THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document apply to the entire document excluding the scheme of arrangement and certain of the Annexures, which have their own definitions and interpretations.

Action required

1. The entire document is important and should be read with particular attention to the section entitled "Summary of actions to be taken by shareholders" on pages 11 to 13.
2. If you are in any doubt as to what action you should take, please consult your broker, CSDP, banker, legal or tax adviser, accountant or other professional adviser as soon as possible.
3. If you have disposed of all your shares, this document should be handed to the purchaser of such shares or the broker, CSDP or other agent through whom such disposal was effected.

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

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG (suspended) ISIN: ZAE000008819
ADR ticker symbol: RNG
Nasdaq trading symbol: RANGY (delisted)

CIRCULAR TO SHAREHOLDERS OF JCI

relating to:

a scheme of arrangement in terms of section 311 of the Companies Act, proposed by R&E between JCI and its shareholders, other than R&E which, if implemented, will result in R&E becoming the owner of the entire issued share capital of JCI in exchange for the scheme consideration;

and including:

- **a notice of scheme meeting;**
- **an explanatory statement *(pink)* in terms of section 312(1)(a)(i) of the Companies Act;**
- **a scheme of arrangement *(blue)* in terms of section 311 of the Companies Act;**
- **a valuation statement in terms of section 312(1)(a)(ii) of the Companies Act;**
- **a statement of R&E and JCI directors' interests in terms of section 312(1)(a)(iii) of the Companies Act;**
- **additional information required by the JSE and the SRP;**
- **the Order of Court convening the scheme meeting;**
- **a form of proxy for the scheme meeting *(green)* (for use by certificated shareholders and dematerialised shareholders with "own name" registration only); and**
- **a form of surrender *(yellow)* (for use by certificated shareholders only).**

The release, publication or distribution of this document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this document is released, published or distributed should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, any shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

Date of issue: 15 December 2008

Sponsor and corporate adviser to JCI

sasfin CAPITAL

Corporate law advisers to the scheme

TABACKS CORPORATE LAW ADVISORS

Auditors and reporting accountants

KPMG

Attorneys to R&E

VAN HULSTEYNS ATTORNEYS SINCE 1872

Attorneys to JCI

ROUTLEDGE MODISE
In association with
EVERSHEDS

Sponsor and corporate adviser to R&E

PSG CAPITAL

This document is available in English only. Copies may be obtained from the registered office of JCI, the sponsor and the transfer secretaries whose addresses are set out in the "Corporate information for JCI" section of this document.

Shareholders must under no circumstances construe the reference to R&E or its attorneys in either the headings to any Sections to this document or in the body thereof as a representation or indication that they have in any way assisted in the compilation of this document or are in any way to carry responsibility for the contents thereof, other than in the case of R&E for what is contained in paragraphs 4, 5, 6, 7, 8, 9, 10, 12 and 13 of the section headed "Scheme of Arrangement", paragraphs 4, 5, 6, 7, 8 and 11 (insofar as they pertain to R&E), 10, 13.2, 14.2 and 15 of the section headed "Valuation Statement", the introductory paragraph and paragraphs 3 and 4 to the section headed "Statement of R&E and JCI Directors' Interests" and paragraphs 2, 3, 7 and 11 (insofar as they relate to R&E) of the Section headed "Additional Information Required by the JSE and the SRP". The information contained in these paragraphs has pertinent reference to R&E and such information carries the endorsement of the R&E Board based on the Disclaimers contained in the R&E circular which is enclosed with this document. It is to be emphasised that R&E's sole role in the scheme of arrangement is confined to having made a proposal to JCI so as to enable it, in turn, to conclude the scheme of arrangement with its shareholders, other than R&E, and to comply with the provisions of the scheme, on the basis that it becomes operative.

FORWARD LOOKING STATEMENT DISCLAIMER FOR JCI AND R&E

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

Among other factors, these include the inherent difficulties and uncertainties in ascertaining the values of the net assets of the companies, particularly in light of the absence of any independent valuations, the existence of any unknown liabilities, the willingness of any governmental authority to sanction any merger in light of the absence of independent valuations or otherwise; the extent, magnitude and scope of any fraud and misappropriation that may be ultimately determined to have occurred and the time periods and facts related thereto following the completion of the forensic investigation and any other investigations that may be commenced and the ultimate outcome of such forensic investigation; the ability of JCI and R&E to successfully assert any claims it may have against other parties for fraud or misappropriation of R&E assets or otherwise and the solvency of any such parties, including JCI, the ability of JCI to successfully recover on claims it may assert against other parties for fraud or misappropriation of JCI assets; the statement and opinion of the mediators and acceptance of these by the shareholders of JCI and R&E; the ability of JCI to defend successfully any counterclaims or proceedings against it; the ability of each of JCI and R&E and the forensic investigators to obtain the necessary information with respect to the transactions, assets, investments, subsidiaries and associated entities of JCI and R&E to complete the forensic investigation and prepare audited financial statements in accordance with IFRS; the willingness and ability of the forensic investigators and auditors to issue any final opinions with respect thereto; the ability of R&E to implement improved systems and to correct its late reporting; the JSE's willingness to lift its suspension of the trading of R&E's securities on that exchange; changes in economic and market conditions; fluctuations in commodity prices and exchange rates; the success of any business and operating initiatives, including any mining rights; changes in the regulatory environment and other government actions; business and operational risk management; other matters not yet known to JCI or R&E or not currently considered material by JCI or R&E; and the risks identified in Item 3 of R&E's most recent annual report on Form 20-F filed with the SEC and its other filings and submissions with the SEC.

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

LACK OF AUDITED FINANCIAL INFORMATION AND LIMITATIONS ON FINANCIAL INFORMATION – CAVEAT

This document does not contain any audited historical financial information that is ordinarily required by South African and US securities laws due to the frauds and misappropriations that have occurred. In addition, and for similar reasons, this document contains only an unaudited Group NAV statement for each of JCI and R&E and on a combined basis as at 31 March 2008, but does not include any historical statement of operations, financial information or any more recent balance sheet information that is ordinarily required by South African and US securities laws. Accordingly, shareholders have limited financial information upon which to evaluate the proposed merger ratio or to base a decision to approve or disapprove the scheme of arrangement.

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

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

*Whilst KPMG Inc. has provided reports in which they have provided limited assurance opinions on this financial information presented in this document (refer to **Annexures 14** and **16**), KPMG Inc has not performed any audit or review of this financial information in accordance with International Standards on Auditing or International Standards on Review Engagements, and therefore has not expressed an audit or review opinion in accordance with such standards on the financial information presented in this document.*

As a result, shareholders may have limited financial information upon which to evaluate the proposed merger ratio or to base a decision to approve or disapprove the scheme of arrangement.

*Given the inhibiting factors referred to, the financial information presented in this document (refer to **Annexure 13**) to shareholders could not be prepared in accordance with the published guidelines of the SRP or SEC, for the preparation and presentation of financial statements and pro forma combined financial information. Accordingly, this information does not include financial statements and financial information disclosures of all information that is required by the guidelines or requirements of the SRP, the Companies Act, the SEC nor the AICPA and may include information those guidelines or requirements would exclude.*

Shareholders must rely upon their own examination of JCI and the financial information presented. Shareholders should consult their own professional advisers for an understanding of the differences between the financial information presented in this document and IFRS compliant prepared information and how these differences might affect the financial information in this document.

TABLE OF CONTENTS

CORPORATE INFORMATION FOR JCI

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A C Nissen *(Independent non-executive)*
L A Maxwell *(Financial)*
H W Cochrane *(Independent non-executive)*

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SUMMARY

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document have been used in this summary.

Background

A detailed explanation of the background to and rationale for the scheme appears in paragraphs 2, 4 and 5 commencing on page 24 of the explanatory statement (pink).

During the course of 2005 it became apparent that there were major unanswered questions with regard to the assets of both JCI and R&E and as a result both companies were unable to produce audited annual financial statements for their respective financial year ends, being 31 March 2005 (in respect of JCI) and 31 December 2004 (in respect of R&E). This led to the suspension of the listing of R&E and JCI on the JSE on 1 August 2005 and to the delisting of R&E from Nasdaq on 21 September 2005.

At around the same time as its suspension on the JSE, JCI suffered cash flow constraints, which led to JCI entering into a loan facility agreement with Investec. On 24 August 2005 the boards of both JCI and R&E were reconstituted and, as the extent of the missing assets became apparent, the reconstituted boards implemented a process of forensic audits of both companies. Following a series of preliminary forensic findings, R&E concluded that it might have significant claims against JCI.

On 7 April 2006, the companies entered into a mediation process in respect of the R&E claims in order to avoid costly and time consuming litigation. The mediators, on 28 February 2007, recommended that the companies merge as a means of settling their differences.

On 23 April 2007 it was announced that the boards of JCI and R&E had resolved to propose a merger between the two companies as the best means of preserving value for shareholders in both companies pursuant to the recommendation by the mediators. The scheme set out in this document is the outcome of such proposal.

The scheme

R&E is proposing a scheme of arrangement between JCI and its shareholders, other than R&E, in order to enable R&E to obtain ownership and control of the underlying business and assets of JCI. Should the scheme become operative, R&E will acquire the entire issued share capital of JCI and JCI will, accordingly, become a wholly-owned subsidiary of R&E. The listing of JCI shares on the JSE will be terminated and scheme participants will, against surrender of their scheme shares, receive the scheme consideration, being 1 R&E share for every 95 scheme shares held on the scheme consideration record date. Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant.

The scheme is set out in this document *(blue)*, commencing on page 34. Also contained in this document is the explanatory statement *(pink)*, commencing on page 23, which sets out the reasons for the scheme and the effects and the procedures of the scheme.

Also contained in this document are:

- the notice of scheme meeting;
- a valuation statement incorporating, *inter alia,* tables of the financial effects of the merger;
- a statement of R&E and JCI directors' interests;
- additional information required by the JSE and the SRP;
- an opinion letter from the mediators regarding the scheme;
- detailed information about the status of forensic investigations, the litigation process between the companies and between the companies and third parties;
- the Order of Court convening the scheme meeting;

- a form of proxy for the scheme meeting *(green)* (for use only by certificated shareholders and dematerialised shareholders with "own name" registration); and
- a form of surrender *(yellow)* (for use only by certificated shareholders).

A copy of the R&E circular is enclosed together with this document for information purposes only.

Important dates and times in respect of the scheme are set out on page 14 of this document.

SUMMARY OF ACTIONS TO BE TAKEN BY SHAREHOLDERS

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document, where applicable, have been used in this summary.

Careful note should be taken of the following provisions regarding the action required to be taken by you as a shareholder. If you are in any doubt as to what action to take, please consult your stockbroker, CSDP, banker, legal adviser, accountant or other professional adviser as soon as possible.

1. IF YOU ARE THE BENEFICIAL OWNER OF YOUR DEMATERIALISED SHARES AND SUCH DEMATERIALISED SHARES ARE NOT HELD IN OWN NAME

- **Voting at the scheme meeting**

  Your CSDP or stockbroker should contact you to ascertain how you wish to cast your votes at the scheme meeting and, thereafter, should cast your vote in accordance with your instructions.

  If you have not been contacted by your CSDP or stockbroker, it would be advisable for you to contact your CSDP or stockbroker and furnish it with your voting instructions.

  If your CSDP or stockbroker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or stockbroker. In the event that the custody agreement is silent in this respect, your CSDP or stockbroker will be obliged to refrain from voting your shares.

  You must NOT complete the attached form of proxy *(green)* with regard to attending and voting at the scheme meeting.

- **Attendance and representation at the scheme meeting and hearing of the Court in connection with the sanctioning of the scheme**

  In accordance with the custody agreement concluded between you and your CSDP or stockbroker, you must advise your CSDP or stockbroker if you wish to attend and vote at the scheme meeting or appear at the hearing of the application to the Court in connection with the sanctioning of the scheme or to send a proxy to represent you at the scheme meeting or appear at the hearing of the Court. In such event, your CSDP or stockbroker will issue the necessary letter of authority to you to enable you or your proxy to attend the scheme meeting and/or appear at the hearing of the Court.

- **Settlement of the scheme consideration**

  Following the sanctioning by the Court of the scheme, and upon the scheme becoming operative, scheme participants will have their accounts held at their CSDP or stockbroker updated with the scheme consideration.

  Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if their CSDP or stockbroker makes written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant. Scheme participants wishing to receive the cash application proceeds should advise their CSDP or stockbroker timeously in accordance with their mandate.

2. IF YOU OWN DEMATERIALISED SHARES WITH OWN NAME REGISTRATION

- **Voting, attendance and representation at the scheme meeting**

  You may attend the scheme meeting in person. Alternatively, you may appoint a proxy to represent you at the scheme meeting by completing the attached form of proxy *(green)* in accordance with the instructions it contains and returning it to the transfer secretaries to be received by no later than 14:00 on Friday, 16 January 2009.

  Forms of proxy may also be handed to the chairman of the scheme meeting not less than 10 minutes before the scheduled time for the commencement of the scheme meeting.

- **Attendance at the hearing of the Court in connection with the sanctioning of the scheme**

  You are entitled to attend or to be represented by Counsel at the Court hearing for the sanctioning of the scheme at 10:00, or so soon thereafter as the matter may be heard on Tuesday, 27 January 2009, in the High Court of South Africa (Witwatersrand Local Division). The Court is located at the High Court Building, Pritchard Street, Johannesburg.

- **Surrender of scheme shares**

  If you are a dematerialised shareholder with own name registration you should instruct your CSDP to surrender your scheme shares in order to receive the scheme consideration. If your CSDP does not obtain instructions from you by the cut-off time advised by your CSDP, it will be obliged to act in terms of the custody agreement concluded between you and your CSDP.

- **Settlement of the scheme consideration**

  Following the sanctioning by the Court of the scheme, and upon the scheme becoming operative, scheme participants will have their accounts held at their CSDP or stockbroker updated with the scheme consideration.

  Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if their CSDP or stockbroker makes written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant. Scheme participants wishing to receive the cash application proceeds should advise their CSDP or stockbroker timeously in accordance with their mandate.

3. IF YOU OWN SHARES NOT YET DEMATERIALISED AS EVIDENCED BY A SHARE CERTIFICATE OR OTHER DOCUMENT OF TITLE

- **Voting, attendance and representation at the scheme meeting**

  You may attend the scheme meeting in person. Alternatively, you may appoint a proxy or proxies to represent you at the scheme meeting by completing the attached form of proxy *(green)* in accordance with the instructions it contains and returning it to the transfer secretaries to be received by no later than 14:00 on Friday, 16 January 2009.

  Forms of proxy may also be handed to the chairman of the scheme meeting not less than 10 minutes before the scheduled time for the commencement of the scheme meeting.

- **Attendance at the hearing of the Court in connection with the sanction of the scheme**

  You are entitled to attend or to be represented by Counsel at the Court hearing for the sanctioning of the scheme at 10:00, or so soon thereafter as the matter may be heard on Tuesday, 27 January 2009, in the High Court of South Africa (Witwatersrand Local Division). The Court is located at the High Court Building, Pritchard Street, Johannesburg.

- **Surrender of documents of title**

  The form of surrender (*yellow*) attached to this document deals with the surrender by certificated shareholders of their documents of title.

- **Settlement of the scheme consideration**

  Provided that certificated scheme participants shall have surrendered their documents of title and furnished duly signed surrender documents as set out in the form of surrender (*yellow*) attached to this document, the scheme consideration will, on or about the operative date, be posted to certificated scheme participants at their addresses recorded in the register, by ordinary mail, at the risk of such scheme participants unless written instructions to the contrary are timeously furnished in the attached form of surrender (yellow).

  Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant.

4. OTHER MATTERS PERTINENT TO SHAREHOLDERS OWNING DEMATERIALISED SHARES OR OWNING SHARES NOT YET DEMATERIALISED

- If you have disposed of all of your shares, this document should be handed to the purchaser of such shares or to the CSDP, stockbroker, legal adviser, banker, accountant or other agent through whom you disposed of such shares.
- Shareholders are advised to consult their professional advisers about their personal tax positions regarding the receipt of the scheme consideration.
- If you own certificated shares, and wish to dematerialise your shares, please contact a CSDP or your stockbroker. It should be noted that, in the event that the scheme is sanctioned by the Court, you will only be able to dematerialise your shares on or prior to 12:00 on Friday, 13 February 2009.

IMPORTANT DATES AND TIMES IN RESPECT OF THE SCHEME

	Date
Last day to trade in JCI shares (over-the-counter) in order to be recorded in the register to vote at the scheme meeting	Thursday, 8 January 2009
Voting record date by 17:00 on which shareholders must be recorded in the register in order to vote at the scheme meeting	Thursday, 15 January 2009
Last day for receipt of forms of proxy for the scheme meeting by 14:00	Friday, 16 January 2009
Scheme meeting held at 14:00	Monday, 19 January 2009
Results of the scheme meeting published on SENS	Monday, 19 January 2009
Results of the scheme meeting published in the South African press	Tuesday, 20 January 2009
High Court hearing to sanction the scheme	Tuesday, 27 January 2009
Announcement of the outcome of the Court application to sanction the scheme, published on SENS	Tuesday, 27 January 2009
Announcement of the outcome of the Court application to sanction the scheme, published in the South African press	Wednesday, 28 January 2009
If the scheme is sanctioned and all conditions precedent are fulfilled:	
Final date – date on which it will be announced that all conditions shall have been fulfilled, giving salient dates	Friday, 6 February 2009
Last day to trade in JCI shares (over the counter) for shareholders to be eligible to receive the scheme consideration	Friday, 13 February 2009
Record date by 17:00 on which shareholders must be recorded in the register in order to receive the scheme consideration	Friday, 20 February 2009
Operative date of the scheme, at the commencement of trading on	Monday, 23 February 2009
Certificated scheme participants will, provided that documents of title and duly signed surrender documents are received, be issued with R&E shares and, if applicable, the cash application proceeds, on or about the operative date.	Monday, 23 February 2009
Dematerialised scheme participants will, provided that their CSDPs register transfer of their scheme shares in favour of R&E, be issued with R&E shares and, if applicable, receive the cash application proceeds on or about the operative date	Monday, 23 February 2009
Termination of listing of JCI shares on the JSE from the commencement of trading	Tuesday, 24 February 2009
Listing of scheme consideration shares on the JSE **(note: the listing of such shares will be suspended immediately upon listing)**	Tuesday, 24 February 2009

These dates and times are subject to change. Any such change will be published on SENS and in the South African press. Any reference to time is a reference to South African time.

If a form of proxy is not received by the time and date shown above, it may be handed to the chairman of the scheme meeting up to 10 minutes before the commencement of the scheme meeting or any adjourned scheme meeting.

Shareholders on the South African register should note that as JCI is settling through Strate, settlement for trade takes place five business days after such trade. Therefore shareholders who acquire shares after Thursday, 8 January 2009 will not be eligible to vote at the scheme meeting.

If you wish to dematerialise your shares, please contact a CSDP or your stockbroker. It should be noted that you will only be able to dematerialise your shares on or prior to Friday, 13 February 2009.

DEFINITIONS AND INTERPRETATION

In this document (other than the section containing the scheme), unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

"Aconcagua"	Aconcagua 24 Share Block Company (Proprietary) Limited (Registration number 2000/010101/07), a private company incorporated in South Africa, and a wholly-owned subsidiary of JCI which owned the property situated at 28 Harrison Street, Johannesburg which property was mortgaged in favour of Investec in terms of the Investec loan agreement (**Annexure 1(A)**);
"AICPA"	American Institute of Certified Public Accountants;
"beneficial ownership"	in respect of a JCI share, the holding of both the beneficial interest contemplated in section 140A(1)(a) and the beneficial interest contemplated in section 140A(1)(b) of the Companies Act;
"Boschendal"	Boschendal (Proprietary) Limited (Registration number 2002/023534/07), a private company incorporated in South Africa;
"business day"	any day, other than a Saturday, Sunday or an official public holiday in South Africa;
"cash application"	scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant;
"certificated scheme members"	scheme members who hold certificated shares;
"certificated scheme participants"	scheme participants who hold certificated shares;
"certificated shareholders"	holders of certificated shares;
"certificated shares"	JCI shares which have not yet been dematerialised, and which are evidenced by share certificates or other physical documents of title;
"CGT"	Capital Gains Tax is defined within the Eighth Schedule to the Income Tax Act and applying the taxation of the disposal of certain capital items (assets) which generate either capital gains or losses;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of JCI;
"Code"	the Securities Regulation Code on Takeovers and Mergers established by the SRP in terms of section 440C of the Companies Act;
"common monetary area"	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
"companies" or "both companies"	JCI and R&E;
"Companies Act"	the Companies Act, 1973 (Act 61 of 1973), as amended;
"Competition Act"	the Competition Act, 1998 (Act 89 of 1998), as amended;
"Competition Authorities"	the Competition Commission, Competition Tribunal and/or Competition Appeal Court established in terms of the Competition Act;

"conditions precedent"	the conditions precedent to which the scheme is subject, as stated in paragraph 9 of the scheme;
"Court"	the High Court of South Africa (Witwatersrand Local Division), which is located at the High Court Building, Pritchard Street, Johannesburg;
"CSDP"	a Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act;
"dematerialised scheme members"	scheme members who are the beneficial holders of dematerialised shares;
"dematerialised scheme participants"	scheme participants who are the beneficial holders of dematerialised shares;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares which have been incorporated into the Strate system and which are no longer evidenced by documents of title;
"document"	this bound document, including the annexures hereto, attachments and forms;
"documents of title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to certificated shares acceptable to both JCI and R&E;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
"explanatory statement"	the explanatory statement *(pink)* required in terms of section 312(1)(a)(i) of the Companies Act contained in this document;
"form of proxy"	the form of proxy (*green*) for the scheme meeting attached to this document (for use only by certificated shareholders and dematerialised shareholders with "own name" registration);
"form of surrender"	the form of surrender *(yellow)* attached to this document (for use by certificated shareholders only);
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI (44.89%) and R&E (55.11%);
"former board of JCI"	the board of JCI prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;
"former board of R&E"	the board of R&E prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Motsehoa Brenda Madumise, Lunga Ncwana and Andrew Christoffel Nissen;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/0003209/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Gold Fields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Gold Fields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;

"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07), a private company incorporated in South Africa;
"Group NAV statements"	as the context requires, the JCI Group NAV statements and the R&E Group NAV statements;
"IFRS"	the International Financial Reporting Standards formulated by the International Auditing and Accounting Standards Board;
"Income Tax Act"	the Income tax Act, 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in **Annexure 1(A)**. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	fee raised by Investec in terms of the Investec Loan Agreement, the calculation of which is set out in **Annexure 1(B)**;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formerly known as Jaganda (Proprietary) Limited (Registration number 2004/000559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board"	the board of directors of JCI;
"JCI Group"	JCI and its subsidiaries from time to time;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI Group NAV statements"	the JCI Group NAV statements set out in **Annexure 13** at 31 March 2008 (**Annexure 13(A)**) and at 31 October 2008 (**Annexure 13(B)**), as the context may require;
"JCI shares"	ordinary shares of R0.01 cent each in the issued share capital of JCI;
"JLMC" or "Umbono"	John Louw McKnight (Pty) Limited (formerly Umbono Financial Advisory Services (Pty) Limited (Registration number 2004/034874/07), a private company incorporated in South Africa, appointed as forensic auditors to R&E on 27 October 2005;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"KPMG Inc"	KPMG Inc (Registration number 1999/021543/21), a company incorporated in South Africa;
"KPMG Services"	KPMG Services (Proprietary) Limited (Registration number 1999/012876/07), a private company incorporated in South Africa and appointed on 27 October 2005 by JCI to undertake a forensic investigation;

"last day to trade"	the last business day of the week in which the final condition precedent is fulfilled and which is the last day to trade shares in order to be recorded in the register on the scheme consideration record date, which date is expected to be 13 February 2009;
"last practicable date"	the last practicable date for finalising information for inclusion in this document, which date was Friday, 24 November 2008;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng circular"	the circular posted to JCI shareholders on 14 September 2006, relating to the Letseng disposal and the ratification by JCI shareholders of the Investec loan agreement;
"Letseng disposal"	the disposal by Letseng Holdings of its entire interest in the Letseng ordinary shares to Gem Diamond Mining of Africa Limited, the details of which were contained in the Letseng circular;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/0234466/07), a private company incorporated in South Africa;
"Lesotho"	the Kingdom of Lesotho;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, formerly a subsidiary of JCI;
"mediation agreement"	the mediation/arbitration agreement signed by JCI and R&E on 7 April 2006, as amended, appointing the mediators and setting out the terms and scope of their appointment;
"mediators"	Advocate S F Burger SC, Professor H E Wainer, CA(SA), and Mr C Nupen, appointed in terms of the mediation agreement. The curricula vitae of these persons are included in **Annexure 10**;
"MPRD Act"	the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002);
"Nasdaq"	Nasdaq National Market;
"NAV"	net asset value;
"operative date"	the fifth business day following the scheme consideration record date, such day being the date on which the scheme becomes operative, and which date is expected to be Monday, 23 February 2009;
"own name"	shareholders who have dematerialised their JCI shares and have instructed their CSDP to hold their JCI shares in their own name on the sub register (being the list of shareholders maintained by the CSDP and forming part of the company register);
"PWC"	PriceWaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company incorporated in South Africa;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E board"	the board of directors of R&E;
"R&E circular"	the circular and notice of general meeting dated 5 December 2008 to R&E shareholders relating to the proposed acquisition of 100% of JCI in terms of the scheme;
"R&E claims"	the claims by R&E against JCI summarised in **Annexure 4**;

"R&E Group"	R&E and its subsidiaries from time to time;
"R&E Group NAV statements"	the R&E Group net asset value statements set out in **Annexure 15** at 31 March 2008 (**Annexure 15(A)**) and at 31 October 2008 (**Annexure 15(B)**), as the context requires;
"R&E share"	an ordinary share of R0.01 in the share capital of R&E;
"RRL"	Randgold Resources Limited (Registration number 62686), a public company incorporated in Jersey, Channel Islands, the shares of which are listed on Nasdaq and the London Stock Exchange Group PLC;
"reconstituted board"	the JCI board and the R&E board, as the context requires, which was reconstituted on 24 August 2005;
"register"	the register of certificated shareholders maintained by JCI and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 91A and 101, respectively, of the Companies Act;
"Registrar"	as defined in section 1 of the Companies Act;
"restricted period"'	the period commencing six months prior to 23 April 2007, being the date of publication of the first cautionary announcement in respect of the scheme and ending on the last practicable date;
"SARS"	South African Revenue Service;
"scheme" or "scheme of arrangement"	the scheme of arrangement in terms of section 311 of the Companies Act proposed by R&E between JCI and its shareholders, other than R&E, set out in this document;
"scheme consideration"	the scheme consideration that will be received by a scheme participant for scheme shares held by such participant on the scheme consideration record date, being 1 new R&E share for every 95 scheme shares held. Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant. Paragraph 7.3.5 of the explanatory statement also sets out the rounding procedure that will be applied in respect of fractional entitlements;
"scheme consideration record date"	the time and date for scheme participants to be recorded in the register in order to receive the scheme consideration, being five business days after the last day to trade, which scheme consideration record date is expected to be 17:00 on Friday, 20 February 2009;
"scheme meeting"	the meeting of scheme members to be held at The Hilton Hotel, Rivonia Road, Sandton, on Monday, 19 January 2009, or any adjournment thereof, to consider and, if thought fit, approve the scheme;
"scheme members"	shareholders, other than R&E, recorded in the register as such on the voting record date, who are entitled to attend and vote at the scheme meeting;
"scheme participants"	shareholders, other than R&E, recorded in the register as such at 17:00 on the scheme consideration record date, and who are thus entitled to participate in the scheme and to receive the scheme consideration;
"scheme shares"	JCI shares held by scheme members on the voting record date and JCI shares held by scheme participants on the scheme consideration record date, as the context requires;

"SEC"	Securities and Exchange Commission of the United States of America;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"SENS"	the Securities Exchange News Service of the JSE;
"shareholders"	registered holders of JCI shares;
"shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"share settlement"	the scheme consideration, excluding cash received in terms of the cash application;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"SRP"	the Securities Regulation Panel established in terms of section 440B of the Companies Act;
"stockbroker"	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
"Strate"	Strate Limited (Registration number 1998/022242/06), a registered central securities depository in terms of the Securities Services Act;
"Strate system"	the clearing and settlement system managed by Strate for securities transactions to be settled and for transfer of ownership to be recorded electronically;
"trade"	the conclusion of a "transaction" as contemplated in the Securities Services Act;
"transfer secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
"VAT"	value-added tax levied in terms of the VAT Act;
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended;
"voting record date"	17:00 on Thursday, 15 January 2009, or 17:00 three business days preceding the date of any adjourned scheme meeting, being the latest time and date for shareholders to be recorded in the register as such in order to vote at the scheme meeting or, as the case may be, any adjourned scheme meeting; and
"VWAP"	Volume Weighted Average Price on the JSE.

IN THE HIGH COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION) **Case number: 2008/41798**

In the matter of the *ex parte* application of:

JCI Limited **Applicant**
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN THAT, in terms of an Order of Court dated 9 December 2008, the High Court of South Africa (Witwatersrand Local Division) ("**the Court**") has ordered that a meeting ("**scheme meeting**") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("**Companies Act**"), of the shareholders of the Applicant, other than Randgold & Exploration Company Limited ("R&E"), registered as such at 17:00 on Thursday, 15 January 2009 or, if this scheme meeting is adjourned at 17:00 three business days preceding the date of such adjourned meeting ("**scheme members**"), be convened under the chairmanship of Advocate Isaac Vincent Maleka SC, or failing him, Advocate Michael du Plessis van der Nest SC or, failing both of them, any other independent person approved for that purpose by the Court ("**chairman**"), at 14:00, on Monday, 19 January 2009 in The Hilton Hotel, Rivonia Road, Sandton, for the purpose of considering and, if deemed fit, of approving, with or without modification, a scheme of arrangement ("**scheme**") proposed by R&E between the Applicant and its shareholders, other than R&E, which scheme will be submitted to the scheme meeting; provided that the scheme meeting shall not be entitled to agree to any modification of the scheme which has the effect of diminishing the rights that are to accrue to scheme members in terms of the scheme.

The implementation of the scheme is subject to the fulfilment of the conditions precedent stated therein including, but not limited to, the sanction of the Court.

The basic characteristic of the scheme is that, upon its implementation, R&E will become the owner of all the issued shares of the Applicant and will thereby acquire control and ownership of the underlying assets and business of the Applicant. In terms of the scheme, each shareholder in the Applicant, other than R&E, will receive one ordinary share of R0.01 in the share capital of R&E ("scheme consideration") for every 95 ordinary shares of R0.01 each in the Applicant ("scheme shares") held by such shareholder on the scheme consideration record date of the scheme, which scheme consideration record date is expected to be Friday, 20 February 2009.

Each scheme member who holds certificated ordinary shares in the Applicant ("**certificated scheme member**") or who holds dematerialised ordinary shares in the Applicant through a Central Securities Depository Participant ("**CSDP**") or stockbroker and has own name registration ("**dematerialised own name scheme member**"), may attend, speak and vote, or abstain from voting in person at the scheme meeting or at any adjourned scheme meeting, or may appoint one or more proxies (who need not be shareholders of the Applicant) to attend, speak and vote, or abstain from voting at the scheme meeting or any adjournment thereof in the place of such certificated scheme member or dematerialised own name scheme member.

A form of proxy (green) for this purpose, for completion by certificated scheme members and dematerialised own name scheme members only, is included in the document of which this notice forms part which has been posted to all holders of shares in the Applicant, at their addresses as recorded in the register of members of the Applicant, registered as such at the close of business not more than five business days before the date of such posting and in respect of holders of dematerialised shares who are not dematerialised own name scheme members, at the addresses as notified by Strate to the Applicant's transfer secretaries at the close of business not more than five business days before the date of such posting as notified by Strate to the Applicant's transfer secretaries.

If more than one person is appointed on a single form of proxy, then only one of those proxies (in order of appointment) will be entitled to exercise that proxy. In the case of joint certificated scheme members and joint dematerialised own name scheme members, the vote of the senior certificated scheme member or

senior dematerialised own name scheme member (seniority will be determined by the order in which the names of the joint certificated scheme members or joint dematerialised own name scheme members stand in the Applicant's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote of the other joint certificated scheme member(s) or joint dematerialised own name scheme member(s).

Properly completed forms of proxy must be lodged with or posted to the transfer secretaries of the Applicant, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4 TU to be received by not later than 14:00 on Friday, 16 January 2009, or two business days preceding any adjourned scheme meeting, or handed to the chairman, not later than ten minutes before the time of commencement of the scheme meeting or any adjourned scheme meeting. Notwithstanding the foregoing, the chairman may approve, in the chairman's discretion, the use of any other form of proxy.

Each person who holds a beneficial interest in dematerialised ordinary shares in the Applicant and who is not a dematerialised own name scheme member ("**dematerialised scheme member**") may attend, speak and vote, or abstain from voting in person at the scheme meeting or adjourned scheme meeting only if such dematerialised scheme member informs its CSDP or stockbroker timeously of its intention to attend and vote, or abstain from voting at the scheme meeting or adjourned scheme meeting or be represented by proxy thereat in order for its CSDP or stockbroker to issue it with the necessary authorisation to do so or if such dematerialised scheme member provides its CSDP or stockbroker timeously with its voting instruction should such dematerialised scheme member not wish to attend the scheme meeting or adjourned scheme meeting in person in order for its CSDP or stockbroker to vote in accordance with its instruction at the scheme meeting or adjourned scheme meeting. The CSDP or stockbroker will then provide the transfer secretaries of the Applicant, Computershare Investor Services (Proprietary) Limited with forms of proxy in terms of each individual dematerialised scheme member's instruction.

In terms of the aforementioned order of Court, the chairman must report the results of the scheme meeting or adjourned scheme meeting to the Court on Tuesday, 27 January 2009, at 10:00 or so soon thereafter as Counsel may be heard. A copy of the chairman's report to the Court will be available to any scheme member on request, free of charge, at the registered office of the Applicant, 10 Benmore Road, Morningside, Sandton, 2196, during normal business hours at least seven calendar days prior to the date fixed by the Court for the chairman to report back to it.

Copies of this notice, the form of proxy to be used at the scheme meeting or any adjourned scheme meeting, the scheme, the explanatory statement in terms of section 312(1) of the Companies Act explaining the scheme and the Order of Court convening the scheme meeting, are included in the document sent to holders of shares in the Applicant and of which this notice forms part. Such documents may be inspected by shareholders of the Applicant and copies thereof obtained on request, free of charge, during normal business hours, at any time prior to the scheme meeting or any adjourned scheme meeting, at the registered office of the Applicant, 10 Benmore Road, Morningside, Sandton, 2196.

Isaac Vincent Maleka
Chairman of the scheme meeting

Taback and Associates (Proprietary) Limited
Corporate law advisers to the scheme
13 Eton Road
Parktown, 2193
Johannesburg

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

EXPLANATORY STATEMENT

In terms of section 312(1)(a)(i) of the Companies Act explaining the effect of the scheme of arrangement proposed by R&E between JCI and its shareholders and detailing the information required by section 312(1)(a)(i) of the Companies Act

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document, where required, have been used in this explanatory statement.

1. **INTRODUCTION**

1.1 This explanatory statement of JCI sets out the background to, reasons for and the effects and procedures of the scheme and does not constitute the scheme itself. The scheme *(blue)* is set out in full in the section commencing on page 34 of this document. For a full understanding of the detailed terms and conditions of the scheme, this document should be read in its entirety.

1.2 It was announced on SENS on 23 April 2007 that R&E would propose a scheme of arrangement between JCI and its shareholders which, if implemented, would result in R&E becoming the owner of the entire issued share capital of JCI and the listing of the JCI shares on the JSE being terminated. R&E would thereby obtain ownership and control of the underlying business and assets of JCI.

1.3 The purpose of this document is to provide shareholders, subject to the disclaimers contained throughout this document, and in accordance with partial exemptions and rulings provided by the JSE and SRP, with information pertinent to the scheme in accordance with the requirements of the Companies Act, the Code and the JSE.

1.4 The background leading up to the proposal of the scheme insofar as it concerns JCI shareholders is set out in paragraph 2 below. The rationale is set out in paragraph 5 below. Notwithstanding that the scheme is intended to provide a mechanism for obviating the present need for R&E and JCI to proceed with protracted and expensive litigation in respect of the R&E claims and the creation of a climate where R&E and JCI may in the fullness of time address the disputed claims constructively in the interests of both companies, as at the date of this document the companies remain in dispute. Paragraphs 2 and 5 below contain the JCI version of the background and rationale. **The claims asserted against JCI in the R&E circular and the supporting factual allegations are disputed by JCI. However in order to appreciate the R&E version of the background and rationale as distinct herefrom, JCI shareholders are referred to the R&E circular which is enclosed with this document for information purposes and which should be read in conjunction herewith. Preparation of the R&E circular is the responsibility of the R&E board. The directors of JCI expressly disclaim responsibility for the content thereof, except to the extent that such content has been quoted from documents published by or with the authority of the directors of JCI.**

2. **BACKGROUND**

2.1 At 31 March 2003, JCI held 12 635 225 shares in R&E representing a 23% shareholding in R&E and had a number of common board members with R&E. During the course of 2004, a number of media announcements placed in doubt whether R&E, through a wholly-owned subsidiary, continued to hold 18 million shares in Randgold Resources Limited ("RRL"). The former board of R&E was unable to reconcile the whereabouts of the RRL shares or provide answers to other queries in regard to listed investments or to identify the proceeds derived from sales of R&E's shares. These difficulties prevented R&E from being able to finalise its audited financial statements for the financial year ending 31 December 2004 and led to the suspension of its listing on the JSE on 1 August 2005 and the delisting from Nasdaq on 21 September 2005. The affairs of JCI were closely intertwined with the affairs of R&E and the former board of JCI was, in turn, unable to reconcile the whereabouts of certain assets with the result that JCI was also unable to finalise its audited financial statements for the financial year ended 31 March 2005 resulting in the suspension of its listing on the JSE on 1 August 2005. The listing of the shares of both companies on the JSE remains suspended at the date of this document. These developments occurred under the custodianship of the former boards of the companies.

2.2 Also during 2005, JCI was experiencing financial pressures which were exacerbated by the adverse publicity surrounding R&E. Due to the cash flow constraints which JCI was suffering it had approached Investec for loan finance in June 2005 and negotiation of a loan had reached an advanced stage by August 2005. One of the conditions applicable for the advancement to JCIIF of the Investec loan facility was the reconstitution of both boards with persons acceptable to Investec, as Investec was not prepared to entrust the administration of the funds under the loan facility while the former boards of JCI and R&E were in control of JCI or R&E or both. The Investec loan facility when granted enabled JCI to meet its immediate cash obligations and to continue its business. A summary of the Investec loan agreement appears in **Annexure 1(A).**

2.3 JCI convened a general meeting of its shareholders to be held on 29 September 2006 to pass certain shareholder resolutions in regard to the Investec loan facility, the purpose of which were to ratify the Investec Loan Agreement and pave the way for the Investec raising fee to be paid to Investec. On 22 September 2006, Letseng launched an urgent application to obtain an interdict restraining JCI from tabling the resolutions referred to above at the general meeting. The parties to the urgent application agreed that the general meeting should be postponed, resulting in an interim Order being granted by the Witwatersrand Local Division of the High Court on 27 November 2006, *inter alia,* interdicting and restraining JCI from tabling the resolutions at the postponed meeting of 29 September 2006 (to 30 November 2006), or any adjournment thereof and interdicting JCI and JCIIF from making any payments to Investec in respect of the Investec raising fee. The application was postponed to 24 April 2007. Since the commencement of these proceedings, the Investec loan facility has formed the subject matter of an application in terms of which Letseng is contending, *inter alia,* that the agreements giving rise to the Investec loan facility are invalid, the resultant effect of which is that JCI and JCIIF are not liable to Investec in respect of the Investec raising fee. The matter came before the Witwatersrand Local Division of the High Court in April 2007 which dismissed Letseng's application with costs on the basis that Letseng did not have the requisite *locus standi*. Letseng subsequently applied for leave to appeal to the Supreme Court of Appeal, which application for leave to appeal was granted. The appeal was argued on 25 and 26 August 2008 and judgement was granted to the effect that Letseng has such *locus standi*. Until such time as the litigation is finally resolved the directors of JCI are unable to quantify the amount which may be payable to Investec in terms of the Investec loan.

2.4 On 5 September 2005, Charles Orbach & Company, the then auditors of JCI and R&E, resigned and on 27 October 2005 KPMG Inc were appointed as auditors to both companies. By then it had become apparent that the financial affairs of both companies were in complete disarray and as a result JLMC and KPMG Services were mandated to conduct separate forensic investigations into R&E and JCI, respectively.

2.5 As the forensic audits progressed, it became evident that there had been extensive abuse and misappropriation of the assets of JCI and R&E while under the custodianship of their respective former boards. Numerous transactions, ostensibly on behalf of both companies, were conducted apparently through CMMS, seemingly without regard to the ownership of the assets which were the subject matter of the transactions in question. The principle of separate corporate identity appears to have been ignored in that JCI and R&E appear to have been treated as a single entity by

their respective former boards. On 1 November 2005, R&E announced the discovery of misappropriation of its assets. On 14 December 2005, R&E announced that the final forensic audit report had been delayed as a result of an unforeseen increase in the scope of the assignment and further indicated that the preliminary results would be published by the end of the first quarter of 2006. JCI issued a formal statement on 10 November 2005 indicating that the previously published audited financial statements for year ended 31 March 2004 of JCI did not correctly reflect the affairs of JCI and that material misappropriation of the assets had occurred. R&E received JLMC's initial forensic report on 14 March 2006 (a summary of which is set out in **Annexure 3**) and JCI received KPMG Services' initial forensic report on 8 May 2006. A summary of the KPMG Services updated forensic report insofar as it concerns the R&E claims and a summary of the full updated KPMG Services forensic report is set out in **Annexure 2**.

2.6 The forensic audits revealed the likelihood of significant misappropriation of assets. Based on the JLMC forensic report, R&E formulated various claims against JCI, which claims were announced on 12 September 2006. The R&E statement of claim was served on JCI on 3 August 2006 and was followed by JCI's statement of defence on 8 September 2006. A summary of the R&E claims is set out in **Annexure 4** and JCI's summarised statement of defence is set out in **Annexure 6**. JCI has to date not formally lodged claims against R&E, but has alleged a right of set-off in respect of some claims which have not been disputed. The right to claim set-off of these claims forms an integral part of JCI's defences to the R&E claims. In addition, R&E's directors have been informed that JCI might well formulate claims against R&E if necessary in finalisation of its defence. Counsel for both JCI and R&E have provided their opinions on the prospects regarding the disputed claims for each of the companies, set out in **Annexure 5** (R&E), and **Annexure 7** (JCI), respectively.

2.7 The reconstituted boards of JCI and R&E jointly decided that if the R&E claims were to proceed to litigation, the process would consume a significant portion of the respective companies' assets and would take some years to conclude. During all this period, the businesses of both the companies would not be able to advance, some of their respective assets would be placed in jeopardy, the managements of both companies would have no function, other than to prepare for litigation, and shareholders would receive little or no return on their investment in the companies while seeing the assets of the companies in which they were shareholders being used to fund a very costly dispute with an uncertain outcome. In addition, if the companies were in an adversarial situation, it would be virtually impossible to investigate the R&E claims separately because the records of both companies were indivisibly interlinked, particularly through the books of CMMS. Furthermore, the lifting of the suspended trading of the shares of both companies on the JSE would not be possible.

2.8 The boards of both companies therefore unanimously agreed, on 7 April 2006, to enter into the mediation agreement, in terms of which they agreed to cooperate fully with each other in investigating their respective claims and defences and to present their disputed claims to the independent mediators who, in turn, would make recommendations for a resolution of the dispute to the shareholders of both companies. The curricula vitae of the mediators are contained in **Annexure 10.** The boards of both companies agreed to present these recommendations to their respective shareholders, together with their own views thereon. In terms of the mediation agreement, should the shareholders of both companies in general meeting accept the recommendations, they would become binding, failing which the companies would enter into an arbitration phase before Advocate P A Solomon SC.

2.9 It should be noted that the companies experienced various difficulties during the second and third quarters of 2006, which included the liquidation applications by Trinity Asset Management (settled on 3 August 2006) and the resignation of Mr J C Lamprecht, the financial director of both companies, in May 2006. JCI and R&E subsequently appointed, respectively, Messrs L A Maxwell and M Steyn as financial directors during December 2006, *inter alia,* to manage the mediation process.

2.10 Each of the newly appointed financial directors afforded access to the other to financial and other documents and claims between the companies with the aim of achieving resolution to the disputes between the companies. The complexity of the issues and the basis on which the companies' assets were utilised for the benefit of various parties, made it extremely difficult to find common ground. In addition, it became clear that the NAV of JCI would become an inhibiting factor for the R&E claims. JCI's unaudited and unreviewed NAV was, during December 2006 and January 2007, estimated at between R1.4 billion and R1.8 billion. From this, it became clear to the directors of both companies that the only viable solution would be to propose a merger of the companies.

2.11 After the financial directors presented the notion of a merger to the mediators and their respective boards, the mediators issued an interim recommendation, released on SENS on 28 February 2007 in terms of which they recommended "that an overall settlement be pursued on the basis of a merger between the two companies". Their recommendation did not mention any specific merger ratio or compensation, but provided all parties with a practical solution. The mediators further encouraged the directors of the companies to engage major shareholders and determine the level of support for a merger. The inability to produce audited financial statements by JCI and R&E is one of a number of factors, in addition to the inherent factual and legal complexity and costs involved in resolving the dispute through arbitration, which led to the decision of JCI and R&E that it is in the best interest of shareholders that the company should merge as recommended by the mediators. The legacy of the fraudulent activities of the Kebble era renders it impossible for JCI and R&E to produce audited financial statements unless so heavily qualified as to be meaningless. Subsequent to discussions with larger shareholders on a confidential basis, a "shareholder update announcement" was published on 15 March 2007.

2.12 According to the provisional unaudited and unreviewed financial results of JCI (published on 7 April 2006 for the period ended 30 September 2005), the unaudited and unreviewed NAV of JCI was estimated at approximately R1.9 billion. At 28 February 2007, the unaudited and unreviewed NAV of JCI was estimated to amount to approximately R1.7 billion before taking into account the R&E claims, and the NAV of R&E was placed at approximately R0.45 billion, giving a projected post-merger NAV of the combined companies of approximately R2.15 billion. The mediators on 28 February 2007 made an interim recommendation that in their view a merger represented a pragmatic resolution to the impasse between R&E and JCI and that an imputed settlement of between R1.2 and R1.5 billion should be utilised as the starting point for purposes of determining an appropriate merger ratio. After considering the above factors, taking legal advice, and canvassing the views of major shareholders of both companies the boards of JCI and R&E separately determined that the proposed ratio of 1 R&E share for every 95 JCI shares is the appropriate ratio.

2.13 On 23 April 2007 JCI and R&E issued a joint announcement pursuant to the recommendation by the mediators, and following extensive discussions with the companies' larger shareholders, advising that their respective boards had each resolved to propose a merger of the companies in terms of which R&E would acquire all the shares in JCI on the basis of exchanging 1 R&E share for every 95 JCI shares, to be effected by way of a scheme of arrangement in terms of section 311 of the Companies Act.

2.14 It is to be emphasised that the merger proposals contained in this document are an initiative by the boards of JCI and R&E which was supported by the mediators in their preliminary recommendation.

2.15 Given the absence of audited financial information, the companies are unable to fulfil a number of the disclosure and compliance requirements of the JSE and SRP. Accordingly, they requested the JSE and SRP to grant dispensation from the requirement for the disclosure of audited information and certain disclosures related thereto. Given the multitudinous complexities surrounding both companies, obtaining the requisite rulings to enable the companies to put these proposals before shareholders took an extended period of time, during which the companies took the opportunity to explore alternative methods of resolving their difficulties in the event that the merger process was prevented by regulatory constraints.

2.17 On 8 July 2008 the Competition Tribunal granted approval of the merger of the companies.

2.18 On 22 July 2008 the companies jointly announced that they had signed a Memorandum of Understanding ("MOU") in terms of which they would endeavour to conclude a binding settlement agreement. This would achieve a similar result to the merger from a shareholder point of view, but would enable the companies to continue as independent entities.

2.19 On 26 August 2008 R&E unilaterally announced that the companies had been unable to achieve a settlement as envisaged in the MOU, that the companies had been unable to achieve a merger as announced on 23 April 2007, and that therefore the dispute would be referred to arbitration. R&E also announced that it was proceeding with litigation against a number of parties.

2.20 JCI responded to the above R&E announcement with an announcement on 27 August 2008 that in its view the mediation agreement still stood and that it would continue to engage with R&E to attempt to achieve the merger.

2.21 On Thursday, 4 December 2008 R&E announced that it had received approval from the JSE of its circular to shareholders. On Wednesday, 10 December 2008 JCI announced that it had received JSE and SRP approvals and had secured a Court order to convene the scheme meeting.

3. **COMPILATION OF APPROPRIATE INFORMATION AND COMPILATION OF RECOMMENDATIONS FOR SHAREHOLDERS**

3.1 The above background statement is by no means comprehensive, but is intended to give JCI shareholders an idea of how the companies came to be in the position in which they now find themselves, and the processes followed to resolve the problems for the benefit of shareholders. Given that the present directors of JCI and R&E were appointed after the occurrence of the misdeeds referred to they found themselves unable to provide audited financial statements. Accordingly application was made to the JSE and SRP for dispensation to provide NAV statements in lieu of audited financial information. Rulings on various aspects of such applications have been provided by the JSE and SRP, leading to the disclosures contained herein.

3.2 On 13 December 2007, both companies published NAV statements on SENS, giving information on the companies at 31 March 2007, and incorporating limited assurance reports from KPMG Inc. On 24 July 2008 R&E published on its website an information update to its shareholders, which included a Group NAV statement at 31 March 2008, and which again incorporated a limited assurance report from KPMG Inc. JCI, in turn, published a Group NAV statement at 31 March 2008 on SENS on 24 November 2008. The Group NAV statements are set out in **Annexures 13(A)** (JCI) and **15(A)** (R&E). The limited assurance reports by KPMG Inc are reproduced in **Annexures 14** and **16,** respectively. The purpose of the Group NAV statements is to provide shareholders of JCI and R&E with the best available information in the absence of audited financial statements to assist them to evaluate the current status of the companies and the financial impact of the proposed merger. **Annexures 13(B)** and **15(B)** contain, respectively, JCI Group and R&E Group unaudited NAV statements at 31 October 2008 for the purposes of providing more recent information to shareholders. Attention is drawn to the notes to **Annexures 13** and **15** which set out the limitations applicable to the Group NAV statements.

3.3 In order to provide shareholders with as much information as is practicable in a single document on the transactions effected by the former directors, summaries have been prepared of the forensic reports (**Annexures 2** (JCI) and **3** (R&E)). Copies of the full forensic reports are available at the respective registered offices of the companies. A summary of R&E's claims against JCI (**Annexure 4**), together with R&E's legal counsel's opinion thereon (**Annexure 5**) is provided. A summary of JCI's defences (**Annexure 6**), together with the opinion of its legal Counsel is provided (**Annexure 7**). Information on the litigation involving each of JCI and R&E in respect of third parties is provided (**Annexures 8** and **9**).

3.4 At the request of the SRP, Adv. Clive Cohen SC was retained as independent Counsel by the companies to provide a "*prima facie* assessment" of the R&E claims and certain of the significant third party claims between JCI, R&E and other entities. His opinion provides a succinct summary of the matters referred to in more detail throughout **Annexures 1** to **9** inclusive and is reproduced in **Annexure 12**.

3.5 In addition, application was made to the SRP for permission to engage the mediators to provide shareholders with their opinion on the merger, given that the mediators were independent, highly qualified and respected in their fields, and were already well-informed, having been provided with all available relevant information about the companies in terms of the mediation agreement. The SRP agreed to allow the recommendation of the mediators to be annexed to this document as the recommendation of appointed independent experts. Their *curricula vitae,* for information purposes, are set out in **Annexure 10**. The mediators provided an initial opinion in April 2008. In the light of the delays and, *inter alia*, legal proceedings instituted by R&E against various parties and considerable market volatility the mediators were requested to reconsider their opinion. The mediators revised their report, which is dated 3 November 2008. This report is contained in **Annexure 11.**

3.6 The expressed opinion of the mediators in their opinion report is that:

"our 14 April 2008 opinion remains of application, *viz:*

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

4. PROCESS SHOULD THE SCHEME NOT BE IMPLEMENTED

Should the scheme, as proposed herein, not proceed for any reason, the companies remain bound by the mediation agreement, subject to the companies reserving their rights regarding arbitration.

5. RATIONALE FOR THE SCHEME

5.1 The directors of JCI are unanimous in their view that the merger is the appropriate solution to the situation in which the companies find themselves. Should the scheme be implemented, the R&E claims against JCI will not be extinguished, but will not appear in the consolidated accounts of R&E. The companies will not be inhibited in any way following the implementation of the scheme from pursuing claims that they may have against third parties and they have indicated their intention to pursue any claims that are financially recoverable against third parties. The merger proposal allows the shareholders of both companies to participate in the combined assets of the companies which can be put to account in developing a properly focused business under a responsible and motivated management. The alternative is a continuation of already protracted negotiations, claims and counter-claims, with a consequent loss both of opportunity and of value leakage to the legal, advisory and investigative process.

5.2 The directors of R&E have informed the directors of JCI that they share the view that a merger is the appropriate solution to the situation. Accordingly, R&E is proposing a scheme of arrangement between JCI and its shareholders, other than R&E, in order to acquire ownership of and control over the entire issued share capital of JCI, with the ultimate purpose of acquiring ownership and control over the business and all the operating assets of the JCI Group.

5.3 The merger ratio of 95 JCI shares for 1 R&E share, when applied to the respective NAV's of the companies at 31 March 2007, was within the parameters of the solution supported by the mediators at the time of the first submission of the circulars of R&E and JCI to the JSE and SRP on 2 April 2008. Since then, however, the market turmoil has reduced the respective NAV's of the companies such that the share exchange ratio of 1 R&E share for every 95 JCI shares is no longer within the settlement figure of R1.2 to R1.5 billion recommended by the mediators (see **Annexures 13(B)** and **15(B)** for more recent NAV information).

5.4 Notwithstanding that the merger ratio is not at present within the mediators' upper and lower settlement figures, the directors of JCI and R&E, supported by the views of the mediators, are agreed that the ratio should remain as proposed for the reason that the mix of assets and liabilities in the respective NAV's of the companies has not altered to any significant extent since the date of determination of the merger ratio based on the position at 31 March 2007, and that the recent volatility in market prices cannot be a reliable indicator of long-term value. Additionally, the ratio was agreed after a long process of negotiation and consultation between a number of parties, including the major shareholders of both companies. The basic effect of the merger ratio is that following the implementation of the scheme, R&E shareholders will have an interest of approximately 77% and former JCI shareholders will have an interest of approximately 23% in R&E.

6. EXPLANATION OF THE SCHEME

6.1 The full text of the scheme is set out on pages 34 to 45 inclusive of this document, which pages are coloured blue.

6.2 If the conditions precedent to which the scheme is subject (which are set out in paragraph 8 below are fulfilled and the scheme accordingly becomes operative, then on the operative date:

6.2.1 scheme participants will be deemed to have disposed of all of their scheme shares free of any encumbrances to R&E;

6.2.2 in consideration for such disposal, each scheme participant will be entitled to receive the scheme consideration on the scheme consideration record date, rounded in accordance with the provisions of paragraph 7.3.5 below, or including the cash application proceeds if application is made;

6.2.3 JCI will procure:

- the transfer of the scheme shares to R&E on behalf of each scheme participant;
- registration of the certificated shares disposed of by the certificated scheme participants in the name of R&E or its nominee;

- receipt of the certificated scheme participants' documents of title for the certificated scheme participants' certificated shares; and
- the issue of R&E shares and, where applicable, payment of the cash application proceeds to scheme participants.

6.2.4 Only JCI will be entitled to:

- enforce the provisions of the scheme against R&E;
- enforce the rights of the scheme participants to receive the scheme consideration from R&E.

6.2.5 R&E will become the owner of 100% of the entire issued ordinary share capital of JCI.

7. PROCEDURE

7.1 The scheme meeting

7.1.1 The scheme will be put to the vote at the scheme meeting to be held at 14:00 at The Hilton Hotel, Rivonia Road, Sandton, 2146**,** on Monday, 19 January 2009, or at any adjournment thereof. The notice convening the scheme meeting is set out on pages 21 and 22 of this document.

7.1.2 Section 311 of the Companies Act requires that the scheme be agreed to by a majority representing not less than three-fourths of the votes exercisable by scheme members who are present and voting either in person or by proxy at the scheme.

7.1.3 Each certificated scheme member or dematerialised scheme member holding shares in such member's own name, who is registered on the voting record date, may attend, speak and vote, or abstain from voting at the scheme meeting in person or appoint a proxy (including the chairman of the scheme meeting) to represent such member at the scheme meeting.

7.1.4 Duly completed forms of proxy *(green)* must be received from each certificated scheme member or dematerialised scheme member holding shares in its own name by the transfer secretaries by no later than 14:00 on Friday, 16 January 2009. Forms of proxy may also be handed to the chairman of the scheme meeting not less than 10 minutes before the scheduled time for the commencement of the scheme meeting or any adjourned scheme meeting. Notwithstanding the foregoing, the chairman of the scheme meeting (or any adjourned scheme meeting) may approve, in the chairman's discretion, the use of any other form of proxy.

7.1.5 Scheme members who do not wish to support the scheme may attend the scheme meeting (or any adjourned scheme meeting) and will be given an opportunity to explain why they do not support the scheme.

7.1.6 Dematerialised scheme members who do not have own name registration must timeously give their voting instructions to their CSDP or stockbroker if they wish to attend the scheme meeting or submit a proxy. If a dematerialised scheme member wishes to attend the scheme meeting he must arrange with his CSDP or stockbroker to give him the requisite authority in writing to allow him to attend the scheme meeting or to appoint a proxy.

7.2 Court hearing

7.2.1 If the scheme is approved by the requisite majority of scheme members at the scheme meeting, application will be made to the Court to sanction the scheme at 10:00, or so soon thereafter as the matter may be heard, on Tuesday, 27 January 2009.

7.2.2 Certificated scheme members and dematerialised own name scheme members are entitled to attend the Court hearing to sanction the scheme in person, or to be represented by Counsel and to be heard concerning any objections they may have to the scheme.

7.2.3 Dematerialised scheme members who do not hold shares in their own name and who wish to attend and be heard at the Court hearing to sanction the scheme, or to appoint a proxy to represent them and be heard, must arrange with their CSDP or stockbroker to give them or their proxy authority in writing to do so.

7.2.4 If the Court sanctions the scheme, the Order of Court sanctioning the scheme will be lodged with the Registrar for registration. Upon the Order of Court sanctioning the scheme being registered and all conditions precedent having been fulfilled, (which is expected to occur on or before Thursday, 5 February 2009), the scheme will become binding, with effect from the operative date, on all scheme participants, including those who voted against the scheme or who did not attend or vote at the scheme meeting.

7.3 **Scheme consideration**

7.3.1 If the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration on the operative date in the manner set out in paragraph 6 of the scheme.

7.3.2 The income tax and CGT consequences of receiving the scheme consideration will vary according to the tax status and country of residence of scheme participants. Accordingly, scheme participants are encouraged to consult their own professional advisers as to the specific taxation consequences of receiving the scheme consideration.

7.3.3 If the scheme consideration is not sent to certificated scheme participants entitled thereto because the relevant documents of title have not been surrendered or, if having been sent, are returned undelivered, such scheme consideration will be held by JCI (or by a third party nominated by it for that purpose) until claimed by the relevant scheme participant; provided that should the scheme consideration remain unclaimed by the relevant scheme participant for a period of five years after the operative date, JCI shall be entitled to sell the R&E shares on the open market and to donate the proceeds net of costs to a charitable organisation of its choice.

7.3.4 Provided that certificated scheme participants shall have surrendered their documents of title, furnished duly signed surrender documents before 12:00 on Friday, 20 February 2009, in accordance with the instructions contained in the attached form of surrender *(yellow*), share certificates will be issued in respect of the relevant R&E ordinary shares and will, on or about the operative date, be posted to certificated scheme participants at their addresses recorded in the register, by registered post, at the risk of such scheme participants unless written instructions to the contrary are furnished in the attached form of surrender *(yellow)*.

7.3.5 Subject to the making of the cash application by scheme participants who are entitled to do so, where scheme participants hold a number of scheme shares that is not a multiple of 95, fractions of R&E shares will not be issued to them. The number of R&E shares to which each scheme participant is entitled will be rounded **down** to the nearest whole number if the scheme participant's holding involves a fraction that is less than 0.5 and will be rounded **up** to the nearest whole number if the scheme participant's holding involves a fraction of 0.5 or greater. It is to be noted that such rounding will only be applied once to each scheme participant, irrespective of the number of share accounts such scheme participant operates. A table of entitlements is set out in **Annexure 17**.

Scheme participants whose fractional entitlements will be rounded down as set out above will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out below, receive a cash payment of R16.19 per scheme participant.

Written application should be made giving the relevant scheme shareholder's full shareholding and registration particulars, and addressed to:

Mr R Pearcey
10 Benmore Road
Morningside
Sandton, 2196
(PO Box 11165, Johannesburg, 2000),

to be received by not later than 17:00 on the scheme consideration record date. The cash application proceeds will be posted to the registered address of the scheme shareholder concerned by ordinary mail within five days after the operative date for the scheme. Strate settlement procedures will not be used for settling the cash application proceeds.

7.3.6 Dematerialised scheme participants will be issued with R&E shares to which they are entitled in accordance with the custody agreements they signed with their CSDPs.

7.3.7 The rights of scheme participants to receive the scheme consideration will be rights enforceable by scheme participants against JCI only. Scheme participants will, if necessary, be entitled to require JCI to enforce its rights in terms of the scheme against R&E.

7.4 **Dematerialisation and surrender of documents of title**

7.4.1 If scheme members wish to dematerialise their JCI shares, they should contact a CSDP or their stockbroker. It should be noted that, subject to paragraph 7.4.5 below, shareholders will only be able to dematerialise their JCI shares on or prior to 12:00 on Friday, 13 February 2009.

Certificated scheme participants

7.4.2 Certificated scheme participants must surrender their documents of title in respect of all their scheme shares in order to be entitled to claim the scheme consideration. Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant.

7.4.3 Certificated scheme participants who wish to anticipate the implementation of the scheme and expedite receipt of the scheme consideration should complete the attached form of surrender (*yellow*) (for use by certificated shareholders only) and return same as soon as possible to the transfer secretaries together with their documents of title in accordance with the instructions contained in the form of surrender.

7.4.4 Alternatively, certificated scheme participants may wait until the scheme becomes operative, which is expected to be on Monday, 23 February 2009, and surrender their documents of title under cover of the completed form of surrender at that time. They will, however, not be able to participate in the cash application.

7.4.5 The attention of certificated scheme participants is drawn to the fact that if they surrender their documents of title in advance of the implementation of the scheme, they will not be in a position to dematerialise their documents of title or to deal in their scheme shares or otherwise between the date of surrender and the operative date.

7.4.6 Pending the scheme becoming operative, the transfer secretaries will hold documents of title surrendered by certificated scheme participants in anticipation of the scheme becoming operative, in trust. If the conditions precedent to the scheme are not fulfilled or waived, the transfer secretaries will, within five business days of the date upon which it becomes known that the scheme will not become operative, return the documents of title to the certificated scheme participants concerned, by ordinary mail, at the risk of such certificated scheme participants.

7.4.7 No receipts will be issued for documents of title surrendered unless specifically requested. Persons so requesting receipts are required to prepare special transaction receipts if required.

7.4.8 If documents of title have been lost or destroyed and the scheme participant produces evidence to this effect satisfactory to JCI and R&E, in their sole and absolute discretion, JCI may dispense with the surrender of documents of title requirements against provision of an acceptable indemnity, satisfactory to JCI and R&E, in their sole and absolute discretion, the cost of which indemnity will be borne by the certificated scheme participant concerned.

Dematerialised scheme participants

7.4.9 Dematerialised scheme participants do not have to surrender any documents of title. Should they wish to make the cash application and should they qualify for the cash application, they must inform their CSDP or stockbroker timeously in order to enable their CSDP or stockbroker to make the cash application.

8. **CONDITIONS PRECEDENT**

8.1 The scheme is subject to the following conditions precedent:

8.1.1 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), R&E shareholders shall have approved in general meeting the resolutions required to increase R&E's authorised share capital, place the unissued shares under the control of the directors for the purpose of implementing its obligations in terms of the scheme, and ratify R&E's acquisition of the scheme shares;

8.1.2 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the Registrar shall have registered the applicable special resolution approved by R&E shareholders required to increase its authorised share capital;

8.1.3 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the scheme shall have been agreed to by a majority representing not less than three-fourths of the votes exercisable by the scheme members present and voting, either in person or by proxy, at the scheme meeting or any adjournment thereof;

8.1.4 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the Court shall have sanctioned the scheme;

8.1.5 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), a certified copy of the Order of Court sanctioning the scheme shall have been registered by the Registrar in terms of the Companies Act;

8.1.6 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), any other regulatory approvals or consents necessary to implement the scheme shall have been obtained.

8.1.7 if ordinary resolution number 2 as set out in the notice of general meeting forming part of the R&E circular, shall have been passed, then by not later than the earlier of:

8.1.7.1 Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing); and

8.1.7.2 the date on which the last in time of the conditions precedent detailed in paragraphs 8.1.1 to 8.1.6 above to be fulfilled, is fulfilled,

the NAV of JCI as at 31 March 2008 (as set out in **Annexure 13(A)**), shall not have reduced by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI Group's investment in Jaganda (in liquidation) may have thereon; and

8.1.8 if ordinary resolution number 2 as set out in the notice of general meeting forming part of the R&E circular, shall have been passed, then by not later than the earlier of:

8.1.8.1 Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing); and

8.1.8.2 the date on which the last in time of the conditions precedent detailed in paragraphs 8.1.1 to 8.1.6 above to be fulfilled, is fulfilled,

the NAV of R&E as at 31 March 2008 (as set out in **Annexure 15(A)**), shall not have increased by more than 20%, excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon.

8.2 If any of the conditions precedent shall not have been fulfilled by the date specified in paragraph 8.1 above for its fulfilment, the scheme shall lapse and be of no force and effect.

8.3 JCI will release an announcement on SENS and publish a notice in the South African press to notify shareholders of the fulfilment, non-fulfilment or waiver of the conditions precedent referred to above.

9. **EFFECTS OF THE SCHEME AND INTENDED ACTIONS, POST THE IMPLEMENTATION OF THE SCHEME**

9.1 If the scheme becomes operative, each scheme participant, whether such scheme participant voted in favour of the scheme or not, will be deemed to have disposed of such scheme participant's scheme shares to R&E for the scheme consideration and will no longer be a shareholder in JCI. R&E will then own 100% of the issued share capital of JCI and will thereby acquire control and ownership of the underlying assets and business of JCI. The listing of JCI shares on the JSE will be terminated.

9.2 Subsequent to the scheme becoming operative, R&E will review its strategic alternatives, which may include the following:

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

9.3 It is presently intended that, subsequent to the scheme becoming operative, the new enlarged R&E Group will maintain the current strategies of the separate entities. The board of directors of the enlarged merged R&E Group will in shareholder meetings determine whether the majority of the assets in liquid form should be distributed to R&E shareholders or used as leverage to further develop other assets or acquire and invest in assets to grow the current portfolio.

9.4 R&E will continue pursuing its claims against third parties and where possible making recoveries against such parties;

9.5 The boards of R&E and JCI have agreed that the R&E board will immediately subsequent to the scheme becoming operative comprise:

- D C Kovarsky
- M Steyn
- D I de Bruin
- P H Gray
- L A Maxwell
- A C Nissen.

10. **NON-SOUTH AFRICAN SHAREHOLDERS**

10.1 As regards scheme participants resident in, or citizens of, jurisdictions outside of South Africa ("**overseas shareholders**"), the transaction contemplated by the scheme may be affected by the laws of the relevant jurisdictions. Such overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of the overseas shareholders to satisfy themselves as to the full observance of such laws including the obtaining of any governmental, Exchange Control or other consents which may be required or the compliance with any other necessary formalities which are required to be observed and the payment of any transfer or other taxes due in such jurisdictions.

10.2 Non-South African shareholders are referred to **Annexure 18** setting out applicable Exchange Control requirements.

11. **AUTHORS**

The authors of this explanatory statement are the JCI board assisted by Taback and Associates (Proprietary) Limited, Sasfin Capital, a division of Sasfin Bank Limited and Routledge Modise Inc. in association with Eversheds.

