

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to this cover.

ACTION REQUIRED BY R&E SHAREHOLDERS

- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, Banker, Legal Adviser, Accountant or other professional adviser immediately.
- If you have disposed of all of your R&E ordinary shares, please forward this circular together with the attached form of proxy (yellow), to the purchaser to whom, or the CSDP or Broker or Agent through whom the disposal was effected.
- Shareholders of R&E are referred to page 2 of this circular, which sets out the action required by them in respect of this circular.



RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1992/005642/06)

Share code: RNG

ISIN: ZAE00008819

("R&E" and "the Company")

CIRCULAR TO R&E SHAREHOLDERS

regarding:

- a proposed distribution *in specie* of the R&E shareholding in Gold Fields, comprising 2 270 687 ordinary shares in Gold Fields, as a specific payment to R&E shareholders registered as such on the record date, by way of a reduction in the Company's share premium and a reduction of reserves, in terms of section 90 of the Companies Act;
- a proposed special dividend of 90 cents per share to R&E shareholders registered as such on the record date, by way of a payment from retained earnings;

and incorporating:

- a notice convening a general meeting of shareholders; and
- a form of proxy (*yellow*) (for use by holders of certificated shares and dematerialised shares with "own-name" registration only).



PSG CAPITAL

Sponsor and Corporate Advisor



Independent reporting
Accountants and Auditor

Date of issue: 8 November 2010

Copies of this circular are available in English only and may, from 8 November 2010 be obtained from the registered office of R&E, the sponsor and transfer secretaries at the addresses set out in the "Corporate Information" section of this circular. A copy of this circular will also be available on R&E's website (www.randgoldexp.co.za).

CORPORATE INFORMATION

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to this Corporate Information section.

COMPANY SECRETARY AND REGISTERED

OFFICE OF R&E

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7th Floor, Fredman Towers
13 Fredman Drive
Sandown, 2196
(PO Box 650905, Benmore, 2010)
Telephone: +27 11 676 2200
Facsimile: +27 11 783 9116
Website: www.randgoldexp.co.za

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 861 100 950 or +27 11 370 5000

INDEPENDENT REPORTING

ACCOUNTANTS AND AUDITORS

KPMG Inc
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)
Tel: +27 11 647 7111
Fax: +27 11 647 8000

UNITED STATES DEPOSITORY IN

THE UNITED STATES:

BNY Mellon
101 Barclay Street
New York, NY 10286
Telephone: +1 (212) 815 2077

SPONSOR AND CORPORATE ADVISOR

PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)
Telephone: +27 21 887 9602
Facsimile: +27 21 887 9624

and at

Ground Floor, DM Kisch House
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196

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ACTION REQUIRED BY R&E SHAREHOLDERS

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to the following action required by R&E shareholders. The resolutions, being an ordinary resolution and a special resolution, require the approval of the requisite majority of R&E shareholders at a general meeting to be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, South Africa on Tuesday, 30 November 2010, commencing at 11:00.

Please take careful note of the following provisions regarding the action required by R&E shareholders:

1. If you have disposed of all of your ordinary shares in R&E, this circular should be handed to the purchaser of such shares or the broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.
2. If you are in any doubt as to what action to take, you must consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. The general meeting, convened in terms of the notice incorporated in this circular, will be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, South Africa on Tuesday, 30 November 2010, commencing at 11:00.

4. GENERAL MEETING

4.1 If you hold dematerialised shares:

4.1.1 **Own-name registration**

You are entitled to attend, or be represented by proxy, and may vote at the general meeting of R&E. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Friday, 26 November 2010.

4.1.2 **Other than own-name registration**

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the attached form of proxy. In accordance with the mandate between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting. Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the general meeting.

4.2 If you hold certificated shares

You are entitled to attend, or be represented by proxy, and may vote at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Friday, 26 November 2010.

SALIENT DATES AND TIMES

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to this salient dates and times section.

Declaration announcement on SENS	Tuesday, 12 October 2010
Declaration announcement in the press	Wednesday, 13 October 2010
Circular and form of proxy posted to shareholders on	Monday, 8 November 2010
Last day to lodge form of proxy for the general meeting, by 11:00 on	Friday, 26 November 2010
General meeting to be held at 11:00 on	Tuesday, 30 November 2010
Results of the general meeting released on SENS on	Tuesday, 30 November 2010
Registration of special resolution on or about	Wednesday, 8 December 2010
Finalisation date on	Thursday, 9 December 2010
Last day to trade in order to participate in the distribution <i>in specie</i> and the special dividend on	Friday, 7 January 2011
Trade in the ordinary shares will commence trading ex distribution <i>in specie</i> and ex special dividend on	Monday, 10 January 2011
Record date on which R&E shareholders must be recorded in the register to be entitled to the distribution <i>in specie</i> and the special dividend	Friday, 14 January 2011
Payment of the special dividend on	Monday, 17 January 2011
Distribution <i>in specie</i> effected in respect of dematerialised R&E shareholders on	Monday, 17 January 2011
Distribution <i>in specie</i> effected in respect of certificated R&E shareholders on or about	Monday, 17 January 2011

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. Share certificates may not be dematerialised or rematerialised between Monday, 10 January 2011 and Friday, 14 January 2011, both days inclusive.

DEFINITIONS

Throughout this circular and the attachments hereto, unless otherwise indicated, the words in the first column have the meaning stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and other juristic entities and *vice versa* and any reference to one gender includes the other.

“the Act” or “Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“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;
“ADR holder”	the holder of ADRs with each ADR exchange representing 1 (one) R&E ordinary share;
“board”	the board of directors of R&E whose names appear in paragraph 6.1 of this circular;
“BNY Mellon”	BNY Mellon Depositary Receipts, being a US Bank which previously issued the ADRs and acts as the United States Depositary in respect of the ADRs;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE and in accordance with the provisions of the Securities Services Act;
“cents”	South African cents;
“certificated shares”	shares which have not been dematerialised, title to which is represented by a share certificate(s) or other document(s) of title;
“certificated shareholders”	R&E shareholders who hold shares in certificated form;
“circular”	this bound document distributed to shareholders, dated 8 November 2010, containing the circular to R&E shareholders and annexures hereto, the notice of general meeting and a form of proxy;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“CSDP”	a Central Securities Depository Participant, registered in terms of the Security Services Act, 2004 (Act 36 of 2004), as amended, with whom a beneficial holder of shares holds a dematerialised share account;
“dematerialisation”	the process by which certificated shares are converted or held in an electronic form as uncertificated shares and recorded in the sub-register of security holders maintained by a CSDP or broker;
“dematerialised shares”	shares which have been dematerialised through a CSDP or broker and replaced by electronic record(s) of ownership under the Strate system;
“dematerialised shareholders”	holders of dematerialised shares;

“distribution <i>in specie</i> ”	distribution <i>in specie</i> of the Gold Fields Shares as a specific payment to the R&E shareholders registered as such on the record date, funded firstly out of share premium and thereafter out of reserves of the Company;
“distribution date”	the date on which the distribution <i>in specie</i> occurs, being Monday, 17 January 2011;
“Distributions”	collectively, the distribution <i>in specie</i> and the special dividend;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Gold Fields”	Gold Fields Limited (Registration number: 1968/004880/06), a public company incorporated and registered in accordance with the laws of South Africa;
“Gold Fields Shares”	R&E's shareholding in Gold Fields, comprising 2 270 687 ordinary shares in Gold Fields;
“the general meeting”	the general meeting of R&E shareholders to be held at 11:00 on Tuesday, 30 November 2010, for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions contained in the notice of the general meeting attached to and forming part of this circular;
“Income Tax Act”	Income Tax Act, 1962 (Act 58 of 1962), as amended;
“the JSE”	the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Securities Services Act;
“last practicable date”	Thursday, 28 October 2010, being the last practicable date prior to the finalisation of this circular;
“JSE Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“R&E” or “the Company”	Randgold & Exploration Company Limited (Registration number: 1992/005642/06), a public company incorporated and registered in accordance with the laws of South Africa;
“NAV”	net asset value per R&E ordinary share;
“ordinary shares” or “shares”	ordinary shares having a par value of R0.01 each in the issued share capital of R&E;
“own-name dematerialised shareholders”	dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own name on the sub-register;
“PSG Capital”	PSG Capital (Pty) Limited (Registration number: 2006/015817/07) a private company incorporated and registered in accordance with the laws of South Africa;
“Rand”	South African Rand;
“R&E group”	R&E and its subsidiaries;

“record date”	the last date on which shareholders must be recorded in the register in order to participate in the Distributions which is expected to be on Friday, 14 January 2011;
“Refraction”	Refraction Investments (Proprietary) Limited (Registration number: 2003/023671/07), a subsidiary of R&E and a private company duly incorporated in accordance with the laws of South Africa;
“the register”	the register of certificated shareholders maintained by the transfer secretaries and the sub register of dematerialised shareholders maintained by the relevant CSDP’s;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“settlement circular”	the circular from R&E to its shareholders issued on Wednesday, 12 May 2010, regarding inter alia the resolution of disputes between R&E, JCI Limited and JCI Investment Finance (Proprietary) Limited;
“shareholders” or “R&E shareholders”	beneficial holders of the ordinary shares in R&E;
“South Africa”	the Republic of South Africa;
“special dividend”	the special cash dividend of 90 cents per share to be paid to the R&E shareholders registered as such on the record date, by way of a payment from retained earnings;
“SRP”	The Securities Regulation Panel established in terms of section 440B of the Companies Act;
“SRP Code”	The Securities Regulation Panel Code on Take-overs and Mergers established in terms of section 440C of the Companies Act;
“STC”	Secondary Tax on Companies;
“Strate”	Strate Limited (Registration number: 1998/022242/06), a public company incorporated in accordance with the laws of South Africa and which is a registered central securities depository responsible for the electronic custody and settlement system used by the JSE;
“subsidiary”	a subsidiary as defined in the Companies Act;
“TNAV”	tangible NAV per R&E ordinary share;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number: 2004/003647/07), a private company incorporated in accordance with the laws of South Africa; and
“United States Depository”	BNY Mellon.

RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1992/005642/06)

Share code: RNG ISIN: ZAE000008819

Directors

DC Kovarsky (*Independent non-executive chairman*)

M Steyn (*Chief executive officer*)

MB Madumise (*Independent non-executive director*)

JH Scholes (*Independent non-executive director*)

V Botha (*Financial director*)

CIRCULAR TO R&E SHAREHOLDERS

1. INTRODUCTION AND RATIONALE

- 1.1. As announced on SENS on Tuesday, 12 October 2010 and in the press on Wednesday, 13 October 2010, the board of R&E has approved a distribution *in specie* of the Gold Fields Shares to R&E shareholders by way of a reduction of share premium and a reduction of reserves in terms of section 90 of the Companies Act.
- 1.2. The aforesaid announcements also confirmed that the board has approved a special dividend of 90 cents per share to R&E shareholders by way of a payment from retained earnings.
- 1.3. During the past five years, R&E has focused on the recovery of misappropriated assets and during the same time resumed its trading and operational activities to facilitate the preservation of shareholder value. By 5 July 2010, the company had successfully recovered and distributed over 6 million and 1.5 billion ordinary shares in Gold Fields and JCI Limited, respectively. In addition, some R250 million was recovered from various third parties in the form of assets and cash.
- 1.4. The distribution on 5 July 2010 involved the capital distribution to R&E shareholders out of share premium of 6 051 632 ordinary shares in Gold Fields in proportion to their shareholding in R&E (the aforesaid 6 051 632 shares are the only shares in Gold Fields that have to date been distributed to R&E shareholders). Shareholders requiring further information on the aforesaid distribution are referred to the settlement circular, a copy of which is available on R&E's website (www.randgoldexp.co.za) and which is also available for inspection at the registered office of R&E and at the office of the sponsor. Currently and subsequent to the 5 July 2010 distribution, R&E's assets effectively consist of net cash (after liabilities) of approximately R260 million (based on R&E's unaudited management accounts as at 31 August 2010), the Gold Fields Shares and a suite of prospecting rights.
- 1.5. R&E's current asset base is in excess of its medium term operational requirements and it is therefore an opportune time to release further value to shareholders by way of the Distributions. The Distributions as proposed represent a significant portion of the current market capitalisation.
- 1.6. The unaudited *pro forma* statement of comprehensive income and statement of financial position set out in Annexure 1 show that following the Distributions, R&E's share premium account will be reduced by R162.6 million to Rnil, its reserves by R23.8 million to Rnil and its retained earnings by R99.4 million to R217 million.

- 1.7. The distribution *in specie* is subject to the passing of the requisite ordinary resolution by the R&E shareholders at a general meeting approving the distribution *in specie* in terms of section 90 of the Companies Act. The distribution *in specie* and the special dividend, when taken together, are a disposal of assets in terms of section 228 of the Companies Act requiring approval by special resolution of the shareholders of the Company. The board therefore seeks approval for the Distributions by way of a special resolution of the shareholders at the general meeting.
- 1.8. As the distribution *in specie* and the special dividend, when taken together, constitute a disposal of assets in terms of section 228 of the Companies Act, they are an affected transaction requiring SRP approval.
- 1.9. The purpose of this circular is to inform R&E shareholders of the details of the Distributions, as well as to convene a general meeting of R&E shareholders to approve the requisite resolutions authorising the Distributions, in accordance with the requirements of the Act and the JSE Listings Requirements.

2. DETAILS OF THE DISTRIBUTIONS

2.1. Distribution *in specie*

- 2.1.1. Subject to the conditions precedent set out in paragraph 3 below, shareholders recorded in the register of R&E at the close of business on the record date, being Friday, 14 January 2011, will be entitled to participate in the distribution *in specie*. The 2 999 893 treasury shares currently held by Refraction, a subsidiary of R&E, will not participate in the Distributions. As mentioned in 1.5 above, R&E's current asset base is in excess of its medium term operational requirements. The board of R&E wishes to distribute all of R&E's excess cash, as well as the Company's entire shareholding in Gold Fields, in order to release further value to shareholders. If the R&E treasury shares participate in the Distributions, the Gold Fields Shares and cash accruing to those shares under the distribution *in specie* and the special dividend will remain within R&E, instead of being released for the benefit of shareholders.
- 2.1.2. The distribution *in specie* will occur firstly by way of a reduction of the Company's share premium and thereafter a reduction of its reserves.
- 2.1.3. R&E shareholders will receive approximately 3.16194 Gold Fields Shares for every 100 shares held in R&E on the record date. A schedule is annexed at Annexure 3 to this circular, showing how the distribution of Gold Fields Shares will be calculated, based on the number of R&E shares held.
- 2.1.4. The distribution *in specie* to R&E shareholders will be effected, as follows:
 - 2.1.4.1. Certificated shareholders recorded in the register on the record date will receive a share certificate for the Gold Fields Shares distributed to them, in proportion to their shareholding, sent to their registered postal address by registered mail on or about Monday, 17 January 2011, at their risk. Certificated shareholders will be required to dematerialise such share certificates in order to sell such Gold Fields Shares on the JSE.
 - 2.1.4.2. Dematerialised shareholders recorded in the register on the record date will have their accounts at their CSDP or broker credited with their portion of the Gold Fields Shares due to them on Monday, 17 January 2011.

2.2. Special dividend

2.2.1. Subject to the conditions precedent set out in paragraph 3 below, shareholders recorded in the register of R&E at the close of business on the record date, being Friday, 14 January 2011, will be entitled to participate in the special dividend. The 2 999 893 treasury shares currently held by Refraction will not participate in the Distributions. Paragraph 2.1.1 above details why it is intended that the R&E treasury shares held by Refraction will not participate in the Distributions.

2.2.2. The special dividend will amount to 90 cents per share and will occur by way of a payment from retained earnings.

2.2.3. Payment of the special dividend to R&E shareholders will be effected on Monday, 17 January 2011, as follows:

2.2.3.1. Certificated shareholders

Payment to certificated shareholders will be effected by way of a cheque to be forwarded to each such shareholder by ordinary post to the shareholder's registered address or electronically transferred into the shareholder's bank account if details of such account are available to the transfer secretaries, provided that the shareholder concerned has entered into a mandate with the transfer secretaries, each at the risk of the shareholder concerned.

2.2.3.2. Dematerialised shareholders

Payments due to dematerialised shareholders will be paid to their respective CSDP or broker who will update the accounts of such shareholders in accordance with the applicable custody agreement.

2.3. Foreign shareholders

2.3.1. General

The Distributions are governed by the laws of South Africa and are subject to all applicable laws and regulations, including exchange control regulations. Having regard to prevailing laws in their relevant jurisdictions, foreign shareholders may be affected by the Distributions. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this circular that may affect them. Foreign shareholders may be prohibited from beneficially holding any of the Gold Fields Shares distributed to them.

It is the responsibility of each foreign shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Distributions, including the obtaining of any governmental, exchange or other consents or the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

Any foreign shareholder who is in doubt as to his position with respect to the Distributions in any jurisdiction, including, without limitation, his tax status, should consult an appropriate professional advisor in the relevant jurisdiction without delay. In particular, foreign shareholders must take their own advice on whether they are entitled to beneficially hold any Gold Fields Shares distributed to them and take the appropriate action in accordance with that advice.

2.3.2. Ineligible foreign shareholders

Foreign shareholders in certain jurisdictions outside of South Africa may not be entitled to take transfer of any of the Gold Fields Shares distributed by R&E (“ineligible foreign shareholders”).

The R&E board recommends that the following mechanism should be implemented in relation to the distribution of any of the Gold Fields Shares to ineligible foreign shareholders. In the case of any of such shares to which an ineligible foreign shareholder becomes entitled, such shares are to be lodged on behalf of the ineligible foreign shareholders with a trust company “the Randgold and Exploration JCI Share Trust”, to be held by the said trust company on behalf of the ineligible foreign shareholders, to be disposed of by the trust company for the benefit of the ineligible foreign shareholders so as to comply with the regulatory restraints of such jurisdictions.

Subject to the above, the trust company will be requested to coordinate the disposal of the Gold Fields Shares on behalf of such ineligible foreign shareholders for cash in South Africa and distribute the cash proceeds therefrom (net of applicable fees, expenses, taxes and charges) to ineligible foreign shareholders, in proportion to such ineligible foreign shareholders’ entitlement to the Gold Fields Shares.

There can be no assurance as to what price such ineligible foreign shareholders will receive from the disposal of such Gold Fields Shares or the timing or exchange rate conversion of such receipt.

2.3.3. Holders of ADRs

R&E shall distribute all of the Gold Fields Shares and the special dividend to which ADR holders are entitled, to the United States Depository who will deal therewith in accordance with the laws governing such ADR holders. BNY Mellon may convert the Gold Fields Shares, on behalf of R&E ADR holders into Gold Fields ADRs, and distribute such ADRs, together with the special dividend (net of applicable fees, expenses, taxes and charges) to such R&E ADR holders, in proportion to their entitlement to the Gold Fields Shares and special dividend.

3. CONDITIONS PRECEDENT TO THE DISTRIBUTION *IN SPECIE* AND THE SPECIAL DIVIDEND

- 3.1. In terms of the JSE Listings Requirements, the distribution *in specie* is subject to the specific approval of the majority of the R&E shareholders being given by way of an ordinary resolution at a general meeting.
- 3.2. The special dividend and the distribution *in specie*, when taken together, are a disposal of assets in terms of section 228 of the Companies Act and are therefore subject to the specific approval of 75% of R&E shareholders entitled to vote at a general meeting, present in person or represented by proxy, being given by way of a special resolution.

The general meeting of R&E shareholders is to be held at 11:00 on Tuesday, 30 November 2010 for the purpose of considering, and if deemed fit passing, with or without modification, the resolutions contained in the notice of general meeting attached to this circular.

4. PRO FORMA FINANCIAL EFFECTS

The unaudited *pro forma* financial effects of the Distributions, as set out below, are the responsibility of the directors of R&E. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of R&E’s accounting policies. The

unaudited *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of R&E's financial position, nor of the effect on future earnings after the Distributions.

These unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* statement of financial position and statement of comprehensive income as set out in Annexure 1, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 1.

The independent reporting accountants' report on the *pro forma* financial information appears at Annexure 2 to this circular.

The table below sets out the unaudited *pro forma* financial effects of the Distributions, based on the unaudited condensed consolidated interim financial results for the six months ended 30 June 2010 and on the assumption that:

- For calculating the earnings per share ("EPS") and headline earnings per share ("HEPS"), the Distributions were effected on 1 January 2010; and
- For calculating the net asset value per share ("NAV") and net tangible asset value per share ("NTAV"), the Distributions were effected on 30 June 2010.

