

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa) • (Registration number 1992/005642/06) • Share code: RNG • ISIN: ZAE00008819 (Suspended) • NASDAQ trading symbol: RANGY (delisted) • ADR ticker symbol: RNG
("Randgold" or "the Company" or "the Group")

PROVISIONAL UNAUDITED AND UNREVIEWED RESULTS FOR THE TWO YEARS ENDED 31 DECEMBER

GROUP INCOME STATEMENT (Unaudited and unreviewed)

	Notes	Provisional Year ended 31 December 2005	Provisional Year ended 31 December 2004	Restated Provisional Year ended 31 December 2003	Previously Audited Year ended 31 December 2003
R000					
Income					
Dividends and interest received		12 049	28 962	8 248	9 357
Profit on sale of portion of investment in associate		–	138 327	142 340	241 429
(Loss)/Profit on sale of investments		404	23 112	5 398	(34 151)
Profit on sale of property, plant and equipment		–	178	772	–
Fair value adjustment of investment property		–	1 550	–	–
Claims		322 624	331 174	117 791	–
Fair value adjustment of investments		(4 016)	7 577	(16 417)	–
Other income		2	7 869	14 215	14 987
Profit on sale of subsidiary		1 421	–	–	–
Expenses					
Interest expense		(18)	(7 867)	(6 545)	(6 447)
Depreciation and amortisation		(156)	(203)	(179)	(994)
Impairments		(48 275)	(179 413)	–	(24 398)
Write-off of listed investments and other long-term assets		(100 522)	(235 506)	(268 276)	–
Derecognition of investments in Kabusha/Viking Pony		–	–	(132 983)	–
Foreign exchange loss		(945)	(139)	(132 067)	(132 067)
Commission on sale of property		–	(500)	–	–
Provision for bad debts		–	(30 963)	–	–
Exploration and corporate expenditure		(27 811)	(11 473)	(27 924)	(27 972)
Profit/(Loss) before taxes, equity income and minority interest	1	154 757	72 685	(295 627)	39 744
Taxation	2	(38 628)	(47 310)	(29 571)	(29 593)
Profit/(Loss) before equity income and minority interest		116 129	25 375	(325 198)	10 151
Equity (loss)/income from associate	4	–	(11 778)	166 351	166 351
Minority interest		28 268	(6 364)	(261)	702
Profit/(Loss) for the year		144 397	7 233	(159 108)	177 204
(Earnings)/Loss per share (cents)		193	12	(330)	367
Headline earnings/(loss) per share (cents)		10	(40)	(50)	(12)
Reconciliation between earnings/(loss) and headline earnings/(loss):					
Earnings/(Loss) for the year		144 397	7 233	(159 108)	177 204
Add back:					
Profit on sale of portion of investment in associate		–	(138 327)	(142 340)	(241 429)
Impairment of goodwill		–	–	–	24 398
Impairment of fixed assets		48 275	179 413	–	–
Claims		(322 624)	(331 174)	(117 791)	–
Write-off investments		100 522	235 506	268 276	–
Write-off of investment in Kabusha		–	–	132 983	–
Fair value adjustment of investment property		–	(1 550)	–	–
Profit on sale of property, plant and equipment		–	(178)	(772)	–
Profit on sale of investments		(404)	(23 112)	(5 398)	–

BASIS OF ACCOUNTING

The provisional financial results for the three years ended 31 December 2005 have been prepared in accordance with the Group's accounting policies which are consistent with those used in the audited financial statements for the year ended 31 December 2003. The Company has not yet adopted International Financial Reporting Standards.

The provisional financial results have not been audited or reviewed.

NOTES TO THE THREE YEARS ENDED PROVISIONAL FINANCIAL RESULTS (Unaudited and unreviewed)

	Provisional Year ended 31 December 2005 R000	Provisional Year ended 31 December 2004 R000	Restated Provisional Year ended 31 December 2003 R000	Previously Audited Year ended 31 December 2003 R000
1 PROFIT / (LOSS) BEFORE TAXES, EQUITY INCOME AND MINORITY INTERESTS STATED AFTER TAKING INTO ACCOUNT THE FOLLOWING:				
Profit on sale of portion of investment in associate	–	138 327	142 340	241 429
As previously reported			241 429	
– Adjusted for elimination of fictitious profit on swap of 952 148 RRL shares for 3.3 million WAL shares			(99 089)	

During 2003 and 2004, Randgold sold 3 212 000 and 3 150 000 RRL shares, respectively, (on a post-split basis), of which the proceeds were credited to Randgold. There were no sales of RRL shares for the direct benefit of Randgold during 2005.

Profit/(loss) on sale of investments	404	23 112	5 398	(34 151)
As previously reported				(34 151)
– Adjusted for elimination of fictitious loss on swap of 3 million DRD shares for 660 000 WAL shares			35 419	
– Derecognition of Viking Pony / Kabusha			4 130	

Profit on sale of property, plant and equipment	–	178	772	–
Fair value adjustment of investment properties	–	1 550	–	–
Fair value adjustment of investments	(4 016)	7 577	(16 417)	–

As previously reported				(14 418)
– Permanent impairment of listed investments				(1 999)
– Aflease				
– Kelgran				

Depreciation and amortisation	(156)	(203)	(179)	(994)
Impairments	(48 275)	(179 413)	–	(24 398)

Impairments of mineral rights and mining assets, included in property, plant and equipment	(48 275)	(179 413)	–	–
– mineral rights	(48 275)	(152 917)	–	–
– mining assets	–	(26 496)	–	–

Impairment of goodwill	–	–	–	(24 398)
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As previously reported				(24 398)
– Derecognition of Viking Pony/Kabusha				24 398

The 2004 impairments of mineral rights and mining assets relate mainly to the Angolan projects where the Company received expropriation notices from the Angolan authorities and the Company concluded that there are no future economic benefits from these rights and assets. During 2005, Randgold evaluated its unused old order mineral rights and concluded that the future benefits from these rights are not guaranteed, hence the impairment.