For and on behalf of

JCI Limited

Director

Johannesburg
10 December 2008

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG (suspended) ISIN: ZAE000008819
ADR ticker symbol: RNG
Nasdaq trading symbol: RANGY (delisted)

SCHEME OF ARRANGEMENT

In terms of section 311 of the Companies Act proposed by R&E between JCI and its shareholders

1. DEFINITIONS AND INTERPRETATION

In this scheme, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

"Aconcagua"	Aconcagua 24 Share Block Company (Proprietary) Limited (Registration number 2000/010101/07) a private company incorporated in South Africa, and a wholly-owned subsidiary of JCI which owned the property situated at 28 Harrison Street, Johannesburg which property was mortgaged in favour of Investec in terms of the Investec loan agreement (**Annexure 1(A)**);
"AICPA"	American Institute of Certified Public Accountants;
"beneficial ownership"	in respect of a JCI share, the holding of both the beneficial interest contemplated in section 140A(1)(a) and the beneficial interest contemplated in section 140A(1)(b) of the Companies Act;
"Boschendal"	Boschendal (Proprietary) Limited (Registration number 2002/023534/07), a private company incorporated in South Africa;
"business day"	any day, other than a Saturday, Sunday or an official public holiday in South Africa;
"cash application"	scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant;
"certificated scheme members"	scheme members who hold certificated shares;
"certificated scheme participants"	scheme participants who hold certificated shares;
"certificated shareholders"	holders of certificated shares;
"certificated shares"	JCI shares which have not yet been dematerialised and which are evidenced by share certificates or other physical documents of title;
"CGT"	Capital Gains Tax is defined within the Eighth Schedule to the Income Tax Act and applying the taxation of the disposal of certain capital items (assets) which generate either capital gains or losses;

"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of JCI;
"Code"	the Securities Regulation Code on Takeovers and Mergers established by the SRP in terms of section 440C of the Companies Act;
"common monetary area"	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
"companies" or "both companies"	JCI and R&E;
"Companies Act"	the Companies Act, 1973 (Act 61 of 1973), as amended;
"Competition Act"	the Competition Act, 1998 (Act 89 of 1998), as amended;
"Competition Authorities"	the Competition Commission, Competition Tribunal and/or Competition Appeal Court established in terms of the Competition Act;
"conditions precedent"	the conditions precedent to which the scheme is subject, as stated in paragraph 9 of the scheme;
"Court"	the High Court of South Africa (Witwatersrand Local Division), which is located at the High Court Building, Pritchard Street, Johannesburg;
"CSDP"	a Central Securities Depository Participant accepted as a participant in terms of the Securities Services Act;
"dematerialised scheme members"	scheme members who are the beneficial holders of dematerialised shares;
"dematerialised scheme participants"	scheme participants who are the beneficial holders of dematerialised shares;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares which have been incorporated into the Strate system and which are no longer evidenced by documents of title;
"document"	this bound document, including the annexures hereto, attachments and forms;
"documents of title"	share certificates, certified transfer deeds, balance receipts, or any other documents of title to certificated shares acceptable to both JCI and R&E;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
"explanatory statement"	the explanatory statement *(pink)* required in terms of section 312(1)(a)(i) of the Companies Act contained in this document;
"form of proxy"	the form of proxy (*green*) for the scheme meeting attached to this document (for use only by certificated shareholders and dematerialised shareholders with "own name" registration);
"form of surrender"	the form of surrender *(yellow)* attached to this document (for use by certificated shareholders only);
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI (44.89%) and R&E (55.11%);
"former board of JCI"	the board of JCI prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;

"former board of R&E"	the board of R&E prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Motsehoa Brenda Madumise, Lunga Ncwana and Andrew Christoffel Nissen;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/0003209/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Gold Fields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Gold Fields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07), a private company incorporated in South Africa;
"Group NAV statements"	as the context requires, the JCI Group NAV statements and the R&E Group NAV statements;
"IFRS"	the International Financial Reporting Standards formulated by the International Auditing and Accounting Standards Board;
"Income Tax Act"	the Income tax Act, 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in **Annexure 1(A)**. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	fee raised by Investec in terms of the Investec Loan Agreement, the calculation of which is set out in **Annexure 1(B)**;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formerly known as Jaganda (Proprietary) Limited (Registration number 2004/000559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board"	the board of directors of JCI;
"JCI Group"	JCI and its subsidiaries from time to time;
"JCI Group NAV statements"	the JCI Group NAV statements set out in **Annexure 13** at 31 March 2008 (**Annexure 13(A)**) and at 31 October 2008 (**Annexure 13(B)**), as the context may require;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;

"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI shares"	ordinary shares of R0.01 cent each in the issued share capital of JCI;
"JLMC" or "Umbono"	John Louw McKnight (Pty) Limited (formerly Umbono Financial Advisory Services (Pty) Limited (Registration number 2004/034874/07), a private company incorporated in South Africa, appointed as forensic auditors to R&E on 27 October 2005;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"KPMG Inc"	KPMG Inc (Registration number 1999/021543/21), a company incorporated in South Africa;
"KPMG Services"	KPMG Services (Proprietary) Limited (Registration number 1999/012876/07), a private company incorporated in South Africa and appointed on 27 October 2005 by JCI to undertake a forensic investigation;
"last day to trade"	the last business day of the week in which the final condition precedent is fulfilled and which is the last day to trade shares in order to be recorded in the register on the scheme consideration record date, which date is expected to be 13 February 2009;
"last practicable date"	the last practicable date for finalising information for inclusion in this document, which date was 24 November 2008;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng circular"	the circular posted to JCI shareholders on 14 September 2006, relating to the Letseng disposal and the ratification by JCI shareholders of the Investec loan agreement;
"Letseng disposal"	the disposal by Letseng Holdings of its entire interest in the Letseng ordinary shares to Gem Diamond Mining of Africa Limited, the details of which were contained in the Letseng circular;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/0234466/07), a private company incorporated in South Africa;
"Lesotho"	the Kingdom of Lesotho;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, a subsidiary of JCI;
"mediation agreement"	the mediation/arbitration agreement signed by JCI and R&E on 7 April 2006, as amended, appointing the mediators and setting out the terms and scope of their appointment;
"mediators"	Advocate S F Burger SC, Professor H E Wainer, CA(SA), and Mr C Nupen, appointed in terms of the mediation agreement. The curricula vitae of these persons are included in **Annexure 10**;
"MPRD Act"	the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002);
"Nasdaq"	Nasdaq National Market;
"NAV"	net asset value;

"operative date"	the fifth business day following the scheme consideration record date, such day being the date on which the scheme becomes operative, and which date is expected to be Monday, 23 February 2009;
"own name"	shareholders who have dematerialised their JCI shares and have instructed their CSDP to hold their JCI shares in their own name on the sub-register (being the list of shareholders maintained by the CSDP and forming part of the company register);
"PWC"	PricewaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company incorporated in South Africa;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E board"	the board of directors of R&E;
"R&E circular"	the circular and notice of general meeting dated 5 December 2008 to R&E shareholders relating to the proposed acquisition of 100% of JCI in terms of the scheme;
"R&E claims"	the claims by R&E against JCI summarised in **Annexure 4**;
"R&E Group"	R&E and its subsidiaries from time to time;
"R&E Group NAV statements"	the R&E Group net asset value statements set out in **Annexure 15** at 31 March 2008 (**Annexure 15(A)**) and at 31 October 2008 (**Annexure 15(B)**), as the context requires;
"R&E share"	an ordinary share of R0.01 in the share capital of R&E;
"RRL"	Randgold Resources Limited (Registration number 62686), a public company incorporated in Jersey, Channel Islands, the shares of which are listed on Nasdaq and the London Stock Exchange Group PLC;
"reconstituted board"	the JCI board and the R&E board, as the context requires, which was reconstituted on 24 August 2005;
"register"	the register of certificated shareholders maintained by JCI and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 91A and 101, respectively, of the Companies Act;
"Registrar"	as defined in section 1 of the Companies Act;
"restricted period"'	the period commencing six months prior to 23 April 2007, being the date of publication of the first cautionary announcement in respect of the scheme, and ending on the last practicable date;
"SARS"	South African Revenue Service;
"scheme" or "scheme of arrangement"	the scheme of arrangement in terms of section 311 of the Companies Act proposed by R&E between JCI and its shareholders, other than R&E, set out in this document;
"scheme consideration"	the scheme consideration that will be received by a scheme participant for scheme shares held by such participant on the scheme consideration record date, being 1 new R&E share for every 95 scheme shares held. Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they (or, if applicable, their CSDP or stockbroker) make written application as set out in such paragraph 7.3.5, receive a cash

	payment of R16.19 per scheme participant. Paragraph 7.3.5 of the explanatory statement also sets out the rounding procedure that will be applied in respect of fractional entitlements;
"scheme consideration record date"	the time and date for scheme participants to be recorded in the register in order to receive the scheme consideration, being five business days after the last day to trade, which scheme consideration record date is expected to be 17:00 on Friday, 20 February 2009;
"scheme meeting"	the meeting of scheme members to be held at The Hilton Hotel, Rivonia Road, Sandton, on 19 January 2009, or any adjournment thereof, to consider and, if thought fit, approve the scheme;
"scheme members"	shareholders, other than R&E, recorded in the register as such on the voting record date, who are entitled to attend and vote at the scheme meeting;
"scheme participants"	shareholders, other than R&E, recorded in the register as such at 17:00 on the scheme consideration record date, and who are thus entitled to participate in the scheme and to receive the scheme consideration;
"scheme shares"	JCI shares held by scheme members on the voting record date and JCI shares held by scheme participants on the scheme consideration record date, as the context requires;
"SEC"	Securities and Exchange Commission of the United States of America;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"SENS"	the Securities Exchange News Service of the JSE;
"shareholders"	registered holders of JCI shares;
"shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"share settlement"	the scheme consideration, excluding cash received in terms of the cash application;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"SRP"	the Securities Regulation Panel established in terms of section 440B of the Companies Act;
"stockbroker"	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
"Strate"	Strate Limited (Registration number 1998/022242/06), a registered central securities depository in terms of the Securities Services Act;
"Strate system"	the clearing and settlement system managed by Strate for securities transactions to be settled and for transfer of ownership to be recorded electronically;

"trade"	the conclusion of a "transaction" as contemplated in the Securities Services Act;
"transfer secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
"VAT"	value-added tax levied in terms of the VAT Act;
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended;
"voting record date"	17:00 on Thursday, 15 January 2009, or 17:00 three business days preceding the date of any adjourned scheme meeting, being the latest time and date for shareholders to be recorded in the register as such in order to vote at the scheme meeting or, as the case may be, any adjourned scheme meeting; and
"VWAP"	Volume Weighted Average Price on the JSE.

2. SHARE CAPITAL OF JCI

As at the last practicable date:

2.1 the authorised share capital of JCI was R27 000 000, divided into 2 700 000 000 ordinary shares of R0.01 each;

2.2 the issued share capital of JCI was R22 247 989.93 divided into 2 224 798 993 ordinary shares of R0.01;

2.3 subsidiaries of JCI held a total of 125 717 327 JCI shares and the JCI Share Incentive Trust held 76 397 800 JCI shares;

2.4 R&E held 265 935 854 JCI shares: and

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

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

Accordingly:

- the inclusion as part of the scheme shares of any of the shares which may subsequently be found to have been irregularly or invalidly allotted and issued; and
- the allotment and issue of R&E shares as the scheme consideration to scheme participants who are the holders of any shares which are subsequently found to have been irregularly or invalidly allotted and issued,

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

3. THE OBJECTIVE OF THE SCHEME

3.1 The directors of both JCI and R&E are unanimous in their view that the merger is the most appropriate solution to the situation in which the companies find themselves. Should the scheme be implemented, the R&E claims against JCI will not be extinguished, but will not appear in the consolidated accounts of R&E. The companies will not be inhibited in any way, following the implementation of the scheme, from pursuing claims either may have against third parties and they have indicated their intention to pursue any claims that are financially recoverable. The merger proposal allows the shareholders of both companies to participate in the combined assets of the companies which can be put to account in developing a mineral related business under a responsible and motivated management. The alternative is a continuation of already protracted negotiations, claims and counter-claims, with a consequent loss both of opportunity and of value leakage to the legal, advisory and investigative process.

3.2 Accordingly, the objective of the scheme is to procure that R&E acquires all of the scheme shares so as to constitute R&E as the owner of the entire issued share capital of JCI. R&E will thereby acquire control and ownership of the underlying assets and business of JCI and all of the JCI shares will be delisted from the JSE.

4. THE SCHEME

4.1 Subject to the scheme becoming operative, with effect from the operative date, scheme participants shall be deemed to have:

4.1.1 disposed of their scheme shares to R&E in exchange for the scheme consideration, and R&E will be deemed to have acquired ownership of the scheme shares in exchange for the delivery by R&E of the scheme consideration to JCI, as stated below;

4.1.2 authorised JCI (as principal), on R&E's instruction, to cause the scheme shares to be transferred and registered into the name of R&E or its nominees on or at any time after the operative date;

4.1.3 instructed JCI (as principal) but with the power to appoint agents, to collect from R&E and deliver the scheme consideration in respect of the scheme shares to scheme participants in accordance with the provisions of the scheme.

4.2 Upon the scheme becoming operative, certificated scheme participants will be obliged to surrender their documents of title to the transfer secretaries, under cover of the form of surrender (*yellow*) in order to receive the scheme consideration. No action regarding the surrender of documents of title is required from dematerialised scheme participants.

4.3 Should the scheme become operative, scheme participants will be entitled to receive the scheme consideration, from JCI only, in terms of paragraphs 5 and 6 below. JCI, as principal, will, subject to the provisions of paragraph 6 below, be obliged to surrender to R&E all the scheme shares in certificated or electronic form, and JCI will also be obliged, at the request of R&E, to transfer and register, or procure the transfer and registration of, the scheme shares in the name of R&E or its nominee.

4.4 R&E elects, and the scheme participants will be deemed to have elected that the share exchange constitutes an asset-for-share exchange as contemplated in section 42(1) of the Income Tax Act, such election being jointly made in terms of section 42(1)(c) of the said Act.

4.5 The allotment and issue of R&E shares in R&E and, where applicable, the payment of the cash application proceeds, in accordance with the terms of the scheme shall be the sole and exclusive manner of discharge by R&E of its obligations in respect of the scheme consideration subject to fractional entitlements described in paragraph 5 below.

4.6 The rights of the scheme participants to receive the scheme consideration will be rights enforceable by scheme participants against JCI only. Scheme participants will, in turn, be entitled to require JCI to enforce its rights in terms of the scheme against R&E.

4.7 JCI undertakes in favour of scheme participants to enforce all its rights in terms of the scheme against R&E.

4.8 With effect from the operative date, the transfer secretaries will irrevocably be deemed to be the attorney and agent *in rem suam* of all scheme participants to implement the transfer and registration referred to in paragraphs 4.1.2 and 4.3 above and to sign any instrument of transfer in respect thereof or any other documents required to implement the scheme.

4.9 Documents of title held by scheme participants in respect of the scheme shares will cease to be of any value and shall not be good for delivery from the operative date, other than for surrender in terms of paragraph 7 below.

4.10 Each dematerialised scheme participant irrevocably and *in rem suam* authorises JCI, with power of substitution, to instruct the dematerialised scheme participant's CSDP to cause the dematerialised scheme shares disposed of by the dematerialised scheme participant in terms of the scheme to be transferred in terms of section 91A(4)(a) of the Companies Act to R&E or its nominee in accordance with the requirements of the scheme, to do all such things and take all such steps as JCI in its discretion considers necessary in order to effect that transfer and to collect, or procure that the transfer secretaries, as agent for and on behalf of JCI, collect, the total scheme consideration from R&E for distribution to the relevant CSDPs.

4.11 If the scheme is agreed to by a majority representing not less than three-fourths of the votes exercisable by scheme members present and voting, either in person or by proxy, at the scheme meeting (or any adjournment thereof) and the conditions precedent (other than those relating to the sanctioning of the scheme and the registering by the Registrar of the Order of Court sanctioning the scheme) are fulfilled or waived, JCI will apply to the Court for an Order sanctioning the scheme.

4.12 A successful implementation of the scheme would result in:

4.12.1 R&E becoming the owner of the entire issued share capital of JCI, thereby obtaining control of the underlying business and assets of JCI;

4.12.2 the listing of JCI shares on the JSE (already suspended), being terminated;

4.12.3 the shareholders of each of R&E and the JCI scheme participants owning, respectively, approximately 77% and 23% of the post-merger R&E share capital.

5. THE SCHEME CONSIDERATION

If the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration, as follows:

5.1 One new R&E share for every 95 scheme shares will be allotted and issued to each scheme participant entitled thereto; provided that, where scheme participants hold a number of scheme shares that is not a multiple of 95, fractions of R&E shares will not be allocated to them. The number of R&E shares to which a scheme participant is entitled will be rounded **down** to the nearest whole number if the scheme participant's holding of scheme shares would result in a fraction that is less than 0.5 and will be rounded **up** to the nearest whole number if the scheme participant's holding of scheme shares would result in a fraction of 0.5 or greater. It is to be noted that such rounding will only be applied once to each scheme participant, irrespective of the number of share accounts such scheme participant operates.

5.2 Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant.

5.3 All of the issued ordinary shares in the issued ordinary share capital of R&E shall, subject to the R&E articles of association, rank *pari passu*.

6. SETTLEMENT OF THE SCHEME CONSIDERATION

6.1 In the case of certificated scheme participants who surrender their documents of title in accordance with the instructions contained in the form of surrender (*yellow*) prior to the operative date, share certificates in respect of R&E shares will be issued to, such participants, and will, on or about the operative date, be posted to such certificated scheme participants at their addresses recorded in the register, by normal post, at the risk of such scheme participants unless written instructions to the contrary are furnished in the attached form of surrender (*yellow*).

6.2 Dematerialised scheme participants will be issued with R&E shares in accordance with the custody agreements they signed with their CSDPs.

6.3 If on or subsequent to the operative date, a person who was not a registered holder of scheme shares on the scheme consideration record date tenders to the transfer secretaries documents of title together with a form of surrender purporting to have been executed by or on behalf of the registered holder of such scheme shares and provided that the scheme consideration shall not already have been posted or delivered by JCI (or its agent, the transfer secretaries) to the registered holder, such transfer shall be accepted by R&E and JCI as if it were a valid transfer to such person of the scheme shares concerned. The scheme consideration will be posted to such person in accordance with the provisions of this paragraph 6 within five business days of such tender, subject to proof satisfactory to R&E and JCI as to the payment of any stamp duty or uncertificated securities tax payable and provided that R&E and JCI are, if so required by either or both of them, given an indemnity on terms acceptable to them or either of them in respect of such transfer of the scheme consideration to such person.

7. SURRENDER OF DOCUMENTS OF TITLE BY CERTIFICATED SCHEME PARTICIPANTS

7.1 The provisions of this paragraph 7 do not apply to dematerialised scheme participants.

7.2 Certificated scheme participants must surrender their documents of title validly in order to claim the scheme consideration.

7.3 Certificated scheme participants who wish to anticipate the implementation of the scheme and expedite receipt of the scheme consideration should complete the attached form of surrender *(yellow)* and return it as soon as possible to the transfer secretaries together with their documents of title so as to be received by the transfer secretaries by 12:00 on Friday, 20 February 2009.

7.4 **The attention of certificated scheme participants is drawn to the fact that if they surrender their documents of title in advance of the implementation of the scheme, they will not be in a position to dematerialise their documents of title or to deal in their scheme shares over the counter or otherwise between the date of their surrender and the operative date**.

7.5 Pending the scheme becoming operative, the transfer secretaries will hold documents of title surrendered by certificated scheme participants in anticipation of the scheme becoming operative, on the basis set out in this paragraph 7.5. If the conditions precedent to the scheme are not fulfilled and a scheme participant concerned does not give different instructions, the transfer secretaries will within five business days of the date upon which it becomes known that the scheme will not become operative, return to such certificated scheme participant his documents of title, by ordinary mail, at the risk of such certificated scheme participant.

7.6 No receipts will be issued for documents of title surrendered unless specifically requested. Persons so requesting receipts are required to prepare special transaction receipts, if required.

7.7 If documents of title have been lost or destroyed and the certificated scheme participant produces evidence to this effect satisfactory to JCI and R&E, in their sole and absolute discretion, JCI may dispense with the surrender of documents of title requirements against provision of an acceptable indemnity, satisfactory to JCI and R&E, in their sole and absolute discretion, the cost of which indemnity will be borne by the certificated scheme participant concerned.

7.8 Documents of title issued prior to the operative date in respect of all JCI shares will cease to be of any value and of any validity, force or effect with effect from the operative date other than for the purposes of surrender in terms of the scheme.

7.9 Scheme participants who have elected to retain their documents of title should note that they need not now submit their documents of title for dematerialisation in order to be eligible to participate in the scheme.

8. PROCEDURE FOR ACCEPTANCE

8.1 In order to receive the scheme consideration, certificated scheme participants are required to complete and sign the attached form of surrender, in accordance with the instructions contained therein and lodge it with the transfer secretaries.

8.2 Scheme participants whose fractional entitlements will be rounded down as set out in paragraph 7.3.5 of the explanatory statement (pink) will, if they make written application as set out in such paragraph 7.3.5, receive a cash payment of R16.19 per scheme participant.

The duly completed attached form of surrender must be sent to the transfer secretaries, at one of the addresses below:

Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

Computershare Investor Services
(Proprietary) Limited
PO Box 61763
Marshalltown, 2107

or Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

8.3 Forms of surrender sent through the post are sent at the risk of the eligible scheme participant concerned.

8.4 Dematerialised scheme participants need take no action. The scheme consideration will be allocated to their CSDP and the scheme consideration to which they are entitled will thereupon be credited to the account held by their CSDP.

9. CONDITIONS PRECEDENT

9.1 The scheme is subject to the following conditions precedent:

9.1.1 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), R&E shareholders shall have approved in general meeting the resolutions required to increase R&E's authorised share capital, place the unissued shares under the control of the directors for the purpose of implementing its obligations in terms of the scheme, and ratify R&E's acquisition of the scheme shares;

9.1.2 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the Registrar shall have registered the applicable special resolution approved by R&E shareholders required to increase its authorised share capital;

9.1.3 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the scheme shall have been agreed to by a majority representing not less than three-fourths of the votes exercisable by the scheme members present and voting, either in person or by proxy, at the scheme meeting or any adjournment thereof;

9.1.4 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), the Court shall have sanctioned the scheme;

9.1.5 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), a certified copy of the Order of Court sanctioning the scheme shall have been registered by the Registrar in terms of the Companies Act;

9.1.6 by not later than Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing), any other regulatory approvals or consents necessary to implement the scheme shall have been obtained.

9.1.7 if ordinary resolution number 2 as set out in the notice of general meeting forming part of the R&E circular, shall have been passed, then by not later than the earlier of:

9.1.7.1 Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing); and

9.1.7.2 the date on which the last in time of the conditions precedent detailed in paragraphs 9.1.1 to 9.1.6 above to be fulfilled, is fulfilled,

the NAV of JCI as at 31 March 2008 (as set out in **Annexure 13(A)**), shall not have reduced by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI Group's investment in Jaganda (in liquidation) may have thereon; and

9.1.8 if ordinary resolution number 2 as set out in the notice of general meeting forming part of the R&E circular, shall have been passed, then by not later than the earlier of:

9.1.8.1 Tuesday, 31 March 2009 (or such later date up to Monday, 29 June 2009 as JCI and R&E may, prior to 31 March 2009, agree in writing); and

9.1.8.2 the date on which the last in time of the conditions precedent detailed in paragraphs 9.1.1 to 9.1.6 above to be fulfilled, is fulfilled,

the NAV of R&E as at 31 March 2008 (as set out in **Annexure 15(A)**), shall not have increased by more than 20%, excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon.

9.2 If any of the conditions precedent shall not have been fulfilled by the date specified in paragraph 9.1 above for its fulfilment, the scheme shall lapse and be of no force and effect.

9.3 JCI will release an announcement on SENS and publish a notice in the press to notify shareholders of fulfilment, non-fulfilment or waiver of the conditions precedent referred to above.

10. TERMINATION OF THE LISTING OF JCI SHARES ON THE JSE AND LISTING OF THE SCHEME CONSIDERATION SHARES

Subject to the fulfilment of the conditions precedent set out in paragraph 9 above and the scheme becoming operative, the JSE has granted approval for the termination of the listing of the scheme shares from the commencement of trading on the JSE on Tuesday, 24 February 2009. The JSE will be required to approve the listing of the R&E shares that form the scheme consideration with effect from the commencement of trading on Tuesday, 24 February 2009. The listing of such shares will, however, immediately be suspended in conjunction with the current suspension of listing of the existing issued R&E shares.

11. UNDERTAKINGS

Each of R&E and JCI agrees that upon the scheme becoming operative, it will give effect to the terms and conditions of the scheme insofar as they relate to it and it will sign and procure the signature of all documents and carry out and procure the carrying out of all acts, which are necessary to give effect to the scheme.

12. INSTRUCTIONS AND AUTHORITIES

12.1 JCI shall be entitled to accept and to act on all documents relating to the status and capacity of any scheme participant and shall be empowered to act on behalf of any scheme participant as if such documents had been registered with JCI.

12.2 Each mandate, instruction or authority in regard to the scheme shares recorded with JCI at the scheme consideration record date will be deemed, unless and until revoked, to be a mandate, instruction or authority to JCI and R&E in respect of any rights accruing in respect of the scheme consideration.

13. GENERAL

13.1 Subject to obtaining the prior written consent of R&E and subject to approval by the SRP, the JCI board may consent:

13.1.1 before or at the scheme meeting, at any time prior to the voting in respect of the scheme, to any amendment, variation or modification of the scheme; or

13.1.2 after the scheme meeting, to any amendment, variation or modification which the Court may deem fit to approve or impose,

provided that no amendment, variation or modification made may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme.

13.2 A certificate signed by a director of each of JCI and R&E stating that all the conditions precedent have been fulfilled and/or waived and that the scheme has become operative shall be binding on JCI, R&E, the scheme members and the scheme participants.

13.3 Each of JCI and R&E will pay their respective costs incurred in preparing, signing and carrying the scheme into effect and all matters incidental to it, including the payment of securities transfer tax on the transfer of the scheme shares.

13.4 JCI will be entitled, and will have the authority, on behalf of itself and each scheme participant, to authorise any person nominated by JCI to sign all documents required to carry the scheme into effect, including but not limited to proxies, changes of address and cessions of rights to dividends and other entitlements from JCI.

13.5 A copy of the Order of Court sanctioning the scheme, to which a copy of the scheme is attached, will constitute the contract regarding the entitlement of each scheme participant to the scheme consideration, which contract is required to be filed with the Registrar in terms of the Companies Act.

13.6 Upon the Order of Court sanctioning the scheme being registered by the Registrar and subject to the conditions precedent to which it is subject having been fulfilled or waived, the scheme will be binding on JCI, R&E, the scheme members and the scheme participants although the scheme will only become operative on the operative date.

All times referred to in the scheme are South African times and all times and dates referred to in the scheme are subject to change by agreement between JCI and R&E. Any such change will be published on SENS and in the South African press.

For and on behalf of

JCI Limited

Director

Johannesburg

10 December 2008

For and on behalf of

Randgold & Exploration Company Limited

Company Secretary

Johannesburg

9 December 2008

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG (suspended) ISIN: ZAE000008819
ADR ticker symbol: RNG
Nasdaq trading symbol: RANGY (delisted)

VALUATION STATEMENT

in terms of section 312(1)(a)(ii) of the Companies Act setting out relevant value information to shareholders

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document have been used in this valuation statement section.

1. INTRODUCTION

1.1 R&E wishes to acquire the entire issued share capital of JCI so as to constitute JCI as its wholly-owned subsidiary company. The mechanism by which this is to be achieved is through a scheme of arrangement proposed by R&E between JCI and the scheme participants in terms of section 311 of the Companies Act between JCI and its shareholders (excluding R&E).

1.2 If the scheme becomes operative, scheme participants will be entitled to receive the scheme consideration.

1.3 The background to and rationale for the scheme are set out in paragraphs 1 to 5 of the explanatory statement (pink) commencing on page 23 of this document.

1.4 The scheme consideration consists of 1 new R&E share for every 95 JCI shares. This will result in JCI becoming a wholly-owned subsidiary company of R&E and effectively merging the companies into one group. Accordingly, this valuation statement sets out the separate Group NAV statements of JCI and R&E and then of the merged group. The table in paragraph 7 below summarises the *pro forma* financial effects post the implementation of the scheme on NAV per JCI share held by a scheme participant.

2. FINANCIAL INFORMATION RELATING TO JCI

Financial information relating to JCI is set out in **Annexure 13** to this document. Such information consists of a JCI Group NAV statement at 31 March 2008 (**Annexure 13(A)**) prepared by the JCI board upon which KPMG Inc has issued a limited assurance report in respect of the JCI Group NAV, the text of which is set out in **Annexure 14**. This JCI Group NAV statement was published on SENS on 24 November 2008. The JSE and SRP have accepted the presentation of such JCI Group NAV statement for disclosure purposes, waiving the requirement for audited financial statements on the basis that JCI is unable to produce audited financial statements without the resolution of the R&E claims. This JCI Group NAV statement is the responsibility of the directors of JCI. Attention is drawn to the disclaimer by the directors of JCI contained in **Annexure 13(A)**. **Annexure 13(B)** sets out the JCI Group unaudited NAV statement at 31 October 2008, which is included in order to provide shareholders with more recent NAV information.

3. **JCI GROUP NAV STATEMENT**

3.1 The following statement summarises the JCI Group NAV statement as contained in **Annexure 13(A)**:

IT IS IMPORTANT TO NOTE THAT THE JCI GROUP NAV STATEMENT AT ANNEXURE 13(A) EXCLUDES ANY ACCRUAL FOR LIABILITY (ALTHOUGH NONE IS ADMITTED) ARISING FROM CLAIMS WHICH R&E MAY HAVE AGAINST JCI.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
ASSETS		
Listed investments	**1 705 101**	**1 979 915**
Goldfields	1 449 293	1 720 817
R&E	189 596	178 094
Other listed investments	64 205	81 004
Derivative instruments	2 007	–
Unlisted investments	**530 113**	**477 198**
Boschendal	160 988	127 043
Jaganda	284 302	283 755
Businesses held for sale	68 823	66 400
Loans	16 000	–
Prospecting rights	**62 528**	**246 421**
Prospecting rights – GFO transaction	–	182 315
Other prospecting rights	62 528	64 106
Other assets	**254 045**	**56 547**
Investment properties	30 498	6 100
Share of cash in associate	159 860	–
Cash and cash equivalents	63 687	50 447
TOTAL ASSETS	**2 551 787**	**2 760 081**
LIABILITIES		
Investec raising fee	(373 335)	(373 335)
Income tax payable	(12 371)	(76 093)
Deferred taxation	(20 066)	(46 287)
Trade and other payables	(147 068)	(175 979)
TOTAL LIABILITIES	**(552 840)**	**(671 694)**
NET ASSETS	**1 998 947**	**2 088 387**
	Number of shares	**Number of shares**
ISSUED SHARES		
Number of shares in issue	2 224 798 993	2 224 798 993
Treasury shares	(202 115 127)	(202 024 776)
Net shares in issue	**2 022 683 866**	**2 022 774 217**
Group NAV per share (cents)	98.83	103.24

1. All the above assets and liabilities are stated at fair values except Jaganda (Xelexwa) and the Investec raising fee on which the directors placed expedient values as explained in **Annexure 13(A)**.
2. In addition there are other imponderables which may result in the inclusion of additional assets or liabilities which could similarly materially affect the NAV per JCI share, such as a greater recovery against Jaganda (Xelexwa) than reflected herein or a reduction or increase of the Investec fee reflected herein.

3.2 At 31 October 2008 the NAV per JCI share using the same assumptions as those made in the JCI Group NAV statement in **Annexure 13(A)** and similarly excluding any amounts arising from the R&E claims but adjusting for the VWAPs of listed shares to 31 October 2008 was 50.54 cents per share.

3.3 The last traded price of a JCI share on the JSE on 18 August 2005, being the day prior to suspension of trade on the JSE was 16 cents.

4. INFORMATION ON R&E

4.1 R&E was incorporated in 1992 as a mining investment company. Its principal investment was in Randgold Resources Limited, a mining and exploration company listed on the London Stock Exchange and the Nasdaq National market.

R&E owns listed and other investments including a portfolio of prospecting rights. Its primary listing is on the JSE.

4.2 JCI shareholders are referred to the R&E circular enclosed with this document for further information on R&E.

5. FINANCIAL INFORMATION RELATING TO R&E

Financial information relating to R&E is set out in **Annexure 15** to this document. Such information consists of a Group NAV statement as at 31 March 2008 prepared by the R&E board (at **Annexure 15(A)**) and examined by KPMG Inc, as set out in a Limited Assurance Report, the text of which is set out in **Annexure 16**. This R&E Group NAV statement was published in the R&E circular enclosed with this document. **Annexure 15(B)** sets out the R&E Group unaudited NAV statement at 31 October 2008, which is included in order to provide shareholders with more recent NAV information. The JSE and SRP have accepted the presentation of the R&E Group NAV statements for disclosure purposes, waiving the requirement for audited financial statements on the basis that R&E is unable to produce audited financial statements. The R&E Group NAV statements are the responsibility of the directors of R&E. Attention is drawn to the disclaimer by the directors of R&E contained in the R&E Group NAV statements.

6. **R&E GROUP NAV STATEMENT**

6.1 The following statement summarises the R&E Group NAV statement as contained in **Annexure 15(A)**:

IT IS IMPORTANT TO NOTE THAT THE R&E GROUP NAV STATEMENT AT ANNEXURE 15(A) EXCLUDES ANY ACCRUAL ARISING FROM CLAIMS WHICH R&E MAY HAVE AGAINST JCI.

	At 31 March	
	2008 (R'000)	**2007 (R'000)**
ASSETS		
Listed investments	**329 074**	**355 071**
Goldfields	250 556	259 854
JCI	78 123	80 452
Other listed investments	395	14 765
Prospecting rights	**76 764**	**296 385**
Prospecting rights – GFO transaction	–	217 685
Other prospecting rights	76 764	78 700
Other assets	**283 448**	**67 474**
Loans receivable	73 969	46 374
Payment under settlement agreement	4 000	8 667
Cash and cash equivalents	205 479	12 433
TOTAL ASSETS	**689 286**	**718 930**
LIABILITIES		
Other liabilities	**(88 404)**	**(129 883)**
Provision for post-retirement medical benefit obligation	(32 984)	(34 317)
Income tax payable	(17 889)	(16 912)
Deferred taxation	(28 328)	(59 370)
Trade and other payables	(9 203)	(19 284)
TOTAL LIABILITIES	**(88 404)**	**(129 883)**
NET ASSETS	**600 882**	**589 047**
	Number of shares	**Number of shares**
ISSUED SHARES		
Number of shares in issue	74 813 128	74 813 128
Shares identified for possible cancellation	(2 943 087)	(2 943 087)
Net shares in issue	**71 870 041**	**71 870 041**
Net asset value per share (cents)	836.07	819.60

6.2 At 31 October 2008 the NAV per R&E share using the same assumptions as those made in the R&E Group NAV statement at Annexure 15(A) and similarly excluding any amounts which may arise from R&E's claims but adjusting for the VWAPs of listed shares to 31 October 2008 was 676.25 cents per share.

6.3 The last traded price of R&E shares on the JSE on 31 July 2005, being the day prior to suspension of trade on the JSE was R8.90.

7. UNAUDITED *PRO FORMA* NET ASSETS OF JCI AND R&E COMBINED

The following statement summarises the *pro forma* net assets and liabilities of R&E post the merger in terms of the scheme based on the NAV's for the R&E Group and the JCI Group given above, extracted from the Group NAV statements set out in **Annexures 13(A)** and **15(A)**, respectively:

	R&E 31 March 2008 (R'000)	JCI 31 March 2008 (R'000)	**Combined 31 March 2008 (R'000)**
Listed investments	**329 074**	**1 705 101**	**1 766 456**
Goldfields	250 556	1 449 293	1 699 849
R&E[1]	–	189 596	–
JCI[1]	78 123	–	–
Other listed	395	64 205	64 600
Derivative instruments	–	2 007	2 007
Long-term assets	**73 969**	**530 113**	**530 113**
Boschendal	–	160 988	160 988
Jaganda	–	284 302	284 302
Other long-term assets[2]	73 969	84 823	84 823
Prospecting rights	**76 764**	**62 528**	**139 292**
GFO prospecting rights	–	–	–
Other prospecting rights	76 764	62 528	139 292
Current assets	**209 479**	**254 045**	**463 524**
Investment properties	–	30 498	30 498
Outstanding settlement	4 000	–	4 000
Cash and cash equivalents	205 479	223 547	429 026
TOTAL ASSETS	**689 286**	**2 551 787**	**2 899 385**
TOTAL LIABILITIES	**(88 404)**	**(552 840)**	**(567 275)**
Investec – raising fee	–	(373 335)	(373 335)
Post-retirement provision	(32 984)	–	(32 984)
Taxation	(17 889)	(12 371)	(30 260)
Deferred taxation	(28 328)	(20 066)	(48 394)
Trade and other payables[2]	(9 203)	(147 068)	(82 302)
NET ASSETS	**600 882**	**1 998 947**	**2 332 110**
Shares in issue	74 813 128	2 224 798 993	**74 813 128**
Treasury shares	(2 943 087)	(202 115 127)	**(2 943 087)**
Net shares in issue	**71 870 041**	**2 022 683 866**	**71 870 041**
Shares issued in terms of the scheme			**20 619 612**
Additional treasury shares			**8 921 535**
Net shares in issue after scheme			**83 568 118**
Net asset value per share (cents)	836.07	98.83	**2 790.67**

Notes:

1. The amounts referred to in these line items are eliminated on combination. JCI and R&E hold shares in each other. JCI holds 8.3% of the R&E shares issued and R&E holds 12% of the JCI shares issued. These shares have been taken into account in determining the individual NAV's of JCI and R&E. Therefore the values of the companies are mutually dependent on each other.
2. The JCI Gold loan from FSD is eliminated on combination.
3. R&E has received tax advice from Senior Counsel to the effect that the combined group should not suffer adverse consequences as result of the merger and for that reason the combined NAV reflects no tax charges arising from the merger.
4. Should the proposed merger be implemented any recovery which R&E may achieve from litigation, including litigation against PWC (less all expenses incurred in so doing) will be shared between the combined shareholders of R&E and JCI in the combined entity, in the ratio of approximately 77% and 23%, respectively. This will apply equally to any recovery which JCI may achieve against Jaganda and to any saving which JCI may achieve in respect of the Investec raising fee, both of which will benefit the shareholders of R&E and JCI in the same proportions as mentioned above. Reference is made to the R&E and JCI litigation statements referred to in **Annexures 8** and **9**, respectively.

8. UNAUDITED *PRO FORMA* FINANCIAL EFFECTS

8.1 Based on the Group NAV statements set out in Annexures 13(A) and 15(A), respectively

The table below sets out the *pro forma* financial effects of the merger on the NAV and tangible NAV attributable to a JCI share held by a scheme shareholder. The unaudited pro forma financial effects are prepared for illustrative purposes only and due to their nature may not fairly present JCI's financial position. The pro forma financial effects are the responsibility of the directors of JCI and should be read in conjunction with the *pro forma* financial information, including the combined *pro forma* statement of assets and liabilities contained in paragraph 7 above.

This table has been prepared extracting the information set out in the JCI Group NAV statement set out in **Annexure 13(A)** for the purposes of the "Before the merger" column and the R&E Group NAV statement set out in **Annexure 15(A)**, which annexure is the sole responsibility of the R&E directors, subject to the qualifications and disclaimers set out therein.

	Before the merger	After the merger	Change after the merger
NAV per JCI share (cents)	98.83	29.38	(70.27%)
Net tangible asset value per JCI share (cents)	98.83	29.38	(70.27%)

Notes and assumptions:

1. The "Before the merger" column of the table is based on the JCI Group NAV statement set out in **Annexure 13(A)**. **It must be noted in this respect that such JCI Group NAV statement makes no provision for the R&E claims and the "Before the merger" column is misleading in that respect.**
2. The "After the merger" column of the table is calculated using the following assumptions:
   - the issue of the scheme consideration in terms of the scheme;
   - the R&E Group NAV statement set out in **Annexure 15(A)**; and
   - the elimination of any cross-holding and the FSD loan to JCI Gold.
3. The NAV and net tangible asset value were calculated on the assumption that the merger was effective at 31 March 2008.

8.2 Based on the JCI Group NAV statement set out in Annexure 13(A) and the R&E unaudited *pro forma* consolidated balance sheet set out in Annexure 9a to the R&E circular

The table below sets out the pro forma financial effects of the merger on the NAV and tangible NAV attributable to a JCI share held by a scheme shareholder. The unaudited pro forma financial effects are prepared for illustrative purposes only and due to their nature may not fairly present JCI's financial position. The *pro forma* financial effects are the responsibility of the directors of JCI and should be read in conjunction with the *pro forma* financial information, including the combined *pro forma* statement of assets and liabilities contained in paragraph 7 above.

This table has been prepared extracting the information set out in the JCI Group NAV statement set out in **Annexure 13(A)** for the purposes of the "Before the merger" column and that set out in **Annexure 9a** to the R&E circular, which annexure is the sole responsibility of the R&E directors, subject to the qualifications and disclaimers set out therein. **Annexure 9a** to the R&E circular was prepared by R&E for the purposes of compliance with the JSE Listings Requirements and rulings relating thereto by the JSE and is referred to herein for the purposes of providing information in this document that is consistent with the R&E circular.

	Before the merger	After the merger	Change after the merger
NAV per JCI share (cents)	98.83	26.57	(73.12%)
Net tangible asset value per JCI share (cents)	98.83	26.57	(73.12%)

Notes and assumptions:

1. The "Before the merger" column of the table is based on the JCI Group NAV statement as set out in **Annexure 13(A)**. **It must be noted in this respect that such JCI Group NAV statement makes no provision for the R&E claims and the "Before the merger" column is misleading in that respect.**
2. The "After the merger" column of the table is calculated using the following assumptions:
   - the issue of the scheme consideration in terms of the scheme;
   - the *pro forma* financial effects after the proposed transaction have been adjusted taking into account the effects of the acquisition by R&E of JCI, based on the NAV of JCI at 31 March 2008, adjusted in terms of the recognition and measurement requirements of IFRS based on the R&E directors' best estimate to reflect the acquired assets and

liabilities at fair value based on available information included in the JCI Group NAV Statement at 31 March 2008 (for which adjustments the JCI directors disclaim responsibility) and subject to the inhibiting factors referred thereto in **Annexure 13(A)**; and

- the elimination of any cross-holding and the FSD loan to JCI Gold.

4. The NAV and net tangible asset value were calculated on the assumption that the merger was effective at 31 March 2008.

9. SHARE CAPITAL OF JCI

At the last practicable date, the authorised and issued share capital and share premium account of JCI is set out below:

	R'000
Authorised share capital	
2 700 000 000 ordinary shares of R0.01 each	27 000
Issued share capital	
2 224 798 993 ordinary shares of R0.01 each	22 248

Notes:

1. Subsidiaries of JCI hold a total of 125 717 327 JCI shares.
2. The JCI Share Incentive Trust holds 76 397 800 shares.
3. R&E holds 265 935 854 JCI shares.

Refer to paragraph 11 below regarding irregular allotments.

10. SHARE CAPITAL OF R&E

At the last practicable date, the authorised and issued share capital of R&E is set out below:

	R'000
Authorised share capital	
75 000 000 ordinary shares of R0.01 each	750
Issued share capital[1]	
74 813 128 ordinary shares of R0.01 each	748

Note:

1. JCI and its subsidiaries hold 10 634 023 R&E shares.

Refer to paragraph 11 below regarding irregular allotments.

11. IRREGULAR OR INVALID ALLOTMENT OF SHARES AND RESERVATION OF RIGHTS

11.1 JCI and R&E are undertaking investigations into the basis upon which certain of their shares were allotted and issued with a view to determining whether or not such allotments and issues were valid. Dependent upon the outcome of such investigation and on legal advice obtained, they may take steps to declare void and accordingly set aside the allotment and issue of some or all of any of their shares which are found to be irregularly or invalidly allotted and issued, including, without limitation, applying for the rectification of their share registers.

11.2 Accordingly:

- the inclusion as part of the scheme shares of any of the shares which may subsequently be found to have been irregularly or invalidly allotted and issued; and
- the allotment and issue of R&E shares as the scheme consideration to scheme participants who are the holders of any shares which are subsequently found to have been irregularly or invalidly allotted and issued,

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

12. TAX IMPLICATIONS FOR SCHEME PARTICIPANTS

12.1 The disposal of the scheme shares will have taxation implications for scheme participants. The nature of the tax implications, whether related to Income Tax or CGT, will vary from one scheme participant to another. The jurisdiction in which the scheme participant resides may also have a bearing on the tax implications.

12.2 In light of the fact that the tax implications of accepting the offer are not set out herein, and insofar as the tax implications may vary from one scheme participant to another and from one jurisdiction to another, scheme participants are advised to seek professional advice as to their appropriate tax treatment.

13. OPINIONS AND RECOMMENDATIONS

13.1 The mediators have been appointed by the JCI board as independent advisers to advise the board on whether the terms and conditions of the scheme are fair and reasonable to the scheme participants. The mediators have considered the terms and conditions of the scheme and have expressed the following opinion:

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

13.2 The text of the opinion from the mediators is set out in **Annexure 11** to this document and should be read in its entirety in order to appreciate the opinion expressed above.

13.3 At the request of the SRP, Adv. Clive Cohen SC was retained as an independent Senior Counsel by the companies to provide a "*prima facie* assessment" of the R&E claims and certain of the significant third party claims between JCI, R&E and other entities. His opinion provides a succinct summary of the matters referred to in more detail throughout **Annexures 1** to **9** inclusive and is reproduced in **Annexure 12**.

13.4 The JCI board, after due evaluation of the terms of the scheme, prevailing circumstances and taking into account the opinion expressed by the mediators:

13.4.1 is unanimously of the opinion that the scheme is a practical solution for scheme participants; and

13.4.2 unanimously recommends that the scheme members vote in favour of the scheme.

13.5 The directors of JCI who are eligible to vote at the scheme meeting have indicated that they intend to vote all of their scheme shares in favour of the scheme.

14. INTENTIONS FOLLOWING THE MERGER

14.1 JCI was historically a mining investment company. JCI's main objective at present is to resolve the current impasse with R&E, in respect of which R&E has lodged claims against JCI in excess of R5 billion.

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

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

15. **MATERIAL EVENTS SUBSEQUENT TO PUBLICATION OF THE GROUP NAV STATEMENTS**

The material events for either companies subsequent to the publishing of the Group NAV statements on 24 November 2008 (JCI) and 5 December 2008 (R&E) are set out in **Annexures 13** and **15**.

16. R&E's signature has been sought to the section entitled "Valuation Statement" (commencing on page 47 of this document). R&E in appending its signature hereto does so on the basis that subject to the disclaimers which form the subject matter of the R&E circular which is enclosed with this document, the contents of paragraphs 4, 5, 6, 7, 8, 9 and 11 (insofar as they pertain to R&E) 13.2, 14.2 and 15, are accepted by it.

For and on behalf of

JCI Limited

Director

Johannesburg

10 December 2008

For and on behalf of

Randgold & Exploration Company Limited

Company Secretary

Johannesburg

9 December 2008

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG (suspended) ISIN: ZAE000008819
ADR ticker symbol: RNG
Nasdaq trading symbol: RANGY (delisted)

STATEMENT OF R&E and JCI DIRECTORS' INTERESTS in terms of section 312(1)(a)(iii) of the Companies Act

Incorporating disclosures regarding directors required by the JSE and SRP

The "definitions and interpretation" commencing on page 15 of this document, where required, have been used in this "Statement of R&E and JCI directors' interests".

Directors of JCI

P H Gray *(CEO)*
L A Maxwell *(Financial)*
A C Nissen *(Independent non-executive)*
P R S Thomas *(Independent non-executive chairman)*
H W Cochrane *(Independent non-executive)*

Directors of R&E

M Steyn *(Financial) (CEO)*
M B Madumise (Adv) *(Independent non-executive)*
D I de Bruin *(Independent non-executive)*
D C Kovarsky *(Independent non-executive chairman)*

1. DISCLOSURES REGARDING JCI DIRECTORS

1.1 Changes in directorate

The table below reflects the directorate changes that have taken place from the date the JCI board was reconstituted to the last practicable date:

Name	Designation	Appointment date	Resignation date
R B Kebble[1]	CEO	01.09.1997	24.08.2005
R B Kebble[1]	Non-executive	24.08.2005	27.09.2005
R A R Kebble	Non-executive Chairman	01.09.1997	24.08.2005
H C Buitendag	Financial	01.09.1997	24.08.2005
C H D Cornwall	Non-executive	13.02.2001	24.08.2005
J Stratton	Executive	02.04.1998	24.08.2005
P H Gray	CEO	24.08.2005	–
J C Lamprecht	Financial	24.08.2005	16.05.2006
D M Nurek	Non-executive Chairman	12.09.2005	09.07.2008
D E Jowell	Non-executive	12.09.2005	30.09.2007
P R S Thomas[2]	Non-executive Chairman	12.09.2005	–
A C Nissen	Non-executive	12.09.2005	–
L A Maxwell	Financial	13.12.2006	–
H W Cochrane	Non-executive	15.08.2008	–

Notes:

1. R B Kebble relinquished his position as CEO on 24 August 2005 and was appointed as a non-executive director on the same date. R B Kebble passed away on 27 September 2005.
2. P R S Thomas is also a non-executive director of Investec and a director of various other Investec companies. Mr Thomas has been chairman of JCI since 31 July 2008.

There are no service contracts between JCI and the non-executive directors. The service contract with the CEO contains normal terms and conditions of employment and, other than disclosed below has not been entered into or amended during the period beginning six months prior to the date of this document.

Mr P H Gray and Mr L A Maxwell are the only directors who have service contracts. In terms of the service contract entered into with Mr P H Gray on 17 August 2005, either party may terminate this contract by giving 90 days' notice of such intention to the other party after the first twelve months of the contract.

In terms of the service contract formalised with Mr L A Maxwell on 29 June 2007 to give effect to his appointment as financial director on 13 December 2006, either party may terminate this contract by giving 90 days' notice of such intention to the other party.

The service contracts with Mr P H Gray and Mr L A Maxwell are available to JCI shareholders for inspection.

At the date of this document, no candidates have been nominated or proposed as directors. Accordingly, no service contracts with any proposed directors have been entered into.

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

1.2 **Directors' emoluments**

In terms of his service contract, Mr P H Gray is entitled to receive an all-inclusive package of R1 600 000 which has subsequently been increased to R1 814 720 per annum, approved by the JCI board. The cost of all additional benefits shall be part of the all-inclusive package. In addition to the all-inclusive package, JCI may award an annual bonus based on the performance of Mr P H Gray. The remuneration package is reviewed on an annual basis.

In terms of his service contract, Mr L A Maxwell is entitled to receive an all-inclusive package of R1 980 000 per annum. The costs of all additional benefits form part of the all-inclusive package. In addition to the all-inclusive package, JCI may award an annual bonus based on the performance of Mr L A Maxwell. The remuneration package will be reviewed on an annual basis.

The JCI board has resolved that non-executive directors would be entitled to receive R200 000 per annum and that the chairman would receive R400 000 per annum. The necessary resolutions will be passed on a quarterly basis, confirming the actual amounts due to the non-executive directors.

JCI has not paid any management, consulting, technical or other fees for services rendered by directors, directly or indirectly, including payments to management companies, a part of which was then paid to a director for the period commencing 24 August 2005 and ending on the last practicable date.

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

1.3 **Directors' remuneration**

Remuneration payable to directors for the period 24 August 2005 to 28 February 2006 was as follows:

Director	Salary R	Bonus R	Sign-on incentive R	Directors' fees R	TOTAL R
D M Nurek	–	–	–	145 833	**145 833**
P H Gray*	933 333	133 333	3 508 333	–	**4 575 000**
J C Lamprecht*	700 000	100 000	7 851 120	–	**8 651 250**
D E Jowell	–	–	–	72 917	**72 917**
A C Nissen	–	–	–	72 917	**72 917**
P R S Thomas	–	–	–	72 917	**72 917**

*Executive directors

Remuneration payable to directors for the period 1 March 2006 to 28 February 2007 was as follows:

Director	Salary R	Bonus R	Retrench-ment R	Directors' fees R	TOTAL R
D M Nurek	–	–	–	350 000	**350 000**
P H Gray*	1 672 000	2 237 333	–	–	**3 909 333**
J C Lamprecht*	884 442	300 000	600 000	–	**1 784 442**
D E Jowell	–	–	–	175 000	**175 000**
A C Nissen	–	–	–	175 000	**175 000**
P R S Thomas	–	–	–	175 000	**175 000**

Remuneration payable to directors for the period 1 March 2007 to 29 February 2008 was as follows:

Director	Salary R	Bonus R	Directors' fees R	TOTAL R
D M Nurek	–	–	350 000	**350 000**
P H Gray*	1 804 827	1 814 719	–	**3 619 546**
L A Maxwell*	1 770 000	1 150 000	–	**2 920 000**
D E Jowell	–	–	131 250	**131 250**
A C Nissen	–	–	175 000	**175 000**
P R S Thomas	–	–	175 000	**175 000**

Remuneration payable to directors for the period 1 March 2008 to 31 October 2008 was as follows:

Director	Salary R	Bonus R	Directors' fees R	TOTAL R
D M Nurek	–	–	123 472	**123 472**
P H Gray*	1 306 063	3 750 000	–	**5 056 063**
L A Maxwell*	1 305 000	5 000 000	–	**6 305 000**
A C Nissen	–	–	122 222	**122 222**
H W Cochrane	–	–	40 972	**40 972**
P R S Thomas	–	–	166 667	**166 667**

* Executive directors

2. JCI AND ITS DIRECTORS' INTERESTS AND DEALINGS

2.1 Directors' interests in JCI shares

As at the last practicable date, Mr L A Maxwell holds 100 JCI shares directly. No other directors of JCI held any beneficial or non-beneficial interest, whether directly or indirectly, in JCI shares. Therefore there has been no change in the JCI directors' interests in JCI shares as at the last practicable date.

2.2 Directors' interests in transactions

None of the directors of JCI have any material direct or indirect beneficial interests in any transactions which were effected by JCI during:

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

2.3 **Interests of JCI and its directors in R&E shares**

Mr L A Maxwell holds 100 R&E shares directly. Other than disclosed in this paragraph, none of the other directors of JCI has any direct or indirect beneficial interest in the scheme.

No arrangements, agreements or understandings have been made between JCI and the directors of R&E in connection with the scheme.

3. DISCLOSURES REGARDING R&E DIRECTORS

3.1 **Changes in directorate**

The table below reflects the directorate changes that have taken place from the date the R&E board was reconstituted to the last practicable date:

Name	Designation	Appointment date	Resignation date
R B Kebble[1]	Chief Executive Officer	24/07/2003	24/08/2005
R A R Kebble	Non-Executive Chairman	05/03/1998	24/08/2005
H C Buitendag	Financial Director	01/03/2000	24/08/2005
M B Madumise	Independent Non-Executive Director	24/07/2003	–
L R Ncwana	Non-Executive Director	24/07/2003	24/08/2005
A C Nissen	Non-Executive Director	24/07/2003	01/04/2007
J C Lamprecht	Financial Director	24/08/2005	16/05/2006
P H Gray[2]	Chief Executive Officer	24/08/2005	11/07/2008
D M Nurek	Chairman	07/10/2005	09/07/2008
J Blersch	Independent Non-Executive Director	14/08/2006	09/03/2007
T G Dale	Independent Non-Executive Director	14/08/2006	09/03/2007
M Steyn	CEO and Financial Director	13/12/2006	–
D I de Bruin	Independent Non-Executive Director	01/04/2007	–
D C Kovarsky	Independent Non-Executive Director	05/12/2007	–

Notes:

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

There are no service contracts between R&E and its non-executive directors. The service contract with the CEO of R&E contains normal terms and conditions of employment and, other than disclosed below has not been entered into or amended during the period beginning six months prior to the date of this document.

R&E entered into a contract of engagement with Kronen Investments 96 (Pty) Limited ("the contractor") and Mr M Steyn, the financial director of R&E which was formalised 12 September 2007 effective from 1 November 2006, the date on which Mr M Steyn was appointed as an accountant of R&E and further that Mr M Steyn would serve as financial director with effect from 13 December 2006. The contract of engagement contains normal terms and conditions relative to such engagement contracts and other than as disclosed below has recently been formalised within the period beginning six months prior to the date of this document.

Mr M Steyn is the only director who has a contract of engagement. In terms of this contract, either party may terminate this contract by giving 90 days' notice in writing to the other party.

The contract of engagement with Mr M Steyn is available to shareholders for inspection.

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

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

3.2 **Directors' remuneration**

Remuneration payable to directors commencing the period 1 March 2007 to 29 February 2008 (or part thereof) was as follows:

Director	Salary R	Bonus R	Retrench-ment R	Directors' fees R	TOTAL R
D M Nurek	–	–	–	250 000	**250 000**
P H Gray*	1 388 600	1 399 200	–	–	**2 787 800**
M Steyn	1 530 000	1 150 000	–	–	**2 680 000**
J Blersch	–	–	–	37 500	**37 500**
T G Dale	–	–	–	37 500	**37 500**
M B Madumise	–	–	–	150 000	**150 000**
A C Nissen	–	–	–	37 500	**37 500**
D I de Bruin	–	–	–	112 500	**112 500**
D C Kovarsky	–	–	–	18 750	**18 750**

Remuneration payable to directors commencing the period 1 March 2008 to 31 October 2008 was as follows:

Director	Salary R	Bonus R	Retrench-ment R	Directors' fees R	TOTAL R
D M Nurek	–	–	–	125 000	**125 000**
P H Gray*	1 061 023	1 000 000	–	–	**2 061 023**
M Steyn*	1 490 000	–	–	–	**1 490 000**
M B Madumise	–	–	–	112 500	**112 500**
D I de Bruin	–	–	–	112 500	**112 500**
D C Kovarsky	–	–	–	137 500	**137 500**

* Executive directors

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

4.1 Directors' interests in R&E shares

As at the last practicable date, no directors of R&E held any beneficial or non-beneficial interest, whether directly or indirectly, in R&E shares. Therefore there has been no change in the R&E directors' interests in R&E shares as at the last practicable date.

4.2 Directors' interests in transactions

None of the R&E directors have any material direct or indirect beneficial interests in any transactions which were effected by R&E during:

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

4.3 Interests of R&E and its directors in JCI shares

None of the R&E directors hold any shares in JCI and none of the R&E directors has any direct or indirect beneficial interest in the proposed transaction.

5. **RECONSTITUTION OF THE BOARD OF THE MERGED ENTITY**

The boards of R&E and JCI have agreed that the R&E board will immediately subsequent to the scheme becoming operative comprise:

- D C Kovarsky
- M Steyn
- D I de Bruin
- P H Gray
- L A Maxwell
- A C Nissen

6. R&E's signature has been sought to the Section entitled "Statement of R&E and JCI directors' interests" (commencing on page 56 of this document). R&E in appending its signature hereto does so on the basis that subject to the disclaimers which form the subject matter of the R&E circular which is enclosed with this document, the introductory paragraph hereto and paragraphs 3 and 4 hereof are accepted by it.

For and on behalf of

JCI Limited

Director

Johannesburg

10 December 2008

For and on behalf of

Randgold & Exploration Company Limited

Company Secretary

Johannesburg

9 December 2008

JCI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681
("JCI")

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG (suspended) ISIN: ZAE000008819
ADR ticker symbol: RNG
Nasdaq trading symbol: RANGY (delisted)
("R&E")

ADDITIONAL INFORMATION REQUIRED BY THE JSE AND THE SRP

The definitions and interpretation contained in the section entitled "Definitions and interpretation" commencing on page 15 of this document have been used in this additional information section.

The following additional information is provided in accordance with the requirements of the JSE and the SRP:

1. **TERMINATION OF LISTING OF JCI SHARES ON THE JSE**

   Subject to the scheme becoming operative, the JSE has granted approval for the termination of the listing of JCI shares from the close of trading on the JSE on Tuesday, 24 February 2009.

2. **APPLICATION FOR LIFTING OF SUSPENSION OF R&E SHARES**

   Following the implementation of the scheme, the directors of R&E expect to be able to complete audited financial statements for R&E. Once such financial statements have been published, consideration will be given to the making of an application to the JSE for the removal of the suspension of trade in R&E shares. Following the successful implementation of the scheme, an announcement will be made regarding the timing of completion of audited financial statements and the expected date for the removal of the suspension of listing of R&E should such application be made.

3. **SHAREHOLDING OF R&E AND ITS DIRECTORS IN JCI**

   At the last practicable date:

   3.1 R&E held 265 935 854 JCI shares, representing 11.95% of JCI; and

   3.2 R&E's directors did not own any JCI shares, nor have any R&E directors owned any JCI shares in the six months prior to the first cautionary announcement published on 23 April 2007, in respect of the scheme.

4. **JCI DIRECTORS' INTERESTS IN JCI**

   Other than Mr L A Maxwell who holds 100 JCI shares directly, none of the other JCI directors hold shares in JCI.

5. **MAJOR SHAREHOLDERS**

At the last practicable date, the shareholders holding a beneficial interest in excess of 5% of the issued share capital of JCI were as follows:

Shareholder	Number of shares held	Percentage of issued share capital
R&E	265 935 854	11.95
Allan Gray Limited	228 970 628	10.29
Hawkhurst Investments Limited	212 165 628	9.54
Matodzi (including Witnigel Investments (Proprietary) Limited a wholly-owned subsidiary of Matodzi)	210 255 713	9.45
Letseng	177 455 684	7.98

6. **CONDITIONAL UNDERTAKINGS**

JCI has received no conditional undertakings to support the scheme.

7. **COSTS OF THE SCHEME**

Each of R&E and JCI will bear their own costs of and incidental to the scheme.

JCI estimates that its costs in respect of the scheme, including JSE and SRP documentation fees, printing and publishing costs and amounts payable to the reporting accountants, attorneys, corporate law advisers and the mediators, will amount to approximately R8 058 000 as follows:

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

8. **EXPERTS' CONSENTS**

All the advisers and the transfer secretaries to JCI have consented in writing to the inclusion of their names and reports in this document in the form and context in which they appear and have not withdrawn their consents prior to the publication of this document.

9. **CORPORATE ACTIONS BY JCI SINCE 31 MARCH 2008**

At the last practicable date, the following corporate actions by JCI have taken place since 31 March 2008, being the date of the JCI Group NAV statement set out in **Annexure 13(A)**:

9.1 On 13 August 2008 the JCI Group entered into a back to back transaction for the sale of 1 000 000 Gold Fields shares and the simultaneous purchase of single stock future for 1 000 000 Gold Fields shares. This was disclosed in **Annexure 13(A)**, note 3.2 on page 234 of this document. At the date of the transaction, the closing market price of Gold Fields shares on the JSE was 7 350 cents per share.

9.2 On 11 June 2008, in terms of a verbal agreement entered into with the Trinity Group, JCI disposed of its investment in Matodzi by means of a share exchange transaction, by exchanging the 211 590 595 Matodzi shares held by JCI for 1 679 289 R&E shares. At the date of the transaction, the closing market price of Matodzi shares on the JSE was 21 cents per share.

9.3 On 17 October 2008, in terms of a verbal agreement entered into with the Trinity Group, JCI entered a share exchange agreement with the Trinity Group where 155 000 Gold Fields shares were exchanged for 1 000 000 R&E shares. At the date of the transaction, the closing market price of Gold Fields shares on the JSE was 6 775 cents per share.

9.4 On 29 October 2008, JCI concluded a transaction with Mr Garry Fromentin, Lyons Property Solutions (Pty) Limited, Lyons Corporate Real Estate (Pty) Limited and Lyons Financial Solutions Holdings (Pty) Limited to acquire the remaining 30% stake in the Lyons group of companies for a purchase consideration of R1 000 000.

No other material events occurred subsequent to 31 March 2008 other than those disclosed elsewhere in the Group NAV Statements set out in **Annexures 13(A)** and **(B)**.

10. DIRECTORS' RESPONSIBILITY STATEMENTS

10.1 The current directors of JCI cannot provide any assurances as to the correctness of the historical facts and allegations and financial information contained in this document which relates to the period preceding the reconstitution of the board of JCI on 24 August 2005. Subject hereto, to the content of the Forward Looking Statement (which appears on page 1 of this document), and the further caveats contained herein, the current directors (whose names are specified on page 6 of this document), collectively and individually, accept full responsibility for the accuracy of the information furnished relating to the JCI group, and certify that to the best of their knowledge and belief, that there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this document contains as much of the information required in terms of the JSE Listings Requirements, the Code and the Companies Act, that JCI is able to furnish.

10.2 Similarly, the current directors of R&E cannot provide any assurances as to the correctness of the historical facts and allegations and financial information contained in this document which relates to the period preceding the reconstitution of the board of R&E on 24 August 2005. Subject hereto, to the content of the Forward Looking Statement (which appears on page 1 of this document), and the further caveats contained herein, the current directors (whose names are specified on page 7 of this document), collectively and individually, accept full responsibility for the accuracy of the information furnished relating to the R&E group as set out in paragraphs 4, 5, 6, 7, 8, 9, 10, 12 and 13 of the section headed "Scheme of Arrangement", paragraphs 4, 5, 6, 7, 8 and 11 (insofar as they pertain to R&E), 10, 13.2, 14.1 and 15 of the section headed "Valuation Statement", the introductory paragraph and paragraphs 3 and 4 to the section headed "Statement of R&E and JCI Directors' Interests" and paragraphs 2, 3, 7 and 11 (insofar as they relate to R&E) of the section headed "Additional Information required by the JSE and SRP", and certify that to the best of their knowledge and belief, that there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this document contains as much of the information required in terms of the JSE Listings Requirements, the Code and the Companies Act, that R&E is able to furnish.

11. LITIGATION

A statement of litigation presently in process in relation to JCI is set out in **Annexure 9**. A summary of R&E litigation including the R&E claims is set out in **Annexure 8**.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies of such documents, will be available for inspection at the registered office of JCI situated at 10 Benmore Road, Morningside, Sandton, 2196, during normal office hours from the issue date of this document, being Monday, 15 December 2008, up to and including the date on which the scheme is sanctioned by the Court, which is expected to be Tuesday, 27 January 2009:

12.1 a signed copy of this document;

12.2 the Order of Court convening the scheme meeting;

12.3 the last issued audited financial statements of R&E for the two financial years ended 31 December 2003;

12.4 the last issued audited financial statements of JCI for the two financial years ended 31 March 2004;

12.5 the full forensic report summarised in **Annexure 2**;

12.6 the Memorandum and Articles of Association of JCI;

12.7 the Memorandum and Articles of Association of R&E;

12.8 the valuation letters in respect of the Boschendal wine estate and the prospecting rights of JCI and R&E;

12.9 the Special Procedures Reports from KPMG Inc regarding the JCI and R&E Group NAV statements;

12.10 the signed letter from the mediators in their capacity as independent advisers to the respective boards of R&E and JCI regarding the scheme;

12.11 the undertakings referred to in paragraph 6 of this section of the document; and

12.12 a signed copy of the Report by Advocate Clive Cohen SC, the independent Counsel.

13. R&E's signature has been sought to the Section entitled "Additional information required by the JSE and the SRP" (commencing on page 62 of this document). R&E in appending its signature hereto does so on the basis that, subject to the disclaimers which form the subject matter of its circular which is annexed hereto, paragraphs 2, 3, 7 and 11 (insofar as they relate to R&E) are accepted by it. As far as paragraph 10 is concerned, JCI shareholders are referred to what is stated in Section 32 of R&E's circular (at page 54 thereof).

14. The board of JCI cannot provide any assurances as to the correctness of the information contained in this document in regard to R&E as such information has been furnished by the board of R&E and the board of JCI has accepted such information at face value.

For and on behalf of

JCI Limited

Director

Johannesburg

10 December 2008

For and on behalf of

Randgold & Exploration Company Limited

Company Secretary

Johannesburg

9 December 2008

ORDER OF COURT

IN THE HIGH COURT OF SOUTH AFRICA
(WITWATERSRAND LOCAL DIVISION)

Case No: 2008/41798

JOHANNESBURG, 09 DECEMBER 2008 **P/H No: 1022**

Before the Honourable Acting Judge Motloung

In the *ex parte* application of:

JCI LIMITED **Applicant**

Having read the documents filed of record and having considered the matter:

IT IS ORDERED THAT:

1. A meeting ("scheme meeting") in terms of section 311(1) of the Companies Act, 1973 (Act 61 of 1973), as amended ("Companies Act"), of the shareholders of the Applicant, other than Randgold & Exploration Company Limited ("R&E"), registered as such on the record date to vote at the scheme meeting, being Thursday, 15 January 2009 ("scheme members"), be convened by the chairman referred to in paragraph 2 ("chairman"), to be held on Monday, 19 January 2009, for the purpose of considering and, if deemed fit, agreeing, with or without modification, to the scheme of arrangement ("scheme") proposed by R&E between the Applicant and its shareholders (other than R&E), a copy of which is attached to the papers before the Court.

2. Advocate Isaac Vincent Maleka SC, or failing him, Advocate Michael du Plessis van der Nest SC or, failing both of them, any other independent person nominated for that purpose by this Court, be and is hereby appointed as chairman of the scheme meeting.

3. The chairman is authorised to:

   3.1 convene the scheme meeting;

   3.2 appoint one or more scrutineers for the purpose of the scheme meeting or any adjournment thereof;

   3.3 adjourn the scheme meeting from time to time if the chairman considers it necessary to do so;

   3.4 determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting or any adjournment thereof;

   3.5 determine the procedure to be followed at the scheme meeting and any adjournment thereof; and

   3.6 accept forms of proxy handed to the chairman by not later than 10 (ten) minutes before the scheme meeting is due to commence or recommence after any adjournment thereof.

4. The notice convening the scheme meeting, substantially in the form of the draft notice attached to the papers before the Court, be published once in each of "Business Day", an English language daily newspaper circulating nationally in urban centres in South Africa and "Beeld", an Afrikaans language daily newspaper circulating in Gauteng at least 14 calendar days before the date of the scheme meeting and in the Government Gazette, at least 10 calendar days before the date of the scheme meeting. The notice shall state:

   4.1 the time, date and venue of the scheme meeting;

   4.2 that the scheme meeting has been convened in terms of this Order to consider and, if deemed fit, agree, with or without modification, to the scheme;

4.3 that a copy of this Order, the scheme and the explanatory statement in terms of section 312(1) of the Companies Act ("explanatory statement") may be inspected during normal business hours at any time prior to the scheme meeting at the office of the Applicant, 10 Benmore Road, Morningside, Sandton, 2196;

4.4 that a copy of this Order, the scheme and the explanatory statement may be obtained free of charge on request during normal business hours by any scheme member at the place mentioned in paragraph 4.3.

5. Copies of:

5.1 the scheme and the explanatory statement, substantially in the form of the draft scheme and explanatory statement attached to the papers before the Court;

5.2 the notice convening the scheme meeting, substantially in the form of the draft notice attached to the papers before the Court;

5.3 the form of proxy to be used at the scheme meeting, substantially in the form of the draft proxy attached to the papers before the Court; and

5.4 this Order

be sent by the Applicant by pre-paid post at least 14 calendar days before the date of the scheme meeting to:

5.4.1 each shareholder of the Applicant whose name and address appears on the Applicant's register; and

5.4.2 each shareholder of the Applicant whose name and address appears on each of the Applicant's sub-registers (as administered by a Central Securities Depository Participant ("CSDP")) and whose name and address is identified to the transfer secretaries of the Applicant ("transfer secretaries") by Strate Limited ("Strate") after enquiry by the transfer secretaries (via Strate in terms of the statutory rules and regulations governing dematerialised shares) regarding such names and addresses,

at the close of business on a date not more than five business days before the date of such posting.

6. The identification of each such scheme member and such scheme member's address, referred to in paragraph 5, shall take place as at 17:00 on a day not more than five business days before the date of posting of the documents referred to in paragraph 5.

7. Evidence of:

7.1 the identification of the names and addresses referred to in paragraph 5, shall be proved by an affidavit deposed to by the transfer secretaries; and

7.2 the date of posting of the documents referred to in paragraph 5, shall be proved by an affidavit deposed to by the printers of the Applicant, duly supported by post office receipts.

8. A copy of each of the documents referred to in paragraph 5 shall lie for inspection at (and copies of these documents may be obtained by shareholders of the Applicant free of charge from) the place mentioned in paragraph 4.3, for at least 14 calendar days prior to the date of the scheme meeting or any adjournment thereof.

9. The chairman shall report the results of the scheme meeting to this Court on Tuesday, 27 January 2009, at 10:00 or so soon thereafter as Counsel may be heard.

10. The report required by this Court from the chairman shall give details of:

10.1 the number of shares in the Applicant held by all scheme members;

10.2 the number of scheme members present in person or by proxy at the scheme meeting and any adjournment thereof and the number of scheme shares held by them;

10.3 the number of scheme members represented by proxies at the scheme meeting and at any adjournment thereof and the number of scheme shares held by them together with information as to the numbers represented by the chairman in terms of proxies;

10.4 any proxies which shall have been disallowed;

10.5 all resolutions passed at the scheme meeting and any adjournment thereof, with particulars of the number of votes cast in favour of and against each such resolution and of any abstentions, indicating how many votes were cast by the chairman in terms of proxies;

10.6 all rulings made and directions given by the chairman at the scheme meeting and any adjournment thereof;

10.7 the relevant portions of documents and reports submitted to or tabled at the scheme meeting and any adjournment thereof, which bear on the merits or demerits of the scheme, including copies thereof;

10.8 the main points of any other proposals which were submitted to the scheme meeting and at any adjournment thereof.

11. The Applicant shall arrange to make available at the place mentioned in paragraph 4.3 (and the notice of the scheme meeting and any adjournment thereof which is published and/or sent to the scheme members shall include a statement that it will be so available) a copy of the chairman's report to this Court, free of charge, to any shareholder of the Applicant, on request, for at least seven calendar days prior to the date (or any extension of such date) fixed by this Court for the chairman to report back to it.

12. Any scheme member who holds certificated shares in the Applicant or dematerialised shares in the Applicant through a CSDP and has own name registration who wishes to vote by proxy at the scheme meeting should tender as his/her proxy, the form of proxy referred to in paragraph 5.3. The form of proxy must be completed and returned in accordance with the instructions therein, to the transfer secretaries, namely Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), or Capita Registrars, Proxies Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to be received by not later than two business days before the time at which the scheme meeting is due to commence or recommence. If a form of proxy for the scheme meeting is not received by the appropriate time set out above, it may be handed to the chairman not less than 10 minutes before the commencement of the scheme meeting (or adjournment thereof).

13. Any scheme member who holds dematerialised shares in the Applicant through a CSDP or stockbroker and does not have own name registration and who wishes to attend and vote at the scheme meeting, should timeously inform his/her CSDP or stockbroker of his/her intention to attend and vote at the scheme meeting or be represented by a proxy thereat in order for the CSDP or stockbroker to issue him/her with the necessary authorisation to do so or should he/she not wish to attend the scheme meeting in person, timeously provide his/her CSDP or stockbroker with his/her voting instructions in order for the CSDP or stockbroker to vote at the scheme meeting in accordance with such instructions.

By the Court

_____

Registrar

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681
(Suspended)
("JCI")

FORM OF PROXY – SCHEME MEETING

FOR USE ONLY BY SHAREHOLDERS WHO HAVE NOT DEMATERIALISED THEIR SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH "OWN NAME" REGISTRATION

For use by shareholders of JCI, registered as such at 17:00 on Thursday, 15 January 2009 ("**the scheme members**") at a meeting convened in terms of an Order of the High Court of South Africa (Witwatersrand Local Division), to be held at 14:00 at The Hilton Hotel, Rivonia Road, Sandton, 2196 on Monday, 19 January 2009 ("**the scheme meeting**").