	Unaudited		Unaudited	
	Before the		After the	
	Distributions	Distributions	Distributions	Change (%)
EPS (cents)	1 103	(2)	1 101	+0,2
HEPS (cents)	1 122	(19)	1 103	-1.7
NAV per R&E share (cents)	701	(398)	303	-56,8
NTAV per R&E share (cents)	701	(398)	303	-56,8
Shares in issue throughout the period (excluding treasury shares)	71,813,128	–	71,813,128	–

Notes and assumptions:

- The "Before the Distributions" EPS and HEPS have been extracted without adjustment from the unaudited condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2010.
- The "Before the Distributions" NAV per share and NTAV per share have been extracted without adjustment from the unaudited condensed consolidated interim statement of financial position for the six months ended 30 June 2010.
- The "After the Distributions" EPS, HEPS, NAV per share and NTAV per share have been adjusted to include the effect of the Distributions, as well as estimated transaction costs of R781 576 (excluding VAT) and expected STC and STT of R9.7 million.
- The profit realised on the disposal of the Gold Fields Shares is assumed to have no tax effect as it is off-set against the Company's calculated tax losses from prior years.

The EPS and HEPS are provided in accordance with IFRS and the definition of headline earnings as set out in the JSE Listing Requirements, respectively.

5. SHARE CAPITAL OF R&E

As at the last practicable date, the authorised and issued share capital and share premium of R&E was as follows:

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

	Before the Distributions (R'000)	After the Distributions (R'000)
Authorised share capital		
105 000 000 ordinary shares of 1 cent each	1 050	1 050
Issued Share Capital		
74 813 128 ordinary shares of 1 cent each	748	748
Treasury shares, being 2 999 893 ordinary shares of 1 cents each held by Refraction	(30)	(30)
Share premium on ordinary shares	176 531	–
Total ordinary share capital	178 299	718

5.2 There are no irregular or invalid allotment of shares and reservation of rights.

6. DIRECTORS AND DIRECTORS' INTERESTS

6.1 Directors' details

The names, ages, qualifications, business addresses and functions of the directors of R&E are set out below. All directors are South African.

Name, age and qualifications	Business address	Functions
David Chaim Kovarsky (63) BComm (Hons), CA(SA)	International Ferro Metals Limited Suite 14B, 3rd Floor, 3 Melrose Boulevard, Melrose Arch 2076	Independent non-executive chairman
Marais Steyn (39) BComm (Hons), CA(SA)	Randgold & Exploration Company Limited, 7th Floor Fredman Towers, 13 Fredman Drive, Sandown 2196	Chief executive officer
Motsehoa Brenda Madumise (46) BProc LLB, MBA, Dip International Trade Law	Unit 3, 17 Georgian Crescent Road, Northdowns Office Park, Bryanston 2191	Independent non-executive director
John Hulme Scholes (44) BA (Law), LLB (Wits)	BCLR House, 85 Central Street, Houghton Johannesburg 2198	Independent non-executive director
Van Zyl Botha (29) BComm (Stellenbosch), (Hons), CA(SA)	Randgold & Exploration Company Limited, 7th Floor Fredman Towers, 13 Fredman Drive, Sandown 2196	Financial director

6.2. Directors' interests in R&E

As at the last practicable date, no directors (including directors who have resigned during the last 18 months) or associates of such directors held any beneficial interest, whether directly or indirectly, in R&E shares nor will any such directors hold any such interests after the proposed Distributions.

7. MAJOR SHAREHOLDERS

- 7.1. As at the last practicable date, 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
Investec	22 126 699	29.59%
Allan Gray ¹	9 121 813	12.19%
BNY Mellon (ADRs)	6 562 371	8.77%

Notes:

1. As at the last practicable date, Allan Gray in their capacity as fund managers had under their control (inclusive of their beneficial holding in R&E of 12.19%), 17 289 149 ordinary R&E shares comprising 23.11% of the issued share capital of R&E.

8. WORKING CAPITAL STATEMENT

The directors are of the view that, after considering the effect of the Distributions and subject to the requirements of the Act and the JSE Listings Requirements:

- 8.1. R&E will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the general meeting;
- 8.2. the assets of R&E will be in excess of the liabilities of R&E for a period of 12 months after the date of the general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- 8.3. the share capital and reserves of R&E will be adequate for ordinary business purposes for a period of 12 months after the date of the general meeting; and
- 8.4. the working capital of R&E will be adequate for ordinary business purposes for a period of 12 months after the date of the general meeting.

9. TAXATION

In terms of the proposed Distributions –

- R&E will distribute to R&E shareholders the Gold Fields Shares held by R&E;
- R&E will pay a special dividend in cash of R64.8 million translating into R0.90 per share to R&E shareholders.

The South African tax consequences of the Distributions are summarised below. Please note that this summary is not intended to be an exhaustive analysis of the tax consequences of the distribution *in specie* and the simultaneous payment of the special dividend. Shareholders are advised to consult their professional advisors in regard to the tax treatment of the Distributions in the context of their specific circumstances. The general outline of the tax consequences of the Distributions as set out herein are not intended to be, and does not constitute, tax advice to the R&E shareholders.

9.1 TAX CONSIDERATIONS FOR R&E

9.1.1 Capital Distribution of the Gold Fields Shares

The Gold Fields Shares will be distributed to the R&E shareholders firstly as a capital distribution by the reduction of the remaining share premium of R&E to the point that all remaining share premium will first be utilised whilst the balance of such distribution will be funded from the existing reserves of R&E. It is expected that the distribution ratio of the portion funded from share premium to the total value of the distribution *in specie* will be approximately 72%, based on an assumed Gold Fields Share price of R108. The actual ratio will be communicated to shareholders after the distribution *in specie* has taken place.

In terms of subsection (f) of the definition of a dividend in section 1 of the Income Tax Act, a distribution which represents a reduction in the share premium account of a company does not constitute a dividend for tax purposes (provided that it does not constitute a repayment of capitalised profits previously transferred to the share premium account). Accordingly, the distribution of the Gold Fields Shares by R&E funded out of share premium by way of the capital reduction will not constitute a dividend and will therefore not attract any STC from R&E's perspective.

The distribution of Gold Fields Shares that will be funded from the reserves of R&E will constitute a dividend *in specie* in terms of the Income Tax Act and thus be subject to STC at the rate of 10%.

Where a company makes a distribution of an asset *in specie* to a shareholder, such company is treated for tax purposes as having disposed of the asset to the shareholder on the date of distribution for an amount equal to the market value thereof. In other words, the distribution of the Gold Fields Shares, as funded from the reserves of R&E, will be deemed to be a disposal of the Gold Fields Shares by R&E at market value. The Gold Fields Shares have been held on capital account by R&E. From a tax perspective, the deemed disposal of the Gold Fields Shares will not have any immediate capital gains tax consequences as it can be off-set against R&E's existing capital losses.

No Securities Transfer Tax will be payable by R&E pursuant to the capital reduction that it implements in respect of the Gold Fields Shares distributed by it as it is payable by the R&E shareholders.

9.1.2 Cash Distribution of 90 cents a share

The cash distribution of R0.90 per share will constitute a dividend and thus be subject to STC at the rate of 10% in terms of section 64B of the Income Tax Act.

9.2 TAX CONSIDERATIONS FOR SOUTH AFRICAN RESIDENT SHAREHOLDERS

9.2.1 Distribution to R&E shareholders of the Gold Fields Shares – portion of the distribution *in specie* funded from share premium

The capital distribution of the Gold Fields Shares to R&E shareholders (i.e. that portion of the distribution *in specie* funded from share premium) will have tax implications for the shareholders concerned. The capital distribution may either be deemed to be on revenue account or capital account, depending on the intention of the R&E shareholder concerned.

To the extent that the current shares in R&E are held on capital account, paragraph 76A of the Eighth Schedule to the Income Tax Act provides that a shareholder is deemed to have made a part disposal of the R&E shares on the date that the capital distribution is received by the shareholder. Paragraph 33 of the Eighth Schedule determines the way in which the

proceeds are to be calculated. The tax consequences will depend on the way in which the relevant R&E shares have been accounted for by the R&E shareholder to date, for instance on a weighted average base cost methodology or specific identification methodology.

Paragraph 33 of the Eighth Schedule provides that, in the case of a part disposal –

- the proportion of the expenditure attributable to the part disposed of is an amount which bears to the expenditure allowable in terms of paragraph 20 of the Eighth Schedule in respect of the entire asset the same proportion as the market value of the part disposed of bears to the market value of the entire asset immediately prior to the disposal; and
- the market value on 1 October 2001 (to the extent that the shares have been held prior to such date) attributable to the part disposed of is an amount which bears to the market value adopted or determined in terms of paragraph 29(4) in respect of the entire asset the same proportion as the market value of the part disposed of bears to the market value of the entire asset immediately prior to the disposal.

Effectively the provisions of paragraph 76A and paragraph 33 of the Eighth Schedule have the effect that –

- the proceeds received by an R&E shareholder are equal to the market value of a Gold Fields Share on the date of the capital distribution (being the record date indicated by R&E to be the date that shareholders should be registered in R&E's share register in order to participate in the distribution *in specie*);
- the base cost of the existing R&E shares is apportioned between the Gold Fields Shares and the R&E shares. This base cost of the Gold Fields Shares received by the R&E shareholders is calculated by firstly determining the ratio between the market value of the Gold Fields Shares and the market value of the R&E shares prior to the distribution and then by multiplying such ratio with the original base cost of an R&E share;
- the R&E share will also have a new base cost by deducting from the original base cost of the R&E share the base cost allocated to the Gold Fields Share.
- The transfer of the Gold Fields Shares to the R&E shareholders will be subject to Securities Transfer Tax at the rate of 0.25%.

9.2.2 Distribution to R&E shareholders of the Gold Fields Shares – portion of the distribution *in specie* funded from reserves

The distribution to R&E shareholders of the Gold Fields Shares (i.e. the portion of the distribution *in specie* funded from reserves) will not have any adverse tax implication for any South African shareholder as STC will be paid by R&E and subsequently an exemption through the section 10(1)(k) of the Income Tax Act is obtained by resident R&E shareholders.

The transfer of the Gold Fields Shares to the R&E shareholders will be subject to Securities Transfer Tax at the rate of 0.25%. The base cost of the Gold Fields Shares is equal to the market value on the record date.