Derecognition of investments

5 INVESTMENTS

	Number of shares	Provisional Year ended 31 December 2005 R000	Provisional Year ended 31 December 2004 R000	Restated Provisional Year ended 31 December 2003 R000	Previously Audited Year ended 31 December 2003 R000
Listed – at market value					

Kelgran	2 324 830	488	–	–	–
Pan Paladium	13 100 000	28 166	–	–	–
WAL	5 361 613	227 064	–	–	–
JCI Ltd ordinary shares	37 560 613	6 010	–	–	–
JCI Ltd debentures	50 651	63	–	–	–
RRL	4 000 000 ⁽¹⁾	412 500	–	–	–
		674 291	–	–	–

⁽¹⁾ Pledged as security. Refer note 11.

Aflease	53 049 442	–	94 959	–	–
Kelgran	2 324 830	–	372	–	–
Pan Paladium	13 100 000	–	28 165	–	–
WAL	5 361 613	–	134 040	–	–
JCI Ltd ordinary shares	37 560 613	–	10 141	–	–
JCI Ltd debentures	50 651	–	42	–	–
RRL	8 650 000	–	582 578	–	–
		–	850 297	–	–

Aflease	8 100 000	–	–	26 325	–
Kelgran	2 324 830	–	–	255	–
Simmer and Jack	40 000 000	–	–	9 600	–
WAL	82 500	–	–	3 424	–
JCI Ltd ordinary shares	55 867 389	–	–	43 577	–
		–	–	83 181	–

Aflease	7 300 000	–	–	–	23 724
Kelgran	2 321 115	–	–	–	255
Simmer and Jack	40 000 000	–	–	–	9 600
WAL	4 042 500	–	–	–	167 765
JCI Ltd ordinary shares	55 867 389	–	–	–	43 577
Amplats	235 000	–	–	–	68 503
DRD	500 000	–	–	–	10 300
Harmony	315 000	–	–	–	34 177
		–	–	–	357 901

Aflease shares held in Kabusha	23 000 000	–	–	–	73 308
		–	–	–	431 209

Restated provisional				83 181	
As previously reported				431 209	
Adjusted for:					
– Aflease	7 300 000	–	–	(23 724)	
– DRD	500 000	–	–	(10 300)	
– Amplats	235 000	–	–	(68 503)	
– Harmony	315 000	–	–	(34 177)	
– WAL	3 960 000	–	–	(164 340)	
– Aflease	23 000 000	–	–	(73 309)	
– Aflease	8 100 000	–	–	26 325	

6 CLAIMS AND LOANS

6.1 Claims					
JCI Group		720 006	410 512	97 350	–
Claim		720 006	410 512	97 350	–
Provision		–	–	–	–
Other		20 441	20 441	20 441	–
Claim		393 358	393 060	385 328	–
Provision		(372 917)	(372 619)	(364 887)	–
Total		740 447	430 953	117 791	–

No interest has been provided for on the above claims.

Profit on sale of property, plant and equipment	–	(178)	(772)	–
Profit on sale of investments	(404)	(23 112)	(5 398)	–
Profit on sale of subsidiary	(1 421)	–	–	–
Tax effect of adjustments	38 628	47 310	–	33 810
Headline earnings/(loss) for the year	7 373	(24 879)	(24 150)	(6 017)

GROUP BALANCE SHEET

(Unaudited and unreviewed)

	Notes	Provisional Year ended 31 December 2005	Provisional Year ended 31 December 2004	Restated Provisional Year ended 31 December 2003	Previously Audited Year ended 31 December 2003
R000					
ASSETS					
Current assets					
Cash and cash equivalents		7 521	5 855	10 839	11 202
Accounts receivables		1 697	1 322	3 466	3 466
Total current assets		9 218	7 177	14 305	14 668
Property, plant and equipment	3	433	53 863	39 225	79 133
Investment in associate	4	–	–	419 310	432 339
Investments	5	674 291	850 297	83 181	431 209
Claims – JCI Group	6.1	720 006	410 512	97 350	–
Claims – Other	6.1	20 441	20 441	20 441	–
JCI Group loan	6.2	122 780	88 757	116 019	140 701
Other long-term assets	7	202 158	152 945	59 011	60 170
Total other assets		1 740 109	1 576 815	834 537	1 143 552
Total assets		1 749 327	1 583 992	848 842	1 158 220
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities		8 993	13 982	6 799	6 736
Income and mining taxation		124 427	86 868	39 148	39 170
Total current liabilities		133 420	100 850	45 947	45 906
Long-term liabilities					
Provision for post retirement benefits	8	43 969	44 669	58 670	58 670
Deferred taxation	2	52 560	52 525	–	–
Total long term liabilities		96 529	97 194	58 670	58 670
Total liabilities		229 949	198 044	104 617	104 576
Total shareholders' equity	9	1 473 069	1 311 442	707 196	1 021 669
Outside shareholders' interest		46 309	74 506	37 029	31 975
Total liabilities and equity		1 749 327	1 583 992	848 842	1 158 220

MOVEMENT IN SHAREHOLDERS' EQUITY

(Unaudited and unreviewed)