*If you have dematerialised all of your ordinary shares with a Central Securities Depository Participant ("**CSDP**") or stockbroker and you do not own shares in "own name" dematerialised form, you must arrange with your CSDP or stockbroker to provide you with the necessary letter of representation to attend the scheme meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or stockbroker.*

I/We (please print names in full)

of (address)

being the holders of [ ] certificated ordinary shares or dematerialised ordinary shares with "own name" registration, do hereby appoint (see notes 1 and 2):

1. or failing him/her,

2. or failing him/her,

3. the chairman of the scheme meeting,

as my/our proxy to attend and speak on my/our behalf at the scheme meeting and at any adjournment thereof and, if deemed fit, approve (see note 4):

with modification†
without modification

(delete whichever is not applicable)

the scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("**the scheme**"), proposed by Randgold & Exploration Company Limited ("**R&E**") between JCI and its shareholders; and to vote for or against the scheme or abstain from voting in respect of the shares registered in my/our name/s in accordance with the following instructions (see note 3):

For the scheme	Number of votes*
Against the scheme	Number of votes*
Abstain from voting	Number of votes*

* One vote per share held by scheme members.

Signed at on 2008/9

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached where applicable – see note 9.

Assisted by me (where applicable)

Full name Capacity

Signature

† If a scheme member agrees that the scheme may be modified, the scheme member may, if he/she so desires, indicate the manner and extent of any such modification to which the proxy may agree on a separate form which must be lodged at or posted to the address stipulated in note 4, together with this form of proxy. In addition, please refer to the conditions stipulated in note 4.

Please read the notes on the reverse side hereof.

Notes:

1. Each scheme member is entitled to appoint one or more proxies (none of whom need be a shareholder of JCI) to attend, speak and vote in place of that scheme member at the scheme meeting and any adjournment thereof.
2. A scheme member may insert the name of a proxy or the names of two alternative proxies of the scheme member's choice in the space/s provided, with or without deleting "the chairman of the scheme meeting" but the scheme member must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the scheme meeting or any adjournment thereof will be entitled to act as proxy to the exclusion of those whose names follow.
3. A scheme member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the scheme member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the scheme meeting, if the chairman is the authorised proxy, to vote in favour of the scheme, or any other proxy to vote or abstain from voting at the scheme meeting as he/she or she deems fit, in respect of all the scheme member's votes exercisable at the scheme meeting.
4. If a scheme member agrees that the scheme may be modified, the scheme member may indicate the manner and the extent of such modification to which the proxy may agree on a separate sheet of paper which must be lodged with or posted to JCI's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107), or Capita Registrars, Proxies Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to be received by 14:00 Friday, 16 January 2009 or may be handed to the chairman of the scheme meeting not later than 10 minutes before the scheme meeting or any adjournment thereof is due to commence.

   It should be noted that, notwithstanding that a scheme member indicates that the scheme may not be modified, the chairman of the scheme meeting (if the chairman is the authorised proxy) or any other proxy shall nevertheless be entitled to agree to a modification of the scheme in terms of which the scheme consideration is increased.

   If a scheme member fails to indicate whether the scheme may be approved, with or without modification, or fails to indicate the manner and the extent of any modification to which the proxy may agree, such failure shall be deemed to authorise the chairman of the scheme meeting or any other proxy, to agree to the scheme, with or without modification as he/she deems fit, in respect of all the scheme member's votes exercisable at the scheme meeting.
5. Forms of proxy must be lodged with or posted to JCI's transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) or Capita Registrars, Proxies Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to be received by 14:00 on Friday, 16 January 2009 or may be handed to the chairman of the scheme meeting not later than 10 minutes before the scheme meeting or any adjournment thereof is due to commence.
6. The completion and lodging of this form of proxy will not preclude the relevant scheme member from attending the scheme meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such scheme member wish to do so.
7. The chairman of the scheme meeting may reject or accept any form of proxy which is completed and/or received, other than in accordance with these notes, provided that the chairman is satisfied as to the manner in which the scheme member concerned wishes to vote.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by JCI or its transfer secretaries or its attachment has been waived by the chairman of the scheme meeting.
10. Where this form of proxy is signed under power of attorney, such power of attorney must be attached to this form of proxy, unless it has previously been registered with JCI or its transfer secretaries or its attachment has been waived by the chairman of the scheme meeting.
11. Where shares are held jointly, all joint holders are required to sign the form of proxy.
12. His/Her parent or guardian must assist a minor, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of JCI.
13. Dematerialised shareholders who do not own JCI shares with "own name" registration and who wish to attend the scheme meeting or to vote by way of proxy, must contact their CSDP or stockbroker who will furnish them with the necessary authority to attend the scheme meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the shareholder and his/her CSDP or stockbroker.

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (suspended) ISIN: ZAE0000039681

RANDGOLD & EXPLORATION COMPANY LIMITED

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

FORM OF SURRENDER

Important notes concerning this form:

This form is only for use by those shareholders of JCI who have not yet dematerialised their shares in JCI.

If you as a shareholder of JCI have already dematerialised your shares you must not use this form. If you own shares in dematerialised form and you have not been contacted by your CSDP or stockbroker within a reasonable period of time, it is advisable that you make contact with your CSDP or stockbroker, so as to receive the scheme consideration in terms of the scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended, being proposed by R&E between JCI and its shareholders ("**the scheme**").

Full details of the scheme are contained in a document sent to shareholders of JCI, dated 15 December 2008 ("**document**"), to which document this form is attached and forms part. Accordingly, all definitions and terms used in this form shall, unless the context otherwise requires, have the corresponding meaning and interpretation contained in the sections entitled "Definitions and interpretation" commencing on page 15 of the document.

Instructions:

1. A separate form of surrender is required for each certificated shareholder.
2. Part 1A – must be completed by all certificated shareholders.
3. Part 1B – must be completed by those certificated shareholders who are emigrants from or non-residents of the common monetary area. See notes 1 and 2 overleaf.

To: **The transfer secretaries**

by hand

Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

by post

Computershare Investor Services
(Proprietary) Limited
PO Box 61763
Marshalltown, 2107

or Capita Registrars, Proxies Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Dear Sirs

I/We hereby surrender and enclose the share certificate/s, certified transfer deed/s and/or other documents of title, details of which are set out in Part 1A below, in respect of my/our holding of shares in JCI.

PART 1A – FORM OF SURRENDER

To be completed in BLOCK CAPITALS by all certificated shareholders.

This form of surrender should be completed and returned to the transfer secretaries by 12:00 on Friday, 20 February 2009.

Surname or Name of corporate body

First names (in full)

Title (Mr/Mrs/Miss/etc.)

Address to which the consideration should be sent (if different from registered address)

Postal code

Country Code and Telephone number ( )

Share certificates and/or other documents of title surrendered:

Name of registered shareholder (separate form for each shareholder)	Certificate number(s) (in numerical order)	Number of shares covered by each certificate
	Total shares	

PART 1B

To be completed in BLOCK CAPITALS by certificated shareholders who are emigrants from the common monetary area ("emigrants") and non-residents of the common monetary area (see notes 1 and 2 below).

The scheme consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the emigrant's blocked assets in terms of the Exchange Control Regulations as nominated below for its control and endorsed "non-resident".

Accordingly, certificated shareholder emigrants must provide the following information:

Name of authorised dealer

Account number

Address

If emigrants make no nomination above, the transfer secretaries will hold the scheme consideration in trust.

Non-residents: Must complete Part 1B if they wish the R&E shares forming the scheme consideration to be transferred into their names.

Signature of shareholder

Date 2008/9 Telephone number ( )

Signatories may be called upon for evidence of their authority or capacity to sign this form.

Notes:

1. Emigrants from the common monetary area must complete Part B.
2. All other non-residents of the common monetary area must complete Part C if they wish the scheme consideration to be posted to an authorised dealer in South Africa.
3. If Part C is not properly completed by emigrants, the scheme consideration will be held in trust by the transfer secretaries pending receipt of the necessary nomination or instruction.
4. If this form of surrender is returned with the relevant documents of title, it will be treated as a conditional surrender which is made subject to the scheme becoming operative. The transfer secretaries will hold documents of title surrendered in anticipation of the scheme becoming operative in trust until the scheme becomes operative. In the event that the scheme does not become operative for any reason whatsoever, the transfer secretaries will, within five business days after it becomes apparent that the scheme will not become operative, return the documents of title to the certificated shareholders concerned, by ordinary mail, at the risk of such shareholders.
5. The consideration will not be provided to shareholders unless and until documents of title in respect of the relevant JCI shares have been surrendered to the transfer secretaries.
6. If a shareholder produces evidence to the satisfaction of JCI and R&E that documents of title in respect of JCI shares have been lost or destroyed, R&E and JCI may waive the surrender of such documents of title against delivery of an indemnity in a form and on terms and conditions approved by them, or may in their discretion waive such indemnity.
7. If this form of surrender is not signed by the shareholder, the shareholder will be deemed to have irrevocably appointed the Company Secretary of JCI to implement the shareholder's obligations under the scheme on his/her behalf.
8. Persons who have acquired shares in JCI after 15 December 2008, being the date of posting of the document to which this form of surrender and transfer is attached and forms part, can obtain copies of the form of surrender and the document from Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107), South Africa or Capita Registrars, Proxies Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
9. No receipts will be issued for documents lodged, unless specifically requested. Persons requiring receipts are requested to prepare the required receipts.
10. Signatories may be called upon for evidence of their authority or capacity to sign this form.
11. Any alteration to this form of surrender must be signed in full and not initialled.
12. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by JCI or its transfer secretaries).
13. Where the shareholder is a company or a close corporation, unless it has already been registered with JCI or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender must be submitted if so requested by JCI.
14. Where there are joint holders of any shares, only that holder whose name stands first in the register in respect of such shares need sign this form of surrender.

SUMMARY OF THE INVESTEC LOAN AGREEMENT

1. **INTRODUCTION**

1.1 Investec granted a loan facility in August 2005 of up to R460 million to a newly formed special purpose vehicle, JCIIF, and Letseng. The facility enabled JCI to meet immediate cash flow requirements, restructure existing facilities, follow JCI's rights in terms of the WAL rights offer and to underwrite a portion of the WAL rights offer.

1.2 Amongst other purposes, the facility was used, *inter alia* to:

- Subscribe for 8 871 931 WAL shares in terms of the WAL rights offer;
- Underwrite 163 438 WAL shares in terms of the WAL rights offer;
- Refinance an equity-financing facility with SocGen, releasing 13 154 031 WAL shares, which had been pledged as security;
- Refinance an equity-financing facility with Barnard Jacob Mellet, releasing 2.9 million WAL shares, which had been pledged as security;
- Pay a judgement debt of R67 546 991 plus interest and costs relating to a claim against Kabusha, in respect of which JCI had bound itself as surety;
- Repay not more than R50 000 000 of JCI's loan account claim against JCIIF to JCI in order to enable JCI to repay and fully settle all of JCI's creditors and the creditors of JCI's subsidiaries as at 31 August 2005 as approved by the lender (including R15 000 000 owed by JCI to Investec in respect of tax liabilities); and
- repay not more than R15 000 000 of JCI's loan account claim against JCIIF to JCI in order to enable JCI to fund its own working costs and/or on-going operating costs as approved by Investec, but only if such funding was required by JCI and had been approved by Investec.

2. **ASSETS TRANSFERRED TO JCIIF**

The following assets were transferred to JCIIF in terms of the facility:

- All JCI's shares in and loan account claims of R35 485 837 against Letseng;
- 200 million unsecured, redeemable convertible participating "B" preference shares in Matodzi, subsequently "redeemed" into 200 million new Matodzi ordinary shares on 30 March 2006;
- 9 035 369 WAL shares received in terms of the WAL rights offer;
- R246 462 256 received from WAL as a repayment of the WAL underwriting loan as a consequence of the subscription of WAL shareholders of their entitlements in terms of the WAL rights offer;
- 13 154 031 WAL shares previously pledged to SocGen;
- 12 000 debentures in Kovacs Investments 608 (Proprietary) Limited and all rights relating to those debentures in respect of Boschendal;
- 357 374 000 redeemable preference shares in Jaganda;
- 6 510 045 WAL shares, which had been pledged to the IDC for a loan granted to Letseng; and
- The property portfolio of JCI and its subsidiary companies valued at R243.5 million.

3. **LETSENG HOLDINGS LOAN**

An amount of approximately R112 000 000 had been advanced by Investec to Letseng Holdings in terms of the Letseng loan agreement, which was subsequently paid by Letseng Holdings to JCIIF. JCIIF used the amount, to enable JCIIF to achieve the purposes disclosed paragraph 1.1 above.

4. **SECURITY**

4.1 The assets transferred to JCIIF, as well as JCI's (and all entities selling assets to JCIIF) shares in and loan account claims against JCIIF, and the loan account claims of all entities selling assets to JCIIF, were ceded and pledged to Investec as security for the facility. JCI and such entities bound themselves to Investec as guarantors for JCIIF in respect of its obligations in terms of the facility. In terms of the cessions and pledges to Investec, JCIIF shall be entitled to exercise all voting rights attaching to any shares comprising part of the ceded assets.

4.2 Investec is entitled, at any time and on notice to JCIIF, to exercise all voting rights (including the right to call a meeting of shareholders) attaching to any shares comprising part of the ceded assets and for that purpose Investec is entitled, in its discretion, to transfer such shares into its own name or the name of its nominee, as nominee of JCIIF. Notwithstanding the foregoing, as from the date on which JCIIF is deemed to be in breach of this agreement, Investec shall automatically be entitled to exercise all of the voting rights attaching to such shares in its own name.

4.3 Unless and until JCIIF is in breach of its obligations under the loan, Investec shall, notwithstanding the cession of the ceded rights, not be entitled to exercise any of the ceded rights other than the voting rights attaching to any shares comprising part of the ceded assets.

4.4 Investec is entitled, without reference to JCIIF (and all entities selling assets to JCIIF), to cede, delegate or assign all or any of its rights and/or obligations under the Investec loan agreement either absolutely or as collateral security to any third party.

4.5 Until such time as Investec notifies JCIIF (and all entities selling assets to JCIIF) that all of JCIIF's obligations, in terms of the loan agreement, have been fully and finally discharged, JCIIF (and all entities selling assets to JCIIF) have irrevocably undertaking in favour of Investec that all claims against JCIIF have been subordinated.

4.6 JCI has guaranteed any and all amounts which may be payable to Investec from time to time by JCIIF and Letseng Holdings.

5. **INTEREST AND CAPITAL REPAYMENTS**

5.1 Interest on the facility is charged at Investec's prime rate and payable on the last business day of the second calendar month after the calendar month in which the first draw down date falls and quarterly in arrears thereafter. Capital and interest is to be repaid from the proceeds of the sale of the JCIIF assets.

5.2 JCIIF is entitled to repay the facility early, subject to Investec's consent. The facility is to be repaid such as to ensure that the outstanding capital would be reduced to R460 million by 31 January 2006, R280 million by 28 February 2006 and R180 million by 31 March 2006, and, finally, in full by 30 April 2007 or any later date agreed between JCIIF and Investec.

5.3 In the event that JCIIF disposes of any of its assets, refinances any portion of the capital amount or receives any amount from or on behalf of any underlying company, whether by way of dividend, interest, return of capital, repayment of loan or otherwise (including any payment from Letseng Holdings in respect of JCIIF's loan claim against Letseng Holdings or otherwise), JCIIF must apply the full proceeds of such disposal, refinancing or amount received to effect a partial repayment of the capital outstanding to Investec in a manner approved by Investec or for such other purpose as may be approved by Investec in writing.

6. **PENALTY INTEREST**

Any amount falling due for payment by JCIIF to Investec in connection with this agreement, shall bear penalty interest, which shall accrue daily from the due date for payment thereof to the actual date of payment thereof or, in the case of amounts due by way of an indemnity or damages (whether liquidated or not), from the date upon which the relevant indemnified loss or damage is sustained to the date of actual payment thereof (both dates inclusive). Any damage and/or any indemnified loss arising from any breach of any warranty or representation as to a stipulated state of affairs as at any date shall be deemed to have been sustained on the date to which such stipulation relates. Such interest shall accrue at the Investec prime rate, plus 2%.

7. **INVESTEC RAISING FEE**

7.1 A raising fee is payable to Investec in respect of the Investec loan agreement, being the greater of:

- R50 million; or
- The aggregate of 30% of the increase in value of the JCIIF assets, whether realised or unrealised, and 10% of the increase in the price of approximately 2.2 billion JCI shares, up to, but not later than 18 months after the date on which the facility is repaid.

7.2 For the purpose of determining the increase in the value of the JCIIF's assets, as disclosed above:

- Each asset of JCIIF shall be ring-fenced for the purposes of calculating Investec's fee. To the extent that a loss is suffered on the disposal of one or more of JCIIF's assets, such loss shall not affect the calculation of the 30% of the increase in the value in respect of JCIIF's other assets; and
- the base cost of JCIIF's assets shall be deemed to be:
  - in respect of the interest in Letseng, the fair value thereof (being R225 000 000);
  - in respect of all WAL shares (excluding 5 500 000 WAL shares valued at R32), the value shall be RI8 per WAL share;
  - in respect of the interest in Matodzi, the value shall be R0.575 per Matodzi share;
  - in respect of the interest in Aconcagua, R50 000 000;
  - in respect of the property portfolio including Boschendal, the value shall be R190 million.

7.3 The increase of the value shall be the difference between the realised sale price (net of any and all brokers' commissions, stamp duties, marketable securities tax and/or any other similar tax and/or duty) of any of JCIIF's assets concerned (which, in the case of shares, shall include the value per share of all distributions made to the shareholders during the increase period, and shall take account of the deemed number of shares adjusted for share consolidations and/or share splits which shall have occurred during the increase period) and the base cost of such asset, as set out above. To the extent that any of JCIIF's assets remain unsold at the date on which the increase in the value is to be determined:

- any share listed on the JSE shall be valued at the thirty-day weighted average traded price in respect of that share, as determined at the close of the market on the value date, and shall include the value per share of all distributions made to the shareholders during the increase period and shall take account of the deemed number of shares adjusted for share consolidations and/or share splits which shall have occurred during the increase period; and
- in respect of any other unrealised asset, such unrealised asset shall be valued at its fair market value as agreed between JCIIF and Investec in writing or determined by an expert.

7.4 For the purposes of determining the increase in the share price of the 2 218 476 730 JCI ordinary shares, the base cost of such JCI ordinary shares shall be deemed to be R0.16 per share. The increase in the price of such JCI ordinary shares shall be determined using the thirty day weighted average traded price in respect of that share, as determined at the close of the market on the value date, and shall include the value per share of all distributions made to the shareholders during the increase period, and shall take account of the deemed number of shares adjusted for share consolidations and/or share splits which shall have occurred during the increase period.

7.5 To the extent that the Investec fee has been paid in full, Investec shall give Letseng a 20% rebate of the fee payable by Letseng to Investec in respect of the mandate granted by the Letseng shareholders to the lender dated 13 May 2005. Similarly, to the extent that Letseng pays such fee to Investec in full in accordance with the provisions of such mandate, Investec shall grant JCIIF a rebate against the Investec fee in an amount equal to 20% of such other fee.

7.6 Shareholders' attention is drawn to paragraph 3.6 contained on pages 14 and 15 of the Letseng circular, which sets out the mechanism for calculating the Investec raising fee. The Investec raising fee is payable on the repayment date and is calculated for the period commencing on 16 August 2005 and terminating on the repayment date or such later date as Investec may determine in its sole discretion. Such later date shall not be later than 12 months after the repayment date (in the event that the repayment date is 30 April 2007) or 18 months after the repayment date (in the event that the repayment date is 30 October 2007) and Investec has determined the repayment date as 8 May 2007.

Accordingly, the Investec raising fee has been calculated as at 8 May 2007 and this calculation is set out in the **Annexure 1(B)**. The calculation set out in **Annexure 1(B)** is a *pro forma* calculation. Since agreement has not yet been reached between JCIIF and Investec on the value to be attributed to certain of JCIIF's unsold assets being Boschendal, Jaganda, R&E ordinary shares and JCI ordinary shares, the calculation of the fee in respect of the aforesaid unsold assets has been undertaken on the basis of various assumptions (which may not be correct), and does therefore not represent an accurate calculation of the amount of the Investec raising fee, which is dependent upon the final valuation to be determined in terms of paragraph 7.3 above. It is therefore emphasised that the amount of the Investec raising fee reflected in **Annexure 1(B)** is simply an estimate, based on assumptions which may prove to be incorrect.

The aggregate of the capital sums advanced by Investec to the JCI group to date is in excess of R1.1 billion.

After concluding the Investec loan agreement, additional funding was required by JCI and certain assets held in JCIIF were required to be transferred to or secured in favour of third parties. As a result, the following additional assets were transferred into JCIIF and will be taken into account in determining the Investec raising fee:

- 3 828 000 WAL shares;
- 20 386 223 Simmer and Jack shares;
- 8 500 000 Sekunjalo shares; and
- 3 250 000 R&E shares.

The full amount of capital and interest outstanding by JCIIF in terms of the Investec loan agreement was repaid on 15 November 2006.

Pursuant to the disposal by JCIIF of its WAL shares to Gold Fields in exchange for 35 Gold Fields shares for every 100 WAL shares held, a further addendum to the Investec loan agreement was entered into on 27 November 2006 in terms of which the parties agreed to substitute the Gold Fields shares for the WAL shares at a deemed base cost of as reflected in the Raising Fee Calculation (note 5) set out in **Annexure 1(B)** with effect from August 2005.

8. WARRANTIES

Other than disclosed below, warranties usual to transactions of this nature have been provided by JCIIF to Investec:

- JCIIF shall acquire (and, accordingly, become the legal and beneficial owner of) the property portfolio security interest by no later than 30 September 2005;
- no share in the borrower or claim against the borrower will at any time be held by any person or entity other than JCI, JCI Gold, CMMS, Clifton and/or Equitant;
- JCIIF shall cede on an out and out basis, to Investec all proceeds and right to proceeds of any sale of Letseng, Jaganda, Aconcagua and Boschendal, on the basis that Investec shall apply any amount received by it pursuant to such cessions in reduction of JCIIF's obligations to Investec;

- JCIIF shall procure that the owners of the property portfolio shall cede on an out and out basis, to Investec all proceeds and all their rights to proceeds of any sale or other disposal of the property portfolio, on the basis that Investec shall apply any amount received by it pursuant to such cessions in reduction of JCIIF's obligations to Investec; and
- JCIIF shall procure that the current owners of all the shares and claims that form part of Letseng, Jaganda, Aconcagua and Boschendal that have not been (but are still to be) transferred to JCIIF, to the extent not already done, guarantee, in favour of Investec, the obligations of JCIIF under the Investec loan agreement and shall cede, in securitatem debiti, to Investec all such shares and claims as security for their respective obligations to Investec under such guarantee.

9. **COSTS**

9.1 JCIIF shall pay Investec's attorneys' charges in respect of, and all other costs of and incidental to, the negotiation, drafting and execution of the Investec loan agreement and all transactions contemplated in terms of the Investec loan agreement and all other disbursements and expenses incurred by Investec.

9.2 Without prejudice to Investec's other rights in terms of the Investec loan agreement or at law, JCIIF undertakes to pay the amount of any costs, charges and expenses of whatever nature incurred by Investec in its sole and absolute discretion in securing or endeavouring to secure fulfilment of JCIIF's obligations or in otherwise exercising Investec's rights in terms of the Investec loan agreement, including collection commission, tracing charges and legal costs on the scale as between an attorney and his own client, insurance premiums, storage charges, broking costs, stamp duties, taxes and other fiscal charges and all costs and expenses of valuation, maintenance, advertising, realisation (including agent's and auctioneer's commissions and other charges and disbursements).

10. **REDEMPTION OF JCI DEBENTURES**

Following the conclusion of the WAL rights offer, and the subsequent repayment of the JCIIF underwriting loan of R246 462 256, JCI and Investec agreed on 16 January 2006 to an amendment to the terms of the Investec loan agreement, *inter alia,* that:

- Investec advanced JCIIF a further R375 million to fund the redemption of the 307 300 024 JCI Debentures;
- The 5 500 000 WAL shares released by Sasfin as JCI Debenture Trustees be transferred to JCIIF (the calculation of Investec's fee in respect of this disposal was 40% of proceeds received in excess of R36 per WAL share);
- Investec be granted the authority to sell 5 500 000 WAL shares received from Sasfin to partially repay the additional R375 million advanced in terms of the facility;
- JCIIF sell such of its assets to reduce the capital amount outstanding in terms of the facility to R280 million by 28 February 2006 and R180 million by 31 March 2006.

INVESTEC LOAN AGREEMENT – RAISING FEE CALCULATION

ILLUSTRATIVE *PRO FORMA* CALCULATION OF THE INVESTEC RAISING FEE

The calculation below sets out the illustrative *pro forma* calculation of the Investec raising fee based on certain assumptions referred to in paragraph 7.6 of **Annexure 1(A)** as at 8 May 2007, the repayment date selected by Investec in terms of the Investec loan agreement. Due to their nature the illustrative *pro forma* calculations of the fee payable in respect of certain unsold assets may not give a true reflection of the actual Investec raising fee as the fee is only payable on the repayment date as disclosed in paragraph 7.6 of **Annexure 1(A)**.

	Number of shares	Base cost[1] R'000	Realised value R'000	Estimated market price R'000	Realised Investec raising fee R'000	Unrealised Investec raising fee R'000
Gold Fields	11 734 438	610 437	–	1 577 341[3]	–	291 268[5]
Gold Fields dividend	11 734 438	–	11 800	–	3 540	–
GFO	4 721 043	151 073	204 308[2]	–	21 294[4]	–
Letseng Holdings	40	225 000	285 806[6]	–	18 242[7]	–
Simmers	20 386 223	13 251	36 900[8]	–	7 095[7]	–
Jaganda	357 374 000	89 344	–	89 344[9]	–	–
Boschendal	–	120 000	–	120 000[10]	–	–
Sekunjalo	8 500 000	4 250	6 075	–	547[7]	–
Matodzi	200 000 000	115 000	152 000[11]	–	11 100[7]	–
Matodzi	200 000 000	–	–	60 000	–	18 000
R&E	3 250 000	26 000	–	26 000[13]	–	–
Aconcagua		50 000	56 000	–	1 800[7]	–
Consolidated building		6 000	6 000	–	–	–
Bishops Court Erven		13 000	9 291	–	–	–
Central Avenue Houghton		2 000	–	2 000	–	–
Hacklebrook		18 500	20 000	–	450[7]	–
Jubilee		7 000	–	7 000	–	–
Monterey Property		25 000	19 668	–	–	–
Selborne Park		5 000	–	–	–	–
JCI shares	2 218 476 730	–	–	–	–	–
		1 480 855	**807 848**	**1 881 685**	**64 068**	**309 268**

Notes:

1. The base costs of the JCI assets are based on the value contained in the Investec loan agreement.
2. 4 721 043 GFO shares were sold at an average selling price of R43.28 per share.
3. The remaining 11 734 438 Gold Fields shares have been valued at R135.31 per share, being the 30 business day weighted average as at 8 May 2007.
4. The raising fee of R21 293 849 was calculated as 40% of the increase in value of the 4 721 043 GFO shares (these shares were part of the 5 500 000 GFO shares released by Sasfin as disclosed in paragraph 3.9 of the Letseng circular) over their agreed base cost of R32 per share.
5. The unrealised Investec raising fee of R291 268 000 was calculated as follows:
   - 40% of the increase in value of the 272 634 Gold Fields shares (being the balance of the 5 500 000 GFO shares released by Sasfin as disclosed in paragraph 3.9 of the Letseng circular converted to Gold Fields) over their agreed base cost of R91.43 per share; and
   - 30% of the increase in value of the 11 884 606 Gold Fields shares over the agreed base cost of R51.43 per share (as per the Investec loan agreement).

6. The realised market value of R285 308 000 for JCI's 40% interest is based on the dividend received by JCIIF from Letseng Holdings after the disposal of its 76% shareholding in Letseng Diamonds, adjusted for distribution costs and corporate fees.
7. The Investec raising fee has been calculated as 30% of the increase in the market value (realised or estimated market value) of the asset over the asset's base cost as per the Investec loan agreement.
8. 20 386 223 Simmer and Jack shares were sold at an average selling price of R1.81 per share.
9. The estimated market value of the Jaganda preference shares has been assumed to be the same as the base cost as the validity of the Jaganda preference shares is being disputed by the ordinary shareholders of Jaganda.
10. The estimated market value of Boschendal has been assumed to be the same as the base cost as JCI has no basis to substantiate an increase in the value of the investment.
11. The realised market value of R152 000 000 for JCI's Matodzi interest is based on the special dividend declared by Matodzi of 76 cents per share.

SUMMARY OF THE FULL FORENSIC REPORT COMPILED BY KPMG SERVICES FOR JCI INCLUDING THE R&E CLAIMS

CONTENTS

Annexures

The following annexures are attached to this report and should be read in conjunction with the contents of this report:

1. INTRODUCTION

1.1 Appointment of KPMG Services (Pty) Limited ("KPMG")

KPMG was appointed during November 2005 to investigate transactions and events at CMMS and other companies in the JCI group identified for investigation by the directors and management of JCI Limited and its subsidiaries.

1.2 Objectives of the investigation

The objectives of the investigation were to:

- Investigate that evidence required by JCI Limited and its subsidiaries in order to understand what transpired at JCI Limited and its subsidiaries;
- Investigate the evidence relevant to the claims made against JCI Limited by RGE;
- Investigate the evidence relevant to claims and applications made against JCI Limited and its subsidiaries by third parties;
- Investigate the evidence relevant to claims which JCI Limited and its subsidiaries considered instituting against third parties; and
- Investigate evidence relevant to transactions which JCI Limited and its subsidiaries wished to unwind.

1.3 Period investigated

The investigation covered the period relevant to the transactions referred to below. Generally, the period covered extends from the 2003 financial year of JCI Limited, but there are various transactions in respect of which the prior periods are relevant to gain a complete understanding of a transaction, or parts thereof, hence such periods are included. The investigation period terminated at approximately September 2005.

1.4 Annexures

Annexure A records the cash flows of the activities of CMMS and **Annexure B** records the abbreviations used.

1.5 Scope and nature of our investigation

Our procedures were limited to an inspection and analysis of the documentation and information provided to us during the course of performing the agreed procedures. We have not verified the validity or authenticity of the relevant records and documentation, other than the instances specifically indicated in the annexures.

There are no International Engagement Standards applicable to a forensic investigation of this nature. We have performed the procedures we considered appropriate in the circumstances.

Had we performed additional procedures other matters might have come to our attention that would have been reported to you. We have attempted to include all information relevant to the specific transactions. However, it is possible that documents and information exist which were not made available to us, or which we were unable to locate.

We were not required to, and did not undertake, an audit or review or other assurance engagement in accordance with International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs) or International Standards on Assurance Engagements (ISAEs) and consequently no opinion or conclusion is expressed.

Had we performed additional procedures or had we performed an audit or review or other assurance engagement in accordance with International Standards on Auditing or International Standards on Review Engagements or International Standards on Assurance Engagements other matters might have come to our attention that would have been reported to you.

We have attempted to include all information relevant to the specific transactions. However, it is possible that documents and information exist which were not made available to us, or which we were unable to locate. Any documents or information brought to our attention subsequent to the

date of this report which would affect the findings listed below, will require our findings to be adjusted and qualified accordingly.

This summary was prepared solely for the purposes of providing to you a summarised factual account of the work we did. This report should therefore not be utilised for any other purpose or be distributed to any other parties.

Although our report may contain references to relevant laws and legislation, we do not provide legal opinion on the compliance with such laws and our findings in this report are not to be construed as providing legal advice. Our discussion of the relevant laws is intended solely to facilitate the determination of applicable facts which may be relevant to the interpretation and/or application of such laws. Should such interpretation require legal advice, we recommend that independent legal advice be obtained.

The documentation and/or records used in performing the agreed procedures were neither tested nor verified in order to ascertain the authenticity thereof, unless specifically so reported.

2. SUMMARY OF FINDINGS

2.1 The funding of JCI Limited and the application thereof

2.1.1 The treasury activity performed by CMMS

The strategy adopted by the previous directors and officers of JCI Limited and its subsidiaries required access to significant funding for the execution of such strategy. JCI Limited had little access to funding and the group did not enjoy support from financial institutions, save for the event of a transaction with Investec UK, which generated funding of some R208 777 690.63, initially, and an additional R48 million at a later stage. Hence, CMMS performed a treasury activity in conjunction with T-Sec and, later, with Socgen through securities lending agreements, essentially borrowing shares in the market and selling same for purposes of raising funds for the JCI Limited group and for purposes of transactions performed by RGE, in particular the Inkwenkwezi transactions.

A securities-lending agreement entails the borrowing of shares in the market and then selling these to raise funds, hoping that a bear market will reduce the cost of funding, alternatively hoping that the return on assets of JCI Limited would outperform the share market. This funding mechanism originated during the 2003 financial year, when CMMS performed limited securities lending transactions to generate funding.

As part of their treasury function and to generate funds for the group, various trading accounts were opened at T-Sec. We focused on the following three trading accounts:

- Consolidated Investments ("Consolidated Investments"): Account number: 648410;
- Randgold Scrip Lending Account ("Randgold Scrip"): Account number: 633701; and
- JCI Gold ("JCI Gold"): Account number: 649558.

The bulk of the financing activities of CMMS were conducted through these three accounts with the majority of the trading, specifically relating to the securities-lending agreements, being transacted in the Consolidated Investments and Randgold Scrip accounts.

Although the Randgold Scrip and JCI Gold trading accounts were opened on instructions received from two separate legal entities, the transactions, performed on the JSE and reflected on the two trading accounts, were in principle accounted for in the general ledger of CMMS. Whilst the Randgold Scrip account at T-Sec was consolidated in the accounts of CMMS, our investigation indicated that this trading account was opened to facilitate the scrip lending activity of a scrip lending agreement between RGE and Socgen. Save for some R31 680 159.16 transferred from that account to JCI Limited and JCI Limited owned trade accounts, the activity in the Randgold Scrip trading account was unrelated to JCI Limited.

The primary initial trading strategy was to generate funding for the JCI Limited and RGE group of companies via the securities-lending agreements that were in place on the Consolidated Investments and Randgold Scrip accounts. Initially, the Consolidated Investments trading account number 648410 was opened as an investment fund for JCI

Limited and the objective of the fund was to generate growth on investments. The initial arrangement towards this funding mechanism lasted for a period of three months, which period was extended for a further two periods of three months, respectively, before ending in the current position. T-Sec had recommended the hedging of the liability incurred in the execution of the securities-lending arrangement. CMMS had always declined to do so. The initial agreement with Socgen was that the limit of the securities-lending arrangement would be R700 million on the Consolidated Investment trading account, while T-Sec acted as an agent for JCI Limited. As security for this arrangement JCI Limited provided WAR share scrip and cash.

JCI Limited's and RGE's funding requirements, particularly when RGE had to fund the Inkwenkwezi transaction, exceeded that limit and, as a result, Socgen indicated a willingness to provide an additional facility. The additional facility was to be provided to another legal entity in order to satisfy prudential requirements, which restricted facilities to a maximum of R700 million per entity. A second agreement was then entered into between RGE and Socgen. The limit, for the JCI Limited and RGE groups, and CMMS, as the treasury of the groups, was effectively increased to R1 400 million, with separate facilities for both RGE and JCI Limited. All of the transactions on the trading accounts were recorded in the general ledger of CMMS.

The trading activities of CMMS were primarily aimed at generating funds as and when required by CMMS. When the CMMS funding requirements increased, Socgen demanded more collateral in terms of both shares and cash. In addition hereto, CMMS was exposed to significant trading losses on its treasury function, having generated R415 785 861.27 out of its trading activities, whilst incurring a liability in respect of such trading activity of some R697 832 052.76. It appears that the pressure caused by the above mentioned two events contributed to the need for some of the fund raising activities dealt with below.

During our investigation of the trading accounts, it was evident that there was a minimum of documentation available to support the various transactions conducted through these accounts. Most of the supporting documentation consisted of internal documentation generated by T-Sec indicating that numerous trading instructions had been verbally received from CMMS staff.

2.1.2 **Cash flows of the treasury and other activities of CMMS**

A cash flow analysis was prepared (per financial year and consolidated for the period under investigation) indicating the flow of funds generated by the share trading. In addition, a cash flow analysis of funds received, other than through the three major trading accounts of CMMS, was also prepared. These two cash flow analyses of share trading and other cash receipts were then combined into a single combined cash flow analysis of CMMS. This combined cash flow analysis of CMMS indicated funds received from T-Sec, relating to share trading, and other funds received by CMMS and the subsequent application of such funds by CMMS.

2.1.2.1 ***Overview of the cash flows***

A total amount of R2 944 331 179.45 was received by CMMS, whilst an amount of R2 968 500 007.25 was expensed during the period of the investigation. Ignoring opening balances on the various accounts, a shortfall of R24 168 827.80 existed for the period investigated.

The most significant flows of these funds can be analysed as follows:

Activity	**Amount (R000)**	**Amount (R000)**	**Amount (R000)**
Inflows	**Combined**	**Share Trading**	**Cash Receipts**
Share trading activity (sale of JCI Limited's and RGE's and other shares)	1 659 150	1 395 700	263 450
Received – Alibiprops	173 409	173 409	–
Received – JCI Limited group companies and WAL	344 941	156 604	188 337
Received – RGE (excl sale of RRL and Aflease shares)	64 927	54 924	10 003
Received – directors and related entities	134 258	48 349	85 909
Received – financial institutions (excl finance structures)	535 307	61 505	473 802
Other	32 338	–	32 338
Total inflow of funds	**2 944 330**	**1 890 491**	**1 053 839**
Outflows	**Combined**	**Funded by share trading**	**Funded by cash receipts**
Share trading and administrative expenses	179 710	129 809	49 901
Loans to JCI Limited group entities and to WAL	1 086 360	624 191	462 169
Paid to Alibiprops	3 925	3 925	–
Funding of RGE activities	409 785	333 754	76 031
Directors and related entities	199 785	76 975	122 810
Investments/loans by/to JCI Limited group companies	338 486	173 023	165 463
Financial institutions (excluding financing structures)	314 159	–	314 159
Corporate expenditure	436 290	51 467	384 823
Total outflow of funds	**2 968 500**	**1 393 144**	**1 575 356**
Net flow of funds	**Combined**	**Share Trading**	**Cash Receipts**
(Shortfall)/Surplus	**(24 170)**	**497 347**	**(521 517)**

It should be noted that an amount of R495 144 685 was paid from the share trading accounts to the bank account of CMMS. This outflow is not reflected in the above cash flow, as the full income generated by share trading is taken into account and, by including the amount of R495 144 685, the accounting for this amount would be duplicated.

2.1.2.2 ***Funds received***

Total funds of R2 944 331 179.45, generated during the period 1 April 2002 to 31 October 2005, was sourced as described below.

Trading Activities – Major trade accounts

An amount of R1 372 468 859.85 was generated from trading activities with T-Sec as part of the two securities lending agreements. This amount represents the net trading activities after accounting for the movement incurred for collateral, dividend payments and interest payments associated with the securities borrowing/lending activities. We have not analysed or calculated the profit and losses generated by the trading activities on specific shares. Since the bulk of the activities involved the selling of borrowed securities and securities obtained as set out below, an inflow of funds to the account was generated.

Included in the above mentioned amount is an amount of R1 193 844 616.39, representing the net funds generated on the sale and purchase of listed shares of companies in the JCI Limited and RGE groups of companies. This amount has been calculated, based on the net result of trading in these shares on the JSE. The net result of the trading in these shares can be summarised as follows:

- Net sales of 4 239 900 WAR: R128 007 667.22;
- Net sales of 11 055 444 RGE: R274 993 825.54;
- Net sales of 7 126 000 RRL: R663 523 713.98;
- Net sales of 88 589 386 Aflease: R151 808 541.70; and
- Net purchases of 94 892 925 JCI Gold: (R24 489 732.05).

Trading activities – Paid directly to CMMS from other T-Sec trade accounts

An amount of R263 450 479.69 was received as a result of trading in shares, either from trade accounts held at T-Sec, which appear to have been controlled by directors or staff of JCI Limited and/or RGE, or by means of the sale of investment shares controlled by CMMS. R144 684 436.28 thereof was received from other trade accounts held at T-Sec and can be analysed as follows:

Account name	**Account number**	**Amount (R)**
CMMS	620997	108 493.10
CMMS	660415	3 211 718.77
Kebble (Carry Account)	625087	8 231 420.67
First Wesgold Mining (Pty) Limited	664656	3 140 438.37
WAL	668087	34 000 000.00
Bookmark Alibiprops	669465	22 033 089.27
Paradigm Shift	692343	7 908 893.26
Barnato Exploration	693028	62 980 331.20
Orlyfunt Holdings	933549	2 581 051.64
Onshelf Investments	9867373	489 000.00
Total		**144 684 436.28**

The balance of R118 766 043.41 was derived from the sales of shares, such as:

- Rand Leases Properties;
- Bophelo (sale of LPVE);
- Tan Range;
- Investec/Aflease options; and
- Other.

Other income

The other income, received on the account, can be categorised as funds received from:

- Alibiprops;
- The JCI Limited group companies and WAL;
- RGE;
- Directors and related entities;
- Financial institutions; and
- Other sources and business activities.

The breakdown in the cash flow statement, attached to this summary at **Annexure A**, provides a detailed breakdown of the amounts received and the sources of such amounts received in each of these categories.

2.1.2.3 ***Outflow of funds***

Classification of outflows of funds

R2 968 500 007.25 flowed from CMMS during the period under investigation. These can be allocated to the following major categories:

- Share trading and administration expenses;
- Loans to JCI Limited group entities and to WAL;
- Payments to Alibiprops;
- Funding of RGE's activities;
- Payments to directors of JCI Limited and RGE and related entities;
- Investments and loans made by the JCI Limited group companies;
- Payments to financial institutions; and
- Corporate expenditure.

Some of the application of the above mentioned outflows of funds is dealt with below:

Administration fees

All payments made to T-Sec and to the securities providers have been deemed administration fees for the purpose of this reconciliation. These fees have not been investigated and have been accepted at face value. The major portion of the fees identified, comprised securities lending fees and a portion of the salary of a T-Sec employee. The amount of the securities lending fees is based on a percentage of the value of the securities provided by the lender (being Socgen) to the borrower (being CMMS) for a specific month.

The amounts paid and determined to be administration fees, for the period investigated, were as follows:

- Securities lending fees R32 260 508.40;
- Structuring fees R36 581 882.87;
- Contribution to salary of T-Sec employee R2 362 500.00;
- Transaction charges on one million RRL shares R385 364.03;
- MST Anglo/WAL transaction R80 979.18;
- DRD assessment fee R2 400.00;
- Administration fees R1 896.00;
- Electronic transfer fees R450,00;
- Compushare fees R300.00; and
- Value-Added Tax on the above fees R8 550 012.00.

2.2 The acquisition of assets funded by the issuing of JCI Limited shares

As mentioned above, some shares, issued by JCI Limited, were also used to enhance the collateral and cash requirements of CMMS and the JCI Limited group. During the financial period 1 March 2002 to 31 March 2006, JCI Limited issued 1 513 058 893 shares to various parties for the settling of various transactions that were entered into between the parties and JCI Limited. The current management of JCI Limited requested that the shares, issued during the above mentioned financial period, be investigated as they are concerned that some of these share issue transactions may have been fraudulent in that no value was received by JCI Limited in return for the shares issued.

In total, some 573 624 746 JCI Limited shares were issued to various related parties in what appears to be transactions without substance, or transactions having as their purpose to have converted alleged stolen funds to equity held by related parties. These transactions are set out below:

2.2.1 Shares issued to BNC

On 2 September 2002, 188 713 570 JCI Limited listed ordinary shares were issued to BNC in settlement of a loan of some R85 million made to JCI Limited by BNC. Affidavits, filed in the High Court of South Africa, and information provided by Umbono Forensics, indicate that the loan by BNC to JCI Limited was funded by the proceeds of RRL and DRD shares allegedly stolen from RGE. To the extent that such was the case, the issuing of the JCI Limited shares in settlement of the debt due to BNC, may comprise the conversion of allegedly stolen funds into share capital of JCI Limited. Whilst we were able to establish that BNC and Investage were funded by means of the sale of three million DRD shares and 982 481 RRL shares of RRH, we could not find evidence indicating that the three million DRD shares were owned by RGE, whilst it appears that the 982 481 RRL shares were lent to Durlacher, who sold the said shares. These aspects are set out in more detail at the section dealing with the claims of RGE against JCI Limited.

2.2.2 Shares issued to Investage

On 2 September 2002, 155 411 176 JCI Limited listed ordinary shares were issued to Investage in settlement of a loan of some R70 million made to JCI Limited by Investage. Affidavits, filed in the High Court of South Africa, and information provided by Umbono Forensics, indicate that the loan by Investage to JCI Limited was funded by the proceeds of RRL and DRD shares allegedly stolen from RGE. To the extent that such was the case, the issuing of the JCI Limited shares in settlement of the debt due to Investage, may comprise the conversion of allegedly stolen funds into share capital of JCI Limited. We refer to our findings mentioned supra regarding the shares sold to fund Investage in this transaction. These aspects are set out in more detail at the section dealing with the claims of RGE against JCI Limited.

2.2.3 Shares issued to Slipknot

On 21 July 2003, 89 million JCI Limited shares were issued to Slipknot for the acquisition of 3 million DRD shares, which were not acquired and did not exist. The share capital and share premium accounts of JCI Limited were credited with R53.4 million, whilst the recording of the DRD shares as an asset comprised a misrepresentation in the financial position of JCI Limited of such amount.

On 18 October 2004, effective 31 March 2004, the ostensible DRD shares sold to JCI Limited, were revalued in the books of CMMS and ostensibly sold to Alibiprops for R64 860 000, the purchase price being treated as a loan by CMMS to Alibiprops. This misrepresented a transaction of some R64 860 000 in the financial statements of JCI Limited. The JCI Limited shares were distributed from the Slipknot trading account at T-Sec as follows:

- 20 million shares to Paradigm Shift;
- 13 million shares to Robinson Deep, most of which were sold in the market;
- 3 million shares to Alibiprops, eventually transferred to the Consolidated Investments trading account at T-Sec;

- 20 million shares pledged to Advanced Medical Technologies;
- 30 million shares transferred to BNC and eventually ending up in the Consolidated Investments trading account at T-Sec; and
- 3 million shares transferred to the Chardonnay Trust and eventually sold in the market.

2.2.4 **Shares issued to Paradise Creek**

On 21 July 2003, 42.5 million JCI Limited shares were issued to Paradise Creek for the acquisition of Highland Night 157, a company without any substratum. The share capital and share premium accounts of JCI Limited were credited with some R25 500 000, whilst the asset recorded comprised a misrepresentation of the financial position of JCI Limited. It appears that these shares were held by Paradise Creek in escrow as suspended payment to Graceford Holdings for the sale of 3.4 million Skygistics shares to JCI Limited. These shares would have accrued to the eight beneficial owners of Skygistics shares held in nominal capacity by Graceford Holdings in the event of Skygistics having achieved certain sales targets. Due thereto that Skygistics did not achieve these sales targets, some 24 870 000 JCI Limited shares, held by Paradise Creek, should have been cancelled. This did not transpire as Paradise Creek already distributed the shares. The 42.5 million JCI Limited shares were distributed as follows:

- 5 million shares were transferred to SA Stockbrokers; and
- 37.5 million shares were transferred to BNC, of which some were transferred to the trading account of CMMS at T-Sec.

2.2.5 **Shares issued to Moregate**

On 11 May 2005, 98 million JCI Limited listed ordinary shares were issued to Moregate for the effective acquisition by Clifton Dunes 67 of 20 percent of the issued share capital in Boschendal from Citation. Clifton Dunes 67 and Citation were related parties to the extent that JCI Limited was the beneficial owner of shares in both companies held through a complex and non transparent corporate structure; hence JCI Limited was made to buy an asset already beneficially owned by it. JCI Limited was the majority shareholder in JCI IOM. JCI IOM did not directly hold shares in Moregate, but the ownership was established by means of indemnities and declarations of trust. In turn, the ownership of the shares in Clifton Dunes 67 vested upon declaration of trust. Some R24 500 000 was credited to the share capital and share premium accounts of JCI Limited, which, due to the nature of the transaction, comprised a misrepresentation of the financial position of JCI Limited. The JCI Limited shares were then distributed to the following share trading accounts:

- Aculsha Nominees 32 598 578 shares;
- Continental Goldfields 52 758 822 shares; and
- Moregate 12 642 600 shares.

The shares transferred to Continental Goldfields and Aculsha Nominees were eventually applied as replacements of JCI Limited shares of Continental Goldfields, which were sold in order to generate cash with which a foreign loan unrelated to JCI Limited was repaid.

2.2.6 **Summary of impact upon JCI Limited of shares issued for no return**

We set out the following summary recording the impact of the transactions in which shares were issued with no substance underpinning same.

JCI Limited shares issued	Assets debited	Asset raised without substance R	Increase in capital recorded R
89 000 000	Loan Alibiprops	64 860 000	53 400 000
42 500 000	Investment Highland Night 157	25 500 000	25 500 000
98 000 000	Loan Clifton Dunes	25 480 000	25 480 000
229 500 000	**Total**	**115 840 000**	**104 380 000**

2.2.7 **The balance of the shares issued**

The balance of 939 434 147 JCI Limited shares were issued to various parties in what appears to be transactions entered into in the normal course of business of JCI Limited.

2.3 **Funds raising activities**

2.3.1 **Funds raised with the sale of RRL shares**

The funds raised in CMMS through the sale of RRL shares can be allocated to three separate categories, namely:

- Sale of RRL shares and the proceeds received in the trade account of CMMS;
- The IBUK transaction; and
- Proceeds of the sale of RRL shares in the trade account of Alibiprops trading account and paid to or on behalf of CMMS and its fellow subsidiaries.

2.3.1.1 ***Sale of RRL shares and proceeds received in the trade account of CMMS***

The following sales of RRL shares, of which the proceeds totalling R668 038 575.66 were received in the trading account of CMMS, illustrate the increased pressure on the treasury operations of CMMS, referred to above:

- During the period 25 September 2003 to 21 November 2003, 575 000 RRL shares were sold, raising R92 595 105.66 in cash;
- During the period 7 April 2004 to 15 June 2004, 1 550 000 RRL shares were sold, raising R191 536 496.00 in cash;
- During the period 16 June 2004 to 19 August 2005, 5 000 000 RRL shares were sold, raising R379 298 824.00 in cash; and
- On 12 February 2004, 31 000 RRL shares were sold, raising R4 608 150 in cash.

The proceeds of these sales were credited to the share trading accounts of CMMS. Funds generated from the treasury activity of CMMS were also lent to RGE by CMMS. We have reservations whether these transactions were correctly and completely disclosed in the ledgers of CMMS and whether these transactions were accurately disclosed in the AFS of CMMS, JCI Limited and RGE.

2.3.1.2 ***The IBUK Transaction***

Investec made a proposal to JCI Limited, dated 19 February 2004, for purposes of establishing what was named and styled a hedged equity funding mechanism, mainly to lower the cost of funding to JCI Limited. The funding of JCI Limited by means of this mechanism would have comprised a loan of RRL shares by JCI Limited to Investec UK, who would convert the RRL shares into ADR's and sell the ADR's in the market.

The proceeds of the ADR's, minus costs and fees, would be paid to JCI Limited as collateral for the obligation to return the shares and, ultimately, comprise the funding to be provided to JCI Limited in terms of the mechanism. The following sales of RRL shares were achieved by Investec UK in terms of the funding transaction between Investec UK and JCI Limited (The cash amounts, generated from the sales of these shares and, which were made available to JCI Limited, do not include R13 180 704.00, paid to Investec UK in the form of an option fee due in terms of the funding arrangement):

- On 19 March 2004, 811 265 RRL shares were sold, raising some R61 659 083.64. Investec UK was instructed to pay this amount directly to Socgen Johannesburg Branch on behalf of JCI Limited. Of this amount, R10 million was received in the CMMS bank account and R10 million was paid to Axon as collateral on behalf of CMMS;
- On 26 March 2004, 909 692 RRL shares were sold, raising some R68 352 825.12. Investec UK was instructed to pay the proceeds of this transaction to the bank account of CMMS;
- On 7 April 2004, 909 692 RRL shares were sold, raising some R71 220 894.46. Investec UK was instructed to pay the proceeds of this transaction to the bank account of Investec; and
- On 7 April 2004, 98 426 RRL shares were sold, raising some R7 544 887.41. Investec UK was instructed to pay the proceeds of this transaction to the bank account number of Investec.

The RRL shares sold in the above transactions were owned by RRH. JCI Limited resolutions for the entering into of the transactions with Investec UK existed. JCI Limited and RGE were related parties. Up to 31 March 2004, the nature and effect of the above mentioned transaction were disclosed in the AFS of JCI Limited, but it was not disclosed that RRL shares of RRH underpinned the transaction.

2.3.1.3 ***Proceeds of the sale of RRL shares in the trade account of Alibiprops trading account and paid to or on behalf of CMMS and its fellow subsidiaries.***

During the period 17 November 2003 to 30 March 2004, 1 389 000 RRL shares were sold, of which the proceeds were received in the Alibiprops trading account at T-Sec. Initially, these transactions appear to have been treated in the books of CMMS as a loan of RRL shares from RGE, which were on lent to Alibiprops.

These entries were however reversed in the books of CMMS. Of the proceeds of some R202 168 144, generated from the sale of these shares, R122 984 675.42 was paid to or on behalf of CMMS and its fellow subsidiaries.

No legal person, who could assume rights and obligations, existed in the name and style of Alibiprops. Such represented company served no purpose other than to create a share trading account at T-Sec for purposes of trading shares and that the share trading account number 669465 at T-Sec had no substantive owner. Alibiprops was the previous name of BNC. It is further apparent that RB Kebble appears to have used the previous name of BNC knowingly as BNC had already changed its name at the time when the mandate with T-Sec was completed. He used a previous name of the company and a non existent company registration number to open the trading account with.

2.3.2 **Funds raised with the sale of Aflease shares**

91 578 047 Aflease shares were sold in the Consolidated Investments trading account at T-Sec, raising some R166 749 131.44 in cash. Whilst CMMS held 3 359 152 Aflease shares, some 102.1 million Aflease shares were transferred into the Consolidated Investments trading account from RGE of which balance, transferred in as aforementioned, some 13 599 614 Aflease shares were transferred elsewhere and the remaining balance of those transferred in from RGE, comprising some 88 500 386 Aflease shares, were sold as part of the 91 578 047 Aflease shares referred to above. The Aflease shares, received from RGE,

were received by RGE in terms of the Phikoloso transaction and a share swap with Aflease. Cash generated by CMMS from these Aflease shares received from RGE thus appears to have been approximated R161 145 197.80.

In this regard we found evidence indicating an intention to sell these Aflease shares as at the end of 2004 due to the cash flow requirements of the Inkwenkwezi transaction performed by RGE.

2.3.3 **Funds raised with the sale of RGE shares issued to Masupatsela Angola**

R20 722 865.05 was credited to the trading account of CMMS at T-Sec, funded by the sale of some 1 492 900 RGE shares issued to Masupatsela Angola. These shares were issued to Masupatsela Angola by RGE in consideration for the acquisition of assets from Masupatsela Angola. We have reservations whether this transaction was accurately recorded and disclosed by CMMS. The effect of this transaction was to alleviate the pressure on collateral required in terms of the treasury operations of CMMS.

2.3.4 **The sale of Simmer & Jack shares of Continental Goldfields and Orlyfunt**

R25 million was credited to the trading account of CMMS at T-Sec. This was funded by the sale of 100 million Simmer & Jack shares to Topgold AG mvK. These shares were owned by CMC, held in the RGE and Continental Goldfields trading accounts (but owned by Continental Goldfields) and owned by Orlyfunt. These Simmer & Jack shares were not owned by CMMS. There appears to have been no agreements and authorisation underlying such appropriation and we have significant reservations regarding the truthfulness of the recording and disclosure of these transactions. R20 million of the cash, generated from the sale of these shares, instead of being forwarded to Simmer & Jack on behalf of Topgold AG mvK, were paid towards the collateral requirements of CMMS's share trading facilities. This resulted in JCI Limited having had to incur further liabilities of R18.5 million in order to meet its obligation to Topgold AG mvK to forward the full amount, received from Topgold AG mvK, to Simmer & Jack as part of a subscription payment by Topgold AG mvK to Simmer & Jack. As a result of the use of the shares of Continental Goldfields and, subsequent to Continental Goldfields having sold the 80 million Simmer & Jack shares, which it did not have at that point in time, to the International Financial Trust Company Limited, JCI Limited guaranteed payment of the International Financial Trust Company Limited's obligation to pay the purchase price of the shares to Continental Goldfields. This resulted in Continental Goldfields claiming payment of some R12.8 million from JCI Limited.

2.3.5 **JCI Limited shares issued as payment for assets not acquired**

Some 40 million JCI Limited listed ordinary shares were credited to the Consolidated Investments trading account. These shares were derived from the issuing of JCI Limited ordinary shares in transactions aimed at the acquisition of assets, in respect of which we have significant reservations as to their existence, and hence, whether such assets were truthfully recorded in the ledger of CMMS and disclosed in the AFS of JCI Limited. The transactions, from which these JCI Limited listed ordinary shares were derived, are set out below.

2.3.6 **The sale of WAR and RGE shares owned by JCI Gold**

R432 408 329.05 was derived from the sale of WAR and RGE shares owned by JCI Gold. A reconciliation by the JCI Limited accountants of the group's investment in WAR shares showed two different agreements with Itsuseng and Lembede under the heading "Scrip lending agreements". It appears that such entries on the said reconciliation were based on the documents described below.

An ostensible scrip lending agreement, entered into between JCI Gold and Itsuseng, recorded that Itsuseng borrowed 2 500 000 WAR shares from JCI Gold with a termination date of 30 September 2007. We also obtained a copy of a letter from Itsuseng, which was addressed to Charles Orbach & Co. The letter was dated 6 June 2005 and recorded that Itsuseng "confirm that we have borrowed 2 500 000 Western Areas Ltd. Shares as at 31 March 2005 from the above mentioned company." The date, layout, font and wording of this letter are exactly the same as those of a letter ostensibly written by Lembede to Charles Orbach & Company. The only difference being the number of shares recorded.

An ostensible scrip lending agreement, entered into by and between JCI Gold and Lembede, recorded that Lembede borrowed 2 700 000 WAR shares from JCI Gold with a termination date of 31 October 2007. A copy of a letter, dated 6 June 2005, from Lembede and which was addressed to Charles Orbach & Co recorded that Lembede "confirm that we have borrowed 2 700 000 Western Areas Ltd. Shares as at 31 March 2005 from the above mentioned company." We noted that the date, layout, font and wording of this letter are exactly the same as those of a letter ostensibly written by Itsuseng to Charles Orbach & Company. The only difference being the number of shares recorded.

No evidence was found indicating that actual loans of WAR shares were made to Itsuseng and to Lembede and our investigation of the WAR shares indicated that no WAR shares were transferred to these two companies, but that the relevant WAR shares were sold to raise cash for the JCI Limited group of companies. Representatives of Itsuseng and Lembede denied receiving the WAR shares referred to in these documents. To that extent, the abovementioned documentation conveyed misrepresentations of the assets of JCI Limited, which appear to have been successfully made to the accountants and auditors of JCI Limited. The implications hereof was that the cash, derived from the sales of WAR shares by JCI Gold, and the WAR shares sold, could both have been counted as assets of JCI Gold.

2.3.7 Summary of the impact of other shares sold on CMMS

The impact of sales of shares on the funding of CMMS can be set out as follows:

Counter	Holder of shares	Cash received in CMMS R	Amount applied to non-group companies R
RRL	RRH	668 038 847.99	134 960 117.82
RRL	RRH	88 352 825.12	0
RRL	RRH	139 484 675.00	
RRL	RRH	256 794 832.90	
Aflease	RGE	161 145 197.80	
RGE	Masupatsela Angola	20 722 865.05	
Simmer & Jack	Continental Goldfields, CMC, Orlyfunt	25 000 000.00	
WAR/RGE	JCI Gold	432 409 329.05	

2.4 The holding and disposition of WAR shares of JCI Gold

2.4.1 WAR shares

We investigated and reconciled the holding and disposition of WAR shares of JCI Gold to determine the number of WAR shares held by JCI Gold as at 31 March 2005, 30 September 2005 and at 22 November 2005, the latter date being the date when the reconciliation was completed. We furthermore investigated the historical sales and transfers of the WAR shares of JCI Gold. We obtained information and documentation from Computershare and T-Sec to confirm the number of WAR shares held by JCI Gold for the period 31 March 2004 to 22 November 2005. The sale, purchase and transfer of WAR shares between the trading accounts, held at T-Sec and Computershare were reconciled. The reconciliation further included WAR shares of JCI Gold held by other institutions and/or individuals.

2.4.1.1 ***WAR shares held at T-Sec***

The holdings of WAR shares in the relevant accounts at T-Sec on 31 March 2005, 30 September 2005 and 22 November 2005, respectively, are tabled below:

T-Sec account	Description	31 March 2005	30 September 2005	22 November 2005
648410 – Consolidated Investments	Aggregate of shares	18 864 220	18 386 936	3 116 742
	Pledged to Socgen	15 935 517	16 503 260	–
	Pledged to Finsettle	2 920 000	1 138 000	2 700 000
	Balance for trade	8 703	745 676	416 742
	Pledged to Finsettle *via* Lyons	1 790 000	1 790 000	–
	Pledged to Investec	–	–	17 806 861
649558 – JCI Gold	Aggregate of shares	212	–	373 886
689422 – CMMS	Aggregate of shares	–	100 500	100 500
633701 – Randgold Scrip	Aggregate of shares	2 000 000	1 600 000	3 324 830
	Pledged to Socgen	2 000 000	1 600 000	3 324 830
657122 – WAL Share Incentive Trust	Aggregate of shares	641	641	641
688087 – WAL account	Aggregate of shares	–	–	–
655050 – RGE	Aggregate of shares	1 905 013	–	–
Total		**24 560 086**	**21 878 077**	**24 723 460**

2.4.1.2 ***WAR shares held at Computershare***

The holdings of WAR shares in the CSDP account at Computershare on 31 March 2005, 30 September 2005 and 22 November 2005, respectively, are tabled below:

Description	31 March 2005	30 September 2005	22 November 2005
Aggregate of shares	**11 914 888**	**12 010 045**	**12 010 045**
Pledged to IDC	8 463 501	6 510 045	–
Pledged to SASFIN	3 050 000	5 500 000	8 405 536
Pledged to FNB	350 000	–	–
Pledged to Investec	–	–	3 604 509
Balance available for trade	**51 387**	**–**	**–**

2.4.1.3 ***WAR shares of Inkwenkwezi, RGE and the WAL Share Incentive Trust***

The share aggregate, as recorded in our reconciliation summary, includes WAR shares of which the beneficial ownership vested in JCI Gold, RGE, Inkwenkwezi and the WAL Share Incentive Trust. We were able to establish through our reconciliation that Inkwenkwezi, RGE and the WAL Share Incentive Trust were the beneficial owners of the WAR shares set out below.

Inkwenkwezi was the beneficial owner of 3 434 625 WAR shares, which they obtained from Anglo. These shares were transferred into the share trading account of CMMS at T-Sec and are included in our calculation of WAR shares held in the account. These transfers were the following:

- 1 144 875 WAR shares on 6 December 2004;
- 922 402 and 222 473 WAR shares on 31 December 2004; and
- 1 144 874 WAR shares on 15 February 2005.

According to our reconciliation and information obtained, RGE was the beneficial owner of 3 905 013 WAR shares. On 31 March 2005, the shares were held in the following accounts at T-Sec:

- Randgold Scrip account number 633701 – 2 000 000 shares; and
- RGE trading account number 655050 – 1 905 013 shares.

The 1 905 013 WAR shares in the RGE trading account number 655050 were transferred to the Consolidated Investments trading account number 648410 in several batches between April 2005 and September 2005. 400 000 shares were also transferred from the Randgold Scrip account number 633701 to the Consolidated Investments account number 648410. The effect of this was that the WAR shares of RGE were held in the following accounts on 30 September 2005:

- Randgold Scrip account 633701 – 1 600 000 shares; and
- Consolidated Investments account 648410 – 2 305 013 shares.

During November 2005, 1 724 830 WAR shares of RGE were transferred from the Consolidated Investment account 648410 back to the Randgold Scrip account 633701. The effect of the transfer was that WAR shares of RGE were held in the following accounts on 22 November 2005:

- Randgold Scrip account 633701 – 3 324 830 shares; and
- Consolidated Investments account 648410 – 580 183 shares.

Our reconciliation recorded that the WAL Share Incentive Trust was the beneficial owner of 641 shares on 31 March 2005, 30 September 2005 and 22 November 2005 respectively. In arriving at this aforesaid balance we took cognisance of the transfer of 700 001 WAR shares from the Consolidated Investments trading account number 648410 to the WAL Share Incentive Trust trading account number 657122 on 22 November 2004 and the transfer of 500 000 shares from the WAL Share Incentive Trust trading account to the Consolidated Investments account on 30 November 2004. WAR shares were also transferred from the JCI Gold CSDP account at Computershare to the WAL Share Incentive Trust. These transfers are discussed elsewhere in this summary.

2.4.1.4 ***WAR shares held by other institutions and/or individuals***

WAR shares, owned by JCI Gold, were also held by the following institutions and/or individuals:

- R A R Kebble – 500 000 WAR shares;
- Baobab – 900 000 WAR shares;
- Voting shares – 400 WAR shares;
- BoE Stockbrokers: Catwalk Investments 394 – 1 049 487 WAR shares;
- Afrifocus: Catwalk Investments 394 – 62 000 WAR shares;
- Titan Share Dealers – 400 500 WAR shares;
- ABSA Stockbrokers – 130 000 WAR shares;
- Peregrine Equities – 525 000 WAR shares; and
- Letseng Diamonds – 1 000 000 WAR shares.

2.4.1.5 ***Historical WAR share sales indicating appropriation***

WAR shares, of which JCI Gold was the beneficial owner, were transferred form the JCI Gold CSDP account, held at Computershare, to Beale's PLJ account. The shares were sold in the PLJ account on the instruction of Beale. The proceeds thereof are tabled below:

Date	Shares	Amount R
30 August 2002	151 038	4 964 619.06
11 October 2002	100 000	3 704 175.09
7 November 2002	200 000	7 380 851.36
Total	**451 038**	**16 049 645.51**

Other WAR shares, of which R B Kebble (90 000 WAR shares) and New Heights (8 962 WAR shares) were the beneficial owners, and RGE shares bought from the market, were also sold in the account. The proceeds of the sale of WAR and RGE shares in Beale's PLJ account were transferred to the recipients tabled below:

Recipient	Amount received R
Hothouse Investments	11 560 000.00
Bullishprops	7 900 000.00
New Heights	100 000.00
Beale	54 653.81
	19 614 653.81

200 000 WAR shares were transferred to the Alibiprops trading account from the JCI Gold CSDP account kept at Computershare on 28 February 2003. The reason for the transfer of the WAR shares was recorded as to "RAISE FUNDS (RBK)". The 200 000 WAR shares were sold in the Alibiprops trading account into the market for R6 491 891.40 on 3 March 2003. The proceeds of the sale were transferred to the Standard Bank account of RB Kebble on 10 March 2003.

The aggregate of 370 000 WAR shares, of which JCI Gold was the beneficial owner, were sold in the Pilgrims Rest trading account. The WAR shares, of which JCI Gold was the beneficial owner, were obtained from the following sources:

- Various share certificates – 356 690; and
- Computershare – 13 310.

The various certificates and owners of the WAR shares sold were as follows:

- Certificate 22575 for 30 000 WAR shares – JCI Gold;
- Certificate 23872 for 151 038 WAR shares – Tradek Balderson Nominees on behalf of JCI Gold; and
- Certificate 24080 for 175 652 WAR shares – Tradek Balderson Nominees on behalf of JCI Gold.

On 11 January 2002, the Alibiprops trading account received 13 310 WAR shares from the Consolidated Investments trading account of CMMS, which were immediately sold for R527 874.22.

The proceeds from the sale of the WAR shares, of which JCI Gold was the beneficial owner, were transferred to:

- Pilgrims Rest trading account – R634 238.33; and
- Unknown cheques and cash – R7 971 879.66.

In summary, the WAR shares of JCI Gold, sold in the trading accounts, as discussed above, were the following:

Account	Shares	Recipient of proceeds
Alibiprops	200 000	R B Kebble
Pilgrims Rest	370 000	Pilgrims Rest and unknown
Beale's PLJ account	451 038	Hothouse Investments, Bullishprops, New Heights and Beale
	1 021 038	

2.4.1.6 ***WAL Share Incentive Trust WAR shares sold indicating appropriation***

The WAR shares, of which the WAL Share Incentive Trust was the beneficial owner, were transferred to the Alibiprops trading account as tabled below:

Date	Shares
24 March 2003	100 000
6 June 2003	100 000
9 June 2003	79 350
9 June 2003	20 650
23 June 2003	50 000
11 August 2003	80 000
	430 000

The 430 000 WAR shares were sold in the Alibiprops trading account and the proceeds thereof transferred to the following recipients:

Recipient	Amount R
R B Kebble	9 525 379.32
CMMS	700 050.98
WAL Share Incentive Trust	11 522.22
	10 236 952.52

50 000 WAR shares, transferred from the WAL Share Incentive Trust, were again transferred to the account of Tuscan Mood, held at Rice Rinaldi, on 14 May 2003. Another 100 000 WAR shares were also transferred out of the Alibiprops trading account. T-Sec was unable to confirm to us who the recipient of the 100 000 WAR shares were that were transferred from the Alibiprops trading account.

A reconciliation of the Pilgrims Rest trading account indicated that 257 000 WAR shares were received from the WAL Share Incentive Trust and sold in the Pilgrims Rest trading account. The shares were received and sold as tabled below:

Date	Shares	Proceeds R
14 March 2001	80 000	1 434 254.27
31 March 2001	62 000	1 194 913.07
20 June 2001	30 000	669 398.15
21 August 2001	55 000	1 243 183.73
4 September 2001	25 000	550 113.95
9 September 2001	35 000	801 785.76
Total	**287 000**	**5 893 648.93**

The proceeds from the sale of the WAR shares in the Pilgrims Rest trading account were transferred to the following bank accounts:

- First National Bank Tygerberg – R1 400 000,00;
- Pilgrims Rest – R1 264 201.82; and
- Unknown cash and cheques – R1 818 262.57.

According to a note made by Poole, R B Kebble also received the proceeds of the sale of 165 800 WAR shares from the WAL Share Incentive Trust, sold in two separate transactions of 77 800 WAR shares and 88 000 WAR shares, respectively, both of which transactions are included in our reconciliation of the WAL Share Incentive Trust, set out below.

RB Kebble was also the recipient of 330 000 WAR shares from the WAL Share Incentive Trust that were placed at Standard Bank. The shares were placed with two separate certificates "in terms of a banking facility for Mr R B Kebble" as recorded in a letter to Standard Bank on 19 December 2000.

WAL share certificate number 20400, in the name of Edwin W Balderson Nominees (Pty) Limited, covering 285 000 WAR shares and certificate number 19890, covering 45 000 WAR shares, were delivered to Standard Bank during December 2000 and January 2001, respectively. The latter certificate was also in the name of Edwin W Balderson Nominees (Pty) Limited.

In summary, RB Kebble and related entities received 1 182 800 WAR shares from the WAL Share Incentive Trust. R B Kebble was entitled to 500 640 WAR shares from the WAL Share Incentive Trust. R B Kebble and related entities therefore received 682 160 WAR shares from the WAL Share Incentive Trust in excess of what they were entitled to, as summarised below:

Account	**WAR shares**
Alibiprops	430 000
Pilgrims Rest/Hothouse Investments	257 000
Shares sold	165 800
SE Nominees	330 000
	1 182 800
R B Kebble entitlement	(500 600)
Excess shares received	**682 200**

The aggregate of 2 003 280 WAR shares were transferred to the accounts of JCI Gold (472 380 WAR shares) and CMMS (1 530 900 WAR shares) from the WAL Share Incentive Trust. JCI Gold returned the aggregate of 2 983 163 WAR shares from their Computershare CSDP account to the WAL Share Incentive Trust trading account.

