in respect of all (or a portion) of the shareholder's votes exercisable thereat.
4. Holders of ADRs will receive a form of proxy generated by the Company's United States Depositary Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E general meeting to be held at 10:00 on Monday, 19 January 2009 at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa, must contact the United States Depositary to become registered owners of the ordinary shares corresponding to their ADRs prior to Monday, 12, January 2009, by presenting their ADRs to the United States Depositary for cancellation, and (upon compliance with the terms of the Depositary Agreement, including payment of the United States Depositary's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depositary are referred to in the Corporate Information section on pages 1 and 2 of the Circular of which this form of proxy forms a part.
5. An R&E shareholder is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast, and in respect of which abstention is recorded, whether by the shareholder or the proxy, may not exceed the total of the votes exercisable by the shareholder.
6. A duly completed form of proxy must be lodged with or posted to the South African transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 or the United Kingdom registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to reach them by no later than 10:00 on Thursday, 15 January 2009.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the South African transfer secretaries or the United Kingdom registrars. or waived by the chairman of the general meeting, as the case may be.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
11. In respect of joint holders, any such persons may vote at the R&E general meeting in respect of such joint shares as if he were solely entitled thereto; but if more than one of such joint holders are present or represented at the R&E general meeting, the one of the said persons whose name stands first in the register in respect of such shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.

REPORT OF THE MEDIATORS

Background

1. During 2006 we were appointed by the companies Randgold and Exploration Company Limited ("**Randgold**") and JCI Limited ("**JCI**") to mediate a dispute that had arisen between them.
2. Pursuant to that appointment, and after considering voluminous papers and various reports, engaging the parties and in particular, board members, the financial directors, the lawyers of the two companies and their forensic auditors, we issued a Statement on 28 February 2007. That Statement with a postscript thereto is attached marked "A" and "A1".
3. In the Statement we recommended that a merger between the two companies be pursued. We regarded this as the best practical solution for the reasons set out in the Statement. The proposed solution was supported by all the main role players.
4. We were subsequently approached by the two companies to provide an opinion on the terms of a share swap arrangement proposed by the directors of the companies to effect a merger. An opinion in this regard was issued in April 2008, as set out below. The April opinion has subsequently been updated, as set out in this report.

Limitations

5. In considering the issue at the time of our April 2008 opinion, we were subject to the following important constraints:
   - 5.1 the background to the dispute between Randgold and JCI relates to the misuse of assets of Randgold by the late Brett Kebble and others, a significant portion whereof accrued to the benefit of the JCI group of companies;
   - 5.2 in the relevant period, the financial records of the two companies and certain of their associated and related companies are incomplete;
   - 5.3 the past financial statements of Randgold and JCI were materially misstated;
   - 5.4 in the absence of proper documentation and explanations from management, it has not been possible for KPMG, the new auditors to Randgold and JCI, to audit the current financial positions and results of operations and KPMG could provide only limited assurance on certain aspects reflected in the financial reports examined by them;
   - 5.5 prior to the death of Brett Kebble, certain arrangements were entered into by JCI with Investec Bank Limited ("**Investec**") providing, *inter alia*, for a profit share to be paid to Investec on certain selected assets of JCI. This arrangement is the subject of as yet unresolved litigation regarding its validity and enforceability;
   - 5.6 as at April 2008, being the date of our original opinion on the proposed share swap arrangement to effect the merger, there were certain directors who served as directors on the boards of both JCI and Randgold (the JCI and Randgold chairman was an employee of Investec) and, accordingly, there were potential conflicts of interest which we had to consider in evaluating the proposals.
6. In addition it should be noted that:
   - 6.1 we could not verify the accuracy of any of the information provided by the directors or the auditors and had to rely on that information in arriving at the opinion expressed below;
   - 6.2 our report was prepared solely for the use of the shareholders of Randgold and JCI and for no other purpose;
   - 6.3 we did not provide an opinion regarding the values of the shares in JCI or Randgold.

7. Having regard to the unusual circumstances outlined above, the inherent limitations of our assessment were stressed.

Matters considered

8. In making our April 2008 assessment, we had regard, *inter alia,* to:

   8.1 the financial position of each of the companies as at 31 March 2007, being the date upon which the directors determined the proposed share swap ratio, including the financial information conveyed in the announcement to shareholders of 15 March 2007 and as contained in the circular of which this forms part;

   8.2 the subsequent changes in the financial position of the companies between March and 31 July 2007;

   8.3 the potential outcomes of the dispute regarding the Investec claim;

   8.4 the quantum of the sustainable claims of Randgold against JCI, which is likely to be for very substantial amounts;

   8.5 the probable value which would be lost in a litigation scenario and the costs of such litigation;

   8.6 the fact that any settlement proposal which left no value for JCI shareholders would have been unrealistic and would, from JCI's perspective, have been a poor alternative to litigation, irrespective of its probable outcome;

   8.7 the negative effects on shareholder value of the continued share suspension, uncertainty and litigation between Randgold and JCI;

   8.8 the fact that the swap ratio was sensitive to relatively small changes in the net asset values of the companies, which significantly affected the swap ratio;

   8.9 the cross-holding that exists between the companies (Randgold and JCI hold shares in each other), which was an additional unusual feature affecting the sensitivity of the swap ratios; and

   8.10 the fact that the net asset values of the companies are dependent *inter alia* on the market prices of certain investments held by the companies (which have been and are variable over time), the possible value of the Investec claim against JCI and the indicative range of notional settlement values used for the Randgold/JCI claim referred to in our February 2007 Statement. (By way of example, if a high or low point over period March to July 2007 in the market value of the investments held by both companies in Goldfields is utilised, the swap ratio was significantly affected, suggesting a far lower or higher number of JCI shares per Randgold share as a swap ratio.)

Opinion issued April 2008

9. On 14 April 2008, having regard to what is set out above, we issued the following opinion:

   In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI.

Events subsequent to 14 April 2008

10. In October 2008, we were requested to advise whether our opinion on the terms of the proposed share swap arrangement still applied in the significantly changed financial circumstances of Randgold and JCI since issuing that opinion.

11. After reporting in April 2008 as above, various events occurred, including, *inter alia*:

   11.1 various delays were encountered by the companies in advancing the proposed merger;

   11.2 Randgold and JCI unsuccessfully attempted to negotiate a settlement of their dispute on the basis of a payment by JCI;

11.3 the merger negotiations faltered, but were recently resurrected;

11.4 the asset values (and hence the net asset value per share) of both Randgold and JCI have changed significantly. The net asset values reduced materially, primarily as a consequence of the dramatic fall in Stock Exchange prices;

11.5 certain of the assets were realised and, in the case of JCI, certain of the assets were exchanged for further shares in Randgold, thus increasing the extent of the cross-holding of shares between JCI and Randgold;

11.6 Randgold instituted proceedings against various parties to recover substantial sums. These proceedings are all in an inception stage of the litigation;

11.7 there were changes to the board of directors of Randgold and JCI – at the date hereof there are no longer directors common to both boards. Thus, certain of the potential conflicts of interest, which previously existed, have been eliminated. (However, at the date hereof, the chairman of JCI is also a director of Investec.)

12. In re-considering our opinion, we also stress the following:

12.1 A critical factor affecting the swap ratio is the notional value of a settlement of the Randgold claims against JCI, as this has the effect of reducing the net asset value of JCI and increasing the net asset value of Randgold;

12.2 In our February 2007 Statement, we had indicated a notional settlement figure for the purpose of merger in the range of R1.2 billion to R1.5 billion. An important element in our determination of the notional settlement range was the amount which Randgold would probably realise ultimately in a litigation process, taking into account, *inter alia*, value destruction from forced sale circumstances, liquidation costs and legal fees (on both sides);

12.3 As the net asset value of JCI has roughly halved since February 2007, the notional settlement range is no longer valid;

12.4 If one uses the same swap ratio originally proposed (of 95 JCI shares for 1 Randgold share), then this implies a notional settlement figure of approximately R750m which, having regard to the current financial position of JCI, is a figure which, in our opinion, is not unreasonable;

12.5 But for certain of the potential conflict of interests referred to above, the limitations set out in this report remain extant.

Opinion – October 2008

13. Having regard to all of the above, our 14 April 2008 opinion remains of application, *viz*:

In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI.

SCHALK BURGER SC

CHARLES NUPEN

PROF H E WAINER, CA(SA)

3 November 2008

OVERVIEW OF THE R&E CLAIMS AT 31 OCTOBER 2008 AGAINST JCI

1. Both Randgold and Exploration Company Limited ("**R&E**") and JCI Limited ("**JCI**") were formerly listed in the Mining Sector of the JSE Limited ("**JSE**"), and were suspended therefrom on 1 August 2005.

2. On 24 August 2005, the Boards of Directors of R&E and JCI were reconstituted.

3. Prior to the reconstitution of the Boards, the late Brett Kebble ("**Kebble**"), was the Chief Executive Officer of both R&E (from 24 July 2003 to 24 August 2005), and JCI (from 1 September 1997 to 24 August 2005).

4. As at 23 August 2005:

   4.1 The Board of R&E comprised:

      4.1.1 Roger Kebble ("**Roger**");

      4.1.2 Kebble;

      4.1.3 Hendrik Buitendag ("**Buitendag**");

      4.1.4 Brenda Madumise ("**Madumise**");

      4.1.5 Lunga Ncwana ("**Ncwana**"); and

      4.1.6 Andrew Nissen ("**Nissen**").

   4.2 The Board of JCI comprised:

      4.2.1 Roger;

      4.2.2 Kebble;

      4.2.3 Buitendag;

      4.2.4 Charles Cornwall ("**Cornwall**"); and

      4.2.5 John Stratton ("**Stratton**").

5. Having regard to investigations undertaken by R&E's forensic investigators John Louw & Co. (Pty) Limited (formerly known as Umbono Financial Advisory Services (Pty) Limited) ("**JLMC**") and information ascertained from third persons, R&E has reason to believe that during the era when Kebble was the CEO of R&E and JCI ("**the Kebble era**"), the R&E group was the victim of widespread frauds and misappropriations.

6. R&E has further reason to believe having regard to the findings of JLMC, that the frauds and misappropriations which were perpetrated against it and its subsidiaries and associated companies resulted in R&E's assets and those of its subsidiaries and associated companies being misappropriated and the channelling thereof (or the proceeds derived therefrom), to amongst others, the JCI group, either directly or indirectly, but not for the benefit of R&E.

7. Following the reconstitution of the Board of R&E on 24 August 2005 and the initial findings of JLMC coming to hand, the Board of R&E realised that it may enjoy a number of claims against the JCI group.

8. Arising herefrom, the Board of R&E considered that it would be in the best interests of R&E's shareholders for the R&E claims to first be attempted to be resolved by way of mediation as opposed to complex, time consuming and costly litigation and failing this, by way of formal arbitration. The Board of R&E believed that rather than pursuing the institution of a multiplicity of court actions against the JCI group, which could give rise to vigorously contested claims and protracted and costly litigation (and which could further take several years to resolve), it was advantageous, pragmatic and sensible, that a mediation and to the extent necessary an arbitration of such claims (in which JCI and its subsidiaries and associated companies would be treated as a single entity), be pursued.

The Mediation/Arbitration Agreement

9. On 7 April 2006, R&E and JCI concluded a written Mediation/Arbitration Agreement ("**the Mediation Agreement**").

10. The main features of the Mediation Agreement are as follows:

11. Both R&E and its subsidiaries and associated companies on the one hand and JCI and its subsidiaries and associated companies on the other, would be treated as single entities. In terms of the Mediation Agreement, JCI is defined so as to include both it and its subsidiaries and associated companies or in which JCI has an interest, whether direct or indirect, including its interest in Consolidated Mining Management Services Limited ("**CMMS**"). (A similar definition applies to R&E and its subsidiaries and associated companies and a reference to R&E and JCI herein incorporates a reference to each of their respective subsidiary and associated companies.);

    11.1 At inception of the mediation, both R&E and JCI would exchange separate forensic reports, detailing the basis of any claims which they believed they enjoyed against the other, including their respective forensic investigators' findings, relative to the mediation;

    11.2 Both companies would thereafter formulate claims against each other, by way of a Statement of Claim;

    11.3 Following the service of their respective Statements of Claim, both R&E and JCI would formulate Statements of Defence, which would similarly be served on each other;

    11.4 Three highly experienced and multi-disciplinary Mediators, comprising a Senior Counsel, a Mediation Specialist and a Chartered Accountant, were to be appointed to manage the mediation process and make recommendations to the companies;

    11.5 The shareholders of both companies in general meeting would decide whether or not to accept any recommendations made by the Mediators;

    11.6 Failure by the shareholders of R&E and JCI to endorse the recommendations of the Mediators, would result in the claims being referred to adversarial arbitration.

12. Initially, the Mediation Agreement envisaged that the mediation would be concluded by 31 July 2006, failing which the matter would be submitted to formal arbitration.

13. R&E and JCI soon realised that it would not be possible to conclude the mediation by 31 July 2006, resulting in the parties concluding an addendum to the Mediation Agreement on 19 July 2006 ("**the first addendum**"), purposed at extending the time period within which the mediation was to have been concluded by, until 30 November 2006.

14. In November 2006, the Mediators requested that the time period regulating the conclusion of the mediation as provided for in the first addendum, be further extended to afford them a reasonable time frame within which to do so and discharge their duties thereunder responsibly.

15. R&E and JCI agreed to the Mediators' request that the Mediation Agreement be further amended to facilitate the Mediators being able to make their recommendations as soon as reasonably possible, resulting in the conclusion of an arrangement to cater herefor and the formalisation thereof by way of a second addendum to the Mediation Agreement, which was signed on 28 September 2007 ("**the second addendum**").

16. The second addendum provides, *inter alia*, that in the event of the intended merger between R&E and JCI not being implemented for any reason whatsoever, the matter shall immediately be submitted to formal arbitration, in accordance with the expedited Rules of the Arbitration Foundation of South Africa, the outcome of which will be binding on the companies and subject only to one right of appeal.

The claims instituted by R&E against JCI

17. Following the conclusion of the Mediation Agreement, the investigations of R&E's forensic investigators JLMC suggested that R&E enjoyed a number of claims against JCI.

18. These claims found expression in a dedicated forensic report which JLMC prepared for purposes of the mediation, dated 20 June 2006 ("**the forensic report of JLMC**").

19. JCI in turn, commissioned KPMG Services (Pty) Limited ("**KPMG"**), to prepare a forensic report for purposes of the mediation which report was dated 8 May 2006 ("**the 8th of May report**").

20. On 20 June 2006, the forensic report of JLMC and the 8th of May report were exchanged, marking the commencement of the formal mediation process.

21. Following the exchange of the forensic reports prepared by JLMC on behalf of R&E and KPMG Services on behalf of JCI (as contemplated under the Mediation Agreement), R&E prepared a Statement of Claim, comprising 13 claims initially, exceeding R5.8 billion at that stage, based on the highest value ascribable to the R&E claims.

22. As matters stand at present, the R&E claims against JCI comprise nineteen claims in total (R&E's Statement of Claim having been amended to include two new claims in January 2007 and further amended in September 2008 to include four further claims).

23. On 3 August 2006, R&E's Statement of Claim was served on JCI. No Statement of Claim was served by JCI on R&E, however on 8 September 2006, JCI served a Statement of Defence on R&E, contesting the R&E claims.

24. Although not contemplated under the Mediation Agreement, following the service by JCI of its Statement of Defence, JCI caused a further JCI report in response to the forensic report of JLMC, to be served. Whilst this further report was furnished to the Mediators in the last quarter of 2006, the 8th of May report was only furnished to the Mediators in April 2007, the existence of the 8th of May report having been brought to the attention of the Mediators at a meeting held with them and the legal teams of both companies on 24 November 2006 however.

25. R&E's claims are in the main founded on the assertion that JCI, as an alleged joint wrongdoer, was party to the alleged misappropriation of a vast array of listed securities beneficially owned by R&E, alternatively subsidiaries or associated companies controlled by it, while other claims arise from the alleged issue and allotment of shares in the issued share capital of R&E which R&E contends it received no value for ("**the disputed R&E shares**"). As to the quantum of damages which R&E would be entitled to were it to succeed with its claims against JCI, R&E approaches its claims on the basis of the alternatives (where applicable), as set out below.

26. JCI has denied any liability in respect of the claims proffered by R&E.

27. Following the service of R&E's Statement of Claim and the Statement of Defence by JCI, both R&E and JCI engaged in mediation.

28. The Mediation Agreement contemplates two distinct phases, the first, a mediation, the second, an arbitration. The arbitration phase will only commence in the event of the mediation failing for any reason whatsoever.

29. To date, none of the claims proposed by R&E against JCI have yet been proven, nor has R&E secured any formal awards against JCI in respect thereof.

30. On 28 February 2007, the Mediators issued an interim recommendation (followed by a postscript on 5 March 2007), in terms whereof the Mediators embraced the notion of a merger and indicated to both R&E and JCI that "*it is recommended that an overall settlement be pursued on the basis of a merger between the two companies*". They concluded further, that "*having regard to all the above, a settlement figure in the range of R1.2 to R1.5 billion appears …. to be a realistic starting point to resolve the disputes between the companies – the basis being that the settlement figure be used to ultimately drive the merger ratio between the shareholders of the Companies*".

31. On 14 April 2008, the Mediators provided a written Report in which they stated that:

"*In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI.*"

32 On 3 November 2008, the Mediators updated their Report and concluded the following:

"Having regard to all of the above, our 14 April 2008 opinion remains of application, *viz:* 'In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI'."

33. What follows constitutes a broad overview of the R&E claims as featured in its Statement of Claim, purposed at informing R&E's shareholders of what such claims entail.

34. This Overview of the R&E claims is in no way proposed to be exhaustive, and no assurances as to the accuracy, completeness or otherwise of what follows is given, the contents hereof being subject always to the further findings of R&E's forensic investigators and legal team, the need to potentially amend R&E's Statement of Claim in future (based on such findings and legal advice), as well as any other factors which may require consideration in due course and which could impact upon the R&E claims and its Statement of Claim.

35. Nothing contained herein has yet been established as a matter of fact or law. This Overview of the R&E claims is intended merely as a broad and concise summary of the R&E claims (as they appear in the Statement of Claim), subject to the ongoing processes in which R&E is engaged and any revision to the Statement of Claim which may become necessary. Furthermore, none of what follows is disclosed on the basis that it can be factually or legally sustained or that an award for that matter will definitively result for R&E.

36. R&E's Counsel have furnished an opinion to R&E in terms whereof (on the basis of their analysis of the forensic reports and the witnesses interviewed thus far), they indicate that in their view, a reasonable prospect of success exists in respect of the R&E claims, subject always to the following:

    36.1 That the findings of JLMC are found to be accurate and capable of substantiation through evidence and the conclusions reached therein being able to withstand scrutiny;

    36.2 The legal principles upon which R&E's claims have been formulated being upheld; and

    36.3 The evidence of third parties who have given input into the formulation of R&E's claims withstanding scrutiny and being upheld.

37. In turning to R&E's Statement of Claim, it is necessary to have regard to the following by way of background.

BACKGROUND

38. R&E's Statement of Claim assumes on the strength of, *inter alia,* the forensic findings (which have found expression in the Statement of Claim), the following, namely that at all material times:

    38.1 R&E carried on business as a mining investment and exploration company;

    38.2 JCI carried on business as a specialised mining finance resource company;

    38.3 JCI owned the issued share capital of Consolidated Mining Corporation Limited which in turn owned 98% of the issued share capital of CMMS;

    38.4 R&E alternatively its wholly-owned subsidiary, African Strategic Investments (Holdings) Limited, (formerly Randgold Resources (Holdings) Limited) ("**Holdings**"), was the beneficial owner of 26 624 962 shares in Randgold Resources Limited ("**RRL**") (which shares were split 2-for-1 on 16 June 2004), as well as various other listed investments;

38.5 JCI was represented by a variety of persons formerly employed by it or with which it had a relationship, who constituted the directing and controlling mind and will of JCI and one or more of its subsidiaries and associated companies;

38.6 A number of persons, some of whom were formerly employed by JCI, alternatively associated with the JCI group and/or who served as Directors of JCI during the Kebble era, devised various schemes, aimed at, *inter alia*, providing the JCI group with working capital to fund their ongoing operations, to pay their liabilities, to further their general interests, and to otherwise provide the JCI group with sufficient funds to maintain their ongoing financial stability ("**the perpetrators**"). It is further alleged by R&E, that the perpetrators acted in concert with JCI, directed the affairs and business operations of the JCI group to the prejudice of R&E, either directly or indirectly, and in so doing, also acted in their personal capacities;

38.7 The perpetrators allegedly carried out various acts for the JCI group which were to their knowledge unlawful and to the prejudice of R&E, either directly or indirectly.

39. As a result of the conduct of the perpetrators (which R&E claims is attributable to JCI), R&E alleges that JCI is liable to it at law.

Broad Overview of the R&E claims against JCI

40. In forming an appreciation of the R&E claims against JCI, R&E's shareholders are informed that in most instances, the R&E claims have been prepared on the basis of a main claim and various alternatives thereto. If regard be had to R&E's first claim against JCI by way of example, the following is noteworthy:

- This claim is based on an alleged misappropriation of certain of R&E's RRL shares by JCI. On the assumption that this can be established, R&E alleges in the first instance, that JCI is liable to it for damages determined with reference to the highest value at which such shares (which it alleges were stolen from it), have traded subsequent to their theft. This constitutes R&E's main claim with reference to claim one.
- *As an alternative to R&E's main claim* (to claim one) and on the assumption that R&E does not succeed with an award for damages against JCI based on the highest value of its RRL shares, R&E claims that JCI is liable to return to it the number of RRL shares which it alleges were misappropriated from it.
- *As a further alternative to the two previous claims* and in the event that R&E is not successful in establishing a claim based on either of the above, R&E in this event, contends that there has been a theft of the proceeds arising from the sale of its RRL shares by JCI, thereby entitling it to recover the proceeds resulting from the sale of its RRL shares.
- *As an alternative to all of the above claims* and in the event that R&E is not successful in establishing either a theft of shares, or a claim for the return of its misappropriated shares or a theft of the proceeds resulting from the sale thereof, R&E in such event, claims that JCI received funds resulting from the sale of its RRL shares, knowing that such funds were tainted, thereby entitling R&E to the return of such funds received.
- *A further alternative failing all of the above,* is predicated on the assertion that JCI was enriched at the expense of R&E in that it received funds in consequence of an illegal cause.
- *The final alternative claim* (with reference to R&E's first claim against JCI, which pre-supposes that R&E does not succeed with any of the abovementioned claims), is based on the fact that no cause existed for JCI to receive payment of the amount which it did, arising from the sale of R&E's RRL shares, thereby giving rise to R&E enjoying a claim for damages against JCI herefor.
- What follows constitutes a brief overview of the R&E claims, in respect of which R&E has reason to believe that it may enjoy claims against JCI.
- R&E's main claims which are predicated upon theft and are detailed below, have been determined with reference to the highest price at which the shares forming the subject matter of such claims have traded between the date of their alleged theft and 3 August 2006, when R&E's Statement of Claim was served on JCI. The shareholders of R&E are informed, that the highest price of the individual shares alleged to have been misappropriated is subject to ongoing fluctuation having regard to the price at which such shares continue to trade. At the appropriate time, R&E will cause an amendment to its Statement of Claim to be effected, to take account of the highest price at which such shares have traded, subsequent to their alleged theft.

41. The following table summarises the R&E claims against JCI and should be read in conjunction with the narrative in respect of each claim which is set out later in this Overview:

Summary of claims

		Rand amount of main claim and alternatives thereto per R&E statement of claim				
	I	II	III	IV	V	VI
Claim No.	**Basis of Main Claim**	**Main Claim (Highest Value)[1] R**	**Main Claim (Illustrative Adjustment)[2] R**	**First Alternative to Main Claim (Replacement of shares – Illustrative)[3] R**	**Second Alternative to Main Claim (Proceeds)[4] R**	**Third Alternative to Main Claim (Damages – Enrichment)[5] R**
1.	Alleged theft of 12 360 000 RRL shares	1 968 082 800	5 402 908 557	2 104 933 956	887 217 084	796 966 825
2.	Alleged theft of 3 000 000 DRD shares	169 500 000	195 720 000	14 292 000	89 643 550	89 643 550
3.	Alleged theft of 1 904 962 RRL shares	303 327 099	832 713 227	324 419 029	64 326 241	64 300 000
4.	Alleged theft of 8 100 000 Aflease shares	95 499 000	165 078 000	146 835 180	15 108 104	11 292 342
5.	Alternative to claim 4 – Ostensible loan of shares[6]	–	–	–	–	–
6.	Alleged theft of 94 000 000 Aflease shares	1 108 260 300	1 915 720 000	1 704 013 200	165 083 164	144 711 877
7.	Alleged theft of 2 000 000 DRD shares	113 000 000	130 480 000	9 528 000	31 029 671	10 458 719
8.	Alleged theft of 40 000 000 Simmer & Jack shares	94 000 000	311 200 000	248 432 000	10 000 000	10 000 000
9.	Alleged theft of 5 460 000 RRL shares	869 395 800	2 386 721 741	929 849 466	270 758 673	270 758 673
10.	Issue of 8 800 000 disputed R&E shares	149 600 000	252 905 840[7]	252 905 840	–	–
11.	Issue of 5 160 000 disputed R&E shares	87 720 000	148 294 788[7]	148 294 788	–	–
12.	Issue of 1 306 000 disputed R&E shares	22 202 000	37 533 526[7]	37 533 526	–	–
13.	Issue of 1 492 000 disputed R&E shares	25 364 000	42 879 036[7]	42 879 036	–	–
14.	Alleged theft of 4 000 000 RRL shares	636 920 000	1 748 514 096	681 208 400	368 672 211	368 672 211
15.	Alleged theft of 900 000 RRL shares	143 307 000	393 415 672	153 271 890	–	–
16.	Alleged theft of 12 574 836 JCI shares	11 317 352[8]	11 317 352[8]	11 317 352		
17.	Alleged theft of 28 000 Western Areas shares	1 391 600[9]	1 391 600[9]	1 391 600		
18.	Alleged oral agreements of loan	121 198 224[10]	121 198 224[10]			
	Total	**5 920 085 175**	**14 097 991 848**	**6 811 105 263**	**1 901 838 698**	**1 766 804 197**
19.	Inter-company loan account as an alternative to claims 1 to 18 above	1 243 527 309[11]				

Notes:

1. R&E's main claim is based on the highest price at which the shares referred to in column I have traded subsequent to their alleged theft and prior to 3 August 2006 when R&E's Statement of Claim was served, (save for claims 10, 11, 12 and 13 which are treated on the basis described in footnote 7 hereof).
2. For illustrative purposes R&E's main claims have been adjusted to take account of the highest price at which the shares referred to in column I have traded subsequent to their alleged theft and prior to 31 March 2008.
3. The first alternative to R&E's main claim is for an Order that JCI deliver to it the number of shares allegedly misappropriated/ issued for no value received. For illustrative purposes the March 2007 VWAP of the shares referred to in column I has been utilised for purposes of determining the replacement cost of the shares referred to, save for where a contrary footnote indicates otherwise.
4. The second alternative to R&E's main claim is for an order that JCI return to R&E the proceeds resulting from the sales of the various shares referred to in column I, where this has been ascertained.
5. The third alternative to R&E's main claim is for an order that JCI makes payment to R&E of such amounts as were received by JCI on account of the sale of the shares referred to in column I, for which there was no just cause, where this has been ascertained.

6. Claim 5 is an alternative claim to claim 4 and is based on a Scrip Lending Agreement ostensibly concluded, the details of such claim being set out in the Overview of the R&E Claims. To avoid duplication no amounts have been included above.
7. For illustrative purposes R&E's main claims have been adjusted to take account of the projected post merger NAV per R&E share of R28.7392 as published in the JCI NAV Statement which was published on 13 December 2007.
8. Having regard to the fact that this claim was introduced in September 2008, the value thereof has been determined with reference to the highest price at which the shares in question traded subsequent to their alleged theft and prior to 31 March 2008.
9 On 19 January 2007, Western Areas was converted to Gold Fields Operations, in consequence of which conversion, every shareholder holding 100 Western Areas shares received 35 Gold Fields Operations shares in replacement thereof. In consequence of the said conversion, the 28 000 Western Areas shares are currently equivalent to 9 800 Gold Fields Operations shares. A value of R142 per Gold Fields share is ascribed to each Gold Fields share for illustrative purposes.
10. R&E's claim herein is not prefaced on the basis of a theft of shares, but rather on the basis of moneys allegedly lent and advanced by R&E to CMMS.
11. R&E's 19th claim is in the alternative to claims 1 to 18 above and is based on the assumption that R&E does not in respect of claims 1 to 9 and 14 to 17 establish the schemes therein referred to and the thefts allegedly committed in respect thereof and on the further basis that the transactions referred to are found to be lawful and regular transactions in consequence of which the sale of the assets referred to is found to have been authorised for the benefit of the JCI group.

It should be noted that the values of the above claims are linked to the price of shares which are subject to ongoing fluctuation. In tandem therewith, the claim values may change. Moreover none of such claims and the values thereof have yet been established as a matter of fact or law, all of which are illustrative in nature and subject to change.

42. Subject to what is stated herein and based on the further assumption that such claims are factually and legally sustainable, R&E alleges in regard to each of its claims, *inter alia*, as follows:

Claim One

43. On 31 March 2002, R&E, alternatively Holdings, was the registered and beneficial owner of, *inter alia*, 12 360 000 shares in RRL. The number of shares are reckoned on their split which occurred during June 2004.

44. These shares are referred to as "**the RRL shares**".

45. By 1 April 2002, various trading accounts held at a stockbroker, known as Tlotlisa Securities (Pty) Limited ("**T-Sec**"), were established by the perpetrators for the purposes and ends of JCI.

46. R&E contends that JCI devised a scheme in consequence of which the RRL shares were misappropriated and sold on the Nasdaq, the proceeds resulting, being remitted to T-Sec and used for the benefit of JCI.

47. During the period 5 April 2002 to 18 August 2005, R&E contends that the RRL shares were sold without its authority.

48. By virtue of the alleged scheme referred to, R&E asserts that JCI is liable to it for:

    48.1 Damages resulting from the alleged theft of the RRL shares amounting to R1 968 082 800.00 which amount is based on the highest price at which the RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R2 976 855 300.00. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    48.2 Delivery of 12 360 000 shares in RRL to it, alternatively payment of such amount as represents the value of the said 12 360 000 RRL shares on the date on which JCI is found to be liable to R&E; alternatively

    48.3 Damages in the sum of R887 217 084.00, which amount represents the total proceeds allegedly received by JCI, alternatively damages resulting from JCI having allegedly received the lesser proceeds of R796 966 825.42 arising from the sale of the said RRL shares.

49. To the extent necessary, R&E has taken a cession from Holdings of any claim enjoyed by it against JCI, arising from the alleged misappropriation of the said RRL shares.

Claim Two

50. As at 12 September 1998, R&E, alternatively its wholly owned subsidiary First Wesgold, was the beneficial owner of, *inter alia,* 3 000 000 shares in Durban Roodepoort Deep, Limited ("**DRD**"), which shares were, as at 8 February 2002 held in a nominee account.

51. R&E claims that JCI devised a scheme to sell the 3 000 000 DRD shares.

52. The 3 000 000 DRD shares were misappropriated and subsequently sold in order to enable JCI to raise loan funds to acquire 32.5% of the issued share capital of JCI Gold Limited ("**the minority interest**") pursuant to a scheme of arrangement between JCI Gold Limited and its shareholders, which scheme of arrangement had been partially funded by BNC Investments (Pty) Limited.

53. R&E alleges that JCI was benefited from the sale of the 3 000 000 DRD shares.

54. By virtue of this alleged scheme, R&E contends that JCI is liable to it for:

    54.1 Damages resulting from the alleged theft of the 3 000 000 DRD shares amounting to R169 500 000.00 which amount is based on the highest price at which the 3 000 000 DRD shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R65.24 per DRD share which represents the highest price at which DRD shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R195 720 000.00. To the extent that the price of DRD shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    54.2 Delivery of 3 000 000 DRD shares to R&E, alternatively payment of such amount as represents the value of the said 3 000 000 DRD shares on the date on which JCI is found to be liable to R&E; alternatively

    54.3 Damages resulting from the theft of the proceeds resulting from the sale of the 3 000 000 DRD shares amounting to R89 643 549.74; alternatively

    54.4 Payment resulting from the receipt by JCI of the proceeds deriving from the sale of the 3 000 000 DRD shares in an amount of R89 643 549.74.

Claim Three

55. R&E's third claim pertains to 1 904 962 shares in RRL ("**the 1 904 962 RRL shares**").

56. R&E alleges that as at 5 April 2002, R&E, alternatively Holdings, was the registered and beneficial owner of, *inter alia,* the 1 904 962 RRL shares.

57. The reference to the 1 904 962 RRL shares is reckoned on their split which occurred during June 2004.

58. R&E alleges that JCI anticipated the need to raise cash to acquire the minority interest and in consequence thereof, devised a scheme which gave rise to the 1 904 962 RRL shares being sold.

59. R&E received no consideration from the sale of these shares.

60. JCI was benefited as a result of the sale of these shares, either directly or indirectly.

61. To the extent necessary, R&E has taken cession from Holdings of any claim enjoyed by it against JCI, arising from the alleged misappropriation of the said 1 904 962 RRL shares.

62. By virtue of the theft of the 1 904 962 RRL shares, R&E contends that JCI is liable to it for:

    62.1 Damages resulting from the alleged theft of the 1 904 962 RRL shares amounting to R303 327 099.26 which amount is based on the highest price at which the 1 904 962 RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of

Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R832 716 039.06. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

62.2 Delivery of the 1 904 962 RRL shares to R&E, alternatively payment of such amount as represents the value of the said 1 904 962 RRL shares on the date on which JCI is found to be liable to R&E; alternatively

62.3 Damages resulting from the theft of the proceeds deriving from the sale of the 1 904 962 RRL shares amounting to R64 326 241.35; alternatively

62.4 Damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 1 904 962 RRL shares in an amount of R64 300 000.00.

Claim Four

63. As at 1 July 2003, R&E was the beneficial and registered owner of 8 100 000 shares in The Afrikander Lease Limited ("**Aflease**").

64. R&E asserts, that the 8 100 000 Aflease shares were lodged in a trading account which T-Sec maintained in its books of account under the name CMMS.

65. R&E contends, that the 8 100 000 Aflease shares were misappropriated from it and used to benefit JCI, either directly or indirectly.

66. Accordingly, R&E contends that JCI in relation to such alleged theft of the 8 100 000 Aflease shares, is liable to it for:

66.1 Damages resulting from the alleged theft of the 8 100 000 Aflease shares or their current equivalent, amounting to R95 499 000.00 which amount is based on the highest price at which Aflease shares traded subsequent to their theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (On 9 January 2006, Aflease was converted to Uranium One Limited ("**Uranium One**"), in consequence of which conversion, every shareholder holding 100 Aflease shares received 18 Uranium One shares in replacement thereof. Having regard to such conversion, the 8 100 000 Aflease shares equate to 1 584 000 Uranium One shares. (For illustrative purposes, based on the cost to replace the 8 100 000 Aflease shares (now 1 584 000 Uranium One shares), taking account of a share price of R113.22 per Uranium One share (which represents the highest price at which Uranium One shares have traded prior to 31 March 2008), assuming that this price will not increase in the future, R&E's main claim equates to R165 078 000.00. To the extent that the price of Uranium One shares increases in future, such increase will result in a commensurate increase in R&E's main claim); alternatively

66.2 Delivery of the 8 100 000 Aflease shares or their current equivalent, to R&E, alternatively payment of such amount as represents the value of the said 8 100 000 Aflease shares or their current equivalent, on the date on which JCI is found to be liable to R&E; alternatively

66.3 Damages resulting from the theft of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, amounting to R15 108 103.50; alternatively

66.4 Damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, in an amount of R11 292 341.59.

Claim Five as an alternative to Claim Four

67. In the alternative to Claim Four, R&E asserts that during 2004, R&E and CMMS entered into a Scrip Lending Agreement in terms whereof R&E purportedly loaned 8 100 000 shares in Aflease to CMMS.

68. R&E contends that as at 31 March 2005, CMMS became obliged to return to R&E the 8 100 000 shares in Aflease, or their current equivalent.

69. R&E alleges that CMMS failed to return the 8 100 000 shares in Aflease or their current equivalent, to R&E.

70. By virtue hereof, R&E contends that JCI is liable to it for:

    70.1 Delivery of the 8 100 000 shares in Aflease or their current equivalent to it; alternatively

    70.2 Payment of the value thereof being R31 590 000.00.

Claim Six

71. As at 27 September 2004, R&E, alternatively First Wesgold, was the beneficial owner of, *inter alia,* 94 000 000 Aflease shares ("**the 94 000 000 Aflease shares**").

72. R&E alleges that during the latter part of 2004, JCI devised a scheme which was intended to amongst other things wrongfully deprive R&E of the 94 000 000 Aflease shares and vest control thereof in JCI.

73. By virtue of this alleged scheme, R&E contends that JCI is liable to it for:

    73.1 Damages resulting from the alleged theft of the 94 000 000 Aflease shares or their current equivalent, amounting to R1 108 260 300.00 which amount is based on the highest price at which Aflease shares traded subsequent to their theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (Having regard to the conversion of Aflease to Uranium One on 9 January 2006, the 94 000 000 Aflease shares equate to 16 920 000 Uranium One shares. For illustrative purposes, based on the cost to replace the 94 000 000 Aflease shares (now 16 920 000 Uranium One shares), taking account of a share price of R113.22 per Uranium One share (which represents the highest price at which Uranium One shares have traded prior to 31 March 2008), assuming that this price will not increase in the future, R&E's main claim equates to R1 915 720 000.00. To the extent that the price of Uranium One shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    73.2 Delivery of the 94 000 000 Aflease shares or their current equivalent to it, alternatively payment of such amount as represents the value of the said 94 000 000 Aflease shares or their current equivalent, on the date on which JCI is found to be liable to R&E; alternatively

    73.3 Damages resulting from the alleged theft of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, amounting to R165 083 164.47; alternatively

    73.4 Damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, in an amount of R144 711 877.39.

Claim Seven

74. In and during 1998, R&E was the beneficial owner of, *inter alia*, 2 000 000 DRD shares ("**the 2 000 000 DRD shares**").

75. R&E alleges that JCI devised a scheme, which alleged scheme was intended to wrongfully deprive R&E of the 2 000 000 DRD shares.

76. R&E alleges that such scheme resulted in JCI gaining control of the 2 000 000 DRD shares and the said shares being sold for the benefit of JCI.

77. By virtue of the alleged scheme, R&E contends that JCI is liable to it for:

    77.1 Damages resulting from the alleged theft of the 2 000 000 DRD shares amounting to R113 000 000.00 which amount is based on the highest price at which the 2 000 000 DRD shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R65.24 per DRD share which represents the highest price at which DRD shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R130 480 000.00. To the extent that the price of DRD shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

77.2 Delivery of 2 000 000 DRD shares to it, alternatively payment of such amount as represents the value of the 2 000 000 DRD shares on the date on which JCI is found to be liable to R&E.

Claim Eight

78. As at 30 November 2004, R&E was the beneficial owner of 40 000 000 shares in Simmer & Jack Limited ("**the R&E Simmer & Jack shares**").

79. R&E contends that JCI, in conjunction with the perpetrators, devised a scheme, which scheme is alleged to have given rise to R&E's Simmer & Jack shares being misappropriated in order to facilitate a rights offer, then in contemplation by Simmer & Jack.

80. By virtue of the alleged theft of the R&E Simmer & Jack shares, R&E alleges that JCI is liable to it for:

    80.1 Damages resulting from the alleged theft of the R&E Simmer & Jack shares amounting to R94 000 000.00 which amount is based on the highest price at which the R&E Simmer & Jack shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R7.78 per Simmer & Jack share which represents the highest price at which Simmer & Jack shares have traded subsequent to their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R311 200 000.00. To the extent that the price of Simmer & Jack shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    80.2 Delivery of 40 000 000 shares in the issued share capital of Simmer & Jack to it, alternatively payment of such amount as represents the value of the said 40 000 000 Simmer & Jack shares on the date on which JCI is found to be liable to it.

Claim Nine

81. As at 31 March 2002, R&E was the beneficial owner alternatively Holdings was the registered and beneficial owner of, *inter alia,* 5 460 000 RRL shares ("**the 5 460 000 RRL shares**").

82. R&E contends that JCI devised a scheme, which scheme was intended to deprive R&E of the 5 460 000 RRL shares and to vest control thereof in JCI.

83. In consequence hereof, R&E claims that JCI concluded an Overseas Securities Lending Agreement with Investec Bank UK PLC which entailed a loan of the 5 460 000 RRL shares, to Investec Bank UK.

84. Arising from the implementation of the said Overseas Securities Lending Agreement, R&E alleges that it was deprived of the 5 460 000 RRL shares by JCI.

85. To the extent necessary, R&E has taken a cession from Holdings of any claim enjoyed by it against JCI, arising from the alleged misappropriation of the said 5 460 000 RRL shares.

86. By virtue of the alleged theft of the 5 460 000 RRL shares, R&E claims that JCI is liable to it for:

    86.1 Damages resulting from the alleged theft of the 5 460 000 RRL shares amounting to R869 395 800.26 which amount is based on the highest price at which the 5 460 000 RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R2 386 729 800.00. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    86.2 Delivery to R&E of the 5 460 000 RRL shares, alternatively payment to R&E of such amount as represents the value of the said 5 460 000 RRL shares on the date on which JCI is found to be liable to it; alternatively

86.3 Damages resulting from the alleged theft of the proceeds arising from the sale of the 5 460 000 RRL shares amounting to R270 758 672.90; alternatively

86.4 Damages resulting from the receipt by JCI of the proceeds arising from the sale of the 5 460 000 RRL shares, in an amount of R270 758 672.90.

Claim Ten

87. During July 2003, R&E contends that JCI devised a scheme which was purposed amongst other things at:

87.1 Ostensibly creating legitimate capital of R&E, in an amount of R259 600 000.00;

87.2 Appropriating such capital through the invalid allotment of 8 800 000 R&E shares, from its authorised but unissued share capital;

87.3 Vesting control of the 8 800 000 R&E shares in JCI and one or more of its associated companies, so that the proceeds derived from any sale thereof might be applied for a purpose other than to benefit R&E.

88. The scheme is alleged to have been implemented through the conclusion of a purported agreement between R&E, Equitant Trading (Pty) Limited ("**Equitant**") and Phikoloso Mining (Pty) Limited for the ostensible sale by Equitant to R&E of the entire issued share capital of Viking Pony Properties 359 (Pty) Limited ("**Viking Pony**") and the claims due by that entity to Equitant, in consideration for the allotment and issue by R&E of 8 800 000 fully paid up ordinary shares in the share capital of R&E to Equitant. R&E alleges that various shares which Viking Pony was warranted to own, in fact did not exist and that the said agreement was a simulation, resulting in the alleged issue and allotment of 8 800 000 R&E shares, R&E receiving no value in respect thereof.

89. R&E maintains that through this alleged scheme, JCI gained control either directly or indirectly, of the 8 800 000 R&E shares.

90. The 8 800 000 R&E shares were purportedly allotted in consequence of the said alleged scheme and were sold on the open market.

91. R&E alleges that it received no value in consequence of the purported allotment of the 8 800 000 R&E shares.

92. To regularise the position, R&E avers, that it will be required to purchase 8 800 000 R&E shares on the open market at a cost to it of R149 600 000.00 and to thereafter cancel their allotment in its issued share capital.

93. As a consequence of this alleged scheme, R&E contends that it has sustained damages for which JCI is liable to it for payment of, in the amount of R149 600 000.00.

94. Having regard to a projected post-merger NAV per R&E share of R28.7393, as published in the JCI NAV Statement which was published on 13 December 2007, the cost to R&E of regularising the position, based on a projected replacement cost of an R&E share (at R28.7393), would equate to R252 905 840.00.

Claim Eleven

95. In and during 2004, R&E alleges that JCI, together with the perpetrators, devised a scheme, which was intended to ostensibly create legitimate capital in R&E and to appropriate such capital through the invalid allotment of 5 160 000 R&E shares from its authorised but un-issued share capital.

96. In addition, R&E contends that JCI sought to vest *de facto* control of the 5 160 000 R&E shares in JCI.

97. R&E avers that the various agreements which were concluded in consequence of this alleged scheme were simulated, these involving the purported sale of an interest in a company in Angola ostensibly giving R&E access to diamond rights in Angola.

98. R&E alleges that the various agreements which were concluded in consequence of the alleged scheme were simulated.

99. The 5 160 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares.

100. R&E contends that it has suffered damages in that in order to regularise the position, it will be required to purchase the 5 160 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully allotted.

101. As a consequence of this alleged scheme, R&E contends that JCI is indebted to it for the sum of R87 720 000.00, being the amount that R&E will be required to expend in order to purchase the 5 160 000 R&E shares.

102. Having regard to a projected post-merger NAV per R&E share of R28.7393, as published in the JCI NAV Statement which was published on 13 December 2007, the cost to R&E of regularising the position, based on a projected replacement cost of an R&E share (at R28.7393), equates to R148 294 788.00.

Claim Twelve

103. In and during 2004, R&E alleges that JCI together with the perpetrators, devised a scheme, which was intended to ostensibly create legitimate capital in R&E and to appropriate such capital through the invalid allotment of 1 306 000 R&E shares from its authorised but unissued share capital.

104. In addition, R&E contends that JCI sought to vest *de facto* control of the 1 306 000 R&E shares in JCI.

105. R&E avers that the various agreements which were concluded in consequence of this alleged scheme were simulated, these involving the purported sale of an interest in a company in Angola ostensibly giving R&E access to diamond rights in Angola.

106. R&E alleges that the various agreements which were concluded in consequence of the alleged scheme were simulated.

107. The 1 306 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares.

108. R&E contends that it has suffered damages and that in order to regularise the position, it will be required to purchase the 1 306 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully allotted.

109. As a consequence of this alleged scheme, R&E contends further, that JCI is indebted to it for the sum of R22 202 000.00, being the amount that R&E will be required to expend in order to purchase the 1 306 000 R&E shares.

110. Having regard to a projected post-merger NAV per R&E share of R28.7393, as published in the JCI NAV Statement which was published on 13 December 2007, the cost to R&E of regularising the position, based on a projected replacement cost of an R&E share (at R28.7393), equates to R37 533 526.80.

Claim Thirteen

111. In and during 2004, R&E alleges that JCI together with the perpetrators, devised a scheme, which was intended to ostensibly create further legitimate capital in R&E and to appropriate such capital through the invalid issue and allotment of 1 492 000 R&E shares from its authorised but unissued share capital.

112. In addition, R&E contends that JCI sought to vest *de facto* control of the 1 492 000 R&E shares in JCI.

113. R&E avers that the various agreements which were concluded in consequence of this alleged scheme were simulated, these involving the purported sale of an interest in a company in Angola ostensibly giving R&E access to diamond rights in Angola.

114. R&E alleges that the various agreements which were concluded in consequence of the alleged scheme were simulated.

115. The 1 492 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares.

116. R&E contends that it has suffered damages and that in order to regularise the position, it will be required to purchase the 1 492 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully issued and allotted.

117. As a consequence of this alleged scheme, R&E contends that JCI is indebted to it for the sum of R25 364 000.00, being the amount that R&E will be required to expend in order to purchase the 1 492 000 R&E shares.

118. Having regard to a projected post-merger NAV per R&E share of R28.7393, as published in the JCI NAV Statement which was published on 13 December 2007, the cost to R&E of regularising the position, based on a projected replacement cost of an R&E share (at R28.7393), equates to R42 879 036.60.

Claim Fourteen

119. In regard to claim fourteen, R&E alleges that as at 31 March 2002, it, alternatively Holdings, was the beneficial owner of, *inter alia,* 4 000 000 shares in RRL (**"the 4 000 000 RRL shares"**).

120. R&E contends that in and during the period 2004 to 2005, JCI together with the perpetrators devised a scheme which was intended to wrongfully deprive R&E of the 4 000 000 RRL shares and to vest control thereof in JCI.

121. In pursuance of the said scheme, R&E alleges that the perpetrators acting for and on behalf of JCI caused the 4 000 000 RRL shares to be lodged with Sociéte Generale ("**SocGen**") as security for scrip advanced by SocGen to JCI.

122. The 4 000 000 RRL shares were sold by SocGen for the benefit of JCI, and not for the benefit of R&E.

123. R&E thus asserts that it received no benefit on account of the sale thereof.

124. To the extent necessary, R&E has taken a cession from Holdings of any claim enjoyed by Holdings against JCI, arising from the alleged misappropriation of the said 4 000 000 RRL shares.

125. By virtue of the appropriation of the 4 000 000 RRL shares, R&E alleges that it has sustained damages and that JCI is liable to it for:

    125.1 Damages resulting from the alleged theft of the 4 000 000 RRL shares amounting to R636 920 000.00 which amount is based on the highest price at which the 4 000 000 RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R1 748 520 000.00. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    125.2 Delivery to it of 4 000 000 shares in Resources, alternatively payment to R&E of such amount as represents the value of the said 4 000 000 RRL shares on the date on which JCI is found to be liable to it; alternatively

    125.3 Damages resulting from the receipt by JCI of the proceeds arising from the sale of the 4 000 000 RRL shares amounting to R386 672 211.00; alternatively

    125.4 Payment of the amount of R386 672 211.00 on the basis that JCI received funds in consequence of an illegal cause.

Claim Fifteen

126. By way of R&E's fifteenth claim against JCI, R&E alleges that on 31 March 2002, it, alternatively Holdings, was the registered and beneficial owner of, *inter alia*, 900 000 shares in RRL ("**the 900 000 RRL shares**").

127. R&E contends that during the period 1 April 2002 to 23 August 2005, the 900 000 RRL shares, *inter alia*, were allegedly misappropriated by the perpetrators (acting in collaboration with JCI), and which shares were lodged with one Paul Main.

128. R&E submits that the 900 000 RRL shares were appropriated from it for the benefit of JCI and that R&E received no benefit herefor.

129. To the extent necessary, R&E has taken a cession from Holdings of any claim enjoyed by it against JCI, arising from the alleged misappropriation of the said 900 000 RRL shares.