	Provisional Year ended 31 December 2005	Provisional Year ended 31 December 2004	Restated Provisional Year ended 31 December 2003 ⁽¹⁾	Previously Audited Year ended 31 December 2003
R000				
Balance at beginning of the year	1 311 442	707 196	1 021 669	547 629
Other	5 016	(4 324)	29 320	–
Shares issued during the year	–	314 081	–	304 588
Deferred tax	(36)	(52 480)	–	–
Net movement in reserves				
– fair value adjustments	12 250	339 736	(7 481)	(7 752)
Profit for the year	144 397	7 233	(336 312)	177 204
Balance at end of the year	1 473 069	1 311 442	707 196	1 021 669

⁽¹⁾ The movement in this column represents the difference between the previously audited balances at 31 December 2003, and the restated provisional balances at 31 December 2003, and not the movement from beginning to the end of the year.

benefits from these rights are not guaranteed, hence the impairment.				
Derecognition of investments – unlisted (Viking Pony / Kabusha)	–	–	(132 983)	–
Write-off of investments and other long term assets – listed	(100 522)	(235 506)	(268 276)	–
Write-offs:				
– RRL (reduction in shareholding from 36.86% to 35.75%)	–	–	(13 028)	–
– RRL (9 058 000 shares)	–	(180 301)	–	–
– RRL (4 650 000 shares)	(89 327)	–	–	–
– WAL (3.3 million shares)	–	–	(128 700)	–
– WAL (660 000 shares)	–	–	(24 090)	–
– WAL (495 000 shares)	–	(14 968)	–	–
– DRD (500 000 shares)	–	–	(13 669)	–
– Aftlease (8.1 million shares)	–	(26 325)	–	–
– Aftlease (3 million shares)	–	(3 912)	–	–
– Aftlease (7.8 million shares)	(11 195)	–	–	–
– Simmer and Jack (40 million shares)	–	(10 000)	–	–
– Other long-term assets: Deferred payment of shares sold	–	–	(25 841)	–
Adjusted for derecognition of the Phikoloso transaction				
– Amplats (235 000 shares)	–	–	(63 685)	–
– Harmony (315 000 shares)	–	–	(30 083)	–
– Aftlease (7 300 000 shares)	–	–	(32 850)	–
Adjusted for elimination of fictitious profit on swap of 952 148 RRL shares for 3,3 million WAL shares	–	–	99 089	–
Adjusted for elimination of fictitious loss on swap of 3 million DRD shares for 660 000 WAL shares	–	–	(35 419)	–
Profit on sale of Angolan subsidiary	1 421	–	–	–
– proceeds	6 357	–	–	–
– net asset value	(4 936)	–	–	–
Claims (net of impairment)	322 624	331 174	117 791	–
As previously reported				
– JCI Group	–	–	97 350	–
– Other	–	–	20 441	–

2 TAXATION

The income tax expense recognised in the income statement reflects a best estimate for Capital Gains Tax ("CGT") at 14,5% in 2005 (2004: 15%) on the deemed profit in terms of the disposals of investments for which a recoverable claim receivable has been recognised and on profits on sale of investments. A deferred tax liability was also raised on the mark-to-market adjustments relating to investments recorded in equity at CGT rates at 31 December 2004 and 2005.

3 PROPERTY, PLANT AND EQUIPMENT				
Opening balance	53 863	39 225	14 713	14 713
Additions	–	194 254	24 754	65 477
Disposals	(4 999)	–	(63)	(63)
Depreciation	(156)	(203)	(179)	(994)
Impairments	(48 275)	(179 413)	–	–
Balance at year end	433	53 863	39 225	79 133
As previously reported				
Fictitious mineral rights reversed – Phikoloso transaction	–	–	79 133	–
At 31 December 2004 the total for property, plant and equipment included R5 million relating to investment property, carried at fair value. Such property was disposed of during 2005.				

4 INVESTMENT IN ASSOCIATE

RRL	–	–	419 311	432 339
As previously reported			432 339	(13 028)
Adjust holding from 36,86% to 35,75%				
Equity (loss)/income from associate		(11 778)	166 351	166 351

Randgold's shareholding in RRL decreased from 35,75% (per restated provisional results) at 31 December 2003 to below 20% during 2004. As a result, Randgold ceased to equity account for its investment in RRL. At 31 December 2004 and 2005 the investment in RRL is mark-to-market and reflected under Investments.

Total	740 447	430 953	117 791	–
No interest has been provided for on the above claims.				
6.2 LOAN				
JCI Group	122 780	88 757	116 019	140 701
The loan bears interest at 11,5% per annum and has no fixed terms of repayment.				
7 OTHER LONG-TERM ASSETS				
Inkwenkezi	128 798	85 865	–	–
JCI Gold	73 338	67 080	59 011	60 170
Other	22	–	–	–
	202 158	152 945	59 011	60 170

The loan to Inkwenkezi is secured by means of a pledge of 3 434 625 WAL shares (2004: 2 289 750 WAL shares). The loan to JCI Gold is partially secured by means of a pledge of 79 million shares in the JCI Group and 200 million preference shares in Witnigel Investments (Pty) Ltd.

8 RETIREMENT BENEFIT INFORMATION

Randgold pays post-retirement medical benefits for certain retirees of the previously listed Rand Mines Group. Randgold has accrued in full for their post-retirement medical cost obligations based on the latest calculations by independent actuaries.

9 TOTAL SHAREHOLDERS' EQUITY

Share capital				
Authorised				
75 000 000 ordinary shares of 1 cent each				
Issued				
74 813 128 ordinary shares of 1 cent each	748	748	553	553

10 CONTINGENCIES

Randgold recorded claims against the JCI Group amounting to approximately R720 million (refer note 6.1). Randgold is in the process of formulating its potential claims against the JCI Group and will report further once such claims have been finally assessed by Randgold's legal advisors. Randgold has reason to believe, at this stage, that the JCI Group will be able of settling its claims.