2.4.1.7 ***Summary of WAR shares appropriated***

We summarise the impact of the WAR shares appropriated as follows:

Owner of WAR shares	**Number of WAR shares**	**Sales price R**	**Proceeds applied to**
JCI Gold	451 038	16 049 645.51	Hothouse, Bullishprops
JCI Gold	200 000	6 491 891.40	R B Kebble
JCI Gold	370 000	8 606 117.99	Pilgrims Rest and unknown
JCI Gold	682 160	Unknown	R B Kebble, Alibiprops, Pilgrims Rest, Hothouse, unknown

2.4.2 **RGE shares**

2.4.2.1 ***Current position***

The JCI Limited group held the aggregate of 10 384 581 RGE shares on 31 March 2005 as tabled below:

Shareholder	**Shares**
JCI Limited	4 283 276
CMC	1 254 276
CMMS	4 847 029
Total	**10 384 581**

2.5 **Identified balance sheet items of CMMS**

Various other transactions, impacting the balance sheet of CMMS, which led to losses or prejudice to CMMS, or which comprised misrepresentations of the financial position of CMMS, were performed. More often than not, the corporate memory of CMMS in respect of these transactions was extremely poor. These transactions are summarised hereunder:

2.5.1 **Loan due to Weston**

The AFS of Weston indicate that Weston paid substantial amounts on behalf of JCI Limited towards legal costs relating to a dispute with DRD. The auditor of Weston furthermore recorded that JCI Limited provided Weston with an "indemnity regarding the resulting damages" related to the legal dispute. The loan account reflected a credit balance as at 31 October 2005 of R1 149 644.56 and, accordingly, created the impression that CMMS owed Weston the aforesaid amount. We were neither presented with a loan agreement regarding the aforesaid loan, nor did we view the indemnity document referred to by Weston's auditor.

2.5.2 **Loan to CMC Jersey**

An amount of R153 509 701.98, due by CMC Jersey, was recorded in the books of account of CMMS for which no underlying agreement exists and it is not evident what value CMMS or JCI Limited obtained from the said amounts. Included in the above stated outstanding debt were transactions for which we found limited or no detail. These include an amount of R7 997 500.00 that was paid to HSBC on behalf of CMC Jersey as a repayment of a loan, an amount of R27 450 000.00 that was paid to the Werksmans Inc. trust account as repayment of a loan to HSBC and an amount of R118 169 748.09, debited to the account during the 2005 financial year. These loans resulted from the sale of RRL shares some years back to CMC Jersey. Payment for these shares was made by way of loan account. The shares were then used in a derivative transaction with HSBC. When such derivative transaction resulted in a loss to CMC Jersey, the RRL shares were sold and the proceeds thereof, together with the proceeds of a further loan to CMC Jersey, were applied towards closing out the positions with HSBC.

2.5.3 **Loan to Dormell Properties**

Dormell 211 was a wholly-owned JCI Limited subsidiary who owned property in Cape Town that appears to have been partially financed via a bond from FNB for which JCI Limited stood surety. We were informed that Stratton purchased the shares in Dormell 211 for R100 from JCI Limited.

It appears that a loan may have existed between RB Kebble and Stratton and that the bond repayments of the property, registered in the name of Dormell 211, as mentioned above, may have been channelled through CMMS and, ultimately, allocated to a sundry debtors loan account for the financial year ending 31 March 2005. The amounts processed via the CMMS bank account in this regard, for the 2006 financial year end, is still reflected in the Dormell 211 loan account. We could not be provided with a loan agreement for this particular loan. If R B Kebble owed money to Stratton, as alleged, it follows that R B Kebble settled such debt by giving Stratton property of JCI Limited whilst they were both directors of JCI Limited.

2.5.4 **Loan to Misty Mountain**

An agreement was entered into between JCI Limited and Misty Mountain in terms whereof a loan would have been made to Misty Mountain for the development of property and wherefrom JCI Limited would ultimately have shared in the profit, once the properties were disposed of after being developed. Shares, which were supposed to have been pledged to JCI Limited as security for the loan, were not in the possession of JCI Limited. It appears that the said shares, which were pledged, were held by Agliotti, a director of Misty Mountain. Furthermore, a declaration of trust was not in place to record the fact that the said shares were held by Agliotti on behalf of JCI Limited. Furthermore, two of the properties, which were held out in the agreement to be owned by Misty Mountain and where development as per the agreement should have taken place, were not registered in the name of Misty Mountain. Visual inspections of the premises, where development should have taken place, indicated that no construction was in progress at either of the premises. Different versions of what transpired were offered to us by Buitendag, Stratton and Agliotti. The outstanding loan amounted to R10 740 028.67. It is evident that R6 750 000.00 of the aforesaid amount relates to an incorrect allocation of a payment made to a consultant, styled Springlights, and that the said amount should have been allocated to consultants' fees, hence it appears that expenses were capitalised, thus masking the fact that expenses were incurred. Furthermore, an amount of R2 600 000.00 appear to have been paid to an entity styled Atlantic Nominees, of whom we have no detail or explanation.

2.5.5 **Loan to Castle Ultra**

A sale of shares agreement was entered into between Castle Ultra, a wholly owned subsidiary of CMMS, and Titan SD and R B Kebble in terms whereof Titan SD would sell 400 500 WAR and 30 481 900 CAM ordinary shares to Castle Ultra for a purchase price of R52 021 532. R B Kebble provided personal surety for the purchase price of the shares. The purchase price was to be settled in three payments. Some payments were made, but the overall payment structure was not adhered to, resulting in an amended purchase price structure being agreed. Castle Ultra did not honour the amended payment structure and an addendum to the original agreement was entered into allowing Titan SD to sell sufficient CAM shares to realise an amount of R15 994 502. To this extent, the CAM shares sold, were to be deducted from the total of 30 481 900 shares, mentioned above. As a result of the above entries, the trial balance of Castle Ultra, as at 30 September 2004, indicated investments valued at R10 102 500, being 400 500 WAR shares at R25 per share and the liabilities, recorded at that date, were indicated as a debt due to Titan SD. The net value, apparently available to CMMS to set-off against the loan account, would amount to the market value of the WAR shares less the liability to Titan SD. Castle Ultra appeared to have been in financial distress at the time.

2.5.6 **Loan to P-Continental**

According to accounting staff at CMMS, "P-Continental" appears to have been a ledger account utilised for the processing of entries related to the holding of preference shares in Continental Goldfields. The transactions identified, do not appear to have any relation to the holding of preference shares, although they appear to have been related to Continental Goldfields. No documented agreements have been located relating to P Continental. An agreement between RGE and Continental Goldfields was located, in terms whereof Continental Goldfields acquired TGME for a price of R9 150 000, of which R550 000 was to be paid in cash and the balance by the issue of a convertible loan note for R8 600 000. Interest was to be compounded at a rate of five percent per annum with effect from 25 August 1999. This agreement was changed to the effect that Continental Goldfields would have settled the full purchase price in cash to be paid by way of a loan from RGE to Continental Goldfields. This loan was settled when the right against Continental Goldfields was transferred to Weston, where it was set off against debt due by Weston to Continental Goldfields. Besides a number of entries in this loan account that appear to be uncertain as to the basis and recoverability thereof, it is evident that it recorded a debt of R550 000 plus interest, which was due by Continental Goldfields, representing the cash portion of the purchase price for the interest in TGME, due by Continental Goldfields to RGE.

2.5.7 **Loan to Tambo/Koketso**

A loan agreement was entered into between JCI Limited and Tambo in terms whereof JCI Limited would *inter alia* lend to Tambo an amount of up to R4 200 000.00 and JCI Limited would purchase thirty percent of the shares in Koketso. The full amount of the loan, as specified in the loan agreement between CMMS and Koketso, has not been taken up and, in terms of the loan agreement, the loan could be recalled at any time. We were not presented with proof that JCI Limited owned thirty percent of the shares in Koketso as per the sale of shares agreement and it does not appear that the remainder of the shares in Koketso, which were supposed to have been pledged as security to JCI Limited, were provided to JCI Limited. Furthermore, we noted that 11 000 000 listed ordinary JCI Limited shares, which were lent to Tambo in terms of a scrip lending agreement, have not been returned, although the date of termination of the underlying scrip lending agreement was 31 August 2005.

2.5.8 **Loan to Changing Tides/Masupatsela**

A joint venture agreement was entered into between CMMS and Masupatsela in terms whereof the parties undertook to co-operate to identify, assess and execute projects for the mutual benefit of both parties. As consideration, CMMS had to fund the initial running expenses of the joint venture with some R850 000 per month. Despite the fact that the agreement mandated that the contribution of R850 000 per month for the joint venture's administration expenses would comprise a loan to which interest would accrue, it is clear that the loan was only repayable out of the commercial activity of the joint venture. Effectively, CMMS took all the risk of financial loss and Masupatsela had all the possibility of financial gain when the joint venture did nothing. It is evident from the terms of the agreement and the nature of the treatment of the items in this ledger account, particularly the transfer of the balance in the loan account, as at the 2005 financial year end and the sundry items transacted therein, that this account did not represent an asset of CMMS, but merely a recording device of funds expensed to Masupatsela and others. The transfer of the account balance as at 31 March 2005 to short term investments also indicates the difficulties that CMMS's accountants had in trying to account for an effective expense as an asset. Since the short-term investments account of CMMS was in credit, this transfer of the balance in the Changing Tides/Masupatsela loan account overstated the financial position of CMMS by some R15 million.

2.5.9 **Loan to Tantco**

Tantco required funding in respect of their Tantalite mining operations in Zimbabwe. Tantco approached Buitendag at JCI Limited for funding. From October 2003 to May 2004, various agreements were entered into in terms whereof CMMS lent funds to Tantco. Just prior to the repayment date, Tantco entered into a further agreement with JCI Limited and requested further loans. In many instances funds were lent without the necessary agreements, authorisation, or security in place. Certain conditions precedent, as provided for in the agreements, were also not fulfilled prior to the lending of the funds. Twenty-three payments were made to Tantco as beneficiary, without supporting documentation, totalling R7 246 000.

JCI Limited lent funds to Tantco knowing that Tantco made a net loss of R4 379 808 for the 2002/2003 financial year. Furthermore, JCI Limited was aware that Tantco did not have the capability to repay the loan as Tantco's only form of income was sales in terms of an off-take agreement with Ningxia, which never materialized, as Tantco was unable to produce the required Tantalite.

The security obtained by JCI Limited in respect of the loans to Tantco was poor, comprising 100% of the shareholding in a Tantalite mine which has not been able to produce or sell Tantalite in terms of an off-take agreement, and movable assets to the value of approximately R4 700 000, securing a loan of R22 757 271.14. In terms of the shareholders' agreement, the shareholding in Tantco Zimbabwe and assets were pledged to JCI Limited.

JCI Limited does not have the share certificates in respect of their shareholding in Tantco.

2.5.10 **Loan to Itsuseng**

We found no agreement of loan relating to this loan recorded in the books of CMMS. Costs, related to the Lyons and Icarus transactions, which related to construction and development in Centurion and Sandton, were debited to this particular loan account without any indication whether these costs related to Itsuseng. To this extent it appears that an amount of R9 170 357.43 may have been debited to the loan account. The balance of this loan account, in the amount of R35 173 819.07, was transferred to the short term investments account of CMMS. The balance in this account was zero after the said transfer. This entry had as its effect that the loan balances were transferred to the other assets of CMMS, instead of being written off in the income statement of CMMS. Since the short term investments account of CMMS was in credit, this transfer of the balance in the Itsuseng loan account overstated the financial position of CMMS by R35 173 819.07.

2.5.11 **Loan to Luembe/Cassanguide**

A joint venture agreement was entered into between Luembe and one Marsanto to exploit diamondiferous reserves. Luembe had to contribute the necessary capital expenditure, financing, equipment and expertise, as may have been required for the activities of the joint venture.

A shareholders' agreement was subsequently entered into between Refraction, a wholly owned subsidiary of RGE, WCIH, one Perrevos and Luembe, in terms whereof Refraction was required to contribute the initial funding to Luembe and in terms whereof the funding had to be used by Luembe solely for the purpose of conducting the business in terms of the joint venture agreement described above. It appears that expenses, related to the operating costs of the mining activities of Luembe/Cassanguide, have been allocated to this particular loan account.

2.5.12 **Loan to Kaquala Investments/Lunga Ncwana**

The loan account recorded an expense of R5 130 for legal fees and the subsequent writing off thereof.

Sufficient information did not exist at CMMS to indicate the purpose and beneficiary of the expense.

2.5.13 **Loan to Ikamva**

An agreement was entered into between JCI Limited and Concerto in terms whereof JCI Limited would purchase thirty percent of the issued shares in Ikamva for an amount of R20 400 000.00. However, the said agreement recorded contract terms contradictory to those of two draft versions thereof pertaining to Ikamva and another entity styled Extra Props. It appears that the purchase price of the shares and claim in Ikamva and the purchase price of the shares in Extra Props were combined into the purchase price recorded in the final Ikamva agreement, which was signed on behalf of JCI Limited and Concerto. The claim, which forms part of the purchase price of Ikamva, was assumed by the CMMS accountants to be R3 000 000.00. It is possible that this assumption is incorrect, specifically in view of the fact that a document, attached to correspondence relating to the matter, indicates an amount of R2 400 000.00 as additional payment to Ikamva over and above the purchase price of the shares. The recordal of the price of the Ikamva shares in the books of account of CMMS, as R17 400 000.00, appears not to be correct. As per documentation viewed by us, the price of the Ikamva shares was R3 570 000.00 and the price of the Extra Props shares was R14 429 000.00.

Accordingly, the purchase prices of the Ikamva and Extra Props shares should have been reflected in the books of account of CMMS as per the aforementioned values. We were not presented with evidence of shares held by JCI Limited in Extra Props and neither does anyone appear to know about the entity. It therefore seems that JCI Limited may not be in possession of the one hundred percent shareholding bought by them in the aforesaid entity. JCI Limited currently holds thirty shares in Ikamva as per the share register maintained by CMMS. The shares are in possession of Pandor and a declaration of trust was presented to us regarding the shares held by him on behalf of JCI Limited. JCI Limited should be holding thirty percent of the issued share capital in Ikamva. The issued share

capital of Ikamva is 1 000 shares and therefore JCI Limited should hold 300 and not 30 shares in the entity. Accordingly, it seems that the share register, maintained by CMMS, who fulfils the function of company secretary to Ikamva, was not accurate and up to date. JCI Limited issued 20 000 000 shares to Concerto as payment for the thirty percent shareholding in Ikamva. The purchase consideration was recorded as 30 800 000 shares and the general ledger of CMMS indicated that 20 million shares were issued to Concerto.

We were not furnished with satisfactory proof that the balance of the 30 800 000 shares, comprising the purchase consideration of 10 800 000 shares, were in fact issued. We cannot conclude at this stage whether an alternative form of payment was made in lieu of the 10 800 000 JCI Limited ordinary shares which were not provided to Concerto.

2.5.14 **Loan to JCI East Africa**

JCI East Africa, during May 1996, acquired 945 500 common shares in a company styled Tan Range, for which the purchase price appears to have been funded by loans from JCI IOM and Discus, who was the shareholder of JCI East Africa. The ultimate holding company of JCI East Africa was JCI Limited. No documented agreements have been located, recording the existence of a loan agreement between JCI Limited, CMMS and/or JCI East Africa. It appears that JCI East Africa acquired 4 892 600 shares in Tan Range, 3 947 100 initially and an additional 945 500 during April 1996. Of these shares, CMMS's records indicated that 4 470 600 shares were sold. The remaining Tan Range shares should thus number 422 000. The sale of 4 470 600 Tan Range shares generated R28 266 626.05, of which R937 500 was credited to the WAL loan account. The balance, being R27 329 126.05, was credited to the JCI East Africa loan account, of which R14 708 811.15 was transferred to the loan account of Discus, presumably to settle obligations between JCI East Africa and Discus, leaving an amount outstanding on the loan account, at 31 March 2005, of R17 130 296.20. This credit, however, appears to overstate the liabilities of CMMS as the loan made by CMMS to JCI East Africa, initially to fund the purchase of the Tan Range shares, was capitalised and not repaid. When eventual repayment took place, a new obligation to Tan Range was created whilst the substance of the termination was actually the repayment of a debt due to CMMS by JCI East Africa.

2.5.15 **Loan to Matodzi/Diamond Works/Phikoloso and the loan to Equitant/Phikoloso**

We noted two loan agreements, one between CMMS and Equitant and another between Equitant and Matodzi. The aforesaid agreements created a back to back relationship between the parties.

The underlying transactions to the aforesaid agreements had as their purpose to facilitate financial assistance to Matodzi in the amount of R63 417 370 for the purchase of 126 834 740 ordinary listed JCI Limited shares and to attempt to prevent such fact from being disclosed. Matodzi undertook to pledge the said shares to Equitant as security for the loan and Equitant undertook to pledge the shares to CMMS as security for the loan. However, we found no evidence that the 126 million ordinary shares in the issued share capital of JCI Limited, purchased by Matodzi, were pledged to CMMS as security for the loan made in this regard.

2.5.16 **Loan to Matodzi Investment Holdings**

A loan agreement was entered into between CMMS and Morgan Creek Properties 427 (Pty) Limited trading as Matodzi Mining and Energy, recording that Matodzi borrowed R4 500 000 from CMMS and that Matodzi would pledge 45 000 000 ordinary NMC shares, presumably as security for the aforesaid loan.

Apart from the R4 500 000 loan that was debited to the account, several other amounts of less than R50 000 each were debited to the account. Interest charges exceeding R1.6 million and an amount of R1 254 000, which relates to a transaction simply described as "Bookmark Hold Tech, Man" were debited to the account. We noted three amounts totalling R17 176 332.47 that were debited and credited to the loan account, resulting in a zero net effect. The inscriptions, relating to these transactions, indicate that they relate to Alibiprops, but we cannot conclusively comment on the nature thereof.

2.5.17 **Loan to Sage Wise**

No loan agreement could be provided to us in respect of the loan by CMMS to Sage Wise. Rasethaba informed us that he benefited from the R300 000.00 reflected in the loan account and that he was personally responsible for the repayment of the loan. We were subsequently informed that the outstanding amount of R300 000.00 had been settled.

2.5.18 **Loan to Orlyfunt**

An amount of R3 000 000.00 of the loan account balance of R7 844 414.31 was supported by an underlying agreement between CMMS and Orlyfunt. The said loan agreement recorded that the loan is not repayable until 1 March 2009. The remaining balance of R4 844 414.31 was not supported by the said underlying loan agreement and appears to relate to operational expenditure, travelling and amounts reflected in the T-Sec trading accounts. Included in the balance of the loan account were transactions processed by T-Sec, totalling R1 140 000.00.

2.5.19 **The Masupatsela Randgold loan account**

Loan agreements between CMMS and Masupatsela, and RGE and Masupatsela, respectively, existed. The agreements created a back to back relationship between CMMS and RGE via Masupatsela. The agreements had as their purpose to record the terms of a loan of R111 786 393.89, effectively made by RGE to CMMS. The loan account in the ledger of CMMS had as its possible effect the non disclosure of related party transactions. For instance, the above mentioned loan amounts, contracted for, represented the effect of actual transactions between RGE and CMMS at the time of concluding the agreements, which included, amongst others, the transfer of the proceeds of the sales of some of the RRL shares, referred to above.

The loan between RGE and CMMS was not disclosed in the AFS of CMMS as at 31 March 2004.

2.5.20 **Loan to Masupatsela (Notable Holdings)**

In terms of a scrip lending agreement, entered into between RGE and Notable Holdings, three million DRD listed ordinary shares, were lent to Notable Holdings. It appears that Notable Holdings committed to provide 3 700 000 WAR shares as security to RGE for the DRD shares lent to them. This security did not exist and was not provided to RGE. This scrip lending agreement was later converted to a sale agreement in terms of which Notable Holdings would buy from RGE the three million DRD shares for R27 million in cash and 660 000 WAR shares. Notable Holdings neither paid the R27 million, nor transferred the 660 000 WAR shares to RGE. The ostensible debt of Notable Holdings to RGE, created by means of the above mentioned scrip lending agreement, was transferred to CMMS. This transfer was recorded by debiting the intercompany loan account of RGE and crediting the Masupatsela (Notable Holdings) ledger account. CMMS's accounting records then created the impression that Notable Holdings repaid the debt of R27 million to CMMS by the transfer and delivery of 40 million ordinary listed Simmer & Jack shares. We have not seen any evidence that 40 million ordinary listed Simmer & Jack shares were provided to CMMS. CMMS's accounting records furthermore created the impression that 40 million ordinary listed Simmer & Jack shares were reduced in value by R17 million and were then sold to Topgold AG mvK for some R10 million, which does not appear to be a true reflection of events.

2.5.21 **Loan to Inkwenkwezi**

The amount of R85 865 625, recorded as a debt due to CMMS by Inkwenkwezi in the books of account of CMMS, should actually have been recorded in the books of account of RGE as such amount related to an empowerment transaction in which RGE funded Inkwenkwezi. The funds, having been paid in respect of a transaction unrelated to CMMS, should have been charged against RGE since RGE borrowed the said amount from CMMS in order to fund Inkwenkwezi.

2.5.22 **Shares in Simmer & Jack**

Some R25 million was credited to the Consolidated Investments trading account of CMMS at T-Sec, funded by the sale of 100 million Simmer & Jack shares to Topgold AG mvK, which were owned by CMC, Continental Goldfields and Orlyfunt. There appears to have been no agreements and authorization underlying such appropriation and we have significant reservations regarding the truthfulness of the recording and disclosure of these transactions. R20 million of the cash, generated from the sale of these shares, instead of having been advanced to Simmer & Jack on behalf of Topgold AG mvK, were paid towards the collateral requirements of CMMS's share trading facilities. That resulted in JCI Limited having had to incur further liabilities in order to meet its obligations to Topgold AG mvK. As a result of the use of the shares of Continental Goldfields and, subsequent to Continental Goldfields having sold the 80 million Simmer & Jack shares it did not have to the International Financial Trust Company Limited, JCI Limited guaranteed payment of the International Financial Trust Company Limited's obligation to pay the purchase price of the Simmer & Jack shares to Continental Goldfields. This resulted in Continental Goldfields claiming payment of some R12.8 million from JCI Limited. We could not identify these obligations in the trial balance of CMMS.

During early 2005, Simmer & Jack reported to their shareholders that "Jaganda, a black economic empowerment company will on completion of the rights offer, own 50,9% of the issued share capital of Simmers…". A purchase structure was proposed in the aforesaid circular to the Simmer & Jack shareholders. JCI Limited, *inter alia*, through the holdings of its subsidiaries and associated companies, agreed to facilitate the rights offer by using the proceeds of the repayment of the Jaganda loan account in the books of account of CMMS to subscribe for preference shares in Jaganda. Jaganda, in turn, would use the aforesaid proceeds, as well as a further R5 million, to be received for the preference shares in which the Simmer & Jack management would subscribe, to subscribe for the rights offer shares that would represent 50.9 percent of Simmer & Jack's issued share capital after the rights offer.

The cash received by CMMS, or the equivalent thereof, for the shares in Simmer & Jack, amounted to R128 838 633. The aforesaid amount agreed to the transaction value calculated by us. However, journal entries, processed by CMMS to the Simmer & Jack loan account, which reduced the loan to Simmer & Jack, were inflated by R5 408 557.

2.5.23 **Investment in Kirstenberry Lodge**

RB Kebble was indebted to CMMS. Several properties, registered in the name of Kirstenberry Lodge and OT80, were pledged as security for the said loan. The loan was utilised to settle outstanding debt of RB Kebble in the books of account of CMMS. We found no resolution of CMMS authorising the said loan. The loan of RB Kebble was subsequently cleared in exchange for the shares in Kirstenberry Lodge and OT80, who owned the aforesaid properties pledged as security for the monies RB Kebble owed to CMMS. CMMS paid R15 863 000.00 of the bond instalments of the aforementioned properties whilst the properties were pledged as security for the loan to RB Kebble. An amount of R2 268 923.29 was refunded by CMMS to RB Kebble by reducing his sundry debt account in the books of CMMS for bond repayments and running expenses of the said properties, which costs were allegedly incurred by RB Kebble. Furthermore CMMS paid an excess of R6 724 654.85 of the estimated value of the property at the time when the properties were purchased from Kirstenberry Lodge and OT80. The loan, granted to RB Kebble, and the purchase of the said properties did not hold any financial benefit to CMMS. RB Kebble, however, benefited in the amount of R24 856 578.14 from the various loans and the settlement thereof.

2.5.24 **Exposure to SAFCO**

JCI Limited, through CMMS, financed and facilitated the funding of SAFCO. The funding was used for a number of projects, which included the acquisition of seven fishing vessels from Australia. The two transactions for the acquisition of fishing vessels were structured to include Pacific Fisheries, a company incorporated under the laws of Mauritius and in which some directors of JCI Limited appear to have held an interest.

There were directors and key management personnel who were common to JCI Limited and SAFCO. These common directors and management could and did exercise significant influence over the affairs of SAFCO, in particular the structuring of the transactions to acquire the Australian fishing vessels. Our investigation points to the fact that these transactions were not in the best interest of SAFCO and were between related parties, being JCI Limited, SAFCO and its subsidiaries, and Pacific Fisheries. The purchase price of the vessels was inflated with the intention to realise a profit in Pacific Fisheries. Furthermore, the true nature and objectives of the transactions were not disclosed to Investec, the other SAFCO directors and the SARB.

The costs of the four Australian fishing vessels, relating to the first transaction, amounted to R25 820 615.55, which includes an amount of R2 135 169.04 still due to Pacific Fisheries by the SAFCO subsidiaries. Only an amount of R1 300 000 (AUD265 070) was paid to CocksMacknish as a deposit for the purchase of the three vessels relating to the second transaction. The balance thereof is still outstanding.

2.5.25 **Investment in Skygistics**

Skygistics was incorporated on 7 August 2000 as Daisy Street Investments No 154 (Pty) Limited (registration number 2000/018328/07). On 31 May 2001, the name of Daisy Street Investments No 154 (Pty) Limited was changed to Startrack Communications Africa (Pty) Limited. On 31 March 2005 there was a further name change from Startrack Communications Africa (Pty) Limited to Skygistics. The financial statements of Skygistics, dated 31 March 2005, described the nature of Skygistics's business as follows:

"The current business operations of the group are to provide services and sell products relating to electronic remote asset management systems and related activities."

Skygistics formed part of the Startrack Communications group, incorporated and administrated in Australia, who supported Skygistics's operations in South Africa. The initial shareholding in Skygistics was as follows:

- Startrack Communications Limited 10 percent;
- JCI Gold 36 percent;
- Graceford Holdings 34 percent;
- Matodzi Resources 10 percent; and
- Small investors 10 percent.

During its 2004 financial year, JCI Gold increased its shareholding in Skygistics from 36 percent to 72 percent. The initial cost of the investment in Skygistics, recorded in the books of JCI Gold, was R3 600.00, representing the issue of the shares at par value of R1.00 per share.

The additional 36 %, acquired during the 2004 financial year of JCI Gold, was acquired at a cost of R27 945 000.00 from various shareholders, representing a significant increase in the share price of Skygistics. We could not identify any approval by the board of the directors of JCI Gold for any of the purchase transactions, or any information that a due diligence investigation of Skygistics was performed by JCI Gold. The additional 36 percent of the issued share capital of Skygistics was purchased from the following shareholders:

Transferor	Number of shares	Value R	Amount paid R	Transferee	Date transferred
Graceford	3 400 000	7.50	25 500 000.00	JCI Gold	30 November 2003
J Haasbroek	35 000	9.14	320 000.00	JCI Gold	1 December 2003
J Haasbroek	65 000	15.38	1 000 000.00	JCI Gold	1 March 2004
L G Njenje	150 000	7.50	750 000.00	JCI Gold	31 March 2005
Total	**3 650 000**		**27 570 000.00**		

The 3 400 000 Skygistics shares (representing 34 % of the issued share capital of Skygistics) were initially allotted to Graceford at 0.001 cent per share. It appears that these shares were held by Graceford on behalf of the following beneficiaries:

Beneficiary	**Number of shares**
Federal Trust (Mauritius) Limited – Diamond Trust	500 000
Federal Trust Co. Ltd Guernsey – Rogerwermel Trust	500 000
R A R Kebble	500 000
R B Kebble	500 000
A J B Haasbroek	500 000
J M B Bertina	500 000
R Burger	200 000
C M Mostert	200 000
Total shares held	**3 400 000**

A document, captioned "Sale Agreement between Graceford Holdings Limited and JCI Limited," dated 30 June 2003, reflected Graceford as the seller of 3.4 million shares in Skygistics to JCI Limited. As consideration for this sale, Graceford was to receive 42 500 000 ordinary listed shares (at 60 cents per share) in JCI Limited.

The price paid by JCI Limited to Graceford for these shares was R25 520 000, or R7.51 per share. The agreement, however, recorded that the seller warranted that Skygistics would achieve a growth target of at least 4 000 terminals during the financial year 1 July 2003 to 30 June 2004. Based on this warranty, 2.5 million JCI Limited listed ordinary shares had to be released to the seller, Graceford, whilst the balance of 40 million JCI Limited listed ordinary shares had to be held in escrow by Paradise Creek. As it turned out, 42.5 million shares were issued to Paradise Creek. A formula was also part of the agreement in terms whereof some of the JCI Limited ordinary listed shares were to be returned to JCI Limited in the event of the sales target of 4 000 terminals not being achieved by Skygistics. As Skygistics did not achieve the sales targets, 24 870 000 JCI Limited listed ordinary shares should have been returned to JCI Limited. This could not be done as these shares were disposed of by Paradise Creek as indicated at section four above.

Haasbroek sold his interest of 1% in the issued share capital of Skygistics to JCI Limited in two transactions, to wit:

- 1 December 2003, when Haasbroek sold 35 000 Skygistics shares to JCI Limited for a consideration of R320 000, or at R9,14 per share; and
- 1 March 2004, when Haasbroek sold 65 000 Skygistics shares to JCI Limited for a consideration of R1 000 000, or at R15.38 per share.

During March 2005, Njenje sold 150 000 shares in Skygistics to JCI Limited for R750 000, or at R5.00 per share.

At the time when these transactions were performed, Skygistics did not achieve its sales targets and experienced financial difficulty. This transaction further resulted in significant amounts of debt of an Australian subsidiary of Skygistics having had to be funded by South African companies and that significant resources of JCI Limited having had to be committed to a weak investment.

2.5.26 **Investment in AMT**

AMT was initially operated as a division of AMIC Industries Limited (SA), which was a division of Anglo American Industrial Corporation Limited.

A shelf company, E-com Investments 4 (Pty) Limited, incorporated by the previous shareholders, being Carris, Kuiper and Den Das, made a purchase offer to Anglo American Industrial Corporation Limited, which was slightly less than R10 million. Anglo American Industrial Corporation Limited agreed to sell the plant to E-com Investments 4 (Pty) Limited.

During the 2003 financial year, it became apparent that AMT required a large amount of external funding as AMT was not able to fund its operations from the sale of its products. A decision was then made by the directors of AMT to find a buyer for AMT, or to sell its assets.

Koppel was introduced as a potential buyer to the directors of AMT by an unknown individual working at Mallinicks. Koppel was interested in buying the plant. It is understood that Koppel was not in agreement with the terms and conditions set out in the agreement entered into between Koppel and AMT, and that the directors of AMT did not agree to any changes. As a result, that transaction with Koppel did not materialise.

Koppel then discussed with RB Kebble the possibility that RB Kebble buy the plant. RB Kebble agreed to this and indicated that JCI Limited, through Kovacs 620, would do the transaction. The final sale would only be concluded during 2004. The directors of AMT agreed to the sale, but requested the payment of a deposit of R5 million to be deducted from the final purchase price payable. This deposit of R5 million was in fact paid by Koppel and not by JCI Limited. It was subsequent refunded by JCI Limited to Koppel.

Kovacs 620 was owned by JCI Limited. Kovacs 620 purchased the assets and business of AMT. Subsequently, AMT was put into voluntary liquidation. Kovacs 620 was then trading as Advanced Medical Technologies.

The sale of business agreement, entered into between AMT, Kovacs 620 and JCI Limited on 16 June 2003, stipulated that the purchase price for the business was R54 million. On 1 February 2004, the sale agreement was amended to increase the purchase price with 10%, an increase of R5.4 million. The total purchase price paid by JCI Limited was R59 400 000.

Additional funding of R12 116 197.00 was made available to Kovacs 620 by CMMS and allocated to the loan account between CMMS and Kovacs 620. These funds were used to cover operating and legal expenses, and interest obligations.

2.5.27 **Investment in Lyons**

Lyons Holdings was incorporated in South Africa on 18 December 1997. The Lyons group initially consisted of the following main entities:

- Lyons Holdings, the holding company;
- Lyons Financial Solutions (also known as LAM), a wholly owned subsidiary of Lyons Holdings;
- Lyons Corporate Structured Finance, a wholly owned subsidiary of Lyons Holdings; and
- Lyons Corporate Lease Fund Limited.

The assets of Lyons Financial Solutions comprised of the Johannesburg Business, the Cape Town Business and the Durban Business, as well as the Lyons logo.

From available information it appears that T-Sec bought 17% of the share capital in Lyons Holdings from CorpCapital and 65% from Icarus, resulting in T-Sec owning 82% of the share capital of Lyons Holdings. T-Sec then sold their shares in Lyons to Itsuseng during 2004, which in turn transferred the shares to RGE during 2006. Subsequently, RGE transferred the shares to JCI Limited. JCI Limited sold 12% of the shares to Fromentin. The current shareholders of Lyons are JCI Limited, with 70% of the shares and Fromentin, who owns 30% of the shares in Lyons Holdings. Very little information and documentation are available on the various transfers of the shares in Lyons Holdings.

Various cash flows took place between several entities within the JCI group and Lyons Holdings and its subsidiaries, which consisted of the following cash flow streams:

Buying shares in Lyons	**Amount R**	**Amount R**
JCI Limited	2 514 300.25	
Itsuseng *via* JCI Limited/Paradigm Shift	711 250.90	
Itsuseng *via* Equitant	2 520 487.90	
JCI Limited *via* Icarus	6 639 200.00	12 385 239.11
Settle Lease Fund of Lyons		
JCI Limited *via* Nedbank	27 600 000.00	
JCI Limited	5 000 000.00	
JCI Limited *via* Equitant	7 000 000.00	39 600 000.00
Funding operations of Lyons		
JCI Limited	36 805 950.00	36 805 950.00
		88 791 189.11
Refund by Lyons to JCI Limited		(43 426 060.70)
		45 365 128.41
Funding structure of Lyons		
Profit realised on the structure	(11 572 519.09)	
Scrip lending fees	755 137.54	
Dividends	828 445.34	(9 988 936.21)
Total owing to JCI group		**35 376 192.28**

2.6 **Consultants' expenses paid by CMMS and JCI Gold**

The manner in which the business of JCI Limited and its subsidiaries were conducted was also reflected in the expenses incurred by CMMS and JCI Gold, recorded as consultants' expenses. These expenses can be categorised as follows:

- Consultants who provided investigative and intelligence services;
- Former directors of JCI Limited;
- Consultants providing other services; and
- Payments to attorneys.

2.6.1 **Consultants who provided investigative and intelligence services**

These consultants were mainly involved in providing investigative and intelligence services. The intelligence services rendered cover a spectrum of areas such as political intelligence, operational intelligence and intelligence relating to the dispute of the Kebbles, JCI Limited and RGE with DRD and Wellesley-Wood. These consultants were mainly managed by R B Kebble and Stratton.

2.6.1.1 ***Abongile Consultancy***

R B Kebble entered into a verbal agreement with Yengeni to assist him financially and offered to pay his legal fees in return for assistance with certain BEE transactions. A number of invoices of R60 000.00 each were rendered during the period July 2003 to April 2005, totalling some R1 320 000.00. We could not trace any payments made to Abongile and/or Yengeni in respect of these invoices. However, there are indications that R B Kebble made payments to Yengeni aggregating R120 000.00. R B Kebble recovered these expenses from CMMS. R879 061 was paid in respect of legal fees for Yengeni.

2.6.1.2 ***Capacity Building***

It appears that Capacity Building was a communications service provider who specialised in issues pertaining to crisis management. Capacity Building entered into a written consulting agreement with the JCI Limited group of companies during 2001. The contract, *inter alia*, provided that Capacity Building would render communications related services to RB Kebble and JCI Limited agreed to pay to Capacity Building a retainer fee of R100 000.00 per month. Capacity Building claimed that this agreement was extended verbally for an indefinite period. Total payments to Capacity Building amounted to R6 209 137. This amount included an amount of R1 400 000.00 paid to Capacity Building as a settlement during the 2006 financial year of JCI Limited.

2.6.1.3 ***CNSG***

It was alleged that CNSG entered into a written agreement with JCI Limited during 2005 and that the agreement expired during 2007. It appears that the services, rendered by CNSG, included guarding services to JCI Limited and its directors. In addition, CNSG also performed certain investigations. The nature of the investigations varied and included investigations of fraud, theft, robbery, corporate intelligence and profiling of customers. CNSG was also involved in the DRD dispute. Whilst the contract for guarding services was documented, no contract for investigation services was documented. The total amount of R7 428 889.48 was paid to CNSG in respect of consultancy fees and disbursements for the period June 2004 to October 2005.

2.6.1.4 ***Micromath Trading 485 CC***

We found no documented evidence of an agreement between JCI Limited and Micromath. It appears that Micromath was used as a consultant by CNSG to conduct intelligence gathering exercises and to participate in internal investigations at JCI Limited. The reason for using Micromath was to conceal internal investigations and the involvement of CNSG therein. R1 970 000 was paid to Micromath, for the period February 2005 to October 2005. It was brought to our attention that Micromath may have been overpaid.

2.6.1.5 ***HSC***

HSC entered into a written agreement with three directors of JCI Limited, namely R A R Kebble, R B Kebble and Stratton. JCI Limited was a contracting party and CMMS paid HSC's retainer fees and expenses. The agreement recorded that the services had to be rendered to *inter alia* R A R Kebble, R B Kebble and other interests held by the Kebble family. The services included legal auditing services and investigation services. Although there are indications that HSC performed various assignments for JCI Limited, they were mainly involved in matters relating to the dispute with DRD and Wellesley-Wood. The initial monthly retainer fee of R230 000 was increased during February 2004 to R325 000. In addition to the retainer fee paid, HSC claimed funds from CMMS relating to payments made by HSC to third parties on behalf of JCI Limited. According to HSC, these payments were made on instruction of their client, JCI Limited. HSC was used by JCI Limited to make payments to potential witnesses who resigned their employment at AIN and DRD and who were then accommodated by JCI Limited so that they could provide information respecting the dispute with DRD.

Furthermore, JCI Limited assisted a number of former AIN employees to set up an entity styled Nutrx during 2003. By charging these payments as expenses of HSC to JCI Limited, the funding of these operations by JCI Limited was not transparent in the books and records of JCI Limited and its subsidiaries. The total amount, paid to HSC by CMMS, was R18 508 549.12, as at November 2005, with a then unpaid balance of R1 724 313.73. Of this amount paid, R9 661 500.00 was paid towards the monthly retainer fee of HSC.

2.6.1.6 ***Finerent***

Although the representative of Finerent claimed that he entered into a written agreement with JCI Limited, we found no evidence of such a written agreement. The services rendered by Finerent included the conducting of investigations and gathering and provision of business intelligence to JCI Limited. According to the representative of Finerent, the specific services rendered included the compiling of profiles on individuals and entities at R B Kebble's request and the performing of daily searches of the JCI Limited offices at Cape Town and Johannesburg for electronic monitoring devices. The total amount, paid to Finerent for the period April 2003 to October 2005, was R8 774 747.33.

2.6.1.7 **Springlights/Misty Mountain**

Payments to Springlights were made by CMMS for purposes mainly unrelated to the known business purposes of JCI Limited. It was alleged that some of the services invoiced, included the facilitation of payments to third parties at the request of some of the directors of JCI Limited. One such project involved the alleged counter acting of an alleged smear campaign conducted by AIN and DRD, apparently directed against R B Kebble, R A R Kebble and JCI Limited. It appears that a total amount of R18 850 000 was paid to Springlights as consulting fees. In addition, an amount of R6 750 000 was still reflected in the Misty Mountain loan account as at 31 March 2005, relating to payments made to Springlights. It is alleged that some R26 684 000 was received by individuals and/or entities from JCI Limited. The investigation hereof is still ongoing as Nassif and Agliotti refused to inform us of the identity of the recipients of these funds. An affidavit by Agliotti, which appeared in the public domain, however indicated some of the use of these funds.

2.6.2 **Directors of JCI Limited**

2.6.2.1 ***Stratton***

Stratton held directorships of various companies, incorporated in Australia and in South Africa. It appears that Stratton was approached by R B Kebble to assist with a number of the JCI Limited management functions. R B Kebble appointed Stratton as an executive director of JCI Limited during 2003. It appears that his main responsibilities were to develop new business, direct certain existing group activities, assist R B Kebble in seeking to improve the financial position of the JCI Limited group, manage the relationships with the security and intelligence consultants and to manage ongoing litigation. Stratton's remuneration included the payment of R250 000 per month plus the re-imbursement of expenses incurred. Stratton was remunerated monthly. It appears that he was paid on an alternating basis to his personal bank account and to the bank account of Edge to Edge. Payments to Stratton and to Edge to Edge aggregated R8 748 000. In addition, Stratton made a number of payments on behalf of JCI Limited to consultants, who included Palto, HSC, Lemonhouse, Care Products and H Halpern. These services were mainly rendered in respect of the RB Kebble and DRD dispute and litigation.

2.6.2.2 ***R B Kebble***

We could not locate any written consultancy agreement between R B Kebble and JCI Limited. Initially, R185 000 was paid to R B Kebble per month, but the amount was increased during October 2003 to R342 000 per month. R B Kebble received consulting fees, aggregating some R8 873 000 during the period investigated. It appears that R B Kebble made various payments on behalf of CMMS to a number of individuals and entities. These payments were made from R B Kebble's personal bank account and were re-imbursed by CMMS against the balance of the Sundry Debtors R B Kebble/Consolidated Investments/Alibiprops loan account in the balance sheet of CMMS. The reimbursed expenses are set out below:

The following payments were described as payments by R B Kebble to the ANC:

Description	Amount R
ANC Western Cape	5 750 000
ANC Youth League	930 000
ANC Eastern Cape	250 000
Total	**6 930 000**

R1 400 000 of this total amount was reimbursed to R B Kebble by CMMS during the 2004 financial year of CMMS. Only the payments, made during the 2004 financial year of CMMS, were recorded in the books of CMMS. Although it appears that the balance of R5 530 000 was paid out by R B Kebble, such was not recorded in the books of CMMS as reimbursed to R B Kebble. We have not seen any resolution of the directors, or a minute of a directors' meeting, recording authority for such reimbursements on behalf of any JCI Limited company.

It appears that R B Kebble made a number of payments to Gleason Publications, aggregating R695 000. Gleason indicated that he received payments from R B Kebble for having provided financial intelligence to R B Kebble. He explained that the relationship was with R B Kebble and not with JCI Limited. Furthermore, it appears that Gleason was not aware that the payments to him were recorded in the books of CMMS. No evidence was found indicating that CMMS, or any other JCI Limited company, benefited from the services. R B Kebble claimed the entire amount of R695 000 from CMMS.

It was recorded that R B Kebble made payments, reimbursed by CMMS, to a number of individuals, who, *inter alia,* included:

Name of beneficiary	Amount paid R	Amount recorded in the books of CMMS R	Description in CMMS books
Capacity Building	2 330 000	1 600 000	Consulting fees
T S Yengeni	120 000	60 000	Consulting fees
S J Pandor	250 000	250 000	Consulting fees
E B Molefe	100 000	100 000	Loan E B Molefe
Ficcuseco	100 000	100 000	Consulting fees

It appears that R B Kebble made payments aggregating R2 000 000 in respect of what was described as bonuses during December 2003, which were reimbursed by CMMS. We identified payments and the recipients thereof in respect of R1 550 000 of the R2 000 000, mentioned above. We were unable to obtain evidence that the balance of the alleged bonuses, i.e. R450 000.00, were paid and to whom. It appears that these alleged bonuses were paid to individuals who were directors of RGE and other entities related to RGE and JCI Limited.

The bonuses were apparently for the involvement in and contribution to BEE transactions by these individuals. It is however not clear why, for instance, CMMS had to be charged with the alleged bonuses to individuals unrelated to CMMS and JCI Limited. Furthermore, it appears that the R2 000 000, which was allocated to consulting fees, were not consulting fees and therefore might have been allocated incorrectly to consulting fees.

2.6.3 Consultants providing other services

2.6.3.1 *Cygnus Marketing CC*

Cygnus was appointed during October 2003 to provide financial accounting services to Letseng Diamonds. During April 2005, Cygnus was appointed to provide financial accounting services to RGE. From November 2005, RGE did not

utilise the services of Cygnus any longer. The total amount paid to Cygnus for the period October 2003 to October 2005 amounted to R847 408.

2.6.3.2 ***Retrospective 81 CC trading as Geta Fish***

We could not locate a written agreement between JCI Limited and Geta Fish. It appears that Geta Fish was, amongst other matters, required to identify potential fishing resources and market demands, and to evaluate infrastructures in Africa. To this extent, the principal of Geta Fish formed part of a team at SAFCO who designed a strategy around a business plan, which included a marketing strategy for a fishing project. Geta Fish was further required to assist with the applications for fishing licences. An amount of R445 850.76 was paid to Geta Fish, which excludes the amount of R43 332.94, representing reimbursements in respect of SAFCO.

2.6.3.3 ***Closenberg***

It appears that Closenberg entered into a consulting agreement with JCI Limited. Although he confirmed that the agreement was in writing, Closenberg could not present a copy thereof. Closenberg indicated that, in terms of the contract, he was required to provide general legal advice for which he was paid a monthly retainer fee for a period of between one and two years. Closenberg was involved in facilitating transactions involving the investment by JCI Limited in Boschendal, Cueincident, Mvelaphanda Properties, etc and managing the BEE relationships within these projects. We located invoices of R65 000.00 each for the period July 2003 to August 2005, aggregating R1 365 000.00. However, we could only locate payments aggregating R325 000 to Closenberg.

2.6.3.4 ***Marulelo Communications***

Marulelo entered into an agreement with JCI Limited during August 2003. The services primarily related to external public relations and event management services. A monthly retainer fee of R175 000.00 was agreed upon, which was increased during December 2003 to R346 875.00 per month plus disbursements claimed by Marulelo. Marulelo also invoiced JCI Limited for services rendered by Revolution Events. The services, rendered and invoiced to Marulelo by Revolution Events, included those of security service providers, consultation by sub-contractors and annual membership fees. The total amount, paid to Revolution Events, was R991 336.60. The total amount, paid to Marulelo in respect of consultancy fees and disbursements, for the period April 2003 to October 2005, amounted to R15 734 050.71. The services rendered by Marulelo cannot be defined as exclusive to JCI Limited. Certain payments made were for the benefit of RB Kebble. JCI Limited and Marulelo entered into a settlement agreement during January 2006.

2.6.3.5 ***John Mason***

It appears that JCI Limited requested Mason during May 2004 to assist with the assessment of fishing opportunities in South Africa. During August 2004, Mason was appointed as the CEO of SAFCO. It appears that a total amount of R203 701.28 was paid to Mason in respect of consulting fees and other expenses. The consulting fees comprised six payments of R20 000 each.

2.6.3.6 ***Shelley Street Design Consultant***

Street was a design consultant, who specialised in interior decorating and design. It appears that Street entered into an agreement with R B Kebble during August 2003 to oversee the redecoration of the interior of JCI Limited's Cape Town office for a fee of R15 000.00 per month. Street refurbished that office from 1 September 2003 to March 2004, when she proceeded to refurbish R B Kebble's personal property "Fairseat". Street was paid the total amount of R353 970. The refurbishment of R B Kebble's personal home did not benefit JCI Limited whilst R234 270 of Street's fees related thereto.

2.6.3.7 ***Top Edge***

Although Top Edge entered into an agreement with RGE, it was never recorded in writing. Top Edge performed consultancy services to RGE and JCI Limited for approximately eight years. Top Edge was responsible to manage aspects that could destabilise RGE and JCI Limited and counter-act such aspects by creating a stable environment where state, labour and capital could co-operate with one other, according to what was told to us. Top Edge received a monthly retainer, which increased marginally over the period of the professional relationship. The relationship was terminated in August 2005. Monthly payments, aggregating R1 026 000.00, were made by JCI Gold and/or CMMS to Top Edge.

2.6.3.8 ***Ikamva***

Ikamva was not a consultant to JCI Limited, but JCI Limited ostensibly held 30 percent of the issued shares in Ikamva. It appears that Ikamva submitted a monthly operations budget to JCI Limited and that it was agreed that the funding of travelling cost, professional fees and any other expenses would be discussed and authorised by JCI Limited. Ikamva submitted invoices to JCI Limited for payments totalling R563 655.75.

The detail on the invoices clearly related to operational expenses. A part-payment of R305 472.69 was made to Ikamva by CMMS during the 2006 financial year. Ikamva contracted two consultants, Tswelopele Associates CC and Thoughtfox. Thoughtfox claimed to have provided a wide range of services to Ikamva, including background work, the facilitation of deals, attending meetings and business advisory services. JCI Gold made payments to Thoughtfox of some R184 200. Tswelopele Associates CC was contracted to facilitate the promotion of Ikamva's mining interests. CMMS paid R50 000.00 to Tswelopele Associates CC.

2.6.3.9 ***Turbine Aviation (Pty) Limited***

No written agreement existed between JCI Limited and Turbine Aviation. Although Turbine Aviation claimed payment in respect of consultancy services rendered to JCI Limited and/or CMMS, it appears that these claims were not for services provided by Turbine Aviation, but rather related to costs associated with Poole's monthly remuneration. CMMS made two payments of R120 000.00 each to Turbine Aviation.

2.6.3.10 ***Peter Williams***

Williams entered into a written consulting agreement with JCI Limited. Williams was appointed to provide legal advice to JCI Limited with effect from August 2004 for a period of six months. Williams was further required to assist in a number of projects and to provide political intelligence in the Western Cape. Payments aggregating R225 000.00 were made to Williams.

2.6.3.11 ***Ian Wilson***

Wilson, a quality assurance specialist in the fishing industry, acted as a consultant to SAFCO. Based on the fact that JCI Limited funded some of the SAFCO operations, JCI Limited paid his remuneration and then allocated the cost to the SAFCO loan account. We established that, for the period October 2004 to March 2005, various monthly payments, totalling R128 336.50, were made to Wilson.

2.6.3.12 ***Z K Mathews***

There is no evidence of a contract entered into between JCI Limited and Mathews. The total amount paid to Mathews, for the period May 2004 to April 2005, aggregated R540 000.00 and appears to have represented the payment of fees towards the identification of mining opportunities in West Africa.

2.6.4 **Legal fees**

2.6.4.1 ***Introduction***

CMMS and JCI Gold made payments to a number of attorneys, totalling in excess of R32 million for the period March 2003 to September 2005. JCI Limited and its subsidiaries did not receive the exclusive benefit of the legal services rendered by these attorneys, but a number of other persons and former JCI Limited directors also benefited from these services. These expenses are set out hereunder.

2.6.4.2 ***Moss-Morris***

CMMS paid legal fees of R12 475 657.42 in respect of services rendered by Moss-Morris. However, JCI Limited did not benefit exclusively from the legal services rendered by Moss-Morris. The fees paid mainly related to the dispute with DRD and other matters involving former directors of JCI Limited. Payments relating to these matters amounted to R12 102 330.42.

2.6.4.3 ***Tabacks***

It appears that JCI Limited, JCI Gold and CMMS paid the aggregate of R14 667 560 as legal fees to Tabacks. A number of these payments related to the dispute with DRD, the Skilled Labour Brokers matter and a matter involving the Financial Services Board. JCI Limited did not receive the exclusive benefit of the legal services in respect of matters that related to DRD, Skilled Labour Brokers and the Financial Services Board. The total amount allocated to these matters aggregated R4 650 451.09.

2.6.4.4 ***Mallinicks***

Various payments, aggregating R4 915 049.03 were made to Mallinicks by CMMS in respect of services rendered. This amount included R1 000 000.00 paid on 16 November 2005 as part of a legal settlement. It appears that Mallinicks charged these legal fees in respect of services rendered to JCI Limited and to various BEE entities. It appears that legal fees of R881 663.61 were paid in respect of legal services rendered to previous directors of JCI Limited and other individuals.

2.6.4.5 ***Brink Cohen***

Brink Cohen invoiced Southern Holdings for professional services rendered for the period 3 October 2003 to 24 June 2005. Brink Cohen was paid the amount of R59 351.10.

2.6.4.6 ***Booth***

Legal fees aggregating R133 947.89 were paid by JCI Gold to Booth for professional services rendered by Booth to previous directors of JCI Limited and to another person.

2.7 **Investigation of transactions referred to in the inter-company claim made by REC**

We considered documentation in support of transactions relating to the claims reflected in RGE's Claimant's Statement of Claim, dated 3 August 2008, and as amended on 25 January 2007 and 22 August 2008.

Five of the claims pertain to the alleged misappropriation by JCI Limited of RRL shares. We have performed a detailed investigation of all the events and circumstances of the sales of RRL shares owned by RRH.

For the balance of the claims, we have assessed the factual premises of the allegations only. We found in a number of instances that allegations by RGE were based upon a factual matrix that was not supported by evidence. Once we demonstrated such to be the case, we did not proceed further with an investigation of the allegation as it is not necessary to do so at this stage. In a number of instances, the allegations by RGE were found to be based on a factual matrix that was either based on incomplete evidence or assumptions regarding what evidence might have been. In these instances, we performed detailed searches of documentary evidence and documented all the available evidence relevant to the allegations made.

2.7.1 **Claims pertaining to the RRL shares**

2.7.1.1 ***Introduction***

Included in RGE's Claimant's Statement of Claim are five claims pertaining to the alleged disposition of RRL shares. These claims are listed below:

Claim number	Description
1	Alleged theft of 12 360 000 RRL shares by JCI Limited group
3	Alleged theft of 1 904 962 RRL shares by JCI Limited group (this claim deals with two parcels of RRL shares, on being a parcel of 800 000 RRL shares and a second parcel of 152 481 RRL shares)
9	Alleged theft of 5 460 000 RRL shares by JCI Limited group
14	Alleged theft of 4 000 000 RRL shares by JCI Limited group
15	Alleged theft of 900 000 RRL shares by JCI Limited group

2.7.1.2 ***The disposal of RRL shares***

The RRL shares held by RRH and the subsequent sale thereof can be described as follows:

Transaction	Number of shares
Shares owned by RRH as at September 2001	13 312 481
Less: Shares kept as security by ABSA in terms of the debenture roll over agreement	(7 360 000)
Shares owned by RRH excluding those pledged to ABSA as at 3 April 2002	5 952 481
Less: Shares sold during 2002 with proceeds credited to the Wolvekloof and New Heights trade accounts at T-Sec	(952 481)
Shares owned by RRH at the end of 2002 excluding those pledged to ABSA	5 000 000
Less: Shares sold during 2003	(900 000)
Less: Shares sold by HSBC	(1 000 000)
Shares released by ABSA on 25 June 2003	7 360 000
Shares owned by RRH as at 31 December 2003	10 460 000
Less: Shares sold up to June 2004	(2 720 000)
Less: Shares transferred to Concerto Nominees	(1 000 000)
Less: Shares sold by Investec UK	(2 730 000)
Shares owned by RRH at close of business on 10 June 2004	4 010 000
Share split at 11 June 2004, 2:1	4 010 000
Shares owned by RRH at close of business on 11 June 2004	8 020 000
Less: Shares sold from June 2004 to December 2004	(1 370 000)
Add: Shares returned from Concerto Nominees	1 100 000
Shares owned by RRH at 31 December 2004	7 750 000
Less: Shares sold during 2005	(3 750 000)
Shares owned by RRH at 31 December 2005	4 000 000
Less: Shares sold by Socgen	(4 000 000)
Shares owned by RRH at 31 December 2006	0

As a first step in evaluating the allegation that JCI Limited and or its subsidiaries stole or were party to a theft of the RRL shares from their owner, RRH, the evidence relevant to the authority for such sales were considered.

The first document which is pertinent was a resolution by the directors of RGE, dated 28 March 2002 and signed by R A R Kebble, Ashworth and Buitendag. The preamble to the resolution records that 952 481 RRL shares were proposed to be lent to Durlacher so that RRL could generate scrip lending fees thereon. The resultant resolution then recorded that:

"The directors of Randgold Resources (Holdings) Limited, the Company's wholly-owned subsidiary, be and they are hereby authorised to:

(a) lend and register in the name of Durlacher Limited 952 481 Randgold Resources Limited shares for a period of six (6) months from 1 April 2002;

(b) enter into a scrip lending agreement with Durlacher Limited, or its subsidiary Kemonshey Holdings Limited, substantially in the form attached hereto.

2. Roger Ainsley Ralph Kebble be and he is hereby authorised to sign any documents on behalf of the company to give effect to this resolution."

This resolution was also noted at the board meeting of RGE on 3 May 2002, which were also attended by Fischer in addition to the three directors whose signatures appear on the resolution.

Having reference then to the minutes of the meetings of the directors of RGE, we noted that the minutes of the directors' meeting of 5 June 2003 recorded the following under discussion topics dealing with "*Western Areas", "Randgold & Exploration Investments*" and "*Corporate Investments*":

- *"Randgold Resources had undertaken a visit to Western Areas and were continuing to gather information. The Chairman noted that there was a great deal of change, with mining being tightened up and he was more satisfied with the position at Western Areas. Management still had to check how they handled labour and improved the grade. The geology had also to be tightened up. Dr Bristow noted that he was looking at the final geology and thereafter it would be easy to provide some feedback from the exercise;"*
- *"The Chairman felt that the strategy was to lighten up and convert the shares into cash. On 11 June, if Randgold Resources was accepted onto the FTSE 250, some Randgold Resources shares would be sold as a start and the proceeds used to rejuvenate Randgold & Exploration"; and*
- *"It was planned to dispose of the company's investments in DRD, Western Areas, JCI, and Kelgran, and to lighten its holding in Randgold Resources down to 36% on a well controlled basis".*

The chairman of this meeting was R A R Kebble and the meeting was also attended by Fischer, Buitendag and Ashworth as directors of RGE. Whilst it is evident that this decision did not pertinently deal with the switch in investment counter as per the anecdotal evidence supplied to us, it is clear that a strategic decision was made to commence selling the shares held by RGE in RRL, but apparently no more than what would result in RGE holding a 36 percent interest in RRL. The board then authorised RAR Kebble to instruct a broker to sell up to one million RRL shares.

In understanding the impact and context of this decision, regard can be had to the Form 20F return of RGE for the 2003 financial year end of RRL, apparently filed on 27 June 2003, some days after the above mentioned board meeting. This return recorded that the issued shares of RRL aggregated 28 157 323. Of these, 13 312 481 were in issue to RRH, representing a holding in RRL of some 47.28%. The return further recorded that 952 481 RRL shares in the RRH holding were lent to Kemonshey and one million were sold by RGE after the balance sheet date.

When this information is considered in the light of the decisions taken at the RGE board meeting of 5 June 2005, the following can be concluded:

- The decision to sell the RRL investment down to 36% does not appear to include the 952 481 shares transferred to Durlacher as that was not a sales transaction and has in any event been authorised by way of a resolution of the RGE directors on 28 March 2002;
- The sale of the one million RRL shares appears to have been specifically authorised on 5 June 2003 and such parcel of shares comprises approximately 3.55% of the issued shares of RRL. When that is deducted from the holding of approximately 47.28 percent in RRL and the 36% limit is furthermore deducted, it leaves a balance of 7.73%; and
- It thus appears that, after providing for the authority on 5 June 2003 to sell one million RRL shares immediately, the authority also applied to the selling of some 7.73 percent of the issued shares of RRL, or some 2 176 561 shares.

Despite the above mentioned decision of 5 June 2003, it is evident that RGE gave consideration to disposing of the balance of RRL shares as well. In this regard, RAR Kebble's signature appears on a RGE letter to the SARB, dated 16 July 2003, in which the following was recorded:

"*In terms of the current ruling, as reinforced in your recent correspondence to us, Randgold might have reached the point where it must either maintain a holding of at lease 36% in Resources or be forced to sell its entire holding. This hinders the future growth and progress of Resources, and therefore also any upside potential in the value of Randgold's investment in Resources.*"

This intent is further evident from the contents of a resolution by the directors of RGE, dated 17 September 2003 and carrying the signatures of who appears to be R A R Kebble, Ashworth, L R Ncwana, Nissen and Buitendag. Part of the resolution reads as follows:

"*that the Company is in discussion with the South African Reserve Bank ('SARB') regarding the merger and the resulting reduction of the Company's shareholding in Randgold Resources on completion of the merger. The Company does not anticipate that there will be any issue in obtaining the necessary approval from the SARB for the reduction in the shareholding.*"

This resolution was ratified at the RGE board meeting of 18 November 2003, at which RB Kebble and Madumise was present in addition to the directors who signed the resolution.

At the directors' meeting of 18 November 2003, attended by R A R Kebble, Ashworth, Buitendag, R B Kebble, Madumise, L R Ncwana and A C Nissen, dealing with the strategic overview of the company, R B Kebble mentioned that two diamond and two gold mining prospects in which RGE could participate were being evaluated and considered for such purposes at that time. The following transcript of what transpired at this meeting was found on the computer of secretarial staff:

"*RARK – The corporate loans and scrip lending. That is being dealt with and should be in place by the next quarter. Um. The Randgold Resources information …..*

RBK – Hold on Chair. What have you just gone through, the …?

RARK – The Net Asset Value.

RBK – Relating to the script lending, I want a mandate to settle these matters. I would like to try and get the, um, these outstanding matters resolved by at least getting back shares and if we can manage to get from the borrowers, shares in Western Areas at the appropriate value, that would be a fantastic deal for us.

HCB – I would agree with that, I think we got to put this to bed Mr Chairman.

MBM – yeah.

RBK – I think everyone has been holding out for. you know, for that and I think it has got to the point that we are in a favoured position to do a deal where, you know, if you look at it from a relative perspective, Randgold Resources is pretty well at a significant premium to a general value so if we could effectively realise that in exchange for shares in Western Areas, I think we would be doing very well.

DA – Ja, I would agree with that.

RBK – So if I could have a mandate to try to negotiate on those terms I would be grateful.

RARK – Is that it?

DA – I think that is good, thank you.

HCB – There is another one, that Continental Goldfields one. I think we have already basically negotiated that one and if we could just get Board confirmation for that one.

RBK – Ja, I think there again, if you would just allow me to get a mandate to negotiate and settle that because if we get in Simmers shares from Continental, get them into Rand, and I think once again it is a great deal for Randgold. That is going to be a bit of a hard one because it is Continental minorities, but if I can be given a mandate to ….

RARK – Alright, so u happy with that you guys on the phone.

DA – Yes, thank you.

RARK – So by the next meeting we will report hopefully on a clear slate on all of that.

DA – That sounds great."

In a letter of Oosthuizen, on behalf of RGE to Standard Bank on 17 May 2004, she wrote *inter alia* the following in respect of RGE's application to the SARB for a real reduction in RGE's shareholding in RRL to 26% of the issued shares of RRL:

"*The reason for the reduction is that Randgold's only access to cash is through the sale of its listed investments of which the investment in Resources represents 90%. Randgold recently announced its intention to become an active mining corporation and to participate in the South African mining industry's transformation."*

She continued by stating the following:

"The company is now looking to participate in the development of gold mining projects in the Gauteng province, which will require considerable funding."

Based upon circumstantial evidence, we infer that this may be a reference to the South Deep development near Carletonville, and probably the participation in the Inkwenkwezi transaction.

The minutes of the directors' meeting of RGE, held on 24 June 2004, indicate that it was attended by R A R Kebble, Ashworth, Buitendag, Madumise, Miller and A C Nissen. Under the heading of Strategy, the minutes recorded the following information:

"*The chairman referred to the reviewed strategy of Randgold and said the Company was in the process of being resurrected as a 'operating mining company' and the strategy was to incorporate existing ventures into the Company to provide operational activity. Areas currently under consideration are Minrico operations and the recently announced Angolan opportunities. These would be carried out either as joint ventures or by Randgold."*

We noted however that the transaction with Inkwenkwezi was not referred to despite the fact that the relevant agreements were concluded at that stage. We indicate infra that the basic effect of the IBUK transaction can be viewed as a simple sale of RRL shares. The question then arises to what extent, if any, there existed authority by RGE for such sale of shares to take place.

We understand from anecdotal evidence that there existed a strategy to switch the investment of RGE in RRL to an investment in WAL and, having regard to the nature and terms of the transaction in terms of which RGE and Inkwenkwezi intended buying some 19 million WAR shares from Anglo South African Capital (Pty) Limited during mid-2004, there seems to be a ring of truth in such anecdotal evidence.

A resolution by the directors of RGE, dated 26 October 2004 and carrying the signatures of R A R Kebble, Tainton, Buitendag, RB Kebble, Madumise, Ncwana, Nissen and Miller, was found. This resolution indicated that the directors authorised RGE to open a trading account with Socgen and enter into a scrip lending agreement with Socgen and FirstRand Bank Limited. This resolution was ratified at the board meeting of RGE held on 3 November 2004.

The minutes of the directors' meeting of 26 April 2005 recorded that the meeting was attended by R A R Kebble, Buitendag, Madumise and Miller. With reference to RRL, these minutes recorded the following event:

"*The Chairman and Mr G T Miller raised the issue of Randgold Resources and asked whether a description of the 31% shareholding would be reflected in the accounts.*

"Mr Buitendag advised that the percentage holdings for all the listed investments would be included in the Net Asset Value statement. The money was raised to pay Anglo American for the WAL shares (R200 million), ±R100 million was paid to Anglo American via Inkwenkwezi and ±R15 million to Angola. He would be working on the final wording of the document that evening but would speak to Mr R B Kebble the following day to discuss what should be disclosed."

The minute speaks for itself and seems to support the anecdotal evidence we received. However, the cash flow of the IBUK transaction, discussed later herein, does not indicate that such was applied towards Anglo South African Capital (Pty) Limited. What is however clear from the minutes and correspondence is the fact that a strategic decision appears to have been taken to sell off RRL shares for purposes of generating funding towards other projects of RGE, that such was a board decision of RGE and that the board members of RGE were aware thereof. The minute also refers the an explanation provided for the profit which RGE disclosed in the reviewed results of RGE as at 31 December 2004 and which were discussed at that meeting. Buitendag informed the meeting that it reflected the profit on the sale of RRL shares which reduced the holding of RRH in RRL from 36.86% to 30.92% of the issued shares of RRL and which sales generated cash proceeds of some 133.745 million. These minutes do however not reflect the full extent of the discussion by the board and the information reflecting the knowledge of the board as far as the treatment of RRH's RRL shares was concerned. A transcript of part of that meeting reflected the following:

"Roger – our 31% represents 80 million (should read 18 million) shares and in fact physically you hold how many

HCB – there is physically 4 million still registered in our name

Roger – so 12 million have been sold with an arrangement behind it and 12 million shares at whatever rate

GTM – how would these financials be approved

HCB – basically it is approved now subject to final distribution to the board on Thursday morning."

A RRH resolution of the board, dated 28 May 2003 and signed by RAR Kebble, records the company's decision to "*dispose 500 000 Randgold Resources Limited ordinary shares*". It was further noted that these RRL shares would be sold on either the LSE or the NASDAQ and that HSBC would be authorised "*to act as the Company's agent regarding the sale*". RAR Kebble and Haddon, in their capacities as chairman and company secretary, respectively, were authorised to "*sign the crest transfer form and instruct HSBC Investment Bank plc to dispose of the shares.*"

A further RRH resolution, dated 3 March 2004, signed by R B Kebble and Poole, as directors and by Beale in her capacity as company secretary, records that "*Roger Brett Kebble and Mrs Patricia Beatrice Beale, in their capacities as director and company secretary of the company, respectively, whose specimen signatures appear below, or any other director of the company, be and they are hereby authorized to sign all and any documentation required to sell 2 000 000 ordinary shares in Randgold Resources Limited, on behalf of the company, and to delegate such authority to Tradek (Proprietary) Limited or it's nominee as the authorized broker of the company.*"

A copy RRH letter was provided to T-Sec with the above mentioned RRH resolution. The date of this RRH letter, which R B Kebble signed, matches the above mentioned RRH resolution of 3 March 2004. T-Sec received both these documents pursuant to the IBUK Transaction. The RRH letter was provided to Computershare to facilitate the split of RRL share certificate number 899. R B Kebble, in this letter, requested Computershare to split the 7.36 million RRL shares, held via RRL share certificate number 899, into twenty-three new certificates. Following this share split, T-Sec retained two million RRL shares, which it sold in terms of the authority provided in the above mentioned RRH resolution.

A RRH resolution, dated 13 May 2005, which was purportedly signed by R B Kebble, records that R B Kebble was authorised to "*sign all and any documentation which may be required to sell Randgold Resources Limited shares, beneficially owned by the Company, and to dispose of the proceeds thereto*". This resolution, which was certified "*A TRUE COPY*", did not refer to the number of RRL shares for which the authority to sell was given to R B Kebble. Furthermore, the background and purpose of the mentioned sale of RRL shares were not noted.

A RGE resolution of 13 May 2005 was prepared to support the RRH resolution referred to above. R B Kebble appears to have signed this RGE resolution.

We, furthermore, located a list of RRH resolutions, although we did not locate copies of each of the resolutions noted on this schedule. This schedule includes references to the following resolutions:

- A resolution dated 3 November 2000, relating to the "*Transfer of Shares to James Capel (Nominees) Limited*;"
- A resolution dated 28 September 2001, relating to the "*Pledge & Cession with ABSA Bank iro 13 372 467 shares in Randgold Resources;*"
- A resolution dated 2 October 2001, relating to the "*Transfer of 91 000 Randgold Resources shares to ABSA Corporate & Merchant Bank*;"
- A resolution dated 26 March 2002, relating to the "*Pledge & Cession with ABSA Bank for 6 860 000 shares in Randgold Resources Limited*;"
- A resolution dated 28 March 2002, relating to the "*Scrip lending Agreement: Randgold Resources (Holdings) Limited and Kemonshey Holdings Limited*;"
- A resolution dated 26 September 2002, relating to the "*Pledge & Cession with ABSA Bank of 7 360 000 shares in Randgold Resources Limited;*"

- A resolution dated 19 December 2002, relating to the "*Amendment to the Scrip Lending Agreement between the company and Kemonshey Holdings Limited;"* and
- A resolution dated 28 May 2003, relating to the "*Sale of 500 000 Randgold Resources Limited Shares.*"

RRL share certificate 746, registered to RRH on or about 5 October 2001, representing 13 312 481 RRL shares, was held until 2 April 2002, when it was split and replaced by seven RRL share certificates, following instructions by Haddon and RAR Kebble. This certificate was split and treated as follows:

- Certificate 899 (7 360 000 RRL shares) was repatriated to South Africa and lodged with ABSA;
- Certificate 900 (1 000 000 RRL shares) was transferred to Lee & Pembertons for Concerto by Beale and Beale signed the stock transfer form for the transfer of the shares from RRH to Ferlim Nominees Limited on 26 November 2003;
- Certificate 901 (1 000 000 RRL shares) was dematerialised and registered via Crest to Pershing Keen Nominees Limited on or about 13 February 2004. These shares were sold;
- Certificate 902 (1 000 000 RRL shares) was transmitted to Socgen on 3 March 2004 by R B Kebble on behalf of RRH;
- Certificate 903 (1 000 000 RRL shares) was further split with 500 000 shares being transferred to Vidacos Nominees Limited and 500 000 shares were transferred to BJM UK Nominees Limited. These shares were sold;
- Certificate 904 (1 000 000 RRL shares) was replaced by another certificate of even number of shares and registered in favour of James Capel Nominees upon Haddon's confirmation dated 28 May 2003 and transfer instructions by Haddon and RAR Kebble. These shares were sold; and
- Certificate 905 (952 481 RRL shares) was never repatriated to South Africa after the splitting of certificate 746 and registered in the name of Durlacher on instruction of R A R Kebble.

Certificate 899 was returned to RRH and then split into 23 new RRL certificates, all registered to RRH. This was done on the instruction of RB Kebble and facilitated by T-Sec. These shares were then utilised as follows:

- 2 730 000 thereof were used in the IBUK transaction;
- 1 000 000 thereof were provided to Socgen Johannesburg; and
- 5 690 000 were sold with the proceeds of such sales being repatriated to T-Sec.

2.7.1.3 ***Claim pertaining to the alleged misappropriation of 12 360 000 RRL shares (Claim number 1)***

RGE claimed R1 968 082 800, and various alternative amounts, from JCI Limited in respect of the alleged theft of 12 360 000 RRL shares of RRH. These transactions are categorised as transactions in which the sales proceeds of RRL shares were credited to the Consolidated Investments and Alibiprops trade accounts at T-Sec. This section summarises the transactions relating to the proceeds credited to the Consolidated Investments trade account.

The RRL shares were never recorded in the Consolidated Investments trade account, or any trade account operated by CMMS as such shares were not listed on the JSE, could not be recorded as part of the share portfolio in a local trade account and were thus not reflected as part of the share portfolio of CMMS or JCI Limited. These shares were converted to ADR's and kept in a trade account of BJM USA with T-Sec being recorded as the beneficiary of the ADR's. When the ADR's were sold, the proceeds were repatriated to T-Sec's bank account in South Africa and credited to the Consolidated Investments trade account.