130. By virtue of the alleged misappropriation of the 900 000 RRL shares, R&E contends that it has sustained damages and that JCI is liable to it for:

    130.1 Damages resulting from the alleged theft of the 900 000 RRL shares amounting to R143 307 000.00 which amount is based on the highest price at which the 900 000 RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, based on the assumption that this price will not increase in future, R&E's main claim equates to R393 417 000.00. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

    130.2 Delivery of the 900 000 RRL shares to it, alternatively payment of such amount as represents the value of the said 900 000 RRL shares on the date on which JCI is found to be liable to R&E; alternatively

    130.3 Damages resulting from the sale of the 900 000 RRL shares amounting to R143 307 000.00.

Further Claims

131. Following the initial amendment to R&E's Statement of Claim in January 2007, R&E established that it may enjoy additional claims against JCI.

132. On 22 August 2008, R&E served an amendment to its Statement of Claim (which was formally amended in September 2008) and introduced four new claims.

133. Such further claims are set out below;

Claim Sixteen

134. R&E asserts by way of its sixteenth claim against JCI that as at 31 December 2002, it, *alternatively* First Wesgold was the beneficial owner of 12 574 836 shares in the issued share capital of JCI ("**the 12 574 836 JCI shares**").

135. During the period 1 January 2003 to 26 May 2003, R&E alleges that a scheme was devised by the perpetrators which was intended through theft, to deprive R&E, *alternatively* First Wesgold of the 12 574 836 JCI shares so that the benefit of such shares or the proceeds derived from any sale thereof might be applied for a purpose other than to benefit R&E, *alternatively* First Wesgold.

136. In consequence of the alleged theft of the 12 574 836 JCI shares, R&E *alternatively* through First Wesgold (the latter being a subsidiary company of R&E within the meaning of the Mediation Agreement, thereby rendering JCI liable for the debts of First Wesgold to R&E), has sustained damages as follows:

136.1 Damages amounting to R11 317 352.40, which amount is based on the highest price at which the 12 574 836 JCI shares traded subsequent to their alleged theft but prior to 31 March 2008, together with such amounts as represent the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the alleged misappropriation of the 12 574 836 JCI shares; alternatively

136.2 Delivery of the 12 574 836 JCI shares to it, together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the alleged misappropriation of the 12 574 836 JCI shares, in consequence of the dividends declared by JCI in respect thereof, subsequent to the date of the alleged theft of the said shares; alternatively

136.3 Such amount as represents the value of the 12 574 836 JCI shares as at the date on which JCI is found to be liable together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the misappropriation of the 12 574 836 JCI shares in consequence of the dividends declared by JCI in respect of the 12 574 836 JCI shares having been declared subsequent to the date of their alleged theft; alternatively

136.4 An amount of R8 042 099.67 which amount represents the net proceeds received by JCI arising from the sale of the 12 574 836 JCI shares, together with an amount equivalent to such growth as would have accrued to R&E on the 12 574 836 JCI shares, *alternatively* to First Wesgold, but for the alleged wrongful and unlawful appropriation thereof, together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the misappropriation of the 12 574 836 JCI shares in consequence of the dividends declared by JCI in respect thereof, subsequent to the date of their alleged theft.

Claim Seventeen

137. R&E asserts by way of its seventeenth claim against JCI that as at 31 December 2002, it, *alternatively* First Wesgold was the beneficial owner of 28 000 shares in the issued share capital of Western Areas ("**the 28 000 Western Areas shares**").

138. During the period 1 January 2003 to 11 June 2003, R&E alleges that a scheme was devised by the perpetrators which was intended through theft, to deprive R&E, *alternatively* First Wesgold of the 28 000 Western Area shares so that the benefit of such shares or the proceeds derived from any sale thereof might be applied for a purpose other than to benefit R&E, *alternatively* First Wesgold.

139. In consequence of the alleged theft of the 28 000 Western Area shares, R&E *alternatively* through First Wesgold (the latter being a subsidiary company of R&E within the meaning of the Mediation Agreement, thereby rendering JCI liable for the debts of First Wesgold to R&E), has sustained damages.

140. On 19 January 2007, Western Areas shares were converted to Goldfields Limited ("**Goldfields**") shares in consequence of which conversion, every shareholder holding 100 Western Areas shares received 35 Gold Fields shares in replacement thereof.

141. In consequence of the said conversion, the 28 000 Western Areas shares are currently equivalent to 9 800 Goldfields shares.

142. By virtue of the alleged theft of the 28 000 Western Areas shares, R&E alleges that it has sustained damages as follows:

143. Damages amounting to R1 391 600.00, which amount is based on the highest price at which the 28 000 Western Area shares traded subsequent to their alleged theft bur prior to 31 March 2008, together with such amounts as represent the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the alleged misappropriation of the 28 000 Western Area shares; alternatively

143.1 Delivery of the 28 000 Western Area shares to it, together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for

the alleged misappropriation of the 28 000 Western Area shares, in consequence of the dividends declared by JCI in respect thereof subsequent to the date of the alleged theft of the said shares; alternatively

143.2 Such amount as represents the value of the 28 000 Western Area shares as at the date on which JCI is found to be liable together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the misappropriation of the 28 000 Western Area shares in consequence of the dividends declared by JCI in respect of the 28 000 Western Area shares having been declared subsequent to the date of their alleged theft; alternatively

143.3 An amount of R924 294.21 which amount represents the net proceeds allegedly received by JCI arising from the sale of the 28 000 Western Area shares, together with an amount equivalent to such growth as would have accrued to R&E, *alternatively* First Wesgold on the 28 000 Western Area shares, but for the alleged wrongful and unlawful appropriation thereof, together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the misappropriation of the 28 000 Western Area shares in consequence of the dividends declared by JCI in respect thereof, subsequent to the date of their alleged theft.

Claim Eighteen

144. By way of its eighteenth claim, R&E alleges that during the period 30 June 2003 to 31 December 2005, pursuant to the conclusion of a series of oral agreements, R&E lent and advanced an amount of R121 198 224.50 to CMMS.

145. R&E alleges further that CMMS was obliged to make payment of interest on such amount at a rate of 1% above the prime rate of interest charged by FirstRand Bank Limited from time to time, compounded daily and capitalised monthly.

146. As at 31 December 2005, R&E contends that CMMS was indebted to it in the amount of R121 198 224.50.

147. By virtue of the loans referred to and the Mediation Agreement, R&E alleges that JCI is liable to make payment to it of R121 198 224.50, together with interest thereon at the rate of 1% above the prime rate of interest charged by FirstRand Bank Limited from time to time, compounded daily and capitalised monthly with effect from 1 January 2006 to date of payment, both days inclusive.

Claim Nineteen

148. In the alternative to claims One to Eighteen (as referred to above) and based on the assumption that R&E does not in respect of claims 1 to 9 and 14 to 17 establish the schemes referred to therein and more particularly, if it is established that the transactions in question were lawful and regular transactions in respect of which R&E, *alternatively* Holdings authorised the sale of their assets for the benefit of JCI and its subsidiary and/or associated companies, then and in this event, R&E, *alternatively* Holdings (where applicable), aver that having regard to the inter-company loan accounts between CMMS and JCI and CMMS and R&E (which R&E asserts CMMS was obliged to maintain), on a proper reconciliation of such loan accounts, R&E claims that CMMS and ultimately JCI, (by virtue of the provisions of the Mediation Agreement), is indebted to R&E in the amount of R1 243 527 309.64. R&E alleges that in addition to the said amount, interest thereon at the rate of 1% above the prime rate of interest charged by FirstRand Bank Limited from time to time, compounded daily and capitalised monthly with effect from 1 April 2007 to date of payment, is payable.

Interest

149. Unless otherwise specified, in addition to the above claims against JCI, R&E claims interest on the various amounts claimed, at the rate of 15.5% per annum.

JCI's Statement of Defence briefly considered

150. On 8 September 2006, JCI delivered its Statement of Defence to R&E's Statement of Claim.

151. JCI disputes that it is indebted to R&E for any amount.

152. JCI denies that the perpetrators constituted the directing and controlling mind and/or will of JCI. In the result, JCI disputes that R&E enjoys the claims which R&E asserts against it.

153. In answering R&E's Statement of Claim, JCI contends, *inter alia*, that:

153.1 Its main business was to carry on and invest in mining and property ventures as a principal;

153.2 Its main object was the investment in mining and property ventures as principal;

153.3 No ancillary powers were excluded;

153.4 To the extent that any of the perpetrators of JCI participated in or performed activities outside of the capacity of the relevant company for which they acted, such perpetrators were not authorised to do so, did not thereby bind such company(ies) nor did they act within the course and scope of their duties and therefore did not bind any of the companies to any consequence arising from their acts;

153.5 Neither it nor any of its subsidiaries and associated companies accepted the benefits arising from the conduct of the perpetrators.

154. JCI asserts that insofar as R&E is able to establish that the perpetrators committed unlawful acts, there is no basis upon which JCI should be held responsible for such unlawful acts given that JCI could not and would not have authorised such acts and in any event did not have the capacity or the plenary powers to do so.

155. JCI maintains that if R&E is ultimately able to impute liability to JCI or any one of its subsidiaries or associated companies, this can only be established on the basis that JCI and such subsidiaries or associated companies, were enriched. JCI however denies that there was any such enrichment and further denies in respect of the quantification of R&E's damages, that it is liable to R&E for damages as alleged.

156. R&E is yet to receive JCI's response to the four new claims which R&E formally introduced into its Statement of Claim in September 2008.

157. In addition to the above, JCI has indicated to R&E, that to the extent that JCI is found to be liable to R&E, it may enjoy claims against R&E on account of value allegedly given by JCI to R&E, arising from the proceeds of R&E's misappropriated assets, as follows:

157.1 An amount of R208 142 593.00 in respect of funding allegedly furnished by CMMS to R&E for the acquisition of certain Western Areas shares (allegedly acquired by R&E); and

157.2 An amount of R50 600.00 in respect of 1.5 million DRD shares.

158. No claims have been formally made by JCI against R&E for the abovementioned amounts, and accordingly it is premature for R&E to consider such alleged claims in the absence of such claims having been formally introduced. If and when formal claims are made by JCI in regard hereto, R&E will consider its position and respond appropriately.

CONCLUSION

159. R&E does not propose to comment on the defences raised by JCI herein, nor are any legal or other opinions asserted by way of this Overview of the R&E claims.

160. The adjudication of the R&E claims is subject to the mediation and/or arbitration referred to in the Mediation Agreement and the factual and legal sustainability of such claims.

SUMMARISED FORENSIC REPORT PREPARED BY JLMC FOR R&E

Introduction

1. The new Board of Directors of R&E who were appointed on 24 August 2005, were concerned inter alia as to the whereabouts of 26 624 962 RRL ordinary shares (calculated on a post split basis), beneficially owned by R&E, alternatively African Strategic Investment (Holdings) Limited (formerly R R(H), its wholly owned subsidiary. Prior to the Board's reconstitution, there had been much speculation in the media and frequent enquiries by shareholders as to whether R&E, alternatively R R(H) still held these shares.
2. The new Board appointed JLMC on 14 October 2005, to conduct an independent forensic investigation into the trade, dealings, affairs and property of R&E. JLMC was initially primarily tasked with investigating the so-called "missing" RRL shares and the Phikoloso Black Economic Empowerment transaction.
3. During the investigation undertaken, numerous other irregularities and alleged frauds involving the disposal of the greater part of R&E's assets were identified and investigated.
4. The forensic investigation indicated that material frauds were perpetrated by, *inter alia*, JCI and one or more of its subsidiaries and associated companies (acting in conjunction with former directors of JCI and/or employees associated either directly or indirectly with it), who misappropriated investments in listed shares belonging to R&E or entities controlled by it, or who caused new shares to be issued for no value and then sold with the proceeds being laundered through a web of special purpose vehicles with trading and bank accounts. Our findings suggest that misappropriated investments were concealed through a combination of improper scrip lending agreements, forged stockbroker confirmations and purported legal agreements.
5. The purpose of this report is to provide shareholders with a summary of findings of the forensic investigation, set out in numerous separate reports, including details of the assets misappropriated by some former directors of JCI acting in concert with JCI and executive officers of JCI, CMMS, a subsidiary of JCI and other related parties.
6. Furthermore, legal counsel has been instructed by the Board of Directors of R&E to formulate claims based on the findings of JLMC.

Summary of Forensic Investigation Findings

Overview

7. Our investigation has revealed that R&E was the victim of substantial frauds and thefts, which frauds and thefts were perpetrated largely by JCI and its subsidiaries and associated companies, by misappropriating a vast array of listed securities beneficially owned by R&E (either directly or indirectly), or alternatively by JCI benefiting from the void issue and allotment of shares in the issued share capital of R&E, by channelling these securities (or the proceeds derived there from), to JCI and its subsidiaries and associated companies, with the aim of providing *inter alia* these entities with amongst other things working capital to fund their ongoing operations, to pay their liabilities, to further their general interests, and to otherwise provide them with sufficient funds to maintain their ongoing financial stability.
8. JCI was represented by a variety of persons formerly employed by it or with which it had a relationship either directly or indirectly, who constituted the directing and controlling mind and will of JCI and one or more of its subsidiaries and associated companies ("the perpetrators"). The perpetrators performed acts which had the effect of benefiting JCI and its subsidiaries and associated companies to the prejudice of R&E either directly or indirectly.
9. Our investigation has further revealed that R&E was largely an investment holding company and that the cash flow required by R&E and its subsidiaries would not have required a significant disposal of its listed securities. The level of resources required to manage its operations was negligible.

CLAIM # 1 – Disposal of RRL ordinary shares

General

10. A primary focus of our forensic investigation was to determine the whereabouts of R&E's investment in RRL shares (either held directly or indirectly through R R(H)) or where the proceeds of any sales of such shares had been credited or banked.

11. We were able to trace the sale of all RRL shares between 1 April 2002 and 18 August 2005 by reference to the database records of stockbroker, T-Sec. T-Sec appear to have acted on the instructions of JCI and the perpetrators and in turn gave instructions for the conversion sale of the RRL shares in ADR format. We interrogated the database records of T-Sec and compiled a spreadsheet of all sales of RRL shares by trading account, by year.

12. Many of the allegations and findings of JLMC, particularly with regard to the disposal of the RRL shares and their subsequent disguise by Bookmark, have been borne out by KPMG Services, being JCI's forensic investigators, in a report prepared by them, for purposes of the mediation, dated 8 May 2006. KPMG Services appear on the face of it, to have concluded, *inter alia*, that:
    - "The strategy adopted by the directors and officers of JCI Limited and its subsidiaries required access to significant funding for the execution of such strategy. We noted that JCI had little access to funding and we understand that the group did not enjoy support from financial institutions, save for the event of the Investec UK transaction, which generated funding to JCI of some R209.1 million initially, and an additional R48 million at a later stage. Hence, CMMS performed a treasury function in conjunction with T-Sec, and later with SocGen, essentially borrowing shares in the market and selling same for purposes of raising funds for the JCI Group, essentially hoping on a bear market to reduce the cost of funding, alternatively hoping that the return on assets of JCI would outperform the share market";
    - "We found no evidence indicating that JCI and its subsidiaries, particularly CMMS owned any RRL shares";
    - "RRL shares were traded in the CMMS trading accounts at T-Sec and that the proceeds of the sales of such RRL shares were applied towards CMMS";
    - "Having received the benefit from the sale of the RRL shares, it follows logically that CMMS may have to return the shares to R R(H) in the absence of a contrary agreement";
    - "CMMS benefited from the sale of the RRL shares";
    - "there had been an unauthorised dispossession of the RRL shares of R R(H) and that, upon the sale thereof, the proceeds of such sale were not used in the interest of R&E, but in the interest of CMMS with an intention to conceal such fact"; and
    - "Assuming that the RRL shares sold," which shares were sold for the benefit of JCI and its subsidiaries amounting to 16 686 794 post split shares as set out in the abovementioned report, "had to be returned to R R(H), and assuming a share price of US$17 for RRL shares and a Rand/US$ exchange rate of some R6.38/$1 an amount of R1.81 billion would then have been required to fund the return of the RRL shares."

Background

13. As at 5 October 2001 R R(H), a wholly owned subsidiary of R&E, was the registered shareholder of 13 312 481 (pre-split) RRL ordinary shares.

14. On 16 June 2004 RRL ordinary shares were split on a 2-for-1 basis.

15. RRL is a company incorporated in Jersey (registered number 62686) and is listed both on Nasdaq and the London Stock Exchange.

16. R&E, through its wholly owned subsidiary R R(H), had South African Exchange Control approval to hold these shares in a foreign listed company.

17. Despite the RRL shares being subject to exchange control restrictions, 13 372 467 (pre-split) RRL shares were pledged to ABSA for a debenture financing facility, prior to 5 October 2001. On 28 March 2002, ABSA returned one share certificate comprising 13 312 481 RRL shares to R&E, for splitting of the share certificate 59 986 shares were withheld by ABSA in lieu of a capital raising fee for the debenture facility Subsequent to the transfer secretaries splitting the certificate, 7 360 000 RRL shares were returned to ABSA as ongoing security for a rollover debenture financing facility without the authority of either R&E or R R(H).

18. By 1 April 2002, various trading accounts appear to have been either specifically opened at T-Sec by JCI and the perpetrators for purposes of disguising the sale of RRL shares, or where such trading accounts already existed in the names of entities or individuals which on the face of it appear to have had no connection to JCI, such trading accounts were also used for purposes of disguising the sale of RRL shares and later other listed securities for *inter alia* the benefit of JCI and others. These trading accounts included, amongst others, Alibiprops, New Heights, Paradigm Shift, Wolwekloof Carry, R B Kebble Carry, Consolidated Investments (Proprietary) Limited – Account No. 648410 ("CMMS trading account") and CMMS Demat.

Reconciliation of RRL shares held and the disposal thereof

19. A reconciliation of RRL shares held from 5 October 2001 to 19 January 2006 and an analysis of the proceeds resulting from the sale of such shares, has been prepared.

Shares sold in 2002

20. On 3 April 2002 share certificate 746 representing 13 312 481 (pre-split) shares was split by Computershare Investor Services (CI) into seven new certificates as follows:

	Number of shares
1 new certificate (899) of (returned to ABSA Bank Ltd)	7 360 000
5 new certificates (900/1/2/3/4 of 1 million shares each)	5 000 000
1 new certificate (905) of	952 481
Original certificate (746)	13 312 481

21. The 952 481 RRL shares (certificate 905) were subsequently split into 800 000 and 152 481 shares, respectively. The 800 000 shares were sold on 5 April 2002, with net proceeds of R54 115 233 being credited to a trading account in the name of New Heights, in the records of T-Sec. The monies derived from this sale of 800 000 RRL shares appear to have been transferred on the instructions of JCI in conjunction with the perpetrators, to a Mallinicks trust account on 16 April 2002. We found no resolution from the Board of R R(H) authorising such sale.

22. The balance of 152 481 RRL shares were sold, with the transaction being recorded in a trading account in the name of Wolwekloof Carry in the records of T-Sec. The mandate holder of this trading account was RAR Kebble. These shares were sold for R10 211 008 and the monies derived from this unauthorised sale of 152 481 RRL shares were transferred to a bank account styled "RAR Kebble – ABSA Private Bank" – an account with a R16 million overdraft facility which had been drawn down, at RAR Kebble's instruction, with the proceeds being used by CMMS.

23. The sale of 952 481 RRL shares was not recorded in the investment register of R&E in 2002. To conceal the fact that the shares had been sold without authority and without credit to R&E, these shares became the subject of a scrip loan between R&E (lender) and Kemonshey, a Gibraltan registered company, the directors of whom were Stratton and Buitendag.

Shares sold in 2003

24. In the calendar year 2003, 575 000 RRL shares on a pre-split basis (1 150 000 shares on a post split basis) were sold through BJM on the Nasdaq on the instructions of instructing broker T-Sec (T-Sec appearing in turn to have received instructions from JCI and the perpetrators) for R92 595 106, with the proceeds credited to a trading account in the name of CMMS in the records of T-Sec, which trading account was used by CMMS for purposes of trading in listed shares on behalf of CMMS. These shares were sold in seven individual transactions between 25 September 2003 and 20 October 2003. No entries were made in the books of either R&E or R R(H) until 30 November 2003. On that date R79 834 606 was debited to a general ledger account styled "loan asset – CMMS (RRL Shares)" and subsequently transferred on 31 December 2003 to a general ledger account styled "Loan asset – Masupatsela" and the balance of R12 760 000 was debited directly to a general ledger account styled "Loan asset – Masupatsela". This general ledger account was by design used to disguise related party transactions with CMMS and was even supported by a purported loan agreement between R&E and Masupatsela, this company having entered into a back to back agreement with CMMS.

25. A further 325 000 RRL shares on a pre-split basis (650 000 shares on a post split basis) were sold through BJM on the Nasdaq, on the instructions of instructing broker T-Sec (who in turn appears to have received instructions from JCI and the perpetrators), in eight individual transactions between 14 November 2003 and 6 December 2003, with the proceeds being credited to a trading account in the name of Alibiprops in the records of T-Sec. The net proceeds of R55 060 350 were deposited directly into Kebble's personal bank account (R40 960 350) and into Tuscan Mood's bank account (R14 100 000). No credit for these unauthorised sales was given to R&E.

Shares sold in 2004

26. During the calendar year 2004, 4 090 000 RRL shares on a combined pre and post split basis (6 810 000 shares on a post split basis) were sold through BJM on the Nasdaq on the instructions of instructing broker T-Sec, (following instructions which they appear to have received from JCI and the perpetrators), through four trading accounts in the name of R B Kebble Carry, CMMS, CMMS Demat and Alibiprops in the records of T-Sec. The CMMS Demat trading account (account number 660415) at T-Sec was also used for purposes of trading in listed shares on behalf of CMMS.

27. 75 000 RRL shares on a pre split basis (150 000 shares on a post split basis) were sold on the Nasdaq in two individual transactions on 26 and 27 February 2004, with the net proceeds of R9 425 400 credited to the R B Kebble Carry trading account in the records of T-Sec. The proceeds of these sales were credited to various bank accounts with some of the proceeds credited to the JCI Share Incentive Scheme trading account in the records of T-Sec.

28. 2 800 000 RRL shares on a combined pre- and post split basis (4 350 000 shares on a post split basis) were sold in 18 individual transactions on the Nasdaq between 6 April 2004 and 25 June 2004, with the net proceeds of R259 108 924 credited to the CMMS trading account in the records of T-Sec. Of these share sales, the proceeds from the sale of only 1 500 000 RRL shares on a pre-split basis (3 000 000 shares on a post split basis), being R186 171 496, was debited to a general ledger account styled "Loan asset – Masupatsela", being in substance the inter-company loan account between R&E and CMMS. The balance of the shares sold being 1 350 000 shares, (after the two for one share split) were never debited to R&E's loan account against CMMS. This represented 1 300 000 RRL shares (on a pre-split basis) sold for R72 937 428, being the net proceeds.

29. 31 000 RRL shares on a pre-split basis (62 000 shares on a post split basis) were sold in an individual transaction on 12 February 2004 with the net proceeds of R4 608 150 being credited to a trading account in the name of CMMS Demat in the records of T-Sec. These proceeds were transferred to CMMS and were debited to a general ledger account styled, "Loan asset – Masupatsela", being in substance the inter-company loan account between R&E and CMMS.

30. A further 1 184 000 RRL shares on a combined pre- and post split basis (2 248 000 shares on a post split basis) were sold in 22 individual transactions with the net proceeds of R154 692 754 credited to a trading account in the name of Alibiprops in the records of T-Sec. These proceeds were transferred to various bank accounts with Kebble being the beneficiary of R7 800 000, Tuscan Mood the beneficiary of R22 783 392, CMMS and a related entity of CMMS being the beneficiary of R101 497 425, Lunda Sul (an R B Kebble controlled bank account) was the beneficiary of R1 124 687 and the Western Areas trading account was the beneficiary of R21 505 250.

Shares sold in 2005

31. Between 30 December 2004 and 18 August 2005, 3 750 000 RRL ordinary shares (on a post split basis) were sold through BJM on the Nasdaq on the instructions of instructing broker T-Sec (T-Sec apparently having in turn received instructions from JCI and the perpetrators), yielding net proceeds of R311 726 397. These proceeds were credited to the CMMS trading account at T-Sec without a corresponding credit to R&E in its inter-company account with CMMS.

Bookmark and the R R(H) SLA

32. On 6 February 2004, R R(H) represented by Buitendag and Bookmark represented by S. Rasethaba, purportedly concluded an SLA in terms of which R R(H) purportedly loaned 10 million RRL shares (on a post split basis) to Bookmark.

33. An SLA was also entered into between JCI and Bookmark, to allow Bookmark to provide R R(H) with security cover for the above SLA.

34. The above SLA's do not appear to have been authentic and appear to have been part of the mechanisms used to conceal unauthorised sales, lending and misappropriations of RRL shares. This transaction resulted in the incorrect reporting of listed investments in RRL (9.9 million shares with a fair value of R666.1 million) as at 31 December 2003.

Conclusion

35. A claim has been formulated against JCI for the alleged theft of 14 264 962 RRL shares (on a post split basis), less 1 904 962 RRL shares on a post split basis (952 481 pre-split) used by BNC/Investage, (the subject of a separate claim #3 – refer paragraph 59), using the highest Rand price per share between 5 April 2002 and the date of this claim. On this basis, the total claim being 12 360 000 shares at R159.23 per share, which claim amounts to R1 968 082 800 has been formulated (claim # 1);

36. Alternatively, JCI may be liable for the delivery of 12 360 000 RRL shares to R&E, alternatively payment of such amount as represents the value of the said 12 360 000 RRL shares on the date on which JCI is found to be liable to R&E;

37. Alternatively, JCI may be liable for damages resulting from the alleged theft of the proceeds resulting from the sale of the 12 360 000 RRL shares amounting to R887 217 084;

38. Alternatively, JCI may be liable for damages having received proceeds arising from the sale of the RRL shares in the amount of R796 966 825.

39. This claim is of equal application against the perpetrators as reflected in the Overview of Claims, being Annexure 2.

40. A review of a report released by KPMG Services, the forensic accountants of JCI, for purposes of the mediation dated 8 May 2006, appears to have materially corroborated the above findings with reference to the RRL shares.

CLAIMS # 2 and 3 – Theft of 3 000 000 Durban Roodepoort Deep, Limited ("DRD") shares and 952 481 RRL shares (on a pre-split basis)

41. In April 2002, the then directors of Consolidated African Mines Limited ("CAM"), the forerunner to JCI, and of JCI Gold, announced CAM's intention to propose a scheme of arrangement between JCI Gold and its shareholders, other than CAM. In terms hereof JCI Gold would become a wholly owned subsidiary of CAM. It was also proposed that on implementation of the scheme, the listing of JCI Gold shares on the JSE would be terminated.

42. In terms of the scheme, CAM would acquire all of the scheme shares in return for which participants would receive:
    - a scheme consideration of 7 new CAM shares issued at R0.45 each, R4.00 in cash; and
    - 4 CAM debentures of R1.25 each for every one JCI Gold share.

43. Scheme participants were given the option of electing the share alternative, being 9 new CAM shares issued at R0.45 each and credited as fully paid, instead of the cash component.

44. The cash element of the funding required to enable CAM to acquire the minority interest in JCI Gold amounted to R155 million. In terms of the scheme, BNC and Investage undertook to lend CAM R155 million in order for CAM to meet its scheme obligations to minority shareholders. The scheme of arrangement was duly approved and an announcement to that effect was made on 27 June 2002. On 8 July 2002, CAM changed its name to JCI. BNC, Investage and JCI were not in a financial position to legitimately raise the said sum of R155 million, either in whole or in part, whether by way of non-related party borrowings or otherwise.

45. In a circular to JCI shareholders dated 19 August 2002, shareholders were advised of a renounceable rights offer by JCI of 344 488 942 new ordinary shares of 1 cent each at an issue price of 45 cents per ordinary share in the ratio of 24, 5 new ordinary shares for every 100 ordinary shares held in JCI at the close of business on 16 August 2002.

46. The purpose of the rights offer was communicated as follows:

    "The proceeds of the rights offer will be used to repay the underwriting loans made by BNC and Investage to JCI amounting to R155 million in order to facilitate the implementation of the scheme of arrangement between JCI Gold and its shareholders. The lenders BNC and Investage have agreed to underwrite the rights offer and shall subscribe to all of the rights offer shares not taken up by the JCI

shareholders. The lenders' obligations to pay the subscription price in respect of the underwriters' shares shall be set-off against JCI's obligation to repay the underwriting loans."

47. The "underwriting lenders", BNC and Investage were private companies under the control of The Kebble family (RAR and R B Kebble) and of Cornwall respectively, all of whom were directors of JCI/CAM at the date of the abovementioned scheme of arrangement and rights offer.

48. At the time BNC committed itself as an "underwriting lender" in terms of the said scheme and rights offer, it was in default in respect of an obligation to redeem certain variable rate redeemable preference shares issued to SocGen, which had been entered into between BNC and SocGen in an amount of R125 million subscribed for on 26 May 1997, redeemable on 30 May 2001. The default capital obligation at that date was in respect of 46 593 unredeemed preference shares, the liability for which was approximately R46.6 million.

49. The directors of BNC and Investage, acting in concert with the directors of JCI, "raised" funds of R155 million to meet their "underwriting loan" commitments, being R85 million and R70 million, respectively, by misappropriating 3 000 000 DRD shares and 952 481 RRL shares, both of which were the property of R&E.

50. On 3 March 2000, CAM ostensibly "borrowed" 3 000 000 DRD shares from R&E, First Wesgold and Bentonite, being two wholly owned subsidiaries of R&E.

51. Our investigation has revealed that the missing 3 000 000 DRD shares as at 3 March 2000 may in all likelihood have been concealed as at 31 December 2000 by the use of an alleged false SLA dated 3 March 2000, entered into between R&E (as lender) and an Australian registered private company, Notable, however this agreement appears to have been backdated. The legal and beneficial owners of the shares in the issued share capital of Notable were Stratton and Buitendag, both directors of CAM.

52. The backdating of this alleged false SLA is further corroborated by the fact that prior to, but by no later than 13 November 2001, various parties and R&E signed a settlement deed whereby Notable, on behalf of CAM, was required to return 3 000 000 DRD shares to R&E, which shares were held on behalf of Notable by SGS.

53. On 10 December 2001, Mrs F Markides – secretary to RAR Kebble – took delivery of 3 000 000 DRD shares (in certificated form – certificate number 27786) from SocGen via SGS. These shares were registered in the name of Goudstad Nominees (SocGen's nominee company) and appear to have been dematerialised by at least 27 November 2001, according to Ultra Registrars. The CSD dematerialised control account had 3 077 173 DRD shares in it as at that date. We can only construct that 3 000 000 DRD shares were re-materialised into certificate 27786 and delivered to RAR Kebble on 10 December 2001, with 77 156 DRD shares having to be rematerialised and delivered to DRD in terms of the abovementioned settlement deed.

54. On 11 February 2002 this share certificate was delivered to T-Sec and placed in a trading account in the name of P B Bawden (P B Beale). Between 10 December 2001 and 11 February 2002 these shares must have remained in the custody of RAR Kebble and/or R&E.

55. It is instructive that on delivery of the 3 000 000 DRD shares to RAR Kebble, SocGen referred to its client as "SGJ Acc client RA Kebble". We interpret this as although the shares were registered in Goudstad Nominees, SocGen considered the beneficial owner to be RAR Kebble. RAR Kebble has confirmed to us that he was never the beneficial owner of 3 000 000 DRD shares.

56. Between 8 February 2002 and 25 February 2002, 3 000 000 DRD shares belonging to R&E were sold through the P B Bawden, New Heights and Hothouse Investments Limited trading accounts held at T-Sec and through The Chardonnay Trust trading account held at Rice Rinaldi Securities. The proceeds of these shares, being approximately R90 million, appear to have been channelled through a "myriad" of bank accounts held at Brait Merchant Bank, ABSA and Standard Bank and various trust accounts held at Bowman Gilfillan and Mallinicks and ultimately found their way into two term deposit accounts at Corpcapital Bank in the name of BNC and Investage.

57. In the meantime, however, approximately R28 million of the above proceeds were transferred to an 'escrow' account held by Frankel Consulting on 18 February 2002, pending the purchase of 22 622 variable rate redeemable preference shares in terms of a put option exercised by SocGen against Kebble. The default capital obligation in February 2002 was in respect of 46 593 unredeemed preference shares, the liability for which was approximately R46.6 million. On 12 April 2002, Frankel Consulting paid the sum of approximately R28 million to SocGen in terms of the put option against Kebble.

58. Further amounts of R25 million and approximately R1.8 million (net) cash from JCI, were demanded by BNC in repayment of its short term advances to CAM and JCI Gold to restore the balance of term deposits available for the underwriting loan funding. These monies were not used for underwriting loan purposes but were rather used to redeem a tranche of BNC's preference shares held by SocGen. A further R25 million loan was sourced by BNC/RAR Kebble from a third party, which loan was subsequently repaid by way of 55.6 million JCI shares originally acquired by BNC in terms of the JCI renounceable rights offer in August 2002.

59. 952 481 RRL shares (on a pre-split basis) were disposed of as follows:
    - 800 000 RRL shares were sold through the New Heights trading account at T-Sec, deriving proceeds of approximately R54.1 million which proceeds were then ultimately deposited into Corpcapital Bank term deposit account in the name of Investage; and
    - 152 481 RRL shares were sold through the Wolwekloof Carry trading account at T-Sec realising approximately R10.2 million which proceeds were then used to partially repay an overdraft account in the name of RAR Kebble, opened on behalf of CMMS.

60. On 15 July 2002, the proceeds from these misappropriated DRD and RRL shares, together with interest which had accrued in respect of these proceeds, and which had amounted to approximately R155 million, was transferred by BNC and Investage to a JCI Gold scheme bank account. Loan agreements were entered into between CAM and Investage and BNC for R70 million and R85 million. respectively. The proceeds from these loan accounts were to be used by CAM to distribute to scheme participants the cash component in terms of the JCI Gold scheme of arrangement.

61. On 19 August 2002, shareholders were advised of a renounceable rights offer by JCI, the reason for the rights offer being, *inter alia,* to raise sufficient cash to repay BNC and Investage in respect of the loans advanced. Due to the high price at which the rights offer had been underwritten, the underwriters being BNC and Investage, took up the majority of the shares issued and in settlement of the 'underwriting loans', Investage and BNC received approximately 155.4 million and 188.8 million JCI shares, respectively, – being approximately 1 share at 45 cents for every R1.00 lent.

62. On 25 September 2002, Cornwall – whilst a director of JCI – pledged Investage's 155.4 million JCI shares to Nedbank to secure increased personal overdraft facilities. Nedbank duly took possession of the said JCI shares, and appears to have transferred such shares into the name of its nominee company.

63. Acting on Investage's instructions, Nedbank commenced selling the JCI shares and by 30 January 2003, the bank had sold 75.2 million of the 155.4 million pledged JCI shares.

64. On 15 July 2003 a further 40.2 million JCI shares were sold by Nedbank, leaving a balance of 40 million JCI shares as at 30 September 2003.

65. On 4 December 2003 Investage passed a resolution authorising Nedbank to sell as many of the JCI shares pledged as security for the obligations of Cornwall and his property company, Silver Terrace Investments (Proprietary) Limited, as necessary in order to raise R30 million. The R30 million raised from the proceeds of the sale was to be apportioned as to R13 million and R17 million in reduction of Cornwall's personal debt and his property company's debt respectively. By 23 January 2004 all the JCI shares had been sold, the total proceeds of which were R101 million.

66. BNC, having raised long-term redeemable preference share debt in May 1997 of R125 million and short-term debt of R30.5 million from SocGen and SBC Warburg, both international banks, entered into a secured financing agreement with Hawkhurst, to refinance itself during 1999. At the time of entering into this agreement, Hawkhurst took a pledge of BNC's investment in JCI shares and JCI options which amounted to 79.8 million JCI shares and 35.6 million JCI options. BNC subsequently defaulted on repaying this debt and the offshore lenders appear to have perfected their security, being the original 79.8 million JCI shares, the JCI options and a further 132.4 million JCI shares that were transferred into their funds name. The 132.4 million JCI shares originated from the 188.8 million JCI shares received by BNC in settlement of their 'underwriting loan'.

67. Of the 188.8 million JCI shares received by BNC:
    - 132.4 million shares were transferred to the offshore lenders as a result of a pledge of shares and options agreement entered into with BNC;
    - 55.6 million shares were used to settle the loan of R25 million; and
    - 310 000 JCI shares were transferred into the Western Areas Share Incentive Trust trading account held at T-Sec.

68. BNC reduced/redeemed its R125 million redeemable preference share debt between May 1997 and December 2003 as follows: R28 million was raised by way of a preference share issue by MK Enterprises to SocGen and used to redeem 28 000 preference shares issued by BNC to SocGen; R30.4 million was sourced from Hawkhurst and applied in redemption of 30 407 shares in June 1999; 20 000 shares were purchased for R20 million, which was sourced from the alleged theft and sale of inter alia 2 788 000 DRD shares (claim # 7), held by entities within the R&E Group, for R31 million between 15 September 1999 and 5 October 1999, and applied in part reduction of the debt on 5 October 1999; 22 622 shares were purchased from SocGen for R22.6 million, which was sourced from the alleged theft and sale of 3 000 000 DRD shares, held by R&E, for R89 643 550 between 8 February 2002 and 1 March 2002 and applied in part reduction of the debt on 15 April 2002; R20 million was sourced from the alleged theft of a portion of the proceeds from the first tranche of R61.66 million paid by Investec Bank UK Ltd to T-Sec on the instructions of JCI (claim # 9), and was applied in redemption of 23 971 shares that T-Sec had purchased from SocGen in reduction of the debt on 31 December 2003.

The SLA's with Kemonshey and Notable

69. Two SLAs with several addenda to each, were entered into between R&E (and sometimes R R(H)) with Gibraltar-registered Kemonshey and with Australian-registered Notable.

70. The SLAs were both signed by Stratton, who claimed to be acting as agent for both Cornwall on the Kemonshey SLA and for Kebble on the Notable SLA. RAR Kebble signed for both R&E and R R(H).

71. The Kemonshey SLA was the mechanism used to conceal the misappropriation of 952 481 RRL shares in 2002 (claim # 3) and the Notable SLA to conceal the misappropriation of 3 000 000 DRD shares in 2000 (refer claim # 2).

72. In terms of relevant International Accounting Standards, shares lent in terms of SLAs, where the economic benefits and rights remain vested in the lender, are not derecognised as assets of the lender. Accordingly, the misappropriated shares used to fund BNC's and Investage's 'underwriting loan' commitments, as described in 71 above, were lent without the necessity for derecognition as assets in the books and records of R&E.

73. Subsequent to the concealment of the misappropriated listed investments by using SLAs, the settlement shares were varied by way of addenda to the SLAs, being:
    - 3.3 million WAL shares instead of 952 481 RRL shares; and
    - 660 000 WAL shares plus cash of R27 million instead of the 3 000 000 DRD shares.

74. These varied settlement shares and cash were never delivered nor paid and were fictitious and yet were brought to account as listed investments and an unimpaired loan receivable, replacing the misappropriated shares in the books and records of R&E in 2003 and 2004. These fictitious assets were finally derecognised as at 31 December 2005.

Conclusion

75. Evidence suggests that by at least the end of 2000 and 2002, 3 000 000 DRD listed shares, and 1 600 000 RRL shares (on a post split basis), respectively, being the property of R&E, were allegedly misappropriated, the proceeds of which were ultimately channelled into funding the underwriting loans made by BNC and Investage to buy out the minorities in JCI Gold, in terms of a scheme of arrangement. In June 2002 the proceeds from the sale of 304 962 RRL shares (on a post split basis), registered in the name of Durlacher Ltd Nominees, were credited to a trading account in the name of Wolwekloof Carry, a trading account under the control of RAR Kebble, held at T-Sec, and then transferred to a bank account at ABSA Private Bank in the name of RAR Kebble (t/a account 16). This account had been drawn down by CMMS to the extent of R16 million, at RAR Kebble's instruction.

76. Damages resulting from the alleged theft of the 3 000 000 DRD shares amounting to R169 500 000 and the 1 904 962 RRL shares amounting to R303 327 099 which amount represents the highest value of DRD and RRL shares subsequent to their alleged theft, have been formulated against JCI;

77. Alternatively, JCI and the perpetrators may be liable to return 3 000 000 DRD and 1 904 962 RRL shares to R&E, alternatively payment of such amount as represents the value of the said 3 000 000 DRD and 1 904 962 RRL shares on the date on which JCI is found to be liable to R&E;

78. Alternatively, JCI and the perpetrators may be liable for damages resulting from the alleged theft of the proceeds resulting from the sale of the 3 000 000 DRD and 1 904 962 RRL shares amounting to R89 643 550 and R64 326 241, respectively;

79. Alternatively, JCI may be liable for the payment resulting from the receipt by it of the proceeds deriving from the sale of the 3 000 000 DRD and 1 904 962 RRL shares in an amount of R89 643 550 and R64 326 241, respectively.

80. This claim is of equal application against the perpetrators as reflected in the overview of claims report being Annexure 2.

CLAIMS # 4 & 6 – The Aflease Share Claims

81. R&E had in February 2004 concluded certain agreements with Aflease in terms of which R&E would provide funding to Aflease by subscribing for 24 million ordinary shares in Aflease for a consideration of R82.4 million and underwriting a R100 million Aflease rights offer.

82. These funding agreements were renegotiated into a Share Swap agreement and an R&E loan facility of R50 million.

83. In terms of the Share Swap, Aflease acquired 9 400 000 R&E shares and R&E through its wholly owned subsidiary, First Wesgold, acquired 94 000 000 Aflease shares. The Share Swap was valued at approximately R125 million.

84. First Wesgold acquired the Aflease Swap Shares in September 2004. These shares were immediately placed into the CMMS trading account at T-Sec. We could find no evidence that R&E or First Wesgold authorised the placing of these shares in this trading account.

85. From a reconstruction of the First Wesgold investment schedules as they pertain to investments in Aflease shares and from an internal analysis of the R&E Group holdings in Aflease shares it is evident that 93 000 000 Aflease shares were placed into First Wesgold's investment register in September 2004. The difference between the swap shares and the number of shares placed in the investment register of 1 000 000 shares represents a 'commission' paid, we understand, to Nexus Securities. 94 000 000 shares were without the authority of First Wesgold placed in CMMS's trading account and co-mingled with other Aflease shares belonging to R&E and CMMS.

86. Treating the sale of the shares on a FIFO basis the movement of the Aflease shares in the CMMS trading account would have been as follows:

Analysis of shares beneficially owned by CMMS, R&E & First Wesgold placed in the CMMS trading account	# of Aflease shares				
	CMMS	Alibiprops	SA Stockbrokers	First Wesgold	R&E
Shares on hand – 1 July 2003					**8 100 000**
– per T-Sec CMMS trading account (# 648 410)	1 837 661				
– per T-Sec Demat trading account (# 660 415	600 000				
Shares on hand – 31/03/2004	**2 437 661**	**–**	**–**	**–**	**8 100 000**
Shares sold in September 2004	(2 437 661)				(2 812 120)
Shares issued in October 2004				94 000 000	
Shares transferred to Alibiprops trading account in October 2004		2 000 000			(2 000 000)
Shares sold in October 2004				(501 227)	(3 287 880)
Shares sold in November 2004		(2 000 000)		(6 669 560)	
Transfer to Imara SP Reid – December 2004 as commission				(500 000)	
Shares delivered to SA Stockbrokers December 2004			2 500 000	(2 500 000)	
Shares returned from SA Stockbrokers December 2004			(1 692 286)	1 692 286	
Shares transferred to Alibiprops in December 2004		1 692 286		(1 692 286)	
Shares sold in December 2004		(854 400)	(807 714)	(30 779 771)	
Shares on hand – 31/12/2004	**–**	**837 886**	**–**	**53 049 442**	**–**
Shares purchased in January 2005				10 000	
Shares transferred to Alibiprops trading account– January 2005		99 614		(99 614)	
Shares purchased in February 2005				311 691	
Shares placed with Investec in terms of the Option Agreement in February 2005				(8 000 000)	
Shares purchased in March 2005				69 900	
Shares sold in January 2005		(937 500)		(44 566 419)	
Shares sold in February 2005				(915 000)	
Shares sold "short" – at 31/03/2005	**–**	**–**	**–**	**(140 000)**	**–**
Shares purchased in April 2005				140 000	
Shares purchased in May 2005				500 000	
Shares transferred to Nexus Securities 1 June 2005 as commission				(500 000)	
Shares on hand – 31/12/2005	**–**	**–**	**–**	**–**	**–**

Conclusion

The 8 100 000 Aflease shares

87. On 1 July 2003 R&E acquired 8 100 000 Aflease shares from Kabusha, the sale proceeds of which were to be applied by Kabusha in settlement of its commitment to pay the first tranche of R40 million to Benoryn in respect of the purchase of 23 000 000 Aflease shares. These shares were transferred to the CMMS trading account at T-Sec on the instruction of JCI, culminating in a claim against CMMS for having lost control or alternatively benefiting from the proceeds of these shares. Using the highest Rand price for SXR (formerly Aflease) shares at a conversion rate of 0.18 SXR share for every one Aflease share, subsequent to their alleged theft, a claim has been formulated against JCI for R95 499 000 (claim # 4);

88. Alternatively, delivery of 8 100 000 Aflease shares or their current SXR equivalent, alternatively payment of such amount as represents the value of the said 8 100 000 Aflease shares or their current equivalent, on the date on which JCI is found to be liable to R&E;

89. Alternatively, damages resulting from the alleged theft of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, amounting to R15 108 104;

90. Alternatively, damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, in an amount of R11 292 342.

The 94 000 000 Aflease shares

91. In October 2004, R&E entered into a share swap agreement with Aflease wherein 9 400 000 R&E shares were swapped for 94 000 000 Aflease shares. The Aflease shares were placed in the CMMS trading account and recorded in the investment ledger of First Wesgold, a wholly owned subsidiary of R&E. A claim has been formulated against JCI for the alleged theft of 94 000 000 Aflease shares based on the highest Rand price for SXR (formerly Aflease) shares at a conversion rate of 0.18 SXR share for every one Aflease share, being a claim of R1 108 260 300 (claim # 6);

92. Alternatively, delivery of 94 000 000 Aflease shares or their current SXR equivalent, alternatively payment of such amount as represents the value of the said 94 000 000 Aflease shares or their current equivalent, on the date on which JCI is found to be liable to R&E;

93. Alternatively, damages resulting from the theft of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, amounting to R165 083 164;

94. Alternatively, damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, in an amount of R144 711 877.

CLAIM # 7 – Theft of 2 000 000 DRD Ordinary Shares

95. A scrutiny of DRD's share register reflects that R&E was the registered owner of 6 689 327 ordinary shares on 12 September 1998. According to the share register this is the highest number of shares held by R&E.

96. By 31 December 1998 the shareholding had declined to 2 709 842 ordinary shares. At 31 December 1999 the investment register in the books and records of R&E reflected a shareholding of 4 971 110 ordinary shares, which together with 1 447 433 ordinary shares in the name of its wholly owned subsidiary, First Wesgold, totalled 6 418 543 shares against 3 238 493 in the share register for both R&E and First Wesgold, being an overstatement of 3 180 050 shares.

97. During the period, 10 September 1999 to 1 October 1999, 2 788 000 DRD shares, belonging to R&E, First Wesgold and Bentonite were transferred to the CMMS trading account (Account No. 211615 at EW Balderson) being the predecessor account, to the CMMS trading account at T-Sec, for no value and without any authority from the Board of R&E. At this time, neither CMMS, nor any of the companies in the JCI Group held any DRD shares. These shares were disposed of, realising proceeds of R31 029 671. Of these proceeds, R20 543 952 was paid to SocGen, a preference shareholder in BNC. On 18 March 1999, RAR Kebble and R B Kebble, signed a letter of undertaking, whereby they undertook to 'purchase' 20 000 of the variable rate redeemable preference shares, issued to SocGen by BNC, by no later than 30 September 1999 for R20 000 000. It would appear that this payment of R20 543 952 was made in settlement of the above obligation.

98. During the 2000 calendar year, 788 000 DRD shares were returned by CMMS to the First Wesgold trading account, where these shares were subsequently disposed of.

99. By 31 December 2000 R&E had no DRD shares and First Wesgold had 4 169 DRD shares per the share register. By contrast, the audited group financial statements reflected a shareholding of some 5 000 000 ordinary shares with a market value of R25 000 000.

100. On 29 May 2002, CAM, addressed a letter to the directors of R&E, presumably for audit purposes, confirming that CAM was holding 2 000 000 DRD shares on behalf of R&E as at 31 December 2001.

101. According to the share register, R&E held no shares and FWG held 4169 shares as at 31 December 2001 and 2000. CAM went on to confirm that 1 500 000 shares were released and returned to R&E on 15 March 2002.

102. On 15 March 2002, 1 500 000 DRD shares were ostensibly recorded as having been sold by R&E for R42 576 771 through T-Sec. This sale, however, did not take place but was merely a mechanism used to remove 1 500 000 DRD shares from the investment register of R&E. The fictitious brokers note used

to remove the shares from the books and records of R&E, was compiled by Poole. The JSE surveillance unit has further confirmed that no such trade of 1 500 000 DRD shares took place on the JSE on 15 March 2002.

103. The purpose of recording the fictitious sale of 1 500 000 DRD shares appear on available evidence to have been twofold:
    - It was designed to firstly remove 1 500 000 DRD shares from the investment register and books and records of R&E, which shares had already been sold by no later than September 1999;
    - It was designed to record the fact that the first payment in respect of the ABSA debenture facility, being a composite amount of R39 180 000, had been paid on 28 March 2002, when in fact this payment had been made directly by CMMS to ABSA.

104. The fact that CMMS was a party to this disguise by making such payment and ultimately not reflecting it as an amount owing by R&E, seems to be evidence that it conspired to disguise the fact that R&E's DRD shares were allegedly stolen by JCI on or before 15 March 2002.

105. Further evidence that JCI was a party to this disguise is supported by a purported confirmation from Tradek which appears to have been forged dated 5 June 2002 where CAM "confirmed" that the CAM trading account held 500 000 DRD shares as at 5 June 2002 and that the aforementioned shares were unencumbered.

106. Subsequent to the 2001 year end of R&E, various directors of JCI, all acting in concert with each other, and in concert with JCI, used a number of disguises to obviate the need to remove the ostensible 500 000 DRD shares still unaccounted for from R&E's records.

107. On 3 December 2004, Buitendag, ostensibly on behalf of R&E entered into a share swap agreement with Slipknot Investments 203 (Proprietary) Limited whereby R&E swapped 500 000 DRD shares in return for 14 000 000 JCI shares. This purported share swap was designed to eliminate the remaining "unaccounted" for 500 000 DRD shares, replacing them with 14 000 000 JCI shares which could be explained notwithstanding that no external audit was completed for the 2004 financial year-end.