11 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, Societe Generale sold the residual 4 million RRL shares held by them in terms of a scrip lending agreement for a consideration of approximately R412 million. The scrip lending structure was put in place by the JCI Group under the direction of the prior board. The board of directors of Randgold believes that Randgold is entitled to recover this amount, which is in addition to the provisional claims against the JCI Group of R720 million at 31 December 2005.

GLOSSARY TO THE PROVISIONAL FINANCIAL RESULTS

Aftlease	The Afrikaner Lease Limited
Amplats	Anglo American Platinum Corporation Limited
DRD	DRDGold Limited (formerly Durban Roodepoort Deep, Limited)
Harmony	Harmony Gold Mining Company Limited
Inkwenkezi	Inkwenkezi Gold (Pty) Limited
JCI Gold	JCI Gold Limited (a wholly-owned subsidiary of JCI Limited)
JCI Group	JCI Limited (The JCI Group and its subsidiaries)
Kelgran	Kelgran Limited
Phikoloso	Phikoloso Mining (Pty) Limited
RRL	Randgold Resources Limited
Simmer and Jack	Simmer and Jack Mines, Limited
Viking Pony / Kabusha	Viking Pony Properties 359 (Pty) Limited/Kabusha Mining and Finance (Pty) Limited
WAL	Western Areas Limited

COMMENTARY TO THE PROVISIONAL FINANCIAL RESULTS

DISCLAIMER BY DIRECTORS OF RANDGOLD

The directors, comprising the new board, have relied on the Umbono reports and used their respective reasonable endeavours to make available the information used in the preparation of these provisional financial results.

The provisional financial results have not been audited or reviewed.

Notwithstanding the reasonable endeavours of the directors as described herein, attention of shareholders is drawn to the fact that:

- The new board was appointed subsequent to the material events and circumstances which had a direct effect on the financial and other affairs of Randgold;
- The directors, comprising the new board, currently have no further knowledge of the material circumstances and events which have affected the financial and other affairs of Randgold; and
- Due to the extent of the misappropriations, there may be other material events and circumstances of which the directors are not aware, which may have a material effect on Randgold and which may affect the accuracy and completeness of the information reflected in the provisional financial results and/or may have the effect that the provisional financial results do not reflect a true and complete account of the financial and other affairs of Randgold.
- Any additional recoveries not reflected in the provisional financial results will be addressed in subsequent financial statements.

In the circumstances, the directors hereby disclaim any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional financial results.

2005, AND RESTATED PROVISIONAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

INTRODUCTION

In August 2005, as a result of the speculation concerning Randgold's investment in Randgold Resources Limited ("RRL"), the board of Randgold was reconstituted with the consent of its major independent shareholder. In order to investigate Randgold's shareholding in RRL, the newly constituted board ("the new board") appointed Umbono Financial Advisory Services (Pty) Limited ("Umbono") to undertake a forensic investigation into the affairs of Randgold with effect from the end of 2002, when the previous executive directors under the leadership of Brett Kebble ("the prior board") had assumed executive responsibility for Randgold. The inability of Randgold under the prior board, to account for its shareholding in RRL, resulted in a delay in Randgold publishing audited results for the year ended 31 December 2004. This culminated in Randgold being suspended from JSE Limited ("the JSE") and also led to the delisting of Randgold from the NASDAQ Stock Exchange.

As a result of Umbono's initial forensic investigation, a formal statement was issued by Randgold indicating that the previously published audited financial statements did not fairly reflect the affairs of Randgold, and that a material misappropriation of the assets of Randgold had occurred.

The extent to which the accounting records of the various Randgold companies had been manipulated to conceal the misappropriations, which had occurred under the prior board, came to light as Umbono's investigation progressed. Accordingly, the preparation of these provisional financial results has taken longer than originally anticipated.

KPMG Inc. were appointed as auditors of Randgold by the new board during October 2005. In view of the uncertainties relating to the provisional financial results and the disclaimer by the directors, as discussed in the section above "Disclaimer by Directors of Randgold", the auditors are unable to and do not express an audit or review opinion on the provisional financial results.

Randgold is committed to publishing audited accounts in due course. In the interim, Randgold will pursue the necessary civil and criminal actions against the perpetrators to recover misappropriated shareholder assets.

NATURE OF THE BUSINESS

Randgold was incorporated in 1992 as a mining investment company. Its principal investment was in RRL, a mining and exploration company listed on the London Stock Exchange and the NASDAQ Stock Market. It now owns a portfolio of listed and other investments and mineral rights interests.

INVESTMENT POSITION

The investment position of Randgold as stated in Randgold's audited financial statements at 31 December 2002 was as follows:

Investment	Market value (R000)
13 312 480 shares in RRL (48.2%) ⁽¹⁾	1 671 166
3 521 513 shares in DRD Gold Limited ("DRD") (Formerly Durban Roodepoort Deep, Limited)	115 566
202 500 shares in Western Areas Limited ("WAL")	8 894
2 321 115 shares in Kelgran Limited ("Kelgran")	1 741
37 139 298 shares in JCI Limited ("JCI")	21 169
2 613 615 JCI Limited 50% Unsecured Convertible Redeemable Debentures ("JCI Debentures")	2 718
Total	1 821 254

⁽¹⁾ Pre 2 for 1 split in July 2004

Arising from the Umbono forensic investigation, the following constitute the restated provisional investments held by Randgold at 31 December 2002:

Investment	Market value (R000)
12 360 000 shares in RRL (44.7%) ⁽¹⁾	1 551 598
21 513 shares in DRD	706
202 500 shares in WAL	8 894
2 321 115 shares in Kelgran	1 741
37 139 298 shares in JCI	21 169
2 613 615 JCI Debentures	2 718
Total	1 586 826

⁽¹⁾ Pre 2 for 1 split in July 2004

The investments accounted for in the provisional financial results of Randgold at 31 December 2005, based on the findings of the Umbono forensic investigation, were as follows:

Investment	Market value (R000)
4 000 000 shares in RRL ^{(1) (2)}	412 500
5 361 613 shares in WAL	227 064
2 321 115 shares in Kelgran	488
37 560 613 shares in JCI	6 010

In court papers, Equitant recently acknowledged that the Phikoloso transaction was a simulated transaction. As a result, the assets purportedly acquired were derecognised in the restated provisional financial results at 31 December 2003 and claims have been instituted against some of the parties that benefited from the transaction.