7 125 000 RRL ADR's were sold on the Nasdaq National Market, generating R663 430 697.99, which amount was credited to the Consolidated Investments trade account. This amount was utilised as follows:

- R646 790 003.00 was paid to CMMS's bank account or applied for the benefit of JCI Limited and its subsidiaries;
- R12 198 897.72 was paid to the bank account of R B Kebble;
- R330 000.00 was paid to settle ADR charges;
- R4 018 245.60 was paid to the bank account of Baobab Aviation; and
- R93 283.50 was debited to the trade account to pay for a reversal of sales.

31 000 RRL ADR's were sold, generating R4 608 150, which were credited to the CMMS trade account at T-Sec and which amount was applied to the purchase price of Aflease and RGE shares.

75 000 RRL ADR's were sold, generating R9 425 400, which was credited to the RB Kebble Carry trade account at T-Sec. These funds were applied as follows:

- R2 500 000.00 towards CMMS;
- R1 500 000.00 was paid to Tuscan Mood; and
- R5 425 400.00 was applied towards the purchase price of WAR and JCI Limited shares.

No legal entity, which could assume rights and obligations, existed under the name and style of Alibiprops. The existence of a company named and styled Alibiprops was presented as the owner of a share trading account at T-Sec for purposes of trading shares and the share trading account at T-Sec. Alibiprops was the previous name of BNC. It is further apparent that R B Kebble used the previous name of BNC since BNC had already changed its name at the time when the mandate with T-Sec was completed. He used a previous name of the company and a non-existent company registration number with which to open the trading account.

During the period 17 November 2003 to 30 March 2004, 1 389 000 RRL shares were sold of which the cash proceeds were credited to the Alibiprops trading account at T-Sec. Initially, these transactions appear to have been treated in the books of CMMS as a loan of RRL shares from RGE, which were on lent to Alibiprops. These entries were, however, reversed in the books of CMMS although it is evident that, of the proceeds of some R202 168 144.00, generated from the sale of these shares, R122 984 675.42 was paid to or on behalf of CMMS, JCI Limited and its fellow subsidiaries. The balance of the receipts was applied as follows:

- R48 760 350.00 was paid to the bank account of R B Kebble;
- R37 505 587.52 was paid to Tuscan Mood;
- R5 000 000.00 was paid to Kovacs; and
- R502 491.06 of the above mentioned applications was not funded with receipt of proceeds of RRL ADR's in the Alibiprops trade account.

2.7.1.4 ***Claim pertaining to the alleged misappropriation of 5 460 000 RRL shares (Claim number 9)***

RGE claimed R869 395 800 and alternative amounts from JCI Limited in respect of the alleged theft of 5 460 000 RRL shares from RRH.

Investec UK made a proposal to JCI Limited, dated 25 February 2004, for purposes of establishing what was named and styled a hedged equity funding mechanism, mainly to lower the cost of funding to JCI Limited and to rationalize the amount and type of security pledged.

The hedged equity funding mechanism comprised a loan of RRL shares by JCI Limited to Investec UK, who in turn paid JCI Limited a fixed collateral amount. The mechanism required that RRL shares be converted into ADR's.

In addition, Investec UK and JCI Limited were required to enter into a series of put and call options over the RRL ADR's. JCI Limited bought the put options and sold the call options. To hedge itself, Investec UK had to sell the RRL ADR's in the market. 2 008 449 RRL ADR's were initially sold for such purposes. Investec UK utilised part of the proceeds received from the hedge transactions to pay the fixed collateral amount owed to JCI Limited. The collateral value was determined using the average USD price that Investec UK received for the hedge transaction, the USD put strike price and the USD options strike price.

This collateral amount ultimately comprised the funding to JCI Limited in terms of the mechanism. JCI Limited was required to purchase a USD Put/ZAR Call Forex option from Investec UK, as JCI Limited required the collateral amount to be paid in South African Rand whilst the Put and Call Option was priced in USD. JCI Limited purchased this Forex option at a cost of R13 180 704.

The following collateral amounts, net of the cost of the Forex option referred to above, were paid to JCI Limited in terms of the funding transaction between Investec UK and JCI Limited:

- On 19 March 2004, 811 265 options were written over the RRL ADR's, raising some R61 659 083.64. Investec UK was instructed to pay this amount directly to Socgen Johannesburg Branch on behalf of JCI Limited;
- On 26 March 2004, 909 692 options were written over the RRL ADR's, raising some R68 352 825.12. Investec UK was instructed to pay the proceeds of this transaction to the bank account of CMMS;
- On 7 April 2004, 909 692 options were written over the RRL ADR's, raising some R71 220 894.46. Investec UK was instructed to pay the proceeds of this transaction to the bank account of Investec; and
- On 7 April 2004, 98 426 options were written over the RRL ADR's, raising some R7 544 887.41. Investec UK was instructed to pay the proceeds of this transaction to the bank account of Investec.

The amounts of collateral referred to above were funded by the sale of some 2 008 449 RRL ADR's. Later, when the structure was repriced to release a further R48 783 136 in collateral to JCI Limited, another 635 000 RRL ADR's were sold. R48 000 000 of this amount was transferred to the bank account of T-Sec and credited to the Consolidated Investments trade account.

R256 794 832.90 of the proceeds generated from this financing structure was received by CMMS or for the benefit of JCI Limited and its subsidiaries.

2.7.1.5 ***Claim pertaining to the alleged misappropriation of 4 000 000 RRL shares (Claim number 14)***

RGE claimed R636 920 000 and alternative amounts from JCI Limited in respect of the alleged theft of 4 000 000 RRL shares from RRH.

During June 2004, Anglo held some 18 784 834 WAR shares and Tawny held some 222 473 WAR shares. It was agreed that these shares would have been sold to RGE and to Inkwenkwezi in terms of the following agreements:

- On 9 June 2004, Anglo and RGE entered into a sale agreement in terms whereof Anglo sold to RGE some 5 268 800 WAR shares for a cash consideration of R197 580 000. CMMS funded RGE's obligation to Anglo in the amount of R204 954 871.58; and
- On 9 June 2004, Anglo, Tawny, RGE and Inkwenkwezi entered into a share sale agreement in terms whereof Anglo and Tawny sold to Inkwenkwezi some 13 738 507 WAR shares for a total cash consideration of R515 194 012.50,

due and payable at 1 November 2004. Interest, calculated at prime plus 1.5% accrued from the signing date of the agreement to the date of actual payment. RGE incurred various financial obligations to support the transaction.

On 3 November 2004, the attorneys acting for Anglo in the matter addressed a letter to Inkwenkwezi in which they recorded that Inkwenkwezi was in default of its obligations to Anglo arising from the latter above mentioned agreement and that Inkwenkwezi advised that alternative payment plans, aimed at settling the purchase price by 13 December 2004, would also not materialize. Hence, they requested Inkwenkwezi to propose a solution by 10 November 2004. CMMS funded R128 798 437.50 of the purchase price due to Anglo by Inkwenkwezi, paid in three equal amounts.

On 26 October 2004, RGE, in order to fund Inkwenkwezi, entered into a securities lending agreement with Socgen. In terms of this securities lending agreement, Socgen undertook to lend securities to RGE and the terms of each loan of securities would be determined prior to each loan. As such, this agreement constituted a facility agreement. The agreement also required for the providing of collateral by RGE to Socgen, which had to be delivered simultaneously with the loan of securities to which such collateral related. RGE provided 4 000 000 RRL shares as part of the collateral for this scrip lending facility. This facility was traded in the Randgold Scrip account. Due to the trading losses incurred on the borrowed scrip in this account, Socgen called up its security and sold the 4 000 000 RRL shares during January 2006 to unwind the borrowing positions.

R400 000 was paid from the Randgold Scrip trading account to the bank account of CMMS, whilst R31 280 159.16 was transferred to the Consolidated Investments trading account at T-Sec, aggregating R31 680 159.16 transferred to CMMS and JCI group owned trading accounts. These transactions were recognized in the inter company loan account between RGE and CMMS.

2.7.1.6 **Claim *pertaining to the alleged misappropriation of 900 000 RRL shares (Claim number 15)***

RGE claimed R143 307 000 from JCI Limited in respect of the alleged theft of 900 000 RRL shares from RRH.

On 28 October 2003, RRH confirmed in a letter that 1 000 000 RRL shares were delivered for purposes of being pledged in terms of an agreement between RRH and Main. On 13 November 2003, RRH informed Investec Mauritius that the shares were transferred to Concerto Nominees.

Subsequent to the splitting of the RRL shares, 1 100 000 RRL shares were returned by Main and placed with BJM USA in ADR format where they were sold as part of the general sales of RRL shares. The remaining 900 000 shares remain unaccounted for by Main, it being likely that 550 000 shares were sold in the open market and 350 000 shares being held by Credo Capital, the latter of which we understand have also been sold.

CMMS and JCI Limited received no proceeds from the application of these shares.

2.7.1.7 ***Claim pertaining to the alleged misappropriation of 800 000 RRL shares (Claim number 3)***

RGE claimed R303 327 099.26 and alternative amounts from JCI Limited in respect of the alleged theft of 952 481 RRL shares from RRH.

The directors of RGE passed a resolution on 28 March 2002, resolving that RRH be authorised to lend and register 952 481 RRL shares in the name of Durlacher for a period of six months from 1 April 2002. It was further resolved that a scrip lending agreement should be entered into with Durlacher, or with its subsidiary, Kemonshey. The scrip lending agreement was made between RRH and Kemonshey for the loan of 952 481 RRL shares to Kemonshey with a termination date of 30 September 2002. The shares were transferred to Durlacher on 3 April 2002.

152 481 of these RRL shares were sold with the proceeds credited in the Wolvekloof trade account of R A R Kebble on 14 June 2002. The proceeds of the sale of the 152 481 RRL shares were transferred to an ABSA private bank account that belongs to RAR Kebble. The ABSA bank account was opened by RAR Kebble. From the ABSA bank account, R A R Kebble funded loans to CMMS. CMMS, however, was not the only recipient of the funds from this account. R A R Kebble made loans to CMMS, funded by overdrafts taken by him from ABSA.

The remaining 800 000 RRL shares were sold on 5 April 2002 and the proceeds thereof, aggregating R54 115 088, were credited to the New Heights trading account at T-Sec. On 16 April 2002, R54 100 000 was transferred from there to the trust account of Mallinicks from where such amount was transferred to a term deposit account of Investage at CorpCapital on 18 May 2002. These funds were applied to the following transactions:

- On 2 September 2002, 188 713 570 JCI Limited listed ordinary shares were issued to BNC in settlement of a loan of some R85 million made to JCI Limited by BNC. None of the proceeds, derived from the sale of RRL shares of RRH, contributed to the funding of BNC. The loan has however been repaid to BNC with the issuing of JCI Limited shares; and
- On 2 September 2002, 155 411 176 JCI Limited listed ordinary shares were issued to Investage in settlement of a loan of some R70 million made to JCI Limited by Investage. R54.1 million, derived from the sale of RRL shares of RRH, contributed to the funding of Investage for purposes of making the loan. The loan has however been repaid to Investage with the issuing of JCI Limited shares.

2.7.1.8 ***Potential claim asserted by John Louw McKnight and Co. (Pty) Limited during the process of mediation***

During the mediation process the forensic accountants of RGE asserted a further claim of R124 680 521.86 in respect of approximately 3 000 000 WAR shares sold of which the proceeds were credited to the Randgold Scrip trade account.

During January 2005, liabilities of R208 142 593 in respect of short positions taken by CMMS in the Consolidated Investments trade account on certain shares listed on the JSE were transferred into the Randgold Scrip trade account. This represents the funds provided to RGE during June 2004 for the purpose of purchasing WAR shares from Anglo. In addition to the short positions transferred to the Randgold Scrip trade account, shares to the value of R130 111 290.80, on the day of transfer, were also transferred from the Consolidated Investments trade account as collateral for the abovementioned liability.

Included in this transfer of shares, as collateral, were two million WAR shares owned by RGE. At 31 March 2005, RGE was the beneficial owner of 3 905 013 WAR shares. These shares were held in the following accounts at T-Sec:

- Randgold Scrip account number 633701 – 2 000 000 shares; and
- RGE Scrip account number 655050 – 1 905 013 shares.

Between April 2005 and September 2005, all the shares (1 905 013) in the RGE scrip account, account number 655050, were transferred to the Consolidated Investments trade account. The result of this was that no WAR shares were left in the RGE Scrip account number 655050 and no further activity relating to this trade account is described below.

During November 2005, 1 324 830 WAR shares (of the 1 905 013 WAR shares) were transferred back from the Consolidated Investment trade account to the Randgold Scrip trade account, account number 633701. The result of these transfers was that the 3 905 013 WAR shares of RGE were held in the following trade accounts:

- 580 183 WAR shares in the Consolidated Investments trade account; and
- 3 324 830 WAR shares in the Randgold Scrip trade account (account 633701).

In December 2005, 1 183 504 new WAR shares were issued by Computershare to the Randgold Scrip trade account, account 633701, in respect of the WAL rights issue on 15 December 2005. An amount of R21 302 037.00 was paid form the Randgold Scrip trade account in respect of this rights issue.

At December 2005, RGE owned 4 508 334 WAR shares that were held in the Randgold Scrip trade account, account 633701.

From January 2006 to July 2006, a total number of 3 448 137 WAR shares were sold in the Randgold Scrip trade account and the proceeds were utilised to settle the outstanding liabilities incurred with the scrip lending activities conducted through this trade account. R162 147 234.12 was realised by the sale of these shares.

During August 2006, the balance of the WAR shares, being 1 060 197, were transferred from the Randgold Scrip trade account to Computershare, account number 1801140524, for the benefit of RGE.

2.7.1.9 ***Potential claim asserted by RGE during the mediation process***

RGE further claimed the opening balance of the Randgold Scrip trading account from JCI Limited upon the basis that such comprised a liability of JCI Limited.

The securities lending agreement between Socgen and RGE, referred to above, was intended to fund the purchase of WAR shares from Anglo. The Randgold Scrip trade account facilitated the purchase of the WAR shares form Anglo. The transfer of the liability of R208 142 593 to that account was the liability incurred by CMMS to fund the purchase of WAR shares by RGE from Anglo and the 3 324 830 WAR shares transferred to that account were RGE's WAR shares. The four million RRL shares provided as collateral for this account were also the assets of RRH and not that of JCI Limited.

Neither the liability of R208 142 593.00, nor any other trading activity in the Randgold Scrip trade account were recognized by RGE as debt due to Socgen, but were in fact accounted for by CMMS. RGE recognized the payment that CMMS made on its behalf to Anglo for payment of the price of the acquired WAR shares as a debt due by RGE to CMMS, thus effectively double counting its liabilities in respect of the acquisition of the WAR shares whilst CMMS recognized an asset that it did not have whilst recording obligations which it did not have.

2.7.2 **Claims pertaining to the alleged misappropriation of 5 000 000 DRD shares (Claims numbers 2 and 7)**

Claim number 2 addresses the alleged misappropriation of 3 000 000 DRD shares and claim number 7 addresses the alleged misappropriation of 2 000 000 DRD shares.

2.7.2.1 ***3 000 000 DRD shares (claim number 2)***

RGE claims that, as at 12 September 1998, it was the beneficial owner of 3 000 000 DRD shares and that these shares were nominally held on its behalf by Goudstad Nominees as at 8 February 2002. It further alleges that these shares were sold, of which some of the proceeds were used to fund the loans made by BNC and Investage to JCI Limited for purposes of buying out the JCI Gold minority shareholders during 2002.

A scrip lending agreement was concluded between RGE and Notable on 1 April 2000. Even though RGE claims that this scrip lending agreement is false, the minutes of RGE's directors' meetings reflect that the RGE directors approved this scrip loan. The JLMC report, dated 17 August 2007, states that Mostert and Stratton signed for receipt of the shares. This delivery and receipt of shares also appear from a settlement agreement concluded during the latter part of 2001 between DRD, DRD Australia APS, DRD Australia, Notable, CAM, CAM Australia, Stratton, Mostert and RGE, which, *inter alia,* records that Notable was mandated

by DRD Australia to act as an agent in a transaction undertaken by the latter. Mostert and Stratton are identified as the directors of Notable at all material times relating to the said transaction. As part of facilitating the transaction, Notable obtained the 3 000 000 DRD shares. Correspondence and a note in manuscript indicate that these shares were sold. The settlement agreement placed an obligation on Notable to return 3 000 000 DRD shares to RGE and reflected that, at that stage, 3 077 155 DRD shares were under the control of Notable, held at Socgen in London. On 10 December 2001, Socgen London, via SGS, delivered a share certificate for 3 000 000 DRD shares to R A R Kebble at RGE. The share certificate was issued in the name of Goudstad Nominees. These 3 000 000 DRD shares were sold. The loans then made to JCI Limited by BNC and Investage, funded somewhat by the proceeds from the sale of these DRD shares, have been repaid by JCI Limited issuing JCI Limited shares to BNC and Investage.

2.7.2.2 ***2 000 000 DRD shares (claim number 3)***

RGE's Claimant's Statement of Claim reflects that, as at 12 September 1998, RGE was the beneficial owner of 2 000 000 DRD shares and that, during 1998 to the latter part of 2000, JCI Limited devised a scheme to deprive RGE of the 2 000 000 RGE shares. However, the timeframe in which the purported misappropriation took place is reflected as the period 10 September 1999 to 1 October 1999, in the JLMC report dated 17 August 2007. The report further states that 2 788 000 DRD shares were transferred from RGE, First Wesgold Nominees and Bentonite to the CMMS trading account and that neither CMMS nor any of the other companies in the JCI Limited group held any DRD shares during that period. Contrary to this, documentation was located indicating that 3.4 million DRD shares were issued to JCI Limited, or companies in which JCI Limited had an interest, as part of the Rawas transaction during July 1999.

The JLMC report claims that the misappropriation of the 2 000 000 DRD shares were partly disguised in March 2002, when CMMS paid ABSA an amount of R39 180 000 on behalf of RGE. This payment on behalf of RGE was recorded as an inflow of funds for the sale of 1 500 000 DRD shares. The payment however did no relate to the sale of DRD shares, but to a transaction in terms of which RGE had an obligation towards ABSA to redeem debentures previously issued to ABSA. As RGE needed cash to perform a partial redemption, CMMS paid an amount of R39 180 000 to ABSA on 28 March 2002 and treated same as a loan to RGE, attracting interest at the prime rate plus 1%. The right to recover the paid amount was then transferred to JCI Gold, to whom RGE was then indebted to repay the loan and JCI Gold was in turn indebted to CMMS as JCI Gold did not give value for receipt of the right against RGE. RGE and JCI Gold then entered into an agreement in terms of which RGE would transfer mineral rights to JCI Gold at value R50 600 000 in settlement of the debt due to JCI Gold, comprising the capital amount plus interest. The valuation of such mineral rights, however, indicated a value in the region of R5 000 000, causing JCI Gold to write the value of the mineral rights acquired down and the debt due to JCI Gold thus remaining largely unpaid.

2.7.3 **Claims pertaining to 8 100 000 Aflease shares (Claims numbers 4 and 5)**

RGE base these claims on two alternative sets of factual statements.

The first alternative set of facts alleged that RGE was the beneficial and registered owner of 8 100 000 Aflease shares, that RB Kebble and/or Buitendag caused these shares to be sold and the proceeds to be credited to the CMMS trading account. (The statement pertaining to the proceeds being credited to the CMMS trading account is factually incorrect insofar as 2 000 000 of these 8 100 000 Aflease shares were transferred to the Alibiprops trading account.)

The second alternative set of facts alleged that RGE and CMMS concluded a scrip lending agreement, that the termination date for the scrip lending agreement was 31 March 2005 and that CMMS has not returned the shares.

Contrary to the statement in RGE's Claimant's Statement of Claim, it appears from the documentation available that RGE was not the beneficial and registered owner of the 8 100 000 Aflease shares at the time, but that it received them as security for lending R40 million to Viking Pony, who in return lent it to Kabusha, with a settlement date of 30 June 2008.

Flowing from this, it is unlikely that RGE and CMMS could have entered into a scrip lending agreement whereby which RGE lent shares to CMMS which did not belong to RGE, even though the purported agreement reflects RGE as the owner of the shares.

Viking Pony entered into a loan agreement with Kabusha and agreed to provide funding for the purchase price to Kabusha in the form of a loan. Even though the sale of shares agreement between Equitant and RGE for the shares in Viking Pony was only concluded on 28 July 2003, i.e. a month after the loan agreement between Viking Pony and Kabusha was concluded, it appears that there was a discussion on 25 June 2003, indicating the RGE would set up a BEE consortium to purchase the said shares.

2.7.4 **Claim pertaining to 94 000 000 Aflease shares (Claim number 6)**

RGE claims that it was the beneficial owner of 94 000 000 Aflease shares on 27 September 2004 and that JCI Limited, as represented by RB Kebble and Buitendag, in and during the latter part of 2004, devised a scheme to, *inter alia*, wrongfully deprive RGE of the 94 000 000 Aflease shares. The scheme had as its purpose to allegedly apply the proceeds of R165 083 164.47, derived from the sale of the shares, to, *inter alia*, working capital of the JCI group, to pay their liabilities, maintain their ongoing financial stability, to promote generally corrupt relationships between the JCI group and third parties, to be applied for the personal benefit of RB Kebble, Buitendag and others and to artificially inflate the share price of JCI Limited.

Documentation indicates that, in early 2004, RGE agreed to lend money to Aflease. R40 million was paid to Aflease by CMMS and debited to the intercompany loan account of RGE in the ledger of CMMS. During July 2004, RGE and Aflease agreed that Aflease would issue 94 000 000 Aflease shares to RGE and RGE would issue 9 400 000 RGE shares to Aflease. These shares were issued.

The 94 000 000 shares issued to RGE were transferred to the Consolidated Investments trade account where the shares were amalgamated with the 8 100 000 Aflease shares derived from the transaction mentioned above and Aflease shares already held in that account. Due to the amalgamation of the Aflease shares and other shares transacted in the Consolidated Investments trade account, a rough analysis of the application of the Aflease shares sales proceeds, generated during December 2004 and January 2005 when all the Aflease shares were sold, indicated the following application of the sales proceeds:

- R114 115 204.49 to CMMS where it was used mostly to increase collateral requirements occasioned by general trade and the requirements of the Inkwenkwezi transaction during December 2004 and January 2005;
- R14 742 052.53 to WAL as a loan;
- R5 919 857.94 to Big Bay;
- R3 053 909.31 to R B Kebble;
- R20 087 227.96 which could be identified directly with payments to Anglo on behalf of Inkwenkwezi; and
- R5 420 118.59 to other destinations which were not identifiable.

Upon a proportional calculation of the benefit accruing to CMMS and JCI Limited, due to the inability to determine which shares were sold at what time, R161 145 197.80 may have been received by CMMS from the sale of Aflease shares of RGE. These Aflease shares were mainly derived from a share swap between Aflease and RGE, but also from the balance of 8 100 000 Aflease shares derived from the transaction referred to above.

2.7.5 **Shares in Simmer & Jack (Claim 8)**

RGE claimed R94 000 000 from JCI Limited in respect of the alleged theft of 40 000 000 Simmer and Jack shares from RGE.

On 25 August 1999, Continental Goldfields exercised an option to purchase 75% of RGE's shareholding in TGME for R9 150 000, payable as R550 000 in cash and R8 600 000 in the form of a loan due to RGE by Continental Goldfields. On or about 4 October 1999, Continental Goldfields sold its shareholding in TGME to Simmer & Jack for R32 500 000. Simmer and Jack settled the purchase price by issuing 80 000 000 Simmer and Jack shares to Continental Goldfields. On 14 September 2000, Continental Goldfields agreed with RGE that the 80 000 000 Simmer and Jack shares be pledged to RGE as security for the debt due to RGE by Continental Goldfields. Whilst Continental Goldfields offered to settle the debt by giving ownership of 40 000 000 Simmer and Jack shares to RGE, such offer was not accepted.

The debt due by Continental Goldfields to RGE for the purchase price of TGME was settled when RGE ceded its claim against Continental Goldfields to Weston on 30 June 2004, where it was set-off against an amount due to Continental Goldfields by Weston. No evidence could be found indicating that Weston paid RGE for the cession of RGE's claim against Continental Goldfields to Weston.

On 28 December 2004, CMMS sold the 80 000 000 Simmer and Jack shares of Continental Goldfields to Topgold for R20 000 000.

Although 40 000 000 Simmer & Jack shares were transferred from the RGE trading account to Topgold AG mvK, documentation indicate RGE did not agree to settle the debt due by Continental, by accepting ownership of the 40 000 000 Simmer & Jack shares, unless a due diligence of Simmer & Jack was performed. The 40 000 000 shares formed part of the 80 000 000 Simmer & Jack shares issued to Continental Goldfields. No evidence could be obtained indicating that Weston paid RGE for the cession of RGE's claim against Continental, to Weston.

2.7.6 **Allotment of 8 800 000 RGE shares (Claim 10)**

RGE claimed R149 600 000 from JCI Limited in respect of the allegedly fraudulent issuing of 8 800 000 RGE shares. They base this claim on allegations that RGE, represented by R B Kebble, concluded an agreement with entities named Phikoloso and Equitant, on or about 28 July 2003, in terms of which Equitant sold to RGE its 100 percent shareholding in Viking Pony, despite knowing that Viking Pony did not hold certain investments as represented by Equitant. The purchase price was to be paid by the allotment of 8 800 000 RGE shares to Equitant. The 8 800 000 RGE shares were allotted on or about 30 July 2003 and some were subsequently sold through a trading account in the name of Equitant for R73 868 727. R46 187 086 of these proceeds were utilised to purchase 56 000 000 shares of JCI Limited, to be held in the name of Equitant. An amount of R19 938 748, was transferred to a T-Sec trading account in the name of Itsuseng Strategic Investments. A further R7 million was paid to Socgen in settlement of the lease obligation of Lyons Financial Solutions, for which obligation JCI Limited had bound itself as surety and co-principle debtor.

A further parcel of 3 088 00 of the shares were transferred to the Paradigm Shift trading account, of which 1 600 000 shares were subsequently transferred to the CMMS trading account. Another parcel of 3 300 000 of the RGE shares were transferred directly to the CMMS trading account and the remaining 142 000 RGE shares were transferred to the Benguela Logistics trading account, also at T-Sec. The said shares were then sold through the said accounts and the proceeds allegedly applied for the benefit of JCI Limited and one or more of its associated companies.

In closing, they claimed that, to regularise the position arising from the conduct as aforesaid, RGE will be required to purchase the said 8 800 000 shares on the open market at a cost to it of R149 600 000 and to thereafter cancel their allotment.

In essence, the claim is based on allegations that RGE did not receive value for the allotment of the 8 800 000 RGE shares, that they will be required to purchase the said shares in the open market and that the proceeds of the allotted shares were applied for the benefit of JCI Limited and/or its associated companies.

Contrary to these claims, we obtained documentation indicating that RGE entered into a transaction in terms of which it issued 8 800 000 RGE shares to the vendor of certain assets, which included shares of which the existence could not be verified and the acquisition of Aflease shares which still needed to be purchased, the purchase price of which had to be funded, thus, at the date of the transaction not having a net inflow of capital to RGE as a result. As a result of RGE having performed this transaction, it diluted the interest of its shareholders in RGE, without affecting the assets and liabilities of RGE. Neither CMMS nor JCI Limited participated in this transaction save that JCI Limited was bound with Trinity jointly and severally as sureties and co-principal debtors to the vendor of the Aflease shares.

We could find no evidence indicating a factual basis for a legal obligation existing on the part of RGE to purchase the said shares in the open market, mainly because RGE incurred no loss.

3 000 000 RGE shares of the above referred to issue of shares were transferred to CMMS in terms of a scrip lending agreement between CMMS and Equitant, which CMMS then pledged to Letseng Diamonds.

2.7.7 **Allotment of 5 160 000 RGE shares (Claim 11)**

RGE claimed R87 720 000 from JCI Limited in respect of the alleged fraudulent issuing of 5 160 000 RGE shares to Lunda Sul.

On 21 July 2004, RGE announced that it would:

- Issue 1 319 000 RGE shares to Koketso Angola Joint Ventures for the acquisition of a 24% interest in the Luxinge alluvial diamond license in Angola; and
- Issue 1 373 000 RGE shares to Quantum African Mining (Pty) Limited for the acquisition of a 20 percent interest in the Somba Sul alluvial diamond prospecting concession in Angola.

RGE advised its shareholders that the transaction would dilute their earnings.

On 5 January 2004, RGE entered into a call option agreement with Lunda Sul Holdings (Pty) Limited and Lunda Alluvial Operations (Pty) Limited in terms whereof RGE would issue 2 268 000 RGE shares for the acquisition of 100 percent of the issued shares of Refraction Investments (Pty) Limited.

As a consequence of the above mentioned transactions, RGE issued 5 160 000 shares. Neither CMMS, nor JCI Limited, participated in these transactions performed by RGE.

At approximately 6 April 2004, a trading account was opened in the name of Lunda Sul Holdings (Pty) Limited. 5 160 000 RGE shares were transferred into this account and sold for R86 146 179.54. The cash proceeds of these sales were applied as follows:

- R30 810 000 was paid to the bank account of R B Kebble;
- R22 800 000 was paid to Tuscan Mood;
- R8 000 000 was paid to Gullivers Travel;
- R4 200 000 was paid to JCI Recourses;
- R6 400 000 was paid to National Airways; and
- The balance was used to fund the purchase of other shares in the trade account.

The summary and comparison of our factual findings to the statements made in the RGE Claimant's Statement of Claim and the JLMC report, dated 17 August 2007, are categorised in three sections:

- Addressing the claims that these transactions were simulations and that RGE received no value;
- Addressing the claim that the proceeds of the sale of the 5 160 000 RGE shares were applied for the benefit of JCI Limited and one or more of its associated companies; and

- Addressing the claims that the allotment of the 5 160 000 RGE shares is void and that RGE will be required to purchase the shares on the open market.

2.7.7.1 ***Claims that the transactions were simulations and that RGE received no value***

RGE's Claimant's Statement of Claim states that, even though RGE, as represented by Buitendag, concluded the various agreements discussed above, the agreements were a simulation, were never intended to give rise to enforceable rights and obligations and that R B Kebble, Buitendag and Stratton knew that RGE was not required to pay for, nor had the intention to acquire the call option and/or the interests in the concessions and/or the mining plant and equipment. It furthermore reflects that RGE received no value in terms of the said agreements.

Contradictory to the claim that these were merely simulated transactions with no underlying value for RGE:

- Anecdotal evidence reflect that these concessions were subject to a geological evaluation prior to the investment by RGE and that the Cassanguide concession had been previously mined and evidence suggested that the mine would be economically viable;
- All the transactions were supported by a RGE directors' resolution, an application by RGE to allot and issue new shares, and an agreement signed by Buitendag on behalf of RGE;
- The Cassanguide concession was disclosed in the 2004 financial statements of RGE and in addition the other transactions were disclosed in a general notice issued by Sasfin on 21 June 2004;
- The transactions were exploration type transactions which accorded with the main business of RGE;
- RGE's shareholders effectively funded the transactions and they were so advised in the announcement;
- Due to the nature of the concessions purchased, they had no determinable value at the time of the transactions and such was disclosed to the shareholders, i.e. that the transactions would dilute their shareholding;
- If developed, these concessions could generate a return to RGE and shareholders were advised thereof;
- That the transactions, because they were funded by RGE's shareholders, had no effect on the assets and liabilities of RGE;
- The fact that JCI Limited spent some R50.7 million on these concessions seems not to accord with the RGE claim that the transactions were simulated; and
- A directors' resolution of Refraction (pertaining to the Cassanguide concession), dated 8 December 2005, indicates that it intended to sell its 70% shareholding in Luembe back to Smith and Perrevos. (Refraction became a subsidiary of RGE when the latter purchased Lunda Alluvial).

2.7.7.2 ***Claim that the proceeds of the sale of the 5 160 000 RGE shares were applied for the benefit of JCI Limited and one or more of its associated companies***

Paragraphs Y.5 and Y.6 of RGE's Claimant's Statement of Claim indicates that the proceeds of the 5 160 000 RGE shares amounted to R87 910 000 and was distributed to bank accounts in the names of RB Kebble, Tuscan Mood, JCI Resources, Gulliver's Travel, National Airways and the trading account of Alibiprops. These payments were then ostensibly applied for the benefit of JCI Limited and one or more of its associated companies.

Contrary to this statement, it is evident from the names of the account holders mentioned above that JCI Limited did not benefit from the proceeds of the sale

of these 5 160 000 RGE shares. No factual statements have been provided to support the statement in paragraph Y.6 that these payments were applied for the benefit of JCI Limited and one or more of its associated companies, nor have factual statements been provided to support the statement in paragraph 2.10.6.2 of the JLMC report, dated 17 August 2007, that the fact that funds were purportedly misappropriated from the Lunda Sul trading account culminates in a claim against JCI Limited for damages.

2.7.7.3 ***Claim that the allotment of the 5 160 000 RGE shares are void and that RGE will be required to purchase the shares on the open market***

RGE's Claimant's Statement of Claim states that the allotment of the 5 160 000 RGE shares are void in terms of the Companies Act and furthermore echoes the statement in the JLMC report, dated 17 August 2007, that RGE "*will be required to purchase*" the RGE shares on the open market. Whether the allotment of shares is void in terms of an act constitutes a legal opinion which falls outside the ambit of this summary. However, as reflected above, we obtained evidence indicating that these were not simulated transactions. We furthermore infer from the statement "*will be required to purchase*", reflected in both the RGE Claimant's Statement of Claim and the JLMC report, that it is implied that RGE has a legal obligation to purchase the said shares on the open market. This again amounts to a legal opinion which falls outside the ambit of our work. It should however be noted that, as the shareholders of RGE funded the transactions, the assets and liabilities of RGE were not affected.

2.8 **The allotment of 1 306 000 RGE shares (claim 12)**

RGE claimed R22 202 000 from JCI Limited in respect of the alleged fraudulent issuing of 1 306 000 RGE shares to Trans Benguela Logistics (Pty) Limited.

On 21 July 2004, RGE announced that it would issue 1 506 000 shares effective 23 June 2004 to Trans Benguela Logistics (Pty) Limited as payment for mining equipment. RGE advised its shareholders that the transaction would be earnings dilutionary. The RGE shares were issued to Masupatsela Angola on 22 June 2004. Neither CMMS, nor JCI Limited, participated in the above mentioned transaction by RGE.

RGE's Claimant's Statement of Claim states that, even though RGE, as represented by Buitendag, concluded the purchase agreement with Trans Benguela, the agreement was a simulation, was never intended to give rise to enforceable rights and obligations and that RB Kebble, Buitendag and Stratton knew that RGE was not required to pay for, nor had the intention to acquire the mining plant and equipment. It furthermore reflects that RGE received no value in terms of the said agreements.

Contradictory to the claim that this was merely a simulated transaction with no underlying value for RGE:

- On 18 June 2004, Beale certified a resolution of the directors of RGE, recording a resolution to the effect the RGE would issue 1 506 000 RGE shares to Trans Benguela. The equipment sale agreement was signed on the same date by Buitendag, on behalf of RGE. Furthermore, on 21 June 2004, RGE applied for the listing of 5 690 000 RGE shares, of which this 1 506 000 formed part;
- On 21 June 2004, this transaction was disclosed to the RGE shareholders by means of a general notice sponsored by Sasfin. RGE indicated in this notice *inter alia* that the company would not fund the transactions and that the shareholders of RGE were effectively funding the acquisitions by means of diluting their interest in RGE;
- The transactions were exploration type transactions which accorded with the main business of RGE. An extract from the general notice reads:

"The acquisitions are consistent with Randgold's strategy of acquiring quality and strategic assets in the mining resource sector, in pursuit of its stated mission of being a leader in the development of mineral resources on the African continent.

- RGE's shareholders effectively funded the transactions and they were so advised in the announcement;
- The fact that JCI Limited spent some R50.7 million on these concessions seems not to accord with the RGE claim that the transactions were simulated; and
- Even though anecdotal evidence indicated that no mining equipment was purchased from Trans Benguela, the transaction had no effect on the assets and liabilities of RGE because it was funded by RGE's shareholders.

RGE furthermore claims that the proceeds of the sale of the 1 306 000 RGE shares were applied for the benefit of JCI Limited and one or more of its associated companies. However, documentation indicate that, on 22 June 2004, 1 506 000 RGE shares were issued to Trans Benguela. Whilst the balance of these shares were transferred to various other trade accounts unrelated to CMMS or JCI Limited, 641 000 of these shares were transferred to the Consolidated Investments trade account. Of these, 422 535 shares were sold with the proceeds being paid towards WAL on loan and towards call accounts. The balance of 168 456 RGE shares remained in the Consolidated Investments trade account. We could not locate a scrip lending agreement between CMMS and Trans Benguela. Depending on whether a representative of Trans Benguela signed the share transfer form or not, the use of the shares, issued to Trans Benguela, may or may not have been with the authority of Trans Benguela, as we obtained a signed CM 42 for these RGE shares. Even though we are not examiners of disputed documents, the signature on the CM 42 appears to be consistent with the signature of the person who signed the purchase agreement on behalf of Trans Benguela.

RGE's Claimant's Statement of Claim thirdly claims that the allotment of the 1 306 000 RGE shares are void in terms of the Companies Act and furthermore echoes the statement in the JLMC report, dated 17 August 2007, that RGE "will be required to purchase" the RGE shares on the open market. Whether the allotment of shares is void in terms of an act constitutes a legal opinion which falls outside the ambit of this summary. However, as reflected above, we obtained evidence indicating that this was not a simulated transaction. We furthermore infer from the statement "will be required to purchase", reflected in both the RGE Claimant's Statement of Claim and the JLMC report, that it is implied that RGE has a legal obligation to purchase the said shares on the open market. This again amounts to a legal opinion which falls outside the ambit of our work. It should however be noted that as the shareholders of RGE funded the transactions, the assets and liabilities of RGE were not affected.

2.9 **The allotment of 1 492 000 RGE shares (Claim 13)**

RGE claimed R27 602 000 from JCI Limited in respect of the alleged fraudulent issuing of 1 492 000 RGE shares.

On 21 July 2004 RGE announced that it would issue 1 492 000 shares effective 23 June 2004 to Masupatsela Angola as payment for a 20% interest in the Dando Kwanza alluvial diamond prospecting concession in Angola. Masupatsela Angola was not incorporated at that stage, whilst a shelf company was then used and having its name changed to Masupatsela Angola. RGE advised its shareholders that the transaction would be earnings dilutionary. The RGE shares were issued to Masupatsela Angola on 22 June 2004. Neither CMMS, nor JCI Limited, participated in the above mentioned transaction by RGE.

R20 722 865.05 was credited to the trading account of CMMS at T-Sec, funded by the sale of the 1 492 900 RGE shares issued to Masupatsela Angola.

RGE's Claimant's Statement of Claim states that, even though RGE, as represented by Buitendag, concluded the agreement discussed above, the agreement was a simulation, was never intended to give rise to enforceable rights and obligations and that RB Kebble, Buitendag and Stratton knew that RGE was not required to acquire the interest. It furthermore reflects that RGE received no value in terms of the said agreements.

Contradictory to the claim that these were merely simulated transactions with no underlying value for RGE:

- Anecdotal evidence indicates that this concession was subject to a geological evaluation prior to the investment by RGE;

- The issuing of the 1 942 000 shares was supported by a RGE directors' resolution certified by Beale, an application by RGE to allot and issue new shares, and an agreement signed by Buitendag on behalf of RGE;
- This transaction was disclosed in a general notice issued by Sasfin on 21 June 2004;
- The transaction was an exploration type transaction which accorded with the main business of RGE;
- RGE's shareholders effectively funded the transaction and they were so advised in the announcement;
- Due to the nature of the concession purchased, they had no determinable value at the time of the transaction and such was disclosed to the shareholders in that the transaction would dilute their shareholding;
- If developed, this concession could generate a return to RGE and its shareholders were advised thereof;
- That the transaction, because it was funded by RGE's shareholders, had no effect on the assets and liabilities of RGE; and
- The fact that JCI Limited spent some R2 635 408 on this concession seems not to accord with the RGE claim that the transaction was simulated.

The RGE Claimant's Statement of Claim states that the proceeds of the sale of these 1 492 000 RGE shares were applied for the benefit of JCI Limited or one or more of its associated companies. Depending on whether Koyana signed the share transfer form or not, the use of the shares, issued to Masupatsela Angola, may or may not have been with the authority of Masupatsela Angola. Irrespective thereof, CMMS received the benefit of the shares. We however found no evidence indicating that the assets and liabilities of RGE were affected by the sale of the RGE shares in CMMS's trading account. JCI Limited also appears not to have been a party to the transaction described in this section.

RGE's Claimant's Statement of Claim states that the allotment of the 1 492 000 RGE shares are void in terms of the Companies Act and furthermore echoes the statement in the JLMC report, dated 17 August 2007, that RGE "will be required to purchase" the RGE shares on the open market. Whether the allotment of shares is void in terms of an act constitutes a legal opinion which falls outside the ambit of this summary. However, as reflected above, we obtained evidence indicating that these were not simulated transactions. We furthermore infer from the statement "will be required to purchase", reflected in both the RGE Claimant's Statement of Claim and the JLMC report, that it is implied that RGE has a legal obligation to purchase the said shares on the open market. This again amounts to a legal opinion which falls outside the ambit of our work. It should however be noted that, as the shareholders of RGE funded the transactions, the assets and liabilities of RGE were not affected.

Furthermore, the fact that RGE's shareholders were advised of the dilutory effect of the transactions provides no factual basis for any obligation on the part of RGE towards such shareholders to buy the issued shares back in the market and then cancel same.

2.10 **Claims pertaining to 12 574 836 JCI Limited shares and 28 000 WAR shares (Claims 16 and 17)**

The RGE Claimant's Statement of Claim reflects that a purported scheme was devised to deprive RGE, or alternatively First Wesgold, of the shares and that the *de facto* control of the shares vested in the JCI Limited group. However, contrary to this statement, the supporting documentation indicates that the JCI Limited shares were lodged in the trading account of First Wesgold and the WAR shares in the RGE trade account and sold in those accounts, i.e. no share transfer took place to JCI Limited. We could therefore not obtain any documentation indicating that JCI Limited obtained or misappropriated any of the shares under consideration. The shares were sold in the trade accounts of First Wesgold and RGE and the cash proceeds were disbursed from that trade account.

Furthermore, CMMS only received R3 140 438.37 of the proceeds of the sale of the shares and the balance was paid to RAR Kebble. Even though the payments to R A R Kebble were recorded as a loan from CMMS to RAR Kebble in the general ledger of CMMS, the funds were not transferred to RAR Kebble via CMMS and, furthermore, the loan was never repaid to CMMS and was subsequently written off.

2.11 **Claim for an aggregated amount of R121 198 224.50 (Claim 18)**

This claim pertains to certain amounts recorded in the CMMS loan account in the general ledger of RGE. No information is provided in the RGE Claimant's Statement of Claim as to the substance of these transactions recorded in RGE's accounting records.

	Date	Details	Amount Claimed by RGE R	Findings based on supporting documentation
1	29/08/2003	Cash advanced to CMMS	11 000 000.00	It appears that this loan amount was repaid in a manner consistent with the provision in the loan agreement.
2	19/02/2004	FWG cash advance	1 500 000.00	The amount was received by CMMS.
3	31/05/2004	60 575 121 JCI's sold	46 638 149.95	Shares were sold in the Matodzi trade account and we could not obtain evidence indicating that the cash proceeds were received by CMMS.
4	31/05/2004	Balance JCI Gold loan transferred	2 165 241.72	Capital balance on the JCI Gold loan account should be reflected as R30 million, as the payments made by CMMS to RGE, also for R30 million, have been taken into account in the Aflease transaction reflected below.
5	30/06/2005	Cash advance to CMMS	4 700 000.00	Amount was received by CMMS.
6	30/09/2005	Luembe expenses	270 712.28	Luembe was a mining concession which RGE had invested in and CMMS financed on an *ad hoc* basis. We could find no evidence to support a claim that CMMS should again advance this balance to RGE.
7	30/12/2004	Aflease loan	54 924 120.55	RGE entered into an agreement to advance funds to Aflease, which CMMS did on behalf of RGE, and was refunded for same.
			121 198 224.50	

We could not respond further to this claim due to the weak nature of the allegations contained in this claim and lack of explanation thereof.

2.12 **Alleged contractual obligations between JCI and Trinity**

RB Kebble, purporting to represent JCI Limited, and Trinity entered into a shareholders' conversion agreement in terms whereof Trinity would have swapped seven million RGE shared held by Trinity for 4 598 214 WAR shares to be held by JCI Limited. This agreement was further subject to the fulfilment of a condition that Aflease concluded a call option agreement with Mogwele, an SPV, in terms whereof Aflease granted a call option to Mogwele for six million RGE shares held by Aflease

with a put option against JCI Limited should Mogwele not exercise its call option. These transactions were not approved by the board of directors of JCI Limited and were also not disclosed to the directors at a board meeting. It appears that these agreements were founded upon an attempt by Aflease and Trinity to mitigate the risk posed to Trinity and Aflease by their holding of RGE shares after it became known to them that there were various concerns about RGE. Whilst the agreement was initially intended to have been with RGE, JCI Limited was made a contracting party at the request of Buitendag.

This agreement was prejudicial to JCI Limited and exposed JCI Limited to the lack of investors' confidence in RGE and to the weakened balance sheet of RGE.

2.13 **Claim instituted by Redbay and Newshore against JCI Limited**

We have investigated the factual basis of a claim against JCI Limited by one Jewitt for the payment of money to him. It appears that Stratton attempted to make a commitment on behalf of JCI Limited to have JCI Limited guarantee a transaction in which JCI (IOM) allegedly committed to Newshore and Redbay to purchase shares in Startrack. Besides the fact that the document, signed by Stratton, does not specify the claimant as a recipient of the guarantee, we also found no evidence indicating that JCI (IOM) incurred any obligations towards the claimant. The claimant is a foreigner and we found no SARB approval for the guarantee the claimant alleges was given by JCI Limited.

2.14 **Claims raised by the liquidators of Tuscan Mood against third parties/JCI Limited**

During August 2007, Knowles Husain attorneys, acting on behalf of the liquidators of Tuscan Mood, advised of a total of 27 individual claims, with a combined value of R65 851 175.85, against third parties on behalf of the liquidators. These claims were raised due to creditors, who received the funds from Tuscan Mood, indicating that they received these funds based on services rendered to JCI Limited and were unaware of the fact that they were paid by Tuscan Mood. The liquidators of Tuscan Mood and Knowles Husain attorneys wanted JCI Limited to settle these claims.

These claims were identified by the liquidators of Tuscan Mood during an enquiry held in terms of Section 417 of the Companies Act into the affairs of Tuscan Mood.

The claims were apparently based on the evidence given by the various creditors of Tuscan Mood and the supporting documentation submitted during the enquiry.

The procedures we carried out on each claim received were:

- Understanding the claim and supporting documentation to the claim received;
- Scrutinising the relevant sections of the Section 417 enquiry and documentation submitted during the Section 417 enquiry, relating to the specific claim received; and
- Conducting a search of the available documentation of JCI Limited to establish any evidence relevant to the claims and to establish whether or not JCI Limited received any benefit from the transactions as per the claims received.

R B Kebble requested Poole to form a vehicle through which he (R B Kebble) could transact share transactions that would not reflect or that could not be traced back to JCI Limited or to R B Kebble or any other related party.

Poole testified as follows regarding the purpose of the vehicle that was created, namely Tuscan Mood:

"*It was a shelf company that was acquired and it was set up so that share transactions or the proceeds from share transactions could be channelled through Tuscan Mood so that they would remain anonymous.*"

Poole also testified that the particular transactions, being the share transactions, had to remain anonymous to the directors of RRH, although, towards the latter part of 2005, these directors became aware of the transactions. Poole was the only signatory of Tuscan Mood and he was the only individual who knew the passwords to the internet banking facility of Tuscan Mood and no one else made internet transfers from the Tuscan Mood bank account. In order to create anonymity at T-Sec for Tuscan Mood, a trade account in the name of Paradigm Shift was opened at T-Sec.

Paradigm Shift was only a name and not an entity. The Paradigm Shift trade account was used to provide funding to Tuscan Mood.

The source of funds in the Paradigm Shift trade account appears to be, *inter alia*, the proceeds generated from the sale of JCI Limited shares and RGE shares. This trade account did not own any shares as all the sales were short sold, i.e. sold without owning it. Subsequent to these sale transactions, shares were transferred into this trade account to close out the short positions created by the sales. These shares were transferred from the JCI Gold Limited CSDP Account, account number 1900010909, to the trade account of Paradigm Shift. 20 000 000 JCI Limited shares were transferred into the Paradigm Shift trading account on 30 June 2003 and 1 288 000 RGE shares were transferred into the account on 3 September 2003.

Poole further testified that, in order to create confusion and layer the flow of funds, or to hide the transactions of Tuscan Mood, funds were transferred from various accounts or entities towards Tuscan Mood. Entities such as Paradigm Shift, Alibiprops, Lunda Sul Holdings (Pty) Limited, New Heights (Pty) Limited and Chardonnay Trust were used for such purposes.

It is thus apparent that Tuscan Mood was created as a vehicle through which R B Kebble was able to pay for various activities that fall outside the business scope of JCI Limited. The funding of Tuscan Mood was derived from *inter alia* funds obtained from the sale of assets of JCI Limited.

The results of the findings of our investigation and the supporting documentation viewed indicate that the factual bases for requiring payment from JCI Limited was weak.

2.15 **Claims raised by the liquidators of the Estate R B Kebble against third parties/JCI Limited**

During October 2007, Knowles Husain attorneys, acting on behalf of the liquidators of the Estate of R B Kebble, raised 27 individual claims, with a combined value of R30 738 875.63 against third parties on behalf of the liquidators. These claims were raised due to creditors, who received funds from the Estate RB Kebble, indicating that they received these funds based on services rendered to JCI Limited and were unaware of the fact that they were paid by R B Kebble. That transpired during the enquiry in terms of section 152(2) of the Insolvency Act in the deceased estate of R B Kebble. The liquidators and Knowles Husain attorneys requested payment of these claims from JCI Limited.

The claims were apparently based on the evidence and supporting documentation submitted by the various creditors of the estate of RB Kebble during the enquiry.

The procedures we carried out on each claim were:

- Understanding the claim and supporting documentation to the claim received;
- Scrutinising of the relevant sections of the Section 152(2) enquiry and documentation submitted during the enquiry, relating to the specific claim received; and
- Conducting a search of the available documentation of JCI Limited to establish any evidence relevant to the claims and to establish whether or not JCI Limited received any benefit from the transaction as per the claim received.

During the investigation it was established that, in the majority of the claims, R B Kebble was reimbursed for the expenses that he incurred on behalf of JCI Limited. These reimbursements were achieved through the reduction of his loan account due to JCI Limited. As a result of the reduction in the loan account, the claims against JCI Limited could be rejected as R B Kebble was in fact reimbursed by JCI Limited. In most instances the factual bases of the claims appear weak.

2.16 **Claim instituted by Masupatsela Angola against JCI Limited**

Masupatsela Angola instituted legal action against JCI Limited in relation to 1 492 000 RGE shares, held by share certificate number 63350, issued to Masupatsela Angola on 22 June 2004 by RGE. These shares were issued to Masupatsela Angola in terms of an agreement whereby which Masupatsela Angola sold certain diamond concessions it obtained in Angola to RGE. Masupatsela Angola alleges that these shares were handed to CMMS with the instruction to hand these shares to T-Sec to enable T-Sec to hold these shares in trust as nominee for Masupatsela Angola. Masupatsela Angola further alleges that CMMS delivered the shares to T-Sec; however, instead of keeping it in trust as a nominee, the shares were sold by T-Sec and the proceeds on these sales

were paid into the trade account of CMMS at T-Sec. Based on the above, Masupatsela Angola demands from JCI Limited either the return of the 1 492 000 RGE shares, or alternatively, the payment of R44 760 000.00, being the net asset value of the shares calculated at R30.00 per share.

A concession, situated at Dando Kwanza in Angola, was purchased from Masupatsela Angola by RGE with the issuing of the 1 492 000 RGE shares that are currently being claimed by Masupatsela Angola from JCI Limited. The ownership of the concession was based on contractual arrangements agreed to by various parties. In terms of this agreement, Masupatsela Investments Holdings (Pty) Limited and not Masupatsela Angola, was the initial holder of part of the concession situated at Dando Kwanza province of Angola. In terms of the agreement, it appears that the parties to the agreement may not have been able to transfer or sell their shareholding of the concession without the approval of the Angolan Cabinet Council. We do not know if the approval of the Angolan Cabinet Council was obtained in this case as we could not locate any evidence indicating it was or was not obtained.

In terms of a cession agreement, dated 16 April 2004, Masupatsela Investments Holdings (Pty) Limited transferred all of its rights and interest in the Dando Kwanza project to Masupatsela Angola. The consideration for this transfer of rights and interest was R200 000. The agreement was not signed on behalf of Masupatsela Angola; in fact, no provision for a signatory on behalf of Masupatsela Angola was made.

Shares in a company are normally transferred from one individual to another via a CM 42 Securities Transfer Form. The form clearly requires the following information:

- In section A – The quantum and full description of the security to be transferred; and
- The signature column further states that "I/we, the undersigned, hereby transfer the above security from the name(s) aforesaid to the person(s) named below or to the several persons named in Part B …"

It is thus clear that, when a securities transfer form is completed, the intention of the individual, completing part A, or the transferor, is to transfer the said securities. In the light of the above, the argument raised by Masupatsela Angola, i.e., that they gave the shares to CMMS to be given to T-Sec where the shares had to be held by T-Sec as nominee, does not seem consistent with the signing of a blank CM 42 form.

KPMG SERVICES (PTY) LIMITED
Per: Déan Friedman
Director

Annexure A

CONSOLIDATED CASH FLOW OF CMMS

Consolidated Mining Management Services Limited ("CMMS")

Cash flow for the period 1 April 2002 to 31 October 2005

	Consolidated R
INFLOW OF FUNDS	
Share trading	
Share Trading – Consolidated Investments, JCI Gold and Randgold Scrip Lending	1 468 525 843.33
Andisa Securities (Share Trading – WAR)	22 973 529.67
Other T-Sec trade accounts	187 103 835.59
Sales of shares by JCI Limited	76 346 641.10
– Rand Leases Properties sold	10 643 712.83
– Bophelo: Sale of LPVE	3 666 666.68
– Sales of WAR shares	62 036 261.59
Costs – CMMS trading related	
– Collateral	(68 330 779.60)
– Dividends	(41 457 862.47)
– Interest	(9 241 871.08)
Transfers from futures account	23 230 977.95
Total trading activities	1 659 150 314.49
Other funds received	***1 285 180 864.96***
Received – JCI Limited and subsidiaries	344 941 410.21
Letseng	48 724 500.00
WAL	82 965 184.27
Barnex loan	8 343 275.42
JCI Gold	61 245 000.00
JCI Limited	17 664 000.00
Barnato/JCI Gold	1 800 000.00
Startrack	9 316 922.52
JCI IOM	5 940 480.00
Matodzi	18 160 000.00
RLP	500 007.59
CAM	620 000.00
LPVE	648 619.32
Simmer & Jack	29 465 419.00
Firth/Loan – P Continental	100 000.00
Tavlands	556 592.54
NMC	1 690 000.00
Loan advances: JCI Properties/Rand Leases Properties	44 571 183.80
CMMS	5 000 000.00
Battleaxe	5 130 225.75
Mvela Properties	2 500 000.00
RGE related	64 927 200.55
Masupatsela/Randgold funding	1 500 000.00
RGE	56 427 200.55
RGE – raised to RARK	7 000 000.00

	Consolidated R
Kebble (R B and R A R) – related	209 183 301.92
Allibiprops	173 408 875.76
R B Kebble	1 801 419.75
Hothouse Investments	425 000.00
New Heights	296 685.30
R A R Kebble	14 074 351.11
Paradigm Shift	4 100 000.00
BNC	2 000 000.00
Tuscan Mood	4 000 000.00
Kirstenberry Lodge	2 076 970.00
Loan from R A R Kebble	7 000 000.00
John Stratton – related	18 067 145.56
Stratton	38 657.12
Beachcove	18 028 488.44
Directors and other staff	6 008 291.12
Eric Molefe	5 739 876.00
H C Buitendag	117 767.28
AJH	36 910.00
Pearcey	17 782.14
Beale	15 410.97
Rasethaba	76 000.00
Swanevelder	4 544.73
Other	74 408 627.43
Bophelo	1 833 333.34
Rabin vd Berg – Legal fees	61 007.77
Flora Motors – Sale of vehicle	471 730.00
Spanne – Insurance refund premium	446 805.00
Lyons/Lyons Guarantee	30 516 810.70
Lunda Sul Holdings	9 000 000.00
Demat	66 662.76
Tabacks/Khumalo	12 887 766.65
Bookmark/Rasethaba	500 000.00
Tomfin	11 108 112.00
Corner House	450 000.00
SAFCO	4 915 338.64
Phikoloso	1 867 391.60
Jolee Family Trust	283 668.97
Banks – related	535 306 988.17
FNB Call	268 916 000.00
Mercentile Bank	87 000.00
Investec	181 550 118.91
T-Sec Loan	15 740 501.16
Compushare	21 013 368.10
Investec UK	48 000 000.00

	Consolidated R
Company – related	26 077 538.20
South African Revenue Services	13 563 961.39
Salary account	580 988.75
Debenture interest	9 269 923.23
Diners Club	773 970.23
Sale of equipment – Luembe Mining	743 907.36
Execujet	65 405.23
Security repayment	82 080.00
Legal fees	80 228.04
Medical aid	165 502.00
Various other income – amounts less than R50 000	751 571.97
Correction of journal entry	6 260 361.80
Reversal – DRA	956 229.15
Reversal – Bosasa	93 942.84
Debit orders	147 489.81
Cygnus	62 700.00
RGE	5 000 000.00
INFLOW OF FUNDS	**2 944 331 179.45**
OUTFLOW OF FUNDS	**2 968 500 007.25**
NET FLOW OF FUNDS	**(24 168 827.80)**
OUTFLOW OF FUNDS	**2 968 500 007.25**
Share trading expenses	**179 710 195.90**
Share trading	49 900 722.34
Sekunjalo	870 000.00
Afrifocus	600 000.00
Rand Leases Properties	13 711 435.20
T-Sec – Rand Leases Properties shares	11 298 645.37
T-Sec – Other	8 626 875.13
Stanvest – 360168 RLP	576 268.80
Lewis – Purchase of shares	8 358 393.69
Penberthy – Cueincident	5 859 104.15
Administrative charges related to share trading	80 226 292.48
Scrip lending fees	68 842 391.27
VAT on fees	8 550 012.00
N Goodwin	2 362 500.00
DRD assesment	2 400.00
Adminstration fees	1 896.00
Electronic transfer fee	450.00
Cost relating to the RRL transaction	385 364.03
MST Anglo/WAR	80 979.18
Compushare	300.00
Transfers to futures account	49 583 181.08
Other outflows of funds	**2 788 789 811.35**

	Consolidated R
Payments to JCI and its subsidiaries	1 086 360 401.09
Letseng	92 143 037.00
JCI Gold	149 672 988.29
Simmer & Jack	38 858 771.64
WAL	601 261 205.17
WAL Share Incentive Scheme	5 000.00
JCI Limited	31 839 000.00
Barnex	3 042 946.92
Rand Leases Properties	4 522 077.65
Skygistics	10 404 960.00
Tavlands	2 550 000.00
JCI Limited Scheme	600 000.00
Maitland	455 380.08
JCI Development	453 178.50
CMC Jersey	27 450 000.00
NMC	15 037 000.00
Bioclones	13 920 000.00
Matodzi Resources	38 458 770.00
Letseng Guernsey	4 484 250.00
CAM	3 657 000.00
Battleaxe – ABSA	1 025 000.00
Mvela	300 000.00
CMC	60 000.00
Tantco	8 527 984.93
Sub-Sahara	11 365 638.48
Mvela Properties	805 000.00
Mvela Trade	250 000.00
Dando Kwanza	603 000.00
Luembe Mining	729 499.88
JCI Zimbabwe	425 649.53
JCI RES	3 252 327.59
CMMS Futures account	20 200 735.43
RGE – related	280 986 310.09
RGE	5 376 500.00
Anglo for purchase of WAR shares by RGE	204 954 871.58
RANDGOLD REV	1 000 000.00
Masupatelsa	850 000.00
Celtik	524 483.42
Jongilizwe Medical	500 000.00
Aflease	40 872 751.25
RGE	24 754 333.00
RGE/Cassanguide	1 945 000.00
RGE/Masupatsela	208 370.84

	Consolidated R
Kebble (R B and R A R) – related	84 394 334.78
R A R Kebble	22 587 404.81
R B Kebble	21 880 153.70
Execujet	1 378 895.14
R B Kebble – Moss Morris	5 898 433.46
Alibiprops	3 925 000.00
Kebble for Louw	27 075.67
Kebble/Buitendag	1 600 000.00
Sanlam Private Life (Katzenellenbogen)	687 000.33
R A R Kebble – Mallinicks	1 880 018.79
R A R Kebble – Moss-Morris	95 709.44
R A R Kebble – Tabacks	1 718 209.91
SBO settlement – R B Kebble	7 203 383.62
Tabacks (R B Kebble, R A R Kebble, WAL) re FSB matter	68 931.95
Paradigm Shift	4 100 000.00
Tuscan Mood	2 000 000.00
Boabab/Kebble Aviation	9 344 117.96
John Stratton – related	12 745 108.23
Edge To Edge	3 957 696.54
Stratton – Consulting fees	1 250 000.00
Mallinicks – Dormell Properties	113 121.70
M2K	500 000.00
Stratton	6 924 289.99
Directors and other staff	12 294 808.33
Jolee Family Trust	4 000 000.00
Molefe	4 639 950.00
Haasbroek	1 320 000.00
Swanevelder	42 399.90
Buitendag	653 207.54
Beale	77 102.25
Njenje	600 000.00
MERCS 3/04 FNB	87 237.74
Bryans	58 654.96
Koyana	478 204.60
Vieira	100 000.00
Mapengu	238 051.34
Rasethaba – related	2 917 810.54
Rasethaba	300 000.00
Orlyfunt	2 617 810.54
Poole – related	477 212.29
Poole	357 212.29
Turbine Aviation	120 000.00

	Consolidated R
Related to other persons and entities	467 282 845.93
Froneman	1 000 000.00
Lyons transaction	95 466 440.64
Advance Medical Technologies/Kovacs 620	58 005 176.22
Kovacs 608/Boschendal	52 328 133.00
Changing Tides	6 400 000.00
Bioclones	5 760 000.00
Metso	4 537 700.00
Atlantic Nominees	2 600 000.00
Itsuseng	2 531 157.43
Newfound	2 023 500.00
Infocan	5 954 424.91
SAM Investments CC	130 000.00
Afrifocus	926 623.08
Sabenza	800 000.00
Titan Sharedealers	35 291 613.00
Loan – Purchase of T-Sec	20 826 746.68
Luxinge	1 206 000.00
SAFCO	8 881 783.34
Buchanan Boyes	2 497 080.97
Chestnut Hill	743 070.00
Anglo in respect of purchase of WAR shares b Inkwenkwezi	128 798 437.50
Lunda Sul Holdings	9 000 000.00
Phikoloso	6 100 000.00
Big Bay Projects	5 000 000.00
Shipping – Barbara Louise	1 350 000.00
Shipping – Allison	900 000.00
Q West	114 000.00
Chuene Thema	1 500 000.00
Craddock	300 000.00
Payment to senior management	3 480 000.00
Peregrine	2 516 852.76
De Klerk and Partners	200 000.00
No 10 Benmore	114 106.40
Related to dispute with DRD	90 881 155.76
Heath	18 808 217.40
DRD	37 260 086.92
Springlights	26 684 000.00
Moss Morris	2 107 493.09
Tabacks	403 495.67
AIN	100 000.00
DRD	4 331 472.68
Nutrx	1 093 000.00
Cross Optics – Nutrx Deal	93 390.00
Banks – related	314 159 352.63
FNB Call	254 432 127.59
Investec	32 332 110.50
FNB	6 060 426.35
Amex	824 839.23
ABSA	489 766.07
T-Sec loan	15 741 882.16
First National Business cards	1 260 355.26
Mercantile Bank	2 762 355.63
Investec 4/03 FNB I	147 489.84
FNB Call Guarantees	108 000.00

	Consolidated R
Company – related	436 290 471.68
Legal expenses analysed	7 352 923.31
Mallinicks	1 733 084.24
Moss Morris	3 899 652.11
Tabacks	1 720 186.96
Legal expenses not analysed	7 131 624.43
MacNish/Mostert AUD391 500	2 128 874.39
Jowell Glynn	746 609.01
Botha du Plessis	1 005 050.00
Rockwell	699 007.50
Van der Merwe	400 000.00
Schoeman	376 667.00
Unterhalter & 30000	362 814.00
Bowman regarding Wellesley-Wood	330 000.00
James Slabbert	212 110.00
Werksmans Attorneys	34 320.22
Cliffe Dekker Attorneys	27 799.60
Ramsay Webber	24 552.31
De Klerk Mandelstan	23 750.00
Rakitiz Attorneys	65 000.00
Vink Attorneys	435 000.00
Siller Walk	122 264.00
Da Fonseca Attorneys	54 806.40
Garlicke & Bousefield	83 000.00
Consultants	31 405 871.37
Trenchant	1 528 639.68
Hofmann Bray Associates	2 521 200.00
BOSASA	565 736.15
Chakrabarti	1 143 671.61
INTCS Corporate Solutions	2 907 000.00
Cygnus	810 744.06
Vaughan Bray Associates	114 000.00
INTUIT	54 720.00
Cross Optics	500 000.00
Prinsloo	85 000.00
Unterhalter	543 244.00
Botes	85 970.91
Masupatsela/Changing Tides	8 670 000.00
Central National Security	6 911 674.55
Micromath	1 970 000.00
Newfound	684 000.00
Tonys Logistics	535 800.00
Advidata	522 500.00
Tilus	473 697.97
Da Assuncao	349 575.20
Faure	142 842.68
Mason	136 957.86
Digital Indaba	80 396.70
Mebiame	68 500.00

	Consolidated R
Company expense	236 035 280.07
Salaries	82 887 472.49
JCI second debenture interest payment	63 671 938.04
Amex	986 099.70
Debentures interest payment	39 707 297.13
Diners Club	25 861 637.39
Mercantile Bank Salaries account	2 500 000.00
South African Revenue Services	11 108 097.23
To JCI London for debenture interest payment	1 461 899.82
GlenRand	672 553.97
Nashua	1 305 096.97
Flora Motors	300 730.00
Unitrans Toyota	153 918.31
Barons	185 229.78
Mercantile Bank – June top up – Salaries	190 865.16
ITT FLYGT	188 338.80
Rossair	188 000.35
Platinum Travel	429 712.60
Gullivers	2 025 653.44
City of Johannesburg	380 425.13
First Auto	445 178.16
JGB	102 600.00
Regional Servces Council levies	60 609.05
Tilus	93 709.46
Real Landscapes	90 730.89
Welsford (Staff Loan)	75 000.00
Angola Air – $8 040	56 024.42
Lippys	53 860.19
Aerospeed	51 777.24
Reimbursement of expenses	651 121.23
Johannesburg Water	56 724.42
Agliotti travel	92 978.70
Professional fees	10 231 775.50
Charles Orbach & Company	5 929 202.67
Signatures Investor Relations	594 124.53
Rappaport	193 000.00
Gobodo Forrensic Srevices	165 070.71
KPMG	900.00
PWC	17 533.20
Moss investigation	180 517.14
Computershare	1 562 259.03
JSE	141 859.54
Competition Commission	85 500.00
Prince PA	57 055.50
Matodzi main advisory	159 600.00
VIA Financial	199 590.30
Viljoen	138 239.96
Collective Torque	115 000.00
Investment Communication	110 800.00
Orman and Associates	581 522.92

	Consolidated R
Operating expenses	104 602 699.40
Unknown with no source documents	28 933 755.64
Oshry	2 600 000.00
Unknown payments	8 500 000.00
Palfinger	2 400 000.00
Safety Security and Justice Prop	2 131 068.50
Jean Management	525 000.00
Saambou	10 238 796.74
Efstratiou	99 831.72
Firth International	100 000.00
Cash	164 500.00
Macleod	139 288.00
Arcay	450 000.00
Prayon	421 743.43
Bhikha	324 000.00
Goldman Judin	300 000.00
Mothibe	175 000.00
Dynamic	64 440.00
Ince	109 947.25
Khampepe	100 000.00
Ukubaluleka	90 140.00
Donations	1 028 259.00
Correction of journal entry	2 600 000.00
Simmer & Jack reversal	500 000.00
T-Sec reversal	2 100 000.00
Under R50 000 not analysed	6 968 282.96

Annexure B

ABBREVIATIONS

Detailed descriptions and explanations of terms and abbreviations relevant to this report are listed below. These descriptions and explanations however serve to clarify our report and are not intended to be authoritative.