108. These JCI shares were never received by R&E and have been derecognised as a listed investment.

Conclusion

109. R&E alleges that JCI in conjunction with the perpetrators, devised a scheme, which scheme resulted in JCI and one or more of the perpetrators, gaining control of the 2 000 000 DRD shares rendering JCI liable for damages resulting from the theft of the DRD shares amounting to R113 000 000, which amount represents the highest value of the 2 000 000 DRD shares subsequent to their theft;

110. Alternatively, JCI may be liable for the delivery of 2 000 000 DRD shares to R&E, alternatively payment of such amount as represents the value of the 2 000 000 DRD shares on the date on which JCI is found to be liable to R&E.

CLAIM # 8 – Theft of 40 million Simmer & Jack Mines, Limited ordinary shares

111. In late 2004 Simmers contemplated a rights issue. In the circular to shareholders dated 20 June 2005, the directors of Simmers asserted that JCI, through the holdings of its subsidiary and associated companies, held 77.6% of the issued share capital of Simmers.

112. This holding was made up as follows:

Shareholder	**Number of shares (000's)**	**Percentage**
CMMS	85 118	37.8
Continental Goldfields	40 000	17.8
Consolidated Mining Corporation	9 423	4.2
R&E	40 000	17.8
Total	**174 541**	**77.6**

113. The rights offer contemplated raising 516 241 685 new ordinary shares for R129 million, with cash raised of approximately R59 million.

114. The cash component, for which either cash or guarantees had to be in place, before the JSE would sanction the rights offer, was raised as follows:

Source	Number of shares	R'm
From Top-Gold AGmvK sale	116 000 000	29.0
Loan/Sale from JCI	100 000 000	25.0
From management consortium	20 000 000	5.0
Total	**236 000 000**	**59.0**

115. JCI in turn was to raise the R25 million it had committed to Simmers to facilitate the rights offer by obtaining a "loan" from Top-Gold of R25 million, secured by 100 000 000 Simmers shares.

116. It is not clear whether JCI lent the 100 000 000 Simmers shares to Top-Gold under a SLA or whether JCI actually sold the 100 000 000 shares to Top-Gold for R25 000 000.

117. What is of relevance though is that JCI did not have 100 000 000 shares to lend nor sell, as it had pledged its shares to secure financing from Sasfin.

118. The 100 000 000 shares which were transferred to Top Gold in December 2004 in terms of a "bookover" transaction executed through T-Sec, were sourced (in rounded numbers) from:

Shareholder	Number of shares	Value R
Continental Goldfields	40 000 000	10 000 000
R&E	40 000 000	10 000 000
Consolidated Mining Corp	9 000 000	2 250 000
Orlyfunt Holdings	11 000 000	2 750 000
Total	**100 000 000**	**25 000 000**

119. There is no evidence that R&E agreed to its investment in Simmers being either sold or lent to Top-Gold or JCI respectively, in order to facilitate JCI raising R25 million to meet its loan commitment to Simmers which, in turn, would facilitate Simmers' intended rights offer.

120. The directors of R&E asserted that R&E was the beneficial owner of 40 000 000 Simmers shares in the preliminary annual financial statements of R&E for the year ended 31 December 2004. No cognisance was taken of either a sale to Top-Gold, as evidenced by the "bookover" and transfer of the 100 000 000 Simmers shares, of which the 40 000 000 shares were part, nor of a SLA wherein all economic rights were transferred to Top-Gold, i.e. a sale. Top-Gold asserted in its unaudited half year financial report as at 31 December 2004 that it was the owner of the Simmers shares. There is also no evidence that R&E lent the shares to JCI, to allow JCI to on-lend the shares to Top-Gold.

121. We accordingly assert that the 40 000 000 Simmers shares were misappropriated by JCI in conjunction with other perpetrators, which together with other Simmers shares were used by JCI in order to raise R25 million.

Conclusion

122. By virtue of the alleged theft of the Simmers shares, R&E alleges that JCI is liable to it for the payment of R94 000 000 (which amount represents the highest price per share for Simmers shares between 1 December 2004 and the date of this claim);

123. Alternatively, JCI may be liable to R&E for the delivery of 40 000 000 Simmers shares, alternatively payment of such amount as represents the value of the said 40 000 000 Simmers shares on the date on which JCI is found to be liable to R&E.

CLAIM # 9 – Overseas SLA – Investec Bank (UK) Ltd – monetisation of 5 460 000 RRL shares allegedly stolen by JCI

124. As at 3 March 2004, R&E alternatively R R(H), was the beneficial owner of *inter alia* 5 460 000 RRL shares reckoned on a post split basis. On this date, JCI and IBUK entered into an Overseas SLA referred to as a "hedged equity transaction", the rationale for which was to allow JCI to borrow cash against a parcel of shares (the 5 460 000 RRL shares belonging to R&E or R R(H)) on better terms than a normal share cover loan would offer. No authority was given by R&E or R R(H) to lend these 5 460 000 RRL shares to JCI.

125. The structure required JCI to lend IBUK 5 460 000 RRL shares in ADR format. JCI received a fixed amount of collateral (being cash collateral) from IBUK as security against the share loan, and the RRL share parcel was hedged against the collateral by way of a range of put and call options.

126. JCI required the collateral amount to be paid in SA Rands ("ZAR"). To ensure that the ZAR collateral amount was never greater in value than the hedged parcel of shares (put options denominated in US$), JCI was required to purchase a US$ Put/ZAR Call FX Option from IBUK.

127. The settlement of these options was subject to the repayment by JCI of the ZAR collateral plus interest. The cost of the FX option was deducted from the collateral before it was paid to JCI.

128. The gross collateral amount was R221 975 537 which after deducting the option premium, yielded R208 794 833.

129. This was paid in four tranches; the first tranche of R61 659 084 was paid on 19 March 2004 to T-Sec. This R61,66 million was on the instructions of JCI channelled by T-Sec into a trading account controlled by Kebble from which R11.68 million was redirected to SocGen in partial settlement for an advance of R26.68 million (utilised previously to fund Western Areas to the extent of R21.68 million and CMMS to the extent of R5 million), R20 million was credited to a CMMS trading account and R29.98 million was transferred to a Western Areas trading account. Of the funds transferred out of the first tranche to the Western Areas' trading account, R20 million was recouped from this trading account and R15 million was recouped from a Western Areas bank account and used: (1) to partially redeem BNC's preference share obligation to SocGen in an amount of R20 million and (2) to repay the balance of SocGen's advance of R26.68 million, being R15 million.

130. The second and third tranches, amounting in total to R78 782 924 were paid to Investec Private Bank to settle various advances previously made to JCI Gold.

131. The fourth tranche of R68 352 825 was paid directly into CMMS's bank account.

132. A further R48 783 142 was paid to JCI on the restructuring of the equity options and collateral amounts by JCI in August 2004, by adjusting the equity put options upwards and adjusting the equity call options downwards.

133. On settlement of the FX option structure in May 2006, under the new Board, an amount of R29 182 964 was paid to R&E.

Conclusion

134. The 5 460 000 RRL shares are the subject of a claim against JCI, which claim has been formulated on the basis of an alleged theft of shares, using the highest rand price per share between April 2002 and the date of this claim. On this basis, the total claim is 5 460 000 shares at R159.23 per share which claim amounts to R869 395 800 (claim # 9);

135. Alternatively, JCI may be liable to R&E for delivery of 5 460 000 RRL shares, alternatively payment to R&E of such amount as represents the value of the said 5 460 000 RRL shares on the date on which JCI is found liable to R&E;

136. Alternatively, JCI may be liable to R&E for the alleged theft of the proceeds arising from the sale of the 5 460 000 RRL shares amounting to R270 758 673;

137. Alternatively, JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 5 460 000 RRL shares in an amount of R270 758 673.

CLAIM # 10 – The Phikoloso Transaction

138. The transaction ostensibly structured to secure a BEE shareholding of some 19% in R&E by Phikoloso, appears to be on evidence available a mechanism to provide liquidity and personal gain for certain former directors, company officials and others as well as to benefit JCI either directly or indirectly.

139. The methodology was to issue and list new R&E shares ostensibly to acquire a newly incorporated special purpose vehicle with substantially fictitious assets, and then to gain control of such R&E shares and deal therewith to give effect to JCI's ends and purposes.

140. 8 800 000 R&E shares with an approximate market value of R259.6 million were issued in return for a 100% stake in Viking which purportedly held a 75% stake in a BEE company, Kabusha and a direct investment in certain listed shares.

141. Prior to Viking's incorporation, Kabusha had negotiated to acquire 23 000 000 shares in Aflease from Benoryn for R92 million, to be funded by JCI. The purchase consideration was to be paid in two tranches of R40 million and R52 million.

142. JCI did not meet its commitment to fund the first tranche and it would appear that the directors of Kabusha then agreed with the directors of R&E to "sell" 8 100 000 Aflease shares on the market to R&E, thereby securing settlement, and providing a source of funding to pay the first tranche.

143. R&E settled the transaction by transferring R40.7 million to its trading account at T-Sec and the Aflease shares were immediately transferred from R&E's trading account to CMMS's trading account, for no value.

144. Kabusha regarded and recorded this as a secured loan from Viking. At no stage did R&E record this transaction as an investment in Aflease shares; in fact it recorded this cash outflow as an acquisition of mineral rights in Sierra Leone. The financial director of R&E confirmed to the external auditors of Kabusha that it held the 8 100 000 Aflease shares on Kabusha's behalf, despite the fact that CMMS had "borrowed" these shares, as disclosed in the audited group financial statements of JCI for the year ended 31 March 2004. Whilst residing in the CMMS trading account, 2 000 000 shares were transferred in October 2004 to a trading account under the control of Kebble, with no value accruing to R&E and the remaining 6 100 000 shares were sold in the CMMS trading account realising proceeds of R11 292 342 (significantly less than their original purchase consideration).

145. The JCI commitment to fund the second tranche of R52 million was also not met. By this stage the funding requirement for the Aflease shares had been "regularised" by way of a loan agreement for R92 million between Viking and Kabusha. The R52 million second tranche was eventually settled, with interest, by JCI after litigation was instituted against JCI.

146. In a separate transaction purportedly with R&E, Kabusha desirous of raising funds to meet costs associated with the default on the second tranche, again sold 1 675 000 Aflease shares on the market on 22 July 2004 to ensure settlement. These shares were acquired in the Lunda Sul trading account at T-Sec, using funds sourced from the sale of new R&E shares issued for Angolan diamond concessions.

147. These shares, which Kabusha asserted as its property, were sold by the related party despite R&E confirming as at 31 December 2004 that CMMS was holding these shares on behalf of Kabusha.

148. Kabusha continued to account for both the 8 100 000 and the 1 675 000 Aflease shares in its financial statements, resulting in R&E including these shares in its group financial statements as at 31 December 2004, when in fact these shares had been sold.

149. In order to bolster Viking's net asset value at the date of acquisition to justify the purchase consideration, fictitious investments in Aflease (7.3 million shares), Harmony (315 000 shares) and Amplats (235 000 shares) had been created by way of false brokers notes. These non-existent shares were subsequently "sold" to R&E and the Harmony and Amplats shares were purportedly scrip lent to Bookmark in a SLA to disguise their non-existence.

150. At 31 December 2003 they were reflected as listed investments in the audited financial statements of R&E. They remained listed investments through 31 December 2004 and were finally derecognised as investments as at 31 December 2005. The non-existence of the Aflease shares was disguised by way of a forged stockbroker's confirmation as at 31 December 2003 and by way of a fraudulent legal agreement as at 31 December 2004. This investment was derecognised as at 31 December 2005.

Bookmark and the Harmony and Amplats SLA

151. On 1 October 2004, R&E represented by Buitendag and Bookmark represented by S. Rasethaba, purportedly concluded an SLA in terms of which R&E "lent" 315 000 Harmony and 235 000 Amplats shares to Bookmark.

152. The above SLA does not appear to have been authentic and appears to have been the mechanism used to conceal fictitious investments in Harmony and Amplats shares. This transaction resulted in the incorrect reporting of listed investments in Harmony (315 000 shares at a cost value of R34.2 million) and Amplats (235 000 shares at a cost value of R68.5 million). The fictitious Harmony and Amplats investments were reflected as assets of R&E as at 31 December 2004, with a fair value of R67.7 million in aggregate when in fact these assets did not exist.

Conclusion

153. In July 2003 R&E acquired the entire issued share capital of, and all shareholders' claims on loan account against Viking in exchange for the issue of 8 800 000 new R&E shares, equivalent to 19.7% of R&E's issued share capital. The new shares were issued in the name of Equitant and placed in that company's trading account at T-Sec.

154. In September 2003, 3 088 000 R&E shares were transferred out of the Equitant trading account to the Paradigm Shift trading account (a trading account under Kebble's control), whereupon 1 600 000 R&E shares were thereafter transferred to CMMS, on 1 December 2003, 3 000 000 R&E shares were transferred to a trading account of Letseng Diamonds (Proprietary) Limited (account number 0671982) held at Consilium Capital (SA) (Proprietary) Limited, and 300 000 R&E shares were transferred to the CMMS trading account at T-Sec on P B Beale's instruction.

155. The purported creation, allotment, listing and issue of 8 800 000 R&E ordinary shares for no apparent value received has culminated in a claim against JCI and other associated entities amounting to R149 600 000.

CLAIMS # 11, 12 and 13 – The Angolan Operations

156. Despite attempts by JCI to establish diamond mining operations in Angola, various projects entered into were transformed into opportunities to issue and list new R&E shares, ostensibly to acquire equity stakes in Angolan concessions obtained by South African companies and then to allegedly misappropriate such shares for cash for the benefit of JCI.

157. 4 960 000 R&E shares were issued in respect of three separate projects and placed in a trading account in the name of Lunda Sul at T-Sec. These shares, together with 200 000 R&E shares arising from an additional issue of 1 506 000 shares ostensibly issued for mining equipment (which shares were placed in dematerialised form in a Trans Benguela Logistics (Proprietary) Limited trading account at T-Sec), were then sold for R86.2 million. These proceeds were then transferred to various third party bank accounts. Of these funds, R30.8 million was channelled into the personal bank account of Kebble. Of the balance of 1 306 000 R&E shares, 200 000 shares were transferred to the Robinson Deep trading account at SA Stockbrokers, 607 000 shares were transferred to the Alibiprops trading account at T-Sec, with 641 000 of these R&E shares being transferred to the CMMS trading account at T-Sec as securities were purportedly required to be used for a pledge. All the instructions to transfer the securities were issued by P B Beale who, in turn, was acting on instructions issued by the perpetrators.

158. A further 1 492 000 R&E shares were issued for a fourth Angolan project and placed in the CMMS trading account at T-Sec. The whereabouts of these shares and/or the proceeds of their sale was the subject of a separate forensic investigation. Without detracting from the basis of the legal claim, a minimum claim for the 1 492 000 R&E shares issued at R18.50 per share, for which R&E received no value, has been asserted against JCI.

159. On 23 June 2004 1 506 000 R&E shares were issued and listed at R18.50 per share, ostensibly to settle the purchase consideration for the acquisition of mining equipment from Trans Benguela Logistics. 200 000 of these shares were transferred to a trading account in the name of Lunda Sul Holdings (Pty) Ltd (refer 2.9.2 above). The balance of 1 306 000 is the subject of a separate claim.

160. The issue and listing of the 7 958 000 R&E shares was void and designed solely to make such shares available for misappropriation from R&E. The fictitious assets arising from these share issues, falsely reported in aggregate as having a carrying value of R162 million as at 31 December 2004, respectively, have been fully impaired. Recoveries are being sought from the recipients of these shares.

Conclusion

161. Between April and June 2004, 5 160 000 new R&E shares were issued, 2 268 000 at R25.00 per share and the balance at R18.50 per share. These shares were placed in a trading account at T-Sec in the name of Lunda Sul, disposed of, and the funds appear to have been misappropriated by JCI and the perpetrators from this trading account, culminating in a claim against JCI for damages. In order to regularise the position, R&E will be required to purchase the 5 160 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully issued and allotted in R&E's share register. Using the issue price of R25.00 per share (in respect of 2 268 000 shares) and R18.50 per share (in respect of 2 892 000 shares) – being the price at which R&E can buy these shares back – R&E contends that JCI is indebted to it for the sum of R87 720 000 (claim # 11).

162. On 23 June 2004, 1 506 000 new R&E shares were issued for mining equipment at R18.50 per share. These shares were placed in a trading account in the name of Trans Benguela Logistics (Pty) Ltd in the records of T-Sec, 200 000 of which were transferred to a trading account in the name of Lunda Sul Holdings (Pty) Ltd and are included in claim # 11 (refer paragraph 2.10.6.2 above). The balance of these shares were subsequently transferred to several trading accounts at various stockbrokers, with no value accruing to R&E. 641 000 R&E shares were transferred to a CMMS trading account culminating in a claim for damages. In order to regularise the position, R&E will be required to purchase the 1 306 000 R&E shares on the open market and thereafter to cancel such shares in its share register which were unlawfully issued and allotted. Using the issue price of R18.50 per share (being the price at which R&E can buy these shares back) R&E contends that JCI is indebted to it for the sum of R22 202 000 (claim # 12).

163. On 23 June 2004, 1 492 000 new R&E shares were issued at R18.50 per share, ostensibly for a participation in an Angolan diamond concession. These shares were placed in a CMMS trading account at T-Sec, culminating in a claim against JCI for damages. In order to regularise the position, R&E will be required to purchase the 1 492 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully issued and allotted. Using the issue price of R18.50 per share (being the price at which R&E can buy these shares back) R&E contends that JCI is indebted to it for the sum of R25 364 000 (claim # 13).

CLAIM # 14 – Theft of 4 000 000 RRL shares and disposal of 3 000 000 WAL shares to secure securities lending facility for JCI

164. As at 31 December 2003, R&E alternatively R R(H) was the beneficial owner of, *inter alia,* 4 000 000 RRL shares.

165. CMMS, through T-Sec, entered into a securities lending facility with SocGen thereby facilitating the raising of finance to meet its ongoing cash commitments for the benefit of JCI. In the first instance JCI/CMMS commenced this form of trading in approximately 2001/2002. On 3 March 2004, 1 000 000 RRL shares (on a pre-split basis) belonging to R R(H) were used for the first time as collateral for the SLA between SocGen and T-Sec when R R(H) purportedly authorised the pledging of these shares in favour of SocGen. In terms of the SLA, SocGen would have had recourse in the event of default to T-Sec and T-Sec would in turn have had recourse against CMMS/JCI. This was subsequently increased to 2 000 000 (pre-split) RRL shares by the pledge of an additional 1 000 000 RRL shares belonging to R R(H) on 30 April 2004. The share pledge letter, Crest transfer forms and pledge resolutions appear to be forgeries (with alleged forged Kebble and P B Bawden signatures) and did not constitute the written consent of the Board of Directors of R R(H). The R R(H) resolution purportedly authorising the pledge was dated 2 July 2004. The transfer secretaries were requested to "flag" these shares in the share register and under no circumstances should the "flag" be removed without authorisation from SocGen. This was the beginning of the pledging process with RRL shares being used to collateralise T-Sec's exposure to SocGen on the short sales position.

166. In order for JCI to borrow any particular security for immediate sale, T-Sec was required in terms of the JCI SLA with SocGen, to provide SocGen with sufficient collateral in respect of the scrip which it intended borrowing.

167. Collateral in the form of 4 000 000 RRL shares which appear to have been stolen, were ostensibly made available by JCI in respect of this SLA. Such shares were owned by R R(H) and were neither beneficially owned by JCI nor any of its subsidiaries.

168. The JCI SLA was utilised by JCI to borrow and sell securities to generate cash which could be used by JCI and its various subsidiaries and associate companies (including CMMS) to meet JCI's day-to-day business and other commitments.

169. Whilst JCI was selling the various counters (which it had through T-Sec borrowed from SocGen), short into the market, the market conditions were against the short sale of such scrip. The market was experiencing a "Bull run" at the time, and T-Sec had advised against the short sale of the borrowed shares when sales were executed, the concern being that in the event of the price of the relevant counters sold short into the Bull market escalating, JCI would be required to re-purchase the scrip sold by it on the maturity dates (when it would become liable to return the borrowed shares to SocGen), at prices far in excess of those at which the borrowed scrip had initially been sold. This gave rise to a loss being occasioned by JCI in having to buy back the scrip at far higher prices than the scrip was initially sold for.

Conclusion

170. By virtue of the alleged theft of the 4 000 000 RRL shares, R&E alleges that it has sustained damages and that JCI may be liable to it for an amount of R636 920 000 which amount represents the highest value of the 4 000 000 RRL shares subsequent to their alleged theft;

171. Alternatively, JCI may be liable to R&E for delivery of 4 000 000 RRL shares, alternatively payment to R&E of such amount as represents the value of the said 4 000 000 RRL shares on the date on which JCI is found to be liable to R&E;

172. Alternatively, JCI may be liable to R&E for the theft of the proceeds arising from the sale of the 4 000 000 RRL shares amounting to R386 672 211;

173. Alternatively, JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 4 000 000 RRL shares in an amount of R386 672 211.

Alleged unauthorised use of 3 000 000 WAL shares to reduce losses occasioned by JCI on its scrip lending facility

174. On 26 October 2004, a trading account in the name of R&E – "the R&E Scrip Lending Account" was opened at T-Sec which appears to have been opened for the ends and purposes of JCI as mentioned herein, appointing T-Sec, as agent for this purpose. Up and until 27 January 2005 the R&E Scrip Lending Account at T-Sec largely remained inactive. Evidence indicates that minimal trading in this account had taken place prior to this date.

175. On 12 January 2005, a Global Master SLA was purportedly concluded between R&E and SocGen. This facility appears to have been almost exclusively used for the benefit of JCI and not R&E. On 27 January 2005, JCI caused a negative open position of R209 413 659 to be transferred from the CMMS/JCI Scrip Lending Account to the R&E Scrip Lending Account at T-Sec without any evidence or authority from R&E's Board.

176. The transfer of the said liability to the R&E Scrip Lending Account amounted to a foistering of a liability on R&E. The loss position which was assigned to the R&E Scrip Lending Account, was made up of various short positions as follows:

		R
Tiger Brands Limited	(300 000 shares)	28 815 000
Investec Limited	(477 472 shares)	81 026 999
Standard Bank Limited	(1 524 834 shares)	99 571 660
		209 413 659

177. This negative open position was transferred to the R&E Scrip Lending Account from the JCI/CMMS Scrip Lending Account for at least two reasons:
    (a) reduce JCI's/CMMS's losses attributable to scrip borrowing, which had reached R791 286 699 by December 2004 as a consequence of an apparent reckless disregard for market conditions at the time; and
    (b) to assist T-Sec in reducing its overexposure to a single client (JCI/CMMS), so that it could comply with its Counterparty Risk Requirement component of its overall Capital Adequacy requirement imposed by the JSE.

178. This adverse position was addressed through JCI/CMMS (together with other perpetrators), devising a scheme, which resulted in JCI/CMMS at the time, instructing T-Sec to transfer from the CMMS Scrip Lending Account a liability of R209 413 659 to the R&E Scrip Lending Account on 27 January 2005.

179. Certain collateral held by T-Sec and/or the scrip lender was also transferred on 27 January 2005 to ostensibly cover the scrip borrowing losses fostered upon R&E, (although such collateral fell well short of such position). These included:

	Number shares	**Value R**
JCI	89 526 009	30 438 843
Matodzi	52 896 597	35 969 686
WAL	2 000 000	60 000 000
		126 408 529

180. 3 000 000 RRL shares, which shares under the unlawful control of JCI/CMMS had been pledged by JCI to SocGen in terms of the T-Sec Scrip Lending facility, were also transferred back to R&E ostensibly to cover the negative short position referred to, but these shares were the property of R R(H), were on R&E's Group balance sheet and did not constitute 'value' to R&E. The shortfall between the negative position fostered and the true collateral 'value' received was R83 005 130. The above collateral (being the JCI, Matodzi and WAL shares) was subsequently transferred out of the R&E Scrip Lending Account (back to CMMS) without value to R&E.

181. An analysis of the CMMS Scrip Lending Account (operated for JCI), revealed during December 2004, a loss of R791 286 699, being the aggregate of all losses that had arisen in the course of selling short into the market, the various shares which had been borrowed from SocGen.

182. The R&E Scrip Lending Account was operated with the apparent sole purpose of raising cash primarily for the benefit of JCI without due regard for prevailing market conditions. This is borne out by the fact that scrip which had been borrowed from SocGen was immediately sold into a rising market (against prevailing market conditions and advice) resulting in a spiralling loss position manifesting in the R&E Scrip Lending Account with each passing trade. Proceeds which resulted appeared to have been applied for the benefit of JCI.

183. In the course of running up the losses in the R&E Scrip Lending Account in the fashion described above, 79 parcels of shares (being various counters) were borrowed and sold short into the market.

184. During the period January 2005 to July 2006, our findings indicate that JCI in fact borrowed scrip from SocGen in the name of R&E, which it caused to be sold, through the R&E Scrip Lending Account, and the proceeds deriving therefrom were applied for the benefit of JCI and its subsidiaries and associated companies and not for the benefit of R&E. The obligation to return the shares ostensibly borrowed by R&E in the R&E Scrip Lending Account, did not rest with R&E, but rather with JCI.

185. In trading the R&E Scrip Lending Account in the manner aforesaid, a share trading loss amounting to R389 823 969 built up in the R&E Scrip Lending Account between 27 January 2005 and 16 January 2006.

186. We are informed, that a short while after the security referred to in paragraph 179 above was transferred to R&E, being the JCI, Matodzi and WAL shares which were initially transferred to R&E, the majority were subsequently re-transferred back to the CMMS Scrip Lending account from the R&E Scrip Lending account.

187. Furthermore, the cash generated in the R&E Scrip Lending Account, being R109 922 499 was transferred to JCI and/or JCI related entities. A mere R6 million appears however to have been transferred to R&E's bank account of which R2 629 494 was transferred by R&E back into the R&E Scrip Lending Account in order to address further losses which had arisen.

188. Notwithstanding the theft of the 4 000 000 RRL shares referred to in paragraphs 164 to 173 above, SocGen on 19 January 2006 forced a sale of R&E's 4 000 000 RRL shares. The sale of the 4 000 000 RRL shares realised proceeds of R386 195 582, same being used to repurchase counters which needed to be returned and which had amounted to R389 823 969.

189. Our findings reveal that in terms of various agreements (the Consortium Sale Agreement and the Option Agreement including various amendments thereto) entered into on 2 December 2004 between R&E, Tawny, Anglo and Inkwenkwezi, Inkwenkwezi had acquired 3 434 625 WAL shares (being one quarter of the sale shares it was intended to acquire in terms of the Consortium Sale Agreement), the acquisition of which had been funded by a loan from R&E of R128 798 437 which loan carried interest at prime plus 150bps. In terms of the Consortium Sale Agreement, R&E had indemnified Anglo against liability, loss or damage which Anglo may suffer or sustain or which may be attributable to the failure by Inkwenkwezi to pay the purchase price for the sale shares or any portion thereof, together with interest thereon, or due to the cancellation and termination of the agreement on account of a breach by Inkwenkwezi of such agreement. In indemnifying Anglo, R&E had agreed that if a default occurred, R&E be required to pay to Anglo, by way of penalty, the amount of R70 million. As security for, *inter alia*, R&E's aforementioned obligations to Anglo, R&E pledged 5 268 800 WAL shares to Anglo. On 15 February 2005, Anglo agreed to release 1 317 200 of such shares from the pledge – this being due to Inkwenkwezi having honoured its obligations in respect of a quarter of the purchase price for the WAL shares. By July 2006, Inkwenkwezi was in breach of the Consortium Sale Agreement by failing to pay the purchase price for the remainder of the sale shares to Anglo and as a result of such failure Anglo

cancelled the agreement. Pursuant to settlement negotiations, Anglo and R&E reached agreement on 4 August 2006 for R&E to pay R10 million to Anglo in full and final settlement of all claims arising from or connected with the Consortium Sale Agreement, on the cancellation and termination of such agreement, on account of Inkwenkwezi's breach. On receipt of the R10 million from R&E, Anglo agreed to release the pledge in respect of 3 951 600 WAL shares (being the difference between the original pledge by R&E of 5 268 800 WAL shares and 1 317 200 WAL shares which shares had been released from the pledge on 15 February 2005).

190. Our findings further reveal that 3 000 000 WAL shares, which shares had ostensibly been pledged to R&E by Inkwenkwezi as security for the aforementioned loan of R128 798 438 to acquire 3 434 625 WAL shares, were allegedly stolen by JCI and pledged to BJM as collateral for a JCI Scrip Lending facility and sold on 11 July 2006. The 3 000 000 WAL shares were subsequently sold in the R&E Scrip Lending Account as per agreement between Leonard Steenkamp of T-Sec and P Gray. SocGen, the lender, had demanded return of the various shares which had been sold short in the R&E Scrip Lending Account and in the CMMS Scrip Lending Account at T-Sec. In order to raise cash to fund the purchase of these shares which had been sold short in these trading accounts, Investec, presumably through the mechanism of a loan to JCI, agreed to provide finance. In addition 3 000 000 WAL shares standing to the credit of the Randgold Scrip Lending Account, which shares were owned jointly by R&E (being 1 410 013 WAL shares) and by Inkwenkwezi (being the balance), were sold by T-Sec, the proceeds being applied to acquire shares which had been sold short in the R&E Scrip Lending Account (these positions having been initially fostered upon R&E) and in the CMMS Scrip Lending Account. The proceeds from the sale of the 3 000 000 WAL shares of R122 506 887 were credited to the R&E Scrip Lending Account. On 12 July 2006, M van Zyl of T-Sec advised Trish Beale that the shares had been sold and sought authority for R80 million to be transferred from the R&E Scrip Lending Account to the CMMS Scrip Lending Account. On 12 July 2006 P Gray and R Pearcey duly instructed T-Sec to make the transfer.

191. On 24 July 2006, the directors of Inkwenkwezi mandated R&E to exercise its security interest in the 3 434 625 WAL shares in its sole discretion and authorised R&E to dispose of these shares and to apply the proceeds from the sale of the 3 434 625 WAL shares firstly to settle the R10 million Anglo penalty, secondly to repay the capital portion of the Randgold loan, thirdly to repay any interest which had accrued in respect of the loan and finally to refund Inkwenkwezi in respect of any residual remaining. Notwithstanding the fact that R&E had been mandated by Inkwenkwezi to dispose of the 3 434 625 WAL shares and to apply the proceeds thereof in the aforementioned manner (albeit that this permission had been obtained after the date on which 3 000 000 WAL shares had already been disposed of), JCI caused 3 000 000 WAL shares to be disposed of and the proceeds from the 3 000 000 WAL shares to be used to acquire shares which had been sold short and which needed to be returned to SocGen, an obligation which rested with JCI.

192. Upon further analysis of the R&E Scrip Lending Account, it is apparent that in December 2005, 1 183 504 WAL shares were subscribed for at a price of R18.00 per share in terms of a WAL rights offer dated 25 November 2005 and debited to the R&E Scrip Lending Account. It is insightful that 1 183 504 is the number of rights attaching to a holding of 3 951 600 WAL shares (the very same number of WAL shares registered in R&E's name in the records of Computershare at the time and pledged to Anglo in terms of the Consortium Agreement). At the time of the WAL rights offer, WAL shares were trading at a price of R37.00 per share. At the time when the R&E Scrip Lending Account was finally closed out in December 2006, R&E were not placed with these rights as they were allocated to JCI. This provides further corroborating evidence that the R&E Scrip Lending Account was purely opened to serve as a vehicle created by JCI as an extension of the JCI Scrip Lending Facility, thereby assisting T-Sec in reducing its overexposure to a single client (JCI/CMMS), so that it could comply with its Counterparty Risk Requirement component of its overall Capital Adequacy requirement imposed by the JSE.

Conclusion

193. Further claims are being formulated in respect of damages occasioned to R&E arising from the sale of 3 000 000 WAL shares (or Gold Fields Limited shares, being their current equivalent) which JCI caused R&E to sell, to repurchase shares which had ostensibly been borrowed from the scrip lender in the R&E Scrip Lending Account, and which were required to be returned to the scrip lender, notwithstanding that such obligation rested with JCI.

CLAIM # 15 – Net placing of 900 000 RRL shares offshore to secure liabilities of Paul Main

194. R&E alternatively, R R(H), was the beneficial owner of, *inter alia,* 900 000 (post split) RRL shares.

195. On 28 October 2003, 1 000 000 RRL shares (certificate 900), on a pre-split basis, were delivered to a firm of solicitors in London in respect of a pledge of shares to CPM Main to secure JCI's obligations to Concerto Nominees in respect of a proposed merger of Sociede Mineira Do Lumuanza mine in Angola with Letseng Diamonds There is no resolution in R R(H)'s statutory records authorising the delivery of the 1 000000 RRL shares and the R R(H) covering letter accompanying the share certificate contains a forged signature of P B Beale.

196. In June 2004 these shares were split (2-for-1) resulting in the pledged shares now numbering 2 000 000. Of the 2 000 000 RRL shares, only 1 100 000 RRL shares have been returned. These returned shares were themselves then allegedly stolen by CMMS/JCI and sold on the Nasdaq during the course of 2005. The returned shares are part of the claim relating to the 12 360 000 RRL shares (refer 2.2.9.1 above), of which 3 750 000 were sold in the CMMS trading account in 2005.

Conclusion

197. The 900 000 RRL shares remain outstanding and are the subject of a claim against JCI and others. A claim has been formulated against these parties on the basis of an alleged theft of shares, using the highest rand price per share between April 2002 and the date of this claim. On this basis, the total claim is 900 000 shares at R159.23 per share which claim amounts to R143 307 000 (claim # 15);

198. Alternatively, JCI may be liable for the delivery of the 900 000 RRL shares to R&E, alternatively payment of such amount as represents the value of the said 900 000 RRL shares on the date on which JCI is found to be liable to R&E.

CLAIMS # 16 and 17 – Further claims relating to the disposal of JCI ordinary shares and WAL ordinary shares

199. As at 31 December 2002, First Wesgold was the beneficial owner of *inter alia,* 28 000 fully paid-up ordinary shares in the issued share capital of WAL and 12 574 836 fully paid-up shares in the issued share capital of JCI.

200. In and during the period, January 2003 to 4 July 2003, 12 574 836 JCI shares and 28 000 WAL shares were disposed of with the proceeds of R8 969 188 being credited to a trading account in the name of First Wesgold in the records of T-Sec. These shares were sold in thirteen individual transactions between 23 May 2003 and 4 July 2003. The share proceeds were dispersed as follows: R3 140 438 was transferred to CMMS and R5 051 350 was paid to a director of JCI and CMMS at the time.

201. No entries were recorded in the books of R&E or First Wesgold until 30 June 2003 and then again on 31 August 2003. On these dates, five entries totalling R8 191 788 were debited to a general ledger account, styled "Loan asset – CMMS (shares)" and subsequently transferred on 31 December 2003 to a general ledger account, styled "Loan asset – Masupatsela". This general ledger account was by design used to disguise a related party transaction with CMMS and was even supported by a purported loan agreement between R&E and Masupatsela Investment Holdings (Proprietary) Limited, this company having entered into a back-to-back agreement with CMMS.

202. In the general ledger of CMMS, the amounts paid to the abovementioned director were debited to an account styled "Sundry debtors" on 30 September 2003 and was subsequently transferred on 31 March 2004 (JCI's year-end) to an account styled "Consolidated Investments – Alibiprops" to conceal a loan to a director.

Conclusion

203. By virtue of the alleged theft of the 12 574 836 JCI shares and the 28 000 WAL shares, R&E alleges that it has sustained damages and that JCI may be liable to it for an amount of R11 317 352.40 which amount represents the highest value of the 12 574 836 JCI shares subsequent to their alleged theft (claim # 16) as well as an amount of R1 391 600.00 which amount represents the highest value of the 28 000 WAL shares subsequent to their alleged theft (claim # 17);

204. Alternatively, JCI may be liable to R&E for delivery of 12 574 836 JCI shares and 28 000 WAL shares, alternatively payment to R&E of such amount as represents the value of the said 12 574 836 JCI shares and the 28 000 WAL shares on the date on which JCI is found to be liable to R&E;

205. Alternatively, JCI may be liable to R&E for the theft of the proceeds arising from the sale of the 12 574 836 JCI shares amounting to R8 042 099.67 and the theft of the proceeds arising from the 28 000 WAL shares amounting to R924 294.21;

206. Alternatively JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 12 574 836 JCI shares in an amount of R3 140 438.37 and the receipt by it of the proceeds arising from the sale of the 28 000 WAL shares in an amount of R396 894.21.

CLAIM # 18 – Monies lent and advanced to CMMS

207. This claim is not prefaced on the basis of a theft of shares, but rather on the basis of moneys allegedly lent and advanced by R&E to CMMS.

CLAIM # 19 – Alternative claim to claims 1 to 18

208. This claim is not the subject of this summarised forensic report.

Conclusion

209. Our findings have revealed that at law, R&E enjoys a cause of action against JCI due to the conduct of certain of the perpetrators being ascribed to JCI in that they controlled and directed the business and affairs of JCI. The perpetrators purportedly participated in, were privy to, authorised and instigated various acts for the benefit of JCI and its subsidiaries and associated companies in the knowledge that such acts were unlawful, and which have been of prejudice to R&E either directly or indirectly. Because JCI has been sued as a joint wrongdoer, it would follow that similar claims will be brought against other third parties who purportedly acted unlawfully and in collusion with JCI.

John Louw
Director

17 October 2008

R&E'S SENIOR COUNSEL OPINION REGARDING THE R&E CLAIMS

INTRODUCTION

1. We have been requested to consider and provide our views in respect of the prospects of success enjoyed by Randgold in its various claims against JCI.

2. The Randgold legal team was instructed to formulate claims against JCI, having regard, *inter alia,* to:

   2.1 the findings of Randgold's Forensic Investigators, Umbono Financial Advisory Services (Pty) Limited ("**Umbono**");

   2.2 the series of Forensic Reports prepared by Umbono;

   2.3 the contributions of various witnesses (the co-operation of which had been secured by Randgold's executive).

3. In formulating the Randgold claims against JCI, Randgold's legal team was instructed to assert the strongest possible case for Randgold against JCI.

4. We direct specific attention to the following:

   4.1 In accordance with the Mediation/Arbitration Agreement concluded on 7 April 2006 ("**the Mediation Agreement**"), both Randgold and JCI were obliged in terms thereof, to each independently prepare a Forensic Report relevant to their findings in respect of each of Randgold and JCI separately, and to thereafter exchange such Reports in accordance with the provisions of clause 7 of the Mediation Agreement;

   4.2 On 20 June 2006, and at a formal meeting held at the chambers of Farber SC, Randgold and JCI's legal representatives exchanged the said Reports;

   4.3 The JCI Report bears the date of 8 May 2006 ("**the 8th of May Report**"), whilst that of Randgold bears the date of 20 June 2006;

   4.4 Consequent upon the exchange of the aforesaid Forensic Reports, Randgold's legal team proceeded in accordance with its instructions, to formulate the claims enjoyed by Randgold against JCI, and which found expression in Randgold's Statement of Claim;

   4.5 Randgold's Statement of Claim was served on JCI on 3 August 2006;

   4.6 Consequent upon the preparation of the Statement of Claim, JCI served a further Forensic Report which was prepared by KPMG ("**the further JCI Report**"), although this was not contemplated under the Mediation Agreement;

   4.7 The further JCI Report constitutes a critique of the claims proffered by Randgold in its Statement of Claim against JCI;

   4.8 We note that the forensic findings of Umbono (on the strength *inter alia* of which Randgold's claims were formulated), appear to be echoed in the 8th of May Report;

   4.9 There appears further, to exist substantial parity between the Forensic Report by Umbono and the 8th of May Report by JCI; and

   4.10 We are fortified in our evaluation of the prospects of success in respect of the claim by Randgold against JCI, by the apparent disparity between the 8th of May Report and the further JCI Report.

5. We invite specific attention to the following excerpts from the 8th of May Report which appear to be largely congruent with and to lend credence to the basis upon which the Randgold claims have been formulated:

5.1 At page 1 of the 8th of May Report, the following appears:

"*The strategy adopted by the Directors and Officers of JCI Limited and its subsidiaries required access to significant funding for the execution of such strategy. We noted that JCI Limited had little access to funding and we understand that the Group did not enjoy support from financial institutions, save for the event of the Investec UK transaction, which generated funding to JCI Limited…..*"

5.2 At page 78 and at lines 6 to 7, the following is stated:

"*We found no evidence indicating that JCI Limited and its subsidiaries, particularly CMMS, owned any RRL shares.*"

5.2.1 Page 81 and at lines 12 to 14 the following is stated:

"*Depending on the nature of the transaction underlying the sale of such RRL shares in the Alibiprops transactions, CMMS and its fellow subsidiaries appear to either have an obligation to return 1 916 652 RRL shares (due thereto that the Alibiprops transaction was performed prior to the split of the RRL shares) to RRH, in addition to those mentioned above, or to repay the monetary benefit obtained.*"

5.3 At page 83 and at lines 1 to 3 the following is recorded:

"*Assuming a share price of USD 17 for RRL shares and a R/USD exchange rate of some R6.38, an amount of R1 809 849 677.24 would then have been required to fund the return of the RRL shares sold to RRH.*"

5.4 At page 105 and at lines 4 to 6, the following is stated:

"*These facts are indicative of the following elements of the relationship between JCI Limited and REC as a result of the transactions mentioned at 7.2 supra:*

- *JCI Limited used the resources of RRH for its own benefit; and*
- *The executors of the transactions did not want to disclose such fact.*"

5.5 At page 135 at lines 13 to 21, the following is stated:

"*We have indicated supra that the obligation to return RRL shares to RRH rests upon JCI Limited, due to an unauthorised appropriation thereof, the Investec UK structure and due to it having benefited from the sale of RRL shares in the Alibiprops account. As some 16 686 794 RRL shares have to be returned in this manner and would need to be purchased, the cost to JCI Limited could be some R1 809 849 677.24, provided an RRL share price of USD17 and a Rand/USD exchange rate of some R6.38. If the Settlement Agreement can be interpreted to mean that the obligation of JCI Limited in this regard is limited to R500 million, it means that an effective write off of some 12 076 800 RRL shares of RRH have been achieved, once again protecting JCI Limited against a claim of RRH.*"

6. It would appear that JCI has adopted a stance in the further JCI Report at variance with the stance adopted in the 8th of May Report. This apparent change in stance and the reasons giving rise thereto will be fully ventilated should the matter proceed to arbitration.

7. We draw attention to the following further considerations:

7.1 A large number of the claims proffered by Randgold against JCI in respect of which misappropriations have been alleged, find their origin in the findings of Umbono and other witnesses who contend that thefts have been perpetrated against Randgold;

7.2 The claims that have been proffered in respect of each such misappropriation of Randgold's assets, have been predicated on the structure of the alternatives set out in the Overview of the Randgold Claims;

7.3 At the highest level, Randgold asserts that to the extent that JCI is found to have misappropriated the assets of Randgold, in the manner contended for in the Statement of Claim, then and in those circumstances, the appropriate measure of damages and the appropriate degree of compensation by JCI to Randgold (based on Roman Dutch Authorities), is such that Randgold is entitled to recover from JCI the highest value ever achieved pertaining to the commodity stolen;

7.4 Were damages not to be awarded on this principle, Randgold in the second tier of its alternatives to such claims, contends that it is entitled to obtain a return from JCI of the equivalent number of shares misappropriated. The difference between this and damages based on theft may prove negligible;

7.5 The further alternatives on which these claims are based, would entitle Randgold to a lesser measure of damages;

7.6 It is to be borne in mind, that to the extent that Randgold does not establish its causes of action on these highest levels, that the measure of damages attainable would be a lesser amount;

7.7 Each of the above alternatives entitle Randgold to a different measure of damages. It goes without saying, that to the extent that the first or second alternatives were not to be upheld, the measure of damages would correspondingly reduce in respect of each of the various alternative claims.

8. Based on our analysis of the Forensic Reports and the witnesses who have been interviewed to date, we believe that the claims have a reasonable prospect of success subject always to the following:

8.1 The findings of Umbono being found to be accurate and capable of substantiation through evidence and the conclusions reached therein, withstanding scrutiny;

8.2 The legal principles upon which Randgold's claims have been formulated being upheld;

8.3 The evidence of third parties (who have given input into the formulation of Randgold's claims), and the claims themselves withstanding scrutiny and being upheld.

(Litigation, by its very nature, is uncertain and in the ultimate analysis the prospects or otherwise of Randgold's claims succeeding, will rely upon a wide spectrum of factors.)

CONCLUSION

9. In conclusion, the success of the claims proffered by Randgold against JCI, will depend upon Randgold and its witnesses being able to establish the facts in respect of each of the claims and of course the facts underlying each of the alternatives. In addition to establishing these facts, Randgold will be further required to establish the legal principles applicable to the various facts to be proved in order for Randgold to be entitled to the amounts asserted for in its Statement of Claim.

G FARBER SC

N KONSTANTINIDES

GROUP NET ASSET VALUE STATEMENT OF R&E AT 31 MARCH 2008

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

DIRECTORS' RESPONSIBILITY STATEMENT

The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 March 2008 and accompanying Notes as set out in this Annexure.

The Group Net Asset Value Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes, for the purpose of providing the shareholders with financial information relevant to the proposed merger between R&E and JCI. The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The R&E directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the R&E directors, are reasonable in the circumstances.

KPMG, the independent auditor is responsible for reporting on whether, based on the auditor's procedures arising from a limited assurance engagement, the Group Net Asset Value Statement at 31 March 2008 has been prepared, in all material respects, in accordance with the basis of preparation set out in the accompanying Notes to the Group Net Asset Value Statement. KPMG's limited assurance report has been set out in Annexure 5b to this circular.

Approval of the Group Net Asset Value Statement

The Group Net Asset Value Statement at 31 March 2008 and accompanying Notes were approved by the R&E board on 21 November 2008 and are signed on its behalf by:

David Kovarsky
Chairman

Marais Steyn
Chief Executive Officer

RANDGOLD & EXPLORATION COMPANY LIMITED
GROUP NET ASSET VALUE STATEMENT AT 31 MARCH

	Notes	2008 (R'000)	2007 (R'000)
ASSETS			
Listed investments	3	**329 074**	**355 071**
Gold Fields		250 556	259 854
JCI		78 123	80 452
Other listed investments		395	14 765
Prospecting rights		**76 764**	**296 385**
Prospecting rights – GFO transaction	4	–	217 685
Other prospecting rights	5	76 764	78 700
Other assets		**283 448**	**67 474**
Loans receivable	6	73 969	46 374
Payment under settlement agreement	7	4 000	8 667
Cash and cash equivalents	8	205 479	12 433
TOTAL ASSETS		**689 286**	**718 930**
LIABILITIES			
Other liabilities		**(88 404)**	**(129 883)**
Provision for post-retirement medical benefit obligation	9	(32 984)	(34 317)
Income tax payable	10	(17 889)	(16 912)
Deferred taxation	11	(28 328)	(59 370)
Trade and other payables	12	(9 203)	(19 284)
TOTAL LIABILITIES		**(88 404)**	**(129 883)**
NET ASSETS		**600 882**	**589 047**

ISSUED SHARES	13	**Number of shares**	**Number of shares**
Number of shares in issue		74 813 128	74 813 128
Shares identified for possible cancellation		(2 943 087)	(2 943 087)
Net shares in issue		71 870 041	71 870 041
Net asset value per share (Cents)		836.07	819.60

NOTES TO THE GROUP NET ASSET VALUE STATEMENT

1. PURPOSE OF THE GROUP NET ASSET VALUE STATEMENT

On 31 March 2006, R&E published provisional unaudited and unreviewed financial results for the years ended 31 December 2005 and 2004, and restated provisional results for the year ended 31 December 2003 ("provisional results").

In the accompanying commentary to these provisional results, the R&E directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were included in the commentary, there may be other material events and circumstances of which the R&E directors are not aware of and which may have a material effect on R&E. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the R&E directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed the independent auditor of R&E during October 2005. In view of the uncertainties relating to the provisional results and the disclaimer by the R&E directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 14 July 2008, R&E announced, *inter alia,* that, the company is pursuing all options at its disposal to resolve the disputes with JCI. The options included the proposed merger of R&E and JCI, as announced on 23 April 2007, a settlement on commercial terms similar to that of the proposed merger or, finally, the less attractive option of arbitration. On 22 July 2008, the company published a joint announcement with JCI which stated that R&E and JCI had concluded an MOU, in terms of which, the companies would endeavour to conclude a binding settlement agreement within 21 days, which upon its implementation would result in a full and final settlement of all claims by R&E against JCI and *vice versa*. On 26 August 2008, the company announced that it had not been able to enter into a settlement agreement with JCI as envisaged in the MOU signed by the companies and furthermore had not been able to consummate the proposed merger as contemplated in the joint SENS announcement of 23 April 2007. A further joint announcement on 6 November 2008 indicated that the merger negotiations with JCI having been revisited, the companies would, subject *inter alia* to the requisite regulatory and shareholder approvals, seek to merge in an attempt to resolve the impasse between them in a commercially prudent manner as opposed to immediate arbitration. The Boards of R&E and JCI indicated in the announcement that they had each resolved to proceed with the merger of the companies based on a merger ratio of one R&E share in exchange for every 95 JCI shares (which is the ratio proposed in the announcement of 23 April 2007).

Because the R&E directors are still unable to prepare a complete set of financial statements for the years ended 31 December 2004, 2005, 2006 and 2007, in accordance with IFRS, the R&E directors have prepared a Group Net Asset Value Statement, on the basis set out in note 2. The R&E directors consider the Group Net Asset Value Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing its shareholders with financial information relevant to the proposed merger with JCI.

2. BASIS OF PREPARATION

The Group Net Asset Value Statement has been prepared from information available to the R&E directors and may not be complete for the reasons given in note 1 above. In particular, the Group Net Asset Value Statement excludes all claims and counter claims between the R&E Group and the JCI Group.

Other than for these claims, the Group Net Asset Value Statement includes all known significant assets and liabilities of R&E, its subsidiaries and a proportionate share of the assets and liabilities of FSD (FSD is a 55.11% subsidiary of R&E) and its subsidiaries on a line-by-line basis.

The Group Net Asset Value Statement has been prepared in Rand. All financial information presented in Rand has been rounded to the nearest thousand.

The Group Net Asset Value Statement required the R&E directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

Intra-group balances are eliminated in the preparation of the Group Net Asset Value Statement.

The Group Net Asset Value Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

NOTES TO THE GROUP NET ASSET VALUE STATEMENT (CONTINUED)

2.1 Listed investments

The Group's listed investments, except for the investment in JCI, are based on the VWAP for March 2008 comprising 19 trading days (2007: VWAP for March 2007 comprising 21 trading days).