9.2.3 Payment of the special dividend

The payment of the special dividend to R&E shareholders will not have any adverse tax implication for any South African shareholder as STC will be paid by R&E. A dividend is exempt in the hands of South African shareholders in terms of section 10(1)(k)(i) of the Income Tax Act.

9.3 NON-SOUTH AFRICAN RESIDENTS SHAREHOLDERS

R&E has not attempted to determine nor quantify the tax implications of the distribution *in specie* of the Gold Fields Shares or the payment of the special dividend to shareholders in terms of any rule of any jurisdiction other than South Africa. Accordingly the Distributions may constitute a taxable transaction in any such jurisdiction. Shareholders who are non-resident for tax purposes in South Africa, are advised to consult their professional advisors as regards the tax treatment of the Distributions in light of the tax laws in their respective jurisdictions and tax treaties between South Africa and their countries of tax residence.

9.4 CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS FOR ADR HOLDERS AND US SHAREHOLDERS

9.4.1 Distribution *in specie* of the Gold Fields Shares and payment of the special dividend (Holders of ADRs)

BNY Mellon may convert the Gold Fields Shares to Gold Fields ADRs and then distribute such ADRs, together with the special dividend, to ADR holders as referred to in paragraph 2.3 of this circular.

R&E has not attempted to determine nor quantify the tax implications of the distribution *in specie* of the Gold Fields Shares and the payment of the special dividend to shareholders in terms of any rule of any jurisdiction other than South Africa. The Distributions may constitute a taxable transaction in any such jurisdiction. Shareholders who are non-resident for tax purposes in South Africa, are advised to consult their professional advisors as regards the tax treatment of the Distributions, in light of the tax laws in their respective jurisdictions and tax treaties between South Africa and their countries of tax residence.

9.4.2 Distribution *in specie* of the Gold fields Shares and payment of the special dividend (Ineligible foreign shareholders)

'The Randgold and Exploration JCI Share Trust' may dispose of the Gold Fields Shares and then distribute the cash together with the special dividend made by R&E to ineligible foreign shareholders as referred to in paragraph 2.3 of this circular.

R&E has not attempted to determine or quantify the tax implications of the distribution *in specie* of the Gold Fields shares and the special dividend to shareholders in terms of any rule of any jurisdiction other than South Africa. The distribution *in specie* of the Gold Fields shares and the special dividend may constitute a taxable transaction in any such jurisdiction. Shareholders who are non-resident for tax purposes in South Africa, are advised to consult their professional advisors as regards the tax treatment of the distribution *in specie* of Gold Fields shares and special dividend, in light of the tax laws in their respective jurisdictions and tax treaties between South Africa and their countries of tax residence.

10. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to shareholders and is not a comprehensive statement of the South African Exchange Control Regulations. Shareholders who are in any doubt as to the action to be taken should consult their professional advisers immediately.

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.

10.1 Insofar as the payment of the special dividend is concerned:

10.1.1 Residents of the common monetary area

In the case of:

- 10.1.1.1 certificated shareholders whose registered address in the register is within the common monetary area and whose documents of title are not endorsed in terms of the Exchange Control Regulations, the special dividend will be posted to his/her registered address (or electronically transferred to such shareholder's bank account if the transfer secretaries have details of that bank account and the shareholder concerned has concluded a mandate with the transfer secretaries); or
- 10.1.1.2 dematerialised shareholders, the special dividend will be paid to his/her duly appointed CSDP or broker and credited to such shareholder in accordance with the provisions of the custody agreement with his/her CSDP or broker.

10.1.2 Emigrants from the common monetary area

In the case of shareholders who are emigrants from the common monetary area and whose shares form part of their blocked assets, the special dividends will:

- 10.1.2.1 in the case of certificated shareholders, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such shareholder's blocked assets in terms of the Exchange Control Regulations. Shareholders should please provide the details of the authorised dealer concerned; or
- 10.1.2.2 in the case of dematerialised shareholders, be paid to his/her CSDP or broker, which shall arrange for the same to be credited directly to the blocked Rand bank account of the shareholder with his/her authorised dealer.

10.1.3 All other non-residents of the common monetary area

The special dividends accruing to non-resident shareholders whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

- 10.1.3.1 in the case of certificated shareholders, whose documents of title have been endorsed "non-resident" under the Exchange Control Regulations, be posted to his/her registered address; or
- 10.1.3.2 in the case of dematerialised shareholders, be paid to his/her duly appointed CSDP or broker and credited to the shareholder in terms of the provisions of the custody agreement with his/her CSDP or broker.

10.2 Insofar as the distribution *in specie* of the Gold Fields Shares is concerned

10.2.1 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 distribution *in specie* of the Gold Fields Shares will be freely made to those eligible R&E shareholders.

10.2.2 Emigrants from the common monetary area

10.2.2.1 Certificated shareholders

The share certificates for the Gold Fields Shares issued in favour of any emigrant shareholder pursuant to the distribution *in specie* will be restrictively endorsed “non-resident” and sent to the authorised dealer controlling such emigrant’s blocked assets. In terms of the Exchange Control Regulations, such Gold Fields Shares are not freely transferable from the common monetary area. The authorised dealer or its CSDP will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

10.2.2.2 Dematerialised shareholders

The Gold Fields Shares credited to the shareholder’s account with his CSDP or broker will be flagged “non-resident” and linked to the applicable emigrant blocked account in the books of the authorised dealer or authorised bank concerned. In terms of the Exchange Control Regulations, such Gold Fields Shares are not freely transferable from the common monetary area. The CSDP or broker will ensure that all exchange control requirements are adhered to in respect of their clients falling into this category of investor.

10.2.3 All other non-residents of the common monetary area

10.2.3.1 Certificated shareholders

Non-resident shareholders whose documents of title are endorsed “non-resident” will receive certificates for their Gold Fields Shares which are similarly endorsed. The broker or the transfer secretaries will ensure that all exchange control requirements are adhered to in respect of these shares.

10.2.3.2 Dematerialised shareholders

The Gold Fields Shares credited to the shareholders account with his CSDP or broker will be flagged “non-resident” and linked to the applicable non-resident account in the books of the authorised dealer or authorised bank concerned. The CSDP or broker will ensure that all requirements of exchange control are adhered to in respect of their clients falling into this category of investor.

11. MATERIAL CHANGES

There have been no material changes to the financial and trading position of R&E or its subsidiaries since the end of the interim financial period ended 30 June 2010 up to the last practicable date, other than the effects of distributions made to shareholders following and pursuant to the implementation of the settlement circular.

12. LITIGATION STATEMENT

12.1. Shareholders are referred to the settlement circular, with particular reference to paragraph 30 thereof as read with Annexure 9 thereof (a copy of the settlement circular is available on R&E’s website (www.randgoldexp.co.za) and is available for inspection at the registered office of R&E and at the office of the sponsor). Other than as disclosed in the settlement circular, in particular as highlighted above, in respect of R&E, there are no other legal or arbitration proceedings (including any such proceedings that are pending or threatened) in relation to R&E and its subsidiaries, of which the board of R&E is aware which may have, or have had, a material effect on the R&E group’s financial position during the past 12 months preceding the date of this circular and there have been no material changes to the status of the litigation. An extract containing paragraph 30 of the settlement circular, as well as Annexure 9 thereof, is annexed hereto at Annexure 4.

- 12.2. The following developments have occurred since issuing the settlement circular:
- 12.2.1. The updated settlement agreement referred to in Annexure 9 to the settlement circular has since the date of that circular become unconditional and has been implemented in accordance with its terms.
- 12.3. Other than as mentioned in paragraph 12.1 above, the status of the proceedings referred to in the settlement circular remain unchanged.

13. PRELIMINARY EXPENSES AND ISSUE EXPENSES

The estimated costs of preparing and distributing this circular, holding the general meeting and making the proposed Distributions to shareholders, including the fees payable to professional advisers, are approximately R781 576, exclusive of value-added tax, and include the following:

	Rand
Transactional sponsor – PSG Capital	350 000
JSE documentation fees	8 396
Securities Regulation Panel fee	125 400
Printing and postage costs	96 000
Excon fee	2 280
Transfer secretaries – Computershare Investor Services	50 000
Announcements and results publication	94 500
Reporting accountant's report	55 000
Total	781 576

14. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 6.1 of this circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that 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 all information required by law and the JSE Listings Requirements and the SRP Code.

15. GENERAL MEETING OF R&E SHAREHOLDERS

- 15.1 In terms of the JSE Listings Requirements, the distribution *in specie* requires approval by R&E shareholders in a general meeting by way of an ordinary resolution.
- 15.2 The distribution *in specie* and the special dividend, when taken together, are a disposal of assets in terms of section 228 of the Companies Act. The board of R&E will therefore seek approval from its shareholders for the distribution *in specie* and the special dividend by way of a special resolution in terms of section 228 of the Companies Act at the general meeting.
- 15.3 The general meeting of R&E shareholders will be held at 11:00 on Tuesday, 30 November 2010, at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, South Africa, for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions contained in the notice of the general meeting attached to and forming part of this circular
- 15.4 A notice convening this meeting is enclosed and forms part of this circular. Full details of the action required by shareholders are set out on page 2 of the circular.

16. CONSENTS

The parties referred to in the corporate information section on the inside front cover of this circular, have consented in writing to act in the capacity stated, and to their names being stated in this circular, and have not withdrawn their consents prior to the publication of this circular.

17. DIRECTORS' RECOMMENDATION

- 17.1 The directors of R&E have considered the terms and conditions of the distribution *in specie* and the special dividend and are of the opinion that the terms of the distribution *in specie* and the special dividend are fair and reasonable and in the interest of R&E shareholders.
- 17.2 The directors recommend that R&E shareholders vote in favour of the resolutions to be proposed at the general meeting.
- 17.3 As stated in 6.2 above, 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 after the proposed Distributions.

18. SRP CODE IMPLICATIONS ON THE DISTRIBUTIONS

- 18.1 The distribution *in specie* and the special dividend, when taken together, are considered to be a disposal of assets in terms of section 228 of the Companies Act and accordingly R&E is required to consider the provisions of the SRP Code. Pursuant to requests by R&E, the SRP has exercised its discretion in terms of Rule 34 of the SRP Code and has granted dispensation on the basis set out below:

18.1.1 Rule 3.1 of the SRP Code requires the board to "obtain appropriate external advice" in respect of "affected transactions" and the substance of that advice is required to be disclosed to all shareholders of the Company. The distribution *in specie* will result in the R&E shareholders holding a direct interest in Gold Fields rather than holding their interest through R&E. Since R&E shareholders will after the distribution *in specie* hold the Gold Fields Shares directly, R&E believes that the requirements of Rule 3.1 are not relevant to the Distributions and have applied for an exemption from compliance with Rule 3.1 of the Code. The SRP has granted an exemption in that regard.