Shareholding in Aflease

In September 2004, Randgold entered into a share swap agreement with Aflease. In terms of the agreement, Randgold issued 9.4 million Randgold shares in exchange for 94 million Aflease shares. The table below details the sale of Aflease shares, and the "recipients" of the proceeds from 2004 to 2005:

Recipients	Number of shares	Proceeds (R'000)
Shares received	94 000 000	
Disposals – 2004		
– Randgold	37 950 558	62 505
– Other ⁽¹⁾	3 000 000	3 873
Disposals – 2005		
– Randgold	44 449 828	82 207
– The JCI Group ⁽¹⁾	8 000 000	10 898
– Other ⁽¹⁾	599 614	2 259
Balance/Total	–	161 742

⁽¹⁾ Includes entities that are either currently being liquidated or in respect of which Randgold is in the process of preparing a Statement of Claim.

Included in the table above in terms of the shares sold for the benefit of "Other" entities for both 2004 and 2005, are 500 000 Aflease shares given in 2004 and 2005 to Nexus, as commission for arranging the transaction at no consideration. The fair value of such shares was recognised as an expense in each of the respective years.

Kemonshey Holdings Limited ("Kemonshey") and Notable Holdings (Pty) Limited ("Notable")

The forensic investigation alleges that:

- A scrip lending agreement with several amendments was entered into with Kemonshey in 2002, the purpose of which was to conceal the misappropriation of the 952 481 RRL shares (pre-split) referred to in the reconciliation above;
- These misappropriated shares were masked by an amendment to the scrip lending agreement purporting to show that in place of the RRL shares, Randgold acquired 3 300 000 WAL shares;
- Similarly, Notable entered into a scrip lending agreement to conceal the misappropriation of 3 million DRD shares held by Randgold at 31 December 2002;
- Forged documents recorded that Randgold acquired a further 660 000 WAL shares for this purpose;
- The 3 960 000 WAL shares were never received;
- The misappropriated RRL and DRD shares were in fact sold and the proceeds channelled to sources other than Randgold or the JCI Group.

Steps are being taken to recover these assets.

The Angolan Projects

7 958 000 Randgold shares with a listing value of R162 million were issued to acquire various Angolan diamond concessions and then missappropriated. Whether it was indeed the intention of the prior board to establish diamond mining operations in Angola is not certain. There is no clarity as to whether the funds provided to develop these diamond concessions were expended for this purpose. It appears that the manner in which the diamond concessions were managed antagonised the Angolan authorities, and in all probability undermined any possibility of Randgold being able to pursue these projects. Expropriation notices in respect of all of the Angolan diamond concessions were received from the Angolan authorities in late 2005. There are possible claims against a variety of persons in respect of these transactions which stand to be recovered by way of the processes detailed below.

In an attempt to salvage some value, Randgold's interest held in Luembe Mining (Proprietary) Limited ("Luembe"), was sold in December 2005 to the other shareholders in the project for R6.35 million.

RECOVERY OF ASSETS

As a consequence of the forensic investigations, several court orders have been obtained, placing the under mentioned entities into liquidation. These entities have been involved, either directly or indirectly, in the alleged misappropriation of Randgold's assets.

- Tuscan Mood 1224 (Pty) Ltd/ Paradigm Shift CC
- BNC Investments (Pty) Ltd/ Investage 170 (Pty) Ltd
- Equitant
- Itsuseng Strategic Investments (Pty) Ltd ("Itsuseng")
- Viking

In this regard, Randgold recently concluded agreements with Equitant and Itsuseng in terms of which both Equitant and Itsuseng acknowledged that the Phikoloso transaction was a simulated transaction and that assets received by them in consequence thereof should be returned by them. The liquidation orders against these two companies have thus been withdrawn. This has resulted in a recovery to date of approximately R20 million worth of Randgold assets, which has

Financial year ended December 2004

- Randgold sold 3.2 million RRL shares (post-split) realising a profit of R138 million.
- A total of 9 million RRL shares (post-split), were disposed of giving rise to the R180 million write down of investments in the income statement. In addition, other investments were also disposed of resulting in a write-off of such shares, as detailed in the notes to the provisional financial results. On the basis that the bulk of the proceeds were received by the JCI Group, a claim of R331 million has been raised through the income statement.
- Some 38 million Aflease shares stemming from the 94 million share swap were sold, resulting in a profit of R23 million.
- The Angolan ventures, as discussed above, were impaired, accounting for the R179 million impairment charges in the income statement. Also stemming from the failed Angolan ventures, a write-off of R28 million in respect of the supposed sale of equipment bought, is brought to account.
- Following the sale of RRL shares, Randgold's shareholding in RRL decreased to below 20% in April 2004, resulting in the change from investment in associate to investments at fair value on the balance sheet. An attributable equity loss of R12 million was recognised for the quarter ended 31 March 2004, before RRL ceased being an associate.
- Randgold acquired 5.3 million WAL shares from Anglo American, as part of the Inkwenkwezi transaction, and the Aflease share swap, as discussed above, further increased investments. The R86 million funding provided to assist Inkwenkwezi is included in the other long-term assets, and is secured by the shares acquired.
- The claims raised against the JCI Group in respect of the shares sold in the income statement, account for the increase in claims on the balance sheet in this respect.