The value of the JCI investment is based on the Net Asset Value per share of JCI at 31 March 2008 (2007: at 31 March 2007), which is based on the amount disclosed in the JCI Group Net Asset Value Statement, included in Annexure 6a to this circular (2007: as published on 13 December 2007). The JCI value is adjusted to reflect the proposed merger ratio of 95 to 1, as was announced on 6 November 2008.

R&E has accounted for all listed investments under its control and in its possession.

2.2 Prospecting rights

Where an agreement has been signed to sell prospecting rights as of the date of approval of the Group Net Asset Value Statement, the value is based on the consideration in the relative agreement. Where no such agreements are in place, but sufficient data and value exists, the R&E directors have determined a value which they believe is reasonable based on valuations performed by independent valuation experts using comparable transactions. All other prospecting rights have been impaired and are disclosed at zero value.

2.3 Other assets

Other assets include loans receivable, a payment under settlement agreement and cash and cash equivalents.

2.3.1 Loans receivable

The values of the loans receivable are based on current recoverability supported by signed loan certificates.

2.3.2 Payment under settlement agreement

The value of the outstanding settlement is based on the amount recovered subsequent to 31 March 2008 (2007: Subsequent to 31 March 2007 and up to 13 December 2007).

2.3.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.4 Provision for post-retirement medical benefit obligation

The provision for the post-retirement medical benefit obligation represents the present value of the estimated future cash outflows resulting from employees' services provided.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation. An independent actuarial valuation was conducted.

2.5 Taxation

2.5.1 Income tax payable

Income tax payable comprises taxation payable, calculated on the basis of the expected taxable income, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to management regarding taxable income (including prior year assessments and management's interpretation of current tax law) given the circumstances detailed in note 1 above.

2.5 **Taxation (continued)**

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group Net Asset Value Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 **Trade and other payables**

Trade and other payables include accruals and other amounts payable based on management's best estimate at the reporting date.

2.7 **Contingent assets**

Contingent assets are disclosed when it is probable that they will be realised and are best estimates expected to be recovered. No contingent assets have been included in the Group Net Asset Value Statement as the recoverability cannot be reasonably assured.

	Note	Number of shares	Value per share (R)	At 31 March 2008 (R'000)
3. **LISTED INVESTMENTS**				
31 March 2008				
Gold Fields		2 028 684	123.5069	250 556
JCI	3.1	265 935 854	0.2938	78 123
Other listed investments				395
Kelgran		2 324 830	0.1700	395
Total				**329 074**

The value of the investment in Gold Fields is based on the VWAP for March 2008 comprising 19 trading days. The investment in Kelgran is shown at the suspended value of 17 cents per share (the company was suspended on the JSE on 3 September 2007).

3.1 The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2008, which is disclosed in the JCI Group Net Asset Value Statement, included in Annexure 6a to this circular. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 6 November 2008.

	JCI At 31 March 2008 (Cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	98.83
Net Asset Value per share – adjusted to reflect the proposed merger ratio	29.83

	Notes	Number of shares	Value per share (R)	At 31 March 2007 (R'000)
31 March 2007				
Gold Fields		2 028 684	128.0900	259 854
JCI	3.2	265 935 854	0.3025	80 452
Other listed investments				14 765
Kelgran		2 324 830	0.1408	327
Pan Palladium	3.3	18 100 000	0.7977	14 438
Total				**355 071**

The value of listed investments, except for the investment in JCI (currently suspended on the JSE), is based on the VWAP for March 2007 comprising 21 trading days.

3.2 The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2007 which is disclosed in the JCI Group Net Asset Value Statement at 31 March 2007, published on 13 December 2007. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

	JCI At 31 March 2007 (Cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	103.24
Net Asset Value per share – adjusted to reflect the proposed merger ratio	30.25

3.3 The Pan Palladium shares were sold on 16 October 2007 for AU$0.165 per share realising net proceeds of AU$2 976 047 (equating to R18 162 816).

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
4. PROSPECTING RIGHTS – GFO TRANSACTION		
R&E's share of prospecting rights held by FSD	–	217 685

R&E and JCI, and certain of their subsidiaries reached agreement with GFO during October 2007, in terms of which the R&E Group and the JCI Group relinquished their rights in favour of GFO for a collective purchase consideration of R395 million (excluding VAT). On 31 October 2007, R&E shareholders voted unanimously in favour of the transaction. The transaction was concluded in October 2007 and the R&E Group through its 55.11% shareholding in FSD became entitled to R218 million in cash.

5. OTHER PROSPECTING RIGHTS		
R&E's share of new order prospecting rights held by FSD	76 764	78 700

For further details, refer to note 14.1.

6. LOANS RECEIVABLE		
R&E's share of FSD's loans receivable	73 969	46 374

For further details, refer to note 14.2.

7. PAYMENT UNDER SETTLEMENT AGREEMENT		
RAR Kebble	4 000	8 667

On 1 October 2006, R&E concluded a settlement agreement with RAR Kebble. The settlement amount of R30 million payable by RAR Kebble to R&E, was to be repaid in monthly instalments with effect from November 2006 to January 2008. As at 31 March 2007, an amount of R19.2 million was owing to R&E in terms of the settlement agreement. A payment of R8.7 million was received under the settlement agreement between April and July 2007.

With effect from August 2007, further payments under the settlement agreement ceased. As a consequence, R&E cancelled the settlement agreement on 6 November 2007.

On 28 February 2008, R&E, JCI and RAR Kebble, concluded an agreement, the effect of which was to re-commence the settlement agreement concluded between the parties on 1 October 2006, subject to certain modifications. In terms thereof, RAR Kebble was obliged to pay a further R4 million to R&E which was due at 31 March 2008 and was subsequently collected in May 2008.

8. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	9 225	12 433
R&E's share of FSD's cash and cash equivalents	196 254	–
	205 479	**12 433**

For further details, refer to note 14.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
9. PROVISION FOR POST-RETIREMENT MEDICAL BENEFIT OBLIGATION		
Obligation at 31 March	(32 984)	(34 317)

A valuation of this obligation was performed by independent actuaries at 31 March 2008 and 2007, respectively.

10. INCOME TAX PAYABLE		
South African normal tax	(17 889)	(16 912)
Attributable to:		
R&E and its subsidiaries (excluding FSD group)	(2 702)	(11 968)
FSD group	(15 187)	(4 944)
	(17 889)	**(16 912)**

The above amounts includes income tax payable calculated by management for the R&E Group and includes any related penalties, except as noted in the next paragraph, and interest that may be due.

Income tax payable does not include any additional penalties that may become leviable upon assessment of outstanding returns by SARS as management believes that the R&E Group did not act fraudulently or in any other way to warrant incurring such additional penalties. Based on the ongoing negotiations with SARS, management believes that the penalties and interest calculated is sufficient and that no further penalties will be levied by SARS.

R&E's calculations reflect that R&E had no taxable income from 2002 to the reporting date as R&E was operating at a loss. SARS has, however, queried R&E's tax calculations from 1998 to 2001 and have subsequently recalculated that an amount of R44 million (2007: R39 million) in taxes is payable. R&E has and will continue to contest these queries. Given that such queries are under dispute, management believes that the amount is not payable and therefore no liability for this amount has been raised.

11. DEFERRED TAXATION		
Unrealised	**(28 328)**	**(28 620)**
Deferred taxation arising on listed investments at 14% (2007: 14.5%)	(6 842)	(5 805)
Deferred taxation arising on other prospecting rights at 28% (2007: 29%)	(21 486)	(22 815)
Realised	–	**(30 750)**
Deferred taxation arising on the GFO transaction at 14% (2007: 14.5%)	–	(29 978)
Deferred taxation arising on the GFO transaction at 28% (2007: 29%)	–	(772)
Total	**(28 328)**	**(59 370)**

The deferred taxation balance comprises temporary differences on listed investments and prospecting rights.

No deferred taxation assets were raised on the post retirement medical benefit obligation and assessable losses of the R&E Group as it is not probable that future taxable profits will be available to utilise the assessable losses or when the related deductible temporary differences are expected to reverse.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
12. **TRADE AND OTHER PAYABLES**		
Trade and other payables	(6 066)	(2 848)
PAYE payable	–	(13 528)
VAT payable	(3 137)	(2 908)
	(9 203)	**(19 284)**

PAYE payable

R&E engaged independent tax advisors during 2006 who completed a PAYE audit and determined the amount payable, including penalties and interest thereon to be R13.5 million at 31 March 2007. Their report was submitted to SARS during 2007 and R&E settled the PAYE payable with SARS before 31 March 2008.

VAT payable

R&E engaged independent tax advisors who completed a VAT audit and determined the VAT payable, excluding penalties and interest thereon. Management added penalties and interest to the VAT payable. The penalties calculated by management, however, excluded the 200% section 60 VAT penalty as defined in the VAT Act, as R&E believes they did not act fraudulently. The report of the independent tax advisors has been submitted to SARS during the calendar year 2007. R&E has had various meetings with SARS but still awaits their final decision regarding settlement.

13. **ISSUED SHARES**

For the purpose of calculating the net shares in issue, the total number of shares in issue of R&E (issued share capital) has been notionally reduced by approximately 3 million R&E shares.

R&E has identified 2 943 087 R&E shares for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted on account of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI), on the basis that such shares are alleged to have been issued for no value received.

The said shares have been identified to be in the possession of Letseng Diamonds. R&E have been informed by JCI that the shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI.

R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.

	Notes	At 31 March 2008 (R'000)	2007 (R'000)
		R&E's 55.11% proportionate share	
14. FSD'S NET ASSET VALUE			
ASSETS			
Prospecting rights – GFO transaction		–	217 685
Other prospecting rights	14.1	76 764	78 700
Loans receivable	14.2	73 969	46 374
Cash and cash equivalents		196 254	–
Total assets		**346 987**	**342 759**
LIABILITIES			
Income tax payable		(15 187)	(4 944)
Deferred taxation		(21 486)	(53 565)
Total liabilities		**(36 673)**	**(58 509)**
Net assets		**310 314**	**284 250**

14.1 Other prospecting rights

R&E is the beneficial owner of various prospecting rights held through its 55.11% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce	US Dollar million	Rand/ US Dollar	Rand million	Value per hectare
	g/t	Moz	Hectare	US Dollar				Rand
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

14.1 **Other prospecting rights (continued)**

Using comparable transactions, the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BEE dilution	48 941[(1)]
After BEE dilution	139 293
R&E's 55.11% proportionate share at 31 March 2008	76 764

For the March 2007 value, management commissioned an independent third party mineral project evaluation expert to evaluate the mineralisation of the Du Preez Leger project and place a value thereon. A value of R193 million was placed on the project based on this exercise.

A CPR was not obtained to support this value and the valuation at 31 March 2007 was based on reserves and not inferred resources. Management believed that this valuation was the best estimate of fair value for the Du Preez Leger project based on comparable transations at the time. The valuation also placed no value on the Rebelkop and the Tweepan areas as these areas did not have reported reserves.

	R'000
Du Preez Leger/Jonkersrust 72	134 792
Vermeulenskraal	58 188
	192 980
Adjusted for BEE dilution	50 174[(1)]
After BEE dilution	142 806
R&E's 55.11% proportionate share at 31 March 2007	78 700

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the black economic empowerment requirements of the Minerals and Petroleum Resources Development Act.

	At 31 March 2008 (R'000)	2007 (R'000)
14.2 **Loans receivable**		
FSD loan to the JCI Group	51 176	46 374
Goldridge loan to the JCI Group	22 793	–
	73 969	46 374

FSD has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 March 2008. The loan is secured over a pledge of 79 million JCI Limited shares, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

Goldridge, a 100% subsidiary of FSD, has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 March 2008. The loan is secured over a pledge of 1.666 million Gold Fields shares which came into effect on 20 May 2008, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

NOTES TO THE GROUP NET ASSET VALUE STATEMENT (CONTINUED)

15. CONTINGENT ASSETS – CLAIMS AGAINST THIRD PARTIES (EXCLUDING THE JCI GROUP)

R&E has identified various claims against third parties which R&E is proceeding with. Such claims could be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

16. ENCUMBRANCES

No significant assets have been encumbered or pledged.

17. CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles. The consolidated balance sheet at 31 March 2008 as included in Annexure 8a to this circular, has been prepared in accordance with the recognition and measurement requirements of IFRS and has been approved by the directors of R&E on 21 November 2008 and on which KPMG issued a qualified review conclusion, dated 21 November 2008. Users are referred to this consolidated balance sheet for a better understanding of the company's consolidated financial position at 31 March 2008, prepared in accordance with the recognition and measurement requirements of IFRS.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NET ASSET VALUE STATEMENT OF R&E AT 31 MARCH 2008

"The Directors
Randgold & Exploration Company Limited
10 Benmore Road
Sandton
2146

21 November 2008

Dear Sirs

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NET ASSET VALUE STATEMENT OF RANDGOLD & EXPLORATION COMPANY LIMITED AT 31 MARCH 2008

We have performed our limited assurance engagement on the Group Net Asset Value Statement of Randgold & Exploration Company Limited at 31 March 2008 and accompanying notes thereto ("the Notes"), as set out in Annexure 5a of the circular to Randgold & Exploration Limited shareholders dated on or about 28 November 2008 ("the circular") ("the Group Net Asset Value Statement") in which this report is included.

Directors' responsibility for the Group Net Asset Value Statement

The Randgold & Exploration Company Limited directors are responsible for the preparation and presentation of the Group Net Asset Value Statement in accordance with the basis of preparation, set out in the Notes to the Group Net Asset Value Statement, for the purpose of providing the shareholders of Randgold & Exploration Company Limited with financial information relevant to the proposed merger of the company with JCI Limited, as referred to in the Notes. This responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and making accounting estimates, which, in the opinion of the Randgold & Exploration Company Limited directors, are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to conclude on whether the Group Net Asset Value Statement at 31 March 2008 as reflected in Annexure 5a to the circular has been prepared on the basis of preparation set out in the Notes, based on the procedures performed by us in a limited assurance engagement. There are no International Standards on Auditing (Engagement Standards) applicable to an engagement of this nature. In these circumstances, we applied our professional judgement in planning and performing our procedures to obtain limited assurance on the Group Net Asset Value Statement in accordance with the basis of preparation set out in the Notes. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of work performed

Our work included making enquiries of management and performing procedures to obtain evidence in respect of the amounts and disclosures in the Group Net Asset Value Statement in accordance with the basis of preparation set out in the Notes. We have evaluated the appropriateness of the basis of preparation in the circumstances and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Group Net Asset Value Statement.

Conclusion

Based on the procedures performed by us, nothing has come to our attention that causes us to believe that the Group Net Asset Value Statement at 31 March 2008 has not been prepared, in all material respects, on the basis of preparation set out in the Notes.

Emphasis of matters

As indicated, the Group Net Asset Value Statement is prepared in accordance with the basis of preparation, set out in the Notes, for the purpose of providing the shareholders of Randgold & Exploration Company Limited with financial information relevant to the proposed merger, as referred to in the Notes. The Group Net Asset Value Statement and our limited assurance report may not be suitable for any other purpose.

The Group Net Asset Value Statement and our limited assurance report thereon is in addition to the Group Net Asset Value Statement at 31 March 2008, approved on 23 July 2008, which has been prepared for purposes of providing shareholders of Randgold & Exploration Company Limited with financial information relevant to the resolution of the dispute with JCI Limited, and our limited assurance report thereon, dated 23 July 2008, included in the Information Update issued on 24 July 2008.

KPMG Inc.
Registered Auditor

Per C H Basson
Chartered Accountants (SA)
Registered Auditor
Director

21 November 2008

KPMG Crescent
85 Empire Road
Parktown
2193
Johannesburg, South Africa"

UNAUDITED GROUP NET ASSET VALUE STATEMENT OF R&E AT 31 OCTOBER 2008

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

DIRECTORS' RESPONSIBILITY STATEMENT

The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 October 2008 and accompanying Notes as set out in this annexure.

The Group Net Asset Value Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes, for the purpose of providing the shareholders with financial information relevant to the proposed merger between R&E and JCI. The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The R&E directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the R&E directors, are reasonable in the circumstances.

The Group Net Asset Value Statement at 31 October 2008 has not been reviewed by or reported on by KPMG, the independent auditor of R&E.

Approval of the Group Net Asset Value Statement

The Group Net Asset Value Statement at 31 October 2008 and accompanying Notes were approved by the R&E board on 21 November 2008 and are signed on its behalf by:

David Kovarsky
Chairman

Marais Steyn
Chief Executive Officer

RANDGOLD & EXPLORATION COMPANY LIMITED
GROUP NET ASSET VALUE STATEMENT AT

	Notes	Unaudited 31 October 2008 (R'000)	31 March† 2008 (R'000)
ASSETS			
Listed investments	3	**189 215**	**329 074**
Gold Fields		143 895	250 556
JCI		45 320	78 123
Other listed investments		–	395
Prospecting rights	4	**76 764**	**76 764**
Other assets		**284 867**	**283 448**
Loans receivable	5	110 576	73 969
Payment under settlement agreement	6	–	4 000
Cash and cash equivalents	7	174 291	205 479
Total assets		**550 846**	**689 286**
LIABILITIES			
Other liabilities		**(64 820)**	**(88 404)**
Provision for post-retirement medical benefit obligation	8	(32 735)	(32 984)
Income tax payable	9	(15 919)	(17 889)
Deferred taxation	10	(8 748)	(28 328)
Trade and other payables	11	(7 418)	(9 203)
Total liabilities		**(64 820)**	**(88 404)**
Net assets		**486 026**	**600 882**

ISSUED SHARES	12	**Number of shares**	**Number of shares**
Number of shares in issue		74 813 128	74 813 128
Shares identified for possible cancellation		(2 943 087)	(2 943 087)
Net shares in issue		71 870 041	71 870 041
Net asset value per share (Cents)		**676.25**	**836.07**

† Reported on in terms of a limited assurance report issued by KPMG, the independent auditor of R&E as included in Annexure 5b to this circular.

NOTES TO THE GROUP NET ASSET VALUE STATEMENT

1. PURPOSE OF THE GROUP NET ASSET VALUE STATEMENT

On 31 March 2006, R&E published provisional unaudited and unreviewed financial results for the years ended 31 December 2005 and 2004, and restated provisional results for the year ended 31 December 2003 ("provisional results").

In the accompanying commentary to these provisional results, the R&E directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were included in the commentary, there may be other material events and circumstances of which the R&E directors are not aware of and which may have a material effect on R&E. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the R&E directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed as the independent auditor of R&E during October 2005. In view of the uncertainties relating to the provisional results and the disclaimer by the R&E directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 14 July 2008, R&E announced, *inter alia,* that, the company is pursuing all options at its disposal to resolve the disputes with JCI. The options included the proposed merger of R&E and JCI, as announced on 23 April 2007, a settlement on commercial terms similar to that of the proposed merger or, finally, the less attractive option of arbitration. On 22 July 2008, the company published a joint announcement with JCI which stated that R&E and JCI had concluded an MOU, in terms of which, the companies would endeavour to conclude a binding settlement agreement within 21 days, which upon its implementation would result in a full and final settlement of all claims by R&E against JCI and *vice versa*. On 26 August 2008, the company announced that it had not been able to enter into a settlement agreement with JCI as envisaged in the MOU signed by the companies and furthermore had not been able to consummate the proposed merger as contemplated in the joint SENS announcement of 23 April 2007. A further joint announcement on 6 November 2008 indicated that the merger negotiations with JCI having been revisited, the companies would, subject *inter alia* to the requisite regulatory and shareholder approvals, seek to merge in an attempt to resolve the impasse between them in a commercially prudent manner as opposed to immediate arbitration. The Boards of R&E and JCI indicated in the announcement that they had each resolved to proceed with the merger of the companies based on a merger ratio of one R&E share in exchange for every 95 JCI shares (which is the ratio proposed in the announcement of 23 April 2007).

Because the R&E directors are still unable to prepare a complete set of financial statements for the years ended 31 December 2004, 2005, 2006 and 2007, in accordance with IFRS, the R&E directors have prepared a Group Net Asset Value Statement, on the basis set out in note 2. The R&E directors consider the Group Net Asset Value Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing its shareholders with financial information relevant to the proposed merger with JCI.

2. BASIS OF PREPARATION

The Group Net Asset Value Statement has been prepared from information available to the R&E directors and may not be complete for the reasons given in note 1 above. In particular, the Group Net Asset Value Statement excludes all claims and counter claims between the R&E Group and the JCI Group.

Other than for these claims, the Group Net Asset Value Statement includes all known significant assets and liabilities of R&E, its subsidiaries and a proportionate share of the assets and liabilities of FSD (FSD is a 55.11% subsidiary of R&E) and its subsidiaries on a line-by-line basis.

The Group Net Asset Value Statement has been prepared in Rand. All financial information presented in Rand has been rounded to the nearest thousand.

The Group Net Asset Value Statement required the R&E directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

Intra-group balances are eliminated in the preparation of the Group Net Asset Value Statement.

2. BASIS OF PREPARATION (CONTINUED)

The Group Net Asset Value Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2.1 Listed investments

The Group's listed investments, except for the investment in JCI, are based on the VWAP for October 2008 comprising 23 trading days and in respect of the Group Net Asset Value Statement at 31 March 2008, based on the VWAP for March 2008, comprising 19 trading days.

The value of the JCI investment is based on the Net Asset Value per share of JCI at 31 October 2008 (comparative at 31 March 2008), as disclosed in the JCI Group Net Asset Value Statement as at 31 October 2008 and 31 March 2008, respectively. The JCI value has been adjusted to reflect the proposed merger ratio of 95 to 1, as further set out in terms of the proposed merger between R&E and JCI.

R&E has accounted for all listed investments under its control and in its possession.

2.2 Prospecting rights

Where an agreement has been signed to sell prospecting rights as of the date of approval of the Group Net Asset Value Statement, the value is based on the consideration in the relative agreement. Where no such agreements are in place, but sufficient data and value exists, the R&E directors have determined a value which they believe is reasonable based on valuations performed by independent valuation experts using comparable transactions. All other prospecting rights have been impaired and are disclosed at zero value.

2.3 Other assets

Other assets include loans receivable, a payment under settlement agreement and cash and cash equivalents.

2.3.1 Loans receivable

The values of the loans receivable are based on current recoverability supported by signed loan certificates in respect of loans receivable as at 31 October 2008 and 31 March 2008, respectively.

2.3.2 Payment under settlement agreement

The value of the outstanding settlement is based on the amount recovered subsequent to 31 March 2008.

2.3.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.4 Provision for post-retirement medical benefit obligation

The provision for the post-retirement medical benefit obligation represents the present value of the estimated future cash outflows resulting from employees' services provided.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation. An independent actuarial valuation was conducted as at 31 March 2008 and rolled forward by the directors to 31 October 2008.

2. BASIS OF PREPARATION (continued)

2.5 Taxation

2.5.1 Income tax payable

Income tax payable comprises taxation payable, calculated on the basis of the expected taxable income, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to management regarding taxable income (including prior year assessments and management's interpretation of current tax law) given the circumstances detailed in note 1 above.

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group Net Asset Value Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 Trade and other payables

Trade and other payables include accruals and other amounts payable based on management's best estimate at the reporting date.

2.7 Contingent assets

Contingent assets are disclosed when it is probable that they will be realised and are best estimates expected to be recovered. No contingent assets have been included in the Group Net Asset Value Statement as the recoverability cannot be reasonably assured.

	Note	Number of shares	Value per share (R)	31 October 2008 (R'000)
3. **INVESTMENTS**				
31 October 2008				
Gold Fields		2 028 684	70.9300	143 895
JCI	a	265 935 854	0.1704	45 320
Unlisted investments				
Kelgran Ltd		2 324 830	–	–
Total				**189 215**

The value of the investment in Gold Fields is based on the VWAP for October 2008 comprising 23 trading days. The investment in Kelgran has been fully impaired as the company was de-listed on 28 July 2008.

a The value of the JCI investment is based on the Net Asset Value per JCI share at 31 October 2008, which is disclosed in the JCI Group Net Asset Value Statement, as set out in Annexure 6c to this circular. The JCI value is adjusted to reflect the proposed merger ratio of 95 to 1 as referred to in this circular.

	JCI Unaudited At 31 October 2008 (Cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	50.54
Net Asset Value per share – adjusted to reflect the proposed merger ratio	17.04

	Note	Number of shares	Value per share (R)	31 March 2008 (R'000)
Gold Fields		2 028 684	123.5069	250 556
JCI	b	265 935 854	0.2938	78 123
Other listed investments				395
Kelgran		2 324 830	0.1700	395
Total				**329 074**

The value of the investment in Gold Fields is based on the VWAP for March 2008 comprising 19 trading days. The investment in Kelgran is shown at the suspended value of 17 cents per share (the company was suspended on the JSE on 3 September 2008).

b The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2008 which is disclosed in the JCI Group Net Asset Value Statement at 31 March 2008, as set out in Annexure 6a to this circular. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

	JCI At 31 March 2008 (Cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	98.83
Net Asset Value per share – adjusted to reflect the proposed merger ratio	29.38

NOTES TO THE GROUP NET ASSET VALUE STATEMENT (CONTINUED)

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
4. PROSPECTING RIGHTS		
R&E's share of new order prospecting rights held by FSD	76 764	76 764

For further details, refer to note 13.1.

5. LOANS RECEIVABLE		
R&E's share of FSD's loans receivable	110 576	73 969

For further details, refer to note 13.2.

6. PAYMENT UNDER SETTLEMENT AGREEMENT		
RAR Kebble	–	4 000

On 28 February 2008, R&E, JCI and RAR Kebble, concluded an agreement, the effect of which was to re-commence the settlement agreement concluded between the parties on 1 October 2006, subject to certain modifications. In terms thereof, RAR Kebble was obliged to pay a further R4 million to R&E which was due at 31 March 2008 and was subsequently collected in May 2008.

7. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	3 576	9 225
R&E's share of FSD's cash and cash equivalents	170 715	196 254
	174 291	**205 479**

For further details, refer to note 13.

8. PROVISION FOR POST-RETIREMENT MEDICAL BENEFIT OBLIGATION		
Obligation	(32 735)	(32 984)

A valuation of this obligation was performed by independent actuaries as at 31 March 2008 and rolled forward by the directors to 31 October 2008.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
9. INCOME TAX PAYABLE		
South African normal tax	(15 919)	(17 889)
Attributable to:		
R&E and its subsidiaries (excluding FSD group)	(1 832)	(2 702)
FSD group	(14 087)	(15 187)
	(15 919)	**(17 889)**

The above amounts include income tax payable calculated by management for the R&E Group and include any related penalties, except as noted in the next paragraph, and interest that may be due.

Income tax payable does not include any additional penalties that may become leviable upon assessment of outstanding returns by SARS as management believes that the R&E Group did not act fraudulently or in any other way to warrant incurring such additional penalties. Based on the ongoing negotiations with SARS, management believes that the penalties and interest calculated is sufficient and that no further penalties will be levied by SARS.

R&E's calculations reflect that R&E had no taxable income from 2002 to the reporting date as R&E was operating at a loss. SARS has, however, queried R&E's tax calculations from 1998 to 2001 and have subsequently recalculated that an amount of R47 million (31 March 2008: R44 million) in taxes is payable. R&E has and will continue to contest these queries. Given that such queries are under dispute, management believes that the amount is not payable and therefore no liability for this amount has been raised.

10. DEFERRED TAXATION		
Deferred taxation arising on listed investments at 14%	12 738	(6 842)
Deferred taxation arising on other prospecting rights at 28%	(21 486)	(21 486)
Total	**(8 748)**	**(28 328)**

The deferred taxation balance comprises temporary differences on listed investments and prospecting rights.

No deferred taxation assets were raised on the post retirement medical benefit obligation and assessable losses of the R&E Group as it is not probable that future taxable profits will be available to utilise the assessable losses or when the related deductible temporary differences are expected to reverse.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
11. **TRADE AND OTHER PAYABLES**		
Trade and other payables	–	(6 066)
Short-term loan (refer to note 13.2)	(4 281)	–
VAT payable	(3 137)	(3 137)
	(7 418)	**(9 203)**

VAT payable

R&E engaged independent tax advisors who completed a VAT audit and determined the VAT payable, excluding penalties and interest thereon. Management added penalties and interest to the VAT payable. The penalties calculated by management, however, excluded the 200% section 60 VAT penalty as defined in the VAT Act, as R&E believes they did not act fraudulently. The report of the independent tax advisors has been submitted to SARS during calendar year 2007. R&E has had various meetings with SARS but still awaits their final decision regarding settlement.

12. **ISSUED SHARES**

For the purpose of calculating the net shares in issue, the total number of shares in issue of R&E (issued share capital) has been notionally reduced by approximately 3 million R&E shares.

R&E has identified 2 943 087 R&E shares for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted on account of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI), on the basis that such shares are alleged to have been issued for no value received.

The said shares have been identified to be in the possession of Letseng Diamonds. R&E have been informed by JCI that the shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI.

R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.

	Notes	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
		R&E's 55.11% proportionate share	
13. FSD'S NET ASSET VALUE			
ASSETS			
Prospecting rights	13.1	76 764	76 764
Loans receivable	13.2	115 831	73 969
Cash and cash equivalents		170 715	196 254
Total assets		**363 310**	**346 987**
LIABILITIES			
Income tax payable		(14 087)	(15 187)
Deferred taxation		(21 486)	(21 486)
Total liabilities		**(35 573)**	**(36 673)**
Net assets		**327 737**	**310 314**

13.1 Prospecting rights

R&E is the beneficial owner of various prospecting rights held through its 55.11% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce	US Dollar million	Rand/ US Dollar	Rand million	Value per hectare
	g/t	Moz	Hectare	US Dollar				Rand
Resource Area								
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

13. FSD'S NET ASSET VALUE (continued)

13.1 Prospecting rights (continued)

Using comparable transactions, the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BEE dilution	48 941[(1)]
After BEE dilution	139 293
R&E's 55.11% proportionate share	76 764

In the opinion of the directors, there have been no circumstances or events that have changed the value of the prospecting rights from 31 March 2008 to 31 October 2008.

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the black economic empowerment requirements of the Minerals and Petroleum Resources Development Act.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
13.2 Loans receivable		
FSD loan to the JCI Group	55 929	51 176
Goldridge loan to R&E Group	5 256	–
Goldridge loan to the JCI Group	54 646	22 793
	115 831	**73 969**

FSD has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 October 2008. The loan is secured over a pledge of 79 million JCI Limited shares, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

The Goldridge loan to R&E Group is eliminated in the preparation of the Group Net Asset Value Statement of R&E and is therefore not included in the assets of R&E.

Goldridge, a 100% subsidiary of FSD, has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 October 2008. The loan is secured over a pledge of 1.666 million Gold Fields shares which came into effect on 20 May 2008, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

14. CONTINGENT ASSETS – CLAIMS AGAINST THIRD PARTIES (EXCLUDING THE JCI GROUP)

R&E has identified various claims against third parties which R&E is proceeding with. Such claims could prove to be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

15. ENCUMBRANCES

No significant R&E assets have been encumbered or pledged.

JCI GROUP NET ASSET VALUE STATEMENT AT 31 MARCH 2008

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (Suspended)
ISIN: ZAE0000039681
("JCI" or "the Company")

DIRECTORS' RESPONSIBILITY STATEMENT

The JCI directors are responsible for the preparation and presentation of the Group NAV Statement of JCI at 31 March 2008 and accompanying Notes as set out in this annexure.

The Group NAV Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes for the purpose of providing the shareholders with financial information relevant to the proposed merger between JCI and R&E, and has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The JCI directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the JCI directors, are reasonable in the circumstances.

KPMG Inc, the independent auditor is responsible for reporting on whether, based on the auditor's procedures arising from a limited assurance engagement, the Group NAV Statement at 31 March 2008 has been prepared, in all material respects, in accordance with the basis of preparation set out in the accompanying Notes. KPMG's limited assurance report has been set out in Annexure 6b to this circular.

Approval of the Group NAV Statement

The Group NAV Statement at 31 March 2008 and accompanying Notes were approved by the JCI board on 21 November 2008 and signed on its behalf by:

Peter Henry Gray
Chief Executive Officer

Leslie Arthur Maxwell
Financial Director

GROUP NET ASSET VALUE STATEMENT

	Notes	At 31 March 2008 R'000	At 31 March 2007 R'000
ASSETS			
Listed investments	3	**1 705 101**	**1 979 915**
Goldfields		1 449 293	1 720 817
R&E		189 596	178 094
Other listed investments		64 205	81 004
Derivative instruments		2 007	–
Unlisted investments		**530 113**	**477 198**
Boschendal	4	160 988	127 043
Jaganda	5	284 302	283 755
Businesses held for sale	6	68 823	66 400
Loans	7	16 000	–
Prospecting rights		**62 528**	**246 421**
Prospecting rights – GFO transaction	8	–	182 315
Other prospecting rights	9	62 528	64 106
Other assets		**254 045**	**56 547**
Investment properties	10	30 498	6 100
Share of cash in associate	11	159 860	–
Cash and cash equivalents	12	63 687	50 447
Total assets		**2 551 787**	**2 760 081**
LIABILITIES			
Investec raising fee	13	(373 335)	(373 335)
Income tax payable	14	(12 371)	(76 093)
Deferred taxation	15	(20 066)	(46 287)
Trade and other payables	16	(147 068)	(175 979)
Total liabilities		**(552 840)**	**(671 694)**
Net assets		**1 998 947**	**2 088 387**
		Number of shares	**Number of shares**
ISSUED SHARES	17		
Number of shares in issue		2 224 798 993	2 224 798 993
Treasury shares		(202 115 127)	(202 024 776)
Net shares in issue		**2 022 683 866**	**2 022 774 217**
Group NAV per share (Rand)		0.9883	1.0324

NOTES TO THE GROUP NAV STATEMENT AT 31 MARCH 2008

1. PURPOSE OF THE GROUP NAV STATEMENT

On 7 April 2006, JCI published unreviewed, unaudited and restated provisional financial results for the six months ended 30 September 2005, and for each of the years ended 31 March 2004 and 31 March 2005 ("provisional results").

In the accompanying commentary to these provisional results, the JCI directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were disclosed in the commentary, there may be other material events and circumstances of which the JCI directors are not aware of and which may have a material effect on JCI. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of JCI. In these circumstances the JCI directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed as the independent auditor of JCI during October 2005. In view of the uncertainties relating to the provisional results, and the disclaimer by the JCI directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 15 March 2007, JCI and R&E published an update to shareholders and on 23 April 2007, JCI and R&E announced their intention to merge. Because the JCI directors are still unable to prepare a complete set of financial statements for the years ended 31 March 2005, 2006, 2007 and 2008, in accordance with IFRS, the JCI directors have prepared a Group NAV Statement on the basis set out in note 2. The JCI directors consider the Group NAV Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing shareholders with financial information relevant to the proposed merger with R&E.

2. BASIS OF PREPARATION

The Group NAV Statement has been prepared from information available to the JCI directors and may not be complete for the reasons given in note 1 above. In particular, the Group NAV Statement excludes major claims and counter claims between JCI and R&E.

Other than for these claims, the Group NAV Statement includes all known significant assets and liabilities of the JCI Group and associate companies. The Group NAV Statement includes JCI's proportionate share of FSD's (a 44.9% associate of JCI) assets and liabilities on a line by line basis.

The Group NAV Statement has been prepared in Rands. All financial information is presented in Rands and has been rounded to the nearest thousand. Foreign currency monetary and non-monetary items are reported using the closing rate at 31 March 2008.

The Group NAV Statement required the JCI directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

The assets and liabilities of subsidiaries are included in the Group NAV Statement, except in instances where the subsidiaries are considered as businesses held for sale, or if the subsidiaries are considered to be insolvent, or dormant, or if the ownership of the assets and liabilities could not be proven. However, insolvent subsidiaries' liabilities have been included to the extent where JCI or any of its other subsidiaries have guaranteed the liabilities.

Intra-group balances are eliminated in the preparation of the Group NAV Statement.

The Group NAV Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2. BASIS OF PREPARATION (continued)

2.1 Listed investments

The JCI Group's listed investments, except for the investment in R&E, are based on the VWAP for March 2008 comprising 19 trading days. (2007: VWAP for March 2007 comprising 21 trading days)

The value of the R&E investment is based on the NAV per share of R&E at 31 March 2008 (2007: 31 March 2007) which is disclosed in the R&E Group NAV Statement included in Annexure 5a to this circular after adjusting for the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

SAFEX futures are derivative instruments and are measured at the fair value of the instrument at 31 March 2008. The fair value of the futures is based on the amount of cash that would be received if the future contracts were closed out on 31 March 2008 which includes the profit/loss on the instruments.

2.2 Businesses held for sale

The fair values of these businesses are based on the latest offer received as an indication of the businesses' minimum values, where the business has been sold, the actual sales value was used.

2.3 Prospecting rights

Where an agreement is signed to sell the prospecting rights, the value is based on the consideration amount as quoted in the signed agreement. Where no such agreements are in place, but sufficient data and value exists, the JCI directors have determined a value which they believe is reasonable based on valuations performed by independent experts using comparable transactions.

2.4 Other assets

Other assets include investment properties and cash and cash equivalents.

2.4.1 Investment properties

Where an agreement is signed to sell the properties the value is based on the consideration in the signed agreement.

Where there are no such agreements in place, the value is based on the latest offer to purchase received from a third party.

Third party property acquisitions during the last year are stated at cost as the directors consider that to approximate fair value.

2.4.2 Loans

Loans are only brought into account when they are either certain of recovery or are secured by assets which value can be determined.

2.4.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.5 Taxation

2.5.1 Income tax payable

Income tax payable comprises taxation payable calculated on the basis of the expected taxable income using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to the directors given the circumstances detailed in note 1 above (including prior year assessments and management's interpretation of current tax law).

2. BASIS OF PREPARATION (continued)

2.5 Taxation (continued)

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group NAV Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 Trade and other payables

Trade and other payables include accruals and other amounts payable, based on management's best estimate at the reporting date.

2.7 Contingent assets

Contingent assets are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be recovered. Due to the complex nature of the legal and forensic proceedings underway the actual amounts to be recovered from the misappropriation of the JCI Group's assets could vary significantly. These amounts have not been included in the Group NAV Statement as the recoverability cannot be reasonably assured.

2.8 Contingent liabilities

Contingent liabilities are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be paid.

All guarantees are disclosed even if the directors are of the opinion that they will not be called up or JCI is to be released from such guarantees on the sale of the underlying assets or businesses.

	No of shares/ futures	Value per share/ future R	At 31 March 2008 R'000	At 31 March 2007 R'000
3. LISTED INVESTMENTS				
Goldfields	11 734 508	123.5069	1 449 293	1 720 817
R&E	6 794 007	27.9064	189 596	178 094
Other listed investments			64 205	81 004
Matodzi	211 590 595	0.2540	53 744	50 866
Sekunjalo	–	0.6841	–	18 750
Simmers	1 833 592	5.7053	10 461	11 388
Derivative instruments			2 007	–
Goldfields SAFEX futures	17 038	117.83	2 007	–
			1 705 101	**1 979 915**

3.1 **Listed investments**

The value of the listed investments, except for the investment in R&E, is based on the VWAP for March 2008 comprising 19 trading days.

3.2 **Derivative instruments**

Goldfields SAFEX futures				
Goldfields SAFEX futures	17 038	117.83	2 007	–
Deposit – variance margin (disclosed under cash refer note 12)			28 197	–
Deposit – initial margin (disclosed under cash refer note 12)			26 622	–
			56 826	**–**

The value of the Goldfields SAFEX futures is based on the closing rate per future at 31 March 2008. The value represents the mark to market price of the futures at 31 March 2008 less the mark to market prices at the inception of the contract.

Each Goldfields SAFEX futures contract is convertible into 100 ordinary Goldfields Shares on expiry of the future contracts. Thus the 17 038 Goldfields SAFEX futures are convertible into 1 703 800 Goldfields shares on expiry date of the future contracts, these contracts expire every 3 months at the discretion of JCI.

The variance margin is the surplus cash in the JCI futures trading account that is used to settle the daily mark to market price movements.

The initial margin on the contract is the cash deposited with SAFEX held as security by SAFEX over the futures.

3.3 **Merger Ratio**

The value of the R&E investment is based on the adjusted NAV per share of R&E at 31 March 2008.

	2008 R	2007 R
Net Asset Value per share – R&E Group NAV Statement as disclosed in annexure 5a	8.3607	8.1960
Net Asset Value per share-adjusted to reflect the proposed merger ratio of 1 R&E share for 95 JCI Shares	27.9452	28.7393

The JCI Group has not included 2 943 087 R&E shares, which have been pledged as security for a liability owing by the JCI Group to Letseng Guernsey Limited. These shares have not been included in the Group NAV Statement of R&E as these shares are identified for possible cancellation.

	At 31 March 2008 R'000	At 31 March 2007 R'000
4. **BOSCHENDAL**		
20.002% investment through Moregate	45 006	40 250
Debentures in Kovacs including interest and profit share	115 077	85 888
Loan to Kovacs	905	905
Total investment in Boschendal	**160 988**	**127 043**

The investment in Boschendal is held through a direct investment via Moregate and an indirect investment through a debenture agreement with Kovacs.

An offer to purchase the direct portion of the investment in Boschendal was received from a third party, fellow shareholder of Boschendal. This offer was at R2.250 million per percent. The directors of JCI used this offer to purchase to calculate the value of the investment in Boschendal.

The value of the debentures in Kovacs (the indirect holding in Boschendal) is based on the original investment amount plus accumulated interest and profit share supported by a financing agreement in place and secured by a loan from Kovacs to Boschendal. The directors are confident that the loan is recoverable. The loan has no fixed terms of repayment.

The JCI board is of the opinion that the valuation as detailed above of R161 million is fair and reasonable, however, the JCI board has indicated that the long term value of the investment could be in excess of this amount. An independent valuer calculated a value that was not significantly different from the value that the JCI directors have placed on the investment.

Subsequent to 31 March 2008, there has been a further offer to purchase of R2.5 million per percent interest in Boschendal. Kovacs has followed their pre-emptive rights in terms of this offer and purchased an additional 5.5% interest in and R10 000 000 of loans to Boschendal. This has been financed by JCI on a similar basis to the Debentures.

	At 31 March 2008 R'000	At 31 March 2007 R'000
5. **JAGANDA**		
Investment at valuation	**284 302**	**283 755**

The investment in Jaganda comprises 357 374 000 preference shares. The preference shares mature in June 2010.

During April 2006, JCI instituted an action against Jaganda for the delivery of 357 374 000 preference shares held by JCI in that company, which holds ordinary shares in Simmers. Jaganda has disputed the validity of the preference shares. Jaganda acknowledges that it is indebted to JCI for R89.3 million, which is the original value of the preference shares, but denies further obligations. Pleadings in respect of the disputes have closed and the matter has been postponed due to the application for liquidation of Jaganda. The liquidation application is contested by JCI. The directors of JCI have assessed the impact of the liquidation application of Jaganda and are confident it does not effect their valuation.

The preference shares carry interest at prime bank overdraft rate (South Africa) only in the event and to the extent that Simmers pays dividends to its shareholders. In addition, on redemption, 20% of the 30-day VWAP of the Simmers quoted share price on the JSE that exceeds 25 cents per share becomes payable to JCI in cash. At a Simmers share price of R5.7053, which is the VWAP for March 2008, the total upside of the Jaganda preference shares agreement is R479.3 million.

The JCI directors have placed a value of R284 million to the investment in Jaganda, this being the midpoint of the original face value of the preference shares (i.e. R89.3 million) and the total value of the 20% upside as detailed above. This may not be the fair value if concluded in an arms length transaction with a third party.

	At 31 March 2008 R'000	At 31 March 2007 R'000
6. BUSINESSES HELD FOR SALE		
AMT (Sales agreement signed 31 March 2008)	36 200	33 000
AML, MSI, Cueincident including CMMS Loan account (Sales agreements in draft and not yet signed but purchase price has been received in full)	16 423	21 500
Bioclones (Sales agreement signed 18 February 2008)	4 200	5 000
Skygistics (Sales agreement signed 30 November 2007)	12 000	6 000
Tavlands (Sales agreement signed 22 September 2006)	–	900
	68 823	**66 400**

All the above businesses held for sale are valued by the JCI directors based upon signed sales agreements received for the investments. The above amounts have been received subsequent to 31 March 2008.

The JCI Group has other investments which have not been included as the JCI directors have not received any offers and are of opinion that it would not be prudent to attribute any value to these businesses at the current time. The JCI directors are of the opinion that they may, however, be able to generate value from these investments in the future. These include businesses such as Palfinger and Lyons, with the exception of the loans recoverable from the Lyons group.

7. LOANS		
Loans to Lyons secured by immovable properties	16 000	–
	16 000	**–**

The loans to Lyons have been valued, based on the value of the concluded sale agreements of the properties held as security for the repayment of the loans.

There is an encumbrance of R7.5 million with a financial institution which will be offset against the proceeds receivable on the sale of the Sandton Emperor penthouse Unit 1004 property. However, management has entered into an agreement with a third party where the third party has undertaken to have the encumbrance waived.

8. PROSPECTING RIGHTS – GFO TRANSACTION		
JCI's share of the prospecting rights in respect of the GFO transaction	–	177 315
Prospecting rights held within the JCI Group	–	5 000
	–	**182 315**

JCI and R&E, and certain of their subsidiaries have reached agreement, in terms of which the JCI and R&E groups relinquished their rights in favour of GFO for a purchase consideration of R400 million (excluding VAT), concluded on 31 October 2007. Upon conclusion, JCI, through its 44.9% shareholding in FSD, is entitled to an amount of R177 million in cash, as further set out in paragraph 33.1 of this Circular.

9. OTHER PROSPECTING RIGHTS		
New order prospecting rights held by FSD	**62 528**	**64 106**

These prospecting rights have been converted to new order prospecting rights, and have been valued based on old prospecting data. For further details, refer to note 18.1.

	At 31 March 2008 R'000	At 31 March 2007 R'000
10. INVESTMENT PROPERTIES		
Valued at offer price		
Houghton property (Offer accepted 30 May 2007)	3 500	3 500
St James Place – London (Date of offer 10 April 2008)	19 498	–
Stonehurst properties (Sold)	–	2 600
Valued at cost		
50% share in Investment House (Conclusion of share purchase 2 November 2008)	7 500	–
	30 498	**6 100**

These properties are held through subsidiary companies. The value of the Houghton and St James Place properties are based on offers to purchase received, the St James Place offer is still be negotiated further by the directors. Investment House is valued at the purchase price which according to the JCI directors approximates fair value. The Stonehurst properties were disposed during the current year.

11. SHARE OF CASH IN ASSOCIATE		
Cash and cash deposits	**159 860**	–
12. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	8 868	50 447
Deposits – Variance margin on Goldfields future contracts (restricted cash)	28 197	–
Deposits – Initial margin on Goldfields future contracts (restricted cash)	26 622	–
	63 687	**50 447**
13. INVESTEC RAISING FEE		
Investec raising fee based on the Investec loan agreement	**(373 335)**	**(373 335)**

The Investec loan agreement provides for a raising fee to be paid to Investec on certain selected assets of JCI. The raising fee has been calculated based on the JCI directors' interpretation of the Investec loan agreement. Different values were used in calculating the Investec raising fee than those disclosed in the Group NAV Statement.

JCI and Investec are in the process of finalising the calculation of this raising fee arrangement. Currently, there are differences between JCI's and Investec's interpretation of the loan agreement. These differences relate to Investec's disagreement with JCI regarding the calculation of the value of the JCI shares, and the value of the investments in R&E, Boschendal and Jaganda used in JCI's calculation.

The Investec raising fee liability would be R575.6 million should the raising fee calculation be based on Investec's interpretation of the Investec loan agreement.

The JCI directors are strongly of the view that the amount disclosed will be the maximum amount agreed upon, subject to the court actions instituted by third parties regarding the Investec raising fee agreement.

13. INVESTEC RAISING FEE (continued)

Investec hold the following assets as security for the outstanding fee:

	Number of shares	Value per share R	At 31 March 2008 R'000	At 31 March 2007 R'000
Goldfields	11 657 240	123.5069	1 439 750	1 493 176
Matodzi	187 954 095	0.2540	47 740	48 080
R&E	3 250 000	27.9064	90 696	93 403
Boschendal			160 988	127 043
Jaganda			284 302	283 755
Stonehurst properties			–	2 600
			2 023 476	2 048 057

Subsequent to 31 March 2008 there was a significant movement in the number of shares held as security.

The shares held as security subsequent to year end were as follows:

Goldfields shares	8 657 240
Matodzi shares	–
R&E shares	4 789 318

14. INCOME TAX PAYABLE

CGT	–	(49 197)
Income tax	–	(22 868)
Proportionate share of FSD's tax liability	(12 371)	(4 028)
	(12 371)	**(76 093)**

The company has settled with SARS in relation to CGT and Income Tax.

15. DEFERRED TAXATION

Unrealised		
Deferred taxation	(2 564)	(2 655)
Deferred taxation on other prospecting rights	(17 502)	(18 584)
Realised		
Deferred taxation arising from the GFO transaction	–	(25 048)
	(20 066)	**(46 287)**

The deferred taxation balance is as a result of temporary differences on listed investments, unlisted investments, investment properties and prospecting rights, except where the deferred tax liability has been offset against deferred tax assets in the respective JCI Group companies.

No deferred taxation assets were raised on the assessed losses of the JCI Group as it is not probable that future taxable profits will be available when the related deductible temporary differences reverse.

	At 31 March 2008 R'000	At 31 March 2007 R'000
16. TRADE AND OTHER PAYABLES		
Trade and other payables	(73 100)	(109 658)
VAT payable	–	(17 659)
PAYE payable	–	(2 288)
FSD group loans	(73 968)	(46 374)
	(147 068)	**(175 979)**

Trade and other payables include provisions for unsettled legal claims and matters that JCI is engaged in. JCI has also raised provisions for amounts on which security has been signed and amounts which JCI believes will not be received from the principal debtor. Subsequent to 31 March 2008, JCI has reached a settlement in the RAWAS matter with DRD GOLD. The value of the settlement was R25 million of which JCI's share was R21 million and the balance by the other parties involved in the settlement. These amounts have been settled.

JCI have pledged 2 943 087 R&E shares as security for a debt of US$4.8 million from Letseng Guernsey Limited which is included in trade and other payables. These shares have not been included in the assets as the ownership of the shares are under dispute and R&E have indicated that they will possibly cancel these shares. Refer to note 3.

PAYE payable:

JCI engaged independent tax advisors who completed a PAYE audit. Their report was submitted to SARS. JCI have reached agreement with SARS and the relevant amounts have been settled.

VAT payable:

JCI engaged independent tax advisors who completed a VAT audit and determined the amount payable. SARS has considered JCI's submission and issued assessments for the amounts payable. JCI and SARS have reached agreement and the relevant amounts have been settled.