18.1.2 In addition, Rule 21.1 (a) of the SRP Code requires four years of historical financial information of the Company to be disclosed in this circular to R&E shareholders. In this regard, shareholders are referred to the financial information disclosed in the settlement circular as well as the annual financial statements of R&E, as available on R&E's website (www.randgoldexp.co.za).

Based on these facts the SRP has granted an exemption that R&E need not comply with Rule 21.1 of the SRP Code. The Company has complied with the relevant requirements of the SRP Code and this circular has been approved by the SRP.

- 18.2 There is no agreement, arrangement or understanding that exists between R&E and any other party, as contemplated in Rule 21.5 and 21.11 of the SRP Code, having any connection with or dependence upon the Distributions.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by R&E shareholders during normal business hours at the registered office of R&E and at the office of the sponsor from Monday, 8 November 2010 to Tuesday, 30 November 2010:

- 19.1 the memorandum and articles of association of R&E and its subsidiaries;
- 19.2 the audited annual financial statements of R&E for the three financial years ended 31 December 2009, 31 December 2008 and 31 December 2007, as well as the unaudited condensed consolidated interim financial statements of R&E for the six months ended 30 June 2010;
- 19.3 a copy of the SRP letter of exemption;
- 19.4 a copy of the settlement circular; and
- 19.5 a signed copy of this circular.

SIGNED AT JOHANNESBURG ON 5 NOVEMBER 2010 BY MR MARAIS STEYN ON BEHALF OF ALL THE DIRECTORS OF R&E, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

DC Kovarsky

M Steyn

V Botha

J H Scholes

MB Madumise

M STEYN

Chief Executive Officer
Johannesburg
5 November 2010

UNAUDITED *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION OF R&E

The unaudited *pro forma* consolidated statement of comprehensive income and statement of financial position of R&E at 30 June 2010 post the implementation of the proposed distributions, as set out below, are the responsibility of the directors of R&E. The unaudited *pro forma* consolidated statement of comprehensive income and statement of financial position of R&E are presented in a manner consistent with the basis on which the historical financial information has been prepared in terms of R&E's accounting policies. The unaudited *pro forma* consolidated statement of comprehensive income and statement of financial position have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of R&E's financial position nor of the effect on future earnings after the implementation of the proposed distributions.

The unaudited *pro forma* financial effects as set out below should be read in conjunction with the Independent Reporting Accountants' assurance report relating thereto as set out in Annexure 2 of this circular.

Unaudited *pro forma* consolidated statement of comprehensive income of R&E

(R'000, unless stated otherwise)	Unaudited <i>pro forma</i> before proposed distributions ⁽¹⁾	Distribution of Gold Fields shares as <i>in specie</i> dividend ⁽⁴⁾	Special dividend ⁽⁴⁾	Transaction costs ⁽⁵⁾	Unaudited <i>pro forma</i> after proposed distributions
Revenue	12 048	(1 090)	(1 781)	(20)	9 157
Recoveries – JCI	783 549				783 549
– Other	25 205				25 205
Other income	10 353	12 137 ⁽⁶⁾			22 490
Personnel expenses	(38 592)			(782)	(39 374)
Results from operating activities	792 563	11 047	(1 781)	(802)	801 027
Finance income	1 320				1 320
Profit before taxation	793 883	11 047	(1 781)	(802)	802 347
Taxation	(1 052)	(3 192)	(6 477)		(10 721)
Profit for the period	792 831	7 855	(8 258)	(802)	791 626
– Non-controlling interest	628				628
– Owners of the company	792 203	7 855	(8 258)	(802)	790 998
Other comprehensive income					
Net change in fair value of available-for-sale financial instruments	11 618	(23 755)		–	(12 137)
Total comprehensive income	804 449	(15 900)	(8 258)	(802)	779 489
– Non-controlling interest	628				628
– Owners of the company	803 821	(15 900)	(8 258)	(802)	778 861
Reconciliation of headline earning					
Profit attributable to owners of the company	792 203	7 855	(8 258)	(802)	790 998
Profit on disposal of available-for- sale investments	(2 139)	(12 137)			(14 276)
Impairment of investment held for distribution	15 653				15 653
Headline earnings	805 717	(4 282)	(8 258)	(802)	792 375
Weighted average number of shares in issue	71 813 128				71 813 128
Basic and diluted Earnings per share (cents)	1 103	11	(12)	(1)	1 101
Basic and diluted Headline earnings per share (cents)	1 122	(6)	(12)	(1)	1 103

Notes and assumptions

1. Extracted from the unaudited condensed consolidated interim financial statements of R&E for the six months ended 30 June 2010.
2. The unaudited *pro forma* consolidated statement of comprehensive income has been prepared on the basis that the proposed settlement was effected in its entirety on 1 January 2010.
3. The profit realised from the disposal of the Gold Fields Shares has no tax effect as it off-set against calculated tax losses from prior years.
4. The expected STC and STT resulting from the distribution of the Gold Fields Shares (as a dividend *in specie*) and the special cash dividend are estimated at R 9.7 million and are once off by nature. The STT and STC have been calculated based on a Gold Fields share price of R108.00.
5. The transaction costs for the proposed distributions, excluding VAT where applicable, for R&E are estimated at R781 576.
6. Revenue has been adjusted for the theoretical decrease in dividends earned due to the assumption that cash dividend and transaction costs were paid on 1 January 2010 and that no dividends were received from the Gold Fields Shares for the six months ended 30 June 2010, as these too had been distributed on 1 January 2010.

Unaudited *pro forma* consolidated statement of financial position of R&E

(R'000, unless stated otherwise)	Unaudited <i>pro forma</i> before proposed distributions ⁽¹⁾	Distribution of Gold Fields shares as <i>in specie</i> dividend ⁽⁴⁾	Special dividend ⁽⁴⁾	Transaction costs ⁽⁵⁾	Unaudited <i>pro forma</i> after proposed distributions
ASSETS					
Non-current assets	211 409	(210 578)			831
Property, plant and equipment	357				357
Intangible assets	474				474
Investment in equity securities	210 578	(210 578)			
Current assets	1 151 066	(3 192)	(71 251)	(782)	1 075 841
Loan receivable	4 946				4 946
Financial asset – settlement receivable	791 416				791 416
Trade and other receivables	32 026				32 026
Cash and cash equivalents	322 678	(3 192)	(71 251)	(782)	247 453
Total assets	1 362 475	(213 770)	(71 251)	(782)	1 076 672
EQUITY AND LIABILITIES					
Shareholders' equity	503 633	(213 770)	(71 251)	(782)	217 830
Issued capital	748				748
Share premium	162 612	(162 612)			
Reserves	23 755	(23 755)			
Accumulated profit	316 518	(27 403)	(71 251)	(782)	217 082
Non-controlling interest	9 396				9 396
Total equity	513 029	(213 770)	(71 251)	(782)	227 226
Liabilities					
Non-current liabilities					
Post retirement medical benefit obligation	34 355				34 355
Current liabilities					
Total equity and liabilities	1 362 475	(213 770)	(71 251)	(782)	1 076 672
Number of shares in issue at					
year-end	71 813 128				71 813 128
Net asset value per share (cents)	701	(298)	(99)	(1)	303
Net tangible asset value per share (cents)	701	(298)	(99)	(1)	303

Notes and assumptions

1. Extracted from the unaudited condensed consolidated interim financial statements of R&E for the six months ended 30 June 2010.
2. The unaudited *pro forma* consolidated statement of financial position has been prepared on the basis that the proposed distributions were effected in their entirety on 30 June 2010.
3. Randgold will distribute 2 270 687 Gold Fields Shares and R 64.8 million in cash.
4. The expected STC and STT resulting from the distribution of the Gold Fields Shares (as a dividend *in specie*) and the special cash dividend are estimated at R 9.7 million and are assumed to have been settled fully in cash.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF R&E

The Directors
Randgold & Exploration Company Limited
PO Box 650905
Benmore
2010

3 November 2010

Dear Sirs

Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* financial effects, statement of comprehensive income and statement of financial position.

Introduction

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects, statement of comprehensive income and statement of financial position (collectively "the *pro forma* financial information") of Randgold & Exploration Company Limited ("R&E") set out in paragraph 4 and Annexure 1 of the circular to be dated on or about 8 November 2010 issued in connection with the proposed distributions ("circular").

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the proposed distributions ("transaction") might have affected the reported financial information had the transaction been undertaken on 1 January 2010 for the statement of comprehensive income purposes and on 30 June 2010 for statement of financial position purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of R&E after the transaction.

Directors' responsibility

The directors of R&E are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* financial information contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of R&E and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in the circular. 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.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

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* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of R&E with the source documents, considering the *pro forma* adjustments in light of the accounting policies of R&E, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of R&E.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of R&E and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

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.

Opinion

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 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of R&E and,
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to section 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued by R&E in the form and context in which it appears.

Yours faithfully

KPMG Inc.

Per CH Basson
Chartered Accountant (SA)
Registered Auditor
Director

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ENTITLEMENT OF R&E SHAREHOLDERS TO GOLD FIELDS SHARES

The table, a summary of the entitlement of R&E shareholders to Gold Fields Shares as a result of the distribution *in specie*, based on a ratio of approximately 3.16194 Gold Fields Shares for every 100 shares held in R&E on the record date and based on the rounding principle, is set out below.