Financial year ended December 2005

- Similar to prior years, the sale disposal of RRL and Aflease shares as noted in the provisional financial results above, has been reflected as a R101 million write-off and concurrently a claim receivable was raised in respect of the currently deemed recoverable portion of R323 million.
- An impairment of R48 million was made against the mineral rights, resulting in these being carried at nominal value.
- The disposal of the investments has resulted in the consequential movements on the balance sheet in respect of investments and claims against the JCI Group.
- A further R43 million was advanced to Inkwenkwezi for the purchase of WAL shares from Anglo American, and these additional WAL shares are pledged to Randgold as security.

POST BALANCE SHEET EVENT

On 16 January 2006, SocGen sold the residual 4 million RRL shares held by them in terms of a scrip lending agreement for a consideration of some R412 million. The scrip lending structure was put in place by the JCI Group, under the direction of the prior board. Randgold believes that it is entitled to recover this amount from the JCI Group, which is in addition to the provisional claim against the JCI Group of R720 million at 31 December 2005.

NET ASSET VALUE AT 31 DECEMBER 2005

As can be expected, the current assets and financial position of Randgold is radically different from that reported previously.

The net asset value position of Randgold at 31 December 2005 is reflected below.

Net asset value at 31 December 2005	(R000)
4 000 000 shares in RRL ⁽¹⁾	412 500
5 361 613 shares in WAL	227 064
2 321 115 shares in Kelgran	488
37 560 613 shares in JCI	6 010
50 651 JCI Debentures	63
13 100 000 shares in Pan Palladium	28 166
Investments	674 291
Other long-term assets	202 158
Loans:	
– JCI Group	122 780
Claims:	
– JCI Group	720 006
– Other	20 441
Property, plant and equipment	433
Total current assets	9 218
Total assets	1 749 327
Total long-term liabilities	96 529
Total current liabilities (including taxation)	133 420
Total liabilities	229 949
Outside shareholders' interests	46 309
Net assets	1 473 069
Shares in issue	74 813 128
Net asset value per share (cents)	1 969

5 361 613 shares in WAL	227 064
2 321 115 shares in Kelgran	488
37 560 613 shares in JCI	6 010
50 651 JCI Debentures	63
13 100 000 shares in Pan Palladium	28 166
Total	674 291

⁽¹⁾ Post 2 for 1 split in July 2004

⁽²⁾ Held as security by Societe Generale (“SocGen”) for a scrip lending arrangement entered into by the prior board and disposed of subsequent to 31 December 2005, which amount is deemed to be recoverable from the JCI Group.

FORENSIC INVESTIGATION

Shareholding in RRL

As shown above, the audited financial statements of Randgold at 31 December 2002 misrepresented the share investment portfolio of Randgold. The table below details the sale of RRL shares and the “recipients” of the proceeds from 2002 to 2005:

Recipients	Number of shares shares (Pre-split)	Number of shares shares (Post-split)	Proceeds (R'000)
Disposals – 2002 ⁽¹⁾			
– Other ⁽²⁾	952 481	1 904 962	64 326
Balance at 1 January 2003	12 360 000	24 720 000	
Disposals – 2003			
– Randgold	1 575 000	3 150 000	218 298
– Other ⁽²⁾	325 000	650 000	55 060
Disposals – 2004			
– Randgold	1 606 000	3 212 000	200 205
– The JCI Group ^{(2) (3)}	3 405 000	6 810 000	294 912
– Other ⁽³⁾	1 124 000	2 248 000	154 693
Disposals – 2005			
– The JCI Group ^{(2) (3)}	1 875 000	3 750 000	311 726
– Other ⁽³⁾	450 000	900 000	92 813
Balance at 31 December 2005	2 000 000	4 000 000⁽⁴⁾	1 392 033
Disposal post year-end ⁽⁴⁾	2 000 000	4 000 000	412 500
TOTAL	–	–	1 804 533

⁽¹⁾ The disposals for 2002, on a pre-split basis, account for the 952 481 difference between the actual shareholding in RRL of 12 360 000 and the previously reported shareholding in RRL of 13 312 480 at 31 December 2002.

⁽²⁾ Includes entities that are either currently being liquidated or in respect of which Randgold is in the process of preparing a Statement of Claim.

⁽³⁾ The sale of shares through the JCI Group from 2003 to 2005 and the “Other” entities in 2003 and 2004 were principally the shares previously reported as lent to Bookmark in terms of a scrip lending agreement.

⁽⁴⁾ Held as security by SocGen for a scrip lending arrangement entered into by the prior board and disposed of subsequent to 31 December 2005, which amount is deemed to be recoverable from the JCI Group.

The Phikoloso Mining (Proprietary) Limited (“Phikoloso”) Transaction

In July 2003, 8.8 million Randgold ordinary shares with a market value of R260 million were issued to Equitant Trading (Pty) Limited (“Equitant”), to acquire a 100% interest in Viking Pony Properties 359 (Pty) Limited (“Viking”) which purportedly owned 235 000 shares shares in Anglo American Platinum Corporation Limited (“Amplats”), 315 000 in Harmony Gold Mining Company Limited (“Harmony”), 7 300 000 shares in The Afrikander Lease Limited (“Alease”), and a 75% participation in Kabusha Mining and Finance (Pty) Limited (“Kabusha”) (holding 23 million Alease shares) as well as certain loan claims.

Prior to Viking's incorporation, Kabusha acquired 23 million Alease shares from Benoryn (Pty) Limited (“Benoryn”) for R92 million. The purchase consideration was to be paid in two tranches of R40 million and R52 million. Subsequent to the Viking transaction, Randgold purchased from Kabusha 8,1 million of the Alease shares for a cash consideration of R40,7 million, which was then paid to Benoryn.