FSD group loans:

The total FSD group loan is an amount of R 134 million (see note 18 below). As JCI has a shareholding of 44.9% in FSD the intercompany portion of the loan needs to be removed.

	At 31 March 2008 Number of shares	At 31 March 2007 Number of shares
17. ISSUED SHARES		
17.1 Treasury shares		
Treasury shares are JCI shares held by subsidiary companies excluding those held by Matodzi.	202 115 127	202 024 776
17.2 Shares identified for cancellation		
Shares identified for possible cancellation	194 874 834	194 874 834
Shares in the possession of R&E	(104 000 000)	(104 000 000)
Total shares identified for possible cancellation excluding the shares held by R&E	90 874 834	90 874 834

The above shares have been identified as fraudulent issues by the previous board. For the purpose of calculating the net shares in issue, the number of shares in issue has not been reduced by the shares identified for possible cancellation for the following reasons; firstly the 104 million JCI shares are in the possession of R&E and secondly the JCI board have decided to exclude the balance of 90 874 834 shares as legal proceedings have not yet been finalised.

	Notes	JCI's proportionate share At 31 March 2008 R'000	100% At 31 March 2008 R'000
18. **FSD'S NET ASSET VALUE**			
ASSETS			
Prospecting rights		**62 528**	**139 293**
Prospecting rights – GFO transaction		–	–
Other prospecting rights	18.1	62 528	139 293
Other asset			
Cash at Bank		159 860	356 114
Loan receivable	18.2	60 251	134 219
Total assets		**282 639**	**629 626**
LIABILITIES			
Income tax payable		(12 371)	(27 558)
Deferred taxation		(17 502)	(38 988)
Total liabilities		**(29 873)**	**(66 546)**
Net assets		**252 766**	**563 080**

JCI's proportionate share, equating to 44.9%, of FSD's NAV was included in the applicable line items of the Group NAV Statement.

	At 31 March 2008 R'000	At 31 March 2007 R'000
18.1 **Other prospecting rights**		
Valued at 7 November 2008	62 528	64 106

JCI is the beneficial owner of various prospecting rights held through its 44.89% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

18. FSD'S NET ASSET VALUE (continued)

18.1 Other prospecting rights (continued)

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce	US Dollar	Rand/	Rand	Value per hectare
	g/t	Moz	Hectare	US Dollar	million	US Dollar	million	Rand
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

Using comparable transactions the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BBBEE dilution	48 941
After BBBEE dilution	139 293[1]
JCI's 44.89% proportionate share at 31 March 2008	62 528

For the March 2007 value, management commissioned an independent third party mineral project evaluation expert to evaluate the mineralisation of the Du Preez Leger project and place a value thereon. A value of R193 million was placed on the project based on this exercise.

A CPR was not obtained to support this value and the valuation at March 2007 was based on reserves and not on inferred resources. Management believed that this valuation was the best estimate of fair value for the Du Preez Leger project based on comparable transactions. The valuation also placed no value on the Rebelkop and the Tweepan areas.

	R'000
Du Preez Leger/Jonkersrust 72	134 792
Vermeulenskraal	58 188
Valuation	192 980
Adjusted for BBBEE dilution	50 174[1]
After BBBEE dilution	142 806
JCI's 44.89% proportionate share at 31 March 2007	64 106

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the BBBEE requirements of the Minerals and Petroleum Resources Development Act.

18. FSD'S NET ASSET VALUE (continued)

18.2 Loan receivable

The loans are receivable from JCI group companies and bear interest at the prime bank lending rate. No formal terms of repayment have been established. These loans are secured by the pledge of 79 million JCI shares and 1.666 million Goldfield shares. The Goldfields pledge came into effect on 20 May 2008. The loan receivable is eliminated in the preparation of the Group NAV Statement of JCI and is therefore not included in the assets of JCI.

19. CONTINGENT ASSETS

The JCI Group has several assets not included in the Group NAV Statement as their value, recoverability and ownership cannot be determined with any reliability at this time.

19.1 Claims against third parties (excluding R&E)

JCI has identified various claims against third parties. It is not prudent at this stage to disclose a claim value or a break-down thereof, or to identify a name or to disclose any other relating details as it might influence the recoverability of these claims.

20. CONTINGENT LIABILITIES

	At 31 March 2008 R'000
The JCI Group provided the following guarantees:	
Nedbank Bank on behalf of Boschendal	109 503
Absa Bank on behalf of AML (to be released as part of the sale of AML to Mvelaphanda)	10 000
DME, SARS and financial institutions	4 062

No provision has been raised for these guarantees.

The directors have assessed all claims and have raised provisions for those claims which they consider to be probable and at values estimated to be the settlement values.

21. SUBSEQUENT EVENTS

The JCI group has entered into a back to back transaction with the sale of 1 000 000 Goldfields shares and a purchase of single stock future for 1 000 000 Goldfields shares subsequent to 31 March 2008. This has been done on the same basis as the SAFEX futures disclosed in the group NAV statement.

JCI has disposed of the investment in Matodzi on a share swop deal, JCI has swopped the 211 590 595 Matodzi shares for 1 679 289 R&E shares.

JCI has also entered a share swop agreement where 155 000 Goldfields shares were swopped for 1 000 000 R&E shares.

On 29 October 2008, JCI concluded a transaction to acquire the remaining 30% stake in the Lyons group of companies excluding the property management company for the settlement of their loan accounts.

It should also be noted that the listed investments and the valuation of Jaganda have been affected by the recent turmoil in the financial markets both locally and abroad.

No other material events occurred subsequent to 31 March 2008 other than those disclosed elsewhere in the Group NAV Statement.

22. ENCUMBRANCES

Except as noted above in the notes, no significant assets have been encumbered or pledged other than those disclosed elsewhere in the Group NAV Statement.

GLOSSARY OF TERMS

"AMT"	Kovacs 620 (Proprietary) Limited (Registration number 2003/019844/07) trading as Advanced Medical Technologies, a private company incorporated in South Africa;
"AML"	African Maritime Logistics (Proprietary) Limited (Registration number 2000/011486/07), a private company incorporated in South Africa;
"BEE"	Black Economic Empowerment Act 53 of 2003;
"Bioclones"	Bioclones (Proprietary) Limited (Registration number 1982/005469/07), a private company incorporated in South Africa;
"Boschendal"	Boschendal Limited (Registration number 2002/023534/06), a public company incorporated in South Africa;
"contiguous rights"	collectively, and severally the Kalbasfontein rights, the WA4 rights, the Cardoville rights and the Wildebeestkuil rights as detailed in the JCI circular to shareholders issued on 15 October 2007;
"CGT"	capital gains tax levied in terms of the Income Tax Act;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of the JCI Group;
"Cueincident"	Cueincident (Proprietary) Limited (Registration number 2000/000708/07), a private company incorporated in South Africa;
"Du Preez Leger Project"	The Du Preez Leger Project is a project encompassing the the farms Du Preez Leger 324, Jokersrus 72, Milo 639, Rebelkop 456, Tweepan 678 and Vermeulenskraal 223 located in the district of Virginia in the Free State Province;
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI and R&E;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/003209/06), a public company incorporated in South Africa, and a wholly owned subsidiary of Gold Fields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Goldfields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07) a private company incorporated in South Africa;
"g/t"	grams per ton of gold;
"Harmony"	Harmony Gold Mining Company Limited (Registration number 1950/038232/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Income Tax"	income tax levied in terms of the Income Tax Act;
"Income Tax Act"	the Income Tax Act 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;

"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in the circular to shareholders issued on 15 October 2006. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	the raising fee as per the Investec loan agreement;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formally known as Jaganda (Proprietary) Limited (Registration number 2004/005559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board" or "JCI directors"	the board of directors of JCI;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, being a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI Group"	JCI and its subsidiary companies;
"JSE"	JSE Limited (Registration number 2005/022939/06) a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"Kovacs"	Kovacs Investments 608 (Proprietary) Limited (Registration number 2003/015125/07), a private company incorporated in South Africa;
"KPMG"	KPMG Inc (Registration number 1999/021543/21), a public company incorporated in South Africa;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/023466/07), a private company incorporated in South Africa;
"Liberty Moon Investments"	Liberty Moon Investments 23 (Proprietary) Limited (Registration number 2001/021181/07), a private company incorporated in South Africa;
"Lyons"	Lyons Property Solutions (Proprietary) Limited (Registration number 2006/026142/07), a private company incorporated in South Africa;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, a subsidiary of JCI;
"MSI"	Mvelaphanda Security Investments (Proprietary) Limited, (Registration number 2002/008808/07), a private company incorporated in South Africa;
"Moregate"	Moregate Investments Limited (Registration number 358251), a public company incorporated in the British Virgin Islands;
"Moz"	million ounces;
"mt"	million tonnes or tons;

"oz"	ounces (troy);
"Palfinger"	Palfinger Southern Africa (Proprietary) Limited (Registration number 1990/003385/07), a private company incorporated in South Africa;
"previous board"	The board of JCI prior to its reconstitution on 24 August 2005, comprised of Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E claims"	the alleged claims by R&E against JCI;
"R&E NAV Statement"	the R&E net asset value statement published on the same date as the JCI group NAV statement;
"reconstituted board(s)"	the JCI board and the R&E board, as the context requires, reconstituted on 24 August 2005;
"SAMREC Code"	South African code for reporting of mineral resources and mineral reserves;
"SARS"	South African Revenue Services;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004) as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"shareholders"	holders of JCI shares;
"shares" or "JCI shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"Skygistics"	Skygistics (Proprietary) Limited (Registration number 2000/018328/07), a private company incorporated in South Africa;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Stonehurst properties"	Properties in the Stonehurst Mountain Estate situated on the slopes of the Steenberg mountain, in Cape Town;
"Tavlands"	Tavlands (Proprietary) Limited (Registration number 1971/007783/07), a private company incorporated in South Africa
"US$"	United States Dollars;
"VWAP"	volume weighted average price on the JSE;
"VAT"	value added tax levied in terms of the VAT Act; and
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NET ASSET VALUE STATEMENT OF JCI AT 31 MARCH 2008

"The Directors
JCI Limited
10 Benmore Road
Sandton
2146

Dear Sirs

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NAV STATEMENT OF JCI LIMITED AT 31 MARCH 2008

We have performed our limited assurance engagement on the Group NAV Statement of JCI Limited at 31 March 2008 and accompanying notes thereto ("the Notes"), as set out in Annexure 6a to the circular to Randgold & Exploration Company Limited shareholders to be dated on or about 28 November 2008 ("the circular") ("the Group NAV Statement") in which this report is included.

Directors' responsibility for the Group NAV Statement

The JCI Limited directors are responsible for the preparation and presentation of the Group NAV Statement in accordance with the basis of preparation, set out in the accompanying Notes to the Group NAV Statement, for the purpose of providing the shareholders of JCI Limited and Randgold & Exploration Company Limited with financial information relevant to the proposed merger with Randgold & Exploration Company Limited, as referred to in the Notes. This responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and making accounting estimates, which, in the opinion of the JCI Limited directors, are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to conclude on whether the Group NAV Statement at 31 March 2008 as reflected in Annexure 6a to the circular to which this report forms a part, has been prepared on the basis of preparation set out in the Notes, based on the procedures performed by us in a limited assurance engagement. There are no International Standards on Auditing (Engagement Standards) applicable to an engagement of this nature. In these circumstances we applied our professional judgement in planning and performing our procedures to obtain limited assurance on the Group NAV Statement in accordance with the basis of preparation set out in the Notes. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of work performed

Our work included making enquiries of management and performing procedures to obtain evidence in respect of the amounts and disclosures in the Group NAV Statement in accordance with the basis of preparation set out in the Notes. We have evaluated the appropriateness of the basis of preparation in the circumstances and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Group NAV Statement.

Conclusion

Based on the procedures performed by us, nothing has come to our attention that caused us to believe that the Group NAV Statement at 31 March 2008 has not been prepared, in all material respects, on the basis of preparation set out in the Notes.

Emphasis of matters

As indicated the Group NAV Statement is prepared in accordance with the basis of preparation, set out in the accompanying Notes, for the purpose of providing the shareholders of JCI Limited and Randgold & Exploration Company Limited with financial information relevant to the proposed merger, as referred to in the Notes. The Group NAV Statement and our limited assurance report may not be suitable for any other purpose.

The Group NAV Statement and our limited assurance report as reflected in Annexure 6a and this Annexure 6b of the circular will be included in a circular to the JCI Limited shareholders which is anticipated to be issued during the course December 2008.

KPMG Inc.
Registered Auditor

Per: J Erasmus
Chartered Accountant (SA)
Registered Auditor
Director

21 November 2008

KPMG Crescent
85 Empire Road
Parktown
2193
Johannesburg, South Africa"

JCI GROUP UNAUDITED NET ASSET VALUE STATEMENT AT 31 OCTOBER 2008

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (Suspended)
ISIN: ZAE0000039681
("JCI" or "the Company")

DIRECTORS' RESPONSIBILITY STATEMENT

The JCI directors are responsible for the preparation and presentation of the Group NAV Statement of JCI at 31 October 2008 and accompanying Notes as set out in this annexure.

The Group NAV Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes for the purpose of providing the shareholders with financial information relevant to the proposed merger between JCI and R&E, and has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The JCI directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the JCI directors, are reasonable in the circumstances.

The Group NAV at 31 October 2008 has not been reviewed by or reported on by KPMG, the independent auditor of JCI.

Approval of the Group NAV Statement

The Group NAV Statement at 31 October 2008 and accompanying Notes were approved by the JCI board on 21 November 2008 and signed on its behalf by:

Peter Henry Gray
Chief Executive Officer

Leslie Arthur Maxwell
Financial Director

GROUP NET ASSET VALUE STATEMENT

	Notes	Unaudited At 31 October 2008 R'000	At 31 March 2008* R'000
ASSETS			
Listed investments	3	**927 050**	**1 705 101**
Goldfields		750 405	1 449 293
R&E		172 157	189 596
Other listed investments		3 979	64 205
Derivative instruments		509	2 007
Unlisted investments		**376 339**	**530 113**
Boschendal	4	203 099	160 988
Jaganda	5	157 959	284 302
Businesses held for sale	6	–	68 823
Loans	7	15 281	16 000
Prospecting rights		**62 528**	**62 528**
Other prospecting rights	8	62 528	62 528
Other assets		**215 526**	**254 045**
Investment properties	9	48 465	30 498
Share of cash in associate	10	139 056	159 860
Cash and cash equivalents	11	28 005	63 687
Total assets		**1 581 443**	**2 551 787**
LIABILITIES			
Investec raising fee	12	(373 335)	(373 335)
Income tax payable	13	(11 475)	(12 371)
Deferred taxation	14	(20 157)	(20 066)
Trade and other payables	15	(154 276)	(147 068)
Total liabilities		**(559 243)**	**(552 840)**
Net assets		**1 022 200**	**1 998 947**

		Number of shares	Number of shares
ISSUED SHARES	16		
Number of shares in issue		2 224 798 993	2 224 798 993
Treasury shares		(202 115 127)	(202 115 127)
Net shares in issue		**2 022 683 866**	**2 022 683 866**
Group NAV per share (Rand)		0.5054	0.9883

* Reported on in terms of a limited assurance report issued by KPMG, the independent auditor of JCI as included in annexure 6b.

NOTES TO THE GROUP NAV STATEMENT AT 31 OCTOBER 2008

1. PURPOSE OF THE GROUP NAV STATEMENT

On 7 April 2006, JCI published unreviewed, unaudited and restated provisional financial results for the six months ended 30 September 2005, and for each of the years ended 31 March 2004 and 31 March 2005 ("provisional results").

In the accompanying commentary to these provisional results, the JCI directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were disclosed in the commentary, there may be other material events and circumstances of which the JCI directors are not aware of and which may have a material effect on JCI. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of JCI. In these circumstances the JCI directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG Inc. was appointed as the independent auditor of JCI during October 2005. In view of the uncertainties relating to the provisional results, and the disclaimer by the JCI directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 15 March 2007, JCI and R&E published an update to shareholders and on 23 April 2007, JCI and R&E announced their intention to merge. Because the JCI directors are still unable to prepare a complete set of financial statements for the years ended 31 March 2005, 2006, 2007 and 2008, in accordance with IFRS, the JCI directors have prepared a Group NAV Statement on the basis set out in note 2. The JCI directors consider the Group NAV Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing shareholders with financial information relevant to the proposed merger.

2. BASIS OF PREPARATION

The Group NAV Statement has been prepared from information available to the JCI directors and may not be complete for the reasons given in note 1 above. In particular, the Group NAV Statement excludes major claims and counter claims between JCI and R&E.

Other than for these claims, the Group NAV Statement includes all known significant assets and liabilities of the JCI Group and associate companies. The Group NAV Statement includes JCI's proportionate share of FSD's (a 44.9% associate of JCI) assets and liabilities on a line-by-line basis.

The Group NAV Statement has been prepared in Rands. All financial information is presented in Rands and has been rounded to the nearest thousand. Foreign currency monetary and non-monetary items are reported using the closing rate at 31 October 2008.

The Group NAV Statement required the JCI directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

The assets and liabilities of subsidiaries are included in the Group NAV Statement, except in instances where the subsidiaries are considered as businesses held for sale, or if the subsidiaries are considered to be insolvent, or dormant, or if the ownership of the assets and liabilities could not be proven. However, insolvent subsidiaries' liabilities have been included to the extent where JCI or any of its other subsidiaries have guaranteed the liabilities.

Intra-group balances are eliminated in the preparation of the Group NAV Statement.

The Group NAV Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2. BASIS OF PREPARATION (continued)

2.1 Listed investments

The JCI Group's listed investments, except for the investment in R&E, are based on the VWAP for October 2008 comprising 23 trading days (March 2008: VWAP for March 2008 comprising 19 trading days).

The value of the R&E investment is based on the NAV per share of R&E at 31 October 2008 (March 2008: 31 March 2008) which is disclosed in the R&E Group NAV Statement included in Annexure 5c to this circular after adjusting for the proposed merger ratio of 95 to 1, as was announced on 27 April 2007.

SAFEX futures are derivative instruments and are measured at the fair value of the instrument at 31 October 2008. The fair value of the futures is based on the amount of cash that would be received if the future contracts were closed out on 31 October 2008 which includes the profit/loss on the instruments.

2.2 Businesses held for sale

The fair values of these businesses are based on the latest offer received as an indication of the businesses' minimum values, where the business has been sold, the actual sales value was used.

2.3 Prospecting rights

Where an agreement is signed to sell the prospecting rights, the value is based on the consideration amount as quoted in the signed agreement. Where no such agreements are in place, but sufficient data and value exists, the JCI directors have determined a value which they believe is reasonable based on valuations performed by independent experts using comparable transactions.

2.4 Other assets

Other assets include investment properties and cash and cash equivalents.

2.4.1 Investment properties

Where an agreement is signed to sell the properties the value is based on the consideration in the signed agreement.

Where there are no such agreements in place, the value is based on the latest offer to purchase received from a third party.

Third party property acquisitions during the last year are stated at cost as the directors consider that to approximate fair value.

2.4.2 Loans

Loans are only brought into account when they are either certain of recovery or are secured by assets which value can be determined.

2.4.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.5 Taxation

2.5.1 Income tax payable

Income tax payable comprises taxation payable calculated on the basis of the expected taxable income using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to the directors given the circumstances detailed in note 1 above. (including prior year assessments and management's interpretation of current tax law)

2. **BASIS OF PREPARATION (continued)**

2.5 **Taxation (continued)**

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group NAV Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 **Trade and other payables**

Trade and other payables include accruals and other amounts payable, based on management's best estimate at the reporting date.

2.7 **Contingent assets**

Contingent assets are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be recovered. Due to the complex nature of the legal and forensic proceedings underway the actual amounts to be recovered from the misappropriation of the JCI Group's assets could vary significantly. These amounts have not been included in the Group NAV Statement as the recoverability cannot be reasonably assured.

2.8 **Contingent liabilities**

Contingent liabilities are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be paid.

All guarantees are disclosed even if the directors are of the opinion that they will not be called up or JCI is to be released from such guarantees on the sale of the underlying assets or businesses.

	No of shares/ futures	Value per share/ future R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
3. **LISTED INVESTMENTS**				
Goldfields	10 579 508	70.9300	750 405	1 449 293
R&E	10 634 023	16.1893	172 157	189 596
Other listed investments			3 979	64 205
Matodzi	–	0.2540	–	53 744
Simmers	1 833 592	2.1700	3 979	10 461
Derivative instruments			509	2 007
Goldfields SAFEX financial asset	7 384	69.00	509	2 007
			927 050	**1 705 101**

	No of shares/ futures	Value per share/ future R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
3. **LISTED INVESTMENTS (continued)**				
3.1 **Listed investments**				
The value of the listed investments, except for the investment in R&E, is based on the VWAP for October 2008 comprising 21 trading days.				
3.2 **Derivative instruments**				
Goldfields SAFEX futures				
Goldfields SAFEX futures	7 384	69.00	509	2 007
Deposit – variance margin (disclosed under cash refer note 11)			16 006	28 197
Deposit – initial margin (disclosed under cash refer note 11)			9 045	26 622
			25 560	**56 826**

The value of the Goldfields SAFEX futures is based on the closing rate per future at 31 October 2008. The value represents the mark to market price of the futures at 31 October 2008 less the mark to market prices at the inception of the contract.

Each Goldfields SAFEX futures contract is convertible into 100 ordinary Goldfields Shares on expiry of the future contracts. Thus the 7 384 Goldfields SAFEX futures are convertible into 738 400 Goldfields shares on expiry date of the future contracts, these contracts expire every 3 months at the discretion of JCI.

The variance margin is the surplus cash in the JCI futures trading account that is used to settle the daily mark to market price movements.

The initial margin on the contract is the cash deposited with SAFEX held as security by SAFEX over the futures.

3.3 **Merger Ratio**

The value of the R&E investment is based on the adjusted NAV per share of R&E at 31 October 2008.

	Unaudited At 31 October 2008 R	At 31 March 2008 R
Net Asset Value per share – R&E Group NAV Statement	6.7625	8.3607
Net Asset Value per share-adjusted to reflect the proposed merger ratio of 1 R&E share for 95 JCI Shares	16.1893	27.9452

The JCI Group has not included 2 943 087 R&E shares, which have been pledged as security for a liability owing by the JCI Group to Letseng Guernsey Limited. These shares have not been included in the Group NAV Statement of R&E as these shares are identified for possible cancellation.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
4. **BOSCHENDAL**		
20.002% investment through Moregate	50 004	45 006
Debentures in Kovacs including interest and profit share	152 190	115 077
Loan to Kovacs	905	905
Total investment in Boschendal	**203 099**	**160 988**

The investment in Boschendal is held through a direct investment via Moregate and an indirect investment through a debenture agreement with Kovacs.

Subsequent to 31 March 2008, there has been a further offer to purchase of R2.5 million per percent interest in Boschendal. Kovacs has followed their pre-emptive rights in terms of this offer and purchased an additional 5.5% interest in and R10 000 000 of loans to Boschendal. This has been financed by JCI on a similar basis to the Debentures.

The purchase offer as above has been used to value the interest in Boschendal.

The value of the debentures in Kovacs (the indirect holding in Boschendal) is based on the original investment amount plus accumulated interest and profit share supported by a financing agreement in place and secured by a loan from Kovacs to Boschendal. The directors are confident that the loan is recoverable. The loan has no fixed terms of repayment.

The JCI board is of the opinion that the valuation as detailed above of R203 million is fair and reasonable, however, the JCI board has indicated that the long term value of the investment could be in excess of this amount. An independent valuer calculated a value that was not significantly different from the value that the JCI directors have placed on the investment.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
5. **JAGANDA**		
Investment at valuation	**157 959**	**284 302**

The investment in Jaganda comprises 357 374 000 preference shares. The preference shares mature in June 2010.

During April 2006, JCI instituted an action against Jaganda for the delivery of 357 374 000 preference shares held by JCI in that company, which holds ordinary shares in Simmers. Jaganda has disputed the validity of the preference shares. Jaganda acknowledges that it is indebted to JCI for R89.3 million, which is the original value of the preference shares, but denies further obligations. Pleadings in respect of the disputes have closed and the matter has been postponed due to the application for liquidation of Jaganda. The liquidation application is contested by JCI. The directors of JCI have assessed the impact of the liquidation application of Jaganda and are confident it does not effect their valuation.

The preference shares carry interest at prime bank overdraft rate (South Africa) only in the event and to the extent that Simmers pays dividends to its shareholders. In addition, on redemption, 20% of the 30-day VWAP of the Simmers quoted share price on the JSE that exceeds 25 cents per share becomes payable to JCI in cash. At a Simmers share price of 2.17, which is the VWAP for October 2008, the total upside of the Jaganda preference shares agreement is R226.6 million.

The JCI directors have placed a value of R158 million to the investment in Jaganda, this being the midpoint of the original face value of the preference shares (i.e. R89.3 million) and the total value of the 20% upside as detailed above. This may not be the fair value if concluded in an arm's length transaction with a third party.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
6. BUSINESSES HELD FOR SALE		
AMT (Sales agreement signed 31 March 2008)	–	36 200
AML, MSI, Cueincident including CMMS Loan account (Sales agreements in draft and not yet signed but purchase price has been received in full)	–	16 423
Bioclones (Sales agreement signed 18 February 2008)	–	4 200
Skygistics (Sales agreement signed 30 November 2007)	–	12 000
	–	**68 823**

All the above businesses held for sale have been sold and amounts have been received subsequent to 31 March 2008.

The JCI Group has other investments which have not been included as the JCI directors have not received any offers and are of opinion that it would not be prudent to attribute any value to these businesses at the current time. The JCI directors are of the opinion that they may, however, be able to generate value from these investments in the future. These include businesses such as Palfinger and Lyons, with the exception of the loans recoverable from the Lyons group.

7. LOANS		
Loan to R&E from Fredev Group	4 281	–
Loans to Lyons secured by immovable properties	11 000	16 000
	15 281	**16 000**

The loans to Lyons have been valued, based on the value of the concluded sale agreements of the properties held as security for the repayment of the loans.

There is an encumbrance of R7.5 million with a financial institution which will be offset against the proceeds receivable on the sale of the Sandton Emperors penthouse unit 1004 property. However, management has entered into an agreement with a third party where the third party has undertaken to have the encumbrance waived.

8. OTHER PROSPECTING RIGHTS		
New order prospecting rights held by FSD	**62 528**	**62 528**

These prospecting rights have been converted to new order prospecting rights, and have been valued based on old prospecting data. For further details, refer to note 17.1.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
9. INVESTMENT PROPERTIES		
Valued at offer price		
Houghton property (Offer accepted 30 May 2007)	–	3 500
St James Place – London (Date of offer 10 April 2008)	35 965	19 498
Valued at cost		
50% share in Investment House (Conclusion of share purchase 2 November 2008)	12 500	7 500
	48 465	**30 498**

These properties are held through subsidiary companies. The value of the Houghton and St James Place properties are based on offers to purchase received, the St James Place offer is still be negotiated further by the directors. Investment House is valued at the purchase price which according to the JCI directors approximates fair value.

10. SHARE OF CASH IN ASSOCIATE		
Cash and cash deposits	**139 056**	**159 860**
11. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	2 953	8 868
Deposits – Variance margin on Goldfields future contracts (restricted cash)	16 006	28 197
Deposits – Initial margin on Goldfields future contracts (restricted cash)	9 046	26 622
	28 005	**63 687**
12. INVESTEC RAISING FEE		
Investec raising fee based on the Investec loan agreement	**(373 335)**	**(373 335)**

The Investec loan agreement provides for a raising fee to be paid to Investec on certain selected assets of JCI. The raising fee has been calculated based on the JCI directors' interpretation of the Investec loan agreement. Different values were used in calculating the Investec raising fee than those disclosed in the Group NAV Statement.

JCI and Investec are in the process of finalising the calculation of this raising fee arrangement. Currently, there are differences between JCI's and Investec's interpretation of the loan agreement. These differences relate to Investec's disagreement with JCI regarding the calculation of the value of the JCI shares, and the value of the investments in R&E, Boschendal and Jaganda used in JCI's calculation.

The Investec raising fee liability would be R575.6 million should the raising fee calculation be based on Investec's interpretation of the Investec loan agreement.

The JCI directors are strongly of the view that the amount disclosed will be the maximum amount agreed upon, subject to the court actions instituted by third parties regarding the Investec raising fee agreement.

12. **INVESTEC RAISING FEE (continued)**

Investec hold the following assets as security for the outstanding fee:

	Number of shares	Value per share R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
Goldfields	8 657 240	70.9300	614 058	1 439 750
Matodzi	–	0.2540	–	47 740
R&E	4 789 318	16.3426	78 270	91 963
Boschendal			203 099	160 988
Jaganda			157 959	284 302
			1 053 386	**2 024 743**

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
13. **INCOME TAX PAYABLE**		
Proportionate share of FSD's tax liability	(11 475)	(12 371)
	(11 475)	**(12 371)**

The company has settled with SARS in relation to CGT and Income Tax.

14. **DEFERRED TAXATION**

Unrealised		
Deferred taxation	(2 655)	(2 564)
Deferred taxation on other prospecting rights	(17 502)	(17 502)
Realised		
Deferred taxation arising from the GFO transaction	–	–
	(20 157)	**(20 066)**

The deferred taxation balance is as a result of temporary differences on listed investments, unlisted investments, investment properties and prospecting rights, except where the deferred tax liability has been offset against deferred tax assets in the respective JCI Group companies'.

No deferred taxation assets were raised on the assessed losses of the JCI Group as it is not probable that future taxable profits will be available when the related deductible temporary differences reverse.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
15. **TRADE AND OTHER PAYABLES**		
Trade and other payables	(43 701)	(73 100)
FSD group loans	(110 575)	(73 968)
	(154 276)	**(147 068)**

Trade and other payables include provisions for unsettled legal claims and matters that JCI is engaged in. JCI has also raised provisions for amounts on which security has been signed and amounts which JCI believes will not be received from the principal debtor.

JCI have pledged 2 943 087 R&E shares as security for a debt of US$4.8 million from Letseng Guersney Limited which is included in trade and other payables. These shares have not been included in the assets as the ownership of the shares are under dispute and R&E have indicated that they will possibly cancel these shares. Refer to note 3.

PAYE payable:

JCI engaged independent tax advisors who completed a PAYE audit. Their report was submitted to SARS. JCI have reached agreement with SARS and the relevant amounts have been settled.

VAT payable:

JCI engaged independent tax advisors who completed a VAT audit and determined the amount payable. SARS has considered JCI's submission and issued assessments for the amounts payable. JCI and SARS have reached agreement and the relevant amounts have been settled.

FSD group loans:

The total FSD group loan is an amount of R 134 million (see note 17 below). As JCI has a shareholding of 44.9% in FSD the intercompany portion of the loan needs to be removed.

	Unaudited At 31 October 2008 Number of shares	At 31 March 2008 Number of shares
16. **ISSUED SHARES**		
16.1 **Treasury shares**		
Treasury shares are JCI shares held by subsidiary companies excluding those held by Matodzi.	202 115 127	202 115 127
16.2 **Shares identified for Cancellation**		
Shares identified for possible cancellation	194 874 834	194 874 834
Shares in the possession of R&E	(104 000 000)	(104 000 000)
Total shares identified for possible cancellation excluding the shares held by R&E	90 874 834	90 874 834

The above shares have been identified as fraudulent issues by the previous board. For the purpose of calculating the net shares in issue, the number of shares in issue has not been reduced by the shares identified for possible cancellation for the following reasons; firstly the 104 million JCI shares are in the possession of R&E and secondly the JCI board have decided to exclude the balance of 90 874 834 shares as legal proceedings have not yet been finalised.

	Notes	JCI's proportionate share Unaudited At 31 October 2008 R'000	100% Unaudited At 31 October 2008 R'000
17. **FSD'S NET ASSET VALUE**			
ASSETS			
Prospecting rights		**62 528**	**139 293**
Other prospecting rights	17.1	62 528	139 293
Other asset			
Cash at Bank		139 056	309 771
Loan receivable	17.2	94 351	210 182
Total assets		**295 935**	**659 246**
LIABILITIES			
Income tax payable		(11 475)	(25 562)
Deferred taxation		(17 502)	(38 988)
Total liabilities		**(28 977)**	**(64 550)**
Net assets		**266 958**	**594 696**

JCI's proportionate share, equating to 44.9%, of FSD's NAV was included in the applicable line items of the Group NAV Statement.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
17.1 **Other prospecting rights**		
Valued at 7 November 2008	62 528	62 528

JCI is the beneficial owner of various prospecting rights held through its 44.89% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

17. FSD'S NET ASSET VALUE (continued)

17.1 Other prospecting rights (continued)

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce				Value per hectare
	g/t	Moz	Hectare	US Dollar	US Dollar million	Rand/ US Dollar	Rand million	Rand
Resource Area								
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20,000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

Using comparable transactions, the prospecting rights were valued at R188 million for both periods.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BBBEE dilution	48 941
After BBBEE dilution	139 293[(1)]
JCI's 44.89% proportionate share at 31 March 2008	62 528

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the black economic empowerment requirements of the Minerals and Petroleum Resources Development Act.

17.2 Loan receivable

The loans are receivable from JCI group companies and bear interest at the prime bank lending rate. No formal terms of repayment have been established. These loans are secured by the pledge of 79 million JCI shares and 1.666 million Goldfield shares. The Goldfields pledge came into effect on 20 May 2008. The loan receivable is eliminated in the preparation of the Group NAV Statement of JCI and is therefore not included in the assets of JCI.

18. CONTINGENT ASSETS

The JCI Group has several assets not included in the Group NAV Statement as their value, recoverability and ownership cannot be determined with any reliability at this time.

18.1 Claims against third parties (excluding R&E)

JCI has identified various claims against third parties. It is not prudent at this stage to disclose a claim value or a break-down thereof, or to identify a name or to disclose any other relating details as it might influence the recoverability of these claims.

19. CONTINGENT LIABILITIES

	Unaudited at 31 October 2008 R'000
The JCI Group provided the following guarantees:	
Nedbank Bank on behalf of Boschendal	109 503
Absa Bank on behalf of AML (to be released as part of the sale of AML to Mvelaphanda)	10 000
DME, SARS and financial institutions	4 062

No provision has been raised for these guarantees

The directors have assessed all claims and have raised provisions for those claims which they consider to be probable and at values estimated to be the settlement values.

20. SUBSEQUENT EVENTS

No other material events occurred subsequent to 31 October 2008 other than those disclosed elsewhere in the Group NAV Statement.

21. ENCUMBRANCES

Except as noted above in the notes, no significant assets have been encumbered or pledged other than those disclosed elsewhere in the Group NAV Statement.

GLOSSARY OF TERMS

"AMT"	Kovacs 620 (Proprietary) Limited (Registration number 2003/019844/07) trading as Advanced Medical Technologies, a private company incorporated in South Africa;
"AML"	African Maritime Logistics (Proprietary) Limited (Registration number 2000/011486/07), a private company incorporated in South Africa;
"BEE"	Black Economic Empowerment Act 53 of 2003;
"Bioclones"	Bioclones (Proprietary) Limited (Registration number 1982/005469/07), a private company incorporated in South Africa;
"Boschendal"	Boschendal Limited (Registration number 2002/023534/06), a public company incorporated in South Africa;
"contiguous rights"	Collectively, and severally the Kalbasfontein rights, the WA4 rights, the Cardoville rights and the Wildebeestkuil rights as detailed in the JCI circular to shareholders issued on 15 October 2007;
"CGT"	capital gains tax levied in terms of the Income Tax Act;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of the JCI Group;
"Cueincident"	Cueincident (Proprietary) Limited (Registration number 2000/000708/07), a private company incorporated in South Africa;
"Du Preez Leger Project"	The Du Preez Leger Project is a project encompassing the the farms Du Preez Leger 324, Jokersrus 72, Milo 639, Rebelkop 456, Tweepan 678 and Vermeulenskraal 223 located in the district of Virginia in the Free State Province;
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI and R&E;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/003209/06), a public company incorporated in South Africa, and a wholly owned subsidiary of Gold Fields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Goldfields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07) a private company incorporated in South Africa;
"g/t"	grams per ton of gold;
"Harmony"	Harmony Gold Mining Company Limited (Registration number 1950/038232/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Income Tax"	income tax levied in terms of the Income Tax Act;
"Income Tax Act"	the Income Tax Act 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;

"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in the circular to shareholders issued on 15 October 2006. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	the raising fee as per the Investec loan agreement;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formally known as Jaganda (Proprietary) Limited (Registration number 2004/005559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board" or "JCI directors"	the board of directors of JCI;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, being a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI Group"	JCI and its subsidiary companies;
"JSE"	JSE Limited (Registration number 2005/022939/06) a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"Kovacs"	Kovacs Investments 608 (Proprietary) Limited (Registration number 2003/015125/07), a private company incorporated in South Africa;
"KPMG"	KPMG Inc (Registration number 1999/021543/21), a public company incorporated in South Africa;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/023466/07), a private company incorporated in South Africa;
"Liberty Moon Investments"	Liberty Moon Investments 23 (Proprietary) Limited (Registration number 2001/021181/07), a private company incorporated in South Africa;
"Lyons"	Lyons Property Solutions (Proprietary) Limited (Registration number 2006/026142/07), a private company incorporated in South Africa;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, a subsidiary of JCI;
"MSI"	Mvelaphanda Security Investments (Proprietary) Limited (Registration number 2002/008808/07), a private company incorporated in South Africa;
"Moregate"	Moregate Investments Limited (Registration number 358251), a public company incorporated in the British Virgin Islands;
"Moz"	million ounces;
"mt"	million tonnes or tons;

"oz"	ounces (troy);
"Palfinger"	Palfinger Southern Africa (Proprietary) Limited (Registration number 1990/003385/07), a private company incorporated in South Africa;
"previous board"	The board of JCI prior to its reconstitution on 24 August 2005, comprised of Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E claims"	the alleged claims by R&E against JCI;
"R&E NAV Statement"	the R&E net asset value statement published on the same date as the JCI group NAV statement;
"reconstituted board(s)"	the JCI board and the R&E board, as the context requires, reconstituted on 24 August 2005;
"SAMREC Code"	South African code for reporting of mineral resources and mineral reserves;
"SARS"	South African Revenue Services;
"Securities Services Act"	the Securities Services Act, 2004, (Act 36 of 2004) as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"shareholders"	holders of JCI shares;
"shares" or "JCI shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"Skygistics"	Skygistics (Proprietary) Limited (Registration number 2000/018328/07), a private company incorporated in South Africa;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Stonehurst properties"	Properties in the Stonehurst Mountain Estate situated on the slopes of the Steenberg mountain, in Cape Town;
"Tavlands"	Tavlands (Proprietary) Limited (Registration number 1971/007783/07), a private company incorporated in South Africa;
"US$"	United States Dollars;
"VWAP"	volume weighted average price on the JSE;
"VAT"	value added tax levied in terms of the VAT Act; and
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended.

UNAUDITED *PRO FORMA* COMBINED NET ASSET VALUE STATEMENT OF R&E AT 31 MARCH 2008, POST THE MERGER

The unaudited *pro forma* combined net asset value statement of Randgold and Exploration Limited ("R&E") before and after the proposed transaction is set out below. The unaudited *pro forma* combined net asset value statement is presented in a manner consistent with the basis on which the net asset value statement of R&E and JCI Limited ("JCI") has been presented which is in accordance with the basis of preparation described in the accompanying notes thereto (which is not in accordance with IFRS) as set out in Annexures 5a and 6a to this circular, respectively.

In the respective notes to the net asset value statement of R&E at 31 March 2008 (Annexure 5a) and the net asset value statement of JCI at 31 March 2008 (Annexure 6a), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the respective net asset value statement at 31 March 2008 of R&E (Annexure 5a) and JCI (Annexure 6a), reference should be made to the respective notes thereto.

The unaudited *pro forma* combined net asset value statement has been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* combined net asset value statement may not give a fair reflection of R&E's net asset value position after the proposed transaction. It has been assumed for the purposes of the unaudited *pro forma* combined net asset value statement that the proposed transaction took place on 31 March 2008. It does not purport to be indicative of what the net asset value would have been had the proposed transaction been implemented on a different date. The unaudited *pro forma* combined net asset value statement is based on the estimates and assumptions set out in the notes below. The directors of R&E are responsible for the preparation of the unaudited *pro forma* combined net asset value statement.

The independent reporting accountant's report relating to the unaudited *pro forma* combined net asset value statement of the proposed transaction is included in this circular as Annexure 7b.

The unaudited *pro forma* combined net asset value statement after the proposed transaction presented below has been prepared from the information available to the directors of R&E and includes the respective net asset value statements at 31 March 2008 of R&E (Annexure 5a) and JCI (Annexure 6a) together with adjustments described below:

UNAUDITED *PRO FORMA* COMBINED NAV STATEMENT BASED ON A PROPOSED MERGER RATIO OF 95:1

	R&E NAV 31 March 2008[1] R'000	JCI NAV 31 March 2008[2] R'000	Combination adjustments[3] R'000	Unaudited Combined *Pro forma* NAV 31 March 2008 R'000
Non-current assets				
Listed investments	**329 074**	**1 705 101**	**(267 719)**	**1 766 456**
Gold Fields	250 556	1 449 293	–	1 699 849
JCI	78 123	–	(78 123)	–
Randgold	–	189 596	(189 596)	–
SAFEX financial assets	–	2 007	–	2 007
Other shares	395	64 205	–	64 600
Other investments	**76 764**	**607 139**	**–**	**683 903**
Boschendal investment	–	160 988	–	160 988
Jaganda	–	284 302	–	284 302
Businesses held for sale	–	68 823	–	68 823
Investment properties	–	30 498	–	30 498
Prospecting rights	76 764	62 528	–	139 292
Current assets	**283 448**	**239 547**	**(73 969)**	**449 026**
Loans receivable	73 969	16 000	(73 969)	16 000
Trade and other receivables	4 000	–	–	4 000
Share of cash in associate	–	159 860	–	159 860
Cash and cash equivalents	205 479	63 687	–	269 166
Total assets	**689 286**	**2 551 787**	**(341 688)**	**2 899 385**
LIABILITIES				
Other liabilities	**(88 404)**	**(552 840)**	**73 969**	**(567 275)**
Investec raising fee	–	(373 335)	–	(373 335)
Employee benefits	(32 984)	–	–	(32 984)
Current tax liabilities	(17 889)	(12 371)	–	(30 260)
Deferred tax	(28 328)	(20 066)	–	(48 394)
Trade and other payables	(9 203)	(147 068)	73 969	(82 302)
Net assets	**600 882**	**1 998 947**	**(267 719)**	**2 332 110**
Number of shares in issue	74 813 128	2 224 798 993	20 619 612[4]	95 432 740
Shares identified for possible cancellation/treasury shares	(2 943 087)[5]	(202 115 127)[6]	(8 921 535)[7]	(11 864 622)
Net shares in issue	71 870 041	2 022 683 866[6]	11 698 077	83 568 118
NAV per share (Cents)	**836.07**	**98.83**		**2 790.67**
NTAV per share (Cents)	**836.07**	**98.83**		**2 790.67**

Notes:

1. This column is extracted from the Group Net Asset Value Statement of R&E at 31 March 2008 prepared on the basis of presentation described in the accompanying notes thereto, as detailed in Annexure 5a to this Circular. The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 March 2008. The limited assurance report issued by the independent auditor of R&E on the Group Net Asset Value Statement of R&E at 31 March 2008 is included in Annexure 5b to this Circular.

2. This column is extracted from the Group Net Asset Value Statement of JCI as at 31 March 2008 prepared on the basis of presentation described in the accompanying notes thereto, as detailed in Annexure 6a to this Circular. The JCI directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of JCI at 31 March 2008. The limited assurance report issued by the independent auditor of JCI on the Group Net Asset Value Statement of JCI at 31 March 2008 is included in Annexure 6b to this Circular.
3. This column represents combination adjustments to eliminate cross holdings between JCI and R&E as well as intergroup balances on combination post the implementation of the proposed merger.
4. It has been assumed that 20 619 612 R&E shares will be issued to scheme participants, in order to effect the merger as set out in terms of the merger ratio (as further disclosed in paragraph 10 of this circular), i.e. 1 R&E share for every 95 JCI shares.
5. For the purpose of calculating the net shares in issue, the total number of shares in issue of R&E (based on an issued share capital of 74 813 128 R&E shares) has been notionally reduced by 2 943 087 R&E shares, being the disputed R&E shares which R&E has earmarked for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted on account of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI), on the basis that such shares are alleged to have been issued for no value received. The said shares have been identified to be in the possession of Letseng Diamonds. R&E has been informed by JCI that the disputed R&E shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI. R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.
6. The net shares in issue has been calculated after the deduction of treasury shares held by subsidiary companies, excluding those held by Matodzi.
7. The 6 794 007 R&E shares held by JCI have been treated as treasury shares on combination post the proposed merger. Furthermore, JCI treasury shares of 202 115 127 shares, as set out in note 6 above, and after conversion into R&E shares at a merger ratio of one R&E share for 95 JCI shares, amounting to 2 127 528 R&E shares have also been treated as treasury shares on combination post the proposed merger.

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE *PRO FORMA* COMBINED NET ASSET VALUE STATEMENT OF R&E AT 31 MARCH 2008

"The Directors
Randgold & Exploration Company Limited
10 Benmore Road
Sandton
2146

24 November 2008

Dear Sirs

Independent Reporting Accountant's limited assurance report on the *pro forma* combined Net Asset Value Statement of Randgold & Exploration Company Limited at 31 March 2008

Introduction

We have performed our limited assurance engagement in respect of the *pro forma* combined Net Asset Value Statement of Randgold & Exploration Company Limited ("Randgold") at 31 March 2008 as reflected in Annexure 7a and the *pro forma* financial effects of the proposed merger with JCI Limited ("JCI") in respect of such combined *pro forma* Net Asset Value Statement as set out in paragraph 21.2 of the main body of the circular and Annexure 7a to the circular to Randgold shareholders to be dated on or about 28 November 2008 ("the circular") ("*pro forma* combined Net Asset Value Statement"), issued in connection with the proposed merger of Randgold with JCI ("proposed transaction").

The *pro forma* combined Net Asset Value Statement has been prepared for purposes of complying with the Listings Requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the proposed transaction might have affected the *pro forma* combined Net Asset Value Statement presented had the proposed transaction been undertaken on 31 March 2008.

Our conclusion below has been formed on the basis of, and is subject to the limitations relative to certain financial information which forms the basis of the *pro forma* combined Net Asset Value Statement. These limitations relate to the lack of audited financial information as well as limitations on the completeness of the financial information contained in the Group Net Asset Value Statement of Randgold at 31 March 2008 and the Group Net Asset Value Statement of JCI at 31 March 2008, respectively, included in Annexures 5a and 6a, respectively, in the circular ("these net asset value statements"). In the notes to these net asset value statements, the respective directors of Randgold and JCI have described the circumstances giving rise to the basis of preparation of these financial statements and have highlighted certain inhibiting factors regarding the completeness of information. Our respective conclusions on the Group Net Asset Value Statement of Randgold at 31 March 2008 as included in Annexure 5b and the Group Net Asset Value Statement of JCI at 31 March 2008 as included in Annexure 6b provided limited assurance having regard to the basis of preparation and the basis of our assurance engagement. For a better understanding of the circumstances and the basis of preparation of these net asset value statements, reference should be made to the notes to each of these net asset value statement and our respective reports thereon.

Because of its nature and the inhibiting factors referred to above, the *pro forma* combined Net Asset Value Statement may not present a fair reflection of the net asset value position of Randgold after the proposed transaction.

Directors' responsibility

The directors are solely responsible for the compilation, contents and presentation of *pro forma* combined Net Asset Value Statement contained in the circular and for the financial information from which it has been prepared, for the purpose of providing information to the shareholders as required in terms of Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements. The directors' responsibility includes determining that the *pro forma* combined Net Asset Value Statement has been

properly compiled on the basis stated, the basis is consistent with the basis of preparation described in the notes accompanying the Group Net Asset Value Statement of Randgold at 31 March 2008 and that the *pro forma* adjustments are appropriate for the purposes of the *pro forma* combined Net Asset Value Statement.

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* combined Net Asset Value Statement included in the circular to Randgold shareholders. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial* information and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants. The International Standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* combined Net Asset Value Statement, beyond that owed to those to whom the reports were addressed by us, having regard to the purpose for which those reports were prepared and any restriction in use contained in those reports, at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the Group Net Asset Value Statement of Randgold at 31 March 2008 as reflected in Annexure 5a attached to the circular and the Group Net Asset Value Statement of JCI at 31 March 2008 as reflected in Annexure 6a attached to the circular, with source documents, considering the *pro forma* adjustments in light of the basis of preparation described in the accompanying notes to the Group Net Asset Value Statement of Randgold at 31 March 2008 as reflected in Annexure 5a attached to the circular, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* combined Net Asset Value Statement with the directors of Randgold. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Randgold.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion on the pro forma adjustments included in the pro forma combined Net Asset Value Statement

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements, the *pro forma* adjustments:

- have not been properly compiled on the basis stated;
- such basis is inconsistent with the basis of preparation described in the accompanying notes to the Group Net Asset Value Statement of Randgold at 31 March 2008; and
- are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements.

This conclusion has been formed on the basis of, and is subject to the inherent limitations outlined elsewhere in this independent reporting accountants' report.

Yours faithfully

KPMG Inc.
Registered Auditor

Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg"

CONSOLIDATED BALANCE SHEET OF R&E AT 31 MARCH 2008

RANDGOLD & EXPLORATION COMPANY LIMITED

Registration number 1992/005642/06

CONSOLIDATED BALANCE SHEET

at 31 MARCH 2008

RANDGOLD & EXPLORATION COMPANY LIMITED

Registration number 1992/005642/06

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Company's directors are responsible for the preparation of the Consolidated Balance Sheet of Randgold and Exploration Company Limited at 31 March 2008, comprising the consolidated balance sheet at 31 March 2008 and notes, which include a summary of significant accounting policies and other explanatory notes, as set out in this annexure, in accordance with the recognition and measurement requirements of International Financial Reporting Standards, but not its presentation and disclosure requirements, for the purpose of providing the shareholders with financial information relevant to the proposed merger of the company with JCI Limited, as referred to in note 2.

The directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Consolidated Balance Sheet; designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Consolidated Balance Sheet that is free from material misstatements, whether due to fraud and error; selecting and applying accounting policies; and making accounting estimates that are reasonable in the circumstances.

KPMG Inc, the independent auditor of Randgold & Exploration Company Limited, is responsible for reporting on whether, based on their review, which is substantially less than an audit, anything has come to their attention that causes them to believe that the Consolidated Balance Sheet at 31 March 2008 has not been prepared, in all material respects, in accordance with the recognition and measurement requirements of International Financial Reporting Standards, but not its presentation and disclosure requirements.