No. of R&E shares held	Entitlement to Gold Fields Shares	No. of R&E shares held	Entitlement to Gold Fields Shares
1	0	35	1
2	0	36	1
3	0	37	1
4	0	38	1
5	0	39	1
6	0	40	1
7	0	41	1
8	0	42	1
9	0	43	1
10	0	44	1
11	0	45	1
12	0	46	1
13	0	47	1
14	0	48	2
15	0	49	2
16	1	50	2
17	1	51	2
18	1	52	2
19	1	53	2
20	1	54	2
21	1	55	2
22	1	56	2
23	1	57	2
24	1	58	2
25	1	59	2
26	1	60	2
27	1	61	2
28	1	62	2
29	1	63	2
30	1	64	2
31	1	65	2
32	1	66	2
33	1	67	2
34	1	68	2

No. of R&E shares held	Entitlement to Gold Fields Shares	No. of R&E shares held	Entitlement to Gold Fields Shares
69	2	7 000	221
70	2	8 000	253
71	2	9 000	285
72	2	10 000	316
73	2	20 000	632
74	2	30 000	949
75	2	40 000	1 265
76	2	50 000	1 581
77	2	60 000	1 897
78	2	70 000	2 213
79	2	80 000	2 530
80	3	90 000	2 846
81	3	100 000	3 162
82	3	200 000	6 324
83	3	300 000	9 486
84	3	400 000	12 648
85	3	500 000	15 810
86	3	600 000	18 972
87	3	700 000	22 134
88	3	800 000	25 296
89	3	900 000	28 457
90	3	1 000 000	31 619
91	3	2 000 000	63 239
92	3	3 000 000	94 858
93	3	4 000 000	126 478
94	3	5 000 000	158 097
95	3	6 000 000	189 716
96	3	7 000 000	221 336
97	3	8 000 000	252 955
98	3	9 000 000	284 574
99	3	10 000 000	316 194
100	3	20 000 000	632 388
200	6	30 000 000	948 582
300	9		
400	13		
500	16		
600	19		
700	22		
800	25		
900	28		
1 000	32		
2 000	63		
3 000	95		
4 000	126		
5 000	158		
6 000	190		

EXTRACT FROM THE SETTLEMENT CIRCULAR, CONTAINING PARAGRAPH 30 OF THAT CIRCULAR AND ANNEXURE 9 TO THAT CIRCULAR

30. LITIGATION STATEMENT

- 30.1 Other than as disclosed in Annexure 9 in respect of R&E, there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) in relation to R&E and its subsidiaries (including FSD), of which the Board of R&E is aware which may have, or have had, a material effect on the R&E group's financial position during the past 12 months preceding the date of this Circular.
- 30.2 Other than as disclosed in Annexure 20 in respect of JCI, there are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) in relation to JCI of which the Board of R&E is aware which may have, or have had, a material effect on the JCI group's financial position during the past 12 months preceding the date of this Circular.
- 30.3 R&E is currently in negotiations with SARS in regard to various historic tax issues of the group. SARS has firstly queried R&E's original 1998 – 2001 assessments in relation to foreign exchange gains and losses that were made. Subsequently SARS issued revised assessments which resulted in an additional tax liability of R19.2 million in the hands of R&E. SARS and R&E are at a very advanced stage in settling this matter. In addition, R&E has also objected to the 2003 assessment that was raised by SARS in circumstances where the assessment was based on incorrect information which resulted in an additional tax liability of R10.3 million. R&E has and will continue to challenge this assessment as raised by SARS based on the fact that the information supplied to SARS was incorrect and fraudulent. It should be noted that, if the argument of R&E is not accepted by SARS, it could infringe on future tax periods which will include related group companies.

The objections which were raised by R&E and its subsidiaries have all been reviewed by various independent legal and tax consultants. In view of the fact that these issues are under dispute and that management believes that the amounts concerned are not payable, no additional tax liability has been raised by R&E. This is consistent with R&E's published and audited annual financial statements.

R&E'S LITIGATION STATEMENT – ANNEXURE 9 FROM THE SETTLEMENT CIRCULAR

1. During the era when the late Roger Brett Kebble ("Kebble") was the Chief Executive Officer of Randgold & Exploration Company Limited ("R&E") and JCI Limited ("JCI") "the Kebble era", having regard 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 was the victim of widespread frauds and misappropriations of its assets.
2. R&E contends 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 reason to believe gave rise to it and certain of its subsidiaries sustaining damages.
3. Arising from the alleged defalcations, the board of R&E which was re-constituted on 24 August 2005, appointed JLMC to undertake a forensic investigation into its affairs during the Kebble era.
4. The forensic investigations enabled R&E to identify various persons, including JCI whom R&E alleges caused R&E and its subsidiaries ("the R&E group") loss.
5. In consequence, R&E has instituted a number of actions against various persons and entities which are alleged to have given rise to the R&E group sustaining losses.
6. Such claims are broadly referred to below. For a more in-depth account of the various matters in which the R&E group has been engaged since the reconstitution of R&E's Board of Directors on 24 August 2005 ("the date of reconstitution"), R&E shareholders are referred to prior legal updates and statements in relation to legal matters and settlements concluded (as previously published by R&E), which should be read in conjunction with this Statement.

R&E's claims against JCI:

The Mediation against JCI

7. On 7 April 2006, R&E and JCI concluded a written Mediation and Arbitration Agreement (“the Arbitration Agreement”).
8. In terms of the Arbitration 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.)
9. The Arbitration Agreement contemplates two phases, the first, a mediation phase, the second, an arbitration phase.
10. Following the conclusion of the Arbitration Agreement, R&E's forensic investigators, JLMC, established that R&E enjoyed a number of claims against JCI.
11. Following 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.
12. R&E's Statement of Claim initially comprised of 13 claims, approximating to R5,8 billion based on the highest value of such claims at the time of the issue thereof.
13. 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 denying the claims against it.
14. In January 2007, R&E amended its Statement of Claim to introduce two new claims and in September 2008 amended its Statement of Claim further to introduce four additional claims. R&E's Statement of Claim presently comprises of 19 claims, although claim 19 is an alternative claim to claims 1 to 18 to R&E's Statement of Claim and amounts to R1 243 527 309.64.
15. R&E's claims are in the main, founded on the assertion that JCI allegedly 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.
16. 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 who are alleged to have collaborated with JCI in the implementation of various schemes which were devised, to the detriment of the R&E group.
17. 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 being Annexure 2 to this Circular to which the shareholders of R&E are referred.
18. 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 has however not formally responded to the four new claims introduced by R&E into its Statement of Claim in September 2008.)
19. To date, none of the claims of R&E against JCI have been proven, nor has R&E secured any formal awards against JCI in respect thereof.
20. On 26 August 2008, R&E announced that the merger, which at that stage was being proposed, had failed and that the dispute between the companies would be referred to arbitration. Subsequent hereto, the parties concluded two settlement agreements.

21. Following the lapsing of the settlement agreements concluded between R&E, JCI and JCI Investment Finance (Pty) Limited ("JCIIF") (initially on 31 August 2009 and subsequently on 16 September 2009), on 22 September 2009, R&E announced on SENS, that it was referring its disputes with JCI to arbitration.
22. On 6 November 2009, JCI issued an application out of the South Gauteng High Court (Johannesburg) ("the JCI application") for an order declaring that the disputes between R&E and JCI shall not be arbitrated upon and furthermore, that the Arbitration Agreement shall cease to have any effect with regard to such disputes.
23. Although R&E delivered a notice to oppose such application, in the light of the settlement agreement concluded between R&E, JCI and JCIIF on 20 January 2010 (which forms the subject matter of this Circular), R&E and JCI have agreed that pending the implementation of the settlement agreement, the JCI application will be held over and only returned to in the event of the settlement agreement not being implemented. Dependant hereon, the enforceability of the Arbitration Agreement may in due course need to be pronounced upon by the High Court. The outcome thereof will determine whether or not the arbitration proceeds.
24. Should the settlement with JCI not be implemented, R&E's claims against JCI will be pursued in the appropriate forum.

The settlement agreement concluded with JCI and JCIIF:

25. On 20 January 2010, R&E, JCI and JCIIF concluded a settlement agreement which has been extensively referred to in the main body of the Circular ("the updated settlement agreement"). The updated settlement agreement is subject to the fulfilment of a number of suspensive conditions. (The shareholders attention is directed to pages 31 and 32 of the Circular in this regard.) In broad terms, upon the implementation of the updated settlement agreement:
 - 25.1 JCI and JCIIF will cause 6 051 632 Gold Fields Limited ordinary shares ("the GFL shares") to be transferred to R&E;
 - 25.2 JCI will allot and issue 1 555 710 220 new JCI ordinary shares ("the new JCI shares") to R&E, representing approximately 44% of the issued share capital of JCI post the issue of such new JCI shares;
 - 25.3 R&E will, following the transfer of the GFL shares to R&E, make a capital distribution of the GFL shares to R&E's shareholders in proportion to their respective shareholdings;
 - 25.4 R&E will distribute its entire holding of JCI shares (which will consist of both the new JCI shares per the settlement and its existing JCI shares owned pre-settlement) to the R&E shareholders in terms of section 46 of the Income Tax Act, in proportion to R&E shareholders' respective shareholdings as detailed in the Circular.
26. Following the implementation of the updated settlement agreement, the JCI group and certain of JCI's directors and officers will be personally discharged from the R&E claims against them and vice versa.
27. The further details of the updated settlement agreement are detailed in the main section of the Circular.

The Litigation Settlement Agreement:

28. On 22 January 2010, R&E and African Strategic Investment (Holdings) Limited ("ASI") concluded an agreement with JCI, JCIIF, Investec Bank Limited ("Investec"), Investec Bank PLC ("Investec PLC"), Letseng Diamonds Limited ("Letseng"), Hawkhurst Investments Limited, Discus Limited, Global Management Overseas Limited, Latitude Investments Limited and the Azalia Trust ("the Litigation Settlement Agreement").
29. Certain legal proceedings in relation to various legal disputes, which legal disputes are defined in the Litigation Settlement Agreement, have been instituted amongst certain of the parties to the Litigation Settlement Agreement ("the Litigation Disputes").
30. The provisions of the Litigation Settlement Agreement and the payments to be made in terms thereof constitute a settlement of the Litigation Disputes insofar as the parties to the Litigation Settlement Agreement are concerned. From an R&E perspective the Litigation Settlement Agreement settles the claims enjoyed by R&E and ASI against the other parties to the Litigation Settlement Agreement (on the terms thereof), including inter alia, the claims against Investec and Investec PLC only.
31. On 8 March 2010, the shareholders of JCI in general meeting voted in favour of the Litigation Settlement Agreement.

32. On 9 March 2010, the Litigation Settlement Agreement became unconditional, in consequence of which inter alia:
- 32.1 JCI became obliged to pay an amount of R40 000 000.00 into an account nominated by Letseng;
 - 32.2 JCI became obliged to pay to Investec an amount of R267 500 000.00, in respect of which arrangements are being made to give effect hereto;
 - 32.3 following receipt of the amount of R267 500 000.00 Investec is obliged to release the assets of JCI and JCIIF held as security in terms of the Investec Loan Agreement;
 - 32.4 Letseng is to transfer 42 000 shares in the issued share capital of Randgold Resources Limited ("RRL") to R&E.
33. The Litigation Settlement Agreement is independent of the updated Settlement Agreement.
34. The salient terms of the Litigation Settlement Agreement appear in the main section of the Circular.
35. Further detail regarding both the updated settlement agreement and the Litigation Settlement Agreement were published on SENS on 28 January 2010 to which R&E's shareholders are referred.