The R40.7 million paid to Benoryn and the acquisition by Randgold of the 8.1 million Alease shares was masked in the accounts of Randgold by the supposed acquisition of mineral rights in Sierra Leone, to which a value of R40.7 million (depreciated to R39,9 million) was ascribed in the audited financial statements at 31 December 2003.

In August 2005, pursuant to a court order, Benoryn received payment of R67 million, representing the second tranche plus interest, from JCI Limited (“JCI” or “the JCI Group”) for the balance of the Alease shares acquired, but not paid for, by Kabusha. This was because JCI and Trinity Holdings (Pty) Limited (“Trinity”) had stood joint surety for the obligations due to Benoryn by Kabusha in respect of the 23 million Alease shares purchased from Benoryn. No payment relative to its obligation in respect of the R67 million surety paid by JCI, has been received from Trinity. It is not clear whether Kabusha still retains the balance of the 14.4 million Alease shares and whether these are encumbered or not – JCI having paid for them.

The forensic investigation alleges that:

- Equitant was not in a position to sell the 235 000 Anglo shares, the 315 000 Harmony shares and the 7 300 000 Alease shares. Fictitious investments in these companies had been created in the accounting records of Viking, supported by false broker notes, and the shares were thereafter “sold” from one subsidiary in the Randgold group to another;
- The non-existence of these shares was disguised in scrip lending agreements and by way of false broker confirmations and false legal agreements;
- At 31 December 2003, these fictitious shares were reflected as listed investments in the audited financial statements of Randgold.

In this regard, Randgold recently concluded agreements with Equitant and Ituseng in terms of which both Equitant and Ituseng acknowledged that the Phikoloso transaction was a simulated transaction and that assets received by them in consequence thereof should be returned by them. The liquidation orders against these two companies have thus been withdrawn. This has resulted in a recovery to date of approximately R20 million worth of Randgold assets, which has been included in the financial results as recoverable claims. Similar negotiations are in process with other parties.

The preliminary reports of Umbono indicate that Randgold has claims against various entities in the JCI Group of companies amounting to approximately R720 million. Randgold is in the process of formulating its potential claims against the JCI Group and will report further once such claims have been finally assessed by Randgold's legal advisers. Randgold has reason to believe at this stage, that the JCI Group will be able of settling its claims.

MEDIATION

While the JCI Group has not admitted that Randgold has claims against it, the Boards of Directors of both Randgold and JCI have resolved that formal litigation between them, as a means of resolving the claims, will not be in the best interests of the shareholders of either company. Court actions between the two companies are likely to result in costly and protracted litigation and destroy value.

For this reason, the Boards of Directors of both Randgold and JCI have decided that an alternative dispute resolution mechanism is warranted, with the objective of resolving the claims as expeditiously as possible and curtailing legal costs.

Both Randgold and JCI have resolved that:

- It is in the best interests of the Randgold and JCI shareholders that such claims be resolved by way of mediation;
- Failing the successful mediation of the claims, Randgold and JCI are agreed that the claims should be arbitrated;
- A specialist panel of mediators be appointed to adjudicate the claims and make recommendations to Randgold and JCI regarding the claims;
- Once recommendations have been made by the mediators, it is envisaged that a meeting of Randgold's shareholders be held at which the mediator's recommendations will be put to the shareholders and the shareholders will be asked to vote thereon; and
- Should the shareholders of both Randgold and JCI not vote in favour of the mediator's proposed recommendations or the mediation fail, Randgold and JCI shall engage in formal arbitration in order to resolve the claims. The outcome of such arbitration shall be binding on the parties, subject to the right of each of the parties to appeal the arbitration award.

Randgold will vigorously pursue the completion of the mediation process as expeditiously as possible and claims to finalise this process by the 3rd quarter of 2006, to the extent possible. Randgold believes that the action will have the desired result and is in the best interest of its shareholders.

LIQUIDATION APPLICATION

On 3 March 2006, a minority grouping of shareholders representing approximately 3,5% of Randgold's issued share capital (“the Applicants”), launched an application for the winding up of Randgold. The application is being spearheaded by Trinity Asset Management (Pty) Limited (“Trinity Management”) represented by Quintin George, on behalf of the Applicants. On 10 March 2006, Randgold filed a Notice to Oppose the application. Shortly thereafter, Randgold requested two of the Applicants (who are foreign based) to furnish security for the costs of the application. At the time of the publication of these provisional financial results, such security had not been provided. Randgold views the application in a most serious light and is taking all steps necessary to oppose the application. Randgold is in the process of preparing an Answering Affidavit to the application, which it will file in due course. Randgold believes that it will successfully resist the application. Shareholders will be kept informed of developments in this regard.

FINANCIAL RESULTS

In preparing the provisional financial results, the following principles were applied:

- Investments were written-off through the income statement on the date on which the various shares held by Randgold and its subsidiaries were disposed of;
- Concurrent with the write-off of the investments, a claim receivable, which excludes any interest, was raised through the income statement as claim revenue;
- Because of the ongoing legal processes to recover funds, and in particular the liquidation applications granted by the court, a provision was raised through the income statement for impairment of certain of the above claims; and
- In terms of those disposals for which a recoverable receivable has been recognised, a provision has been raised for Capital Gains Tax on the deemed profit.

If any receivables previously provided for are recovered in subsequent periods, the proceeds will be raised through the income statement, with a corresponding asset on balance sheet at that time, positively impacting on the net asset value of Randgold.