Approval of the Consolidated Balance Sheet

The Consolidated Balance Sheet at 31 March 2008, as identified above, was approved by the Board of Directors on 21 November 2008 and is signed on its behalf by:

David Kovarsky
Chief Executive Officer

Marais Steyn
Chairman

RANDGOLD & EXPLORATION COMPANY LIMITED

Registration number 1992/005642/06

CONSOLIDATED BALANCE SHEET

at 31 March 2008

	Notes	31 March 2008 R'000
ASSETS		
Total non-current assets		**410 512**
Prospecting rights	6	49
Available-for-sale financial assets	7	276 244
Loans receivable	8	134 219
Total current assets		**369 339**
Trade and other receivables	9	4 000
Cash and cash equivalents	10	365 339
TOTAL ASSETS		**779 851**
EQUITY		
Ordinary share capital	14	748
Shareholders' equity – other		572 862
Minority interest		133 794
TOTAL EQUITY		**707 404**
LIABILITIES		
Total non-current liabilities		
Employee benefits	11	32 984
Total current liabilities		**39 463**
Tax payable	12	30 260
Trade and other payables	13	9 203
TOTAL LIABILITIES		**72 447**
TOTAL EQUITY AND LIABILITIES		**779 851**

RANDGOLD & EXPLORATION COMPANY LIMITED

Registration number 1992/005642/06

NOTES TO THE CONSOLIDATED BALANCE SHEET

at 31 March 2008

1. REPORTING ENTITY

Randgold & Exploration Company Limited (the "Company" or "R&E") is a company incorporated in the Republic of South Africa. The address of the Company's registered office is No. 10, Benmore Road, Sandton, 2146. The Consolidated Balance Sheet of the Company as at 31 March 2008 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). R&E is an investment holding company with assets in the mining industry. The Company aims to invest in high quality assets that will ensure maximum return for its shareholders. It currently holds prospecting rights directly and indirectly through subsidiary companies which it plans to develop further in order to add value to its investments.

2. BACKGROUND

On 31 March 2006, R&E published provisional unaudited and unreviewed financial results for the years ended 31 December 2004 and 2005, and restated provisional results for the year ended 31 December 2003 ("provisional results").

In the accompanying commentary to these provisional results, the Company's directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were included in the commentary, there may be other material events and circumstances of which the board of directors of R&E are not aware and which may have a material effect on the Group. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the board of directors of R&E disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed as the independent auditor of R&E during October 2005. In view of the uncertainties relating to the provisional results and the disclaimer by the R&E directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 6 November 2008, the Company published an update to shareholders on the proposed merger negotiations between R&E and JCI Limited ("JCI").

Because the board of R&E is still unable to prepare a complete set of financial statements for the years ended 31 December 2004, 2005, 2006 and 2007, and for the period ended 31 March 2008 in accordance with IFRS, the directors have prepared a Consolidated Balance Sheet at 31 March 2008, comprising the Consolidated Balance Sheet at 31 March 2008 and notes, which include a summary of significant accounting policies and other explanatory notes, in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), but not its presentation and disclosure requirements, as described in note 3. The board of R&E, comprising the present board of R&E (subsequent to 24 August 2005), have relied on forensic reports and used their respective reasonable endeavours to make available information to prepare the Consolidated Balance Sheet at 31 March 2008. Notwithstanding the reasonable endeavours of the directors, attention is drawn to the fact that:

- the newly constituted board of R&E, and more specifically the present board of R&E, was appointed subsequent to material events and circumstances which had a direct effect on the financial and other affairs of R&E;
- the directors, comprising the present board of R&E, have no further knowledge of material circumstances and events which have affected the financial and other affairs of R&E; and
- due to the extent of the alleged frauds and thefts, there may be other material events and circumstances or liabilities of which the directors are not aware, which may have a material effect on R&E and which may affect the accuracy and completeness of the information reflected in the Consolidated Balance Sheet and/or may have the effect that the Consolidated Balance Sheet does not reflect a true and complete account of the consolidated financial position of R&E at 31 March 2008.

The directors consider the Consolidated Balance Sheet at 31 March 2008 suitable in the circumstances for the purpose of providing its shareholders with financial information relevant to the proposed merger with JCI.

3. BASIS OF PREPARATION

The Consolidated Balance Sheet at 31 March 2008 has been prepared in accordance with the recognition and measurement requirements of IFRS, but not its presentation and disclosure requirements, based on information available to the board of R&E and may not be complete for the reasons given in note 2 above. In particular, the Shareholders' Equity – Other is presented as the excess of consolidated assets over consolidated liabilities, ordinary share capital and minority interest.

The Consolidated Balance Sheet has been prepared in Rands, rounded to the nearest thousand, on the historical cost basis except for available for sale financial assets, which are measured at fair value; and includes all known significant assets and liabilities of R&E, and its subsidiaries. Accordingly, R&E has accounted for all listed investments under its control and in its possession at 31 March 2008.

The preparation of the Consolidated Balance Sheet in accordance with the recognition and measurement requirements of IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated balance sheet is included in the notes.

Corresponding figures have not been presented as the company is still unable to prepare historical financial statements, including comparative financial information.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by Group entities.

The following accounting policies are an extract of the Group's accounting policies only as relevant to the preparation of the consolidated balance sheet.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights currently exercisable are taken into account. The balance sheets of subsidiaries are included in the consolidated balance sheet from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated balance sheet.

(b) Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the reporting date are restated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans receivables, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits measured at amortised cost which approximates fair value.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value with fair value changes being recognised in Shareholders' Equity – Other.

Where the fair value of equity securities classified as available-for-sale financial assets is no longer reliably measureable, any gain or loss recognised directly in equity relating to these instruments is retained in equity.

The carrying value of the equity securities at the date where fair value is no longer reliably measureable is treated as its new cost. Subsequently the equity investment is carried at cost less impairment. Any impairment losses are recognised in Shareholders' Equity – Other.

Loans receivable; trade and other receivables

Loans receivable and trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are measured at amortised cost.

(d) **Share capital**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(e) **Intangible assets**

Intangible assets include prospecting rights.

Prospecting rights are measured at cost less accumulated impairment losses. Prospecting rights are not amortised as they are not yet available for use.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

For prospecting rights not available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

(f) **Impairment**

(i) **Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(g) **Employee benefits**

(i) **Defined benefit plans**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of instruments that have maturity dates approximating the terms of the Group's obligations. The calculation is performed at the reporting date by a qualified actuary using the projected unit credit method. The group recognises all actuarial gains and losses arising from defined benefit plans in Shareholders' Equity – Other.

(ii) **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus plans and accrued leave if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated accurately.

(h) **Income tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Income tax payable has been calculated based on the best information currently available to management regarding taxable income (including prior year assessments and management's interpretation of current tax law) given the circumstances detailed in note 2 above.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) **Business Combinations**

The purchase method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Minority interest at acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of subsidiaries acquired.

Fair values of the total of all identifiable assets and liabilities included in the business combination are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using an appropriate discount rate to present values.

To the extent that these identifiable assets and liabilities, were already owned by the group, the adjustment to fair values related to these assets and liabilities is recognised directly in Shareholders' Equity – Other.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in Shareholders' Equity – Other on acquisition date.

5. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset.

(i) Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

(ii) Loans receivable; trade and other receivables

The fair value of loans receivable and trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

	R'000
6. PROSPECTING RIGHTS	
At cost *less* accumulated impairment losses	**49**

R&E is the beneficial owner of various prospecting rights held through its 55.11% shareholding in the issued share capital of FSD.

A register of the prospecting rights and title deeds is available for inspection at the registered office of the company.

	Number of shares	Value per share	R'000
7. AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Balance at 31 March 2008			**276 244**
Gold Fields Limited	2 028 684	115.0000	233 299
JCI	265 935 854	0.1600	42 550
Kelgran Limited	2 324 830	0.1700	395

The available-for-sale financial assets have been valued at the closing price on 31 March 2008, except for the shares in JCI and Kelgran that have been suspended on the JSE at the prices indicated above, which represents the new cost as explained in note 4(c)(i).

	Notes	R'000
8. **LOANS RECEIVABLE**		
		134 219
FSD loan to JCI Group	8.1	92 861
Goldridge loan to JCI Group	8.2	41 358

8.1 FSD has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group in its Group Net Asset Value Statement at 31 March 2008. The loan is secured by a pledge of 79 million JCI Limited shares, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

8.2 Goldridge, a 100% subsidiary of FSD, has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group in its Group Net Asset Value Statement at 31 March 2008. The loan is secured by a pledge of 1.666 million Gold Fields shares which came into effect on 20 May 2008, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

9. **TRADE AND OTHER RECEIVABLES**	
Claim receivable	**4 000**

The claim receivable bears no interest and was repaid in full during May 2008.

10. **CASH AND CASH EQUIVALENTS**	
Cash and cash deposits	**365 339**

Cash and cash deposits consist of cash held in bank accounts.

11. **EMPLOYEE BENEFITS**	
Defined benefit obligation at 31 March 2008	**32 984**

The Company pays post-retirement medical benefits primarily to a closed group of retirees of the previously listed Rand Mines Group. The liability is unfunded. The Company has accrued in full for their post-retirement medical cost obligations based on the latest actuarial valuation performed by independent actuaries on the projected unit credit method at 31 March 2008, which include appropriate mortality tables and assuming long-term estimates of increases in medical costs and appropriate discount rates.

	%
Actuarial assumptions	
Principal actuarial assumptions at the reporting date (expressed as weighted averages):	
Discount rate	8.20
Healthcare cost inflation rate	6.67

	R'000
12. **TAX PAYABLE**	
South African normal tax	**30 260**

This amount includes income tax payable for the R&E Group and includes any related penalties and interest that may be due, except as noted in the next paragraph.

Income tax payable does not include any additional penalties that may become leviable upon assessment of outstanding returns by SARS as management believe, that the Group did not act fraudulently or in any other way to warrant incurring such additional penalties. Based on the ongoing negotiations with SARS, management believes that the penalties and interest calculated is sufficient and that no further penalties will be levied by SARS.

R&E's calculations reflect that R&E had no taxable income from 2002 to the reporting date as R&E was operating at a loss. SARS has, however, queried R&E's tax calculations from 1998 to 2001 and have subsequently recalculated that an additional amount of R44 million in taxes is payable. R&E has and will continue to contest these queries. Given that such queries are under dispute, management believes that the amount is not payable and therefore no liability for this amount has been raised.

	R'000
13. TRADE AND OTHER PAYABLES	
Trade and other payables	**9 203**
Trade payables	6 066
VAT payable	3 137

VAT payable

R&E engaged independent tax advisors who completed a VAT audit and determined the VAT payable, excluding penalties and interest thereon. Management added penalties and interest to the VAT payable. The penalties calculated by management, however, excluded the 200% section 60 VAT penalty as defined in the VAT Act, as R&E believes they did not act fraudulently.

The report of the independent tax advisors has been submitted to SARS. R&E has had various meetings with SARS but still awaits their final decision regarding settlement.

14. ORDINARY SHARE CAPITAL	
Authorised	
75 000 000 ordinary shares of 1 cent each	
Issued	
74 813 128 ordinary shares of 1 cent each	**748**

No shares have been issued since 31 December 2003, the date of the previously published audited financial statements.

15. DEFERRED TAX

Deferred tax assets have not been recognised in respect of deductible temporary differences and assessable tax losses as it is not probable that future taxable profit will be available against which the group can utilise the benefits there from.

16. CONTINGENT ASSETS

R&E has issued various claims against third parties which R&E is proceeding with. Such claims could be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

17. ENCUMBRANCES AND GUARANTEES

No significant assets have been encumbered or pledged by R&E.

18. **LIST OF SUBSIDIARIES**

	Issued share capital R'000	Effective holding	Shares at cost R'000
AFRICAN STRATEGIC INVESTMENT HOLDINGS	*	100%	*
BENTONITE LTD – Dormant	*	100%	*
CONTINENTAL BASE METAL MINING COMPANY (PTY) LTD	2	100%	*
CORGROUP (NEPTUNE) INVESTMENTS LTD	4	100%	*
DOORNRIVIER MINERALS LTD	*	100%	46
FIRST WESGOLD MINING (PTY) LTD	340	100%	21 080
FREE STATE DEVELOPMENT AND INVESTMENT CORPORATION LTD	2 223	55%	45 355
GOLDRIDE GOLD MINING COMPANY (PTY) LTD	*	55%	*
LUNDA ALLUVIAL OPERATION (PTY) LTD	*	100%	*
MINRICO LTD	*	74%	*
PALMIETFONTEIN MINING VENTURES (PTY) LTD	*	55%	*
PAN AFRICAN EXPLORATION SYNDICATE (PTY) LTD – Dormant	4	100%	*
RAND MINES LANDS LTD	*	100%	66
RANDGOLD FINANCE BVI (incorporated in the British Virgin Islands)	*	100%	*
RANDGOLD PROSPECTING AND MINERAL HOLDINGS LTD	*	100%	*
REFRACTION INVESTMENTS (PTY) LTD	*	100%	219 374
SOUTHERN HOLDINGS LTD	*	55%	*
VERSATEX TRADING 446 (PTY) LTD – Dormant	*	100%	*
Total at cost			**285 921**

*Less than R1 000.

19. **SUBSEQUENT EVENTS**

No material fact or circumstance/s have been identified between the reporting date and the date of this report, other than disclosed in the Consolidated Balance Sheet.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONSOLIDATED BALANCE SHEET OF R&E AT 31 MARCH 2008

"The Directors
Randgold & Exploration Company Limited
10 Benmore Road
Sandton
2146

21 November 2008

Dear Sirs

Independent Auditor's Review Report on the Consolidated Balance Sheet of Randgold & Exploration Company Limited at 31 March 2008

We have reviewed the Consolidated Balance Sheet of Randgold & Exploration Company Limited ("the company") at 31 March 2008, comprising the consolidated balance sheet at 31 March 2008 and notes thereto, which include a summary of significant accounting policies and other explanatory notes, as set out in Annexure 8a to the Circular to Randgold & Exploration Company Limited shareholders to be dated on or about 28 November 2008 in which this report is included ("the Consolidated Balance Sheet").

Directors' Responsibility for the Consolidated Balance Sheet

The company's directors are responsible for the preparation and presentation of the Consolidated Balance Sheet in accordance with the recognition and measurement requirements of International Financial Reporting Standards, but not its presentation and disclosure requirements, for the purpose of providing the shareholders of Randgold & Exploration Company Limited with financial information relevant to the proposed merger of the company with JCI Limited, as referred to in note 2 to the Consolidated Balance Sheet. This responsibility includes determining that the basis of preparation described in note 3 to the Consolidated Balance Sheet is an acceptable basis for preparing and presenting the Consolidated Balance Sheet; designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Consolidated Balance Sheet that is free from material misstatements, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express a conclusion on the Consolidated Balance Sheet based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. Our review consisted of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our review was substantially less in scope than had we conducted an audit in accordance with International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As indicated in note 3 to the Consolidated Balance Sheet, the Consolidated Balance Sheet has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, but not its presentation and disclosure requirements, based on information available to the company's directors. Note 2 to the Consolidated Balance Sheet offers an explanation for preparing the Consolidated Balance Sheet on this basis and for its purpose, and states that the directors have no further

knowledge of material circumstances and events which have affected the financial and other affairs of the company. The note also states that there may be other material events and circumstances or liabilities of which the directors are not aware, which may have a material effect on the company and which may affect the accuracy and completeness of the information reflected in the Consolidated Balance Sheet and/or may have the effect that the Consolidated Balance Sheet does not reflect a true and complete account of the consolidated financial position of the company at 31 March 2008.

Qualified Conclusion

Based on our review, except for the possible effects of the matter relating to the accuracy and completeness of the information contained in the Consolidated Balance Sheet, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Consolidated Balance Sheet at 31 March 2008 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of International Financial Reporting Standards.

Restriction on use of this Report

As indicated, the Consolidated Balance Sheet is prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards, but not its presentation and disclosure requirements, for the purpose of providing the shareholders of Randgold & Exploration Company Limited with financial information relevant to the proposed merger of the company with JCI Limited. The Consolidated Balance Sheet and our review report may not be suitable for any other purpose.

KPMG Inc.
Registered Auditor

Per C H Basson
Chartered Accountant (SA)
Registered Auditor
Director

21 November 2008

KPMG Crescent
85 Empire Road
Parktown
Johannesburg, South Africa"

UNAUDITED *PRO FORMA* CONSOLIDATED BALANCE SHEET OF R&E, POST THE MERGER

The unaudited *pro forma* consolidated balance sheet of Randgold and Exploration Limited ("R&E"), before and after the proposed transaction, are set out below. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the consolidated balance sheet of R&E has been presented in Annexure 8a which is in accordance with the basis of preparation described in the accompanying notes thereto as set out in Annexure 8a to this circular (in compliance with the recognition and measurement requirements of IFRS).

In the respective notes to consolidated balance sheet of R&E at 31 March 2008 before the acquisition (Annexure 8a) and the Group Net Asset Value Statement of JCI Limited ("JCI") at 31 March 2008 (Annexure 6a), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the consolidated balance sheet of R&E at 31 March 2008 and the Group Net Asset Value Statement of JCI at 31 March 2008 (Annexure 6a), reference should be made to the respective notes thereto.

The unaudited *pro forma* consolidated balance sheet has been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* consolidated balance sheet after acquisition may not give a fair reflection of R&E's financial position after the proposed transaction. It has been assumed for the purposes of the *pro forma* financial information that the proposed transaction took place on 31 March 2008. It does not purport to be indicative of what the financial position would have been had the proposed transaction been implemented on a different date. The unaudited *pro forma* financial effects of the proposed transaction are based on the estimates and assumptions set out in the notes below. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial information.

The independent reporting accountant's report relating to the unaudited *pro forma* financial information of the proposed transaction is included in this circular as Annexure 9b.

The *pro forma* consolidated balance sheet after acquisition presented below has been prepared from the information available to the directors of R&E and includes the consolidated balance sheet of R&E at 31 March 2008 (Annexure 8a) before the acquisition and the Group Net Asset Value Statement of JCI at 31 March 2008 (Annexure 6a) together with adjustments described below:

1. BASED ON THE MERGER RATIO OF 1 R&E SHARE FOR 95 JCI SHARES

	R&E before acquisition[1] R'000	JCI unaudited NAV 31 March 2008[2] R'000	Purchase price adjustment[3] R'000	Assets and liabilities acquired at estimated fair value[4] R'000	Combined merged total[5] R'000	Consolidation adjustments[6] R'000	After acquisition R'000
ASSETS							
Total non-current assets	410 512	2 218 412	(295 371)	1 923 041	2 333 553	(237 236)	2 096 317
Prospecting rights	49	62 528	(62 528)[a]	–	49	–	49
Listed investments	276 244	1 703 094	(232 843)[b]	1 470 251	1 746 495	(103 017)	1 643 478
Loans receivable	134 219	–	–	–	134 219	(134 219)	–
Other investments – Jaganda	–	284 302	– e c	284 302	284 302	–	284 302
Other investments – Boschendal	–	160 988	– c	160 988	160 988	–	160 988
Investment properties	–	7 500	– c	7 500	7 500	–	7 500
Total current assets	369 339	333 375	(159 860)	173 515	542 854	–	542 854
Derivative instruments	–	2 007	– c	2 007	2 007	–	2 007
Businesses held for sale	–	68 823	– c	68 823	68 823	–	68 823
Properties held for sale	–	22 998	– c	22 998	22 998	–	22 998
Loans receivable	–	16 000	– c	16 000	16 000	–	16 000
Trade and other receivables	4 000	–	–	–	4 000	–	4 000
Share of cash in associate	–	159 860	(159 860)[a]	–	–	–	–
Cash and cash equivalents	365 339	63 687	– c	63 687	429 026	–	429 026
Share of net assets in associate	–	–	133 794[a]	133 794	133 794	(133 794)[a]	–
TOTAL ASSETS	**779 851**	**2 551 787**	**(321 437)**	**2 230 350**	**3 010 201**	**(371 030)**	**2 639 171**
LIABILITIES							
Total non-current liabilities	32 984	393 401	(17 502)	375 899	408 883	–	408 883
Employee benefits	32 984	–	–	–	32 984	–	32 984
Investec raising fee	–	373 335[f]	– [cf]	373 335	373 335	–	373 335
Deferred tax	–	20 066	(17 502)[a]	2 564	2 564	–	2 564
Total current liabilities	39 463	159 439	(77 683)	81 756	121 219	–	121 219
Current tax liabilities	30 260	12 371	(12 371)[a]	–	30 260	–	30 260
Trade and other payables	9 203	147 068	(65 312)[(a)(g)]	81 756	90 959	–	90 959
Minority interest	133 794	–	–	–	133 794	(133 794)	–
TOTAL LIABILITIES AND MINORITY INTEREST	**206 241**	**552 840**	**(95 185)**	**457 655**	**663 896**	**(133 794)**	**530 102**
EQUITY (NET ASSETS)	**573 610**	**1 998 947**	**(226 252)**	**1 772 695**	**2 346 305**	**(237 236)**	**2 109 069**
EQUITY							
Shares in issue	74 813 128	2 224 798 993	2 224 798 993[d]	2 224 798 993	95 432 740[7]	95 432 740	95 432 740
Number of shares identified for possible cancellation/ treasury shares	–	(202 115 127)	(202 115 127)	(202 115 127)	–	(11 864 622)[9]	(11 864 622)[9]
Net shares in issue	74 813 128	2 022 683 866[8]	2 022 683 866[8]	2 022 683 866[8]	95 432 740	83 568 118	83 568 118
Net asset value per share (Cents)	**766.72**	**98.83**	**(11.19)**	**87.64**	**2 458.60**	**(283.88)**	**2 523.77**
Net tangible asset value per share (Cents)	**766.72**	**98.83**	**(11.19)**	**87.64**	**2 458.60**	**(283.88)**	**2 523.77**

2. **NOTES AND ASSUMPTIONS TO UNAUDITED *PRO FORMA* BALANCE SHEET**

1. This column is extracted from the consolidated balance sheet of R&E at 31 March 2008 prepared on the basis described in the accompanying notes thereto, which is in accordance with the recognition and measurement requirements of IFRS, as detailed in Annexure 8a to this circular. The qualified review conclusion issued by the independent auditor on the consolidated balance sheet of R&E at 31 March 2008 is included in Annexure 8b to this circular.
2. This column is extracted from the Group Net Asset Value Statement of JCI at 31 March 2008 prepared on the basis of preparation described in the accompanying notes thereto, as detailed in Annexure 6a of this circular. The JCI directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of JCI at 31 March 2008. The limited assurance report issued by the independent auditor of JCI on the Group Net Asset Value Statement of JCI at 31 March 2008 is included in Annexure 6b to this circular.
3. This column represents the fair value adjustments to the Group Net Asset Value Statement of JCI at 31 March 2008. These adjustments represent the R&E directors' best estimate to reflect the acquired assets and liabilities at fair value based on available information included in the Group Net Asset Value Statement of JCI at 31 March 2008 and subject is to the inhibiting factors referred to in this annexure.

   (a) The FSD group is a 55.11% subsidiary of R&E. All assets and liabilities of the FSD group are consolidated by R&E and the R&E consolidated balance sheet before the acquisition therefore reflects 100% of those assets and liabilities. JCI owns the remaining 44.89% of the FSD group. The Group Net Asset Value Statement of JCI at 31 March 2008 reflects JCI's proportionate share of the FSD group's assets and liabilities on a line by line basis as opposed to an investment in an associate as would be required by IFRS. After the proposed transaction, R&E will own 100% of the FSD group. It is R&E's accounting policy to recognise increases in its shareholders' interest directly in equity when there is no change in control. As a result of the proposed transaction, R&E will acquire the remaining 44.89% interest in the FSD group and will account for the acquisition as an equity transaction. Also, no change in the carrying amounts of assets or liabilities reflected in the consolidated balance sheet before the acquisition is recognised as a result of the acquisition of the minority interest.

   Given that the assets and liabilities are already reflected at 100%, all assets and liabilities of the FSD group included in the Group Net Asset Value Statement of JCI at 31 March 2008 are reversed. The following assets and liabilities are reversed:

	R'000
Prospecting rights	62 528
Cash and cash equivalents	159 860
Tax payable	12 371
Deferred taxation	17 502
Trade and other payables	73 969

   (b) Listed investments in the Group Net Asset Value Statement of JCI at 31 March 2008 are valued based on the 19 trading day VWAP for March 2008, except for the investment in R&E which value is shown at the suspended value of 890 cents per share (the company was suspended on the JSE on 1 August 2005). It is R&E's accounting policy to value listed investments (available-for-sale financial assets) by reference to their quoted closing bid price at the reporting date. As a result, the following adjustment is required to reflect the listed investments at fair value:

Balance as at 31 March 2008	**Number of shares**	**Value per share R**	**R'000**
Gold Fields Limited	11 734 508	115.00	1 349 468
Matodzi Resources Limited	211 590 595	0.24	50 782
Randgold	6 794 007	8.90	60 467
Simmer and Jack Mines Limited	1 833 592	5.20	9 535
			1 470 252
As per the Group Net Asset Value Statement of JCI at 31 March 2008 (excluding derivative instruments)			1 703 094
Adjustment			**(232 843)**

(c) Assets and liabilities have been reflected in the Group Net Asset Value Statement of JCI at 31 March 2008, as set out in Annexure 6a to this Circular, at values which the JCI directors believe is indicative of fair value, unless otherwise stated. The basis of calculating the values is disclosed in the Group Net Asset Value Statement of JCI at 31 March 2008. The directors of R&E believe that given the information available to them, these assets or liabilities as reflected in the Group Net Asset Value Statement of JCI at 31 March 2008 are currently the best estimate of the fair value, and as a result, no purchase price adjustments are made.

(d) The shares will be converted on a ratio of one R&E share for 95 JCI shares held by scheme participants. Post the proposed transaction R&E will thus hold a 100% interest in JCI.

(e) The investment in Jaganda comprises 357 374 000 preference shares in respect of which the Board of JCI have placed a value of R284 million. Note 5 of the Group Net Asset Value Statement of JCI at 31 March 2008, which is attached to this Circular as Annexure 6a, provides full details as to the basis upon which the Board of JCI has valued this investment. This value is supported by the value placed on the investment by the Cohen Report, paragraph 17.2, which is attached to this Circular as Annexure 10.

(f) This value is based on the Investec Loan Facility as more fully set out in paragraph 15 of the Circular to which this Annexure 9a forms a part and as also referred to in note 13 of the Group Net Asset Value Statement of JCI at 31 March 2008, which is attached to this Circular as Annexure 6a. In terms of the aforementioned note 13, the Board of JCI have provided for an amount of R373 million, whilst Investec contends that such fee amounts to R575.6 million. The Board of JCI and Investec are in the process of finalising their differences in respect of the calculation of such raising fee. The Board of JCI are strongly of the view that the amount as disclosed in the aforementioned note 13 represents the maximum amount that will be agreed upon by the parties concerned. The Cohen Report attached to this circular as Annexure 10 indicates in paragraph 17 that this liability should be approximately R400 million. Given all the information available to the R&E directors, the R&E directors believe that the value placed on the liability by the JCI directors is the best estimate of fair value.

(g) The R&E directors have placed a fair value of R 8 657 719 on the contingent liabilities that may exist from third party claims against JCI not recognised in the Group Net Asset Value Statement of JCI at 31 March 2008. The fair value was determined in consultation with JCI management and their legal counsel.

4. This column reflects the estimated fair value of assets and liabilities acquired, as determined by the directors of R&E, which is the best estimate of fair value based on available information included in the Group Net Asset Value Statement of JCI at 31 March 2008 (Annexure 6a). Should additional information become available, the estimated fair values may change.
5. This column reflects the combined value of the entities assuming the proposed acquisition occurred on 31 March 2008, before any consolidation adjustments.
6. This column represents consolidation adjustments to eliminate cross holdings between R&E and JCI as well as inter-group balances.
7. It has been assumed that 20 619 612 R&E shares will be issued to the effect the merger as set out in terms of the merger ratio further disclosed in paragraph 24 of this circular. This results in a merger ratio of one R&E share for every 95 JCI shares.
8. The net shares in issue has been calculated after deduction of treasury shares held by subsidiary companies, excluding those held by Matodzi.
9. The 6 794 007 R&E shares held by JCI have been treated as treasury shares on consolidation post the proposed merger. Furthermore, JCI treasury shares of 202 115 127 shares as set out in note 8 above, and after conversion into R&E shares at a merger ratio of one R&E share for 95 JCI shares, amounting to 2 127 528 R&E shares, have also been treated as treasury shares on consolidation post the proposed merger. In addition, for the purpose of calculating the consolidation adjustments an adjustment has been made for the 2 943 087 R&E shares, being the disputed R&E shares which R&E has earmarked for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted in consequence of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI) on the basis that such shares are alleged to have been issued for no value received. The said shares have been identified to be in the possession of Letseng Diamonds. R&E has been informed by JCI that the disputed R&E shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI. R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE *PRO FORMA* CONSOLIDATED BALANCE SHEET OF R&E AT 31 MARCH 2008

"The Directors
Randgold & Exploration Company Limited
10 Benmore Road
Sandton
2146

24 November 2008

Dear Sirs

Independent Reporting Accountant's limited assurance report on the *pro forma* consolidated balance sheet of Randgold & Exploration Company Limited at 31 March 2008

Introduction

We have performed our limited assurance engagement in respect of the *pro forma* consolidated balance sheet of Randgold & Exploration Company Limited ("Randgold") at 31 March 2008 as reflected in Annexure 9a and the *pro forma* financial effects of the proposed merger with JCI Limited ("JCI") in respect of such *pro forma* consolidated balance sheet as set out in paragraph 6.1 of the Salient Features and paragraph 21.1 in the main body of the circular to Randgold shareholders to be dated on or about 28 November 2008 ("the circular") ("*pro forma* consolidated balance sheet") and issued in connection with the proposed merger of Randgold with JCI ("proposed transaction").

The *pro forma* consolidated balance sheet has been prepared for purposes of complying with the Listings Requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the proposed transaction might have affected the *pro forma* consolidated balance sheet presented had the proposed transaction been undertaken on 31 March 2008.

Our conclusion below has been formed on the basis of, and is subject to the limitations relative to certain financial information which forms the basis of the *pro forma* consolidated balance sheet. These limitations relate to the lack of audited financial information as well as limitations on the completeness of the financial information contained in the Consolidated Balance Sheet of Randgold at 31 March 2008, before adjustments, and the Group Net Asset Value Statement of JCI at 31 March 2008, respectively, included in Annexures 8a and 6a, respectively, in the circular ("these financial statements"). In the notes to these financial statements, the respective directors of Randgold and JCI have described the circumstances giving rise to the basis of preparation of these financial statements and have highlighted certain inhibiting factors regarding the completeness of information. We expressed a qualified review conclusion on the Consolidated Balance Sheet of Randgold at 31 March 2008 as included in Annexure 8b with regard to completeness of the information, while our conclusion on the Group Net Asset Value Statement of JCI at 31 March 2008 as included in Annexure 6b provided limited assurance having regard to the basis of preparation and the basis of our assurance engagement. For a better understanding of the circumstances and the basis of preparation of these financial statements, reference should be made to the notes to each of these financial statement and our respective reports thereon.

Because of its nature and the inhibiting factors referred to above, the *pro forma* consolidated balance sheet may not present a fair reflection of the financial position of Randgold after the proposed transaction.

Directors' responsibility

The directors are solely responsible for the compilation, contents and presentation of the *pro forma* consolidated balance sheet contained in the circular and for the financial information from which it has been prepared, for the purpose of providing information to the shareholders as required in terms of Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements. The directors responsibility includes determining that the *pro forma* consolidated balance sheet has been properly compiled on the basis stated, the basis is consistent with the basis of preparation described in the notes accompanying the Consolidated Balance Sheet of Randgold at 31 March 2008, which is in accordance with

the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") but not its presentation and disclosure requirements, and that the *pro forma* adjustments are appropriate for the purposes of the *pro forma* consolidated balance sheet.

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* consolidated balance sheet included in the circular to Randgold shareholders. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial* information and the *Guide on pro forma Financial Information* issued by The South African Institute of Chartered Accountants. The International Standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* consolidated balance sheet beyond that owed to those to whom the reports were addressed by us, having regard to the purpose for which those reports were prepared and any restriction in use contained in those reports, at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the Consolidated Balance Sheet of Randgold at 31 March 2008 as reflected in Annexure 8a attached to the circular, before *pro forma* adjustments, and the Group Net Asset Value Statement of JCI at 31 March 2008 as reflected in Annexure 6a attached to the circular, with source documents, considering the *pro forma* adjustments in light of the accounting policies described in the accompanying notes to the Consolidated Balance Sheet of Randgold at 31 March 2008 as reflected in Annexure 8a attached to the circular, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* consolidated balance sheet with the directors of Randgold. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Randgold.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion on the pro forma adjustments included in the pro forma consolidated balance sheet

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements, the *pro forma* adjustments:

- have not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies described in the accompanying notes to the Consolidated Balance Sheet of Randgold at 31 March 2008; and
- are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Section 8.17 *Nature of Information* and Section 8.30 *Adjustments* of the JSE Listings Requirements.

This conclusion has been formed on the basis of, and is subject to the inherent limitations outlined elsewhere in this independent reporting accountant's report.

Yours faithfully

KPMG Inc.
Registered Auditor

Per Mickey Bove
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg"

REPORT BY CLIVE COHEN PERTAINING TO CERTAIN THIRD PARTY CLAIMS

Ex parte: **RANDGOLD & EXPLORATION COMPANY LIMITED**
and
JCI LIMITED

In re: **SECURITIES REGULATION PANEL**

REPORT OF INDEPENDENT ADVISOR

1. At the relevant time the directing and controlling minds of Randgold & Exploration Company Ltd ("**Randgold**") and JCI Ltd ("**JCI**") were Brett Kebble ("**Brett**"), who was the CEO of both Randgold and JCI, Roger Kebble ("Roger") and Buitendach, who were directors of both companies, JCI directors Cornwall and Stratton and other officers and directors of the companies and various of their subsidiaries or associated companies.

2. Both companies, but most significantly Randgold, were subjected during the Brett reign to extensive abuse by theft, fraud, misappropriation of their assets and those of their subsidiary and associated companies, including the proceeds derived from their assets, securities, and the void issue of shares used to raise money. The proceeds of this unlawful conduct was used to provide working capital for JCI or its subsidiaries, sometimes to fund the personal accounts of the perpetrators of the unlawful transactions or to fund their transactions. Frequently the unlawful transactions were conducted through CMMS, a subsidiary of JCI without any regard to the separate corporate identities of the companies or true ownership of the assets.

3. The extent of the unlawful transactions conducted over a lengthy period, the complexity of the transactions, the absence of reliable records, exacerbates the inherent difficulty of unravelling the legal and factual issues occasioned by the transactions. The absence of audited financial statements for both Randgold and JCI, the incomplete state of their financial records, misstatements of past financial statements, the unresolved issues which are or are to be the subject of litigation makes the preparation of proper financial statements reflecting a true and complete account of the financial and other affairs of the companies an impossibility.

4. This state of affairs has led to disclaimers of the right to rely on their statements being issued by the current directors of Randgold and JCI, the present auditors of those companies and the mediators on the views expressed by them in their report. I too, particularly having regard to the limitations of my mandate, must disclaim any assurance of the validity of the views expressed in this report or of the accuracy, correctness or completeness of the information assessed by me and upon which I have relied.

5. An announcement was made of the intention to merge Randgold with JCI by means of a scheme of arrangement between the companies and their shareholders under section 311 of the Companies Act, resulting in JCI becoming a wholly-owned subsidiary of Randgold. The merger ratio they finally determined was 95 JCI shares for 1 Randgold share.

6. The companies' inability, having regard to the state of affairs I have outlined, to comply with the disclosure and compliance requirements of the JSE and the SRP to the standards I believe they would have preferred, when weighed against the obvious business sense and advantages to be derived from the merger proposal on the terms approved by the present directors of both the Randgold and the JCI boards of directors led, I suspect, to both the SRP approval of the dispensation granted from the obligation to provide certain of the customary disclosures and to the invocation of Rule 3 of the Securities Regulation Code to consider this report (from an independent lawyer) on the validity and extent of the claims by and against Randgold and JCI.

7. As I understand my mandate, I am to provide a *"prima facie assessment"* of the likely value of the claims *"as far as possible"* and *"based on a consideration of the information and pleadings … and the submissions … in respect thereof"*. This assessment is intended to assist shareholders to evaluate the proposal and is not a legal opinion on the merits of the claims or the validity of the defences.

8.

8.1 I commence my assessment with a review of the Randgold claims against JCI both in law and on the facts and to JCI's defences and contentions both factual and legal.

8.2 These are by far the most significant issues for the shareholders of both companies and could ultimately have the most material bearing on the value of the companies.

9. Summons was issued and a plea filed. In summary the claims are based on the unlawful conduct of Brett and his cronies (referred to in paragraph 1 hereof) who conspired with JCI and its subsidiaries to plunder the assets of Randgold and its associated companies including its subsidiaries for the benefit of JCI and its associated companies including the cronies. The summons identifies fifteen claims and their alternatives.

10.

10.1 The basis of the claims is the acts and conduct of Brett and cronies flowing from their conspiracies and is attributed to JCI and its subsidiaries all of whom are jointly and severally liable in law for the Randgold losses. It is contended that there is a sufficiently close link between Brett and co to JCI and its activities to attribute their acts and conduct to JCI and its subsidiaries. Included in the claims is reliance upon the *condictio furtiva* with its penal provisions to justify a claim for the highest value of an asset attained subsequent to the theft.

10.3 A mediation agreement was concluded between JCI and Randgold on 7 April 2006. My interpretation of the mediation agreement is that JCI on the one hand and Randgold on the other accepted responsibility for the liabilities of their subsidiaries and associated companies. My interpretation derives support from the definitions to the mediation agreement which defines *"JCI"* as *"including the JCI subsidiaries as defined herein"*. The definition of JCI subsidiaries reads:

> *"All and any subsidiary or associated companies of JCI or in which JCI has an interest, whether direct or indirect, including its interest in CMMS."*

Although both Randgold and JCI contend for rectification of the mediation agreement it does not seem to me likely that rectification would be granted.

11. The defences raised by JCI to the Randgold claims vary and include the following:

11.1 Brett and his cronies controlled Randgold and acted for it in the conduct and the transactions which are complained about;

11.2 The business and objects of JCI did not permit them to represent it by their objectionable conduct;

11.3 The *"highest value"* approach applies in limited circumstances if at all, it does not apply in circumstances of vicarious liability;

11.4 The issues and allotments of the Randgold shares were void and in law do not permit of the proposed recovery of damages/losses;

11.5 Randgold did not own the assets stolen.

12. The claims by Randgold against JCI and my *prima facie* assessment of the value of the claims are dealt with *seriatim*.

12.1 The first claim (I use the numbering used in the pleadings) arises from the theft of 12 360 000 shares (after the shares had been split) in Randgold Resources Limited. The claim is computed based upon various alternatives. I assess this claim in the amount of R798 948 655.00. This is the amount received by JCI and its subsidiary/associated companies (including CMMS) from the sale of the shares by its brokers, T-Sec. I will deal with interest on the various capital amounts separately later in this Report.

12.2 3 000 000 shares in Durban Roodepoort Deep, Limited were removed from the custody of Randgold through a series of disguised transactions and payment conduits. JCI/Associates received an amount of R89 643 549.00. My assessment of the value of this claim is R89 643 549.00.

12.3 952 000 Randgold Resources shares (split into 1 904 962 shares) were stolen under simulated agreements. The net proceeds derived from these shares amounted to R64 326 241.00. Of these proceeds an amount 10 200 000 was paid into Roger Kebble's ABSA Bank account. JCI will have a claim against Roger for payment of R10.2 million. My assessment is that JCI is liable to Randgold for payment of R64 326 241.00.

12.4 Claims 4 and 6 should be viewed together. Randgold acquired 8 100 000 Aflease shares and subsequently acquired a further 94 million Aflease shares pursuant to a share swap arrangement with Randgold for 9 400 000 Randgold shares. The Aflease shares were moved into the Consolidated Investment account opened by JCI with T-Sec. The 8.1 million Aflease shares were transferred to the trading account of CMMS at T-Sec on the instructions of JCI and the proceeds derived from the sale of those shares amounted to R11 292 342. The proceeds derived by JCI from the sale of the 94 million Aflease shares amounted to R144 711 877.00. My assessment of the value of the claims in respect of the Aflease shares is:

(i) R11 292 341.00; and

(ii) R144 711 877.00,

which JCI is liable to pay to Randgold.

12.5 The next claim is described as Claim 7 by Randgold. Randgold was the owner of 2 million Durban Roodepoort Deep, Limited shares which Brett and the conspirators obtained control of through a series of convoluted transactions. I am unable to determine the proceeds derived by the conspirators from the disposal of these shares but the forensic report of John Louw McKnight and Company states that *"the highest value of these shares since JCI and the conspirators took control thereof amounts to R113 million"*. I accordingly assess the value of the claim in respect of the 2 million DRD shares at R113 million.

12.6 The next claim, Claim 8 relates to 40 million Simmer and Jack Mines Limited shares. These shares were held by Randgold as security for the debt of Continental Goldfields. JCI sold these shares together with a further 60 million Simmer and Jack Mines Limited shares to Topgold for R25 million. The *pro rata* proceeds received by JCI from the sale of the 40 million shares is R10 million. I have valued this claim in that amount.

12.7 The ninth claim relates to 5 460 Randgold Resources shares (after the two-to-one split). These shares were delivered to Investec UK by JCI under a script lending agreement. Investec sold the shares for a net amount of R208 794 833.00 and paid the amounts to JCI and other associate companies. In my assessment JCI is responsible to Randgold for the sum of R208 794 833.00.

12.8 The tenth claim arises from the *Equitant* and Phikolosa transaction in respect of which 8 800 000 Randgold shares were invalidly issued and allotted. The transaction was void. The shares were controlled by JCI. Randgold received no value for the shares which were dealt with in a variety of ways by JCI and its associates. Although the claim is for in excess of a billion rand, the value of the shares on the open market were R149 600 000.00. I assess the value of this claim at R149 600 000.00.

12.9 Randgold issued and allotted 5 160 000 Randgold shares purportedly for the various Angolan Diamond and related transactions including the Golden Diamond transaction. JCI and its associates controlled these shares for which Randgold received no payment. The issue price was R87 720 000.00. I assess the value of Randgold's claim in that amount.

12.10 The twelfth claim relates to the void issue and allotment of 1 306 000 shares in Randgold. The shares were issued at a price of R18.50 per share which was not paid to Randgold. 641 000 of these shares were placed in the Consolidated Investment trading account and used for the benefit of JCI and its associates. The issue price of these shares, which were used for the benefit of JCI and its associates amounts to R11 858 500.00. I assess this claim at R11 858 500.00.

12.11 Claim 13 relates to the void issue of 1 492 000 Randgold shares issued and allotted in contravention of section 92 of the Companies Act which was accordingly void. The shares were purportedly issued for the interest of Masupatsela Angola Mining Ventures (Pty) Ltd in prospecting concessions. Although the issue price was R25 364 000.00 the shares were sold by T-Sec for R27 602 000.00 which was used for the benefit of JCI. I assess this claim at R27 602 000.00.

Claim 14

12.12 4 million Rangold Resources shares were stolen from Randgold. It is contended that these shares were provided as security by Randgold for the Inkwenkwezi transaction. Furthermore the shares were used by T-Sec in various share transactions including transactions in which losses were suffered. JCI accepts that from the proceeds of these dealings and sales an amount of R31 280 159.00 was received by and for the benefit of JCI. I accordingly value this claim at R31 280 159.00.

Claim 15

12.13 Randgold was the owner **alternatively** Holdings was the owner of 900 000 Randgold Resources shares (Holdings has ceded its claim to Randgold). Brett and the conspirators procured the theft of the 900 000 Randgold Resources shares which were handed to one Paul Main. The value of the Randgold Resources shares is R143 307 000.00. I therefor value this claim at R143 307 000.00.

13. The total of the values assessed by me in paragraph 12 of this Report is R1 892 085 155.00.

14. Randgold purchased 3 324 830 WAR shares from Anglo. CMMS paid Anglo, from its Scrip Trading account the purchase price of R208 142 593.00 for the shares. Randgold contends that JCI has failed to counterclaim for this payment whilst JCI contends that Randgold's loss from the various thefts suffered by it (the proceeds of which were paid to CMMS) is reduced by set-off of this payment against the Randgold losses assessed by me in paragraph 12 hereof. It seems to me *prima facie* that JCI is entitled to set-off the amount of R208 142 593.00 against the assessed claims totalling R1 892 085 155.00 resulting in a net liability of R1 683 942 562.00 by JCI to Randgold.

15. There are two important considerations to bear in mind:

15.1 The capital amounts assessed by me in paragraph 12 hereof will carry interest at the rate of 15.5% *a tempore morae*. I have not attempted to assess the cumulative amounts of interest but they are clearly very material and will have a substantial impact on the resultant value of each of JCI and Randgold.

15.2 The proposed scheme of arrangement under section 311 does not settle or novate the claims and they remain of full force and effect against other wrongdoers such as the *"joint wrongdoers"*.

16. My mandate extends to a consideration of various identified claims which relate to Randgold, mainly as a claimant, and JCI both as claimant and as defendant. Moreover my mandate is open-ended in that I am authorised to assess claims which *"could have a material bearing on the values of the companies or are claims referred to in the 'Randgold litigation Statement' and the JCI litigation Statement"* included in the draft Circulars.

17. As I have said I was requested to consider a further number of specified claims. I deal with them *seriatim*.

The Letseng application (the Investec raising fee/profit share claim)

17.1 This is a voluminous claim consisting of some ten files. Investec and JCI entered into a written agreement of loan which provided for a raising fee/profit share on the disposal of assets. JCI does not dispute the claim and will abide the decision of the Arbitrator should it come to arbitration. Letseng Diamonds Limited sought to intervene in the litigation to set aside the agreement between Investec and JCI. The Supreme Court refused Letseng's intervention, substantially on the basis that it did not have *locus standi*. Leave to appeal against that decision has been granted but the appeal has not yet been heard. On the basis that a written agreement exists between Investec and JCI and that the Supreme Court has refused to entertain the application to set aside the agreement I am *prima facie* of the view that Investec will succeed in its claim against JCI. The quantum of Investec's claim depends upon various interpretations of the agreement and the value of assets sold. My *prima facie* assessment is that Investec is entitled to a payment of approximately R400 million from JCI.

The Jaganda claim

17.2 JCI claims that it owns 357 374 000 preference shares in Jaganda and is entitled to delivery of the shares. Jaganda owns Simmer and Jack Mines Limited shares the market price of which fluctuates. The Board of directors of JCI and Randgold have placed a value of R284 million on the JCI investment in Jaganda. Jaganda acknowledges its debt in an amount of R89.3 million. I am informed by the legal representatives of Randgold and JCI that Jaganda has been placed in liquidation and that JCI is considering an application to have the liquidation set aside. Whether its assets are realised under liquidation or in the ordinary course the proceeds will be sufficient to meet the JCI claim. I accordingly assess the value of the JCI claim at R284 million.

The joint wrongdoers claim

17.3 I have been handed a draft particulars of claim which has still to be settled. Substantially these are claims against the concert parties referred to in paragraph 1 hereof on the claims assessed by me in paragraph 12 hereof. There are additional parties and claims and not everybody is to be held jointly and severally liable for all claims. Without pleadings including defences to be raised, reports of auditors and information relating to the claims other than, of course, the claims I have dealt with in paragraph 12 hereof it is not possible for me to assess the value of the claims. However joint wrongdoers would be liable jointly and severally with JCI for the claims and in the amounts I have assessed. I have no means of knowing whether any joint wrongdoer has assets available to satisfy the assessed claims in the event of JCI being unable to do so. I am accordingly not able to place a monetary value on the claims against the joint wrongdoers other than the amounts assessed by me in paragraph 12 hereof.

The first Main claim

17.4 Randgold has instituted action against Paul Main for the return of 900 000 Randgold Resources Limited shares which he took into his possession **alternatively** payment of the market value of the shares. The market value of the shares was at the time of the litigation statement, R148.5 million. A dividend of US10 cents per share amounting to US$90 000.00 was paid to Main. I assess the value of these claims at R148.5 million and US$90 000.00, respectively.

The second Main claim

17.5 JCI Gold has instituted an action in the Cape Provincial Division against Paul Main. I am advised by the legal representatives of JCI that it is likely that this claim will be settled for an amount of R11 million. I am instructed that there is uncertainty as to whether this claim is to be attributed in full to JCI or whether it is to be shared by JCI and Randgold. I assess this claim at R11 million.

The PWC claim

17.6 Randgold has instituted action in the Witwatersrand Local Division of the High Court against PricewaterhouseCoopers, who were its auditors, for delictual and contractual damages amounting to some R7 billion. In broad terms it is alleged that PWC failed to verify assets, detect and to report on the thefts, misappropriations and irregularities and breached their contract and duties as auditors in failing to observe the South African auditing standards and generally accepted accounting practice. I have no means of establishing whether the claim is justified but *prima facie* the claim is justifiable. I am unable to say that there is no merit in the claims which also might not be subject to constraints on their ability to meet a huge claim. There is as yet no plea so I am unable to comment on answers which may be raised to the plea. It is impossible, on the information I have at my disposal, to attempt any assessment of the validity of the claims or the extent of the claims.

The Toico claim

17.7 Toico (Pty) Ltd has instituted action against JCI in the Cape Provincial Division of the High Court for R27 845 818.00 damages for breach of pre-emptive rights relating to Pinnacle Point Casino. JCI was sued jointly and severally with one T Crowe. Toico gave notice of intention to amend its claim by withdrawing its claims against JCI. Crowe opposed the amendment but the High Court allowed the amendment and the claims against JCI have been withdrawn. This is not necessarily the end of the matter as Crowe, if ordered to pay damages, might seek to hold JCI liable in part. This is speculative but at this stage of the proceedings I give no value to this claim against JCI.

18. My mandate extended to a consideration of claims by and against third parties against Randgold and/or JCI which could have a material bearing on the value of the companies.

DRDGold Limited

18.1 DRDGold Limited and certain of its associated companies have sued JCI and various of the parties referred to in paragraph 1 hereof as the conspirators for damages of R77.8 million and AUS$6 million for their fraudulent conduct in relation to the acquisition of the Rawas mine in Indonesia. JCI and its co-defendants pleaded that the claims had been settled. This issue was decided by the High Court which dismissed the plea of settlement upon withdrawal of that defence by JCI. I am advised by the legal representatives of JCI that a strong prospect exists of the claim being settled for the sum of approximately R26 million. In my assessment this amount could have a material bearing on the value of JCI. I assess this claim at R26 million.