Abongile	Abongile Policy and Management (Pty) Limited
ABSA Stockbrokers	ABSA Stockbrokers (Pty) Limited
ABSA	ABSA Bank Limited
ADR	American Depositary Receipt
Aflease	Afrikander Leasing Limited
Afrifocus	Afrifocus Securities (Pty) Limited, Member of the JSE Securities Exchange of South Africa
AFS	Annual Financial Statements
Agliotti	Glen Agliotti, contact person for Spring Lights 6 (Pty) Limited and Misty Mountain Trading 18 CC
Agreement	The Consortium Sale Agreement dated 9 June 2004 between Tawny, Anglo, Chestnut and REC
AIN	Associated Intelligence Network (Pty) Limited
Alculsha	Aculsha Nominees Limited
Alibiprops	Alibiprops 13 (Pty) Limited
AMIC	AMIC Industries Limited (SA)
AMT	Advanced Medical Technologies
ANC	African National Congress
Anglo	Anglo American Industrial Corporation Limited
ASAC/Anglo	Anglo South Africa Capital (Pty) Limited
AUD/AUD$	Australian dollar
Axon	Societé Généralé, Johannesburg Branch, registration number 1996/006193/10
Bailey	Jill Bailey, personal assistant to the erstwhile financial director of JCI Limited and RGE
Baobab	Baobab Aviation (Pty) Limited
Barnex	Barnato Exploration Limited
Barritt	David Barritt, of Marulelo, apparently a public relations advisor to the JCI Limited group of companies and the Kebble family
Beale	Patricia Beatrice Beale, an employee of CMMS and company secretary to various JCI Limited group companies
BEE	Black Economic Empowerment
Benguela	Trans Benguela Logistics (Pty) Limited
BJM USA	Barnard Jacobs Mellet (USA) LLC, a brokerage firm that T-Sec utilised to facilitate the sale of RRL and other securities via the BJM USA account
BNC	BNC Investments (Pty) Limited, through which the interest of the Kebble family in JCI Limited was held

BONY	Bank of New York
Bookmark	Bookmark Holdings (Pty) Limited
Booth	William Booth Incorporated, Attorneys at Law who provided legal services to JCI Limited
Boschendal	Boschendal Limited
Buitendag	Hendrik Christoffel Buitendag, erstwhile financial director of JCI Limited and RGE, and a director of CMMS and RRH
Bullishprops 13	Bullishprops 13 (Pty) Limited
CAM Australia	Consolidated African Mines Australia Pty Limited
CAM Jersey	Consolidated African Mines Jersey Limited
CAM	Consolidated African Mining Limited, the previous name of JCI Limited
Capacity Building	Bakgontshi Communication (Pty) Limited t/a Capacity Building
Carris	N F Carris, erstwhile director of AMT
Castle Ultra/CU	Castle Ultra Trading 295 (Pty) Limited
Catwalk Investments 394	Catwalk Investments 394 (Pty) Limited
Catwalk Investments	Catwalk Investments 208 (Pty) Limited
CC	close corporation
Changing Tides	Changing Tides 216 (Pty) Limited
Charles Orbach	Charles Orbach and Company, Chartered Accountants (SA), Registered Accountants
Chiwayo	Lazarus Lassy Lekota Chiwayo, chairman of Kgomotso (Pty) Limited
Citation	Citation Holdings SA
Clifton Dunes 114	Clifton Dunes Investments 114 (Pty) Limited
Closenberg	Jeff Closenberg of Closenberg Consultancy and also having practiced as an attorney under the name and style of Mallinicks Incorporated
CMC Jersey	Consolidated Mining Corporation (Jersey) Limited
CMC	Consolidated Mining Corporation Limited
CMMS	Consolidated Mining Management Services Limited
CNSG	Central National Security Group
CocksMacnish	CocksMacnish, an Australian-based legal firm of barristers and solicitors
Computershare	Computershare Limited, share registrars of the listed JCI Limited group of companies
Concerto	Concerto Nominees Limited
Consolidated Investments	Consolidated Investments (Pty) Limited
Continental Goldfields	Continental Goldfields Limited
CorpCapital	CorpCapital Limited
Cosec	System used by the company secretaries of JCI Limited to maintain the allocations of shares of the various JCI Limited companies.
Cps	Cent per share
CSD	Central Securities Depository
CSDP	Central Securities Depository Participant

Cueincident	Cueincident (Pty) Limited
Cygnus Marketing	Cygnus Marketing CC
Deloitte & Touche	Deloitte & Touche, Chartered Accountants (SA), Registered Accountants
Den Das	G P Den Das, erstwhile director of AMT
Deneys Reitz	Deneys Reitz Attorneys, a firm of attorneys who provided legal services to JCI Limited
Discus	Discus Holdings Limited
Dormell 211	Dormell Properties 211 (Pty) Limited
DRD Australia	Durban Roodepoort Deep Australia Limited
DRD	Durban Roodepoort Deep, Limited, now DRD Gold Limited
Eccles	Gary Peter Eccles, erstwhile employee of Lyons
Edge to Edge	Edge to Edge 26 (Pty) Limited
Equitant	Equitant Trading (Pty) Limited
Etc	Etcetera
Finerent	Finerent 1016 CC
Finsettle	Finsettle Services (Pty) Limited
FNB	First National Bank, a division of FirstRand Bank Limited
Fromentin	Garry Fromentin, Chief Executive Officer of Lyons
Geta Fish	Retrospective Trading cc t/a Geta Fish
Gleason Publications	Gleason Publications (Pty) Limited
Gleason	Ernest Davidson Gleason, director of Gleason Publications
Goudstad Nominees	Goudstad Nominees (Pty) Limited, nominee company of Socgen
Graceford Holdings	Graceford Holdings Limited
Gulliver's Travel	Gulliver's Travel (Bruma) (Pty) Limited
Harmony	Harmony Gold Mining Company Limited
Heath	Willem H Heath, the chief executive officer of Heath Forensic Investigations and Consultants CC
Highland Night 157	Highland Night Investments 157 (Pty) Limited
Hothouse Investments	Hothouse Investments (Pty) Limited
HSBC SA	HSBC Bank South Africa, previously known as HSBC Simpson Mckie
HSBC UK	HSBC Investment Bank plc, lead manager with respect to the convertible bonds and UK corporate advisor and sponsor to RRL and RGE
HSC	Heath Forensic Investigators and Consultants CC t/a Heath Specialist Consultants
Icarus	Icarus Nominees (Pty) Limited
IDC	Industrial Development Corporation Limited
IFC	International Finance Corporation
Ikamva Mining	Ikamva Mining and Resources (Pty) Limited
Ikamva	Ikamva Investment Holdings (Pty) Limited
Inkwenkwezi	Inkwenkwezi Gold (Pty) Limited
Investage	Investage 170 (Pty) Limited

Investec Mauritius	Investec Bank (Mauritius) Limited
Investec UK	Investec Bank (United Kingdom) Limited
Investec	Investec Bank Limited, a subsidiary of Investec Limited
Itsuseng	Itsuseng Investments (Pty) Limited
Jackson	Clement Jackson, owner of Finerent 1016 CC
Jaganda	Jaganda Trading (Pty) Limited
JCI East Africa	JCI East Africa (Pty) Limited
JCI Gold	JCI Gold Limited
JCI group of companies	JCI Limited/JCI Gold/CMMS and their subsidiaries
JCI Limited	JCI Limited
JCI Properties	JCI Properties Limited
JCI Resources	JCI Resources (Pty) Limited
JCIIF	JCI Investment Finance (Pty) Limited
Jewitt	Raymond Robert Jewitt
JLMC	John Louw McKnight and Co. (Pty) Limited, forensic auditors of RGE
JSE	JSE Limited
Kabusha	Kabusha Mining (Pty) Limited
Kirstenberry Lodge	Kirstenberry Lodge (Pty) Limited
Knowles Husain	Knowles Husain Lindsey Incorporated Attorneys, acting on behalf of the liquidators of Tuscan Mood and the insolvent estate of R B Kebble
Koketso Angola	Koketso Angola Joint Venture
Koketso Capital	Koketso Capital (Pty) Limited
Koketso Holdings	Koketso Holdings (Pty) Limited
Koppel	Montague Koppel
Kovacs 608	Kovacs Investments 608 (Pty) Limited
Kovacs 616	Kovacs Investments 616 (Pty) Limited
Kovacs 620	Kovacs Investments 620 (Pty) Limited
Koyana	Dwafiba Ongama Koyana, director of Masupatsela
Kuiper	JL Kuiper, erstwhile director of AMT
Landman	Jill Landman, erstwhile secretary of Buitendag at JCI Limited
Langa	Themba Benedict Langa, director of Lembede
LCLF	Lyons Corporate Lease Fund Limited
Lembede IH	Lembede Investment Holdings (Pty) Limited
Lembede	Lembede Resources (Pty) Limited
Letseng Diamonds	Letseng Diamonds Limited (Mauritius)
Letseng Guernsey	Letseng Diamonds Limited
Letseng Investments/LIHSA	Letseng Investment Holdings South Africa (Pty) Limited
Louw	John Louw, erstwhile director at Umbono Forensics, currently at JLMC
Luembe	Luembe Mining (Pty) Limited
Lunda Alluvial	Lunda Alluvial Operations (Pty) Limited

Lunda Sul	Lunda Sul Holdings (Pty) Limited
Luxinge	Luxinge Diamonds Concession, in Angola
Lyons Holdings	Lyons Financial Solutions Holdings Limited, previously known as TLC
Lyons	Lyons Corporate Lease Fund
Madumise	Brenda Madumise, a director of RGE
Main	Paul Main, chief executive officer at Letseng Diamonds Limited
Mallinicks	Mallinicks Incorporated, a firm of attorneys who provided legal services to JCI Limited
Marsanto	LDA Marsanto, party to Luembe Joint Venture
Marulelo	Marulelo Communications (Pty) Limited
Mashele	Jose Mashele, a director of Masupatsela
Mason	John Mason, Chief Executive Officer of SAFCO
Masupatsela Angola	Masupatsela Angola Mining Ventures (Pty) Limited
Masupatsela	Masupatsela Investment Holdings (Pty) Limited
Mathe	Deacon Sekibela Mathe
Matodzi IH	Matodzi Investment Holdings (Pty) Limited
Matodzi	Matodzi Resources Limited
Matthews	Zolani Kgosie Matthews
Micromath	Micromath Trading 485 CC
Misty Mountain	Misty Mountain Trading 18 CC
Mjongile	S B Mjongile
Mkhwanazi	Mafika Edmund Mkhwanazi, director of Bookmark Holdings (Pty) Limited
Mlangeni	Andrew Mlangeni, independent non-executive chairperson of Matodzi Resources
Molefe	Dr Popo Molefe, erstwhile premier of the North West Province
Moregate	Moregate Investments (Pty) Limited
Morton	Benita Morton, group legal advisor of JCI Limited and RGE
Mosololi	Thabo Mosololi, director of Bookmark Holdings (Pty) Limited
Moss Morris	Moss-Morris Attorneys, a firm of attorneys who provided legal services to JCI Limited
Mrs Tambo	Adelaide Frances Tambo
Mvela	Mvela Trade (Pty) Limited
Mvelaphanda	Mvelaphanda Holdings Limited
NAC	National Airways Corporation (Pty) Limited
Nassif	Clinton Ronald Nassif, director of CNSG
Ncwana	Lunga Raymond Ncwana, a director of RGE and Itsuseng Investments (Pty) Limited
Nedbank	Nedcor Bank Limited
Nel	Johan Nell, employee at JCI Limited
New Heights	New Heights 120 (Pty) Limited
Newfound	Newfound Capital (Pty) Limited

Newshore	Newshore Nominees (Pty) Limited
Nissen	Andrew Christoffel Nissen, director of RGE and JCI Limited
Nkhulu	Andile Reeves Nkhulu, director of Itsuseng
NMC	New Mining Corporation Limited
Nortier	Jean Nortier, employee of Aflease
Notable Holdings	Notable Holdings (Pty) Limited
Ntsele	Buti Dominique Ntsele, director of Capacity Building
Onshelf 74	Onshelf Property Seventy Four (Pty) Limited
Oosthuizen	Emma Oosthuizen, erstwhile financial manager of RGE
Orlyfunt	Orlyfunt Holdings (Pty) Limited
OT80	Onshelf Trading Eighty (Pty) Limited
Pacific Fisheries	Pacific Fisheries Limited
Pam Golding	Pam Golding Properties (Pty) Limited
Pandor	Sharif Pandor, director of Ikamva
Paradigm Shift	Paradigm Shift CC
Paradise Creek	Paradise Creek Investments 83 (Pty) Limited
Peregrine Equities	Peregrine Equities (Pty) Limited
Perrevos	Dimitri Perrevos, party to Luembe Joint Venture
Pershing	Pershing Keen Nominees Limited
Phikoloso	Phikoloso Mining (Pty) Limited
Pilgrims Rest	Pilgrims Rest Estates Limited
Platgold	Platgold Pacific NL
Platinum Mile	Platinum Mile Investments 609 (Pty) Limited
PLJ	PLJ Financial Services (Pty) Limited
Poole	George W Poole, an erstwhile company secretary of JCI Limited
Quantum Facility	Quantum Facility for African Value Mining Resources (Pty) Limited
Quantum	Quantum Africa Mining (Pty) Limited
R A R Kebble	Roger Ainsley Ralph Kebble, an erstwhile director of JCI Limited, RGE, CMMS and RRH
Rasethaba	Sello Mashao Rasethaba, a director of Bookmark
R B Kebble	Roger Brett Kebble, an erstwhile director and chief executive officer of JCI Limited, an erstwhile director of CMMS, RRH and RGE
Redbay	Redbay Investments (Pty) Limited
Refraction	Refraction Investments (Pty) Limited
Revolution Events	Revolution Events (Pty) Limited
RGE	Randgold & Exploration Company Limited
RMB Mauritius	Rand Merchant Bank Mauritius Limited
RMB	Rand Merchant Bank Limited, subsidiary of FirstRand Limited
RRH	Randgold Resources (Holdings) Limited
RRL	Randgold Resources Limited

SA Rand	South African Rand
SAFCO	South Atlantic Fisheries Company (Pty) Limited
SAFEX	South African Futures Exchange
Sagewise 28	Sagewise 28 (Pty) Limited
SARB	South African Reserve Bank
SASFIN	SASFIN Bank Limited
Seamo	Seamo Investments 55 (Pty) Limited
SEC	Securities and Exchange Commission of the United States of America
Seeter	Seeter (Pty) Limited
SENS	Securities Exchange News Service
Shelley Street/Street	Shelley Street of Design Consultants
SHG	Sonnenberg Hoffman and Golombick Incorporated, a firm of attorneys
Simmer & Jack	Simmer and Jack Mines Limited
Skygistics	Skygistics (Pty) Ltd (based in South Africa), previously known as Startrack Communications Africa (Pty) Limited
Slipknot	Slip Knot Investments 203 (Pty) Limited
Socgen	Societé Généralé, Johannesburg Branch Reg. number 1996/006193/10
Soellaart	Hugh Soellaart, department head of securities, lending and borrowing at Socgen
Springlights	Spring Lights 6 (Pty) Limited
Standard Bank	The Standard Bank of Southern Africa Limited
Startrack Australia	Startrack Communications (Australia) (Pty) Limited (based in Australia)
Startrack Communications	Startrack Communications Limited (based in Australia)
Stratton	John Stratton, an erstwhile director of JCI Limited and CMMS
Tabacks	Taback and Associates (Pty) Limited, a firm of attorneys who provided legal services to JCI Limited and RGE
Tambo	Dali David Tambo, shareholder in Koketso Capital (Pty) Limited and Koketso Holdings (Pty) Limited
Tan Range	Tan Range Exploration Corporation
Tantco	Tantco Global (Pty) Limited
Tawny	Tawny Eagle Holdings (Pty) Limited
TGME	Transvaal Gold Mining Estate Limited
Thoughtfox	Thoughtfox (Pty) Limited
Titan SD	Titan Share Dealers (Pty) Limited
Titan	Titan Securities (Pty) Limited
TLC	The Learning Corporation Limited, previous name for Lyons Holdings
Top Edge	Top Edge Investments (Pty) Limited
Topgold	Topgold AG mvK
Trackstar	Trackstar Trading 129 (Pty) Limited
Tradek Nominees	Tradek Nominees (Pty) Limited, part of T-Sec
T-Sec	Tlotlisa Securities (Pty) Limited, previously Tradek Balderson (Pty) Limited

Tswelopele	Tswelopele Associates CC
Turbine Aviation	Turbine Aviation (Pty) Limited
Turnbull	Jan Turnbull, an erstwhile employee of Continental Goldfields Limited
Tuscan Mood	Tuscan Mood 1224 CC
USD/US$	United States Dollars
Viking Pony	Viking Pony Properties 359 (Pty) Limited
WAL	Western Areas Limited
Wapnick	Sharon Wapnick, attorney at TWB and former deputy chairperson of Moss Morris
WAR	Western Areas Ordinary Shares
WCIH	Wild Country Investment Holding Company (Pty) Limited
Wellesley-Wood	Mark Wellesley-Wood
Weston	Weston Investments Pty Limited (based in Australia)
Williams	Peter Williams, director of SAFCO
Wilson	Ian Wilson, assurance specialist in the fishing industry and consultant to SAFCO
Wormald	Stephen Wormald, director of Thoughtfox (Pty) Limited
WWB	Webber Wentzel Bowens, a firm of attorneys
Yengeni	T S Yengeni, director of Abongile
ZAR	South African Rand

SUMMARISED FORENSIC REPORT PREPARED BY JLMC FOR R&E

Introduction

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

Summary of Forensic Investigation Findings

Overview

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

CLAIM # 1 – Disposal of RRL ordinary shares

General

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

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

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

Background

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

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

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

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

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

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

Reconciliation of RRL shares held and the disposal thereof

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

Shares sold in 2002

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

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

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

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

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

Shares sold in 2003

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

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

Shares sold in 2004

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

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

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

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

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

Shares sold in 2005

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

Bookmark and the R R(H) SLA

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

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

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

Conclusion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The SLAs with Kemonshey and Notable

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

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

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

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

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

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

Conclusion

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

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

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

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

79. Alternatively, JCI may be liable for the payment resulting from the receipt by it of the proceeds deriving from the sale of the 3 000 000 DRD and 1 904 962 RRL shares in an amount of R89 643 550 and R64 326 241, respectively.

80. This claim is of equal application against the perpetrators as reflected in the overview of claims report being **Annexure 2**.

CLAIMS # 4 and 6 – The Aflease Share Claims

81. R&E had in February 2004 concluded certain agreements with Aflease in terms of which R&E would provide funding to Aflease by subscribing for 24 million ordinary shares in Aflease for a consideration of R82.4 million and underwriting a R100 million Aflease rights offer.

82. These funding agreements were renegotiated into a Share Swap agreement and an R&E loan facility of R50 million.

83. In terms of the Share Swap, Aflease acquired 9 400 000 R&E shares and R&E through its wholly owned subsidiary, First Wesgold, acquired 94 000 000 Aflease shares. The Share Swap was valued at approximately R125 million.

84. First Wesgold acquired the Aflease Swap Shares in September 2004. These shares were immediately placed into the CMMS trading account at T-Sec. We could find no evidence that R&E or First Wesgold authorised the placing of these shares in this trading account.

85. From a reconstruction of the First Wesgold investment schedules as they pertain to investments in Aflease shares and from an internal analysis of the R&E Group holdings in Aflease shares it is evident that 93 000 000 Aflease shares were placed into First Wesgold's investment register in September 2004. The difference between the swap shares and the number of shares placed in the investment register of 1 000 000 shares represents a 'commission' paid, we understand, to Nexus Securities. 94 000 000 shares were without the authority of First Wesgold placed in CMMS's trading account and co-mingled with other Aflease shares belonging to R&E and CMMS.

86. Treating the sale of the shares on a FIFO basis the movement of the Aflease shares in the CMMS trading account would have been as follows:

Analysis of shares beneficially owned by CMMS, R&E & First Wesgold placed in the CMMS trading account	# of Aflease shares				
	CMMS	Alibiprops	SA Stockbrokers	First Wesgold	R&E
Shares on hand – 1 July 2003					**8 100 000**
– per T-Sec CMMS trading account (# 648 410)	1 837 661				
– per T-Sec Demat trading account (# 660 415	600 000				
Shares on hand – 31/03/2004	**2 437 661**	**–**	**–**	**–**	**8 100 000**
Shares sold in September 2004	(2 437 661)				(2 812 120)
Shares issued in October 2004				94 000 000	
Shares transferred to Alibiprops trading account in October 2004		2 000 000			(2 000 000)
Shares sold in October 2004				(501 227)	(3 287 880)
Shares sold in November 2004		(2 000 000)		(6 669 560)	
Transfer to Imara SP Reid – December 2004 as commission				(500 000)	
Shares delivered to SA Stockbrokers December 2004			2 500 000	(2 500 000)	
Shares returned from SA Stockbrokers December 2004			(1 692 286)	1 692 286	
Shares transferred to Alibiprops in December 2004		1 692 286		(1 692 286)	
Shares sold in December 2004		(854 400)	(807 714)	(30 779 771)	
Shares on hand – 31/12/2004	**–**	**837 886**	**–**	**53 049 442**	**–**
Shares purchased in January 2005				10 000	
Shares transferred to Alibiprops trading account– January 2005		99 614		(99 614)	
Shares purchased in February 2005				311 691	
Shares placed with Investec in terms of the Option Agreement in February 2005				(8 000 000)	
Shares purchased in March 2005				69 900	
Shares sold in January 2005		(937 500)		(44 566 419)	
Shares sold in February 2005				(915 000)	
Shares sold "short" – at 31/03/2005	**–**	**–**	**–**	**(140 000)**	**–**
Shares purchased in April 2005				140 000	
Shares purchased in May 2005				500 000	
Shares transferred to Nexus Securities 1 June 2005 as commission				(500 000)	
Shares on hand – 31/12/2005	**–**	**–**	**–**	**–**	**–**

Conclusion

The 8 100 000 Aflease shares

87. On 1 July 2003 R&E acquired 8 100 000 Aflease shares from Kabusha, the sale proceeds of which were to be applied by Kabusha in settlement of its commitment to pay the first tranche of R40 million to Benoryn in respect of the purchase of 23 000 000 Aflease shares. These shares were transferred to the CMMS trading account at T-Sec on the instruction of JCI, culminating in a claim against CMMS for having lost control or alternatively benefiting from the proceeds of these shares. Using the highest Rand price for SXR (formerly Aflease) shares at a conversion rate of 0.18 SXR share for every one Aflease share, subsequent to their alleged theft, a claim has been formulated against JCI for R95 499 000 (claim # 4);

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

89. Alternatively, damages resulting from the alleged theft of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, amounting to R15 108 104;

90. Alternatively, damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 8 100 000 Aflease shares or their current equivalent, in an amount of R11 292 342.

The 94 000 000 Aflease shares

91. In October 2004, R&E entered into a share swap agreement with Aflease wherein 9 400 000 R&E shares were swapped for 94 000 000 Aflease shares. The Aflease shares were placed in the CMMS trading account and recorded in the investment ledger of First Wesgold, a wholly owned subsidiary of R&E. A claim has been formulated against JCI for the alleged theft of 94 000 000 Aflease shares based on the highest Rand price for SXR (formerly Aflease) shares at a conversion rate of 0.18 SXR share for every one Aflease share, being a claim of R1 108 260 300 (claim # 6);

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

93. Alternatively, damages resulting from the theft of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, amounting to R165 083 164;

94. Alternatively, damages resulting from the receipt by JCI of the proceeds deriving from the sale of the 94 000 000 Aflease shares or their current equivalent, in an amount of R144 711 877.

CLAIM # 7 – Theft of 2 000 000 DRD Ordinary Shares

95. A scrutiny of DRD's share register reflects that R&E was the registered owner of 6 689 327 ordinary shares on 12 September 1998. According to the share register this is the highest number of shares held by R&E.

96. By 31 December 1998 the shareholding had declined to 2 709 842 ordinary shares. At 31 December 1999 the investment register in the books and records of R&E reflected a shareholding of 4 971 110 ordinary shares, which together with 1 447 433 ordinary shares in the name of its wholly owned subsidiary, First Wesgold, totalled 6 418 543 shares against 3 238 493 in the share register for both R&E and First Wesgold, being an overstatement of 3 180 050 shares.

97. During the period, 10 September 1999 to 1 October 1999, 2 788 000 DRD shares, belonging to R&E, First Wesgold and Bentonite were transferred to the CMMS trading account (Account No. 211615 at EW Balderson) being the predecessor account, to the CMMS trading account at T-Sec, for no value and without any authority from the Board of R&E. At this time, neither CMMS, nor any of the companies in the JCI Group held any DRD shares. These shares were disposed of, realising proceeds of R31 029 671. Of these proceeds, R20 543 952 was paid to SocGen, a preference shareholder in BNC. On 18 March 1999, R A R Kebble and R B Kebble, signed a letter of undertaking, whereby they undertook to 'purchase' 20 000 of the variable rate redeemable preference shares, issued to SocGen by BNC, by no later than 30 September 1999 for R20 000 000. It would appear that this payment of R20 543 952 was made in settlement of the above obligation.

98. During the 2000 calendar year, 788 000 DRD shares were returned by CMMS to the First Wesgold trading account, where these shares were subsequently disposed of.

99. By 31 December 2000 R&E had no DRD shares and First Wesgold had 4 169 DRD shares per the share register. By contrast, the audited group financial statements reflected a shareholding of some 5 000 000 ordinary shares with a market value of R25 000 000.

100. On 29 May 2002, CAM, addressed a letter to the directors of R&E, presumably for audit purposes, confirming that CAM was holding 2 000 000 DRD shares on behalf of R&E as at 31 December 2001.

101. According to the share register, R&E held no shares and First Wesgold held 4 169 shares as at 31 December 2001 and 2000. CAM went on to confirm that 1 500 000 shares were released and returned to R&E on 15 March 2002.

102. On 15 March 2002, 1 500 000 DRD shares were ostensibly recorded as having been sold by R&E for R42 576 771 through T-Sec. This sale, however, did not take place but was merely a mechanism used to remove 1 500 000 DRD shares from the investment register of R&E. The fictitious brokers note used

to remove the shares from the books and records of R&E, was compiled by Poole. The JSE surveillance unit has further confirmed that no such trade of 1 500 000 DRD shares took place on the JSE on 15 March 2002.

103. The purpose of recording the fictitious sale of 1 500 000 DRD shares appear on available evidence to have been twofold:
    - It was designed to firstly remove 1 500 000 DRD shares from the investment register and books and records of R&E, which shares had already been sold by no later than September 1999;
    - It was designed to record the fact that the first payment in respect of the ABSA debenture facility, being a composite amount of R39 180 000, had been paid on 28 March 2002, when in fact this payment had been made directly by CMMS to ABSA.

104. The fact that CMMS was a party to this disguise by making such payment and ultimately not reflecting it as an amount owing by R&E, seems to be evidence that it conspired to disguise the fact that R&E's DRD shares were allegedly stolen by JCI on or before 15 March 2002.

105. Further evidence that JCI was a party to this disguise is supported by a purported confirmation from Tradek which appears to have been forged dated 5 June 2002 where CAM "confirmed" that the CAM trading account held 500 000 DRD shares as at 5 June 2002 and that the aforementioned shares were unencumbered.

106. Subsequent to the 2001 year end of R&E, various directors of JCI, all acting in concert with each other, and in concert with JCI, used a number of disguises to obviate the need to remove the ostensible 500 000 DRD shares still unaccounted for from R&E's records.

107. On 3 December 2004, Buitendag, ostensibly on behalf of R&E entered into a share swap agreement with Slipknot Investments 203 (Proprietary) Limited whereby R&E swapped 500 000 DRD shares in return for 14 000 000 JCI shares. This purported share swap was designed to eliminate the remaining "unaccounted" for 500 000 DRD shares, replacing them with 14 000 000 JCI shares which could be explained notwithstanding that no external audit was completed for the 2004 financial year-end.

108. These JCI shares were never received by R&E and have been derecognised as a listed investment.

Conclusion

109. R&E alleges that JCI in conjunction with the perpetrators, devised a scheme, which scheme resulted in JCI and one or more of the perpetrators, gaining control of the 2 000 000 DRD shares rendering JCI liable for damages resulting from the theft of the DRD shares amounting to R113 000 000, which amount represents the highest value of the 2 000 000 DRD shares subsequent to their theft;

110. Alternatively, JCI may be liable for the delivery of 2 000 000 DRD shares to R&E, alternatively payment of such amount as represents the value of the 2 000 000 DRD shares on the date on which JCI is found to be liable to R&E.

CLAIM # 8 – Theft of 40 million Simmer & Jack Mines, Limited ordinary shares

111. In late 2004 Simmers contemplated a rights issue. In the circular to shareholders dated 20 June 2005, the directors of Simmers asserted that JCI, through the holdings of its subsidiary and associated companies, held 77.6% of the issued share capital of Simmers.

112. This holding was made up as follows:

Shareholder	**Number of shares (000's)**	**Percentage**
CMMS	85 118	37.8
Continental Goldfields	40 000	17.8
Consolidated Mining Corporation	9 423	4.2
R&E	40 000	17.8
Total	**174 541**	**77.6**

113. The rights offer contemplated raising 516 241 685 new ordinary shares for R129 million, with cash raised of approximately R59 million.

114. The cash component, for which either cash or guarantees had to be in place, before the JSE would sanction the rights offer, was raised as follows:

Source	Number of shares	R'm
From Topgold AG mvK sale	116 000 000	29.0
Loan/Sale from JCI	100 000 000	25.0
From management consortium	20 000 000	5.0
Total	**236 000 000**	**59.0**

115. JCI in turn was to raise the R25 million it had committed to Simmers to facilitate the rights offer by obtaining a "loan" from Topgold of R25 million, secured by 100 000 000 Simmers shares.

116. It is not clear whether JCI lent the 100 000 000 Simmers shares to Topgold under a SLA or whether JCI actually sold the 100 000 000 shares to Topgold for R25 000 000.

117. What is of relevance though is that JCI did not have 100 000 000 shares to lend nor sell, as it had pledged its shares to secure financing from Sasfin.

118. The 100 000 000 shares which were transferred to Topgold in December 2004 in terms of a "bookover" transaction executed through T-Sec, were sourced (in rounded numbers) from:

Shareholder	Number of shares	Value R
Continental Goldfields	40 000 000	10 000 000
R&E	40 000 000	10 000 000
Consolidated Mining Corp	9 000 000	2 250 000
Orlyfunt Holdings	11 000 000	2 750 000
Total	**100 000 000**	**25 000 000**

119. There is no evidence that R&E agreed to its investment in Simmers being either sold or lent to Topgold or JCI, respectively, in order to facilitate JCI raising R25 million to meet its loan commitment to Simmers which, in turn, would facilitate Simmers' intended rights offer.

120. The directors of R&E asserted that R&E was the beneficial owner of 40 000 000 Simmers shares in the preliminary annual financial statements of R&E for the year ended 31 December 2004. No cognisance was taken of either a sale to Topgold, as evidenced by the "bookover" and transfer of the 100 000 000 Simmers shares, of which the 40 000 000 shares were part, nor of a SLA wherein all economic rights were transferred to Topgold, i.e. a sale. Topgold asserted in its unaudited half-year financial report as at 31 December 2004 that it was the owner of the Simmers shares. There is also no evidence that R&E lent the shares to JCI, to allow JCI to on-lend the shares to Topgold.

121. We accordingly assert that the 40 000 000 Simmers shares were misappropriated by JCI in conjunction with other perpetrators, which together with other Simmers shares were used by JCI in order to raise R25 million.

Conclusion

122. By virtue of the alleged theft of the Simmers shares, R&E alleges that JCI is liable to it for the payment of R94 000 000 (which amount represents the highest price per share for Simmers shares between 1 December 2004 and the date of this claim);

123. Alternatively, JCI may be liable to R&E for the delivery of 40 000 000 Simmers shares, alternatively payment of such amount as represents the value of the said 40 000 000 Simmers shares on the date on which JCI is found to be liable to R&E.

CLAIM # 9 – Overseas SLA – Investec Bank (UK) Ltd – monetisation of 5 460 000 RRL shares allegedly stolen by JCI

124. As at 3 March 2004, R&E alternatively R R(H), was the beneficial owner of, *inter alia,* 5 460 000 RRL shares reckoned on a post split basis. On this date, JCI and IBUK entered into an Overseas SLA referred to as a "hedged equity transaction", the rationale for which was to allow JCI to borrow cash against a parcel of shares (the 5 460 000 RRL shares belonging to R&E or R R(H)) on better terms than a normal share cover loan would offer. No authority was given by R&E or R R(H) to lend these 5 460 000 RRL shares to JCI.

125. The structure required JCI to lend IBUK 5 460 000 RRL shares in ADR format. JCI received a fixed amount of collateral (being cash collateral) from IBUK as security against the share loan, and the RRL share parcel was hedged against the collateral by way of a range of put and call options.

126. JCI required the collateral amount to be paid in SA Rands ("ZAR"). To ensure that the ZAR collateral amount was never greater in value than the hedged parcel of shares (put options denominated in US$), JCI was required to purchase a US$ Put/ZAR Call FX Option from IBUK.

127. The settlement of these options was subject to the repayment by JCI of the ZAR collateral plus interest. The cost of the FX option was deducted from the collateral before it was paid to JCI.

128. The gross collateral amount was R221 975 537 which after deducting the option premium, yielded R208 794 833.

129. This was paid in four tranches; the first tranche of R61 659 084 was paid on 19 March 2004 to T-Sec. This R61,66 million was on the instructions of JCI channelled by T-Sec into a trading account controlled by Kebble from which R11.68 million was redirected to SocGen in partial settlement for an advance of R26.68 million (utilised previously to fund Western Areas to the extent of R21.68 million and CMMS to the extent of R5 million), R20 million was credited to a CMMS trading account and R29.98 million was transferred to a Western Areas trading account. Of the funds transferred out of the first tranche to the Western Areas' trading account, R20 million was recouped from this trading account and R15 million was recouped from a Western Areas bank account and used: (1) to partially redeem BNC's preference share obligation to SocGen in an amount of R20 million and (2) to repay the balance of SocGen's advance of R26.68 million, being R15 million.

130. The second and third tranches, amounting in total to R78 782 924 were paid to Investec Private Bank to settle various advances previously made to JCI Gold.

131. The fourth tranche of R68 352 825 was paid directly into CMMS's bank account.

132. A further R48 783 142 was paid to JCI on the restructuring of the equity options and collateral amounts by JCI in August 2004, by adjusting the equity put options upwards and adjusting the equity call options downwards.

133. On settlement of the FX option structure in May 2006, under the new Board, an amount of R29 182 964 was paid to R&E.

Conclusion

134. The 5 460 000 RRL shares are the subject of a claim against JCI, which claim has been formulated on the basis of an alleged theft of shares, using the highest rand price per share between April 2002 and the date of this claim. On this basis, the total claim is 5 460 000 shares at R159.23 per share which claim amounts to R869 395 800 (claim # 9);

135. Alternatively, JCI may be liable to R&E for delivery of 5 460 000 RRL shares, alternatively payment to R&E of such amount as represents the value of the said 5 460 000 RRL shares on the date on which JCI is found liable to R&E;

136. Alternatively, JCI may be liable to R&E for the alleged theft of the proceeds arising from the sale of the 5 460 000 RRL shares amounting to R270 758 673;

137. Alternatively, JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 5 460 000 RRL shares in an amount of R270 758 673.

CLAIM # 10 – The Phikoloso Transaction

138. The transaction ostensibly structured to secure a BEE shareholding of some 19% in R&E by Phikoloso, appears to be on evidence available a mechanism to provide liquidity and personal gain for certain former directors, company officials and others as well as to benefit JCI either directly or indirectly.

139. The methodology was to issue and list new R&E shares ostensibly to acquire a newly incorporated special purpose vehicle with substantially fictitious assets, and then to gain control of such R&E shares and deal therewith to give effect to JCI's ends and purposes.

140. 8 800 000 R&E shares with an approximate market value of R259.6 million were issued in return for a 100% stake in Viking which purportedly held a 75% stake in a BEE company, Kabusha and a direct investment in certain listed shares.

141. Prior to Viking's incorporation, Kabusha had negotiated to acquire 23 000 000 shares in Aflease from Benoryn for R92 million, to be funded by JCI. The purchase consideration was to be paid in two tranches of R40 million and R52 million.

142. JCI did not meet its commitment to fund the first tranche and it would appear that the directors of Kabusha then agreed with the directors of R&E to "sell" 8 100 000 Aflease shares on the market to R&E, thereby securing settlement, and providing a source of funding to pay the first tranche.

143. R&E settled the transaction by transferring R40.7 million to its trading account at T-Sec and the Aflease shares were immediately transferred from R&E's trading account to CMMS's trading account, for no value.

144. Kabusha regarded and recorded this as a secured loan from Viking. At no stage did R&E record this transaction as an investment in Aflease shares; in fact it recorded this cash outflow as an acquisition of mineral rights in Sierra Leone. The financial director of R&E confirmed to the external auditors of Kabusha that it held the 8 100 000 Aflease shares on Kabusha's behalf, despite the fact that CMMS had "borrowed" these shares, as disclosed in the audited group financial statements of JCI for the year ended 31 March 2004. Whilst residing in the CMMS trading account, 2 000 000 shares were transferred in October 2004 to a trading account under the control of Kebble, with no value accruing to R&E and the remaining 6 100 000 shares were sold in the CMMS trading account realising proceeds of R11 292 342 (significantly less than their original purchase consideration).

145. The JCI commitment to fund the second tranche of R52 million was also not met. By this stage the funding requirement for the Aflease shares had been "regularised" by way of a loan agreement for R92 million between Viking and Kabusha. The R52 million second tranche was eventually settled, with interest, by JCI after litigation was instituted against JCI.

146. In a separate transaction purportedly with R&E, Kabusha desirous of raising funds to meet costs associated with the default on the second tranche, again sold 1 675 000 Aflease shares on the market on 22 July 2004 to ensure settlement. These shares were acquired in the Lunda Sul trading account at T-Sec, using funds sourced from the sale of new R&E shares issued for Angolan diamond concessions.

147. These shares, which Kabusha asserted as its property, were sold by the related party despite R&E confirming as at 31 December 2004 that CMMS was holding these shares on behalf of Kabusha.

148. Kabusha continued to account for both the 8 100 000 and the 1 675 000 Aflease shares in its financial statements, resulting in R&E including these shares in its group financial statements as at 31 December 2004, when in fact these shares had been sold.

149. In order to bolster Viking's net asset value at the date of acquisition to justify the purchase consideration, fictitious investments in Aflease (7.3 million shares), Harmony (315 000 shares) and Amplats (235 000 shares) had been created by way of false brokers notes. These non-existent shares were subsequently "sold" to R&E and the Harmony and Amplats shares were purportedly scrip lent to Bookmark in a SLA to disguise their non-existence.

150. At 31 December 2003 they were reflected as listed investments in the audited financial statements of R&E. They remained listed investments through 31 December 2004 and were finally derecognised as investments as at 31 December 2005. The non-existence of the Aflease shares was disguised by way of a forged stockbroker's confirmation as at 31 December 2003 and by way of a fraudulent legal agreement as at 31 December 2004. This investment was derecognised as at 31 December 2005.

Bookmark and the Harmony and Amplats SLA

151. On 1 October 2004, R&E represented by Buitendag and Bookmark represented by S Rasethaba, purportedly concluded an SLA in terms of which R&E "lent" 315 000 Harmony and 235 000 Amplats shares to Bookmark.

152. The above SLA does not appear to have been authentic and appears to have been the mechanism used to conceal fictitious investments in Harmony and Amplats shares. This transaction resulted in the incorrect reporting of listed investments in Harmony (315 000 shares at a cost value of R34.2 million) and Amplats (235 000 shares at a cost value of R68.5 million). The fictitious Harmony and Amplats investments were reflected as assets of R&E as at 31 December 2004, with a fair value of R67.7 million in aggregate when in fact these assets did not exist.

Conclusion

153. In July 2003 R&E acquired the entire issued share capital of, and all shareholders' claims on loan account against Viking in exchange for the issue of 8 800 000 new R&E shares, equivalent to 19.7% of R&E's issued share capital. The new shares were issued in the name of Equitant and placed in that company's trading account at T-Sec.

154. In September 2003, 3 088 000 R&E shares were transferred out of the Equitant trading account to the Paradigm Shift trading account (a trading account under Kebble's control), whereupon 1 600 000 R&E shares were thereafter transferred to CMMS, on 1 December 2003, 3 000 000 R&E shares were transferred to a trading account of Letseng Diamonds (Proprietary) Limited (account number 0671982) held at Consilium Capital (SA) (Proprietary) Limited, and 300 000 R&E shares were transferred to the CMMS trading account at T-Sec on P B Beale's instruction.

155. The purported creation, allotment, listing and issue of 8 800 000 R&E ordinary shares for no apparent value received has culminated in a claim against JCI and other associated entities amounting to R149 600 000.

CLAIMS # 11, 12 and 13 – The Angolan Operations

156. Despite attempts by JCI to establish diamond mining operations in Angola, various projects entered into were transformed into opportunities to issue and list new R&E shares, ostensibly to acquire equity stakes in Angolan concessions obtained by South African companies and then to allegedly misappropriate such shares for cash for the benefit of JCI.

157. 4 960 000 R&E shares were issued in respect of three separate projects and placed in a trading account in the name of Lunda Sul at T-Sec. These shares, together with 200 000 R&E shares arising from an additional issue of 1 506 000 shares ostensibly issued for mining equipment (which shares were placed in dematerialised form in a Trans Benguela Logistics (Proprietary) Limited trading account at T-Sec), were then sold for R86.2 million. These proceeds were then transferred to various third party bank accounts. Of these funds, R30.8 million was channelled into the personal bank account of Kebble. Of the balance of 1 306 000 R&E shares, 200 000 shares were transferred to the Robinson Deep trading account at SA Stockbrokers, 607 000 shares were transferred to the Alibiprops trading account at T-Sec, with 641 000 of these R&E shares being transferred to the CMMS trading account at T-Sec as securities were purportedly required to be used for a pledge. All the instructions to transfer the securities were issued by P B Beale who, in turn, was acting on instructions issued by the perpetrators.

158. A further 1 492 000 R&E shares were issued for a fourth Angolan project and placed in the CMMS trading account at T-Sec. The whereabouts of these shares and/or the proceeds of their sale was the subject of a separate forensic investigation. Without detracting from the basis of the legal claim, a minimum claim for the 1 492 000 R&E shares issued at R18.50 per share, for which R&E received no value, has been asserted against JCI.

159. On 23 June 2004 1 506 000 R&E shares were issued and listed at R18.50 per share, ostensibly to settle the purchase consideration for the acquisition of mining equipment from Trans Benguela Logistics. 200 000 of these shares were transferred to a trading account in the name of Lunda Sul Holdings (Pty) Ltd (refer paragraph 2.9.2 above). The balance of 1 306 000 is the subject of a separate claim.

160. The issue and listing of the 7 958 000 R&E shares was void and designed solely to make such shares available for misappropriation from R&E. The fictitious assets arising from these share issues, falsely reported in aggregate as having a carrying value of R162 million as at 31 December 2004, respectively, have been fully impaired. Recoveries are being sought from the recipients of these shares.

Conclusion

161. Between April and June 2004, 5 160 000 new R&E shares were issued, 2 268 000 at R25.00 per share and the balance at R18.50 per share. These shares were placed in a trading account at T-Sec in the name of Lunda Sul, disposed of, and the funds appear to have been misappropriated by JCI and the perpetrators from this trading account, culminating in a claim against JCI for damages. In order to regularise the position, R&E will be required to purchase the 5 160 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully issued and allotted in R&E's share register. Using the issue price of R25.00 per share (in respect of 2 268 000 shares) and R18.50 per share (in respect of 2 892 000 shares) – being the price at which R&E can buy these shares back – R&E contends that JCI is indebted to it for the sum of R87 720 000 (claim # 11).

162. On 23 June 2004, 1 506 000 new R&E shares were issued for mining equipment at R18.50 per share. These shares were placed in a trading account in the name of Trans Benguela Logistics (Pty) Ltd in the records of T-Sec, 200 000 of which were transferred to a trading account in the name of Lunda Sul Holdings (Pty) Ltd and are included in claim # 11 (refer paragraph 2.10.6.2 above). The balance of these shares were subsequently transferred to several trading accounts at various stockbrokers, with no value accruing to R&E. 641 000 R&E shares were transferred to a CMMS trading account culminating in a claim for damages. In order to regularise the position, R&E will be required to purchase the 1 306 000 R&E shares on the open market and thereafter to cancel such shares in its share register which were unlawfully issued and allotted. Using the issue price of R18.50 per share (being the price at which R&E can buy these shares back) R&E contends that JCI is indebted to it for the sum of R22 202 000 (claim # 12).

163. On 23 June 2004, 1 492 000 new R&E shares were issued at R18.50 per share, ostensibly for a participation in an Angolan diamond concession. These shares were placed in a CMMS trading account at T-Sec, culminating in a claim against JCI for damages. In order to regularise the position, R&E will be required to purchase the 1 492 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully issued and allotted. Using the issue price of R18.50 per share (being the price at which R&E can buy these shares back) R&E contends that JCI is indebted to it for the sum of R25 364 000 (claim # 13).

CLAIM # 14 – Theft of 4 000 000 RRL shares and disposal of 3 000 000 WAL shares to secure securities lending facility for JCI

164. As at 31 December 2003, R&E alternatively R R(H) was the beneficial owner of, *inter alia,* 4 000 000 RRL shares.

165. CMMS, through T-Sec, entered into a securities lending facility with SocGen thereby facilitating the raising of finance to meet its ongoing cash commitments for the benefit of JCI. In the first instance JCI/CMMS commenced this form of trading in approximately 2001/2002. On 3 March 2004, 1 000 000 RRL shares (on a pre-split basis) belonging to R R(H) were used for the first time as collateral for the SLA between SocGen and T-Sec when R R(H) purportedly authorised the pledging of these shares in favour of SocGen. In terms of the SLA, SocGen would have had recourse in the event of default to T-Sec and T-Sec would in turn have had recourse against CMMS/JCI. This was subsequently increased to 2 000 000 (pre-split) RRL shares by the pledge of an additional 1 000 000 RRL shares belonging to R R(H) on 30 April 2004. The share pledge letter, Crest transfer forms and pledge resolutions appear to be forgeries (with alleged forged Kebble and P B Bawden signatures) and did not constitute the written consent of the Board of Directors of R R(H). The R R(H) resolution purportedly authorising the pledge was dated 2 July 2004. The transfer secretaries were requested to "flag" these shares in the share register and under no circumstances should the "flag" be removed without authorisation from SocGen. This was the beginning of the pledging process with RRL shares being used to collateralise T-Sec's exposure to SocGen on the short sales position.

166. In order for JCI to borrow any particular security for immediate sale, T-Sec was required in terms of the JCI SLA with SocGen, to provide SocGen with sufficient collateral in respect of the scrip which it intended borrowing.

167. Collateral in the form of 4 000 000 RRL shares which appear to have been stolen, were ostensibly made available by JCI in respect of this SLA. Such shares were owned by R R(H) and were neither beneficially owned by JCI nor any of its subsidiaries.

168. The JCI SLA was utilised by JCI to borrow and sell securities to generate cash which could be used by JCI and its various subsidiaries and associate companies (including CMMS) to meet JCI's day-to-day business and other commitments.

169. Whilst JCI was selling the various counters (which it had through T-Sec borrowed from SocGen), short into the market, the market conditions were against the short sale of such scrip. The market was experiencing a "Bull run" at the time, and T-Sec had advised against the short sale of the borrowed shares when sales were executed, the concern being that in the event of the price of the relevant counters sold short into the Bull market escalating, JCI would be required to re-purchase the scrip sold by it on the maturity dates (when it would become liable to return the borrowed shares to SocGen), at prices far in excess of those at which the borrowed scrip had initially been sold. This gave rise to a loss being occasioned by JCI in having to buy back the scrip at far higher prices than the scrip was initially sold for.

Conclusion

170. By virtue of the alleged theft of the 4 000 000 RRL shares, R&E alleges that it has sustained damages and that JCI may be liable to it for an amount of R636 920 000 which amount represents the highest value of the 4 000 000 RRL shares subsequent to their alleged theft;

171. Alternatively, JCI may be liable to R&E for delivery of 4 000 000 RRL shares, alternatively payment to R&E of such amount as represents the value of the said 4 000 000 RRL shares on the date on which JCI is found to be liable to R&E;

172. Alternatively, JCI may be liable to R&E for the theft of the proceeds arising from the sale of the 4 000 000 RRL shares amounting to R386 672 211;

173. Alternatively, JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 4 000 000 RRL shares in an amount of R386 672 211.

Alleged unauthorised use of 3 000 000 WAL shares to reduce losses occasioned by JCI on its scrip lending facility

174. On 26 October 2004, a trading account in the name of R&E – "the R&E Scrip Lending Account" was opened at T-Sec which appears to have been opened for the ends and purposes of JCI as mentioned herein, appointing T-Sec, as agent for this purpose. Up and until 27 January 2005 the R&E Scrip Lending Account at T-Sec largely remained inactive. Evidence indicates that minimal trading in this account had taken place prior to this date.

175. On 12 January 2005, a Global Master SLA was purportedly concluded between R&E and SocGen. This facility appears to have been almost exclusively used for the benefit of JCI and not R&E. On 27 January 2005, JCI caused a negative open position of R209 413 659 to be transferred from the CMMS/JCI Scrip Lending Account to the R&E Scrip Lending Account at T-Sec without any evidence or authority from R&E's Board.

176. The transfer of the said liability to the R&E Scrip Lending Account amounted to a foistering of a liability on R&E. The loss position which was assigned to the R&E Scrip Lending Account, was made up of various short positions as follows:

		R
Tiger Brands Limited	(300 000 shares)	28 815 000
Investec Limited	(477 472 shares)	81 026 999
Standard Bank Limited	(1 524 834 shares)	99 571 660
		209 413 659

177. This negative open position was transferred to the R&E Scrip Lending Account from the JCI/CMMS Scrip Lending Account for at least two reasons:
    (a) reduce JCI's/CMMS's losses attributable to scrip borrowing, which had reached R791 286 699 by December 2004 as a consequence of an apparent reckless disregard for market conditions at the time; and
    (b) to assist T-Sec in reducing its overexposure to a single client (JCI/CMMS), so that it could comply with its Counterparty Risk Requirement component of its overall Capital Adequacy requirement imposed by the JSE.

178. This adverse position was addressed through JCI/CMMS (together with other perpetrators), devising a scheme, which resulted in JCI/CMMS at the time, instructing T-Sec to transfer from the CMMS Scrip Lending Account a liability of R209 413 659 to the R&E Scrip Lending Account on 27 January 2005.

179. Certain collateral held by T-Sec and/or the scrip lender was also transferred on 27 January 2005 to ostensibly cover the scrip borrowing losses fostered upon R&E, (although such collateral fell well short of such position). These included:

	Number of shares	**Value R**
JCI	89 526 009	30 438 843
Matodzi	52 896 597	35 969 686
WAL	2 000 000	60 000 000
		126 408 529

180. 3 000 000 RRL shares, which shares under the unlawful control of JCI/CMMS had been pledged by JCI to SocGen in terms of the T-Sec Scrip Lending facility, were also transferred back to R&E ostensibly to cover the negative short position referred to, but these shares were the property of R R(H), were on R&E's Group balance sheet and did not constitute 'value' to R&E. The shortfall between the negative position fostered and the true collateral 'value' received was R83 005 130. The above collateral (being the JCI, Matodzi and WAL shares) was subsequently transferred out of the R&E Scrip Lending Account (back to CMMS) without value to R&E.

181. An analysis of the CMMS Scrip Lending Account (operated for JCI), revealed during December 2004, a loss of R791 286 699, being the aggregate of all losses that had arisen in the course of selling short into the market, the various shares which had been borrowed from SocGen.

182. The R&E Scrip Lending Account was operated with the apparent sole purpose of raising cash primarily for the benefit of JCI without due regard for prevailing market conditions. This is borne out by the fact that scrip which had been borrowed from SocGen was immediately sold into a rising market (against prevailing market conditions and advice) resulting in a spiralling loss position manifesting in the R&E Scrip Lending Account with each passing trade. Proceeds which resulted appeared to have been applied for the benefit of JCI.

183. In the course of running up the losses in the R&E Scrip Lending Account in the fashion described above, 79 parcels of shares (being various counters) were borrowed and sold short into the market.

184. During the period January 2005 to July 2006, our findings indicate that JCI in fact borrowed scrip from SocGen in the name of R&E, which it caused to be sold, through the R&E Scrip Lending Account, and the proceeds deriving therefrom were applied for the benefit of JCI and its subsidiaries and associated companies and not for the benefit of R&E. The obligation to return the shares ostensibly borrowed by R&E in the R&E Scrip Lending Account, did not rest with R&E, but rather with JCI.

185. In trading the R&E Scrip Lending Account in the manner aforesaid, a share trading loss amounting to R389 823 969 built up in the R&E Scrip Lending Account between 27 January 2005 and 16 January 2006.

186. We are informed, that a short while after the security referred to in paragraph 179 above was transferred to R&E, being the JCI, Matodzi and WAL shares which were initially transferred to R&E, the majority were subsequently re-transferred back to the CMMS Scrip Lending account from the R&E Scrip Lending account.

187. Furthermore, the cash generated in the R&E Scrip Lending Account, being R109 922 499 was transferred to JCI and/or JCI related entities. A mere R6 million appears however to have been transferred to R&E's bank account of which R2 629 494 was transferred by R&E back into the R&E Scrip Lending Account in order to address further losses which had arisen.

188. Notwithstanding the theft of the 4 000 000 RRL shares referred to in paragraphs 164 to 173 above, SocGen on 19 January 2006 forced a sale of R&E's 4 000 000 RRL shares. The sale of the 4 000 000 RRL shares realised proceeds of R386 195 582, same being used to repurchase counters which needed to be returned and which had amounted to R389 823 969.

189. Our findings reveal that in terms of various agreements (the Consortium Sale Agreement and the Option Agreement including various amendments thereto) entered into on 2 December 2004 between R&E, Tawny, Anglo and Inkwenkwezi, Inkwenkwezi had acquired 3 434 625 WAL shares (being one quarter of the sale shares it was intended to acquire in terms of the Consortium Sale Agreement), the acquisition of which had been funded by a loan from R&E of R128 798 437 which loan carried interest at prime plus 150bps. In terms of the Consortium Sale Agreement, R&E had indemnified Anglo against liability, loss or damage which Anglo may suffer or sustain or which may be attributable to the failure by Inkwenkwezi to pay the purchase price for the sale shares or any portion thereof, together with interest thereon, or due to the cancellation and termination of the agreement on account of a breach by Inkwenkwezi of such agreement. In indemnifying Anglo, R&E had agreed that if a default occurred, R&E be required to pay to Anglo, by way of penalty, the amount of R70 million. As security for, *inter alia*, R&E's aforementioned obligations to Anglo, R&E pledged 5 268 800 WAL shares to Anglo. On 15 February 2005, Anglo agreed to release 1 317 200 of such shares from the pledge – this being due to Inkwenkwezi having honoured its obligations in respect of a quarter of the purchase price for the WAL shares. By July 2006, Inkwenkwezi was in breach of the Consortium Sale Agreement by failing to pay the purchase price for the remainder of the sale shares to Anglo and as a result of such failure Anglo

cancelled the agreement. Pursuant to settlement negotiations, Anglo and R&E reached agreement on 4 August 2006 for R&E to pay R10 million to Anglo in full and final settlement of all claims arising from or connected with the Consortium Sale Agreement, on the cancellation and termination of such agreement, on account of Inkwenkwezi's breach. On receipt of the R10 million from R&E, Anglo agreed to release the pledge in respect of 3 951 600 WAL shares (being the difference between the original pledge by R&E of 5 268 800 WAL shares and 1 317 200 WAL shares which shares had been released from the pledge on 15 February 2005).

190. Our findings further reveal that 3 000 000 WAL shares, which shares had ostensibly been pledged to R&E by Inkwenkwezi as security for the aforementioned loan of R128 798 438 to acquire 3 434 625 WAL shares, were allegedly stolen by JCI and pledged to BJM as collateral for a JCI Scrip Lending facility and sold on 11 July 2006. The 3 000 000 WAL shares were subsequently sold in the R&E Scrip Lending Account as per agreement between Leonard Steenkamp of T-Sec and P Gray. SocGen, the lender, had demanded return of the various shares which had been sold short in the R&E Scrip Lending Account and in the CMMS Scrip Lending Account at T-Sec. In order to raise cash to fund the purchase of these shares which had been sold short in these trading accounts, Investec, presumably through the mechanism of a loan to JCI, agreed to provide finance. In addition 3 000 000 WAL shares standing to the credit of the Randgold Scrip Lending Account, which shares were owned jointly by R&E (being 1 410 013 WAL shares) and by Inkwenkwezi (being the balance), were sold by T-Sec, the proceeds being applied to acquire shares which had been sold short in the R&E Scrip Lending Account (these positions having been initially fostered upon R&E) and in the CMMS Scrip Lending Account. The proceeds from the sale of the 3 000 000 WAL shares of R122 506 887 were credited to the R&E Scrip Lending Account. On 12 July 2006, M van Zyl of T-Sec advised Trish Beale that the shares had been sold and sought authority for R80 million to be transferred from the R&E Scrip Lending Account to the CMMS Scrip Lending Account. On 12 July 2006 P Gray and R Pearcey duly instructed T-Sec to make the transfer.

191. On 24 July 2006, the directors of Inkwenkwezi mandated R&E to exercise its security interest in the 3 434 625 WAL shares in its sole discretion and authorised R&E to dispose of these shares and to apply the proceeds from the sale of the 3 434 625 WAL shares firstly to settle the R10 million Anglo penalty, secondly to repay the capital portion of the Randgold loan, thirdly to repay any interest which had accrued in respect of the loan and finally to refund Inkwenkwezi in respect of any residual remaining. Notwithstanding the fact that R&E had been mandated by Inkwenkwezi to dispose of the 3 434 625 WAL shares and to apply the proceeds thereof in the aforementioned manner (albeit that this permission had been obtained after the date on which 3 000 000 WAL shares had already been disposed of), JCI caused 3 000 000 WAL shares to be disposed of and the proceeds from the 3 000 000 WAL shares to be used to acquire shares which had been sold short and which needed to be returned to SocGen, an obligation which rested with JCI.

192. Upon further analysis of the R&E Scrip Lending Account, it is apparent that in December 2005, 1 183 504 WAL shares were subscribed for at a price of R18.00 per share in terms of a WAL rights offer dated 25 November 2005 and debited to the R&E Scrip Lending Account. It is insightful that 1 183 504 is the number of rights attaching to a holding of 3 951 600 WAL shares (the very same number of WAL shares registered in R&E's name in the records of Computershare at the time and pledged to Anglo in terms of the Consortium Agreement). At the time of the WAL rights offer, WAL shares were trading at a price of R37.00 per share. At the time when the R&E Scrip Lending Account was finally closed out in December 2006, R&E were not placed with these rights as they were allocated to JCI. This provides further corroborating evidence that the R&E Scrip Lending Account was purely opened to serve as a vehicle created by JCI as an extension of the JCI Scrip Lending Facility, thereby assisting T-Sec in reducing its overexposure to a single client (JCI/CMMS), so that it could comply with its Counterparty Risk Requirement component of its overall Capital Adequacy requirement imposed by the JSE.

Conclusion

193. Further claims are being formulated in respect of damages occasioned to R&E arising from the sale of 3 000 000 WAL shares (or Gold Fields Limited shares, being their current equivalent) which JCI caused R&E to sell, to repurchase shares which had ostensibly been borrowed from the scrip lender in the R&E Scrip Lending Account, and which were required to be returned to the scrip lender, notwithstanding that such obligation rested with JCI.

CLAIM # 15 – Net placing of 900 000 RRL shares offshore to secure liabilities of Paul Main

194. R&E alternatively, R R(H), was the beneficial owner of, *inter alia,* 900 000 (post-split) RRL shares.

195. On 28 October 2003, 1 000 000 RRL shares (certificate 900), on a pre-split basis, were delivered to a firm of solicitors in London in respect of a pledge of shares to CPM Main to secure JCI's obligations to Concerto Nominees in respect of a proposed merger of Sociede Mineira Do Lumuanza mine in Angola with Letseng Diamonds There is no resolution in R R(H)'s statutory records authorising the delivery of the 1 000 000 RRL shares and the R R(H) covering letter accompanying the share certificate contains a forged signature of P B Beale.

196. In June 2004 these shares were split (2-for-1) resulting in the pledged shares now numbering 2 000 000. Of the 2 000 000 RRL shares, only 1 100 000 RRL shares have been returned. These returned shares were themselves then allegedly stolen by CMMS/JCI and sold on the Nasdaq during the course of 2005. The returned shares are part of the claim relating to the 12 360 000 RRL shares (refer 2.2.9.1 above), of which 3 750 000 were sold in the CMMS trading account in 2005.

Conclusion

197. The 900 000 RRL shares remain outstanding and are the subject of a claim against JCI and others. A claim has been formulated against these parties on the basis of an alleged theft of shares, using the highest rand price per share between April 2002 and the date of this claim. On this basis, the total claim is 900 000 shares at R159.23 per share which claim amounts to R143 307 000 (claim # 15);

198. Alternatively, JCI may be liable for the delivery of the 900 000 RRL shares to R&E, alternatively payment of such amount as represents the value of the said 900 000 RRL shares on the date on which JCI is found to be liable to R&E.

CLAIMS # 16 and 17 – Further claims relating to the disposal of JCI ordinary shares and WAL ordinary shares

199. As at 31 December 2002, First Wesgold was the beneficial owner of *inter alia,* 28 000 fully paid-up ordinary shares in the issued share capital of WAL and 12 574 836 fully paid-up shares in the issued share capital of JCI.

200. In and during the period, January 2003 to 4 July 2003, 12 574 836 JCI shares and 28 000 WAL shares were disposed of with the proceeds of R8 969 188 being credited to a trading account in the name of First Wesgold in the records of T-Sec. These shares were sold in thirteen individual transactions between 23 May 2003 and 4 July 2003. The share proceeds were dispersed as follows: R3 140 438 was transferred to CMMS and R5 051 350 was paid to a director of JCI and CMMS at the time.

201. No entries were recorded in the books of R&E or First Wesgold until 30 June 2003 and then again on 31 August 2003. On these dates, five entries totalling R8 191 788 were debited to a general ledger account, styled "Loan asset – CMMS (shares)" and subsequently transferred on 31 December 2003 to a general ledger account, styled "Loan asset – Masupatsela". This general ledger account was by design used to disguise a related party transaction with CMMS and was even supported by a purported loan agreement between R&E and Masupatsela Investment Holdings (Proprietary) Limited, this company having entered into a back-to-back agreement with CMMS.

202. In the general ledger of CMMS, the amounts paid to the abovementioned director were debited to an account styled "Sundry debtors" on 30 September 2003 and was subsequently transferred on 31 March 2004 (JCI's year-end) to an account styled "Consolidated Investments – Alibiprops" to conceal a loan to a director.

Conclusion

203. By virtue of the alleged theft of the 12 574 836 JCI shares and the 28 000 WAL shares, R&E alleges that it has sustained damages and that JCI may be liable to it for an amount of R11 317 352.40 which amount represents the highest value of the 12 574 836 JCI shares subsequent to their alleged theft (claim # 16) as well as an amount of R1 391 600.00 which amount represents the highest value of the 28 000 WAL shares subsequent to their alleged theft (claim # 17);

204. Alternatively, JCI may be liable to R&E for delivery of 12 574 836 JCI shares and 28 000 WAL shares, alternatively payment to R&E of such amount as represents the value of the said 12 574 836 JCI shares and the 28 000 WAL shares on the date on which JCI is found to be liable to R&E;

205. Alternatively, JCI may be liable to R&E for the theft of the proceeds arising from the sale of the 12 574 836 JCI shares amounting to R8 042 099.67 and the theft of the proceeds arising from the 28 000 WAL shares amounting to R924 294.21;

206. Alternatively JCI may be liable to R&E for damages resulting from the receipt by it of the proceeds arising from the sale of the 12 574 836 JCI shares in an amount of R3 140 438.37 and the receipt by it of the proceeds arising from the sale of the 28 000 WAL shares in an amount of R396 894.21.

CLAIM # 18 – Monies lent and advanced to CMMS

207. This claim is not prefaced on the basis of a theft of shares, but rather on the basis of moneys allegedly lent and advanced by R&E to CMMS.

CLAIM # 19 – Alternative claim to Claims 1 to 18

208. This claim is not the subject of this summarised forensic report.

Conclusion

209. Our findings have revealed that at law, R&E enjoys a cause of action against JCI due to the conduct of certain of the perpetrators being ascribed to JCI in that they controlled and directed the business and affairs of JCI. The perpetrators purportedly participated in, were privy to, authorised and instigated various acts for the benefit of JCI and its subsidiaries and associated companies in the knowledge that such acts were unlawful, and which have been of prejudice to R&E either directly or indirectly. Because JCI has been sued as a joint wrongdoer, it would follow that similar claims will be brought against other third parties who purportedly acted unlawfully and in collusion with JCI.

John Louw
Director

17 October 2008

OVERVIEW OF THE R&E CLAIMS AGAINST JCI

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

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

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

4. As at 23 August 2005:

   4.1 The Board of R&E comprised:

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

      4.1.2 Kebble;

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

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

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

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

   4.2 The Board of JCI comprised:

      4.2.1 Roger;

      4.2.2 Kebble;

      4.2.3 Buitendag;

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

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

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

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

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

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

mediation and to the extent necessary an arbitration of such claims (in which JCI and its subsidiaries and associated companies would be treated as a single entity), be pursued.

The Mediation/Arbitration Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Claims instituted by R&E against JCI

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BACKGROUND

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

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

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

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

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

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

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

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

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

Broad Overview of the R&E claims against JCI

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

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

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

Summary of claims

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

Notes:

1. *R&E's main claim is based on the highest price at which the shares referred to in column I have traded subsequent to their alleged theft and prior to 3 August 2006 when R&E's Statement of Claim was served, (save for claims 10,11,12 and 13 which are treated on the basis described in footnote 7 hereof).*
2. *For illustrative purposes R&E's main claims have been adjusted to take account of the highest price at which the shares referred to in column I have traded subsequent to their alleged theft and prior to 31 March 2008.*
3. *The first alternative to R&E's main claim is for an order that JCI deliver to it the number of shares allegedly misappropriated/ issued for no value received. For illustrative purposes the March 2007 VWAP of the shares referred to in column I has been utilised for purposes of determining the replacement cost of the shares referred to, save for where a contrary footnote indicates otherwise.*
4. *The second alternative to R&E's main claim is for an order that JCI return to R&E the proceeds resulting from the sales of the various shares referred to in column I, where this has been ascertained.*
5. *The third alternative to R&E's main claim is for an order that JCI makes payment to R&E of such amounts as were received by JCI on account of the sale of the shares referred to in column I, for which there was no just cause, where this has been ascertained.*
6. *Claim 5 is an alternative claim to Claim 4 and is based on a Scrip Lending Agreement ostensibly concluded, the details of such claim being set out in the Overview of the R&E Claims. To avoid duplication no amounts have been included above.*
7. *For illustrative purposes R&E's main claims have been adjusted to take account of the projected post merger NAV per R&E share of R28.7392 as published in the JCI NAV Statement which was published on 13 December 2007.*
8. *Having regard to the fact that this claim was introduced in September 2008, the value thereof has been determined with reference to the highest price at which the shares in question traded subsequent to their alleged theft and prior to 31 March 2008.*
9. *On 19 January 2007, Western Areas was converted to Gold Fields Operations, in consequence of which conversion, every shareholder holding 100 Western Areas shares received 35 Gold Fields Operations shares in replacement thereof. In consequence of the said conversion, the 28 000 Western Areas shares are currently equivalent to 9 800 Gold Fields Operations shares. A value of R142 per Gold Fields share is ascribed to each Gold Fields share for illustrative purposes.*
10. *R&E's claim herein is not prefaced on the basis of a theft of shares, but rather on the basis of moneys allegedly lent and advanced by R&E to CMMS.*
11. *R&E's 19th claim is in the alternative to claims 1 to 18 above and is based on the assumption that R&E does not in respect of claims 1 to 9 and 14 to 17 establish the schemes therein referred to and the thefts allegedly committed in respect thereof and on the further basis that the transactions referred to are found to be lawful and regular transactions in consequence of which the sale of the assets referred to is found to have been authorised for the benefit of the JCI group.*

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

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

Claim One

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

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

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

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

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

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

    47.1 Damages resulting from the alleged theft of the RRL shares amounting to R1 968 082 800.00 which amount is based on the highest price at which the RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served.

(For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R2 976 855 300.00. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

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

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

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

Claim Two

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

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

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

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

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

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

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

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

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

Claim Three

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

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

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

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

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

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

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

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

    61.1 Damages resulting from the alleged theft of the 1 904 962 RRL shares amounting to R303 327 099.26 which amount is based on the highest price at which the 1 904 962 RRL shares traded subsequent to their alleged theft and prior to 3 August 2006, when R&E's Statement of Claim was served. (For illustrative purposes and based on a price of R437.13 per RRL share which represents the highest price at which RRL shares have traded subsequent to the date of their alleged theft, but prior to 31 March 2008, on the assumption that this price will not increase in future, R&E's main claim equates to R832 716 039.06. To the extent that the price of RRL shares increases in future, such increase will result in a commensurate increase in R&E's main claim.); alternatively

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

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

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

Claim Four

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

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

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

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

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

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

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

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

Claim Five as an alternative to Claim Four

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

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

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

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

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

69.2 Payment of the value thereof being R31 590 000.00.

Claim Six

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

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

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

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

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

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

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

Claim Seven

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

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

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

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

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

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

Claim Eight

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

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

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

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

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

Claim Nine

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

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

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

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

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

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

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

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

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

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

Claim Ten

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

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

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

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

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

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

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

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

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

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

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

Claim Eleven

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

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

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

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

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

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

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

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

Claim Twelve

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

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

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

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

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

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

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

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

Claim Thirteen

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

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

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

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

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

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

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

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

Claim Fourteen

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

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

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

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

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

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

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

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

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

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

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

Claim Fifteen

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

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

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

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

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

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

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

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

Further Claims

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

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

132. Such further claims are set out below.

Claim Sixteen

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

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

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

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

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

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

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

Claim Seventeen

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

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

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

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

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

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

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

    141.2 Delivery of the 28 000 Western Area shares to it, together with such amount as represents the dividend amounts to which R&E, *alternatively* First Wesgold would have become entitled, but for the alleged misappropriation of the 28 000 Western Area shares, in consequence of the dividends declared by JCI in respect thereof subsequent to the date of the alleged theft of the said shares; alternatively

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

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

Claim Eighteen

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

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

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

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

Claim Nineteen

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

Interest

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

JCI's Statement of Defence briefly considered

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

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

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

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

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

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

    152.3 No ancillary powers were excluded;

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

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

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

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

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

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

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

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

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

CONCLUSION

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

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

R&E'S SENIOR COUNSEL OPINION REGARDING THE R&E CLAIMS

INTRODUCTION

1. We have been requested to consider and provide our views in respect of the prospects of success enjoyed by Randgold in its various claims against JCI.

2. The Randgold legal team was instructed to formulate claims against JCI, having regard, *inter alia,* to:

   2.1 the findings of Randgold's Forensic Investigators, Umbono Financial Advisory Services (Pty) Limited ("**Umbono**");

   2.2 the series of Forensic Reports prepared by Umbono;

   2.3 the contributions of various witnesses (the co-operation of which had been secured by Randgold's executive).

3. In formulating the Randgold claims against JCI, Randgold's legal team was instructed to assert the strongest possible case for Randgold against JCI.

4. We direct specific attention to the following:

   4.1 In accordance with the Mediation/Arbitration Agreement concluded on 7 April 2006 ("**the Mediation Agreement**"), both Randgold and JCI were obliged in terms thereof, to each independently prepare a Forensic Report relevant to their findings in respect of each of Randgold and JCI separately, and to thereafter exchange such Reports in accordance with the provisions of clause 7 of the Mediation Agreement;

   4.2 On 20 June 2006, and at a formal meeting held at the chambers of Farber SC, Randgold and JCI's legal representatives exchanged the said Reports;

   4.3 The JCI Report bears the date of 8 May 2006 ("**the 8th of May Report**"), whilst that of Randgold bears the date of 20 June 2006;

   4.4 Consequent upon the exchange of the aforesaid Forensic Reports, Randgold's legal team proceeded in accordance with its instructions, to formulate the claims enjoyed by Randgold against JCI, and which found expression in Randgold's Statement of Claim;

   4.5 Randgold's Statement of Claim was served on JCI on 3 August 2006;

   4.6 Consequent upon the preparation of the Statement of Claim, JCI served a further Forensic Report which was prepared by KPMG ("**the further JCI Report**"), although this was not contemplated under the Mediation Agreement;

   4.7 The further JCI Report constitutes a critique of the claims proffered by Randgold in its Statement of Claim against JCI;

   4.8 We note that the forensic findings of Umbono (on the strength *inter alia* of which Randgold's claims were formulated), appear to be echoed in the 8th of May Report;

   4.9 There appears further, to exist substantial parity between the Forensic Report by Umbono and the 8th of May Report by JCI; and

   4.10 We are fortified in our evaluation of the prospects of success in respect of the claim by Randgold against JCI, by the apparent disparity between the 8th of May Report and the further JCI Report.

5. We invite specific attention to the following excerpts from the 8th of May Report which appear to be largely congruent with and to lend credence to the basis upon which the Randgold claims have been formulated:

5.1 At page 1 of the 8th of May Report, the following appears:

"*The strategy adopted by the Directors and Officers of JCI Limited and its subsidiaries required access to significant funding for the execution of such strategy. We noted that JCI Limited had little access to funding and we understand that the Group did not enjoy support from financial institutions, save for the event of the Investec UK transaction, which generated funding to JCI Limited…..*"

5.2 At page 78 and at lines 6 to 7, the following is stated:

"*We found no evidence indicating that JCI Limited and its subsidiaries, particularly CMMS, owned any RRL shares.*"

5.2.1 Page 81 and at lines 12 to 14 the following is stated:

"*Depending on the nature of the transaction underlying the sale of such RRL shares in the Alibiprops transactions, CMMS and its fellow subsidiaries appear to either have an obligation to return 1 916 652 RRL shares (due thereto that the Alibiprops transaction was performed prior to the split of the RRL shares) to RRH, in addition to those mentioned above, or to repay the monetary benefit obtained.*"

5.3 At page 83 and at lines 1 to 3 the following is recorded:

"*Assuming a share price of USD 17 for RRL shares and a R/USD exchange rate of some R6.38, an amount of R1 809 849 677.24 would then have been required to fund the return of the RRL shares sold to RRH.*"

5.4 At page 105 and at lines 4 to 6, the following is stated:

"*These facts are indicative of the following elements of the relationship between JCI Limited and REC as a result of the transactions mentioned at 7.2 supra:*

- *JCI Limited used the resources of RRH for its own benefit; and*
- *The executors of the transactions did not want to disclose such fact.*"

5.5 At page 135 at lines 13 to 21, the following is stated:

"*We have indicated supra that the obligation to return RRL shares to RRH rests upon JCI Limited, due to an unauthorised appropriation thereof, the Investec UK structure and due to it having benefited from the sale of RRL shares in the Alibiprops account. As some 16 686 794 RRL shares have to be returned in this manner and would need to be purchased, the cost to JCI Limited could be some R1 809 849 677.24, provided an RRL share price of USD17 and a Rand/USD exchange rate of some R6.38. If the Settlement Agreement can be interpreted to mean that the obligation of JCI Limited in this regard is limited to R500 million, it means that an effective write off of some 12 076 800 RRL shares of RRH have been achieved, once again protecting JCI Limited against a claim of RRH.*"

6. It would appear that JCI has adopted a stance in the further JCI Report at variance with the stance adopted in the 8th of May Report. This apparent change in stance and the reasons giving rise thereto will be fully ventilated should the matter proceed to arbitration.