Claims against third parties:

36. The following specific actions have been taken by the Board of R&E since the date of reconstitution:

Liquidation of various corporations

- 36.1 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 ("Viking Pony"), Investage 170 (Pty) Limited ("Investage") and BNC Investments (Pty) Limited ("BNC");
- 36.2 Section 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. Further details hereof appear below.

Paradigm Shift CC

- 36.3 In the last quarter of 2005, R&E successfully brought an application out of the High Court to wind up Paradigm Shift. R&E has since proved a claim in the estate.

Tuscan Mood

- 36.4 Towards the end of 2005, R&E successfully brought an application out of the High Court to wind up Tuscan Mood. In 2008, R&E proved a claim in the insolvent estate of Tuscan Mood in the amount of R1,968 billion.

Viking Pony

- 36.5 Towards the end of 2005, R&E successfully brought an application out of the High Court to wind up Viking Pony and in 2006 proved a claim in the insolvent estate of Viking Pony.

Investage

- 36.6 In 2006, R&E successfully brought an application out of the High Court to wind up Investage and proved a claim in the insolvent estate of Investage in the amount of R69 million.

BNC Investments (Pty) Limited ("BNC")

- 36.7 In 2006, R&E successfully brought an application out of the High Court to wind up BNC and proved a claim in the insolvent estate of BNC in the amount of R169,5 million.
- 36.8 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

- 36.9 In March 2006, R&E posthumously sequestered the estate of Kebble;
- 36.10 R&E initially proved a concurrent claim at the first meeting of creditors, in Kebble's estate, in the amount of R1.968 billion;

- 36.11 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, in the amount of R711 539 099.26 ("the additional claims"). The additional claims were initially rejected by the Master of the High Court, however, R&E successfully reviewed the decision of the Master, such claims having been accepted into proof by the Cape High Court, in October 2007. R&E thus proved total claims in the deceased sequestrated estate of Kebble, in an amount of R2 679 539 099.26;
- 36.12 In March 2009, R&E and First Wesgold Mining (Pty) Limited ("First Wesgold") issued summons out of the Western Cape High Court against the Trustees of Brett Kebble's estate claiming additional relief against him. In due course, R&E and First Wesgold will seek to obtain judgment against Brett Kebble's estate in respect of such claims.
- 36.13 Arising from such claims, R&E made a substantial recovery in the amount of R41 million from Kebble's estate which the Master approved in December 2009 and was paid out in January 2010.

Action against Paul Main ("Main")

- 36.14 On 2 October 2007, R&E served a summons on Main ("Main") for inter alia, the return of 900 000 shares in the issued share capital of 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.
- 36.15 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.
- 36.16 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.
- 36.17 The actions are being defended.
- 36.18 In October 2009, R&E and ASI issued a claim out of the High Court of Justice, Chancery Division claiming various relief against Main. The claim is being contested by Main who filed his defence thereto in March 2010.

Action against PriceWaterhouseCoopers ("PWC")

- 36.19 On 7 March 2008, R&E issued summons out of the High Court of South Africa against PWC.
- 36.20 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.
- 36.21 Following the arguing of an Exception on 16 September 2008, in respect of which judgment was handed down almost a year later, R&E is amending certain aspects of its claim.
- 36.22 The matter is proceeding as a defended one.

Action against inter alia certain former directors/employees

- 36.23 In August 2008, R&E, ASI and First Wesgold issued summons out of the High Court of South Africa against the following persons:
- 36.23.1 Hendrik Christoffel Buitendag (the former financial director of R&E and JCI) ("Buitendag");
 - 36.23.2 John Stratton (a former director of JCI) ("Stratton");
 - 36.23.3 Charles Henry Delacour Cornwall (a former director of JCI) ("Cornwall");
 - 36.23.4 Lieben Hendrik Swanevelder (the former group financial accountant of JCI);
 - 36.23.5 John Chris Lamprecht (the former financial director of R&E and JCI) ("Lamprecht");
 - 36.23.6 Lunga Raymond Ncwana (a former director of R&E and a director of Equitant Trading (Pty) Ltd);
 - 36.23.7 Songezo Benton Mjongile (a former director of Equitant Trading (Pty) Ltd);
 - 36.23.8 Equitant Trading (Pty) Ltd; and
 - 36.23.9 Dimitrios Pervos,
- claiming various relief against them.
- 36.24 These defendants have all filed notices to defend the action which is proceeding as a defended one.

- Action against Bookmark Holdings (Pty) Ltd (“Bookmark”)
- 36.25 On 11 August 2008, R&E and ASI issued summons out of the High Court of South Africa against Bookmark, Sello Rasethaba (“Rasethaba”), and Lamprecht claiming various relief.
- 36.26 Such action is proceeding as a defended one.
- Action against Charles Orbach
- 36.27 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 certain relief.
- 36.28 This action too is proceeding as a defended one.
- Action against SocGen
- 36.29 On 21 August 2008, R&E and ASI issued summons out of the High Court of South Africa against Societe Generale Johannesburg Branch (“SocGen”).
- 36.30 Although initially defended, such action has subsequently been settled, the details of which appear later herein.
- Action against Goldfields Operations Limited
- 36.31 On 20 August 2008, R&E and ASI issued summons out of the High Court of South Africa against Goldfields Operations Limited (“Goldfields”), comprising of five claims.
- 36.32 The matter is proceeding as a defended one.
- Action against Lamprecht, Buitendag and Stratton
- 36.33 On 21 August 2008, R&E and ASI issued summons out of the High Court of South Africa against Lamprecht, Buitendag and Stratton.
- 36.34 Such action is similarly proceeding as a defended one.
- Action against Investec and Investec PLC
- 36.35 On 22 August 2008, R&E and ASI issued summons out of the High Court of South Africa against Investec (“the SA action”).
- 36.36 In 2008, ASI and R&E also issued a claim out of the High Court of Justice, Chancery Division, London, against Investec PLC and Investec (“the UK action”).
- 36.37 Although initially defended, given that the Litigation Settlement Agreement became unconditional on 9 March 2010, both actions have become settled.
- Action against Patricia Beale (“Beale”)
- 36.38 On 30 October 2008, R&E and ASI served summons out of the High Court of South Africa against Beale.
- 36.39 The matter is being defended.
- Action against BNC
- 36.40 In January 2009, Roger Keble (“Roger”) proceeded with an application out of the South Gauteng High Court (Johannesburg) to set aside a subpoena to attend an enquiry into the trade, dealings and affairs of BNC at the beginning of February 2009. R&E was cited as a respondent to the application. R&E did not oppose the application, but filed an affidavit addressing certain aspects of the application which warranted clarification. In March 2009, the application was dismissed by the South Gauteng High Court. (Roger was declined leave to appeal against the judgment, resulting in him petitioning the Supreme Court of Appeal for leave to appeal which application was also unsuccessful.)

General

37. 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, recoveries made would need to be taken into account in determining the extent of the Defendant(s) liability in any other action.

Possible joinder of JCI

38. The possibility exists that one or all of the persons against whom R&E, ASI and First Wesgold have instituted action may seek to join JCI in the respective actions.
39. Should this occur, such persons may claim 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 in which event, the indemnity provisions in terms of the updated settlement agreement which are referred to in the Circular, may come into operation.
40. The extent to which recourse may be sought against JCI and to what extent JCI may be joined, remains to be seen.

Settlements concluded:

Equitant Trading (Pty) Limited ("Equitant")

41. In March 2006, R&E concluded an agreement with Equitant in partial settlement of certain claims enjoyed by R&E against Equitant. In terms of such settlement, 56 million JCI shares and R890 321.61 were transferred to R&E.

Itsuseng Strategic Investments (Pty) Limited ("Itsuseng") and Itsuseng Financial Services (Pty) Limited ("Financial Services")

42. In March 2006, R&E concluded a settlement agreement with Itsuseng and Financial Services in partial settlement of certain claims enjoyed by R&E against Itsuseng and Financial Services. Itsuseng agreed to transfer 9 013 410 JCI shares and a further 16 857 179 JCI shares to R&E, together with an amount of R3,5 million. In addition, Financial Services undertook to pay an amount of R5,2 million to R&E.

George Poole ("Poole")

43. R&E has concluded an agreement with Poole, which is subject to various ongoing obligations that are due by Poole to R&E.

Roger Kebble ("Roger")

44. A settlement agreement with Roger was initially concluded on 1 October 2006. Following a dispute arising in regard to the cancellation of the agreement by R&E, a further agreement was concluded between R&E, JCI and Roger in February 2008, the effect of which was to reinstate the earlier agreement. Roger has made payment to R&E of R30 million in terms of the agreements, which are similarly subject to various ongoing obligations that are due by Roger to R&E.

John de Villiers Berry ("Berry"), Marjorie Maria Labuschagne ("Labuschagne"), Emmarentia Oosthuizen ("Oosthuizen") and Maureen Louise Snashall ("Snashall")

45. In May to June 2006, following separate actions having been instituted against R&E by Berry, Labuschagne, Oosthuizen and Snashall, R&E concluded settlement agreements with each of them. The settlement agreements were subject to confidentiality undertakings.

Masupatsela Angola Mining Ventures (Pty) Limited ("Masupatsela")

46. Following an application having been issued by Masupatsela out of the South Gauteng High Court (Johannesburg) in October 2006, in which R&E was cited as the Second Respondent, Masupatsela agreed to withdraw such application against R&E, in April 2007.

Kabusha Mining and Finance (Pty) Limited ("Kabusha"), Trinity Holdings (Pty) Limited ("Trinity Holdings") and Viking Pony

47. In September 2006, R&E, JCI, Kabusha, Trinity Holdings and Viking Pony concluded a settlement agreement in settlement of claims by R&E against Kabusha and Trinity Holdings regarding certain Afilease shares. The settlement agreement provided further for the settlement of a number of other matters between the parties thereto.