Proved claims

18.2 Randgold has proved claims in the deceased estate of Brett and in the estates of the following liquidated companies:

18.2.1 A claim has been proved against the deceased estate of Brett in the sum of R2 679 539 099.00. SARS is seeking to prove a preferential claim.

18.2.2 Tuscan Mood 1224 (Pty) Ltd. Randgold has proved a claim in the sum of R1.968 billion.

18.2.3 Investage 170 (Pty) Ltd. Randgold has proved a claim in the amount of R69 million.

18.2.4 BNC Investments (Pty) Ltd. Randgold has proved a claim in the amount of R169.5 million.

18.2.5 Viking Pony Properties 359 (Pty) Ltd. Randgold has proved a claim. I do not have the amount of the claim.

No liquidation and distribution accounts have yet been drawn. Although dividends might be declared in respect of the proved claims there is no basis upon which I can assess the value of any distribution to Randgold.

C Z COHEN SC

Chambers
Sandton

26 June 2008

R&E'S LITIGATION STATEMENT AT 31 OCTOBER 2008

1. During the era when the late Roger Brett Kebble ("**Kebble**") was the Chief Executive Officer of Randgold and Exploration Company Limited ("**R&E**") and JCI Limited ("**JCI**") ("**the Kebble era**"), and with reference to the findings of R&E's forensic investigators John Louw & Co. (Pty) Limited, (formerly Umbono Financial Advisory Services (Pty) Limited) ("**JLMC**") and information furnished to R&E by third parties, R&E alleges that it and certain of its subsidiaries were the victim of substantial frauds and misappropriations of their assets.

2. R&E contends, with reference to the findings of JLMC that the frauds and misappropriations which appear to have been perpetrated against it and certain of its subsidiaries, comprised predominantly of the alleged misappropriation of R&E's listed securities and the channelling thereof (or the proceeds derived therefrom), to a variety of persons and entities, whom R&E has further reason to believe gave rise to it and certain of its subsidiaries sustaining damages.

3. In the wake of the discovery of the alleged defalcations, the board of R&E which was re-constituted on 24 August 2005, appointed JLMC to undertake a forensic investigation into the affairs of R&E. This led to R&E uncovering a variety of schemes which R&E alleges were perpetrated against it by the perpetrators (as defined in the Circular to which this annexure forms a part), including allegedly JCI.

4. The forensic investigations have enabled R&E to identify various persons and entities whom R&E alleges may have caused R&E and its subsidiaries ("**the R&E group**") loss.

5. The above has led to R&E instituting actions against various such persons and entities including, *inter alia,* JCI (having regard to the mediation/arbitration in which R&E and JCI are currently engaged), R&E's former auditors, PriceWaterhouseCoopers Incorporated ("**PWC**") and Goldfields Operations Limited (formerly Western Areas Limited) ("**Goldfields**"). Such claims are detailed below.

The Mediation against JCI

6. On 7 April 2006, R&E and JCI concluded a written Mediation/Arbitration Agreement ("**the Mediation Agreement**").

7. In terms of the Mediation Agreement, R&E and its subsidiaries and associated companies on the one hand and JCI and its subsidiaries and associated companies on the other, were, for purposes of the mediation/arbitration, to be treated as single entities. JCI is defined to include both it and its subsidiaries and associated companies or in which JCI has an interest, whether directly or indirectly, including its interest in CMMS. (A similar definition applies to R&E and its subsidiaries and associated companies.)

8. The Mediation Agreement contemplates two phases, the first, a mediation, the second, an arbitration.

9. Following the conclusion of the Mediation Agreement, R&E's forensic investigators, JLMC, established that R&E enjoyed a number of claims against JCI.

10. Subsequent to the exchange of forensic reports prepared by JLMC on behalf of R&E and KPMG Forensic Services (Pty) Limited, on behalf of JCI, R&E served a Statement of Claim on JCI, on 3 August 2006, comprising initially 13 claims, approximating to R5.8 billion based on the highest value of such claims at the time of the issue thereof.

11. No Statement of Claim was served by JCI on R&E, however on 8 September 2006, JCI served a Statement of Defence on R&E.

12. In January 2007, R&E amended its Statement of Claim to introduce two new claims and in September 2008, amended its Statement of Claim to introduce four further claims. R&E's Statement of Claim presently comprises of 19 claims, albeit that claim 19 is an alternative claim to claims 1 to 18 proffered in R&E's Statement of Claim, amounting to R1 243 527 309.64.

13. R&E's claims are mainly founded on the assertion that JCI, which R&E alleges was a joint wrongdoer, misappropriated a vast array of listed securities beneficially owned by R&E, alternatively subsidiaries

controlled by it, whilst other claims allegedly arise from the issue and allotment of shares in the issued share capital of R&E for no value received. R&E maintains that JCI was represented by a variety of persons formerly employed by JCI or with which it had a relationship, who constituted the directing and controlling mind and will of JCI and one or more of its subsidiaries and associated companies and whom are alleged to have collaborated with JCI in the implementation of various schemes which were devised, to the detriment of the R&E group.

14. In respect of the claims predicated on the assertion that R&E's securities were misappropriated, R&E seeks to recover damages against JCI on a measure of the highest value at which such listed investments have traded subsequent to their alleged misappropriation. There are a number of alternatives to the claims predicated on theft, each of which (if established), afford unto R&E a lower quantum of damages respectively. Such alternatives are set out in the Overview of the R&E claims (Annexure 2 to this Circular) to which the shareholders of R&E are referred.

15. JCI has denied in its Statement of Defence, that it was a wrongdoer or that it was a party to any frauds or misappropriations and consequently that it is indebted to R&E for the amounts claimed or at all. (JCI's response to the four new claims introduced by R&E into its Statement of Claim in September 2008, is still awaited.)

16. To date, none of the claims proposed by R&E against JCI have been proved, nor has R&E secured any formal awards against JCI in respect thereof. Such claims remain subject to the mediation and arbitration processes contemplated under the Mediation Agreement.

17. On 26 August 2008, R&E announced that the proposed merger had failed and that the dispute between the companies would be referred to arbitration. Should a merger with JCI not be concluded, the board of R&E is of the view that an arbitration with JCI is likely to be inevitable. If a merger with JCI is concluded, R&E's claims against JCI will not be extinguished, but remain unresolved for the new board of R&E post the merger to determine how best to deal therewith.

Claims against third parties

18. The following specific actions have been taken by the Board of R&E in the post-Kebble era:

Liquidation of various corporations

18.1 R&E has liquidated a number of entities whom it alleges participated in the schemes referred to either directly or indirectly, including *inter alia,* Tuscan Mood 1224 (Pty) Limited ("**Tuscan Mood**"), Viking Pony Properties 359 (Pty) Limited, Investage 170 (Pty) Limited ("**Investage**") and BNC Investments (Pty) Limited ("**BNC**");

18.2 Sections 417 and 418 enquiries have been held in respect of these liquidated entities in order, *inter alia,* to identify persons who have wronged R&E, with a view to making possible recoveries against such persons;

18.3 R&E has proved a claim in the liquidated estate of Tuscan Mood in the amount of R1.968 billion and is hopeful of making a recovery from such estate. In the absence of the finalisation of the winding up of the estate of Tuscan Mood, this estate is subject to the possible proof by further creditors of additional claims (which could have a bearing on R&E's concurrent claim). It is at this stage uncertain whether R&E will receive a dividend out of this estate;

18.4 Additionally, R&E has proved claims in the liquidated estates of Investage in the amount of R69 million and BNC in the amount of R169.5 million, and hopes to make a recovery from such estates, however it remains to be seen whether or not it will;

18.5 On 1 October 2008 the liquidators of BNC obtained an order against R&E directing it to make payment of such legal costs as are incurred by the liquidators from time to time in the prosecution of legal actions which they may pursue.

Sequestration of Kebble

18.6 In March 2006, R&E posthumously sequestrated the estate of Kebble;

18.7 R&E initially proved a concurrent claim at the first meeting of creditors, in Kebble's estate, in the amount of R1.968 billion;

18.8 At a meeting specially convened by the trustees in Kebble's estate, in October 2006, R&E sought to prove further claims in Kebble's estate, sounding in an amount of R711 539 099.26 ("**the additional claims**"). The additional claims were rejected by the Master of the High Court. In consequence thereof, R&E brought an application to the High Court to review the decision of the Master, such application having come before the Cape Provincial Division of the High Court, in October 2007. The High Court overturned the decision of the Master and admitted the additional claims into proof. In the result, R&E has proved total claims in the deceased sequestrated estate of Kebble, in an amount of R2 679 539 099.26;

18.9 R&E is hopeful of making a recovery from Kebble's estate. Kebble's estate has however, not yet been finalised and it is conceivable that additional claims by third party creditors (which are likely to have a bearing on R&E's concurrent claims totalling approximately R2.67 billion), may still be proven;

18.10 Shareholders are further informed that the South African Revenue Services ("**SARS**"), sought to prove a claim in Kebble's estate at the first meeting of creditors in an amount of approximately R188 million. Such claim was rejected by the Master of the High Court whose decision is the subject matter of a review application which R&E understands is being opposed by the trustees of Kebble's estate. Were SARS to succeed in proving a claim, such claim could significantly impact upon R&E's entitlement to a recovery from such estate, if at all.

Action against Paul Main

18.11 On 2 October 2007, R&E served a summons on Paul Main ("**Main**") for, *inter alia*, the return of 900 000 shares in the issued share capital of Randgold Resources Limited ("**RRL**"). Such action was broadened and replaced by a summons served on Main in August 2008, to which African Strategic Investments (Holdings) Limited (formerly Randgold Resources (Holdings) Limited) ("**Holdings**") was added as a party.

18.12 R&E *alternatively* Holdings claim that Main is obliged to return such shares and in the alternative hereto, the value thereof. In the further alternative, R&E and Holdings claim 550 000 RRL shares, alternatively the value thereof, based on an alleged undertaking from Main to return such shares.

18.13 R&E and Holdings also claim payment of the dividends which RRL declared for the financial year ended 31 December 2006 to holders of its shares, in respect of the RRL shares claimed.

18.14 In respect of both actions Main has indicated an intention to defend same.

Action against PriceWaterhouseCoopers

18.15 On 7 March 2008, R&E issued summons out of the High Court of South Africa against PWC, claiming R7.6 billion (based on the highest value of such claims at the time, but excluding interest and costs).

18.16 On 25 March 2008, PWC filed a notice to defend the action and on 29 July 2008 served an exception to the Particulars of Claim alleging that they were vague and embarrassing.

18.17 On 16 September 2008, the Exception was argued before his Lordship Mr Justice Joffe.

18.18 Judgment in regard to the Exception is awaited and dependent on the outcome thereof R&E may seek to amend its Particulars of Claim alternatively request PWC to file its Plea.

Action against, inter alia, certain former directors/employees

18.19 In August 2008, R&E, Holdings and First Wesgold Mining (Pty) Limited ("**First Wesgold**") issued summons out of the High Court of South Africa against the following persons:

18.19.1 Hendrik Christoffel Buitendag (the former financial director of Randgold and JCI) ("**Buitendag**");

18.19.2 John Stratton (a former director of JCI) ("**Stratton**");

18.19.3 Charles Henry Delacour Cornwall (a former director of JCI) ("**Cornwall**");

18.19.4 Lieben Hendrik Swanevelder (the former group financial accountant of JCI);

18.19.5 John Chris Lamprecht (the former financial director of Randgold and JCI) ("**Lamprecht**");

18.19.6 Lunga Raymond Ncwana (a former director of Randgold and a director of Equitant Trading (Pty) Ltd);

18.19.7 Songezo Benton Mjongile (a former director of Equitant Trading (Pty) Ltd);

18.19.8 Equitant Trading (Pty) Ltd; and

18.19.9 Dimitrios Perevos,

claiming, dependant on the extent of their alleged involvement, various forms of relief against them.

18.20 In respect of Messrs Cornwall and Stratton (who are currently residing outside of the Republic of South Africa), R&E, Holdings and First Wesgold on 11 September 2008 obtained an order out of the High Court for leave to serve summons on them outside of the Republic of South Africa as well as to attach certain assets belonging to Cornwall and Stratton, which is in the process of being given effect to.

18.21 All of the persons who have been served in this action have to date noted an intention to defend such action and their Pleas are awaited.

Action against Bookmark Holdings (Pty) Ltd ("Bookmark")

18.22 On 11 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Bookmark, Sello Rasethaba ("**Rasethaba**"), and Lamprecht claiming, *inter alia,* R3 307 981 275.00 by way of R&E and Holdings' main claim, alternatively an amount which represents the value of 7 567 500 shares in the issued share capital of RRL.

18.23 Bookmark, Rasethaba and Lamprecht have all noted their intention to defend this action.

Action against Charles Orbach

18.24 On 12 August 2008, R&E issued summons out of the High Court against Charles Orbach & Company ("**Charles Orbach**") R&E's erstwhile statutory auditor, claiming, *inter alia,* R2 832 519 782.43.

18.25 Charles Orbach have noted an appearance to defend this action.

Action against SocGen

18.21 On 21 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Societe Generale Johannesburg Branch ("**SocGen**"), claiming payment of R658 179 309.70 alternatively R209 413 658.60.

18.27 Such action is being defended by SocGen.

18.28 On 31 October 2008, SocGen filed a special plea of prescription in respect of a component of the damages claimed by Randgold and/or Holdings in respect of the year 2005 and also raised a conditional counterclaim to the action, contending that insofar as any shares ostensibly pledged by R&E were not authorised, that R&E should be held accountable for damages sustained by SocGen in respect of 4 000 000 RRL shares, *alternatively* 3 600 000 RRL shares, *alternatively* 3 400 000 RRL shares *further alternatively* 3 000 000 RRL shares.

18.29 Such matters will form the subject of a trial in due course.

Action against Goldfields Operations Limited

18.30 On 20 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Goldfields Operations Limited ("**Goldfields**"), in which action Randgold and Holdings place reliance on five main claims (each with alternatives thereto) totalling R11 453 896 600.00.

18.31 Goldfields have noted their intention to defend such action.

Action against Lamprecht, Buitendag and Stratton

18.32 On 21 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Lamprecht, Buitendag and Stratton. Such action is in respect of payment of the amount of R389 823 970.00.

18.33 Thus far, Lamprecht and Buitendag have noted an appearance to defend such action and similar steps to those outlined in 18.20 are being taken to give effect to service on Stratton.

Action against Investec Bank Limited

18.34 On 22 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Investec Bank Limited ("**Investec**") claiming payment of R270 758 672.90.

18.35 Investec have noted an appearance to defend such action.

T-sec and others

18.36 On 22 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Tlotlisa Securities (Pty) Limited ("**T-Sec**"), Tlotlisa Holdings Limited ("**Tlotlisa**"), Peter Gray ("**Gray**") and Leonard Steenkamp ("**Steenkamp**").

18.37 Such action is being defended by T-Sec, Tlotlisa, Gray and Steenkamp.

Patricia Beale

18.38 On 30 October 2008, R&E and Holdings served summons out of the High Court of South Africa against Patricia Beatrice Beale.

18.39 As at 31 October 2008, no appearance to defend had yet been received.

General

19. Certain of the claims feature in more than one action. Were the Plaintiffs to succeed in making a recovery in any action against a Defendant(s) in respect of such claims, any recovery would need to be taken into account in determining the extent of the Defendant(s) liability in any other action.

Security for costs

20. Certain of the Defendants who have filed Notices of Intention to Defend the actions instituted against them have indicated, *inter alia,* in the instances in which Holdings is a Plaintiff, that they require Holdings to furnish security for costs due to the fact that it is not resident in South Africa.

21. Although no formal applications in respect of security for costs have yet been received, disputes in regard hereto may arise.

Possible joinder of JCI

22. The possibility exists that one or all of the persons against whom R&E, Holdings and First Wesgold have instituted action may seek to join JCI in the respective actions.

23. Should this occur, such persons may seek a contribution from JCI, in respect of any indebtedness which may ultimately be found to be due by them to R&E, Holdings and First Wesgold as the case may be, if any.

24. The extent to which recourse may be sought against JCI and to what extent JCI may be joined, if at all, is not possible to determine.

Claims against R&E

25. On 27 October 2008, summons was issued against R&E out of the High Court of South Africa by Keith Archie Hart ("**Hart**").

26. The claim detailed in the summons is based on a contract of sale that was allegedly entered into by R&E and Hart, in which R&E is alleged to have sold used mining equipment to Hart, which contract was subsequently cancelled.

27. Hart is claiming an amount of R600 000.00 as well as an amount of R250 000.00 from R&E, which claim R&E believes to be without merit and intends to defend vigorously.

28. In 2007, summons was issued by Sydney Frankel against JCIIF and R&E for payment of R3 311 000.00 in respect of fees allegedly owing arising out of the disposal of certain Western Areas shares to Gold Fields Limited. The matter is being defended and a counterclaim of R2.9 million has been filed by JCI. A trial date has been allocated for 25 May 2009.

29. Save for as otherwise indicated herein, no other formal claims have to R&E's knowledge been instituted against it.

CURRICULA VITAE OF THE MEDIATORS

SCHALK FREDERICK BURGER

B.Com (Stellenbosch), 1969, LLB (Stellenbosch), 1971, LLM (University of London, King's College), 1973

1. PROFESSIONAL ASSOCIATIONS

Member of the Johannesburg and Cape Societies of Advocates; admitted to practice as an advocate in South Africa, Namibia, Botswana, Lesotho and member of Lincoln's Inn (UK).

Past chair of the Johannesburg Bar Council, past chair of the professional sub-committee and member of the Bar Council, both as a senior and a junior over a period of some 10 years.

Past chair of the Arbitration Foundation of South Africa: Western Cape Branch.

2. CAREER AT THE BAR

Joined the Johannesburg Bar in 1974. Took Silk in 1987. Acted as a Judge of the High Court of South Africa (both in the Witwatersrand Local Division and in the Cape Provincial Division) on various occasions since 1988. Last acting stint: October – 2000 in the Cape Provincial Division.

3. PROFESSIONAL EXPERIENCE – COURT

General chamber and litigation practice (mostly commercial, regulatory and construction); appears regularly in the Supreme Court of Appeal of South Africa and the High Courts, and has appeared in the High Court of Namibia, Lesotho and Botswana.

4. HIGH COURT LITIGATION

Involved in numerous past and pending actions and enquiries, *inter alia:*

- Insurance claim of R200 million arising from an explosion at a furnace at a platinum smelter (leader of team for the insured);
- Investigation into an explosion at Sasol's Secunda plant which caused serious loss of life and substantial physical damage (leader of Sasol team);
- Investigation into an explosion at a coal mine in the Eastern Transvaal which caused serious loss of life (53 dead) and substantial physical damage (leader of team for mine owner).

5. ARBITRATION

Involved in numerous national and international arbitrations, both as counsel and as arbitrator, e.g.:

- Construction arbitration in Johannesburg (1987 to 1992) involving approximately R250 million (as leader of the team for the claimant);
- ICC arbitration in London (1998) involving construction work and a claim of approximately R30 million (as leader of the team for the claimant);
- Construction arbitration involving Namibian and German parties (1997) involving approximately R40 million (1996) (as arbitrator);
- ICC arbitration in Paris (1999 – 2001) involving generation and supply of electricity in Southern Africa and a claim of some R250 million (as leader of the team for the claimant);
- Construction mining arbitration in Johannesburg between Ghanaian parties (1999 – 2001) involving some US$25 000 000 (as arbitrator).

Recently nominated to the United Nations Panel of Arbitrators for Southern Africa.

6. ACADEMIC POSITION

Visiting professor in Commercial Law, University of Stellenbosch, 2002 to 2008.

HARVEY ELLIOT WAINER

B Acc (Wits), CA(SA)

1. Chartered Accountant and Registered Auditor.
2. Extensive experience in various financial, accounting and auditing matters from 1980 to date.
3. Visiting Professor, the University of the Witwatersrand. Lecturer and examiner on various financial, accounting and auditing matters (including company law) at post-graduate level.
4. Member of The South African Institute of Chartered Accountants and registered with the Independent Regulatory Board for Auditors.
5. Past membership of statutory and professional standard-setting bodies, including the Auditing Standards Board and the Accounting Practices Committee.
6. Chairman of the GAAP Monitoring Panel of the JSE.
7. Has appeared as an expert witness on various financial, accounting and auditing matters in the High Court and in local and international arbitration proceedings. Extensive experience with local and international investigations and litigation.
8. Formerly chief executive and managing partner of Fisher Hoffman Sithole.

CHARLES NUPEN

BA, LLB (Natal)

1. Charles is an attorney with extensive labour law, mediation, facilitation and arbitration experience.
2. He is a former executive director of both the Independent Mediation Service of South Africa (IMSSA) and the Commission for Conciliation Mediation and Arbitration (CCMA).
3. He was a Commissioner on the Independent Electoral Commission.
4. He is the chairman of Stratalign, a company offering organisational and human resource development products and services.
5. He has consulted and trained internationally in the field of conflict management and dispute resolution and has contributed to several books on the topic.
6. He is an adjunct professor of law at the University of Cape Town.
7. He co-facilitated the development of the Financial Services Sector Charter and is a CEDR accredited commercial mediator.
8. He is a director of Tokiso, a leading private dispute resolution agency in South Africa.
9. He serves on the board of Resource Africa an organisation committed to promoting sustainable resource management to benefit rural communities in Southern Africa.

BIOGRAPHICAL INFORMATION OF THE DIRECTORS OF R&E

DIRECTORS' DETAILS

David Kovarsky (61)

Non-Executive Chairman

BComm, (Hons), CA(SA)

Date of appointment: 5 December 2008

After qualifying as a Chartered Accountant, David was appointed as an audit manager at Arthur Andersen. In 1983 he joined JCI in a corporate finance function, eventually progressing to controlling JCI's Ferrochrome arm, CMI. Thereafter David ran Times Media Limited (TML) and served on the boards of listed companies such as TML, SA Breweries, M-Net, and Premier Milling. Subsequently David has been involved in finance and strategy consulting functions and serving as the CEO of companies of varying sizes. He served as Chief Financial Officer for Western Areas Between August 1998 and August 2000. Currently David is the CEO of International Ferro Metals Limited, a London listed company producing ferrochrome in South Africa.

Marais Steyn (37)

Chief Executive Officer and Financial Director

BComm, (Hons) RAU, CA(SA)

Date of appointment: 13 December 2006

After qualifying as a Chartered Accountant, Marais was appointed as a manager in audit and management consulting departments at KPMG. Subsequently, he managed and founded an auditing and corporate advisory firm serving the needs of various major corporations and parastatals. Prior to his appointment to the board of R&E, he served as financial director of Aflease Limited, a JSE Limited listed Gold and Uranium Mining Company.

Motsehoa Brenda Madumise (44)

(Independent non-executive director)

BProc LLB, MBA, Dip International Trade Law

Date of appointment: 24 July 2003

Brenda is a non-practicing advocate with vast business experience and is also a director of a number of private companies including Khomelela Investment (Pty) Limited.

Daniel Izan de Bruin (44)

(Independent non-executive director)

A successful investor in his own right, Izan founded and is currently the CEO of Xenium Financial Managers, an asset management company currently representing over 500 clients. Izan in conjunction with FASSET was influential in developing the Sterco financial management course, which has successfully furthered the careers of over 50 black investment professionals. In his career he has served with stockbroking firms, including De Witt Morgan, B P Bernstein and J M Folscher.

JCI LITIGATION STATEMENT

Claims instituted against or intimated against JCI:

R&E claims

1. The largest claim against JCI is the claim lodged by R&E.
2. On 7 April 2006, R&E and JCI concluded the mediation agreement. The Mediation Agreement has already been referred to in the joint announcement dated 12 September 2006 and in further joint announcements and cautionary announcements and shareholders are directed to such announcements for further information.
3. Clauses 5 and 6 of the mediation agreement envisaged that forensic investigators appointed by the parties (i.e. JLMC on behalf of R&E and KPMG on behalf of JCI) would be in a position to produce finalised forensic reports by Friday, 21 April 2006 in respect of the parties' claims against each other and that such finalised reports would be exchanged between the parties within seven days thereof.
4. The forensic investigations in respect of the claims were far more complicated than the management of both Boards initially anticipated. As a result, the investigations were not finalised by 21 April 2006 and infact remain ongoing.
5. Subsequent to the replacement of the Brett Kebble board of directors, with a newly appointed board of directors, and having regard to the suspension of the listing of JCI because of an inability to produce annual financial statements, JCI appointed forensic auditors, namely KMPG, to investigate the company's entire financial situation in a manner which would assist JCI's new board of directors to understand the state of the company's finances including its assets and liabilities and to take legal advice thereon. R&E did the same and appointed JLMC to undertake its forensic investigations.
6. The KPMG investigations revealed that a major part of the difficulty in unraveling the facts was that JCI, R&E and all of their respective subsidiaries were treated as a single entity and without due regard to their separate corporate identities. Their record-keeping was, to say the least, a complete shambles.
7. What became clear however was that the major accounting and legal issues which confronted JCI and R&E, having regard to the conduct of Brett Kebble, were claims which either one of them may have had against the other. The mediation agreement was directed towards dealing with the claims which either JCI or R&E had against the other and their respective defences thereto. By this stage, KPMG forensics was already in the midst of its overall forensic investigation which involved but was by no means limited to potential claims between JCI and R&E.
8. Having regard to the mediation process however, the KPMG forensic investigation had two discernible strands, i.e. the investigation that related to the JCI/R&E mediation process and the investigation that related to the additional claims by or against JCI involving other third parties and thus fell outside the mediation process. The KPMG forensic investigation in respect of both strands was undertaken and prepared, *inter alia*, to enable JCI to obtain legal advice and with the highest level of confidentiality in order to protect JCI and its shareholders. The entire KPMG report is confidential and privileged. JCI will not waive such privilege as its disclosure will be prejudicial to JCI and its shareholders.
9. R&E prepared a Statement of Claim amounting to in excess of R5 billion. R&E's Statement of Claim was served on JCI on 3 August 2006.
10. The JCI Statement of Defence of 8 September 2006 drew on the forensic work which KPMG had done in relation to the R&E mediation up to that date. KPMG's work throughout this period (including ergo its reports as well as its draft 8 May 2006 report) were all confidential and constituted work in progress which was updated and/or changed from time to time on the basis of the discovery of new information.
11. The draft forensic reports obtained from KPMG deal with issues relating to potential litigation between JCI and R&E and were prepared to enable JCI to obtain legal advice in regard to such litigation as well as potential litigation between JCI and third parties. The reports reflect ongoing investigations and as yet, final reports have to be submitted. As such, they are confidential having been obtained for the purpose

of obtaining legal advice and in respect of possible litigation or arbitration and are subject to legal privilege. KPMG's 14 November 2006 report, which is by no means final because new information arises, has been summarized but only insofar as it deals with the R&E mediation and the summary is attached to the circular.

12. Many transactions were purportedly concluded on behalf of JCI and/or its subsidiaries. Investigation of these have been, and continue to be, a time consuming exercise considering, *inter alia,* the great variety, number and complexity of such purported transactions. As a result, KPMG's investigations remain ongoing.

13. On 28 February 2007, the Mediators issued an interim recommendation. They concluded that a resolution of the impasses between both companies was probably best served through the process of a merger.

14. The mediators' statement records and recommends that on the basis of the figures that were disclosed to them a settlement figure between R1.2 billion to R1.5 billion is a realistic starting point to resolve the dispute between the companies.

15. We set out hereunder a summary of claims instituted against JCI by third parties:

DRDGold Limited

16. DRDGold Limited and its associated companies have served summons on JCI as co-defendant with Messrs R A R Kebble, J Stratton and H C Buitendag, claiming payment jointly and severally from the JCI, and co-defendants of R77.8 million and AUS$6 million.

17. The matter was defended and has recently been settled on the basis that JCI pays R25.5 million to the plaintiff, with Stratton contributing R3.0 million to this settlement amount. Action has been withdrawn.

Redbay Investments (Pty) Limited and Newshore Nominees (Pty) Limited

18. During July 2004, Redbay and Newshore jointly instituted an action against JCI for US$2.5 million, being the purchase price allegedly due by JCI for the buy-back of certain Startrack shares. JCI is defending the matter. A trial date has been allocated for 3 November 2008.

Letseng Diamonds Limited

19. The circular to JCI shareholders, dated 14 September 2006, incorporated, amongst others, resolutions to ratify the loan facility agreement between Investec and JCI, referred to in paragraphs 14 and 15. After the posting of the circular, an application to the High Court of South Africa (Witwatersrand Local Division) ("the Court") was made by a JCI shareholder, Letseng Diamonds Limited, to interdict and restrain JCI from tabling those resolutions at the general meeting held on 29 September 2006. JCI agreed that those resolutions would not be tabled at the general meeting of 29 September 2006.

20. The Court ordered that the general meeting be adjourned to 30 November 2006. That meeting was subsequently adjourned to 30 May 2007 and closed on that date.

21. Letseng, joined by another JCI shareholder, Trinity Asset Management (Pty) Limited subsequently expanded the scope of that litigation and now seeks to have the loan agreement set aside and/or invalidated on several grounds. JCI filed affidavits contending that the loan agreement is valid but took a decision that it would not take any proactive part in that litigation and will abide by the decision of the Court. The claim by Letseng and Trinity was, in the first instance, dismissed by the Court on the basis that they lack the necessary standing to seek such orders at all. Letseng and Trinity have been granted leave to appeal and the appeal has been argued. Judgment is awaited on the issue.

Baobab Aviation (Pty) Ltd

22. Summons has been issued against JCI by Baobab Aviation (Pty) Ltd in liquidation in an amount of R2 537 955.91 arising out of part of the proceeds of the sale of a Gulf Stream G500 aircraft. It is alleged by the Plaintiff that JCI undertook to repay the payment of R2 537 955.91 to the Plaintiff in order for it to validly pay claims of creditors of the Plaintiff. The alternative claim is that the payment to JCI was a dispassion in terms of section 26 read with section 2 of the Insolvency Act. JCI is defending the action.

Masupatsela Angola (Pty) Ltd

23. Summons has been issued by Masupatsela Angola Mining Ventures (Pty) Ltd against JCI Limited and Consolidated Mining Management Services Limited arising out of the sale of 1 492 000 Randgold Shares and, as a result, the Plaintiff's first claim is for an amount R42 880 080.00 representing the payment of such amount as represents the dividend amount to which the Plaintiff would have become entitled but for the misappropriation of the shares. The Plaintiff's alternative claim is for payment of the amount of R20 816548.00 which amounts represents the total proceeds of the sale of the shares. JCI and Consolidated Mining Management Services Limited are defending the action.

Sydney Frankel

24. Summons has been issued by Sydney Frankel against JCIF and R & E for payment of R3 311 000.00 claimed as fees due on disposal of Western Areas Limited's shares to Goldfields. The matter is defended and a counterclaim of R2 900 000.00 has been filed. A trial date has been allocated for 25 May 2009.

Marco Fishing (Pty) Ltd and others

25. Marco Fishing (Pty) Ltd and others have issued Summons against JCI for payment of approximately R711 000.00 for an alleged failure to make interim payments in terms of an alleged share sale transaction. The matter is defended and a trial date is awaited.

Estate Late Kebble

26. Summons was served on CMMS by the joint trustees of the insolvent deceased estate of Roger Brett Kebble, in which it is alleged that on 12 July 2002, Brett Kebble made a payment to CMMS in the sum of R15 419.75. It is further alleged that on 22 September 2004 Brett Kebble made a payment to CMMS in the sum of R1 500 000.00.

27. The first claim is that these payments constituted dispositions in terms of section 2 of the Insolvency Act and that the dispositions were not made for value and that they should therefore be set aside in terms of section 26 of the Insolvency Act.

28. The second claim is that CMMS has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R1 515 419.75 should be repaid to the plaintiffs.

29. CMMS is defending the action and a plea has been served and filed.

Tuscan Mood 1224 (First Claim)

30. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served summons on Alongshore, Alongshore Resources (Pty) Ltd ("Alongshore").

31. The basis of the claim is that Tuscan Mood made payments to Alongshore in the sum of R1 188 611.20 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

32. The second claim is that Alongshore has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R1 188 611.20 should be repaid to the plaintiffs.

33. Alongshore is defending the action.

Tuscan Mood 1224 (Second Claim)

34. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served summons on Catwalk Investments 394 (Pty) Ltd ("Catwalk").

35. The basis of the claim is that Tuscan Mood made payments to Catwalk in the sum of R231 000.00 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

36. Catwalk is defending the action.

Tuscan Mood 1224 (Third Claim)

37. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served a summons on Onshelf Property Seventy Four (Pty) Ltd ("Onshelf").

38. The basis of the claim is that Tuscan Mood made payments to Onshelf in the sum of R5 640 000.00 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

39. The second claim is that Onshelf has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R5 640 000.00 should be repaid to the plaintiffs.

40. Onshelf is defending the action.

Claims by JCI

JCI has filed claims in the following estates:

41. Tuscan Mood 1224 (Pty) Ltd – R19 million in respect of proceeds received from the misappropriation of certain JCI assets. The winding-up of the estate is not finalised, may be subject to proof of further claims and it is not at all certain that JCI will receive a dividend out of the estate. The South African Revenue Service ("SARS"), may also seek to prove a claim in this estate with the attendant consequence of significantly impacting on any possible recovery from the estate by JCI.

42. Tuscan Mood have indicated that they intend instituting action against third parties. Shareholders are advised that it is possible that some or all of these third parties may in turn, join JCI as a defendant to such proceedings.

43. Insolvent Estate Late R B Kebble – R75 million in respect of proceeds received from the misappropriation of certain JCI assets. The South African Revenue Service ("SARS") sought to prove a claim in Kebble's estate recently in the amount of approximately R183 million. Such claim was rejected by the Master of the High Court whose decision is the subject matter of a review which is being opposed by the trustees of Kebble's estate. Were SARS to succeed in proving a claim, such claim is likely to significantly impact upon JCI's entitlement to a recovery from such estate, if at all.

44. The Trustees of the Kebble Estate have indicated that they intend instituting action against third parties. Shareholders are advised that it is possible that some or all of these third parties may, in turn, join JCI as a defendant to such proceedings.

45. We are unable to comment at this stage on JCI's prospects of recovery in respect of the above, even if JCI succeeds in the litigation.

JCI has instituted action against certain third parties:

Jaganda (Pty) Ltd

46. During April 2006, JCI and JCIF instituted an action against Jaganda (Pty) Ltd in relation to 200 million preference shares held by JCI in Jaganda (Pty) Limited which, in turn, held a substantial portion of the ordinary share capital of Simmer & Jack Mines Limited. Jaganda has contested the validity of JCI's ownership of such shares. Pleadings have closed and the matter was allocated a trial date of 11 June 2008. Jaganda has changed its name to Xelexwa Investment Holdings Proprietary Limited and was placed in final liquidation on 1 April 2008 by its shareholders. Provisional liquidators were appointed by the Court on 1 April 2008. JCI and JCIF instituted review and interdict proceedings to set aside the first meeting of creditors and various other decisions of the Master of the High Court, which was successful. As a result the statutory meetings of creditors and the rulings and appointments made by the Master at such meetings were set aside and the provisional liquidators were reinstated as provisional liquidators.

47. JCI and JCIF have furthermore obtained an Order that the first statutory meeting of creditors and members which was to be held on 22 October 2008, be postponed to 10 December 2008. JCI has launched another application to postpone the first statutory meeting of creditors and members for six months which application is to be heard on 4 December 2008.

48. JCI and JCIF have instituted an application in terms of section 354 of the Companies Act in the High Court on 10 October 2008 for an order setting aside the final winding-up Order granted on 1 April 2008. The respondents gave notice of their intention to oppose on 19 November 2008 and the matter is proceeding on an opposed basis.

CPM Main

49. JCI Gold instituted action against CPM Main and has applied for and been granted leave to sue as defendants in the alternative by way of edictal citation, Letseng Diamonds Limited, Concerto Nominees Limited, Inter-Ocean Management Limited for the delivery of 350 000 ordinary shares in Gold Fields Limited, alternatively damages of R49 000 000.00, alternatively of R38 395 000.00, alternatively R24 000 000.00.

50. 1 000 000 WAL shares were swapped for Gold Fields shares in April 2007 when JCI Gold became the beneficial owner of 350 000 Gold Fields shares instead of the WAL shares and therefore the claim is for the Gold Fields shares.

51. Summons against CPM Main has been issued and served and an appearance to defend has been entered. Settlement negotiations with CPM Main are underway.

Springlights, Misty Mountains and Glen Agliotti

52. Summons has been issued by Consolidated Mining Management Services Limited and JCI Limited against Spring Lights, Glen Agliotti and Misty Mountains. The first claim is an amount of R29 539.794.60 arising out of series of payments made to the first defendant, alternatively, second defendant, alternatively third defendant. In circumstances when such payments were not due and owing.

Moregate

53. JCI Limited is preparing an application to declare 98 million shares in JCI Limited which shares are held by Moregate Investment Holdings, Continental Capital Limited and Aculsha Nominees Limited to be declared void and to be authorised to cancel the aforementioned shares. Edictal citation applications will be served in the various jurisdictions.

Moseneke

54. JCI has obtained judgement against Tiego Moseneke in the principal sum R1 556 405.54. The parties agreed that Tiego would pay the principal sum of R1 556 405.54 (on 1 April 2008 which payment was made as well as interest thereon in amount of R1 550 000.00 by making payment of R100 000.00 per month towards the full interest amount. The first portion thereof was payable on or about 1 April 2008. Tiego Moseneke has made payment on 1 April 2008, 1 May 2008, 1 June 2008, 1 July 2008, 1 August 2008 and 1 September 2008.

Investigation of several claims:

55. In addition to the claims referred to specifically above, the comprehensive KPMG forensic investigation has, to date, indicated that JCI has, at the very least, *prima facie* claims against numerous third parties. These claims are presently being considered by JCI's legal team which has received KPMG's report in relation thereto prepared for purposes of JCI receiving legal advice.

56. Claims and or actions have been instituted as recorded herein and it is anticipated that other claims will be instituted. It would however be prejudicial to JCI and its shareholders if any further disclosure is made at this stage in relation to these claims and potential claims.

Dormell Properties

57. JCI Property Development and CMMS are investigating claims and/or actions against the estate of Brett Kebble and Patricia Beale. The first claim is an amount of R7 936 500 arising out of the transfer of the shares in Dormell Property 211 (Pty) Ltd to Stratton for no value. The second claim in the amount of R1 681 142.72 being the bond payments in respect of the aforementioned property.

Glen Agliotti

58. CMMS, JCI Limited and JCI Gold Limited are investigating claims and/or actions against the trustees of the estate of Brett Kebble and Glen Agliotti. The claim is for an amount of R1 870 000.00 arising from payment on a series of invoices submitted for payment when it was not due and owing.

Micromath Trading

59. CMMS, JCI Limited, JCI Gold Limited and JCI Property Development Limited are investigating claims and/or actions against the estate of Brett Kebble, Hendrik Buitendag, Micromath Trading and Mauro Sabbatini. The claims are for an amount of R1 970 000.00 arising from payment on a series of invoices submitted for payment when such payments were not due and owing.

Advidata

60. JCI Limited, JCI Gold Limited and CMMS are investigation claims and/or actions against the estate of Brett Kebble. The claims are for an amount of R522 500.00 arising out of payment on a series of invoices submitted when such payments were not due and owing.

Shelley Street Design Consultants

61. JCI, CMMS and JCI Gold Limited are investigating claims and/or actions against the Estate Brett Kebble, L H Swanevelde and M J de Beer. The claim is for an amount of R353 979.00 in respect of invoices prepared and submitted for payment when such payment was not due and owing.

Turbine Aviation

62. CMMS, JCI Limited, JCI Gold Limited and JCI Property Developments Limited are investigating claims and/or actions against the estate of Brett Kebble, Hendrik Buitendach, M J de Beer, George Poole and Turbine Aviation (Pty) Ltd. The claim is for R480 000.00 in respect of invoices submitted by Turbine Aviation for payment when such payments were not due and owing.

Tanco Global, K van der Merwe and R van der Merwe

63. CMMS and JCI Limited are investigating claims and/or actions against Tantco Global (Pty) Ltd, K van der Merwe and R van der Merwe. The claim is for an amount of R22 767 048.71 for payment of loans made to Tanco Global.

SAFCO

64. CMMS is investigating a claim against the liquidators of South Atlantic Fisheries (Pty) Ltd trading as Safco. The claim is for an amount of R2 500 000.00 in respect of loans made for the acquisition of a fishing vessel.

Settlement agreements with third parties

65. There were a number of other matters in relation to which there was litigation or potential litigation but in respect of which settlement agreements have been concluded. We do not deal with each of these separately because the rights and obligations flowing there from have already accrued and are accounted for elsewhere in the circular documents.

THE JAGANDA ACTION AND RELATED MATTERS

BACKGROUND

1. By 2005 Simmer and Jack Mines Limited ("Simmer & Jack") was moribund. Its shares on the JSE barely traded and its losses had for some years been funded on loan account by JCI. Roger Kebble ("Roger") devised a series of transactions to revive Simmer & Jack and to give value to JCI's loan account ("the scheme"). The scheme was governed by a suit of related agreements, including the JCI Preference Shares Subscription Agreement ("the agreement") concluded between JCI Limited ("JCI") and Xelexwa Investment Holdings (Pty) Limited (in liquidation") ("Jaganda") on 28 January 2005.

2. In terms of the scheme, Simmer & Jack offered approximately 500 million shares to existing shareholders. JCI renounced its entitlement to this rights offer in favour of certain investors and also in favour of a BEE aligned company, Jaganda. To enable Jaganda to take up the rights offer, JCI ceded its loan account claim of approximately R89 million against Simmer & Jack to Jaganda and in return JCI was issued with Jaganda preference shares.

3. Jaganda was acquired as a shelf company with the sole purpose of holding shares in Simmer & Jack. Jaganda's authorised share capital of 1 000 ordinary par value shares of R1.00 each was reconstituted and divided into 2 626 000 ordinary shares of R0.0001 each (R26.26) and 377 374 000 5% fixed rate non-cumulative redeemable preference shares of R0.00001 each (R3 773.74). The special rights, privileges, restrictions, conditions and terms of the preference shares were created by an amendment to Jaganda's articles of association ("the amended articles of association").

   3.1 All of Jaganda's ordinary shares are held by **Richtrau No. 47 (Pty) Limited ("Richtrau**").

   3.2 The preference shares were fully subscribed for by and allotted to JCI (357 374 000 preference shares) and the erstwhile management of Jaganda (20 000 000 preference shares).

4. Jaganda initially subscribed for approximately 51% of Simmer & Jack's shareholding (378 607 457 shares). It now owns approximately 26% (270 957 457 shares). In terms of the agreement, the sale of Jaganda's shareholding in Simmer & Jack is subject to JCI's consent for as long as JCI's preference shares in Jaganda have not been redeemed.

5. The amended articles of association provide that the preference shareholders will upon redemption receive the original 25 cents subscription price per share plus a premium of 20% of the increased value above 25 cents; and Jaganda will benefit to the extent of the 80% growth above 25 cents per share.

THE JAGANDA ACTION

6. The Jaganda action involves the determination of both legal and factual issues. The essential dispute relates to the creation and issue of the 357 374 000 preference shares to JCI ("the disputed preference shares").

7. JCI/JCIIF contend that Jaganda's preference shares (including the disputed preference shares) were created and the articles of association amended by a number of special resolutions ("the special resolutions") adopted at a shareholders meeting held on 28 February 2005.

8. During or about May 2005 JCI subscribed and paid for the disputed preference shares and was registered in Jaganda's members' register. The disputed preference shares were issued to JCI in two tranches and in terms of two certificates – one for 157 374 000 preference shares and another for 200 000 000 preference shares.

   8.1 During October 2005, JCI transferred 157 374 000 preference shares to JCIIF ("the disputed JCIIF preference shares").

8.2 During January 2006, JCI sought to transfer the remaining 200 000 000 preference shares to JCIIF ("the disputed JCI preference shares"), but Jaganda refused to effect the registration of such transfer in its share register and purported to cancel JCI's share certificate.

9. Jaganda denies that JCI or JCIIF was entitled to have been registered as owner of the disputed preference shares or to have received transfer thereof; and seeks to cancel the registration of the disputed preference shares in the name of JCI or JCIIF and to remove JCI and JCIIF from Jaganda's share register.

10. Jaganda denies that a shareholders' meeting alternatively a valid shareholders' meeting was held or conducted or that the special resolutions purportedly adopted thereat were validly adopted.

11. The renunciation by JCI of the rights offer in favour of Jaganda, and the cession by JCI of its loan account claim of approximately R89 million against Simmer & Jack to Jaganda, and the issue of the disputed preference shares to JCI, are all governed by the terms and conditions of the agreement. In this regard Jaganda contends (in the event of it being found that a valid shareholders meeting was held) that JCI's entitlement to subscribe for the disputed preference shares was dependent upon the agreement being rendered unconditional and that it failed to take effect and lapsed by virtue of the resolutions not having been adopted as contemplated therein; and in any event that JCI acted in material breach of its obligations in terms of the agreement by failing to transfer its loan account claim to Jaganda, in consequence whereof JCI did not become entitled to the disputed preference shares; and further that Jaganda was entitled to cancel the agreement because of JCI's alleged fraudulent alternatively negligent misrepresentations:

    11.1 that JCI was able to cede to Jaganda its loan account claim plus an additional loan of R25 million (when in fact it was not able to do so);

    11.2 that minorities would be eligible to take up shares pursuant to the rights offer up to a value of approximately R10 million (when in fact they were not able to acquire shares to that value); and

    11.3 that its loan account claim was valid (when in fact it was not valid and/or enforceable to the full amount).

12. The Jaganda action was to have proceeded to trial in the High Court (Witwatersrand Local Division) on 11 June 2008, but was postponed due to Jaganda's liquidation. JCI has, however, given the liquidators notice in terms of section 359 of the Act that it intends to continue the same.

JAGANDA'S LIQUIDATION

13. Jaganda was wound up by final Order on 1 April 2008 in the High Court (South Eastern Cape Local Division) on the basis, *inter alia,* that it was unable to pay its debts.

    13.1 In terms of section 348 of the Act, the winding-up is deemed to have commenced when the application was lodged with the Court on 17 March 2008.

    13.2 The winding-up application was brought by **Vulisango Holdings (Pty) Limited ("Vulisango")**, JCI's erstwhile BEE partner and the holding company of Richtrau.

14. The amended articles of association provide that the preference shares shall not be entitled, on the winding-up of Jaganda, to any participation in the profits or assets or in the distribution of surplus assets. On winding-up, the preference shares shall rank prior to any ordinary share and shall be entitled only to the return of capital and premium paid in respect of the preference shares, and to all arrear and/or unpaid preference dividends due whether declared or not.

15. Section 341(1) of the Act precludes a transfer of shares without the sanction of the liquidators. In the normal course, the amended articles of association provide for a right of pre-emption in favour of other members, by providing that no member shall be entitled to transfer any share unless prior notice of such sale is given to Jaganda by way of an offer to sell which must remain available to other members for six months. Furthermore, and subject to certain notice requirements, the preference shares are transferable only to subsidiaries of the JCI group of companies and/or shareholders of Jaganda.

OTHER RELATED MATTERS

16. On 31 July 2008 JCI sought and obtained an Order in the High Court (South Eastern Cape Local Division) against the Master, *inter alia,* setting aside the proceedings and decisions taken at and consequent upon the first statutory meeting of Jaganda's creditors and members.

    16.1 The appointment of the final liquidators was set aside, two of whom revert to their status of provisional liquidators and continue to act in that capacity.

    16.2 JCI recently requested the various interested parties to consent to an adjournment (for at least six months) of the first statutory meetings which were rescheduled to take place on 22 October 2008. If the required consent was not received by 20 October 2008, JCI was to have made application to Court for such relief. Such consent was not forthcoming resulting in JCI launching a court application to extend the first meeting of creditors for six months. In the absence of opposition such application is due to be heard on 4 December 2008.

17. On 10 October 2008 JCI issued an application out of the High Court (South Eastern Cape Local Division), *inter alia,* against Vulisango and Richtrau in terms of section 354 of the Act to set aside the final winding-up Order. On 19 November 2008 Vulisango and Richtrau gave notice of their intention to oppose the application.

18. The provisional liquidators of Jaganda recently brought an application in terms of section 386(5) of the Act for leave to raise money, which application was opposed by JCI. The matter was heard on 16 October 2008 and judgment has been reserved.

CONCLUSION

19. R&E does not propose to comment on the veracity of the contentions and/or allegations raised by JCI or Jaganda or any other party, nor are any legal or other opinions asserted by way of this overview. This overview of the Jaganda action and other related matters is in no way proposed to be exhaustive and no assurances as to the accuracy, completeness or otherwise of what is set out above are given, the contents hereof being subject to any other factors which may require consideration in due course.

20. The adjudication of the Jaganda action and of the other related matters referred to above, and the factual and legal sustainability of any claims and/or defences arising therefrom, are subject to determination by the Courts.

SUMMARY OF MOTIVATION TO THE JSE REGARDING THE MEDIATORS' APPOINTMENT

1.1 The Mediators were appointed by the companies with effect from 1 June 2007 to furnish a written opinion on the suitability of the proposed transaction.

1.2 The Board of R&E is of the view that there are no better persons qualified to express an opinion on the suitability of the proposed transaction, other than the Mediators.

1.3 The lack of audited financial statements of R&E subsequent to 31 December 2003 (and the likelihood that such financial statements will invariably need to be restated), renders it impossible for R&E to produce a Fairness Opinion in respect of the proposed transaction as contemplated by the JSE Listings Requirements.

1.4 In these circumstances, the Board of R&E proposed by way of application to the JSE and SRP in July 2007, that the Mediators are the most appropriate persons to express an opinion on the suitability of the proposed transaction.

1.5 The Mediators have, since the inception of the mediation been exposed to all issues relevant to the impasse between R&E and JCI, they having had regard to the complex and diverse legal, accounting and associated issues having a bearing thereon.

1.6 The Mediators enjoy a diverse range of skills, which are complimentary to each other. Advocate Schalk Burger has been a practising Senior Counsel for in excess of twenty years. Charles Nupen is a mediation specialist of the highest calibre and Harvey Wainer is the former senior partner of a large auditing firm and has acted as an expert in a number of high profile matters.

1.7 The Mediators have over the past two years (since their appointment) been engaged in a methodical process of analysing the various issues which have a bearing on the impasse between R&E and JCI. For any institution to equal the expertise and level of understanding enjoyed by the Mediators would necessitate the following:

1.7.1 A team of persons equipped with a comparable degree of expertise and reputation to that of the Mediators in their respective fields would need to be appointed.