7. We draw attention to the following further considerations:

7.1 A large number of the claims proffered by Randgold against JCI in respect of which misappropriations have been alleged, find their origin in the findings of Umbono and other witnesses who contend that thefts have been perpetrated against Randgold;

7.2 The claims that have been proffered in respect of each such misappropriation of Randgold's assets, have been predicated on the structure of the alternatives set out in the Overview of the Randgold Claims;

7.3 At the highest level, Randgold asserts that to the extent that JCI is found to have misappropriated the assets of Randgold, in the manner contended for in the Statement of Claim, then and in those circumstances, the appropriate measure of damages and the appropriate degree of compensation by JCI to Randgold (based on Roman Dutch Authorities), is such that Randgold is entitled to recover from JCI the highest value ever achieved pertaining to the commodity stolen;

7.4 Were damages not to be awarded on this principle, Randgold in the second tier of its alternatives to such claims, contends that it is entitled to obtain a return from JCI of the equivalent number of shares misappropriated. The difference between this and damages based on theft may prove negligible;

7.5 The further alternatives on which these claims are based, would entitle Randgold to a lesser measure of damages;

7.6 It is to be borne in mind, that to the extent that Randgold does not establish its causes of action on these highest levels, that the measure of damages attainable would be a lesser amount;

7.7 Each of the above alternatives entitle Randgold to a different measure of damages. It goes without saying, that to the extent that the first or second alternatives were not to be upheld, the measure of damages would correspondingly reduce in respect of each of the various alternative claims.

8. Based on our analysis of the Forensic Reports and the witnesses who have been interviewed to date, we believe that the claims have a reasonable prospect of success subject always to the following:

8.1 The findings of Umbono being found to be accurate and capable of substantiation through evidence and the conclusions reached therein, withstanding scrutiny;

8.2 The legal principles upon which Randgold's claims have been formulated being upheld;

8.3 The evidence of third parties (who have given input into the formulation of Randgold's claims), and the claims themselves withstanding scrutiny and being upheld.

(Litigation, by its very nature, is uncertain and in the ultimate analysis the prospects or otherwise of Randgold's claims succeeding, will rely upon a wide spectrum of factors.)

CONCLUSION

9. In conclusion, the success of the claims proffered by Randgold against JCI, will depend upon Randgold and its witnesses being able to establish the facts in respect of each of the claims and of course the facts underlying each of the alternatives. In addition to establishing these facts, Randgold will be further required to establish the legal principles applicable to the various facts to be proved in order for Randgold to be entitled to the amounts asserted for in its Statement of Claim.

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SUMMARY OF JCI'S DEFENCES TO THE R&E CLAIMS

OVERVIEW OF DEFENCES

1. R&E has asserted a number of claims against JCI following upon the conclusion of the mediation agreement on 7 April 2006. R&E's claims are set out in its statement of claim filed on 3 August 2006 (as amended on 27 November 2006, further amended on 15 January 2007 and a further amendment served on 8 September 2008).

2. The term 'JCI' is used by R&E to include any of JCI's subsidiaries and associated companies.

3. The majority of R&E's claims are premised on the allegation by R&E that certain individuals who were formerly employed by JCI and who constituted the controlling mind and will of JCI and one or more of its subsidiaries or associated companies ("the perpetrators") misappropriated listed securities beneficially owned by R&E and because of their relationship with JCI, their conduct is attributable to JCI and JCI is liable for their conduct. JCI is alleged to be a joint wrongdoer with such perpetrators. Most if not all of the individuals of whose conduct R&E seeks to hold JCI liable were also, during the material times, the controlling mind and will of R&E.

4. R&E's other claims arise from a contravention of section 92 of the Companies Act, 61 of 1973 ("the Act"), namely the void issue and allotment of shares in its issued share capital. According to R&E's statement of claim, the perpetrators concluded a number of fictitious transactions involving the issuing by R&E of shares to a number of entities in circumstances where R&E did not receive the issue price of such shares. The transactions in other words were a sham. R&E seeks to hold JCI liable for these claims as well based on the perpetrators association with JCI and the benefit allegedly received by JCI as a result.

5. In asserting its claims, R&E has advanced a number of alternative amounts that it claims is owed by JCI. Thus for example in many of its claims, R&E seeks in the:

   5.1 first instance the highest value of the listed securities allegedly misappropriated by the perpetrators;

   5.2 second instance, the amount representing the proceeds of the sale of the listed securities misappropriated by the perpetrators;

   5.3 third instance, the amount representing the extent to which JCI was enriched at the expense of R&E.

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

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

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

   6.3 No ancillary powers were excluded.

7. JCI's defence to R&E's claims are pleaded in its statement of defence filed on 8 September 2006 (as amended on 26 January 2007) and may, broadly speaking, be summarised as follows:

   7.1 the acts and/or conduct of the perpetrators cannot be ascribed or attributed to JCI;

   7.2 the perpetrators were also directors and/or employees of R&E and as a result of holding these positions in R&E were able to deal with R&E assets as they did. In other words, they were not able to do so because of the positions they held at JCI but rather because of the positions they held at R&E;

   7.3 the perpetrators had access to R&E's listed securities and other assets as a result of their capacity as directors and/or employees of R&E;

7.4 the perpetrators were also not authorised to, nor did they have the power on behalf of JCI to partake in their alleged fraudulent activities nor did they have the power or authority to in any way bind JCI by their fraudulent conduct. In this regard JCI was as much a victim as R&E may have been;

7.5 the perpetrators did not act in the course and scope of their duties with JCI;

7.6 in any event, and even if the perpetrators' conduct could be attributed to JCI, JCI cannot, in law, be held liable for the highest value of the listed securities stolen, nor indeed the proceeds thereof, particularly when the misappropriation of those securities and the proceeds thereof were used by the perpetrators for a variety of reasons, amongst others being to benefit themselves and in some instances R&E; and

7.7 JCI was not enriched as a result of the misappropriation of R&E's listed securities by the perpetrators as alleged by R&E.

8. Insofar as R&E's claims relating to the contravention of Section 92 of the Act is concerned and the attempt to hold JCI liable in respect of any losses allegedly suffered by it arising therefrom, JCI has pleaded in its statement of defence that:

8.1 to the extent that any R&E shares were issued in contravention of section 92 of the Act, these shares are void and R&E did not suffer any damage as a result thereof nor has it made out a claim to illustrate that it has suffered any damage in law;

8.2 R&E has suffered no damages as a result of the issue of such shares;

8.3 JCI has also denied that the conduct of any person involved in the apparently fraudulent issue of R&E shares as described in R&E's statement of claim can be attributed to JCI. It is significant in this regard that any R&E shares which may have been issued in contravention of section 92 of the Act were and could only have been issued by persons who controlled R&E;

8.4 JCI is accordingly not liable to R&E in respect of such claims.

9. In addition to the aforegoing, JCI has also challenged R&E's entitlement to hold JCI responsible for any of its associated companies or companies in which it held an interest irrespective of the extent thereof.

10. The Statement of Claim and the Statement of Defence have been amended from time to time. Subsequent to the mediator's recommendations and on 8 September 2008, R&E served a further amendment in terms of which it introduced claims 16, 17, 18 and 19. JCI has not pleaded to these claims which are referred to in paragraph 68 but has reserved its rights to deal with them as they are disputed.

11. Shareholders are advised that the overview set out above and the summary set out below are intended to provide shareholders with a simplified guide as to the competing claims and defences by R&E and JCI following the mediation agreement. No representations are made as the accuracy of any of the information contained herein and JCI, its directors and legal advisors disclaim any liability in respect of the inaccuracy or otherwise of any of what is contained herein. The legal and factual issues are complex and the length and outcome of the arbitration will be uncertain.

12. Shareholders are moreover cautioned that:

12.1 the mediation process has not yet been finalised;

12.2 the adjudication of R&E's claims and JCI's defences has yet to take place;

12.3 R&E's claims and JCI's defences have not yet been found by the mediators to amount either to good claims or good defences in law;

12.4 R&E and JCI have yet to prove their claims and defences, respectively.

13. Shareholders are accordingly advised that it would be premature to draw any conclusion from the information contained herein.

JCI Claims

14. JCI has the right to set-off against the claims of R&E:

    14.1 an amount of R208 142 593.00 by reason of the funding by CMMS for the acquisition of WAR shares by R&E; and

    14.2 an amount of R50 600 in respect of 1.5 million DRD shares.

15. The Statement of Claim of R&E, in this regard, refers to the theft of shares owned by it and claims a loss arising therefrom against JCI. However, JCI's forensic investigation indicates that the proceeds from the sale of these shares, allegedly stolen, were utilized directly for the benefit of R&E. The right of JCI to set-off these amounts against the R&E claims forms an integral part of JCI's defence. Should this become disputed or it become necessary to reformulate the pleadings for any other reason during the course of the matter, JCI reserves the right to amend its pleadings accordingly.

16. JCI has informed R&E that it may enjoy further claims against R&E and is considering its position in this regard and has reserved the right to amend its pleadings accordingly.

The R&E Summary and the JLMC Report

17. Shareholders are advised that inconsistencies appear in the R&E summary as follows:

    17.1 A number of the highest value figures on R&E's claims as set out in the summary differs from the highest value of the particular claim as set out in the Statement of Claim, save to state that R&E may be considering filing possible amendments. R&E has advanced no reason for such difference in amounts. When the content and nature of these amendments are set out in the notice of intention to amend, JCI will be in a position to meaningfully consider the amendments and to respond to them.

    17.2 The statement of claim includes claims in relation to the Aflease shares. Those claims though are not, as is now suggested in the R&E summary and the JLMC report, based on an entitlement to the 'current equivalent' of these shares.

18. Shareholders are advised that inconsistencies and/or incorrect allegations appear in the JLMC report as follows:

    18.1 JLMC makes reference to highest values insofar as certain R&E claims are concerned, which highest values conflict not only with the figures set out in R&E's Statement of Claim but also with the figures advanced in R&E's summary. R&E have advanced no reasons for this.

    18.2 Instead of a report on the findings of its forensic investigation, the report contains numerous legal opinions expressed as conclusions of fact. JLMC is not qualified to express legal opinions. JCI in any event disagrees with the opinions expressed by JLMC.

    18.3 In the circumstances, it is both incorrect and inappropriate for such conclusions to be made at this stage.

JCI's defences

19. We have already set out in broad terms the basis of the R&E claims and the basis of JCI's defences thereto. In so doing so we have confined ourselves to the claims as set out in the statement of claim. However, R&E has set out what it states is the summary of its claims in some detail but in doing so has not always been accurate. We accordingly set out a separate summary of the R&E claims and limit ourselves to what is actually contained in the statement of claim.

    In setting out the R&E claims, we do so on the basis of grouping the claims by reference to categories of shares which R&E alleges were stolen or fraudulently issued.

RRL shares

Claim One (12 360 000 RRL shares – Statement of Claim at pages 21d – 39; Statement of Defence at pages 18 – 42); Claim Three (1 904 962 RRL shares – Statement of Claim at pages 59 to 62; Statement of Defence at pages 57 to 68); Claim Nine (5 460 000 RRL shares – Statement of Claim at pages 86(a) to 92; Statement of Defence at pages 97 to 105); Claim Fourteen (4 00 000 RRL shares – Statement of Claim at pages 137 to 137(e); Statement of Defence at pages 130 to 134) and Claim Fifteen (900 000 RRL shares – Statement of Claim at pages 137(e) to 137(h); Statement of Defence at pages 134 to 136)

20. The above claims are for RRL shares. To each of the claims set out below, the principles underpinning the claims by R&E are set out in clauses 3, 5 and 6 above.

21. R&E's first claim is in respect of 12 360 000 RRL shares which it alleges it owned as at June 2004. During the period 5 April 2002 and 18 August 2005, R&E alleges that these shares were misappropriated by JCI. R&E seeks to hold JCI liable for the highest value of the shares. R&E seeks to hold JCI liable for R1 968 082 800.00, representing the highest value as at the time of filing the Statement of Claim. This amount has been changed in R&E's summary to the higher figure of R2 407 332 480.00, although this does not appear in the Statement of Claim. R&E has informed JCI that it intends to serve a notice of amendment for this higher amount. JCI will respond to this amendment when it is served. The various alternative claims are discussed at clause 5 above.

22. R&E's third claim is in relation to the 952 000 RRL shares (after their split amounting to 1 904 962 shares) which is alleged to have been owned by R&E and which shares were allegedly stolen during or about the first quarter of 2002. R&E alleges that JCI anticipated the need to raise capital to acquire the minority interest and in consequence thereof devised a scheme which gave rise to the said shares being sold for which R&E received no benefit and JCI did. JCI denies this. The principles underlying the various alternate claims by R&E are set out in clause 5 above.

23. In respect of claim nine, R&E alleges that it was the beneficial owner of 5 460 000 Resources shares. R&E alleges that JCI devised a scheme which was intended to deprive R&E of the shares and to vest control thereof in JCI.

24. In consequence hereof, R&E states that JCI concluded an Overseas Securities Lending Agreement with Investec Bank UK PLC which entailed a loan of the 5 460 000 Resources shares, to Investec Bank UK. Arising from the implementation of the said Overseas Securities Lending Agreement, R&E was deprived of the 5 460 000 Resources shares by JCI.

25. R&E alleges that by virtue of the theft of the 5 460 000 Resources shares, JCI is liable to R&E for damages resulting from the theft of the shares amounting to R869 395 800.00 which amount represents the highest value of the shares as at the date of filing the Statement of Claim and which amount has now in the R&E summary been changed to reflect an amount of R1 063 433 280.00 together with the alternative claims set out in clause 5 above. Although the higher amount does not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for this higher amount. JCI will respond to this amendment when it is served.

26. The amounts in respect of the alternate claims stated in the summary is different and greater than the amounts stated in the Statement of Claim and have been changed i.e. damages resulting from the theft of the proceeds arising from the sale of the shares amounting to R221 975 536.90 which amount has subsequently been changed by R&E to R270 758 672.90 alternatively damages resulting from the receipt by JCI of the proceeds arising from the sale of the shares in an amount of R208 794 832.90 which amount has subsequently been changed to R270 758 672.90. Although these amounts do not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for these higher amounts. JCI will respond to these amendments when they are served.

27. The fourteenth claim alleges that as at 1 March 2000, R&E was the beneficial owner of 4 000 000 shares in Resources. R&E contends that in and during the period 2004 to 2005, JCI together with the perpetrators devised a scheme which was intended to wrongfully deprive R&E of the 4 000 000 Resources shares and to vest control thereof in JCI.

28. In pursuance of the said scheme, R&E alleges that the perpetrators acting for and on behalf of JCI caused the 4 000 000 Resources shares to be lodged with Sociéte Généralé (**"SocGen"**) as security for funds advanced by SocGen to JCI. The 4 000 000 RRL shares were sold by SocGen for the benefit of JCI, and not for the benefit of R&E. R&E thus asserts, that it received no benefit on account of the sale thereof.

29. By virtue of the appropriation of the 4 000 000 Resources shares, R&E alleges that it has sustained damages and that JCI is liable to it for damages resulting from the theft of the shares on the highest value principle.

30. The alternate claims are set out in clause 5 above. The amounts in respect of the alternate claims stated in the summary is different and greater than the amounts stated in the Statement of Claim and have been changed i.e. damages resulting from the receipt by JCI of the proceeds arising from the sale of the shares amounting to R412 000 000.00 which amount has subsequently been changed to R386 672 211 alternatively payment of the amount of R412 000 000.00 which amount has subsequently been changed in the summary to R386 672 211. Although these amounts do not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for these higher amounts. JCI will respond to these amendments when they are served.

31. Claim fifteen states that as at 31 March 2002 R&E was registered and beneficial owner of *inter alia*, 900 000 shares in Resources. R&E contends that during the period 1 April 2002 to 23 August 2005 the said shares, *inter alia*, were stolen by the perpetrators acting in collaboration with JCI and which shares, *inter alia*, were lodged with one Paul Main.

32. R&E submits that the shares were appropriated from it for the benefit of JCI and that R&E received no benefit. By virtue of the appropriation of the shares, R&E alleges that it has sustained damages and that JCI is liable to it for damages. The amounts in respect of the highest value principle stated in the summary is different and greater than the amounts stated in the Statement of Claim and have been changed, i.e. R143 307 000.00 and which amount has been changed to R175 291 200.00. The alternate claims are set out in clause 5 above. Although these amounts do not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for these higher amounts. JCI will respond to these amendments when they are served.

33. JCI's defences to all the claims as set out above are found in clause 7 above. Where reference is made to subsidiaries, associated companies or companies with an interest, JCI's defence is explained in clause 9 above.

DRD shares

Claim Two (3 000 000 DRD shares – Statement of Claim at pages 49 to 59; Statement of Defence at pages 42 to 57) and Claim Seven (2 000 000 DRD shares – Statement of Claim at pages 80 to 83; Statement of Defence at pages 91 to 95)

34. The above claims are for DRD shares. To each of the claims set out below, the principles underpinning the claims by R&E are set out in clauses 3, 5 and 6 above.

35. R&E's second claim is in respect of 3 000 000 DRD shares. R&E claims that it was the beneficial owner of these shares as at 8 February 2002 and that JCI misappropriated these shares during the period 12 September 1998 to 7 March 2002.

36. R&E alleges that the shares were misappropriated and subsequently sold in order to enable BNC Investments (Pty) Limited and Investage 170 (Pty) Limited, to extend an underwriting loan to JCI to raise capital by way of a rights issue and to buy out the minority interest in JCI Gold Limited in terms of a scheme of arrangement proposed by JCI, between JCI Gold Limited and its shareholders. JCI denies that these shares were owned by R&E or that R&E suffered any damages as alleged, or at all. JCI acknowledges that written agreements were concluded between JCI and BNC and Investage as alleged.

37. R&E claims the highest value of the shares which as at the date of filing the Statement of Claim (together with subsequent amendments) was R169 500 000.00 and which amount has been changed in the R&E summary to R195 720 000.00. The various alternative claims are discussed at clause 5 above.

Although these amounts do not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for these higher amounts. JCI will respond to these amendments when they are served.

38. The seventh claim is in respect of 2 000 000 DRD shares which R&E alleges it was the beneficial owner of. R&E alleges that JCI devised a scheme which scheme was intended to wrongfully deprive R&E of the shares. Such scheme resulted in JCI gaining control of the shares and the shares being sold for the benefit of JCI.

39. By virtue of this scheme, R&E claims on the highest value principle together with the alternative claims as set out in clause 5 above. However, the highest value as set out in the Statement of Claim was R113 000 000.00 and which has now in the summary been changed to R130 480 000.00. Although the higher amount does not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment for this higher amount. JCI will respond to this amendment when it is served.

40. JCI's defences to all the claims as set out above are found in clause 7 above. Where reference is made to subsidiaries, associated companies or companies with an interest, JCI's defence is explained in clause 9 above.

Aflease shares

Claim Four (*8 100 000 Aflease shares – *Statement of Claim at pages 62 to 68; Statement of Defence at pages 57 to 77); Claim Five as an alternative to Claim Four (8 100 000 Aflease shares – Statement of Claim at pages 69 – 71; Statement of Defence at pages 78 and 79) and Claim Six (94 000 000 Aflease shares – Statement of Claim at pages 71 to 79; Statement of Defence at pages 79 to 91)

41. The above claims are for Aflease shares. To each of the claims set out below, the principles underpinning the claims by R&E are set out in clauses 3, 5 and 6 above.

42. R&E's fourth claim is in relation to the 8 100 000 shares in Aflease which it alleges it owned as at July 2003. The perpetrators caused the Aflease shares to be lodged in a trading account at T-Sec. R&E contends that the Aflease shares were misappropriated from it and used to benefit JCI either directly or indirectly.

43. Accordingly, R&E contends that JCI is liable to it for damages resulting from the theft of the Aflease shares or their current equivalent. In its Statement of Claim R&E advances no claim for a 'current equivalent' of the Aflease shares. This principle was first set out in R&E's summary, has not been pleaded in the Statement of Claim. Although these claims do not appear in the Statement of Claim, R&E has informed JCI that it intends to serve a notice of amendment to incorporate these additional claims. JCI will respond to this amendment when it is served.

44. In the alternative to Claim four, R&E asserts that during 2004, R&E and CMMS entered into a Scrip Lending Agreement in terms whereof R&E purportedly loaned 8 100 000 shares in Aflease to CMMS. R&E contends that as at 31 March 2005, CMMS became obliged to return to R&E the shares. R&E alleges that CMMS failed to do so. In the circumstances, R&E contends that JCI is liable to it for delivery of the shares, alternatively payment of the value thereof being R31 590 000.00.

45. JCI denies that CMMS concluded a Scrip Lending Agreement with R&E in that the signatory to the agreement was not duly authorised on behalf of CMMS to do so. JCI therefore denies that there was a loan to CMMS and that CMMS became obliged to return the shares.

46. R&E's sixth claim is in respect of the 94 000 000 Aflease shares which it alleges it owned as at 27 September 2004 and that during the latter part of 2004, JCI devised a scheme which was intended to amongst other things wrongfully deprive R&E of the 94 000 000 Aflease shares and vest control thereof in JCI.

47. By virtue of this scheme, R&E alleges that JCI is liable to it for damages and claims on the highest value principle as well as the various alternative amounts, the principle of which is found at clause 5 above. In addition, R&E contends in its summary for a 'current value equivalent' of the Aflease shares which principle was not set out in its Statement of Claim and R&E advances no reasons for same.

48. In respect of the scheme, JCI denies that it was involved in the scheme or that it authorised any of the directors and/or employees to act on its behalf. JCI contends that the sale of the shares was to assist R&E and Inkwenkwezi to meet their obligations for the purchase of Western Areas shares from Anglo, and as such JCI is not liable to R&E.

49. JCI's defences to all the claims as set out above are found in clause 7 above. Where reference is made to subsidiaries, associated companies or companies with an interest, JCI's defence is explained in clause 9 above.

Simmer and Jack shares

Claim Eight (40 000 000 Simmer and Jack shares – Statement of Claim at pages 83 to 86(2a); Statement of Defence at page 96)

50. The eighth claim is in respect of 40 000 000 shares in Simmer & Jack Limited which R&E alleges it was the beneficial owner of. R&E contends that JCI in conjunction with the perpetrators, devised a scheme, which scheme gave rise to the R&E's Simmer & Jack shares being misappropriated in order to facilitate a rights offer, then in contemplation by Simmer & Jack.

51. By virtue of the theft, R&E alleges that JCI is liable to it on the highest value principle. However, the highest value as set out in the Statement of Claim was R94 000 000 and which has now been changed in the R&E summary to R311 200 000.00, although this does not appear in the Statement of Claim. R&E has informed JCI that it intends to serve a notice of amendment for the higher amount. JCI will respond to this amendment when it is served. The alternative claims are explained in clause 5 above.

52. JCI's defences to all the claims as set out above are found in clause 7 above. Where reference is made to subsidiaries, associated companies or companies with an interest, JCI's defence is explained in clause 9 above.

R&E shares

Claim Ten (8 800 000 RRL shares – Statement of Claim at pages 92 to 101; Statement of Defence at pages 106 to 114); Claim Eleven (5 160 000 R&E shares – Statement of Claim at pages 101 to 124; Statement of Defence at pages 114 to 123); Claim Twelve (1 306 000 R&E shares – Statement of Claim at pages 124 to 131; Statement of Defence at pages 123 to 127) and Claim Thirteen (1 492 000 R&E shares – Statement of Claim at pages 131 to 137; Statement of Defence at pages 127 to 130)

53. The abovementioned claims relate to R&E shares. The basis to the claims set out hereunder is found in clause 4 above.

54. Claim ten states that during July 2003, JCI, through Equitant Trading (Pty) Ltd and Phikoloso Mining (Pty) Ltd, devised a scheme which was purposed, amongst other things, at ostensibly creating legitimate capital of R&E in an amount of R259 600 000.00; appropriating such capital through the invalid allotment of 8 800 000 R&E shares from its authorised but unissued share capital; vesting control of the 8 800 000 R&E shares, in JCI and one or more of its associated companies so that the proceeds derived from any sale thereof might be applied for a purpose other than to benefit R&E.

55. R&E maintains that through this scheme, JCI gained control either directly or indirectly, of the 8 800 000 R&E shares. The 8 800 000 R&E shares were purportedly allotted in consequence of the said scheme and were sold on the open market. R&E alleges that it received no value in consequence of the purported allotment of the 8 800 000 R&E shares.

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

57. Claim eleven states that in and during 2004, JCI together with the perpetrators, devised a scheme, which was intended to ostensibly create legitimate capital in R&E and to appropriate such capital through the invalid allotment of 5 160 000 R&E shares from its authorised but unissued share capital. In addition, R&E contends that JCI sought to vest *de facto* control of the 5 160 000 R&E shares in JCI.

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

59. The 5 160 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares. R&E contends that it has suffered damages and that in order to regularise the position, it will be required to purchase the 5 160 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully allotted. As a consequence of this scheme, R&E contends that JCI is indebted to it for the sum of R87 720 000.00 being the amount that R&E will be required to expend in order to purchase the 5 160 000 R&E shares.

60. Claim twelve states that in and during 2004, R&E alleges that JCI together with the perpetrators, devised a scheme, which was intended to ostensibly create legitimate capital in R&E and to appropriate such capital through the invalid allotment of 1 306 000 R&E shares from its authorised but unissued share capital. In addition, R&E contends that JCI sought to vest *de facto* control of the 1 306 000 R&E shares in JCI.

61. R&E avers that the various agreements which were concluded in consequence of this scheme were simulated, these involving the purported sale of an interest in a company in Angola ostensibly giving R&E access to diamond rights in Angola. R&E alleges that the various agreements which were concluded in consequence of the scheme were simulated. The 1 306 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares.

62. R&E contends that it has suffered damages and that in order to regularise the position, it will be required to purchase the 1 306 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully allotted. As a consequence of this scheme, R&E contends that JCI is indebted to it for the sum of R22 202 000.00 being the amount that R&E will be required to expend in order to purchase the 1 306 000 R&E shares.

63. Claim thirteen states that in and during 2004, R&E alleges that JCI together with the perpetrators, devised a scheme, which was intended to ostensibly create legitimate capital in R&E and to appropriate such capital through the invalid allotment of 1 492 000 R&E shares from its authorised but unissued share capital. In addition, R&E contends that JCI sought to vest *de facto* control of the 1 492 000 R&E shares in JCI.

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

65. The 1 492 000 R&E shares having been issued and sold in the open market, R&E alleges that it received no value in consequence of the allotment and sale of these shares. R&E contends that it has suffered damages and that in order to regularise the position, it will be required to purchase the 1 492 000 R&E shares on the open market and thereafter to cancel such shares which were unlawfully allotted.

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

67. JCI's defences to the above are set out in clauses 6 to 9 above.

68. Subsequent to the issue of the mediators recommendations and pursuant to a notice of amendment dated 22 August 2008, R&E introduced claims 16, 17, 18 and 19 to the mediation proceedings by way of an amendment dated 8 September 2008. JCI disputes these claims, *inter alia,* on the grounds referred to in clauses 6 to 9 above. JCI further denies the indebtedness and that it made the admission of indebtedness, referred to in claim 19. JCI has not pleaded to these amended claims. However, JCI reserves its rights to dispute these amendments and the amended claims in appropriate proceedings in due course.

New Claims

JCI Shares

Claim Sixteen (12 574 836 JCI Shares – Statement of Claim at pages 137(h)(1) to 137(h)(9))

69. Claim sixteen relates to JCI shares. R&E state that during or about 31 December 2002 Randgold, alternatively First Wesgold, was the beneficial owner of 12 574 836 fully paid up shares in the issued capital of JCI. R&E alleges that during the period 1 January 2003 to 26 May 2003 JCI in conjunction with the perpetrators devised a scheme which gave rise to the JCI shares allegedly owned by Randgold alternatively First Wesgold being misappropriated and the proceeds thereof used for the benefit of JCI either directly or indirectly.

70. The main claim is for an amount of R11 317 352.40 which amount represents the highest value which falls to be ascribed to the shares.

71. The first alternative claim is for such amount as represents the dividend amount to which Randgold alternatively First Wesgold would have become entitled but for the misappropriation.

72. The second alternative claim is for such amount as represents the value of the shares as at the date on which JCI is found to be liable as well as such amount as represents the divided amount to which Randgold would have become entitled but for the misappropriation.

73. The third alternative claim is for an amount of R8 042 099.67 which amount represents the total of the net proceeds of the shares as well as such amount as equivalent to the growth that would have accrued to Randgold but for the misappropriation and such amount as represents the dividend amount to which Randgold would have become entitled but for the misappropriation.

Western Areas Shares

Claim Seventeen (28 000 Western Areas Shares – Statement of Claim at pages 137(h)(9) to 137(h)(18))

74. Claim seventeen is for Western Areas shares. R&E contends that as 31 December 2002 Randgold alternatively First Wesgold was the beneficial owner of 28 000 fully paid up shares in the issued share capital of Western Areas.

75. R&E contends that JCI in conjunction with the perpetrators, devised a scheme which scheme gave rise to these shares being misappropriated during period 1 January 2003 up to and including 11 June 2003. R&E's main claim is in an amount of R1 391 600.00 which amount represents the highest value which falls to be ascribed to these shares as well as such amount as represents the dividend amount to which Randgold would have become entitled but for the misappropriation.

76. The first alternative claim is for such amount as represents the dividend amount to which Randgold would have become entitled but for the misappropriation.

77. The second alternative claim is for payment of an amount equivalent to the value of these shares as well as such amount as represents the dividend amount to which Randgold would have become entitled but for the misappropriation.

78. The third alternative claim is an amount of R924 294.21 which amount represents the total net proceeds arising out of the sale of these shares as well as an amount equivalent to such growth as would have accrued to Randgold but for the misappropriating and such amount at represents the dividend amount to which Randgold would have become entitled but for the misappropriation.

Claim Eighteen

(Monies lent and advanced – Statement of Claim at pages 137(h)(18) to 137(h)(20)

79. R&E alleges that during the period 30 June 2003 up to and including 31 December 2005 it lent and advanced an amount of R121 198 224.50 to CMMS pursuant to the conclusion of a series of oral agreements. As a result, by virtue of the loans and mediation agreement, JCI is indebted to Randgold in the amount of R121 198 224.50 together with interest thereon at the rate of 1% above prime rate of interest charged by FirstRand Bank Limited from time to time, compounded daily and capitalised monthly, with effect from 1 January 2006 to date of payment.

Claim Nineteen

(Alleged indebtedness by JCI to R&E – Statement of Claim at pages 137(h)(20) to 137(h)(23))

80. R&E alleges that JCI is indebted to it in an amount of R1 243 527 309.64 by virtue of an alleged admission of indebtedness due by JCI to Randgold arising out of two loan accounts prepared on 4 February 2008 in an amount of R600 874 634.38 and on 25 February 2008 in an amount R767 098 837.64.

Conclusion

81. Since the filing of JCI's statement of defence, further investigations have suggested that there are additional factual and legal grounds to resist R&E's claims and possibly to counterclaim. These involve difficult factual and legal issues. They have not been raised in any legal pleadings and we consequently do not deal with them here. JCI has also reserved its rights to the appropriateness or otherwise of reference of the R&E claims to arbitration.

Signatory: Dave Adams

Designation: Director, Routledge Modise

Date: 29 October 2008

JCI'S SENIOR COUNSEL OPINION

INTRODUCTION

1. I have been requested, on behalf of JCI, to prepare an opinion on the principle of the proposed merger between JCI and R&E. In particular, I have been requested to express a view on whether or not such a merger would, having regard to the issues which have arisen in the mediation between JCI and R&E, be the preferred route in principle to take.

2. My opinion is thus directed principally to the question of whether or not in the circumstances of the various claims between JCI and R&E, the forensic investigations which I have been referred to, the various meetings with the mediators and statements made by the mediators, as well as the various documents which are published in this circular, it would be preferable for JCI and R&E to merge rather than to continue litigating with each other in order to try to resolve the substantial differences which exist between them as a result of the manner in which the affairs of JCI and R&E and their subsidiaries were previously conducted under the stewardship of Brett Kebble and the other directors who served with him. For ease of reference, Brett Kebble and those directors are referred to hereinafter as *"Brett"*.

3. In preparing this opinion, I have had regard to the forensic reports prepared by KPMG Forensics on behalf of JCI as well as the forensic reports prepared by Umbono as well as the mediation and investigation summary of John Louw McKnight & Company **("JLMC")** during September 2007. In addition, I have considered all of the documents prepared for purposes of this circular and have re-considered the pleadings exchanged between JCI and R&E in the mediation process, including the amendments thereto from time to time.

4. I do not intend, in this opinion, to canvass the prospects of success either of the R&E claims or of the JCI defences. That is not the purpose of this opinion. Rather, I will consider the complex factual and legal matters which, taken together, would make the final resolution of the claims between JCI and R&E not only incredibly difficult but also very time consuming and costly. In other words, I will concentrate on why, in my view, the resolution of these claims are fraught with difficulties and uncertainties of such a nature that in principal, the proposed merger between the parties is the more practicable solution. Of course, I will not in the process express any view on matters such as the proposed merger ratios. I am not qualified to express an opinion on such matters. These are matters which are dealt with in this circular by persons who are qualified to do so.

5. In what follows, I deal first with a brief summation of the mediation and potential arbitration process in relation to the JCI and R&E claims. I thereafter consider the essential philosophy which underpins the R&E claims and the difficulties, both factually and legally, of this philosophy. I thereafter consider six key issues of principle which stand out in relation to the JCI and R&E claims whereafter I, in summary, indicate why I am of the view that having regard to the many issues which arise in the claims between JCI and R&E, the proposed merger is in principle preferable to any attempt at a final resolution of these claims through a litigation process.

6. I need not, in this opinion, set out the nature of the claims as formulated in the mediation pleadings nor need I set out the nature of the defences as set out in those pleadings. These have been adequately summarised in separate annexures prepared for inclusion in the circular relating to the proposed merger. I concentrate primarily on issues of principle.

THE MEDIATION/POTENTIAL ARBITRATION PROCESS

7. The circumstances in which the mediation agreement was concluded and the content of that agreement have adequately been dealt with elsewhere in this circular. I need not go through it again.

8. At a substantive level, the mediation process was directed towards resolving, as far as was possible, the factual and legal issues between JCI and R&E in an expeditious manner and without recourse being had to the complex processes of litigation, such as the discovery of documents, requesting particulars for a trial, the actual hearing of an arbitration, the leading of witnesses and the like. The parties had hoped, as a first step, that an eminent panel of mediators, comprised of the requisite range of expertise, could assist in bringing them closer to a resolution of their respective claims in a manner which was fair, just and equitable to both JCI and R&E.

9. However, the mediation process itself illustrated the complex factual and legal legacy of Brett's control of JCI, R&E and their subsidiaries. What appears to have become increasingly clear through the mediation process was that a resolution of the claims between JCI and R&E in such a manner as would produce definitive answers to the many factual and legal questions they raised could not easily be done. Instead, the prospect of an arbitration between the parties in order to reach final resolution on the many issues was becoming a real possibility, unless some other route could be found to avoid this.

10. The arbitration itself would take a number of years to finalise, and even then, it would be plagued by a difficulty in establishing the true facts in respect of many of the transactions initiated by Brett which resulted in losses being suffered by JCI and R&E and at times by both of them.

11. The mediation process did not result in any findings or specific recommendations by the mediators on each of the issues in dispute between JCI and R&E as set out in the statement of claim and statement of defence. However, the mediators have supported the idea of a possible merger between the two entities, thus avoiding an arbitration process.

THE ESSENCE OF R&E'S UNDERPINNING ITS CLAIMS AGAINST JCI

12. As stated earlier herein, during the period relevant to R&E's claims against JCI, Brett controlled the affairs of JCI, R&E and their subsidiaries. In addition, there were a number of individuals who were employed by one or other entity in the JCI group who generally acted on the instructions of either Brett personally or one or other of the persons associated with Brett and running the affairs of JCI and R&E.

13. A significant feature of the running of the affairs of JCI, R&E and their subsidiaries under Brett's reign was that the principle of separate corporate identity appears to have been ignored – all of those companies appear to have been treated as a single entity, without regard to their corporate boundaries. It also appears that there were no proper accounting records kept of transactions concluded by these entities, nor were there records kept of inter-company transactions. A single pool of funds appears to have been used (and for this purpose, a CMMS account appears to have been utilised), and from this single pool, amounts were paid out either for the actual benefit of JCI, R&E or one or other of their subsidiaries or to various third parties (both individuals and corporate entities).

14. Funds were often obtained as a result of the improper and unlawful sale of shares (mostly shares which were actually or beneficially owned by R&E). In addition, on a number of occasions, R&E shares were issued to third parties in what appears to have been fraudulent circumstances. What was purported to be the consideration for the issue of such shares was in fact non-existent and there was thus no consideration received by R&E as required by section 92(1) of the Companies Act, 61 of 1973. Those shares were thus void.

15. The central philosophy underpinning R&E's claims is that it seeks to hold JCI entirely responsible for the conduct of Brett, irrespective of whether or not JCI or any of its subsidiaries had actually benefited therefrom. In adopting this approach, R&E seeks to attribute blame for Brett's conduct in its entirety to JCI, without dealing with the fact that Brett also controlled R&E. Furthermore, in formulating its claims against JCI, R&E does not appear to have considered the extent to which JCI had benefited from Brett's unlawful conduct. Nor does it appear to have taken into account any benefits which R&E enjoyed as a result of Brett's conduct.

16. R&E's approach overlooks a number of important issues. Firstly, because JCI, R&E and their subsidiaries were treated essentially as a single entity under Brett's control, the funds derived from assets unlawfully dissipated (such as shares owned by R&E) and from the fraudulent issuing of R&E shares were utilised

for different companies, including R&E. It appears, from the KPMG forensic investigation that a significant portion of the funds were utilised for the direct benefit of R&E itself. Secondly, Brett appears to have used a substantial portion of the funds for purposes which appear to have been of no benefit to JCI, R&E or any of its subsidiaries. Brett in this sense appeared to have used those funds on his own frolic. To the extent that Brett used any of those funds, as appears may have been the case, to try to secure influence and thereby indirect benefit for the companies he controlled, it is difficult to distinguish between him seeking such influence for JCI and seeking such influence for R&E. This in itself illustrates the difficulty in seeking to attribute to JCI all the blame for the conduct of Brett. Finally, to the extent that Brett was able to get his hands on shares owned by R&E and unlawfully disposed of such shares or caused R&E shares to be fraudulently issued, it appears that he was only able to do so because of his control over R&E.

17. In raising the issues above, I do not express any opinion on the merits or de-merits of the philosophical underpinning of R&E's claims. What I do seek to do though is to illustrate that there are substantial questions of fact and of law which would need to be unravelled in order to ultimately determine liability and that this process will not only be time consuming but would also be uncertain. I discuss below the difficulties which both parties would face in trying to resolve their respective claims on the facts and in law.

THE PRINCIPAL ISSUES INDICATING THE DIFFICULTY IN A RESOLUTION OF THE JCI & R&E CLAIMS

(i) **Interpreting the extent of JCI's liability**

18. The mediation agreement could possibly have been interpreted to mean that JCI would only have been responsible for its own debts to R&E and not for the debts of any of its subsidiaries or associated companies. However, both parties agree that if that is how the mediation agreement can be interpreted, it does not truly reflect the intention of the parties, and thus requires rectification.

19. There is though a difference in the nature of the rectification each contends for. R&E contends that the mediation agreement should be rectified so that JCI is liable for the debts not only of its subsidiaries but also associated companies and companies in which it has an interest, no matter how small that interest is.

20. JCI on the other hand states that the true intention of the parties was that JCI would be liable for its own debts and for debts of its subsidiaries as defined in the Companies Act as well as two further identified companies.

21. The competing claims for rectification though are not matters which would be too difficult to resolve, even in an arbitration. The ambit of the evidence required for this would be narrow and this is not an issue which in itself presents great difficulties in a resolution of the disputes between JCI and R&E. I accordingly need not deal with it any further.

(ii) **The factual quagmire**

22. I earlier indicated that unravelling the facts in this matter will not only be incredibly difficult but will also be very time consuming and costly. However, there is also a possibility that the true facts may never emerge.

23. Having regard to reports prepared by KPMG, Umbono and JLMC, it is clear that entire factual matrix as presently presented is a reconstruction based on thousands of documents and accounting entries. One of the major difficulties in this case is that those who were directly involved in the many transactions which led to substantial losses are either not available to testify to the facts or would be unwilling to do so. Secondly, it seems likely that many documents and facts relevant to the various issues between JCI and R&E either have been concealed or destroyed, and probably deliberately so having regard to the magnitude of the unlawfulness. Finally, even in instances where there was no active concealment, it does appear as if many of the instructions for the unlawful purchase and sale of shares and the transfer of funds from and into various accounts were given orally and thus did not leave any reliable documentary trail from which the facts can be clearly and accurately reconstructed.

24. I refer to these difficulties in ultimately gathering the true facts, particularly if this matter goes to arbitration, mindful of the tremendous task undertaken by the forensic auditors who have managed to piece together what appears to be likely to have happened in many instances. However, even then there is no unanimity. What is set out in KPMG's forensic reports differ in material respects on significant transactions from what is set out in the reports prepared by Umbono and JLMC. These difference illustrate that even in attempting to reconstruct events from documents presently available to both parties, different interpretations can be given and different conclusions drawn.

25. If anything, the substantial differences in the factual findings of KPMG on the one hand and Umbono and JLMC on the other hand illustrates that if one considers the monumental task which will have to be undertaken to unravel the facts of the case for purposes of arbitration, then the principle of a merger is not only preferable but significantly more practical.

(iii) **The extent of JCI's liability**

26. I earlier discussed the philosophy underpinning R&E's claims against JCI, namely that JCI is liable for all the consequences of all the wrongful conduct of Brett. In addition to substantial factual issues which will have to be uncovered in order to properly determine the extent of JCI's liability to R&E (if any) as a result of Brett's unlawful conduct, there are also a number of legal issues which would arise. The Supreme Court of Appeal in **Minister of Finance & Others v S M Gore N.O.**[1] recognised the difficulties which confront a court in the case where an employer is sought to be held liable for the fraud or theft of an employee. The SCA stated that there was no bar to holding the employer liable merely because the employee had acted fraudulently or committed theft, even though such conduct was the antithesis of conduct in the course and scope of the employee's duties. The SCA though recognised that the difficulties raised by such cases make it important to bring to the fore the policy reasons warranting imposing liability in each case and ultimately stated that liability would be established on the part of the employer if there was a *"sufficiently close link"* between the employee's fraudulent and dishonest conduct and the business of the employer.

27. This illustrates that whether or not JCI should be held liable for Brett's conduct is dependent not only on questions of law and legal policy. It is also dependent on questions of fact, and different transactions may yield different answers based on the facts of each transaction. The purpose of the transaction, how the proceeds thereof were utilised, when the transaction was undertaken and the context in which the transaction was undertaken are just some of the questions which will require critical evaluation to determine whether liability can be imposed on JCI. Establishing the facts for a meaningful evaluation of each of these may be difficult if not impossible.

28. Having regard to KPMG's forensic investigations, a number of issues do arise which illustrates that to assert that JCI was liable for the conduct Brett merely because he was a JCI director controlling the company may well be simplistic. In this regard, there are a myriad of facts which may well suggest that JCI should not be held liable for all of Brett's conduct (unless there was a direct benefit, and therefore an enrichment, for JCI – this is dealt with later). These include the fact that Brett did not act exclusively for JCI – he also acted on behalf of R&E; the accounts which were used for purposes of the unlawful sale of shares and the receipt of funds consequent thereon were not necessarily accounts for specific companies – rather, they appear to have been used to facilitate the flow of funds to various entities and people in a manner which did not always result in any benefit to JCI and at times these funds were utilised also for the benefit of R&E; JCI was never a custodian of the shares which were stolen from R&E and was never the safekeeper of those shares – Brett was only able to access these shares because he controlled R&E as well.

29. For reasons I have already set out earlier herein, unravelling this factual matrix could take many years and will be hampered by incomplete documentation, witnesses who are not available or are not co-operative and a deliberate concealment of the facts during Brett's reign.

[1] 2007(1) SA 111 (SCA).

(iv) **The measure of damages**

30. Most of the claims contained in R&E's statement of claim are based on the theft of shares by Brett. R&E contends that in perpetrating such thefts, Brett acted on behalf of JCI and that R&E is therefore entitled to claim compensation at the highest value of those shares after the date of the theft.

31. R&E has sought to find support for this approach on an action founded in Roman Dutch Law (the *condictio furtiva*) and the application thereof in cases such as **Kruger v Navratal**[2] and **Minister van Verdediging v Van Wyk en Andere**[3]

32. However, the approach adopted by R&E is by no means clear cut nor is it without substantial uncertainty. The Roman Dutch principle was that a thief was held liable on the basis of the highest value of the goods stolen. However, that very principle made it clear that the owner of the thief (if the thief was a slave) would be liable to the extent of that owner's enrichment and not for the highest value of what was stolen.

33. In the present case, R&E seeks to hold JCI liable on the basis of the conduct of various directors and employees of JCI. Of course, a company can only act through its agents. The *condictio furtiva* is based on ancient legal principles (which may well still be applicable). However, an important question in the present case is the extent to which a court would apply the *"highest value principle"* to a company where one of its employers has committed theft for which the company is found to be vicariously liable. If one takes the approach adopted in Roman Dutch law as set out in **Kruger v Navratal**, it seems more likely that not than the company will not be held liable for the highest value of the items stolen but rather its liability would be limited to the extent to which it may have been enriched thereby.

34. This important principle, which forms the cornerstone of the basis upon which R&E has calculated the quantum of its claim, is thus sufficiently uncertain in its application to the facts of the present matter to leave both parties in doubt as to the ultimately likely outcome. Of course, the difference between an application of the "highest value" principle and any other principle and the traditional principles for computing the quantum of damages could well be substantive in the present case, to the order of the few billion rand.

(v) **The unlawful issue of R&E shares**

35. A number of R&E's claims arise from the apparently fraudulent issue of R&E shares, in contravention of section 92 of the Companies Act. It appears that in each of those instances, agreements which appeared to be valid on the face of it were concluded in terms of which R&E shares were issued to a party contracting with R&E, purportedly against the payment of an issue price not in cash but through the rendering of services or the supply of machinery and equipment or the like. However, it appears that those services were never intended nor was any equipment delivered or ever intended to be delivered. In other words, those agreements were part of a fraudulent scheme to give the appearance that R&E had received the issue price, when in fact it had not and there was no intention that it ever would.

36. Those shares could only have been issued because Brett controlled R&E. Notwithstanding this, R&E seeks to hold JCI liable for these debts. Thus, the first issue which will arise is the extent to which JCI can be held liable for Brett's conduct. This issue I have already dealt with earlier. There is though a second substantive issue in relation to these claims which is substantially a legal question.

37. R&E has claimed damages for the fraudulent issue of its shares on the basis that it was required to go out into the market and buy R&E shares in a quantity equal to the number of R&E shares fraudulently issued, and thereafter to cancel the shares in order to restore the position. The approach adopted by R&E in this regard has no judicial authority. Any shares purportedly issued in contravention of section 92 are void. Shares which are issued without the full issue price or other consideration for such shares having been paid are issued in contravention of section 92.[4]

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[2] 1952 (4) SA 405 (SWA).
[3] 1976 (1) SA 307 (1).
[4] See **Bauermeister v Bauermeister,** 1981 (1) SA 274 (W).

38. Thus, the shares which were issued in contravention of section 92 of the Companies Act are void and it may well be found at the end of the arbitration that they should have been treated as such by R&E and that the acquisition by R&E of the shares which it may have acquired was unnecessary and that JCI should not be made to pay the price thereof. The issue is a difficult legal issue and the basis upon which R&E seeks to claim against JCI is not supported by clear legal authority.

39. A second difficult issue which arises is whether or not, even if there were any damages suffered, such damages were suffered by R&E or by its shareholders. To the extent that fraudulent shares had been issued, the effect of this would have been to dilute the shareholding of existing shareholders and thus cause them loss. The company itself would not have suffered any loss as a result thereof.

40. The issues which I have raised above illustrate that R&E's claims on the fraudulent issue of R&E shares does not only face the difficulty of unravelling the true facts. There are difficult legal issues which need to be addressed. In some instances the legal issues which would require resolution have no clear precedent and thus could go either way. All this though only serves to add to the uncertainty relating to these claims, and it could take a long time for this uncertainty to be resolved.

(vi) **Enrichment**

41. It does appear, from investigations already conducted by the forensic auditors, that even if R&E cannot hold JCI liable on the basis that JCI is vicariously liable for the conduct of Brett or that Brett's conduct is in some way attributable to JCI, there remains the question of the extent to which JCI may have been unjustifiably enriched as a result of the theft of R&E assets and thus at the expense of R&E.

42. I have considered the KPMG forensic report in this regard, and it does appear that there was some benefit which JCI or its subsidiaries had received from the funds generated by the theft of shares owned by R&E. The full extent of the benefit though is difficult to calculate. Many facts were concealed and often amounts were received into JCI accounts but in circumstances in which those accounts were used as funnels for payments made to third parties and JCI was not in any way enriched at all.

43. The factual matrix in order to determine the true extent of JCI's enrichment is likely to be incredibly complicated and there exists the distinct possibility that the true facts may never be established. In this regard, if enrichment becomes the issue, R&E will bear the onus of proving the extent of JCI's enrichment and the parties could spend a long time in preparation and many months in arbitration to uncover even this issue.

CONCLUSION

44. I have, in this opinion, dealt with the key principal issues which require consideration in order to determine whether or not the possible merger between JCI and R&E is preferable to a lengthy arbitration process.

45. In relation to most of the principal issues, I have come to the conclusion that because of the difficult legal issues and the complex and incomplete factual matrix which would take a long time to unravel, the final resolution of the claims between JCI and R&E would not only be difficult and uncertain, but it could also take an inordinately long time. In addition, it also appears clear that Brett treated JCI, R&E and their subsidiaries as a single entity, without any regard to separate corporate identities and without any desire to maintain accurate records (often probably deliberately so).

46. In these circumstances, it is my view that it is preferable for the parties, in principal, to pursue the merger rather than to seek to have a final resolution of their respective claims determined through a lengthy arbitration process. In expressing this view, I express no view on the merger ratios which have been set out in the circular to which this opinion is an annexure. On the assumption that the ratio is commercially justifiable, it is my view that shareholders would end up in a better position through the merger than if JCI and R&E would seek to resolve their respective claims through arbitration proceedings.

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R&E LITIGATION STATEMENT INCLUDING A STATEMENT OF CLAIMS SETTLED

1. During the era when the late Roger Brett Kebble ("**Kebble**") was the Chief Executive Officer of Randgold and Exploration Company Limited ("**R&E**") and JCI Limited ("**JCI**") ("**the Kebble era**"), and with reference to the findings of R&E's forensic investigators John Louw & Co. (Pty) Limited, (formerly Umbono Financial Advisory Services (Pty) Limited) ("**JLMC**") and information furnished to R&E by third parties, R&E alleges that it was the victim of substantial frauds and misappropriations of its assets.
2. R&E contends, with reference to the findings of JLMC that the frauds and misappropriations which appear to have been perpetrated against it and certain of its subsidiaries, comprised predominantly of the alleged misappropriation of R&E's listed securities and the channelling thereof (or the proceeds derived therefrom), to a variety of persons and entities, whom R&E has further reason to believe gave rise to it and certain of its subsidiaries sustaining damages.
3. In the wake of the discovery of the alleged defalcations, the board of R&E which was re-constituted on 24 August 2005, appointed JLMC to undertake a forensic investigation into the affairs of R&E. This led to R&E uncovering a variety of schemes which R&E alleges were perpetrated against it by the perpetrators (as defined in the Circular to which this annexure forms a part), including allegedly JCI.
4. The forensic investigations have enabled R&E to identify various persons and entities whom R&E alleges may have caused R&E and its subsidiaries ("**the R&E group**") loss.
5. The above has led to R&E instituting actions against various such persons and entities including, *inter alia,* JCI (having regard to the mediation/arbitration in which R&E and JCI are currently engaged), R&E's former auditors, PriceWaterhouseCoopers Incorporated ("**PWC**") and Gold Fields Operations Limited (formerly Western Areas Limited) ("**Goldfields**"). Such claims are detailed below.

The Mediation against JCI

6. On 7 April 2006, R&E and JCI concluded a written Mediation/Arbitration Agreement ("**the Mediation Agreement**").
7. In terms of the Mediation Agreement, R&E and its subsidiaries and associated companies on the one hand and JCI and its subsidiaries and associated companies on the other, were, for purposes of the mediation/arbitration, to be treated as single entities. JCI is defined to include both it and its subsidiaries and associated companies or in which JCI has an interest, whether directly or indirectly, including its interest in CMMS. (A similar definition applies to R&E and its subsidiaries and associated companies.)
8. The Mediation Agreement contemplates two phases, the first, a mediation, the second, an arbitration.
9. Following the conclusion of the Mediation Agreement, R&E's forensic investigators, JLMC, established that R&E enjoyed a number of claims against JCI.
10. Subsequent to the exchange of forensic reports prepared by JLMC on behalf of R&E and KPMG Forensic Services (Pty) Limited, on behalf of JCI, R&E served a Statement of Claim on JCI, on 3 August 2006, comprising of initially 13 claims, approximating to R5.8 billion based on the highest value of such claims at the time of the issue thereof.
11. No Statement of Claim was served by JCI on R&E, however on 8 September 2006, JCI served a Statement of Defence on R&E.
12. In January 2007, R&E amended its Statement of Claim to introduce two new claims and in September 2008, amended its Statement of Claim to introduce four further claims. R&E's Statement of Claim presently comprises of 19 claims, albeit that claim 19 is an alternative claim to claims 1 to 18 proffered in R&E's Statement of Claim, amounting to R1 243 527 309.64.
13. R&E's claims are mainly founded on the assertion that JCI, which R&E alleges was a joint wrongdoer, misappropriated a vast array of listed securities beneficially owned by R&E, alternatively subsidiaries controlled by it, whilst other claims allegedly arise from the issue and allotment of shares in the issued share capital of R&E for no value received. R&E maintains that JCI was represented by a variety of persons formerly employed by JCI or with which it had a relationship, who constituted the directing and

controlling mind and will of JCI and one or more of its subsidiaries and associated companies and whom are alleged to have collaborated with JCI in the implementation of various schemes which were devised, to the detriment of the R&E group.

14. In respect of the claims predicated on the assertion that R&E's securities were misappropriated, R&E seeks to recover damages against JCI on a measure of the highest value at which such listed investments have traded subsequent to their alleged misappropriation. There are a number of alternatives to the claims predicated on theft, each of which (if established), afford unto R&E a lower quantum of damages, respectively. Such alternatives are set out in the Overview of the R&E claims (**Annexure 2** to this circular) to which the shareholders of R&E are referred.

15. JCI has denied in its Statement of Defence, that it was a wrongdoer or that it was a party to any frauds or misappropriations and consequently that it is indebted to R&E for the amounts claimed or at all. (JCI's response to the four new claims introduced by R&E into its Statement of Claim in September 2008, is still awaited.)

16. To date, none of the claims proposed by R&E against JCI have been proved, nor has R&E secured any formal awards against JCI in respect thereof. Such claims remain subject to the mediation and arbitration processes contemplated under the Mediation Agreement.

17. On 26 August 2008, R&E announced that the proposed merger had failed and that the dispute between the companies would be referred to arbitration. Should a merger with JCI not be concluded, the board of R&E is of the view that an arbitration with JCI is likely to be inevitable. If a merger with JCI is concluded, R&E's claims against JCI will not be extinguished, but remain unresolved for the new board of R&E post the merger to determine how best to deal therewith.

Claims against third parties

18. The following specific actions have been taken by the Board of R&E in the post-Kebble era:

Liquidation of various corporations

18.1 R&E has liquidated a number of entities whom it alleges participated in the schemes referred to either directly or indirectly, including, *inter alia,* Tuscan Mood 1224 (Pty) Limited ("**Tuscan Mood**"), Viking Pony Properties 359 (Pty) Limited, Investage 170 (Pty) Limited ("**Investage**") and BNC Investments (Pty) Limited ("**BNC**");

18.2 Sections 417 and 418 enquiries have been held in respect of these liquidated entities in order, *inter alia,* to identify persons who have wronged R&E, with a view to making possible recoveries against such persons;

18.3 R&E has proved a claim in the liquidated estate of Tuscan Mood in the amount of R1.968 billion and is hopeful of making a recovery from such estate. In the absence of the finalisation of the winding up of the estate of Tuscan Mood, this estate is subject to the possible proof by further creditors of additional claims (which could have a bearing on R&E's concurrent claim). It is at this stage uncertain whether R&E will receive a dividend out of this estate;

18.4 Additionally, R&E has proved claims in the liquidated estates of Investage in the amount of R69 million and BNC in the amount of R169.5 million, and hopes to make a recovery from such estates, however it remains to be seen whether or not it will;

18.5 On 1 October 2008 the liquidators of BNC obtained an order against R&E directing it to make payment of such legal costs as are incurred by the liquidators from time to time in the prosecution of legal actions which they may pursue.

Sequestration of Kebble

18.6 In March 2006, R&E posthumously sequestrated the estate of Kebble;

18.7 R&E initially proved a concurrent claim at the first meeting of creditors, in Kebble's estate, in the amount of R1.968 billion;

18.8 At a meeting specially convened by the trustees in Kebble's estate, in October 2006, R&E sought to prove further claims in Kebble's estate, sounding in an amount of R711 539 099.26 ("**the additional claims**"). The additional claims were rejected by the Master of the High Court. In consequence thereof, R&E brought an application to the High Court to review the decision of the Master, such

application having come before the Cape Provincial Division of the High Court, in October 2007. The High Court overturned the decision of the Master and admitted the additional claims into proof. In the result, R&E has proved total claims in the deceased sequestrated estate of Kebble, in an amount of R2 679 539 099.26;

18.9 R&E is hopeful of making a recovery from Kebble's estate. Kebble's estate has however, not yet been finalised and it is conceivable that additional claims by third party creditors (which are likely to have a bearing on R&E's concurrent claims totalling approximately R2.67 billion), may still be proven;

18.10 Shareholders are further informed that the South African Revenue Services ("**SARS**"), sought to prove a claim in Kebble's estate at the first meeting of creditors in an amount of approximately R188 million. Such claim was rejected by the Master of the High Court whose decision is the subject matter of a review application which R&E understands is being opposed by the trustees of Kebble's estate. Were SARS to succeed in proving a claim, such claim could significantly impact upon R&E's entitlement to a recovery from such estate, if at all.

Action against Paul Main

18.11 On 2 October 2007, R&E served a summons on Paul Main ("**Main**") for, *inter alia*, the return of 900 000 shares in the issued share capital of Randgold Resources Limited ("**RRL**"). Such action was broadened and replaced by a summons served on Main in August 2008, to which African Strategic Investments (Holdings) Limited (formerly Randgold Resources (Holdings) Limited) ("**Holdings**") was added as a party.

18.12 R&E *alternatively* Holdings claim that Main is obliged to return such shares and in the alternative hereto, the value thereof. In the further alternative, R&E and Holdings claim 550 000 RRL shares, alternatively the value thereof, based on an alleged undertaking from Main to return such shares.

18.13 R&E and Holdings also claim payment of the dividends which RRL declared for the financial year ended 31 December 2006 to holders of its shares, in respect of the RRL shares claimed.

18.14 In respect of both actions Main has indicated an intention to defend same.

Action against PriceWaterhouseCoopers

18.15 On 7 March 2008, R&E issued summons out of the High Court of South Africa against PWC, claiming R7.6 billion (based on the highest value of such claims at the time, but excluding interest and costs).

18.16 On 25 March 2008, PWC filed a notice to defend the action and on 29 July 2008 served an exception to the Particulars of Claim alleging that they were vague and embarrassing.

18.17 On 16 September 2008, the Exception was argued before his Lordship Mr Justice Joffe.

18.18 Judgment in regard to the Exception is awaited and dependent on the outcome thereof R&E may seek to amend its Particulars of Claim alternatively request PWC to file its Plea.

Action against inter alia certain former directors/employees

18.19 In August 2008, R&E, Holdings and First Wesgold Mining (Pty) Limited ("**First Wesgold**") issued summons out of the High Court of South Africa against the following persons:

18.19.1 Hendrik Christoffel Buitendag (the former financial director of Randgold and JCI) ("**Buitendag**");

18.19.2 John Stratton (a former director of JCI) ("**Stratton**");

18.19.3 Charles Henry Delacour Cornwall (a former director of JCI) ("**Cornwall**");

18.19.4 Lieben Hendrik Swanevelder (the former group financial accountant of JCI);

18.19.5 John Chris Lamprecht (the former financial director of Randgold and JCI) ("**Lamprecht**");

18.19.6 Lunga Raymond Ncwana (a former director of Randgold and a director of Equitant Trading (Pty) Ltd);

18.19.7 Songezo Benton Mjongile (a former director of Equitant Trading (Pty) Ltd);

18.19.8 Equitant Trading (Pty) Ltd; and

18.19.9 Dimitrios Perevos,

claiming, dependant on the extent of their alleged involvement, various forms of relief against them.

18.20 In respect of Messrs Cornwall and Stratton (who are currently residing outside of the Republic of South Africa), R&E, Holdings and First Wesgold on 11 September 2008 obtained an order out of the High Court for leave to serve summons on them outside of the Republic of South Africa as well as to attach certain assets belonging to Cornwall and Stratton, which is in the process of being given effect to.

18.21 All of the persons who have been served in this action have to date noted an intention to defend such action and their Pleas are awaited.

Action against Bookmark Holdings (Pty) Ltd ("Bookmark")

18.22 On 11 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Bookmark, Sello Rasethaba ("**Rasethaba**"), and Lamprecht claiming, *inter alia,* R3 307 981 275.00 by way of R&E and Holdings main claim, alternatively an amount which represents the value of 7 567 500 shares in the issued share capital of RRL.

18.23 Bookmark, Rasethaba and Lamprecht have all noted their intention to defend this action.

Action against Charles Orbach

18.24 On 12 August 2008, R&E issued summons out of the High Court against Charles Orbach & Company ("**Charles Orbach**") R&E's erstwhile statutory auditor, claiming, *inter alia,* R2 832 519 782.43.

18.25 Charles Orbach have noted an appearance to defend this action.

Action against SocGen

18.26 On 21 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Sociéte Généralé Johannesburg Branch ("**SocGen**"), claiming payment of R658 179 309.70 alternatively R209 413 658.60.

18.27 Such action is being defended by SocGen.

18.28 On 31 October 2008, SocGen filed a special plea of prescription in respect of a component of the damages claimed by Randgold and/or Holdings in respect of the year 2005 and also raised a conditional counterclaim to the action, contending that insofar as any shares ostensibly pledged by R&E were not authorised, that R&E should be held accountable for damages sustained by SocGen in respect of 4 000 000 RRL shares, *alternatively* 3 600 000 RRL shares, *alternatively* 3 400 000 RRL shares *further alternatively* 3 000 000 RRL shares.

18.29 Such matters will form the subject of a trial in due course.

Action against Gold Fields Operations Limited

18.30 On 20 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Gold Fields Operations Limited ("**Goldfields**"), in which action Randgold and Holdings place reliance on five main claims (each with alternatives thereto) totalling R11 453 896 600.00.

18.31 Gold Fields have noted their intention to defend such action.

Action against Lamprecht, Buitendag and Stratton

18.32 On 21 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Lamprecht, Buitendag and Stratton. Such action is in respect of payment of the amount of R389 823 970.00.

18.33 Thus far, Lamprecht and Buitendag have noted an appearance to defend such action and similar steps to those outlined in 18.20 are being taken to give effect to service on Stratton.

Action against Investec Bank Limited

18.34 On 22 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Investec Bank Limited ("**Investec**") claiming payment of R270 758 672.90.

18.35 Investec have noted an appearance to defend such action.

T-Sec and others

18.36 On 22 August 2008, R&E and Holdings issued summons out of the High Court of South Africa against Tlotlisa Securities (Pty) Limited ("**T-Sec**"), Tlotlisa Holdings Limited ("**Tlotlisa**"), Peter Gray ("**Gray**") and Leonard Steenkamp ("**Steenkamp**").

18.37 Such action is being defended by T-Sec, Tlotlisa, Gray and Steenkamp.

Patricia Beale

18.38 On 30 October 2008, R&E and Holdings served summons out of the High Court of South Africa against Patricia Beatrice Beale.

18.39 As at the date of the present Litigation Statement being compiled, no appearance to defend has yet been received.

General

19. Certain of the claims feature in more than one action. Were the Plaintiffs to succeed in making a recovery in any action against a Defendant(s) in respect of such claims, any recovery would need to be taken into account in determining the extent of the Defendant(s) liability in any other action.

Security for costs

20. Certain of the Defendants who have filed Notices of Intention to Defend the actions instituted against them have indicated *inter alia* in the instances in which Holdings is a Plaintiff, that they require Holdings to furnish security for costs due to the fact that it is not resident in South Africa.

21. Although no formal applications in respect of security for costs have yet been received, disputes in regard hereto may arise.

Possible joinder of JCI

22. The possibility exists that one or all of the persons against whom R&E, Holdings and First Wesgold have instituted action may seek to join JCI in the respective actions.

23. Should this occur, such persons may seek a contribution from JCI, in respect of any indebtedness which may ultimately be found to be due by them to R&E, Holdings and First Wesgold as the case may be, if any.

24. The extent to which recourse may be sought against JCI and to what extent JCI may be joined, if at all, is not possible to determine.

Claims against R&E

25. On 27 October 2008, summons was issued against R&E out of the High Court of South Africa by Keith Archie Hart ("**Hart**").

26. The claim detailed in the summons is based on a contract of sale that was allegedly entered into by R&E and Hart, in which R&E is alleged to have sold used mining equipment to Hart, which contract was subsequently cancelled.

27. Hart is claiming an amount of R600 000.00 as well as an amount of R250 000.00 from R&E, which claim R&E believes to be without merit and intends to defend vigorously.

28. In 2007, summons was issued by Sydney Frankel against JCIIF and R&E for payment of R3 311 000.00 in respect of fees allegedly owing arising out of the disposal of certain Western Areas shares to Goldfields Operation Limited. The matter is being defended and a counter-claim of R2.9 million has been filed. A trial date has been allocated for 25 May 2009.

29. Save for as otherwise indicated herein, no other formal claims have to R&E's knowledge been instituted against it.

JCI LITIGATION STATEMENT

Claims instituted against or intimated against JCI:

R&E claims

1. The largest claim against JCI is the claim lodged by R&E.
2. On 7 April 2006, R&E and JCI concluded the Mediation Agreement. The Mediation Agreement has already been referred to in the joint announcement dated 12 September 2006 and in further joint announcements and cautionary announcements and shareholders are directed to such announcements for further information.
3. Clauses 5 and 6 of the Mediation Agreement envisaged that forensic investigators appointed by the parties (i.e. JLMC on behalf of R&E and KPMG on behalf of JCI) would be in a position to produce finalised forensic reports by Friday, 21 April 2006 in respect of the parties' claims against each other and that such finalised reports would be exchanged between the parties within seven days thereof.
4. The forensic investigations in respect of the claims were far more complicated than the management of both Boards initially anticipated. As a result, the investigations were not finalised by 21 April 2006 and in fact remain ongoing.
5. Subsequent to the replacement of the Brett Kebble board of directors, with a newly appointed board of directors, and having regard to the suspension of the listing of JCI because of an inability to produce annual financial statements, JCI appointed forensic auditors, namely KMPG, to investigate the company's entire financial situation in a manner which would assist JCI's new board of directors to understand the state of the company's finances including its assets and liabilities and to take legal advice thereon. R&E did the same and appointed JLMC to undertake its forensic investigations.
6. The KPMG investigations revealed that a major part of the difficulty in unraveling the facts was that JCI, R&E and all of their respective subsidiaries were treated as a single entity and without due regard to their separate corporate identities. Their record-keeping was, to say the least, a complete shambles.
7. What became clear however, was that the major accounting and legal issues which confronted JCI and R&E, having regard to the conduct of Brett Kebble, were claims which either one of them may have had against the other. The mediation agreement was directed towards dealing with the claims which either JCI or R&E had against the other and their respective defences thereto. By this stage, KPMG forensics was already in the midst of its overall forensic investigation which involved, but was by no means limited to, potential claims between JCI and R&E.
8. Having regard to the mediation process however, the KPMG forensic investigation had two discernible strands, i.e. the investigation that related to the JCI/R&E mediation process and the investigation that related to the additional claims by or against JCI involving other third parties and thus fell outside the mediation process. The KPMG forensic investigation in respect of both strands was undertaken and prepared, *inter alia*, to enable JCI to obtain legal advice and with the highest level of confidentiality in order to protect JCI and its shareholders. The entire KPMG report is confidential and privileged. JCI will not waive such privilege as its disclosure will be prejudicial to JCI and its shareholders.
9. R&E prepared a Statement of Claim amounting to in excess of R5 billion. R&E's Statement of Claim was served on JCI on 3 August 2006.
10. The JCI Statement of Defence of 8 September 2006 drew on the forensic work which KPMG had done in relation to the R&E mediation up to that date. KPMG's work throughout this period (including ergo its reports as well as its draft 8 May 2006 report) were all confidential and constituted work in progress which was updated and/or changed from time to time on the basis of the discovery of new information.
11. The draft forensic reports obtained from KPMG deal with issues relating to potential litigation between JCI and R&E and were prepared to enable JCI to obtain legal advice in regard to such litigation as well as potential litigation between JCI and third parties. The reports reflect ongoing investigations and as yet, final reports have to be submitted. As such, they are confidential, having been obtained for the purpose

of obtaining legal advice and in respect of possible litigation or arbitration and are subject to legal privilege. KPMG's 14 November 2006 report, which is by no means final because new information arises, has been summarised but only insofar as it deals with the R&E mediation and the summary is attached to the circular.

12. Many transactions were purportedly concluded on behalf of JCI and/or its subsidiaries. Investigation of these have been, and continue to be, a time consuming exercise considering, *inter alia*, the great variety, number and complexity of such purported transactions. As a result, KPMG's investigations remain ongoing.

13. On 28 February 2007, the Mediators issued an interim recommendation. They concluded that a resolution of the impasses between both companies was probably best served through the process of a merger.

14. The mediators' statement records and recommends that on the basis of the figures that were disclosed to them a settlement figure between R1.2 billion to R1.5 billion is a realistic starting point to resolve the dispute between the companies.

15. We set out hereunder a summary of claims instituted against JCI by third parties:

DRDGold Limited

16. DRDGold Limited and its associated companies have served summons on JCI as co-defendant with Messrs R A R Kebble, J Stratton and H C Buitendag, claiming payment jointly and severally from JCI, and the co-defendants of R77.8 million and AUS$6 million.

17. The matter was defended and has recently been settled on the basis that JCI pays R25.5 million to the plaintiff, with Stratton contributing R3.0 million to this settlement amount. Action has been withdrawn.

Redbay Investments (Pty) Limited and Newshore Nominees (Pty) Limited

18. During July 2004, Redbay and Newshore jointly instituted an action against JCI for US$2.5 million, being the purchase price allegedly due by JCI for the buy-back of certain Startrack shares. The matter was settled by JCI paying an amount of R2.5 million to Redbay and Newshare in full and final settlement.

Letseng Diamonds Limited

19. The circular to JCI shareholders, dated 14 September 2006, incorporated, amongst others, resolutions to ratify the loan facility agreement between Investec and JCI, referred to in paragraphs 14 and 15. After the posting of the circular, an application to the High Court of South Africa (Witwatersrand Local Division) ("the Court") was made by a JCI shareholder, Letseng Diamonds Limited, to interdict and restrain JCI from tabling those resolutions at the general meeting held on 29 September 2006. JCI agreed that those resolutions would not be tabled at the general meeting of 29 September 2006.

20. The Court ordered that the general meeting be adjourned to 30 November 2006. That meeting was subsequently adjourned to 30 May 2007 and closed on that date.

21. Letseng, joined by another JCI shareholder, Trinity Asset Management (Pty) Limited subsequently expanded the scope of that litigation and now seeks to have the loan agreement set aside and/or invalidated on several grounds. JCI filed affidavits contending that the loan agreement is valid but took a decision that it would not take any proactive part in that litigation and will abide by the decision of the Court. The claim by Letseng and Trinity was, in the first instance, dismissed by the Court on the basis that they lack the necessary *locus standi* to seek such orders at all. Letseng and Trinity were granted leave to appeal and judgement on the *locus standi* issue was granted in favour of Letseng and Trinity.