Application for the liquidation of R&E

48. In March 2006, Trinity Preferred Endowment Fund, Trinity Preferred Living Annuity Fund, Greg Becker, Martin du Plessis, the Trustees for the time being of the JWA Trust, Rory Sweet and Silver Strand Absolute Return Fund LP (collectively "Trinity and six others"), proceeded with an application for the liquidation of R&E out of the South Gauteng High Court (Johannesburg). In September 2006, the liquidation application was withdrawn by Trinity and six others by agreement between the parties.

Interdict application

49. In March 2007, Trinity Preferred Provident Fund, Trinity Protected Provident Fund, Trinity Preferred Living Annuity Fund, Clear Horizon Multi Strategy Fund En Commandite Partnership, Trinity Protected Living Annuity Fund (collectively "the Trinity Applicants"), proceeded with an application for interdictory relief out of the South Gauteng High Court (Johannesburg) against David Nurek, Peter Gray ("Gray"), Andrew Nissen and R&E, for various relief. The application was opposed and on 4 June 2007 was settled in terms of a written settlement agreement concluded between the parties thereto. On 7 June 2007, the Trinity Applicants formally withdrew the application.

Application to set aside deemed Annual General Meeting of 9 March 2007

50. On 10 April 2007, the Trinity Applicants (as referred to above), issued an application out of the North Gauteng High Court (Pretoria) against the Registrar of Companies and R&E, purposed at reviewing and setting aside the decision of the Registrar to convene an Annual General Meeting in terms of the provisions of Section 179(4) of the Companies Act. Such application was subsequently withdrawn on 7 June 2007.

T-Sec and others

51. Following the issue of summons by R&E and ASI out of the South Gauteng High Court (Johannesburg) in August 2008 against Tlotlisa Securities (Pty) Limited ("T-Sec"), Tlotlisa Holdings Limited ("T-Sec Holdings"), Gray and Leonard Steenkamp ("Steenkamp"), a settlement agreement was concluded in February 2009. In terms of the settlement agreement, T-Sec was obliged to make payment of R14 million to R&E, which it has paid. The action against Gray for payment of an amount of R80 million was not settled in terms of the settlement agreement, however, should the updated settlement agreement between R&E, JCI and JCIF be implemented, Gray will be released from this claim.

SocGen

52. R&E, ASI and SocGen inter alia concluded a settlement agreement which was signed by SocGen on 27 November 2009 in terms of which SocGen agreed to make payment of a Settlement Amount of R5 million to R&E. The Settlement Amount has been paid by SocGen.

Hart

53. On 27 October 2008, summons was issued against R&E out of the High Court of South Africa by Keith Archie Hart ("Hart").
 54. The claim was based on a contract of sale allegedly entered into by R&E and Hart, in which R&E was alleged to have sold used mining equipment to Hart, which contract was subsequently cancelled.
 55. The matter has been settled between the parties, the terms of which are subject to confidentiality provisions.
- Frankel
56. In 2007, summons was issued by Sydney Frankel against JCIF 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 Goldfields. The matter has since been settled and has been withdrawn against R&E.

Investec and Investec PLC

57. Following the Litigation Settlement Agreement having become unconditional on 9 March 2010, the SA action and the UK action were settled in terms thereof.

RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1992/005642/06)

Share code: RNG ISIN: ZAE000008819

("R&E" or "the Company")

Directors

DC Kovarsky (Independent non-executive chairman)

M Steyn (Chief executive officer)

MB Madumise (Independent non-executive director)

JH Scholes (Independent non-executive director)

V Botha (Financial director)

NOTICE OF GENERAL MEETING OF R&E SHAREHOLDERS

Notice is hereby given that a general meeting of shareholders of R&E will be held at 11:00 on Tuesday, 30 November 2010, at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, South Africa to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions in the manner required by the Companies Act, No. 61 of 1973, as amended ("the Act"), and subject to the Listings Requirements of the JSE Limited ("the JSE Listings Requirements"):

1. ORDINARY RESOLUTION NUMBER 1

"Resolved, as an ordinary resolution, that subject to the JSE Listing Requirements and the Act, the Company makes a distribution *in specie* of the Company's shareholding in Gold Fields Limited ("Gold Fields"), comprising 2 270 687 ordinary shares in Gold Fields ("the Gold Fields Shares"), as a specific payment to the shareholders of the Company registered as such at the close of business on Friday, 14 January 2011, firstly out of the share premium and thereafter out of the reserves of the Company in terms of section 90 of the Companies Act, 61 of 1973, as amended. Shareholders of the Company will receive approximately 3.16194 Gold Fields Shares for every 100 shares held in R&E. The 2 999 893 treasury shares currently held by Refraction Investments (Proprietary) Limited, a subsidiary of R&E, will not participate in the distribution *in specie*."

2. SPECIAL RESOLUTION NUMBER 1

"Resolved, as a special resolution, that whereas the board of R&E has approved a special dividend of 90 cents per share to R&E shareholders (the 2 999 893 treasury shares held by Refraction Investments (Proprietary) Limited, a subsidiary of R&E, will not participate) by way of a payment from retained earnings ("the special dividend") and whereas the special dividend and the distribution *in specie* referred to in the Ordinary Resolution 1 above (collectively referred to as "the Distributions"), when taken together, constitute a disposal of assets in terms of section 228 of the Companies Act, 61 of 1973, as amended ("the Act"), subject to the passing of Ordinary Resolution 1, and subject to the JSE Listings Requirements and the Act, the Company be and is hereby authorised to make the Distributions in terms of section 228 of the Act."

Reasons for and effect of the special resolution

The reason for the special resolution is to obtain the requisite approval for the Distributions in terms of section 228 of the Companies Act. The effect of the special resolution is to enable the Company to make the Distributions as contemplated in the circular to which this notice of general meeting is attached.

Information relating to the special resolution

General information in respect of the directors (**page 12**), major shareholders (**page 13**), directors' interests (**page 13**) and the share capital of the Company (**page 11-12**) is contained in the circular to which this notice is attached.

Information in respect of legal or arbitration proceedings (**page 18-19**) is contained in the circular to which this notice is attached.

The directors, whose names are as on **page 12** of the circular to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that 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 the notice contains all the information required by the JSE Listings Requirements.

VOTING AND PROXIES

If you hold your &E shares in certificated form or if you have dematerialised your R&E shares and have elected "own-name" registration in the sub-register of R&E maintained by a Central Securities Depository Participant ("CSDP"), you may attend, speak and vote at the general meeting in person. If you do not wish to attend, but wish to be represented thereat by proxy, you are entitled to appoint one or more proxies (**who need not be members of the Company**) to attend, speak and vote on your behalf at the general meeting by completing the attached form of proxy (*yellow*) for the general meeting in accordance with the instructions it contains and returning it to the office of the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107) by no later than 11:00 on Friday, 26 November 2010.

If you have dematerialised your R&E shares and have not elected "own-name" registration in the sub-register of R&E maintained by a CSDP and you wish to attend the general meeting, you should instruct your CSDP or broker to issue you with the necessary letter of representation to attend, or if you do not wish to attend the general meeting, you should provide your CSDP or broker with your voting instructions in accordance with the mandate between you and your CSDP or broker so that your votes may be represented at the general meeting.

For and on behalf of the Board of R&E

Randgold & Exploration Company Limited

M STEYN

Chief Executive Officer

Johannesburg
5 November 2010

Registered office

7th Floor, Fredman Towers,
13 Fredman Drive,
Sandton 2146
(PO Box 650905, Benmore Gardens 2010)

Transfer secretaries

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

RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1992/005642/06)

Share code: RNG ISIN: ZAE000008819

("R&E" or "the Company")

Please read the notes on the reverse side of this form of proxy.

FORM OF PROXY

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected "own-name" registration in the sub-register maintained by the Central Securities Depository Participant ("CSDP"), at the general meeting of R&E to be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, South Africa at 11:00 on Tuesday, 30 November 2010.

Members who have dematerialised their share certificates through a CSDP or broker and have not elected "own-name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary letter of representation to attend, or if they do not wish to attend the general meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We (full names in BLOCK LETTERS please)

of (address)

being the holder(s) of R&E ordinary shares do hereby appoint (see note 1):

1. of or failing him/her,

2. of or failing him/her,

3. the chairman of the general meeting

as my/our proxy to attend and speak and vote for me/us on my/our behalf at the general meeting which will be held for the purpose of consideration and, if deemed fit, passing with or without modification, the ordinary and special resolutions to be proposed at the general meeting and at each adjournment of the general meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares in the issued ordinary share capital of R&E registered in my/our name/s, in accordance with the following instructions (see note 2).

	Insert an "X" or the number of shares (see note 2)		
	For	Against	Abstain
Ordinary Resolution Number 1 – approval of a distribution <i>in specie</i> in terms of section 90 of the Companies Act, 61 of 1973, as amended.			
Special Resolution Number 1 – approval for the payment of a special dividend and for the distribution <i>in specie</i> referred to in the Ordinary Resolution Number 1 above, as required in terms of section 228 of the Companies Act, 61 of 1973.			

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 ordinary shares than you own in R&E, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2010.

Signature/s _____

Name in BLOCK LETTERS _____
(full name if signing in a representative capacity)

Assisted by (where applicable) _____

Each member is entitled to appoint a proxy (who need not be a member of R&E) to attend, speak and, on a show of hands or on a poll of demand, vote in place of that member at the general meeting.

Notes:

1. An ordinary shareholder may insert the name of a proxy or the names of one alternative proxy of the ordinary shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting", but any such deletion must be initialled by the ordinary shareholder. The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant space 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 ordinary shares than you own in R&E, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he/she deems fit in respect of all the ordinary shareholder's votes exercisable at the general meeting. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder or by his/her proxy, but the total of the votes cast, including those in respect of which abstention is recorded, may not exceed the total number of the votes exercisable by the ordinary shareholder or by his/her proxy.
3. Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 11:00 on Friday, 26 November 2010.
4. Where there are joint holders of any ordinary shares, only that holder whose name appears first in the register in respect of such ordinary shares need sign this form of proxy.
5. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the general meeting and speaking and voting in person at the general meeting to the exclusion of any proxy appointed in terms of this form of proxy.
6. Any alteration to this form of proxy must be signed in full and not initialled.
7. If this form of proxy is signed under a power of attorney, then such power of attorney or a notarially certified copy hereof must be sent with this form of proxy for noting (unless it has already been noted by the transfer secretaries).
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
9. The chairman of the general meeting may accept any form of proxy which is completed, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the ordinary shareholder wishes to vote.
10. Ordinary shareholders who have dematerialised their ordinary shares must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend the general meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person.