1.7.2 Substantial resources would need to be employed in educating the said persons to the same level of understanding as the Mediators and in particular of the complex legal and accounting issues bearing thereon.

1.7.3 Much of management's time would be taken up in the process of educating such team of persons in order to enable them to understand the key issues requiring them to opine on.

1.8 The delay and cost to the shareholders of R&E may not be in the interests of R&E and would invariably give rise to management's time being diverted away from the pursuit of ordinary business.

1.9 It is unlikely that another institution would be able to equal or better the attributes of the Mediators in the absence of substantial cost, analysis and familiarisation with the same issues which have already been painstakingly assessed by the Mediators.

1.10 The Mediators have had no prior association with either R&E or JCI. Each of the Mediators act as independent professionals in their respective fields of expertise.

1.11 Having evaluated the relevant issues resulting in their recommendations thus far, the Mediators are in the best position to express an opinion in regard to the suitability or otherwise, of the merger.

1.12 For the above reasons the JSE and SRP have accepted the suitability of the Mediators to express an opinion in regard to the proposed transaction.

1.13 On 3 November 2008, the Mediators furnished a written Report in which they concluded that:

Having regard to all of the above, our 14 April 2008 opinion remains of application, *viz:*

"In the unusual and variable circumstances enumerated above, the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of Randgold or JCI."

1.14 Following the rendering of their Report, the Mediators were paid the following amounts:

1.14.1 S F Burger S.C, R1 150 000 plus VAT;

1.14.2 C Nupen, R1 150 000 plus VAT;

1.14.3 H E Wainer, R1 916 000 plus VAT.

1.15 A copy of the full Mediators' Report is annexed to this Circular marked Annexure 1.

OVERVIEW OF THE COMPETENT PERSON'S REPORT IN MINERAL ASSETS OF THE DU PREEZ LEGER PROJECT

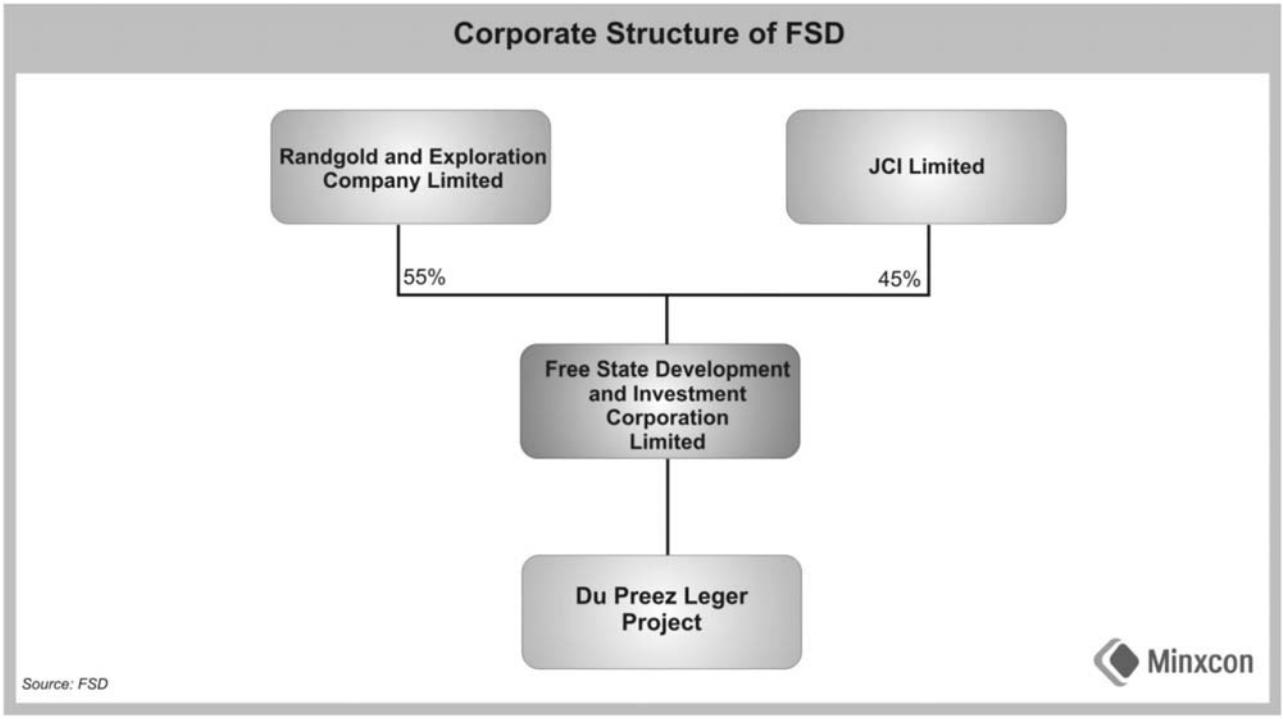
SUMMARY OF THE MINERAL ASSET VALUATION REPORT ON THE DU PREEZ LEGER PROJECT, FREE STATE PROVINCE, SOUTH AFRICA

INTRODUCTION

Minxcon (Pty) Ltd ("Minxcon") was commissioned by Free State Development and Investment Corporation Limited ("FSD") to compile an Independent Mineral Asset Valuation report on the mineral assets of the Du Preez Leger Project, located near the town of Welkom, Free State Province, South Africa. The REPORT is fully compliant with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("the SAMREC Code"), the South African Code for the Reporting of Mineral Asset Valuation ("the SAMVAL Code") and Section 12 of the JSE Listings Requirements. Section 12.14b as well as most of Section 12.14a (excluding 12.14a i, 12.14a xi and 12.14a xiii) of the JSE Listings Requirements was not applicable as the Project is still at the exploration stage.

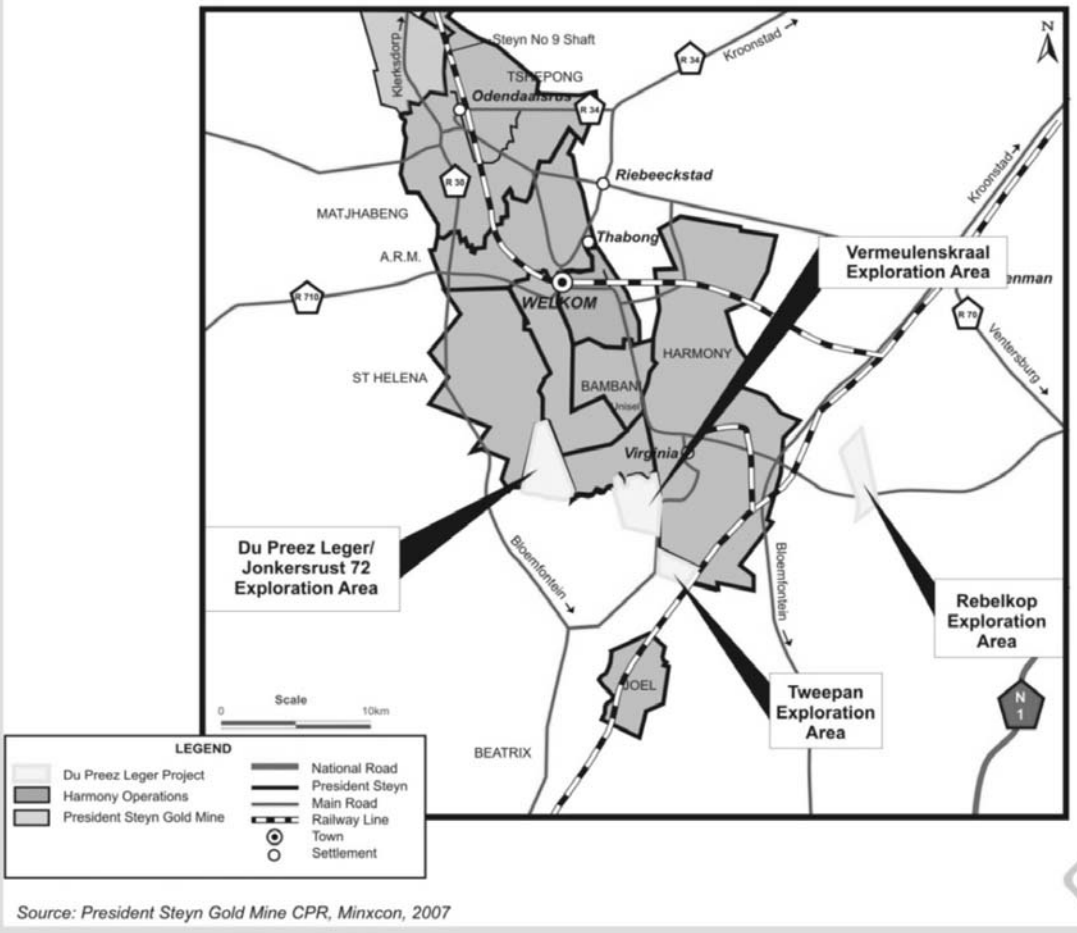
In order to describe the mineral assets in accordance with the JSE Listings Requirements, Section 12, the information recorded on each property was compiled according to a checklist that incorporated the compliance reporting requirements for the SAMREC and SAMVAL Codes.

The corporate structure of FSD is illustrated in the diagram below:



The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 ("Du Preez Leger") area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The areas of interest are located on exploration rights which are held by FSD, a subsidiary of Randgold and Exploration Company Limited ("R&E"). Due to the limited information available regarding the Rebelkop area, this area has not been evaluated for a Mineral Resource. The areas of interest are located on the Witwatersrand Basin, with adjacent producing gold mines including the President Steyn Gold Mine, Bambanani Mine, Harmony Mine, Beatrix Mine and St Helena Mine.

Location of the Exploration Areas of the Du Preez Leger Project



Source: President Steyn Gold Mine CPR, Minxcon, 2007

The project is also close to the Exploration Targets of Witwatersrand Consolidated Gold Resources ("Witsgold") with exploration targets in the area of interest. The company has drawn significant interest and has a market Capitalisation of ZAR1.080bn.

FSD has held the mineral rights pertaining to the Project area ('old order rights') since the early part of the twentieth century *circa* 1945. The prospecting right was converted to a New Order Right under the Mineral and Petroleum Resources Development Act, 2002, on 7 November 2006. No invasive physical exploration activities have been conducted by FSD to date and, accordingly, the environment has not been impacted.

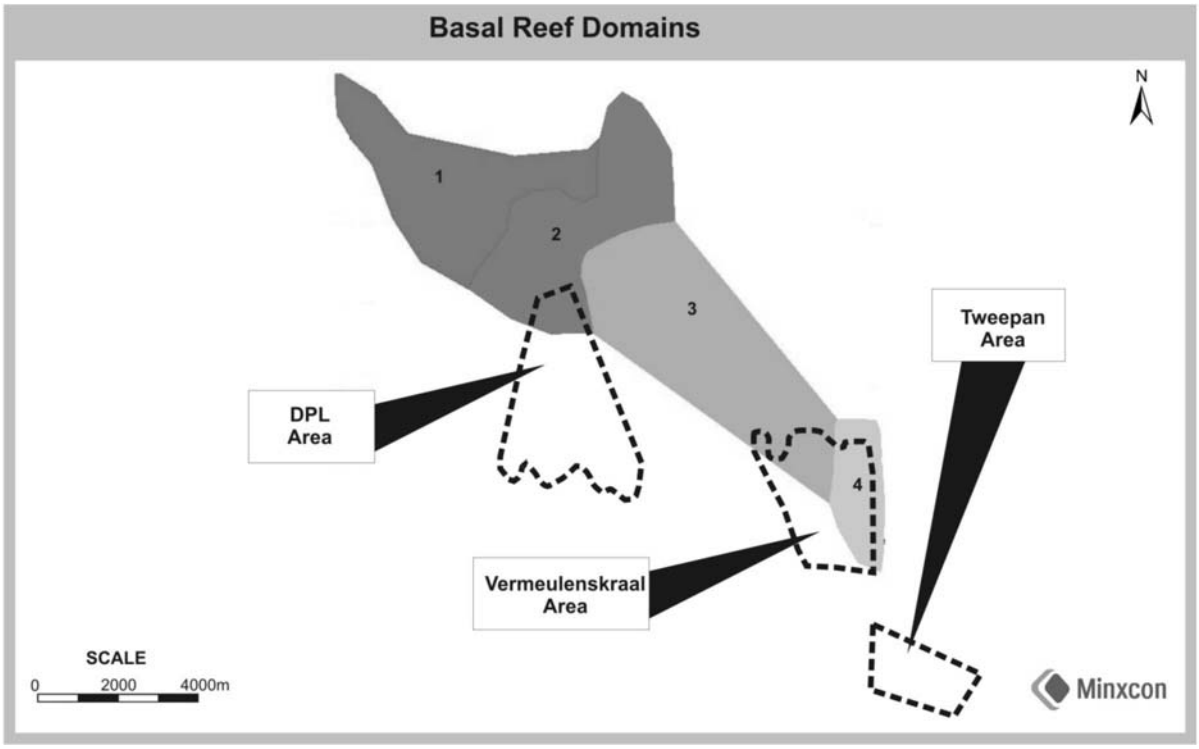
The Project area is located in the Free State goldfield of the Witwatersrand Basin. The placers of primary economic interest at the Project area are the Basal and Leader Reefs. Other reefs found in this area include the A and B Reefs, BPM (Sand River Reef), Aandenk and VS5/Beatrix Reefs. The Vermeulenskraal exploration area lies just to the south of the Sand River and is to the west of Harmony Mine. The Du Preez Leger exploration area lies to the south of the Harmony Brand and St Helena mines, and to the west of the Harmony Unisel Mine. These mines have mainly targeted the Basal and Leader Reefs. The A-Reef has also been extensively mined on Brand Mine to the north of the Project area.

Proposed further work on the Project will include an in-depth review of the available data by a competent geological consulting company with the possible progression, depending upon the results of the aforesaid review, to drilling of up to four geological boreholes as envisaged in the Prospecting works Programme. The estimated funding requirements for exploration for 2009 and 2010 are ZAR5.185 million, and the Company has sufficient cash resources to fund future exploration and environmental work.

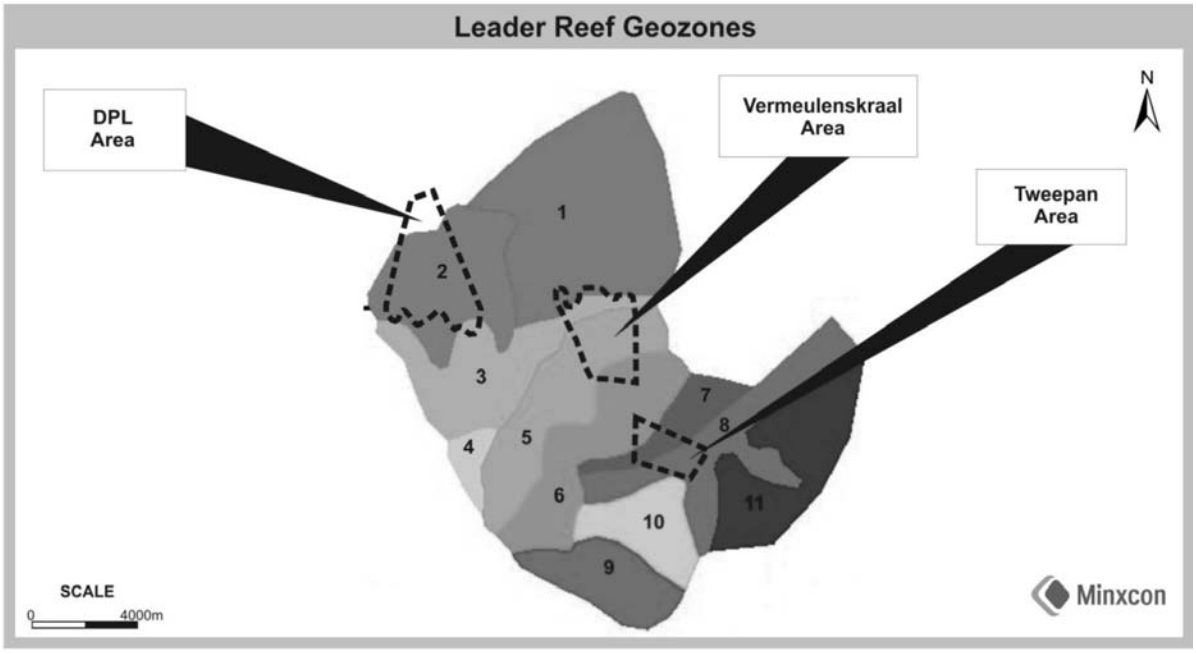
RESOURCE EVALUATION

The Resource evaluation was undertaken using Minxcon's ***'Res'*** geostatistical program which utilizes Datamine™ as the platform software. Full reef composite mining cut values (Au content (cm.g/t)) have been interpolated into a 2D block model. The block model size of 500X500m was determined from the drill hole spacing, and the continuous nature of the ore body ('stationarity' principal). Simple kriging estimation technique was used, based primarily on drill hole spacing. Detailed checks were carried out to validate kriging outputs, including input data, kriged estimates and kriging efficiency checks.

Four geostatistical domains (geozones) were modelled for the Basal Reef and eleven geozones were modelled for the Leader Reef, based on the grade relationships and data trends of the boreholes.



The drillholes represent full reef composites, i.e. one intersection value per drill hole. The composite was then used in the estimation process.



The table below details the Mineral Resource with regards to reef versus Resource cut (minimum stoping width of 120cm), both at a zero cut-off and a cut-off of 250cm.g/t:

Mineral Resource Area	Cut-Off (cm.g/t)	TONNAGE REEF t	TONNAGE SW t	% GEO LOSS	TONNAGE REEF t	TONNAGE SW t	Au g/t	Diluted Au g/t	CW cm	SW cm	Content g	Moz
BASAL REEF												
Du Preez Leger	–	1,816,825	3,572,100	10	1,635,143	3,214,890	18.15	9.15	61	120	29,416,244	0.946
	250	1,760,658	3,483,000	10	1,584,592	3,134,700	18.57	9.35	61	120	29,309,445	0.942
	500	1,760,658	3,483,000	10	1,584,592	3,134,700	18.57	9.35	61	120	29,309,445	0.942
Vermeulenskraal	–	10,715,553	12,970,356	10	9,643,998	11,673,321	7.38	6.72	110	133	78,444,717	2.522
	250	8,771,553	9,082,356	10	7,894,398	8,174,121	10.07	9.56	134	139	78,144,597	2.512
	500	8,771,553	9,082,356	10	7,894,398	8,174,121	10.07	9.56	134	139	78,144,597	2.512
Total Basal Reef	**–**	**12,532,378**	**16,542,456**	**10**	**11,279,140**	**14,888,210**	**8.94**	**7.24**	**103**	**130**	**107,790,640**	**3.466**
	250	**10,532,211**	**12,565,356**	**10**	**9,478,990**	**11,308,820**	**11.49**	**9.50**	**122**	**134**	**107,433,370**	**3.454**
	500	**10,532,211**	**12,565,356**	**10**	**9,478,990**	**11,308,820**	**11.49**	**9.50**	**122**	**134**	**107,433,790**	**3.454**
LEADER REEF												
Du Preez Leger	–	23,821,901	31,040,980	10	21,439,711	27,936,882	6.1	4.57	92	120	127,671,551	4.105
	250	22,653,921	29,873,000	10	20,388,529	26,885,700	6.26	4.68	91	120	125,825,076	4.045
Vermeulenskraal	–	21,690,811	26,895,113	10	19,521,730	24,205,601	3.46	2.55	108	134	61,724,283	1.984
	250	15,988,593	20,683,412	10	14,389,734	18,615,071	4.11	2.98	105	136	55,472,912	1.783
Millo/Tweepan	–	8,794,186	11,877,079	10	7,914,767	10,689,371	2.99	3.44	92	124	26,937,215	0.866
	250	6,672,433	7,559,779	10	6,005,190	6,803,801	4.44	3.97	111	126	26,262,672	0.844
Total Leader Reef	**–**	**54,306,898**	**69,813,172**	**10**	**48,876,208**	**62,831,854**	**4.54**	**3.60**	**98**	**126**	**216,428,843**	**6.959**
	250	**45,314,947**	**58,116,191**	**10**	**40,783,453**	**52,304,572**	**5.23**	**3.98**	**99**	**126**	**207,607,470**	**6.674**
TOTAL BASAL AND LEADER REEF												
Basal + Leader Reefs	**–**	**66,839,276**	**86,355,628**	**10**	**60,155,349**	**77,720,065**	**5.37**	**4.30**	**99**	**127**	**334,196,280**	**10.745**
	250	**55,847,158**	**70,681,547**	**10**	**50,262,443**	**63,613,393**	**6.41**	**4.96**	**103**	**128**	**315,522,429**	**10.144**

Notes:

1. SW – Minimum Stoping Width of 120cm.
2. CW – Corrected Channel Width.

VALUATION OF THE PROJECT AREA

Based on the information available, the standard comparative value method was selected to value the mineral assets of the Du Preez Leger Project. The outcomes were also benchmarked against recent market transactions involving similar assets, as well as current market value of listed entities holding similar assets.

Resource Area	Mineral Resource Category	In Situ Grade g/t	Gold Content Moz	Area Ha	Value per oz USD	Value million USD	Value million ZAR	Value per ha ZAR
Du Preez Leger/Jonkersrust	Inferred	5.17	4.99	1 131.06	2.1	10.470	85.858	75,909
Vermeulenskraal	Inferred	4.99	4.30	913.5	2.1	9.028	74.030	81,040
Millo/Tweepan	Inferred	3.86	0.845	355	2.1	1.775	14.555	40,999
Total/Average		**4.95**	**10.13**	**2 399.56**	**2.1**	**21.273**	**174.443**	**66,104**

As part of the valuation methodology, similar JSE listed gold companies were assessed and their enterprise value ("EV") was calculated. From these, their average market related dollar per ounce of resource value was calculated:

Company	EV/oz
Aflease Gold	$3.00
Central Rand Gold	$3.55
DRD Gold	$1.85
Simmer and Jack Mines	$4.25
Pamodzi Gold	$7.83
Average	**$4.096**

Notes:

1. Includes Measured, Indicated and Inferred.
2. As at 6 Novemember 2008.

Other factors taken into account include the recent aquisition of the Orkney and President Steyn Mine operations by Pamodzi Gold. Minxcon calculated that the Orkney operation was aquired at $2.78/oz and the President Steyn Mine was aquired for $2.47/oz. It must be kept in mind that these operations are very mature, with limited resource and substantial associated environmental liabilities, which impact dramatically on the price received. As both these operations are well-developed mining operations, it was considered appropriate to further discount the value of the Du Preez Leger Project from $5.55/oz to a $2.1/oz value.

The Rebelkop area does not have any estimated Mineral Resources. In a study completed by the JCI gold unit, several boreholes were reported to intersected reef on neighbouring farms. A borehole WDR1 drilled in one corner of the farm intersected VS5, Leader and Basal Reef. Hence while no Resource was declared, Minxcon is of the opinion that exploration potential exists albeit with limited potential due to the sporadic nature of the leader reef and low grades of the other reefs intersected.

Reef	g/t	Reef width	Cm.g/t
VS5	8.2	30.5	250
Leader	22.7	61	1 385
Basal	1	9.1	9

Hence the Project was valued using a value per hectare of ZAR20,000 as determined relative to the rand/hectare value of the other areas.

Resource Area	Area (ha)	Value per (ha)	Value (ZAR million)
Rebelkop	689.56	20,000	13.7912

The table below summarises the value of the Du Preez Leger Project, as determined by Minxcon:

Resource Area	Value (USD million)	Value (ZAR million)
Du Preez Leger/Jonkersrust	10.470	85.858
Vermeulenskraal	9.028	74.030
Millo/Tweepan	1.775	14.555
Rebelkop	1.682	13.791
Total	**22.96**	**188.233**

CONCLUSIONS

Minxcon have reached the following conclusions regarding the Du Preez Leger Project:

- The mineralised reefs of economic interest at the Project area are the Basal and Leader Reefs;
- The geology of the area is structurally complex;
- The Mineral Resources estimated at the Project area have been classified as **INFERRED** Mineral Resources, based on SAMREC classification standards;
- The total Inferred Mineral Resource for the Du Preez Leger Project at a cut off grade of 250cm.g/t is 63.613Mt at a grade of 4.95g/t;
- On balance the gold price is expected to return to the US$800-900/oz band over the next two years. The higher gold price has triggered renewed interest in some areas on the Witwatersrand Complex. This is evident in the listing of Witwatersrand Consolidated Gold Resources with a market Capitalisation of ZAR1.080bn, who owns mineral assets around the areas of interest; and
- Minxcon is of the opinion that ZAR188.233 million is a fair and reasonable value for the Du Preez Leger Project.

SIGNATURES

Yours sincerely

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GEOLOGIST

Effective date: 7 November 2008

VALUATION PREPARED IN RESPECT OF BOSCHENDAL LIMITED

VALUATION REPORT

BOSCHENDAL LTD

FARM 1674/1, 2, 5, 8, 9, 10, 12
PAARL DIVISION

AND

RESIDUAL PROPERTIES OF BOSCHENDAL LTD

FARM 16747/1 AND FARM 1674/3, 4, 6, 7, 11, 13
PAARL DIVISION

AND

153/1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13
STELLENBOSCH DIVISION

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VALUATION REPORT

BOSCHENDAL LTD

FARM 1674/1, 2, 5, 8, 9, 10, 12
PAARL DIVISION

AND

RESIDUAL PROPERTIES OF BOSCHENDAL LTD

FARM 1647/1 AND FARM 1674/3, 4, 6, 7, 11, 13
PAARL DIVISION

AND

153/1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13
STELLENBOSCH DIVISION

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1. **INSTRUCTION**

I have been instructed by Mr Les Maxwell, Chief Financial Officer of JCI Ltd, to determine the market value of the abovementioned properties. This valuation updates the previous valuation with 1 March 2007 as the effective date of valuation.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

2. **INTRODUCTION**

The subject properties are two aggregates of various portions of the former Boschendal Estate of the Paarl and Stellenbosch Divisions, situated between Stellenbosch and Franschhoek.

The comparable sales method of valuation is most favoured for farm valuations and is applied in this case.

The aim of this valuation is to determine a realistic sales value.

3. **EFFECTIVE DATE OF VALUATION**

The market value of the subject properties was determined as at 30 April 2008.

4. **DATE OF INSPECTION**

The property was inspected on 20 May 2008

5. **REGISTERED OWNERS**

The registered owner of Farm 1674/1, 2, 4, 8, 9, 10, 12 Paarl Division is **BOSCHENDAL LTD** (hereafter referred to as Boschendal Ltd).

Deeds of transfer: T17501/2004

and

The registered owner of Farm 1647/1 and Farm 1674/3, 4, 6, 11, 13, 17 Paarl Division and Farm 153/1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13 Stellenbosch Division, called the Residual Properties of Boschendal Ltd is **AMFARMS REALISATION CO LTD**.

Deeds of Transfer: T17499/2004

6. **DESCRIPTION AND SIZE OF THE PROPERTY**

Table 1 below shows the various portions of Boschendal Ltd and Table 2 shows the portions of Residual Properties of Boschendal Ltd. There was no change since the previous valuation:

TABLE 1: PORTIONS OF BOSCHENDAL LTD

FARM NO	1674/10	1674/12	1674/1	1674/2	1674/5	1674/8	1674/9
DIVISION	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**
NAME	**BOSCHENDAL**	**LE RHONE**	**SIMONSBERG NATURE RESERVE**	**MOUNTAIN VINEYARDS**	**NIEUWEDORP**	**GOEDEHOOP**	**DROËBAAN**
TOTAL EXTENT[2] (HA)	106.6539	174.3148[2]	164.0427[2]	166.4995	123.2548	50.2598	80.1969
WATER ALLOCATION	350 000 m^3	131 000 m^3		324 000 m^3	286 000 m^3	100 000 m^3	190 000 m^3
ARABLE LAND							
Vineyards							
Extent (ha)	6 (medium-low)	8 (medium-low)		57 (High to medium)	44 (High to medium)		9 (Medium)
Orchards							
Extent (ha)	27 (Medium-low)	8 (Medium low)		–	9 (High to medium)		13 (Medium)
Fallow							
Extent (ha)	20 (Medium-low)	9.3138 (Medium-low)		16 (High)	7 (High to medium)	35 (Medium)	14 (Medium)
NON-ARABLE LAND							
(Veld and river)							
Extent (ha)	14.6539	–	164.0427	16.4995	25.2548	10.2598	18.1969
LAND UNDER INFRASTRUCTURE							
Extent (ha)	39	149 Includes effluent irrigation on land of 45 ha used as grazing		77	38	5	26
BUILDINGS							
Type	Main Cape Dutch homestead Management houses x 4 Workers houses[3] x 33	Cape Dutch homestead Other heritage buildings	None	Management houses x 2	Management houses Worker houses[3] Heritage buildings	Management houses x 2 Worker houses[3] x 8 Heritage buildings: Homestead, Wine cellar, Old slave quarters, Stables, Slave bell	Worker houses[3] x 29
RESTRICTIONS	–	2 road servitudes	Probably only one house; no more residential development allowed	–	–	Walking path servitude	

Notes:

1. Le Rhone: To avoid institutional obstacles preventing the transfer of the winery to Douglas Green Bellingham (DGB), the whole of Le Rhone was sold to DGB with a mortgage over 188 ha, with an agreement to buy 184 ha back for R1.00.
2. 188.3148 ha minus 10 ha promised to local community minus 4 ha with winery = 174.3148 ha.
3. 200.0427 ha minus 36 ha promised to local community = 164.0427 ha.
4. Goede Hoop: G Johnson needs to be refunded for a house worth R4.5 million if Geode Hoop be sold.

TABLE 2: PORTIONS OF RESIDUAL PROPERTIES OF BOSCHENDAL LTD

FARM NO	1674/7	1674/6	1674/4	1674/3	1674/11	1647/1	1674/13	153/1,2,4,5,6,7,9,10,11,12,13
DIVISION	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**PAARL RD**	**STELLENBOSCH RD**
NAME	**CHAMPAGNE**	**RHODES' COTTAGE**	**EXCELSIOR**	**RACHELS-FONTEIN**	**THEMBALETHU**	**YORK VLAAGTE**	**ECO PRECINCT**	**OLD BETHLEHEM**
TOTAL EXTENT[2] (HA)	106.6670	42,4407	165,2636	115,9123	76,0665	49,5372	341,9417 Minus 28.7 ha promised to local community = 313,2417	428,9973 Minus 65.8 ha promised to local community = 363,1973
WATER ALLOCATION	400 000 m^3	160 000 m^3	570 000 m^3	400 000 m^3	150 000 m^3	–		570 000 m^3
ARABLE LAND								
Vineyards								
Extent (ha)	53 (Medium)	11 (Medium to high)	44 (Medium)	33 (High to medium)	–	–	–	–
Orchards								
Extent (ha)	19 (Medium to low)	5 (Medium to low)	14 (Medium to low)	–		10 (Medium to low)	–	15 (Medium to low)
Fallow								
Extent (ha)	4 (Medium to low)	13 (Medium)	67 (Medium)	61 (High to medium)	5 (Medium to low)	27 (Medium to low)	–	81 (Medium to low)
NON-ARABLE LAND								
(Veld and river)								
Extent (ha)	5	8,4407	25,2636	–	46,0665	–	313,2417	247,1973
LAND UNDER INFRASTRUCTURE								
Extent (ha)	25,6670	5	15	21,9123	25	12,5372		20
BUILDINGS								
Type	Cape Dutch homestead; Senior management houses x 5; Middle management houses x 3; Workers houses[1] x 16	Heritage buildings; Rhodes homestead		Management houses x 2 Worker houses[1] x 35	Management houses x 2; Worker houses[1] x 16; Thembalethu complex[1] x 27	None	None	Worker houses[1] x 10; Heritage buildings: Cape Dutch homestead
RESTRICTIONS	Road Servitude	2 Road servitudes	Road Servitude		Road servitude		ESCOM power line servitude	Road servitude; ESCOM power line servitude

Note:

1. Attention: York Vlaagte is Portion 1 of Farm 1647 (not 1674).

7. SERVITUDES/RESTRICTIONS

Road and electricity power line servitudes are indicated in Tables 1 and 2. These incumbrances may have a negative impact on the value perception of a typical buyer of the subject property.

8. ZONING

The property is zoned as Agriculture 1.

9. SERVICES

The subject area is serviced with tarred and gravel roads. Electricity is supplied directly by ESKOM and via the Drakenstein Municipality.

Water for domestic purposes is obtained from the Wemmershoek line via the Drakenstein Municipality.

No municipal sewerage services are supplied.

10. SITUATION AND SUBJECT AREA

The discussion of the external factors shaping land-use patterns in the traditional wine producing areas is not repeated in this report, although they are still relevant.

The current downswing in general in the property market needs to be mentioned. Farm land prices stagnated the past year, specifically of larger farms in Stellenbosch. The waiting period to find a wiling seller increased. Prices of small lifestyle properties, especially in Franschhoek, were apparently not affected, as the buyers are normally not dependent on the income from the properties and are less sensitive for interest rate changes.

Boschendal Ltd won the appeal with regard to SAHRA's veto of the subdivision of the subject property. While progress has been made towards subdivision, final permission is needed. For valuation purposes Boschendal Ltd is still treated as one whole property and the Residual Properties of Boschendal Ltd as another independent subject property.

11. GENERAL

11.1 Information relating to the subject property has been supplied by Mr Clive Venning, CEO of Boschendal Ltd, and is accepted as being correct.

11.2 The property was valued on 30 April 2008.

11.3 This valuation is in respect of the fixed property only and excludes VAT.

11.4 This report may not be used for any purpose other than that for which it has been compiled. It may not be made available to any other party without the written consent of the author.

11.5 Although careful consideration has been given to the correctness of the information contained in this report, it is not guaranteed.

11.6 I did not inspect the woodwork or other parts of building structures which are covered, unexposed or inaccessible, and I am therefore unable to report whether such parts of the property are free of rot, beetle or other defects.

12. DESCRIPTION OF THE SUBJECT PROPERTY

Tables 1 and 2 describe briefly the extent of planted and non-planted arable land, non-arable land, water allocations, dams and building infrastructure. More detail on the buildings can be obtained from the previous valuation reports by Mr Danie Hofmeyr. The following general characteristics are derived from the inventories in Tables 1 and 2:

- Land
  - Extent: Most of the portions are relatively large compared to other properties in the subject area, which makes it more difficult to find comparable properties for valuation purposes. Sales prices per hectare of the generally small-transaction properties provide less reliable value guidelines, due to the effect of 'plattage', a valuation term that refers to the inverse relationship between extent and price per hectare.
  - Quality: The soils are generally of medium to low quality. The better soils are mostly to be found on the sides of the subject properties at higher altitudes.
  - Land-use categories: Perennial crops: Land use is categorized in terms of land under vineyards, and fruit orchards. A finer distinction in terms of broad land-quality classes is given mainly to provide a borad idea of the general land quality of the two subject properties.
- Water
  - Availability: The total amount of water for irrigation is sufficient for the total amount of arable land.
  - Distribution: The storage capacity in terms of dams is concentrated on some portions. The exiting pipeline network used to distribute water from the dams to the arable land, spread over most of the portions purposes, consists mainly of old asbestos pipes, the lifespan of which is long overdue and needs urgent replacement at high cost (estimated at R20 million) to allow efficient irrigation of any crop. Access to the water from the dams and replacement and maintenance of the water distribution network implies a significant interdependence among the various portions. While efficient access to water from the dams can to a large extent be ruled by servitudes, sharing of the capital and running costs of distributing the water will favour selling the two subject properties as aggregates, as opposed to selling the portions of the subject properties as individual farms.
- Road Infrastructure: Various road servitudes are registered to allow the different portions access to the main road. Selling the portions individually will entail incurring additional costs to ensure access to the main road for Nieuwedorp, Droëbaan, Mountain Vineyard, Excelsior and Rachelsfontein.
- Buildings: Farming activities on the two subject properties are adequately supported by the existing residential and non-residential building infrastructure.

13. VALUATION OF SUBJECT PROPERTIES: COMPARABLE SALES METHOD

A market research of comparable farm sales has been carried out in the wider subject area. The transaction properties have been identified and analysed, and can serve as a basis for valuation. See Table 3 for a description of the transaction properties in the Stellenbosch District and comparisons with the subject properties. See Table 4 for a description of transaction properties in the Franschhoek District and comparisons with the subject properties.

TABLE 3: SUMMARY OF COMPARABLE SALES TRANSACTIONS FOR STELLENBOSCH

Transaction Number	1	2	3	4
Farm Number	**1018 Div Stellenbosch**	**74/19 Div Stellenbosch**	**262/6,8 Div Stellenbosch**	**1471/4 Div Stellenbosch**
Farm Name	**Sugarbird Manor (Protea Heights)**	**Protea Heights**	**L'Olivier**	**Overgaauw**
Location	Devonvalley Rd	Devonvalley Rd	Vlottenburg	Stellenbosch Kloof Road
Date of Sale	April 2008	November 2007	August 2007	27/08/2007
Buyer	Unknown	Mrs McFarlane	Niel Keen	
Seller	WWF SA	WWF SA	Peter Bacon	Dawid van Velden
Extent (ha)	21,6417	10,6689	71,465	14,8056
Land use	18 ha proteas	10 ha proteas	20 ha vineyards 15 ha olives (All dryland) Rest is non-arable fynbos veld	7,25 ha vineyards Big dam
General condition of plantings	Good	Good	Good	Good
Water	Sufficient	Sufficient	Insufficient, 4 fountains	Sufficient
Buildings	1 Manor house 1 Manager house 5 labourer cottages Packing shed	None	1 house 3 cottages 2 labourer cottages	None
General condition of buildings	Good	n/a	Good	n/a
Price	R14 150 000	R6 800 000	R22 800 000 minus R2 000 000 for movable assets = R20 800 000	R5 000 000
Conditions at time of Sale	No pressure on seller to sell	No pressure on seller to sell	No pressure on seller to sell	No pressure on seller to sell
Price per land-use category	Land planted with proteas: 776 000/ha Land under infrastructure: R50 000/ha	Land planted with proteas: R680 000/ha	Land planted with vineyards, olives: R544 000/ha Fynbos veld: R50 000 Infrastructure: R50 000/ha	Land planted with vineyards, olives: R638 000/ha Infrastructure: R50 000/ha
Price per hectare	R655 830	R680 000		R337 838
Comparability with subject property	Date of Sale: Less than 1 month before effective date of valuation Address and image: Aesthetically TP offers more, but does not have the historical character of SP. Total extent: Much smaller than SP – SP should have a lower value per hectare	Date of Sale: 5 months before effective date of valuation Address and image: Aesthetically TP offers more, but does not have the historical character of SP TP has no buildings Total extent: Much smaller than SP – SP should have a lower value per hectare	Date of Sale: 8 months before effective date of valuation Address and image: Aesthetically TP offers more, has historical character, but not as much as SP. Total extent: Much smaller than SP – SP should have a lower value per hectare	Date of Sale: 8 months before effective date of valuation Address and image: Aesthetically TP offers more, has historical character, but not as much as SP Total extent: Much smaller than SP – SP should have a lower value per hectare

Note: TP – Transaction Property; SP = Subject Properties = Boschendal Ltd and Residual Properties of Boschendal Ltd.

TABLE 4: SUMMARY OF COMPARABLE SALES TRANSACTIONS FOR FRANSCHHOEK

Transaction Number	**1**
Farm Number	1170/8
Farm Name	Normandy
Location	In Franschhoek
Date of Sale	07/09/2007
Buyer	Nesie Farms (Pty) Ltd
Seller	Normandy Wines (Pty) Ltd
Extent (ha)	46.6768 ha
Land use	17 ha vineyards Remainder is mountain veld
General condition of plantings	Good
Water	Sufficient
Buildings	Big main house Cottage
General condition of buildings	Good
Price	R28 000 000 minus R1 000 000 movable assets = R27 000 000
Conditions at time of sale	No pressure on seller
Price per land-use category	R1 500 000/ha planted land R50 000/ha mountain veld
Price per hectare	R578 500
Comparability with subject property	Date of Sale: Seven months ago Address and Image: Comparable Total extent: Much smaller than SP – therefore not comparable; typical lifestyle property

Note: TP = Transaction Property.

SP = Subject Properties – Boschendal Ltd and Residual Properties of Boschendal Ltd.

14. CONCLUSIONS: COMPARABLE SALES

The analysis of the transactions provides some value guidelines that will be applied to the subject properties.

14.1 THE INFLUENCE OF LOCATION

With regard to larger properties, transactions analysed for the previous valuation showed that the larger farms in the Franschhoek area were sold at lower prices per hectare than the larger Stellenbosch farms. The much higher price per hectare paid for the Franschhoek farm Normandy (1170/8) than for any Stellenbosch farm since the previous valuation must not be regarded as representative of the value of larger Franschoek farms. Normandy lies partly in town and its "address" carries the highest status in the Franschhoek district. The next door farm owner bought this portion and was willing to pay a major premium. Despite its larger size, it is still regarded as an outstanding lifestyle project. It does not provide a reliable value guideline for Boschendal.

14.2 THE INFLUENCE OF FARM SIZE

Small, lifestyle properties sold in Franschhoek and Stellenbosch since the previous valuation were ignored, as they are not comparable with the subject property and their per hectare price will provide inappropriate value guidelines.

Transactions 1, 2 and 4 are all small farms, but used for intensive production, in contrast with typical smaller lifestyle properties. Transactions 1 and 2 are both portions of Protea Heights where proteas are produced for export. Linked to the properties were plant breeder rights of novel protea cultivars developed on the property. Transaction 1 has a recently renovated luxurious manor house, a manager's house and the protea packing shed with cold storage facilities. Transactions 1 and 2 properties were sold, respectively, for R776 000 and R680 000 per hectare. Transaction 4 is a portion of Overgaauw with a big dam and vineyards. The water rights were retained by the seller. Transaction 4 was sold for R638 000 per hectare. All three properties are aesthetically very attractive, but lack the historical character of Boschendal. The overriding consideration here is the significantly smaller extent of all three properties, giving rise to relatively high prices per hectare.

Transaction 3 is much larger than 1, 2 and 6 and was sold for R544 000 per planted hectare. L'Olivier is aesthetically attractive. It is believed that this transaction provides a more reliable guideline of current farm land prices of larger farms in Stellenbosch.

In conclusion, the update of the previous valuation takes place amidst a stabilization of farm prices after rising rapidly for some years. Interviews with a number of estate agents in Franschhoek and Stellenbosch reveal that farm land prices stabilized the past year. Prices did not really decrease – it more a matter of waiting longer to find a willing buyer. Prices of small farms and smallholdings bought for lifestyle purposes were less affected than larger farms. The number of transactions of larger farms in Franschhoek and Stellenbosch the past year is so limited that no clear trend can be derived. A limited number of sales, mostly of smaller farms, took place since the last valuation. The effect of "plattage" suggests that these relative high values per hectare are too high to provide an appropriate value guideline for Boschendal. Their prices per planted hectare were all higher than R600 000. The larger L'Olivier obtained a price of R544 000 per planted hectare. If a premium is added for the outstanding historical character of Boschendal, a value guideline of R600 000 per planted hectare is obtained. This is nominally the same as the value guideline for the previous valuation. The nominal value of R50 000 per hectare of non-arable land and land occupied by infrastructure also remains the same.

Table 5 shows the application of value guidelines derived from the comparable transactions to the subject properties.

TABLE 5: APPLICATION OF VALUE GUIDELINES TO THE SUBJECT PROPERTIES

	1674/10	1674/12	1674/1	1674/2	1674/5	1674/8	1674/9		
BOSCHENDAL LTD	**BOSCHEN-DAL**	**LE RHONE**	**SIMONS-BERG NATURE RESERVE**	**MOUNTAIN VINEYARDS**	**NIEUWE-DORP**	**GOEDE-HOOP**	**DROËBAAN**		
TOTAL AREA PLANTED (Ha)	33	16		57	43		22		
PRICE/HA (R/Ha)	600 000	600 000	600 000	600 000	600 000	600 000	600 000		
SUB-TOTAL FOR LAND USE (R)	19 800 000	9 600 000	0	34 200 000	25 800 000	0	13 200 000		
TOTAL AREA FALLOW (Ha)	20	9.3138		16	7	35	14		
PRICE/HA (R/Ha)	265 000	265 000	265 000	265 000	265 000	265 000	265 000		
SUB-TOTAL FOR LAND USE (R)	5 300 000	2 468 157	0	4 240 000	1 855 000	9 275 000	3 710 000		
TOTAL AREA NON-ARABLE/VELD/ INFRASTRUCTURE (Ha)	53.6539		164.0427	93.4995	63.2548	15.2598	44.1969		
PRICE/HA (R/Ha)	50 000	50 000	50 000	50 000	50 000	50 000	50 000		
SUB-TOTAL FOR LAND USE (R)	2 682 695	0	8 202 135	4 674 975	3 162 740	762 990	2 209 845		
TOTAL (R)	**27 782 695**	**12 068 157**	**8 202 135**	**43 114 975**	**30 817 740**	**10 037 990**	**19 119 845**		**151 143 537**

	1674/7	1674/6	1674/4	1674/3	1674/11	1647/1	1674/13	153/1, 2, 4, 5, 6, 7, 9, 10, 11, 12, 13	
RESIDUAL PROPERTIES OF BOSCHENDAL LTD	**CHAMPAGNE**	**RHODES' COTTAGE**	**EXCELSIOR**	**RACHELS-FONTEIN**	**THEMBA-LETHU**	**YORK VLAAGTE**	**ECO PRECINCT**	**OLD BETHLEHEM**	
TOTAL AREA PLANTED (Ha)	72	16	58	33		10		15	
PRICE/HA (R/Ha)	600 000	600 000	600 000	600 000	600 000	600 000	600 000	600 000	
SUB-TOTAL FOR LAND USE (R)	43 200 000	9 600 000	34 800 000	19 800 000	0	6 000 000	0	9 000 000	
TOTAL AREA FALLOW (Ha)	4	13	67	61	5	27		81	
PRICE/HA (R/Ha)	265 000	265 000	265 000	265 000	265 000	265 000	265 000	265 000	
SUB-TOTAL FOR LAND USE (R)	1 060 000	3 445 000	17 755 000	16 165 000	1 325 000	7 155 000	0	21 465 000	
TOTAL AREA NON-ARABLE/VELD/ INFRASTRUCTURE (Ha)	30.667	13.4407	40.2636	21.9123	71.0665	12.5372	313.2417	267.1973	
PRICE/HA (R/Ha)	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	
SUB-TOTAL FOR LAND USE (R)	1 533 350	672 035	2 013 180	1 095 615	3 553 325	626 860	15 662 085	13 359 865	
TOTAL (R)	**45 793 350**	**13 717 035**	**54 568 180**	**37 060 615**	**4 878 325**	**13 781 860**	**15 662 085**	**43 824 865**	**229 286 315**

Total value: Boschendal Ltd: R151 143 537
Say R150 million

Total value: Residual Properties of Boschendal Ltd: R229 286 315
Say R230 million

15. **CERTIFICATE**

I certify that, in my opinion, a willing buyer could be prepared to pay an amount of R150 000 000 (One hundred and fifty million Rand) to a willing seller on the open market for Boschendal Ltd at the effective date of valuation.

I certify that, in my opinion, a willing buyer could be prepared to pay an amount of R230 000 000 (Two hundred and thirty million Rand) to a willing seller on the open market for Residual Properties of Boschendal Ltd at the effective date of valuation.

Prof T E Kleynhans
Professional Valuer (Act 47/2000)
Registration number 5198

DATE: 23 May 2008
PLACE: Stellenbosch

Fax: (011) 269 8510

Bochendal Ltd and
Residual Properties of Bochendal Ltd

17 October 2008

Mr Les Maxwell
Chief Financial Officer
JCI Ltd
PO Box 11165
JOHANNESBURG, 2000

Mr Maxwell

I am of the opinion that farm properties sold in the vicinity of Boschendal Ltd and Residual Properties of Bochendal Ltd since June 2008 do not provide clear value guidelines that indicate a deviation from the last valuation of the abovementioned properties, mainly because of limited comparability with these two properties.

Prof T E Kleynhans

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SUMMARY OF OFFERS FOR SALE AND SALE AGREEMENTS

DATE	ACTION	THIRD PARTY	VALUE R
31 March 2008	The sale of Portion 56 of farm 794, the fixed property together with all improvements and fixtures and certain movable assets by Kovacs Investments 620 (Pty) Ltd to Superlane 111 (Pty) Ltd	Superlane 111 (Pty) Ltd	36,200,000.00
01 May 2008	The unbundling of the relationship between Mvelaphanda Holdings (Pty) Ltd and JCI, which includes the sale of AML, Cue Incident and MSI to Mvelaphanda Holdings (Pty) Ltd and the release of JCI Limited of all securities and pledges	Mvelaphanda Holdings (Pty) Ltd	16,422,840.44
21 February 2008	Sale of shares in Bioclones (Pty) Ltd by JCI Limited to Futuremed Pharmaceuticals (Pty) Ltd	Futuremed Pharmaceuticals (Pty) Ltd	4,200,000.00
10 April 2008	Sale of shares and loan accounts in Skygistics (Pty) Ltd by JCI Gold to Mowana Investments (Pty) Ltd	Mowana Investments (Pty) Ltd	12,000,000.00
22 September 2006	The Sale of shares and loan accounts in Tavlands (Pty) Ltd by CMMS to C A Du Toit, H Meiring and P A Du Toit	C A Du Toit, H Meiring and P A Du Toit	2,332,000.00
20 May 2008	Sale of portion 1 of erf 1857 Houghton Esate by Catalyst properties (Pty) Ltd to the Nelson Mandela Foundation	Nelson Mandela Foundation	3,500,000.00
01 November 2007	Purchase of 50% of Liberty Moon (Pty) Ltd (The owner of Investment House) by JCI Investment Finance from Dunrose	Dunrose Investments	7,500,000.00
16 September 2008	Settlement of court action instituted by DRD Gold regarding the sale of Rawas gold mine	DRD Gold	21,500,000.00
11 June 2008	The disposal of 211 590 595 shares in Matodzi to the Trinity group for 1 679 289 shares in R&E a swap ratio of 125 to 1	Trinity group	
21 October 2008	Acquisition of 30% of the shares in the Lyons Group	G J Fromentin	1,000,000.00
27 October 2008	Acquisition of additional 5 310 secured cumulative convertible redeemable debentures with a nominal value of R5,000.00 each from Kovacs 608 (Pty) Ltd in relation to Kovacs' acquisition of shares in Boschendal Limited	Kovacs 608 (Pty) Ltd	26,550,000.00

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