Financial year ended December 2003

- As discussed above in the Kemonshey and Notable section of the forensic investigation, 952 148 RRL shares were swapped for 3.3 million WAL shares, creating a fictitious profit of R99 million on disposal of the investment in RRL, which has consequently been reversed. A corresponding adjustment has also been made for the write-off of investments to eliminate the fictitious WAL shares.
- In terms of the Notable component of the Kemonshey and Notable section of the forensic investigation, 3 million DRD shares were swapped for 660 000 WAL shares and a loan of R27 million. In order to eliminate this, a reversal of the loss on the disposal of the DRD shares of R36 million was accounted for and similarly the 660 000 WAL shares and the discounted R26 million Notable loan (previously reflected as “Deferred payment of shares sold” in the audited financial statements) was reflected in the write-off of investments and other long term assets.
- In recognition of the fictitious nature of the Phikoloso transaction, all elements relating to Phikoloso, Viking and Kabusha have been eliminated from the restated financial results thus reversing all of the fictitious investments supposedly acquired in terms of the transaction. In light of the issuance of 8.8 million Randgold shares for no consideration, some R118 million of claims have been raised in the accounts, primarily against the JCI Group. In addition, the 8.1 million Alease shares acquired has been brought to account in conjunction with undoing the mineral rights acquisition used to conceal the purchase of 8.1 million Alease shares. An impairment of R14 million on the 8.1 million Alease shares bought from Kabusha has been accounted for as a permanent impairment of the value of the shares to reflect the shares at the year end fair value.
- A R13 million adjustment has been made to the equity value of the investment in associate (RRL) previously accounted for on a 36.86% rather than the actual shareholding of 35.75%.
- These write-offs and impairments to the income statement principally account for the substantial reduction in the assets shown on the balance sheet.

Net assets	1 473 069
Shares in issue	74 813 128
Net asset value per share (cents)	1 969

⁽¹⁾ Held as security by SocGen for a scrip lending arrangement entered into by the prior board and disposed of subsequent to 31 December 2005, and which amount is deemed to be recoverable from the JCI Group. Randgold does not currently hold any RRL shares.

Any additional recoveries not reflected in the provisional financial results as claims will further contribute towards Randgold's financial standing and will be addressed in subsequent financial statements.

Furthermore, Randgold continues to hold interests in a portfolio of mineral rights in respect of which applications have been made to the Department of Minerals and Energy in terms of the current dispensation. These assets are currently shown in the accounts at only a nominal value.

NOTICE OF INTENTION TO CALL GENERAL MEETING

Randgold intends to convene a General Meeting of its shareholders before the end of June 2006. Shareholders will be asked to vote on amongst other things, the appointment of Randgold directors. JCI intends to hold a similar meeting of shareholders. The conduct of the boards of both Randgold and JCI, and in particular, the new boards thereof under the management of Mr Peter Gray and Mr Chris Lamprecht will be open to full scrutiny at the forthcoming general meeting. The current directors believe that the steps which they have taken since the appointment of the new board will enjoy shareholder support. Disgruntled shareholders will nonetheless have the opportunity of appointing new directors. A detailed report regarding the management of Randgold since the new board was constituted in August 2005 will be furnished to shareholders at the meeting. Shareholders will be notified in due course when the General Meeting will take place.

CAUTIONARY ANNOUNCEMENT

Shareholders are advised, that until such time as Randgold publishes audited annual financial statements for the two years ended 31 December 2005, and due to the fact that Randgold is currently the subject of ongoing forensic investigation, shareholders are therefore advised to exercise caution when dealing in their Randgold shares (Over-the-Counter).

FORWARD-LOOKING STATEMENT DISCLAIMER

Certain statements in this announcement, as well as oral statements that may be made by the Company's officers, directors or employees acting on its behalf relating to such information, contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, specifically Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. All statements, other than statements of historical facts, are “forward-looking statements.” This includes, without limitation, those statements concerning the fraud and misappropriation that are alleged to have occurred and the time periods affected thereby; the ability of the Company to recover any misappropriated assets and investments; the outcome of any proceedings against the Company, including, without limitation, the pending liquidation proceeding; the Company's ability to complete its forensic investigation and prepare audited financial statements; the time period for completing its forensic investigation and audited financial statements; and the ultimate impact on the Company's previously released financial statements and results, assets and investments, including with respect to RRL, business, operations, economic performance, financial condition, outlook and trading markets. Although the Company believes 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 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 extent, magnitude and scope of any fraud and misappropriation that may be ultimately determined to have occurred following the completion of the forensic investigation and any other investigations that may be commenced; the time periods ultimately determined to be affected thereby; the ability of the Company to successfully assert any claims it may have against other parties for fraud or misappropriation of Company assets and the solvency of any such parties; the ability of the Company to successfully defend any proceedings against the Company; the ability of the Company and its forensic investigators to obtain the necessary information with respect to the Company's transactions, assets, investments, subsidiaries and associated entities to complete the forensic investigation and prepare audited financial statements and the the ultimate outcome of such forensic investigation; the willingness and ability of the Company's forensic investigators to issue any opinions with respect thereto; the ability of the Company to implement improved systems and to correct its late reporting; the JSE Limited's willingness to lift its suspension of the trading of the Company's securities on that exchange; changes in economic and market conditions; fluctuations in commodity process and exchange rates; the success of any business and operating initiatives, including any mining rights; changes in regulatory environment and other government actions; business and operational risk management; other matters not yet known to the Company or not currently considered material by the Company; and the risks identified in Item 3 of the Company's most recent annual report on Form 20-F filed with the SEC and its other filings and submissions with the SEC. All forward-looking statements attributable to the Company, or persons acting on its behalf, are qualified in their entirety by these cautionary statements. The Company 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.

Johannesburg
31 March 2006

Sponsor

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CAPITAL

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