Baobab Aviation (Pty) Ltd

22. Summons has been issued against JCI by Baobab Aviation (Pty) Ltd in liquidation in an amount of R2 537 955.91 arising out of part of the proceeds of the sale of a Gulf Stream G500 aircraft. It is alleged by the Plaintiff that JCI undertook to repay the payment of R2 537 955.91 to the Plaintiff in order for it to validly pay claims of creditors of the Plaintiff. The alternative claim is that the payment to JCI was a dispassion in terms of section 26 read with section 2 of the Insolvency Act. JCI is defending the action.

Masupatsela Angola (Pty) Ltd

23. Summons has been issued by Masupatsela Angola Mining Ventures (Pty) Ltd against JCI and Consolidated Mining Management Services Limited arising out of the sale of 1 492 000 Randgold Shares and, as a result, the Plaintiff's first claim is for an amount R42 880 080.00 representing the payment of such amount as represents the dividend amount to which the Plaintiff would have become entitled but for the misappropriation of the shares. The Plaintiff's alternative claim is for payment of the amount of R20 816 548.00 which amount represents the total proceeds of the sale of the shares. JCI and Consolidated Mining Management Services Limited are defending the action.

Sydney Frankel

24. Summons has been issued by Sydney Frankel against JCIIF and R&E for payment of R3 311 000.00 claimed as fees due on disposal of Western Areas Limited's shares to Goldfields. The matter is defended and a counterclaim of R2 900 000.00 has been filed. A trial date has been allocated for 25 May 2009.

Marco Fishing (Pty) Ltd and others

25. Marco Fishing (Pty) Ltd and others have issued Summons against JCI for payment of approximately R711 000.00 for an alleged failure to make interim payments in terms of an alleged share sale transaction. The matter is defended and a trial date is awaited.

Insolvent Estate Late R B Kebble

26. Summons was served on CMMS by the joint trustees of the insolvent deceased estate of Roger Brett Kebble, in which it is alleged that on 12 July 2002, Brett Kebble made a payment to CMMS in the sum of R15 419.75. It is further alleged that on 22 September 2004 Brett Kebble made a payment to CMMS in the sum of R1 500 000.00.

27. The first claim is that these payments constituted dispositions in terms of section 2 of the Insolvency Act and that the dispositions were not made for value and that they should therefore be set aside in terms of section 26 of the Insolvency Act.

28. The second claim is that CMMS has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R1 515 419.75 should be repaid to the plaintiffs.

29. CMMS is defending the action and a plea has been served and filed.

Tuscan Mood 1224 (First Claim)

30. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served summons on Alongshore Resources (Pty) Ltd ("Alongshore").

31. The basis of the claim is that Tuscan Mood made payments to Alongshore in the sum of R1 188 611.20 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

32. The second claim is that Alongshore has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R1 188 611.20 should be repaid to the plaintiffs.

33. Alongshore is defending the action.

Tuscan Mood 1224 (Second Claim)

34. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served summons on Catwalk Investments 394 (Pty) Ltd ("Catwalk").

35. The basis of the claim is that Tuscan Mood made payments to Catwalk in the sum of R231 000.00 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

36. Catwalk is defending the action.

Tuscan Mood 1224 (Third Claim)

37. The joint liquidators of Tuscan Mood 1224 (Pty) Ltd have served a summons on Onshelf Property Seventy Four (Pty) Ltd ("Onshelf").

38. The basis of the claim is that Tuscan Mood made payments to Onshelf in the sum of R5 640 000.00 and that the payments constituted dispositions in terms of section 2 of the Insolvency Act and were not made for value. Accordingly the dispositions fall to be set aside in terms of section 26 of the Insolvency Act.

39. The second claim is that Onshelf has been unjustly enriched by receipt of the abovementioned amounts and that the amount of R5 640 000.00 should be repaid to the plaintiffs.

40. Onshelf is defending the action.

Claims by JCI

JCI has filed claims in the following estates:

41. Tuscan Mood 1224 (Pty) Ltd – R19 million in respect of proceeds received from the misappropriation of certain JCI assets. The winding-up of the estate is not finalised, may be subject to proof of further claims and it is not at all certain that JCI will receive a dividend out of the estate. The South African Revenue Service ("SARS"), may also seek to prove a claim in this estate with the attendant consequence of significantly impacting on any possible recovery from the estate by JCI.

42. Tuscan Mood have indicated that they intend instituting action against third parties. Shareholders are advised that it is possible that some or all of these third parties may in turn, join JCI as a defendant to such proceedings.

43. Insolvent Estate Late R B Kebble – R75 million in respect of proceeds received from the misappropriation of certain JCI assets. The South African Revenue Service ("SARS") sought to prove a claim in Kebble's estate recently in the amount of approximately R183 million. Such claim was rejected by the Master of the High Court whose decision is the subject matter of a review which is being opposed by the trustees of Kebble's estate. Were SARS to succeed in proving a claim, such claim is likely to significantly impact upon JCI's entitlement to a recovery from such estate, if at all.

44. The Trustees of the Kebble Estate have indicated that they intend instituting action against third parties. Shareholders are advised that it is possible that some or all of these third parties may, in turn, join JCI as a defendant to such proceedings.

45. We are unable to comment at this stage on JCI's prospects of recovery in respect of the above, even if JCI succeeds in the litigation.

JCI has instituted action against certain third parties:

Jaganda (Pty) Ltd

46. During April 2006, JCI and JCIIF instituted an action against Jaganda (Pty) Ltd in relation to 200 million preference shares held by JCI in Jaganda (Pty) Limited which, in turn, held a substantial portion of the ordinary share capital of Simmer & Jack Mines Limited. Jaganda has contested the validity of JCI's ownership of such shares. Pleadings have closed and the matter was allocated a trial date of 11 June 2008. Jaganda has changed its name to Xelexwa Investment Holdings (Proprietary) Limited and was placed in final liquidation on 1 April 2008 by its shareholders. Provisional liquidators were appointed by the Court on 1 April 2008. JCI and JCIIF instituted review and interdict proceedings to set aside the first meeting of creditors and various other decisions of the Master of the High Court, which was successful. As a result the statutory meetings of creditors and the rulings and appointments made by the Master at such meetings were set aside and the provisional liquidators were reinstated as provisional liquidators.

47. JCI and JCIIF have furthermore obtained an Order that the first statutory meeting of creditors and members which was to be held on 22 October 2008, be postponed for six months from 4 December 2008.

48. JCI and JCIIF have instituted an application in terms of section 354 of the Companies Act in the High Court on 10 October 2008 for an order setting aside the final winding-up Order granted on 1 April 2008. The respondents gave notice of their intention to oppose on 19 November 2008 and the matter is proceeding on an opposed basis.

CPM Main

49. JCI Gold instituted action against CPM Main and has applied for and been granted leave to sue as defendants in the alternative by way of edictal citation, Letseng Diamonds Limited, Concerto Nominees Limited, Inter-Ocean Management Limited for the delivery of 350 000 ordinary shares in Gold Fields Limited, alternatively damages of R49 000 000.00, alternatively of R38 395 000.00, alternatively R24 000 000.00.

50. 1 000 000 WAL shares were swapped for Goldfields shares in April 2007 when JCI Gold became the beneficial owner of 350 000 Goldfields shares instead of the WAL shares and therefore the claim is for the Gold Fields shares.

51. Summons against CPM Main has been issued and served and an appearance to defend has been entered. Settlement negotiations with CPM Main are underway.

Springlights, Misty Mountains and Glen Agliotti

52. Summons has been issued by Consolidated Mining Management Services Limited and JCI against Springlights, Glen Agliotti and Misty Mountains. The first claim is an amount of R29 539.794.60 arising out of series of payments made to the first defendant, alternatively, second defendant, alternatively third defendant. The matter is being defended.

Moregate

53. JCI Limited is preparing an application to declare 98 million shares in JCI Limited which shares are held by Moregate Investment Holdings, Continental Capital Limited and Aculsha Nominees Limited to be declared void and to be authorised to cancel the aforementioned shares. Edictal citation applications will be served in the various jurisdictions.

Moseneke

54. JCI has obtained judgement against Tiego Moseneke in the principal sum R1 556 405.54. The parties agreed that Tiego would pay the principal sum of R1 556 405.54 (on 1 April 2008 which payment was made as well as interest thereon in amount of R1 550 000.00 by making payment of R100 000.00 per month towards the full interest amount. The first portion thereof was payable on or about 1 April 2008. Tiego Moseneke has made payment on 1 April 2008, 1 May 2008, 1 June 2008, 1 July 2008, 1 August 2008 and 1 September 2008.

Investigation of several claims:

55. In addition to the claims referred to specifically above, the comprehensive KPMG forensic investigation has, to date, indicated that JCI has, at the very least, *prima facie* claims against numerous third parties. These claims are presently being considered by JCI's legal team which has received KPMG's report in relation thereto prepared for purposes of JCI receiving legal advice.

56. Claims and or actions have been instituted as recorded herein and it is anticipated that other claims will be instituted. It would however be prejudicial to JCI and its shareholders if any further disclosure is made at this stage in relation to these claims and potential claims.

Dormell Properties

57. JCI Property Development (Pty) Ltd and CMMS are investigating claims and/or actions against the estate of Brett Kebble and Patricia Beale. The first claim is an amount of R7 936 500 arising out of the transfer of the shares in Dormell Property 211 (Pty) Ltd to Stratton for no value. The second claim in the amount of R1 681 142.72 being the bond payments in respect of the aforementioned property.

Glen Agliotti

58. CMMS, JCI and JCI Gold Limited are investigating claims and/or actions against the trustees of the estate of Brett Kebble and Glen Agliotti. The claim is for an amount of R1 870 000.00 arising from payment on a series of invoices submitted for payment when it was not due and owing.

Micromath Trading

59. CMMS, JCI, JCI Gold Limited and JCI Property Development (Pty) Limited are investigating claims and/or actions against the estate of Brett Kebble, Hendrik Buitendag, Micromath Trading and Mauro Sabbatini. The claims are for an amount of R1 970 000.00 arising from payment on a series of invoices submitted for payment when such payments were not due and owing.

Advidata

60. JCI, JCI Gold Limited and CMMS are investigation claims and/or actions against the estate of Brett Kebble. The claims are for an amount of R522 500.00 arising out of payment on a series of invoices submitted when such payments were not due and owing.

Shelley Street Design Consultants

61. JCI, CMMS and JCI Gold Limited are investigating claims and/or actions against the Insolvent Estate late R B Kebble, L H Swanevelder and M J de Beer. The claim is for an amount of R353 979.00 in respect of invoices prepared and submitted for payment when such payment was not due and owing.

Turbine Aviation

62. CMMS, JCI, JCI Gold Limited and JCI Property Development (Pty) Limited are investigating claims and/or actions against the estate of Brett Kebble, Hendrik Buitendag, M J de Beer, George Poole and Turbine Aviation (Pty) Ltd. The claim is for R480 000.00 in respect of invoices submitted by Turbine Aviation for payment when such payments were not due and owing.

Tantco Global, K van der Merwe and R van der Merwe

63. CMMS and JCI are investigating claims and/or actions against Tantco Global (Pty) Ltd, K van der Merwe and R van der Merwe. The claim is for an amount of R22 767 048.71 for payment of loans made to Tantco Global.

SAFCO

64. CMMS is investigating a claim against the liquidators of South Atlantic Fisheries (Pty) Ltd trading as SAFCO. The claim is for an amount of R2 500 000.00 in respect of loans made for the acquisition of a fishing vessel.

Settlement agreements with third parties

65. There were a number of other matters in relation to which there was litigation or potential litigation but in respect of which settlement agreements have been concluded. We do not deal with each of these separately because the rights and obligations flowing there from have already accrued and are accounted for elsewhere in the circular documents.

CURRICULA VITAE OF THE MEDIATORS

SCHALK FREDERICK BURGER

B.Com (Stellenbosch), 1969, LLB (Stellenbosch), 1971, LLM (University of London, King's College), 1973

1. **PROFESSIONAL ASSOCIATIONS**

   Member of the Johannesburg and Cape Societies of Advocates; admitted to practice as an advocate in South Africa, Namibia, Botswana, Lesotho, and member of Lincoln's Inn (UK).

   Past chair of the Johannesburg Bar Council, past chair of the professional sub-committee and member of the Bar Council, both as a senior and a junior over a period of some 10 years.

   Past chair of the Arbitration Foundation of South Africa: Western Cape Branch.

2. **CAREER AT THE BAR**

   Joined the Johannesburg Bar in 1974. Took Silk in 1987. Acted as a Judge of the High Court of South Africa (both in the Witwatersrand Local Division and in the Cape Provincial Division) on various occasions since 1988. Last acting stint: Oct – 2000 in the Cape Provincial Division

3. **PROFESSIONAL EXPERIENCE – COURT**

   General chamber and litigation practice (mostly commercial, regulatory and construction); appears regularly in the Supreme Court of Appeal of South Africa and the High Courts, and has appeared in the High Court of Namibia, Lesotho and Botswana

4. **HIGH COURT LITIGATION**:

   Involved in numerous past and pending actions and enquiries, *inter alia:*
   - Insurance claim of R200 m arising from an explosion at a furnace at a platinum smelter (leader of team for the insured);
   - Investigation into an explosion at Sasol's Secunda plant which caused serious loss of life and substantial physical damage (leader of Sasol team);
   - Investigation into an explosion at a coal mine in the Eastern Transvaal which caused serious loss of life (53 dead) and substantial physical damage (leader of team for mine owner).

5. **ARBITRATION**:

   Involved in numerous national and international arbitrations, both as counsel and as arbitrator, e.g.:
   - Construction arbitration in Johannesburg (1987 to 1992) involving approximately R250 million (as leader of the team for the claimant);
   - ICC arbitration in London (1998) involving construction work and a claim of approximately R30 million (as leader of the team for the claimant);
   - Construction arbitration involving Namibian and German parties (1997) involving approximately R40 million (1996) (as arbitrator);
   - ICC arbitration in Paris (1999 to 2001) involving generation and supply of electricity in Southern Africa and a claim of some R250 million (as leader of the team for the claimant);
   - Construction mining arbitration in Johannesburg between Ghanaian parties (1999 to 2001) involving some US$25 000 000 (as arbitrator).

   Recently nominated to the United Nations Panel of Arbitrators for Southern Africa.

6. **ACADEMIC POSITION**

   Visiting professor in Commercial Law, University of Stellenbosch, 2002 to 2008.

HARVEY ELLIOT WAINER

B Acc (Wits), CA(SA)

1. Chartered Accountant and Registered Auditor.
2. Extensive experience in various financial, accounting and auditing matters from 1980 to date.
3. Visiting Professor, University of the Witwatersrand. Lecturer and examiner on various financial, accounting and auditing matters (including company law) at post-graduate level.
4. Member of The South African Institute of Chartered Accountants and registered with the Independent Regulatory Board for Auditors.
5. Past membership of statutory and professional standard-setting bodies, including the Auditing Standards Board and the Accounting Practices Committee.
6. Chairman of the GAAP Monitoring Panel of the JSE Securities Exchange.
7. Has appeared as an expert witness on various financial, accounting and auditing matters in the High Court and in local and international arbitration proceedings. Extensive experience with local and international investigations and litigation.

Formerly chief executive and managing partner of Fisher Hoffman Sithole.

CHARLES NUPEN

BA LLB (Natal)

1. Charles is an attorney with extensive labour law, mediation, facilitation and arbitration experience.
2. He is a former executive director of both the Independent Mediation Service of South Africa (IMSSA) and the Commission for Conciliation Mediation and Arbitration (CCMA).
3. He was a Commissioner on the Independent Electoral Commission.
4. He is the chairman of Stratalign, a company offering organisational and human resource development products and services.
5. He has consulted and trained internationally in the field of conflict management and dispute resolution and has contributed to several books on the topic.
6. He is an adjunct professor of law at the University of Cape Town.
7. He co facilitated the development of the Financial Services Sector Charter and is a CEDR accredited commercial mediator.
8. He is a director of Tokiso, a leading private dispute resolution agency in South Africa.
9. He serves on the board of Resource Africa an organisation committed to promoting sustainable resource management to benefit rural communities in Southern Africa.

OPINION REPORT OF THE MEDIATORS

REPORT OF THE MEDIATORS

Background

1. During 2006 we were appointed by Randgold and Exploration Company Limited ("Randgold") and JCI Limited ("JCI") to mediate a dispute that had arisen between them.

2. Pursuant to that appointment, and after considering voluminous papers and various reports, engaging the parties and in particular, board members, the financial directors, the lawyers of the two companies and their forensic auditors, we issued a Statement on 28 February 2007. That Statement with a postscript thereto is attached marked "A" and "A1".

3. In the Statement we recommended that a merger between the two companies be pursued. We regarded this as the best practical solution for the reasons set out in the Statement. The proposed solution was supported by all the main role players.

4. We were subsequently approached by the two companies to provide an opinion on the terms of a share swap arrangement proposed by the directors of the companies to effect a merger. An opinion in this regard was issued in April 2008, as set out below. The April opinion has subsequently been updated, as set out in this report.

Limitations

5. In considering the issue at the time of our April 2008 opinion, we were subject to the following important constraints:

   5.1 the background to the dispute between Randgold and JCI relates to the misuse of assets of Randgold by the late Brett Kebble and others, a significant portion whereof accrued to the benefit of the JCI group of companies;

   5.2 in the relevant period, the financial records of the two companies and certain of their associated and related companies are incomplete;

   5.3 the past financial statements of Randgold and JCI were materially misstated;

   5.4 in the absence of proper documentation and explanations from management, it has not been possible for KPMG, the new auditors to Randgold and JCI, to audit the current financial positions and results of operations and KPMG could provide only limited assurance on certain aspects reflected in the financial reports examined by them;

   5.5 prior to the death of Brett Kebble, certain arrangements were entered into by JCI with Investec Bank Limited ("Investec") providing, *inter alia*, for a profit share to be paid to Investec on certain selected assets of JCI. This arrangement is the subject of as yet unresolved litigation regarding its validity and enforceability;

   5.6 as at April 2008, being the date of our original opinion on the proposed share swap arrangement to effect the merger, there were certain directors who served as directors on the boards of both JCI and Randgold (the JCI and Randgold chairman was an employee of Investec) and, accordingly, there were potential conflicts of interest which we had to consider in evaluating the proposals.

6. In addition it should be noted that:

   6.1 we could not verify the accuracy of any of the information provided by the directors or the auditors and had to rely on that information in arriving at the opinion expressed below;

   6.2 our report was prepared solely for the use of the shareholders of Randgold and JCI and for no other purpose;

   6.3 we did not provide an opinion regarding the values of the shares in JCI or Randgold.

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

Matters considered

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

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

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

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

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

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

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

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

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

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

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

Opinion issued April 2008

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

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

Events subsequent to 14 April 2008

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

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

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

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

   11.3 the merger negotiations faltered, but were recently resurrected;

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

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

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

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

12. In reconsidering our opinion, we also stress the following:

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

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

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

12.4 If one uses the same swap ratio originally proposed (of 95 JCI shares for 1 Randgold share), then this implies a notional settlement figure of approximately R750 million which, having regard to the current financial position of JCI, is a figure which, in our opinion, is not unreasonable;

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

Opinion – October 2008

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

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

SCHALK BURGER SC

CHARLES NUPEN

PROF H E WAINER, CA(SA)

3 November 2008

REPORT BY INDEPENDENT COUNSEL

REPORT BY CLIVE COHEN PERTAINING TO CERTAIN THIRD PARTY CLAIMS

Ex parte: **RANDGOLD & EXPLORATION COMPANY LIMITED**

and

JCI LIMITED

In re: **SECURITIES REGULATION PANEL**

REPORT OF INDEPENDENT ADVISOR

1. At the relevant time the directing and controlling minds of Randgold & Exploration company Ltd ("Randgold") and JCI Ltd ("JCI") were Brett Kebble ("Brett"), who was the CEO of both Randgold and JCI, Roger Kebble ("Roger") and Buitendag, who were directors of both companies, JCI directors Cornwall and Stratton and other officers and directors of the companies and various of their subsidiaries or associated companies.

2. Both companies, but most significantly Randgold, were subjected during the Brett reign to extensive abuse by theft, fraud, misappropriation of their assets and those of their subsidiary and associated companies, including the proceeds derived from their assets, securities, and the void issue of shares used to raise money. The proceeds of this unlawful conduct was used to provide working capital for JCI or its subsidiaries, sometimes to fund the personal accounts of the perpetrators of the unlawful transactions or to fund their transactions. Frequently the unlawful transactions were conducted through CMMS, a subsidiary of JCI without any regard to the separate corporate identities of the companies or true ownership of the assets.

3. The extent of the unlawful transactions conducted over a lengthy period, the complexity of the transactions, the absence of reliable records, exacerbates the inherent difficulty of unravelling the legal and factual issues occasioned by the transactions. The absence of audited financial statements for both Randgold and JCI, the incomplete state of their financial records, misstatements of past financial statements, the unresolved issues which are or are to be the subject of litigation makes the preparation of proper financial statements reflecting a true and complete account of the financial and other affairs of the companies an impossibility.

4. This state of affairs has led to disclaimers of the right to rely on their statements being issued by the current directors of Randgold and JCI, the present auditors of those companies and the mediators on the views expressed by them in their report. I too, particularly having regard to the limitations of my mandate, must disclaim any assurance of the validity of the views expressed in this report or of the accuracy, correctness or completeness of the information assessed by me and upon which I have relied.

5. An announcement was made of the intention to merge Randgold with JCI by means of a scheme of arrangement between the companies and their shareholders under section 311 of the Companies Act, resulting in JCI becoming a wholly-owned subsidiary of Randgold. The merger ratio they finally determined was 95 JCI shares for 1 Randgold share.

6. The companies' inability, having regard to the state of affairs I have outlined, to comply with the disclosure and compliance requirements of the JSE and the SRP to the standards I believe they would have preferred, when weighed against the obvious business sense and advantages to be derived from the merger proposal on the terms approved by the present directors of both the Randgold and the JCI boards of directors led, I suspect, to both the SRP approval of the dispensation granted from the obligation to provide certain of the customary disclosures and to the invocation of rule 3 of the Securities Regulation Code to consider this report (from an independent lawyer) on the validity and extent of the claims by and against Randgold and JCI.

7. As I understand my mandate, I am to provide a "prima facie assessment" of the likely value of the claims "as far as possible" and "based on a consideration of the information and pleadings … and the submissions … in respect thereof." This assessment is intended to assist shareholders to evaluate the proposal and is not a legal opinion on the merits of the claims or the validity of the defences.

8.

8.1 I commence my assessment with a review of the Randgold claims against JCI both in law and on the facts and to JCI's defences and contentions both factual and legal.

8.2 These are by far the most significant issues for the shareholders of both companies and could ultimately have the most material bearing on the value of the companies.

9. Summons was issued and a plea filed. In summary the claims are based on the unlawful conduct of Brett and his cronies (referred to in paragraph 1 hereof) who conspired with JCI and its subsidiaries to plunder the assets of Randgold and its associated companies including its subsidiaries for the benefit of JCI and its associated companies including the cronies. The summons identifies fifteen claims and their alternatives.

10.

10.1 The basis of the claims is the acts and conduct of Brett and cronies flowing from their conspiracies and is attributed to JCI and its subsidiaries all of whom are jointly and severally liable in law for the Randgold losses. It is contended that there is a sufficiently close link between Brett and co to JCI and its activities to attribute their acts and conduct to JCI and its subsidiaries. Included in the claims is reliance upon the *condictio furtiva* with its penal provisions to justify a claim for the highest value of an asset attained subsequent to the theft.

10.2 A mediation agreement was concluded between JCI and Randgold on 7 April 2006. My interpretation of the mediation agreement is that JCI on the one hand and Randgold on the other accepted responsibility for the liabilities of their subsidiaries and associated companies. My interpretation derives support from the definitions to the mediation agreement which defines *"JCI"* as *"including the JCI subsidiaries as defined herein"*. The definition of JCI subsidiaries reads:

> *"All and any subsidiary or associated companies of JCI or in which JCI has an interest, whether direct or indirect, including its interest in CMMS."*

Although both Randgold and JCI contend for rectification of the mediation agreement it does not seem to me likely that rectification would be granted.

11. **THE DEFENCES RAISED BY JCI TO THE RANDGOLD CLAIMS VARY AND INCLUDE THE FOLLOWING:**

11.1 Brett and his cronies controlled Randgold and acted for it in the conduct and the transactions which are complained about;

11.2 The business and objects of JCI did not permit them to represent it by their objectionable conduct;

11.3 The *"highest value"* approach applies in limited circumstances if at all, it does not apply in circumstances of vicarious liability;

11.4 The issues and allotments of the Randgold shares were void and in law do not permit of the proposed recovery of damages/losses;

11.5 Randgold did not own the assets stolen.

12. **THE CLAIMS BY RANDGOLD AGAINST JCI AND MY *PRIMA FACIE* ASSESSMENT OF THE VALUE OF THE CLAIMS ARE DEALT WITH SERIATIM.**

12.1 The first claim (I use the numbering used in the pleadings) arises from the theft of 12 360 000 shares (after the shares had been split) in Randgold Resources Limited. The claim is computed based upon various alternatives. I assess this claim in the amount of R798 948 655.00. This is the amount received by JCI and its subsidiary/associated companies (including CMMS) from the sale of the shares by its brokers, T-Sec. I will deal with interest on the various capital amounts separately later in this Report.

12.2 3 000 000 shares in Durban Roodepoort Deep Limited were removed from the custody of Randgold through a series of disguised transactions and payment conduits. JCI/associates received an amount of R89 643 549.00. My assessment of the value of this claim is R89 643 549.00.

12.3 952 000 Randgold Resources shares (split into 1 904 962 shares) were stolen under simulated agreements. The net proceeds derived from these shares amounted to R64 326 241.00. Of these proceeds an amount 10 200 000 was paid into Roger Kebble's ABSA Bank account. JCI will have a claim against Roger for payment of R10.2 million. My assessment is that JCI is liable to Randgold for payment of R64 326 241.00.

12.4 Claims four and six should be viewed together. Randgold acquired 8 100 000 Aflease shares and subsequently acquired a further 94 million Aflease shares pursuant to a share swap arrangement with Randgold for 9 400 000 Randgold shares. The Aflease shares were moved into the Consolidated Investment account opened by JCI with T-Sec. The 8.1 million Aflease shares were transferred to the trading account of CMMS at T-Sec on the instructions of JCI and the proceeds derived from the sale of those shares amounted to R11 292 342. The proceeds derived by JCI from the sale of the 94 million Aflease shares amounted to R144 711 877.00. My assessment of the value of the claims in respect of the Aflease shares is

- R11 292 341.00; and
- R144 711 877.00,

which JCI is liable to pay to Randgold.

12.5 The next claim is described as Claim seven by Randgold. Randgold was the owner of 2 million Durban Roodepoort Deep Limited shares which Brett and the conspirators obtained control of through a series of convoluted transactions. I am unable to determine the proceeds derived by the conspirators from the disposal of these shares but the forensic report of John Louw McKnight and Company states that *"the highest value of these shares since JCI and the conspirators took control thereof amounts to R113 million"*. I accordingly assess the value of the claim in respect of the 2 million DRD shares at a R113 million.

12.6 The next claim, Claim eight relates to 40 million Simmer and Jack Limited shares. These shares were held by Randgold as security for the debt of Continental Goldfields. JCI sold these shares together with a further 60 million Simmer and Jack shares to Topgold for R25 million. The *pro rata* proceeds received by JCI from the sale of the 40 million shares is R10 million. I have valued this claim in that amount.

12.7 The ninth claim relates to 5 460 Randgold Resources shares (after the two-to-one split). These shares were delivered to Investec UK by JCI under a script lending agreement. Investec sold the shares for a net amount of R208 794 833.00 and paid the amounts to JCI and other associate companies. In my assessment JCI is responsible to Randgold for the sum of R208 794 833.00.

12.8 The tenth claim arises from the *Equitant* and Phikoloso transaction in respect of which 8 800 000 Randgold shares were invalidly issued and allotted. The transaction was void. The shares were controlled by JCI. Randgold received no value for the shares which were dealt with in a variety of ways by JCI and its associates. Although the claim is for in excess of a billion rand, the value of the shares on the open market were R149 600 000.00. I assess the value of this claim at R149 600 000.00.

12.9 Randgold issued and allotted 5 160 000 Randgold shares purportedly for the various Angolan Diamond and related transactions including the Golden Diamond transaction. JCI and its associates controlled these shares for which Randgold received no payment. The issue price was R87 720 000.00. I assess the value of Randgold's claim in that amount.

12.10 The twelfth claim relates to the void issue and allotment of 1 306 000 shares in Randgold. The shares were issued at a price of R18.50 per share which was not paid to Randgold. 641 000 of these shares were placed in the Consolidated Investment trading account and used for the benefit of JCI and its associates. The issue price of these shares, which were used for the benefit of JCI and its associates amounts to R11 858 500.00. I assess this claim at R11 858 500.00.

12.11 Claim thirteen relates to the void issue of 1 492 000 Randgold shares issued and allotted in contravention of Section 92 of the Companies Act which was accordingly void. The shares were

purportedly issued for the interest of Masupatsela Angola Mining Ventures (Pty) Ltd in prospecting concessions. Although the issue price was R25 364 000.00 the shares were sold by T-Sec for R27 602 000.00 which was used for the benefit of JCI. I assess this claim at R27 602 000.00.

Claim 14

12.12 4 million Randgold Resources shares were stolen from Randgold. It is contended that these shares were provided as security by Randgold for the Inkwenkwezi transaction. Furthermore the shares were used by T-Sec in various share transactions including transactions in which losses were suffered. JCI accepts that from the proceeds of these dealings and sales an amount of R31 280 159.00 was received by and for the benefit of JCI. I accordingly value this claim at R31 280 159.00.

Claim 15

12.13 Randgold was the owner **alternatively** Holdings was the owner of 900 000 Randgold Resources shares (Holdings has ceded its claim to Randgold). Brett and the conspirators procured the theft of the 900 000 Randgold Resources shares which were handed to one Paul Main. The value of the Randgold Resources shares is R143 307 000.00. I therefore value this claim at R143 307 000.00.

13. The total of the values assessed by me in paragraph 12 of this report is R1 892 085 155.00.

14. Randgold purchased 3 324 830 WAR shares from Anglo. CMMS paid Anglo, from its scrip trading account the purchase price of R208 142 593.00 for the shares. Randgold contends that JCI has failed to counterclaim for this payment whilst JCI contends that Randgold's loss from the various thefts suffered by it (the proceeds of which were paid to CMMS) is reduced by set-off of this payment against the Randgold losses assessed by me in paragraph 12 hereof. It seems to me *prima facie* that JCI is entitled to set-off the amount of R208 142 593.00 against the assessed claims totalling R1 892 085 155.00 resulting in a net liability of R1 683 942 562.00 by JCI to Randgold.

15. There are two important considerations to bear in mind:

    15.1 The capital amounts assessed by me in paragraph 12 hereof will carry interest at the rate of 15.5% *a tempore morae*. I have not attempted to assess the cumulative amounts of interest but they are clearly very material and will have a substantial impact on the resultant value of each of JCI and Randgold.

    15.2 The proposed scheme of arrangement under section 311 does not settle or novate the claims and they remain of full force and effect against other wrongdoers such as the *"joint wrongdoers"*.

16. My mandate extends to a consideration of various identified claims which relate to Randgold, mainly as a claimant, and JCI both as claimant and as defendant. Moreover my mandate is open-ended in that I am authorised to assess claims which *"could have a material bearing on the values of the companies or are claims referred to in the 'Randgold litigation statement' and the JCI litigation statement"* included in the draft circulars.

17. As I have said I was requested to consider a further number of specified claims. I deal with them *seriatim*.

The Letseng application (the Investec raising fee/profit share claim)

17.1 This is a voluminous claim consisting of some ten files. Investec and JCI entered into a written agreement of loan which provided for a raising fee/profit share on the disposal of assets. JCI does not dispute the claim and will abide the decision of the Arbitrator should it come to arbitration. Letseng Diamonds Limited sought to intervene in the litigation to set aside the agreement between Investec and JCI. The Supreme Court refused Letseng's intervention, substantially on the basis that it did not have *locus standi*. Leave to appeal against that decision has been granted but the appeal has not yet been heard. On the basis that a written agreement exists between Investec and JCI and that the Supreme Court has refused to entertain the application to set aside the agreement I am *prima facie* of the view that Investec will succeed in its claim against JCI.

The quantum of Investec's claim depends upon various interpretations of the agreement and the value of assets sold. My *prima facie* assessment is that Investec is entitled to a payment of approximately R400 million from JCI.

The Jaganda claim

17.2 JCI claims that it owns 357 374 000 preference shares in Jaganda and is entitled to delivery of the shares. Jaganda owns Simmer and Jack Limited shares the market price of which fluctuates. The Board of directors of JCI and Randgold have placed a value of R284 million on the JCI investment in Jaganda. Jaganda acknowledges its debt in an amount of R89.3 million. I am informed by the legal representatives of Randgold and JCI that Jaganda has been placed in liquidation and that JCI is considering an application to have the liquidation set aside. Whether its assets are realised under liquidation or in the ordinary course the proceeds will be sufficient to meet the JCI claim. I accordingly assess the value of the JCI claim at R284 million.

The joint wrongdoers' claim

17.3 I have been handed a draft particulars of claim which has still to be settled. Substantially these are claims against the concert parties referred to in paragraph 1 hereof on the claims assessed by me in paragraph 12 hereof. There are additional parties and claims and not everybody is to be held jointly and severally liable for all claims. Without pleadings including defences to be raised, reports of auditors and information relating to the claims other than, of course, the claims I have dealt with in paragraph 12 hereof it is not possible for me to assess the value of the claims. However joint wrongdoers would be liable jointly and severally with JCI for the claims and in the amounts I have assessed. I have no means of knowing whether any joint wrongdoer has assets available to satisfy the assessed claims in the event of JCI being unable to do so. I am accordingly not able to place a monetary value on the claims against the joint wrongdoers other than the amounts assessed by me in paragraph 12 hereof.

The first Main claim

17.4 Randgold has instituted action against Paul Main for the return of 900 000 Randgold Resources Limited shares which he took into his possession **alternatively** payment of the market value of the shares. The market value of the shares was at the time of the litigation statement, R148.5 million. A dividend of US10 cents per share amounting to US$90 000.00 was paid to Main. I assess the value of these claims at R148.5 million and US$90 000.00, respectively.

The second Main claim

17.5 JCI Gold has instituted an action in the Cape Provincial Division against Paul Main. I am advised by the legal representatives of JCI that it is likely that this claim will be settled for an amount of R11 million. I am instructed that there is uncertainty as to whether this claim is to be attributed in full to JCI or whether it is to be shared by JCI and Randgold. I assess this claim at R11 million.

The PWC claim

17.6 Randgold has instituted action in the Witwatersrand Local Division of the High Court against PriceWaterhouseCoopers, who were its auditors, for delictual and contractual damages amounting to some R7 billion. In broad terms it is alleged that PWC failed to verify assets, detect and to report on the thefts, misappropriations and irregularities and breached their contract and duties as auditors in failing to observe the South African auditing standards and generally accepted accounting practice. I have no means of establishing whether the claim is justified but *prima facie* the claim is justifiable. I am unable to say that there is no merit in the claims which also might not be subject to constraints on their ability to meet a huge claim. There is as yet no plea so I am unable to comment on answers which may be raised to the plea. It is impossible, on the information I have at my disposal, to attempt any assessment of the validity of the claims or the extent of the claims.

The Toico claim

17.7 Toico (Pty) Ltd has instituted action against JCI in the Cape Provincial Division of the High Court for R27 845 818.00 damages for breach of pre-emptive rights relating to Pinnacle Point Casino. JCI was sued jointly and severally with one T Crowe. Toico gave notice of intention to amend its

claim by withdrawing its claims against JCI. Crowe opposed the amendment but the High Court allowed the amendment and the claims against JCI have been withdrawn. This is not necessarily the end of the matter as Crowe, if ordered to pay damages, might seek to hold JCI liable in part. This is speculative but at this stage of the proceedings I give no value to this claim against JCI.

18. My mandate extended to a consideration of claims by and against third parties against Randgold and/or JCI which could have a material bearing on the value of the companies.

DRDGOLD LIMITED

18.1 DRDGold Limited and certain of its associated companies have sued JCI and various of the parties referred to in paragraph 1 hereof as the conspirators for damages of R77.8 million and AUS$6 million for their fraudulent conduct in relation to the acquisition of the Rawas mine in Indonesia. JCI and its co-defendants pleaded that the claims had been settled. This issue was decided by the High Court which dismissed the plea of settlement upon withdrawal of that defence by JCI. I am advised by the legal representatives of JCI that a strong prospect exists of the claim being settled for the sum of approximately R26 million. In my assessment this amount could have a material bearing on the value of JCI. I assess this claim at R26 million.

Proved claims

18.2 Randgold has proved claims in the deceased estate of Brett and in the estates of the following liquidated companies:

18.2.1 A claim has been proved against the deceased estate of Brett in the sum of R2 679 539 099.00. SARS is seeking to prove a preferential claim.

18.2.2 Tuscan Mood 1224 (Pty) Ltd. Randgold has proved a claim in the sum of R1.968 billion.

18.2.3 Investage 170 (Pty) Ltd. Randgold has proved a claim in the amount of R69 million.

18.2.4 BNC Investments (Pty) Ltd. Randgold has proved a claim in the amount of R169.5 million.

18.2.5 Viking Pony Properties 359 (Pty) Ltd. Randgold has proved a claim. I do not have the amount of the claim.

No liquidation and distribution accounts have yet been drawn. Although dividends might be declared in respect of the proved claims there is no basis upon which I can assess the value of any distribution to Randgold.

C Z COHEN SC

Chambers
Sandton

26 June 2008

JCI GROUP NAV STATEMENT AT 31 MARCH 2008

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (Suspended) ISIN: ZAE0000039681
("JCI" or "the Company")

GROUP NET ASSET VALUE STATEMENT

Limited Assurance Report of the independent auditor and renewal of cautionary announcement

DIRECTORS' RESPONSIBILITY STATEMENT

The JCI directors are responsible for the preparation and presentation of the Group NAV Statement of JCI at 31 March 2008 and accompanying Notes.

The Group NAV Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes for the purpose of providing the shareholders with financial information relevant to the proposed merger between JCI and R&E, and has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The JCI directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the JCI directors, are reasonable in the circumstances.

KPMG Inc, the independent auditor is responsible for reporting on whether, based on the auditor's procedures arising from a limited assurance engagement, the Group NAV Statement at 31 March 2008 has been prepared, in all material respects, in accordance with the basis of preparation set out in the accompanying Notes.

Approval of the Group NAV Statement

The Group NAV Statement at 31 March 2008 and accompanying Notes were approved by the JCI board on 21 November 2008 and signed on its behalf by:

Peter Henry Gray
Chief Executive Officer

Leslie Arthur Maxwell
Financial Director

GROUP NET ASSET VALUE STATEMENT

	Notes	At 31 March 2008 R'000	At 31 March 2007 R'000
ASSETS			
Listed investments	3	**1 705 101**	**1 979 915**
Goldfields		1 449 293	1 720 817
R&E		189 596	178 094
Other listed investments		64 205	81 004
Derivative instruments		2 007	–
Unlisted investments		**530 113**	**477 198**
Boschendal	4	160 988	127 043
Jaganda	5	284 302	283 755
Businesses held for sale	6	68 823	66 400
Loans	7	16 000	–
Prospecting rights		**62 528**	**246 421**
Prospecting rights – GFO transaction	8	–	182 315
Other prospecting rights	9	62 528	64 106
Other assets		**254 045**	**56 547**
Investment properties	10	30 498	6 100
Share of cash in associate	11	159 860	–
Cash and cash equivalents	12	63 687	50 447
TOTAL ASSETS		**2 551 787**	**2 760 081**
LIABILITIES			
Investec raising fee	13	(373 335)	(373 335)
Income tax payable	14	(12 371)	(76 093)
Deferred taxation	15	(20 066)	(46 287)
Trade and other payables	16	(147 068)	(175 979)
TOTAL LIABILITIES		**(552 840)**	**(671 694)**
NET ASSETS		**1 998 947**	**2 088 387**
		Number of shares	**Number of shares**
ISSUED SHARES	17		
Number of shares in issue		2 224 798 993	2 224 798 993
Treasury shares		(202 115 127)	(202 024 776)
Net shares in issue		**2 022 683 866**	**2 022 774 217**
Group NAV per share (Rand)		0.9883	1.0324

NOTES TO THE GROUP NAV STATEMENT AT 31 MARCH 2008

1. PURPOSE OF THE GROUP NAV STATEMENT

On 7 April 2006, JCI published unreviewed, unaudited and restated provisional financial results for the six months ended 30 September 2005, and for each of the years ended 31 March 2004 and 31 March 2005 ("provisional results").

In the accompanying commentary to these provisional results, the JCI directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were disclosed in the commentary, there may be other material events and circumstances of which the JCI directors are not aware of and which may have a material effect on JCI. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of JCI. In these circumstances the JCI directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG Inc. was appointed as the independent auditor of JCI during October 2005. In view of the uncertainties relating to the provisional results, and the disclaimer by the JCI directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 15 March 2007, JCI and R&E published an update to shareholders and on 23 April 2007, JCI and R&E announced their intention to merge. Because the JCI directors are still unable to prepare a complete set of financial statements for the years ended 31 March 2005, 2006, 2007 and 2008, in accordance with IFRS, the JCI directors have prepared a Group NAV Statement on the basis set out in note 2. The JCI directors consider the Group NAV Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing shareholders with financial information relevant to the proposed merger with R&E.

2. BASIS OF PREPARATION

The Group NAV Statement has been prepared from information available to the JCI directors and may not be complete for the reasons given in note 1 above. In particular, the Group NAV Statement excludes major claims and counter-claims between JCI and R&E.

Other than for these claims, the Group NAV Statement includes all known significant assets and liabilities of the JCI Group and associate companies. The Group NAV Statement includes JCI's proportionate share of FSD's (a 44.89% associate of JCI) assets and liabilities on a line by line basis.

The Group NAV Statement has been prepared in Rands. All financial information is presented in Rands and has been rounded to the nearest thousand. Foreign currency monetary and non-monetary items are reported using the closing rate at 31 March 2008.

The Group NAV Statement required the JCI directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

The assets and liabilities of subsidiaries are included in the Group NAV Statement, except in instances where the subsidiaries are considered as businesses held for sale, or if the subsidiaries are considered to be insolvent, or dormant, or if the ownership of the assets and liabilities could not be proven. However, insolvent subsidiaries' liabilities have been included to the extent where JCI or any of its other subsidiaries have guaranteed the liabilities.

Intra-group balances are eliminated in the preparation of the Group NAV Statement.

The Group NAV Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2.1 Listed investments

The JCI Group's listed investments, except for the investment in R&E, are based on the VWAP for March 2008 comprising 19 trading days (2007: VWAP for March 2007 comprising 21 trading days).

The value of the R&E investment is based on the NAV per share of R&E at 31 March 2008 (2007: 31 March 2007) which is disclosed in the R&E Group NAV Statement after adjusting for the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

SAFEX futures are derivative instruments and are measured at the fair value of the instrument at 31 March 2008. The fair value of the futures is based on the amount of cash that would be received if the future contracts were closed out on 31 March 2008 which includes the profit/loss on the instruments.

2.2 Businesses held for sale

The fair values of these businesses are based on the latest offer received as an indication of the businesses' minimum values. The actual sales value was used, where the business has been sold.

2.3 Prospecting rights

Where an agreement is signed to sell the prospecting rights, the value is based on the consideration amount as quoted in the signed agreement. Where no such agreements are in place, but sufficient data and value exists, the JCI directors have determined a value which they believe is reasonable based on valuations performed by independent experts using comparable transactions.

2.4 Other assets

Other assets include investment properties and cash and cash equivalents.

2.4.1 *Investment properties*

Where an agreement is signed to sell the properties the value is based on the consideration in the signed agreement.

Where there are no such agreements in place, the value is based on the latest offer to purchase received from a third party.

Third party property acquisitions during the last year are stated at cost as the directors consider that to approximate fair value.

2.4.2 *Loans*

Loans are only brought into account when they are either certain of recovery or are secured by assets which value can be determined.

2.4.3 *Cash and cash equivalents*

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.5 Taxation

2.5.1 *Income tax payable*

Income tax payable comprises taxation payable calculated on the basis of the expected taxable income using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to the directors given the circumstances detailed in note 1 above (including prior year assessments and management's interpretation of current tax law).

2.5.2 *Deferred taxation*

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group NAV Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 **Trade and other payables**

Trade and other payables include accruals and other amounts payable, based on management's best estimate at the reporting date.

2.7 **Contingent assets**

Contingent assets are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be recovered. Due to the complex nature of the legal and forensic proceedings underway the actual amounts to be recovered from the misappropriation of the JCI Group's assets could vary significantly. These amounts have not been included in the Group NAV Statement as the recoverability cannot be reasonably assured.

2.8 **Contingent liabilities**

Contingent liabilities are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be paid.

All guarantees are disclosed even if the directors are of the opinion that they will not be called up or JCI is to be released from such guarantees on the sale of the underlying assets or businesses.

	Number of shares/futures	Value per share/future R	At 31 March 2008 R'000	At 31 March 2007 R'000
3. **LISTED INVESTMENTS**				
Goldfields	11 734 508	123.5069	1 449 293	1 720 817
R&E	6 794 007	27.9064	189 596	178 094
Other listed investments			64 205	81 004
Matodzi	211 590 595	0.2540	53 744	50 866
Sekunjalo	–	0.6841	–	18 750
Simmers	1 833 592	5.7053	10 461	11 388
Derivative instruments			2 007	–
Goldfields SAFEX futures	17 038	117.83	2 007	–
			1 705 101	**1 979 915**

3.1 **Listed investments**

The value of the listed investments, except for the investment in R&E, is based on the VWAP for March 2008 comprising 19 trading days.

3.2 **Derivative instruments**

Goldfields SAFEX futures:				
Goldfields SAFEX futures	17 038	117.83	2 007	–
Deposit – variance margin (disclosed under cash refer note 12)			28 197	–
Deposit – initial margin (disclosed under cash refer note 12)			26 622	–
			56 826	**–**

The value of the Goldfields SAFEX futures is based on the closing rate per future at 31 March 2008. The value represents the marked to market price of the futures at 31 March 2008 less the mark to market prices at the inception of the contract.

Each Goldfields SAFEX futures contract is convertible into 100 ordinary Goldfields Shares on expiry of the future contracts. Thus the 17 038 Goldfields futures are convertible into 1 703 800 Goldfields shares on expiry date of the future contracts, these contracts expire every three months at the discretion of JCI.

The variance margin is the surplus cash in the JCI futures trading account that is used to settle the daily mark to market price movements.

The initial margin on the contract is the cash deposited with SAFEX held as security by SAFEX over the futures.

3.3 **Merger Ratio**

The value of the R&E investment is based on the adjusted NAV per share of R&E at 31 March 2008.

	2008 R	2007 R
Net Asset Value per share – R&E Group NAV Statement	8.3607	8.1960
Net Asset Value per share – adjusted to reflect the proposed merger ratio of 1 R&E share for 95 JCI Shares	27.9452	28.7393

The JCI Group has not included 2 943 087 R&E shares, which have been pledged as security for a liability owing by the JCI Group to Letseng Guernsey Limited. These shares have not been included in the Group NAV Statement of R&E as these shares are identified for possible cancellation.

	At 31 March 2008 R'000	At 31 March 2007 R'000
4. **BOSCHENDAL**		
20.002% investment through Moregate	45 006	40 250
Debentures in Kovacs including interest and profit share	115 077	85 888
Loan to Kovacs	905	905
Total investment in Boschendal	**160 988**	**127 043**

The investment in Boschendal is held through a direct investment via Moregate and an indirect investment through a debenture agreement with Kovacs.

An offer to purchase the direct portion of the investment in Boschendal was received from a third party, fellow shareholder of Boschendal. This offer was at R2.250 million per percent. The directors of JCI used this offer to purchase to calculate the value of the investment in Boschendal.

The value of the debentures in Kovacs (the indirect holding in Boschendal) is based on the original investment amount plus accumulated interest and profit share supported by a financing agreement in place and secured by a loan from Kovacs to Boschendal. The directors are confident that the loan is recoverable. The loan has no fixed terms of repayment.

The JCI board is of the opinion that the valuation as detailed above of R161 million is fair and reasonable, however, the JCI board has indicated that the long term value of the investment could be in excess of this amount. An independent valuer calculated a value that was not significantly different from the value that the JCI directors have placed on the investment.

Subsequent to 31 March 2008, there has been a further offer to purchase of R2.5 million per percent interest in Boschendal. Kovacs has followed their pre-emptive rights in terms of this offer and purchased an additional 5.5% interest in and R10 000 000 of loans to Boschendal. This has been financed by JCI on a similar basis to the Debentures.

	At 31 March 2008 R'000	At 31 March 2007 R'000

5. **JAGANDA**

Investment at valuation	**284 302**	**283 755**

The investment in Jaganda comprises 357 374 000 preference shares. The preference shares mature in June 2010.

During April 2006, JCI instituted an action against Jaganda for the delivery of 357 374 000 preference shares held by JCI in that company, which holds ordinary shares in Simmers. Jaganda has disputed the validity of the preference shares. Jaganda acknowledges that it is indebted to JCI for R89.3 million, which is the original value of the preference shares, but denies further obligations. Pleadings in respect of the disputes have closed and the matter has been postponed due to the application for liquidation of Jaganda. The liquidation application is contested by JCI. The directors of JCI have assessed the impact of the liquidation application of Jaganda and are confident it does not effect their valuation.

The preference shares carry interest at prime bank overdraft rate (South Africa) only in the event and to the extent that Simmers pays dividends to its shareholders. In addition, on redemption, 20% of the 30-day VWAP of the Simmers quoted share price on the JSE that exceeds 25 cents per share becomes payable to JCI in cash. At a Simmers share price of R5.7053, which is the VWAP for March 2008, the total upside of the Jaganda preference shares agreement is R479.3 million.

The JCI directors have placed a value of R284 million to the investment in Jaganda, this being the midpoint of the original face value of the preference shares (i.e. R89.3 million) and the total value of the 20% upside as detailed above. This may not be the fair value if concluded in an arm's length transaction with a third party.

	At 31 March 2008 R'000	At 31 March 2007 R'000

6. **BUSINESSES HELD FOR SALE**

AMT (Sales agreement signed 31 March 2008)	36 200	33 000
AML, MSI, Cueincident including CMMS Loan account (Sales agreements in draft and not yet signed but purchase price has been received in full)	16 423	21 500
Bioclones (Sales agreement signed 18 February 2008)	4 200	5 000
Skygistics (Sales agreement signed 30 November 2007)	12 000	6 000
Tavlands (Sales agreement signed 22 September 2006)	–	900
	68 823	**66 400**

All the above businesses held for sale are valued by the JCI directors based upon signed sales agreements received for the investments. The above amounts have been received subsequent to 31 March 2008.

The JCI Group has other investments which have not been included as the JCI directors have not received any offers and are of opinion that it would not be prudent to attribute any value to these businesses at the current time. The JCI directors are of the opinion that they may, however, be able to generate value from these investments in the future. These include businesses such as Palfinger and Lyons, with the exception of the loans recoverable from the Lyons group.

	At 31 March 2008 R'000	At 31 March 2007 R'000

7. LOANS

Loans to Lyons secured by immovable properties	**16 000**	**–**

The loans to Lyons have been valued, based on the value of the concluded sale agreements of the properties held as security for the repayment of the loans.

There is an encumbrance of R7.5 million with a financial institution which will be offset against the proceeds receivable on the sale of the Sandton Emperor penthouse Unit 1004 property. However, management has entered into an agreement with a third party where the third party has undertaken to have the encumbrance waived.

8. PROSPECTING RIGHTS – GFO TRANSACTION

JCI's share of the prospecting rights in respect of the GFO transaction	–	177 315
Prospecting rights held within the JCI Group	–	5 000
	–	**182 315**

JCI and R&E, and certain of their subsidiaries have reached agreement, in terms of which the JCI and R&E groups relinquished their rights in favour of GFO for a purchase consideration of R400 million (excluding VAT), concluded on 31 October 2007. Upon conclusion, JCI, through its 44.89% shareholding in FSD, is entitled to an amount of R177 million in cash.

9. OTHER PROSPECTING RIGHTS

New order prospecting rights held by FSD	**62 528**	**64 106**

These prospecting rights have been converted to new order prospecting rights, and have been valued based on old prospecting data. For further details, refer to note 18.1.

10. INVESTMENT PROPERTIES

Valued at offer price		
Houghton property (Offer accepted 30 May 2007)	3 500	3 500
St James Place – London (Date of offer 10 April 2008)	19 498	–
Stonehurst properties (Sold)	–	2 600
Valued at cost		
50% share in Investment House (Conclusion of share purchase 2 November 2008)	7 500	–
	30 498	**6 100**

These properties are held through subsidiary companies. The value of the Houghton and St James Place properties are based on offers to purchase received, the St James Place offer is still being negotiated further by the directors. Investment House is valued at the purchase price which according to the JCI directors approximates fair value. The Stonehurst properties were disposed during the current year.

	At 31 March 2008 R'000	At 31 March 2007 R'000

11. SHARE OF CASH IN ASSOCIATE

Cash and cash deposits	**159 860**	**–**

12. CASH AND CASH EQUIVALENTS

Cash and cash deposits	8 868	50 447
Deposits – Variance margin on Goldfields future contracts (restricted cash)	28 197	–
Deposits – Initial margin on Goldfields future contracts (restricted cash)	26 622	–
	63 687	**50 447**

13. INVESTEC RAISING FEE

Investec raising fee based on the Investec loan agreement	**(373 335)**	**(373 335)**

The Investec loan agreement provides for a raising fee to be paid to Investec on certain selected assets of JCI. The raising fee has been calculated based on the JCI directors' interpretation of the Investec loan agreement. Different values were used in calculating the Investec raising fee than those disclosed in the Group NAV Statement.

JCI and Investec are in the process of finalising the calculation of this raising fee arrangement. Currently, there are differences between JCI's and Investec's interpretation of the loan agreement. These differences relate to Investec's disagreement with JCI regarding the calculation of the value of the JCI shares, and the value of the investments in R&E, Boschendal and Jaganda used in JCI's calculation.

The Investec raising fee liability would be R575.6 million should the raising fee calculation be based on Investec's interpretation of the Investec loan agreement.

The JCI directors are strongly of the view that the amount disclosed will be the maximum amount agreed upon, subject to the court actions instituted by third parties regarding the Investec raising fee agreement.

Investec hold the following assets as security for the outstanding fee:

	Number of shares	Value per share R	At 31 March 2008 R'000	At 31 March 2007 R'000
Goldfields	11 657 240	123.5069	1 439 750	1 493 176
Matodzi	187 954 095	0.2540	47 740	48 080
R&E	3 250 000	27.9064	90 696	93 403
Boschendal			160 988	127 043
Jaganda			284 302	283 755
Stonehurst properties			–	2 600
			2 023 476	**2 048 057**

Subsequent to 31 March 2008 there was a significant movement in the number of shares held as security.

The shares held as security subsequent to year-end were as follows:

Goldfields shares	8 657 240
Matodzi shares	–
R&E shares	4 789 318

	At 31 March 2008 R'000	At 31 March 2007 R'000

14. INCOME TAX PAYABLE

CGT	–	(49 197)
Income tax	–	(22 868)
Proportionate share of FSD's tax liability	(12 371)	(4 028)
	(12 371)	**(76 093)**

The company has settled with SARS in relation to CGT and Income Tax.

15. DEFERRED TAXATION

Unrealised		
Deferred taxation	(2 564)	(2 655)
Deferred taxation on other prospecting rights	(17 502)	(18 584)
Realised		
Deferred taxation arising from the GFO transaction	–	(25 048)
	(20 066)	**(46 287)**

The deferred taxation balance is as a result of temporary differences on listed investments, unlisted investments, investment properties and prospecting rights, except where the deferred tax liability has been offset against deferred tax assets in the respective JCI Group companies.

No deferred taxation assets were raised on the assessed losses of the JCI Group as it is not probable that future taxable profits will be available when the related deductible temporary differences reverse.

	At 31 March 2008 R'000	At 31 March 2007 R'000

16. TRADE AND OTHER PAYABLES

Trade and other payables	(73 100)	(109 658)
VAT payable	–	(17 659)
PAYE payable	–	(2 288)
FSD group loans	(73 968)	(46 374)
	(147 068)	**(175 979)**

Trade and other payables include provisions for unsettled legal claims and matters that JCI is engaged in. JCI has also raised provisions for amounts on which security has been signed and amounts which JCI believes will not be received from the principal debtor. Subsequent to 31 March 2008, JCI has reached a settlement in the RAWAS matter with DRD GOLD. The value of the settlement was R25 million of which JCI's share was R21 million and the balance by the other parties involved in the settlement. These amounts have been settled.

JCI have pledged 2 943 087 R&E shares as security for a debt of US$4.8 million from Letseng Guernsey Limited which is included in trade and other payables. These shares have not been included in the assets as the ownership of the shares are under dispute and R&E have indicated that they will possibly cancel these shares. Refer to note 3.

PAYE payable

JCI engaged independent tax advisors who completed a PAYE audit. Their report was submitted to SARS. JCI have reached agreement with SARS and the relevant amounts have been settled.

VAT payable

JCI engaged independent tax advisors who completed a VAT audit and determined the amount payable. SARS has considered JCI's submission and issued assessments for the amounts payable. JCI and SARS have reached agreement and the relevant amounts have been settled.

FSD group loans

The total FSD group loan is an amount of R 134 million (see note 18 below). As JCI has a shareholding of 44.89% in FSD the intercompany portion of the loan needs to be removed.

	At 31 March 2008 R'000	At 31 March 2007 R'000
17. ISSUED SHARES		
17.1 **Treasury shares**		
Treasury shares are JCI shares held by subsidiary companies excluding those held by Matodzi.	202 115 127	202 024 776
17.2 **Shares identified for Cancellation**		
Shares identified for possible cancellation	194 874 834	194 874 834
Shares in the possession of R&E	(104 000 000)	(104 000 000)
Total shares identified for possible cancellation excluding the shares held by R&E	**90 874 834**	**90 874 834**

The above shares have been identified as fraudulent issues by the previous board. For the purpose of calculating the net shares in issue, the number of shares in issue has not been reduced by the shares identified for possible cancellation for the following reasons; firstly the 104 million JCI shares are in the possession of R&E and secondly the JCI board have decided to exclude the balance of 90 874 834 shares as legal proceedings have not yet been finalised.

	Notes	JCI's proportionate share At 31 March 2008 R'000	100% At 31 March 2008 R'000
18. **FSD's NET ASSET VALUE**			
ASSETS			
Prospecting rights		**62 528**	**139 293**
Prospecting rights – GFO transaction		–	–
Other prospecting rights	18.1	62 528	139 293
Other assets			
Cash at bank		159 860	356 114
Loan receivable	18.2	60 251	134 219
TOTAL ASSETS		**282 639**	**629 626**
LIABILITIES			
Income tax payable		(12 371)	(27 558)
Deferred taxation		(17 502)	(38 988)
TOTAL LIABILITIES		**(29 873)**	**(66 546)**
NET ASSETS		**252 766**	**563 080**

JCI's proportionate share, equating to 44.89%, of FSD's NAV was included in the applicable line items of the Group NAV Statement.

	At 31 March 2008 R'000	At 31 March 2007 R'000
18.1 **Other prospecting rights**		
Valued at 7 November 2008	**62 528**	**64 106**

JCI is the beneficial owner of various prospecting rights held through its 44.89% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Person's Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

Resource Area	In Situ grade g/t	Gold content Moz	Area Hectare	Value per ounce US Dollar	US Dollar millions	Rand/ US Dollar	Rand millions	Value per hectare Rand
Du Preez Leger/ Jonkersrust	5.17	4.99	1.131	2.10	10.470	8.20	85.858	75.909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81.040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40.999
Total/Average	**4.95**	**10.13**	**2.400**	**2.10**	**21.273**	**8.20**	**174.443**	**66.104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 500, as determined relative to other areas, as detailed below:

Resource Area	Area Hectare	Value per hectare Rand	Value million Rand
Rebelkop	690	20 000	13.791

Using a comparable transactions approach, the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BBBEE dilution	48 941
After BBBEE dilution	139 293[(1)]
JCI's 44.89% proportionate share at 31 March 2008	62 528

For the March 2007 value, management commissioned an independent third party mineral project evaluation expert to evaluate the mineralisation of the Du Preez Leger project and place a value thereon. A value of R193 million was placed on the project based on this exercise.

A CPR was not obtained to support this value and the valuation at March 2007 was based on reserves and not on inferred resources. Management believed that this valuation was the best estimate of fair value for the Du Preez Leger project based on comparable transactions. The valuation also placed no value on the Rebelkop and the Tweepan areas.

	R'000
Du Preez Leger/Jonkersrust 72	134 792
Vermeulenskraal	58 188
Valuation per CPR	192 980
Adjusted for BBBEE dilution	50 174[(1)]
After BBBEE dilution	142 806
JCI's 44.89% proportionate share at 31 March 2007	64 106

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the BBBEE requirements of the Minerals and Petroleum Resources Development Act.

18.2 **Loan receivable**

The loans are receivable from JCI group companies and bear interest at the prime bank lending rate. No formal terms of repayment have been established. These loans are secured by the pledge of 79 million JCI shares and 1.666 million Goldfield shares. The Goldfields pledge came into effect on 20 May 2008. The loan receivable is eliminated in the preparation of the Group NAV Statement of JCI and is therefore not included in the assets of JCI.

19. **Contingent assets**

The JCI Group has several assets not included in the Group NAV Statement as their value, recoverability and ownership cannot be determined with any reliability at this time.

19.1 **Claims against third parties (excluding R&E)**

JCI has identified various claims against third parties. It is not prudent at this stage to disclose a claim value or a break-down thereof, or to identify a name or to disclose any other relating details as it might influence the recoverability of these claims.

20. **CONTINGENT LIABILITIES**

	R'000
The JCI Group provided the following guarantees:	
Nedbank Bank on behalf of Boschendal	109 503
ABSA Bank on behalf of AML (to be released as part of the sale of AML to Mvelaphanda)	10 000
DME, SARS and financial institutions	4 062

No provision has been raised for these guarantees

The directors have assessed all claims and have raised provisions for those claims which they consider to be probable and at values estimated to be the settlement values.

21. **SUBSEQUENT EVENTS**

The JCI group has entered into a back to back transaction with the sale of 1 000 000 Goldfields shares and a purchase of single stock future for 1 000 000 Goldfields shares subsequent to 31 March 2008. This has been done on the same basis as the SAFEX futures disclosed in the group NAV statement.

JCI has disposed of the investment in Matodzi on a share swop deal, JCI has swopped the 211 590 595 Matodzi shares for 1 679 289 R&E shares.

JCI has also entered a share swop agreement where 155 000 Goldfields shares were swopped for 1 000 000 R&E shares.

On 29 October 2008, JCI concluded a transaction to acquire the remaining 30% stake in the Lyons group of companies excluding the property management company for the settlement of their loan accounts.

It should also be noted that the listed investments and the valuation of Jaganda have been affected by the recent turmoil in the financial markets both locally and abroad.

No other material events occurred subsequent to 31 March 2008 other than those disclosed elsewhere in the Group NAV Statement.

22. **ENCUMBRANCES**

Except as noted above in the notes, no significant assets have been encumbered or pledged other than those disclosed elsewhere in the Group NAV Statement.

GLOSSARY OF TERMS

"AMT"	Kovacs 620 (Proprietary) Limited (Registration number 2003/019844/07) trading as Advanced Medical Technologies, a private company incorporated in South Africa;
"AML"	African Maritime Logistics (Proprietary) Limited (Registration number 2000/011486/07), a private company incorporated in South Africa;
"BEE"	Black Economic Empowerment Act, 53 of 2003;
"Bioclones"	Bioclones (Proprietary) Limited (Registration number 1982/005469/07), a private company incorporated in South Africa;
"Boschendal"	Boschendal Limited (Registration number 2002/023534/06), a public company incorporated in South Africa;
"contiguous rights"	collectively, and severally, the Kalbasfontein rights, the WA4 rights, the Cardoville rights and the Wildebeestkuil rights as detailed in the JCI circular to shareholders issued on 15 October 2007;
"CGT"	Capital Gains Tax levied in terms of the Income Tax Act;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of the JCI Group;
"Cueincident"	Cueincident (Proprietary) Limited (Registration number 2000/000708/07), a private company incorporated in South Africa;
"Du Preez Leger Project"	The Du Preez Leger Project is a project encompassing the farms Du Preez Leger 324, Jonkersrust 72, Millo 639, Rebelkop 456, Tweepan 678 and Vermeulenskraal 223 located in the district of Virginia in the Free State Province;
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI and R&E;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/003209/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Goldfields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Goldfields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07), a private company incorporated in South Africa;
"g/t"	grams per ton of gold;
"Harmony"	Harmony Gold Mining Company Limited (Registration number 1950/038232/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Income Tax"	income tax levied in terms of the Income Tax Act;
"Income Tax Act"	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;

"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in the circular to shareholders issued on 15 October 2006. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	the raising fee as per the Investec loan agreement;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formally known as Jaganda (Proprietary) Limited (Registration number 2004/005559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board" or "JCI directors"	the board of directors of JCI;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, being a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI Group"	JCI and its subsidiary companies;
"JSE"	JSE Limited (Registration number 2005/022939/06) a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"Kovacs"	Kovacs Investments 608 (Proprietary) Limited (Registration number 2003/015125/07), a private company incorporated in South Africa;
"KPMG"	KPMG Inc (Registration number 1999/021543/21), a public company incorporated in South Africa;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/023466/07), a private company incorporated in South Africa;
"Liberty Moon Investments"	Liberty Moon Investments 23 (Proprietary) Limited (Registration number 2001/021181/07), a private company incorporated in South Africa;
"Lyons"	Lyons Property Solutions (Proprietary) Limited (Registration number 2006/026142/07), a private company incorporated in South Africa;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, a subsidiary of JCI;
"MSI"	Mvelaphanda Security Investments (Proprietary) Limited (Registration number 2002/008808/07), a private company incorporated in South Africa;
"Moregate"	Moregate Investments Limited (Registration number 358251), a public company incorporated in the British Virgin Islands;
"Moz"	million ounces;
"mt"	million tonnes or tons;

"oz"	ounces (troy);
"Palfinger"	Palfinger Southern Africa (Proprietary) Limited (Registration number 1990/003385/07), a private company incorporated in South Africa;
"previous board"	the board of JCI prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E claims"	the alleged claims by R&E against JCI;
"R&E NAV Statement"	the R&E net asset value statement published on the same date as the JCI group NAV statement;
"reconstituted board(s)"	the JCI board and the R&E board, as the context requires, reconstituted on 24 August 2005;
"SAMREC Code"	South African code for reporting of mineral resources and mineral reserves;
"SARS"	South African Revenue Services;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"shareholders"	holders of JCI shares;
"shares" or "JCI shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"Skygistics"	Skygistics (Proprietary) Limited (Registration number 2000/018328/07), a private company incorporated in South Africa;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Stonehurst properties"	properties in the Stonehurst Mountain Estate situated on the slopes of the Steenberg mountain, in Cape Town;
"Tavlands"	Tavlands (Proprietary) Limited (Registration number 1971/007783/07), a private company incorporated in South Africa;
"US$"	United States Dollars;
"VAT"	value-added tax levied in terms of the VAT Act;
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended; and
"VWAP"	Volume Weighted Average Price on the JSE.

JCI GROUP UNAUDITED NAV STATEMENT AT 31 OCTOBER 2008

JCI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1894/000854/06)
Share code: JCD (Suspended) ISIN: ZAE0000039681
("JCI" or "the Company")

GROUP UNAUDITED NET ASSET VALUE STATEMENT

DIRECTORS' RESPONSIBILITY STATEMENT

The JCI directors are responsible for the preparation and presentation of the Group NAV Statement of JCI at 31 October 2008 and accompanying Notes as set out in this annexure.

The Group NAV Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes for the purpose of providing the shareholders with financial information relevant to the proposed merger between JCI and R&E, and has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The JCI directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the JCI directors, are reasonable in the circumstances.

The Group NAV at 31 October 2008 has not been reviewed by or reported on by KPMG Inc, the independent auditor of JCI.

Approval of the Group NAV Statement

The Group NAV Statement at 31 October 2008 and accompanying Notes were approved by the JCI board on 21 November 2008 and signed on its behalf by:

Peter Henry Gray
Chief Executive Officer

Leslie Arthur Maxwell
Financial Director

GROUP NET ASSET VALUE STATEMENT

	Notes	Unaudited At 31 October 2008 R'000	* At 31 March 2008 R'000
ASSETS			
Listed investments	3	**927 050**	**1 705 101**
Goldfields		750 405	1 449 293
R&E		172 157	189 596
Other listed investments		3 979	64 205
Derivative instruments		509	2 007
Unlisted investments		**376 339**	**530 113**
Boschendal	4	203 099	160 988
Jaganda	5	157 959	284 302
Businesses held for sale	6	–	68 823
Loans	7	15 281	16 000
Prospecting rights		**62 528**	**62 528**
Other prospecting rights	8	62 528	62 528
Other assets		**215 526**	**254 045**
Investment properties	9	48 465	30 498
Share of cash in associate	10	139 056	159 860
Cash and cash equivalents	11	28 005	63 687
TOTAL ASSETS		**1 581 443**	**2 551 787**
LIABILITIES			
Investec raising fee	12	(373 335)	(373 335)
Income tax payable	13	(11 475)	(12 371)
Deferred taxation	14	(20 157)	(20 066)
Trade and other payables	15	(154 276)	(147 068)
TOTAL LIABILITIES		**(559 243)**	**(552 840)**
NET ASSETS		**1 022 200**	**1 998 947**
		Number of shares	**Number of shares**
ISSUED SHARES	16		
Number of shares in issue		2 224 798 993	2 224 798 993
Treasury shares		(202 115 127)	(202 115 127)
Net shares in issue		**2 022 683 866**	**2 022 683 866**
Group NAV per share (Rand)		0.5054	0.9883

* Reported on in terms of a limited assurance report issued by KPMG Inc, the independent auditor of JCI as included in **Annexure 14**.

NOTES TO THE GROUP NAV STATEMENT AT 31 OCTOBER 2008

1. PURPOSE OF THE GROUP NAV STATEMENT

On 7 April 2006, JCI published unreviewed, unaudited and restated provisional financial results for the six months ended 30 September 2005, and for each of the years ended 31 March 2004 and 31 March 2005 ("provisional results").

In the accompanying commentary to these provisional results, the JCI directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were disclosed in the commentary, there may be other material events and circumstances of which the JCI directors are not aware of and which may have a material effect on JCI. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of JCI. In these circumstances the JCI directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG Inc. was appointed as the independent auditor of JCI during October 2005. In view of the uncertainties relating to the provisional results, and the disclaimer by the JCI directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 15 March 2007, JCI and R&E published an update to shareholders and on 23 April 2007, JCI and R&E announced their intention to merge. Because the JCI directors are still unable to prepare a complete set of financial statements for the years ended 31 March 2005, 2006, 2007 and 2008, in accordance with IFRS, the JCI directors have prepared a Group NAV Statement on the basis set out in note 2. The JCI directors consider the Group NAV Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing shareholders with financial information relevant to the proposed merger.

2. BASIS OF PREPARATION

The Group NAV Statement has been prepared from information available to the JCI directors and may not be complete for the reasons given in note 1 above. In particular, the Group NAV Statement excludes major claims and counter claims between JCI and R&E.

Other than for these claims, the Group NAV Statement includes all known significant assets and liabilities of the JCI Group and associate companies. The Group NAV Statement includes JCI's proportionate share of FSD's (a 44.89% associate of JCI) assets and liabilities on a line-by-line basis.

The Group NAV Statement has been prepared in Rands. All financial information is presented in Rands and has been rounded to the nearest thousand. Foreign currency monetary and non-monetary items are reported using the closing rate at 31 October 2008.

The Group NAV Statement required the JCI directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

The assets and liabilities of subsidiaries are included in the Group NAV Statement, except in instances where the subsidiaries are considered as businesses held for sale, or if the subsidiaries are considered to be insolvent, or dormant, or if the ownership of the assets and liabilities could not be proven. However, insolvent subsidiaries' liabilities have been included to the extent where JCI or any of its other subsidiaries have guaranteed the liabilities.

Intra-group balances are eliminated in the preparation of the Group NAV Statement.

The Group NAV Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2.1 Listed investments

The JCI Group's listed investments, except for the investment in R&E, are based on the VWAP for October 2008 comprising 23 trading days (March 2008: VWAP for March 2008 comprising 19 trading days).

The value of the R&E investment is based on the NAV per share of R&E at 31 October 2008 (March 2008: 31 March 2008) which is disclosed in the R&E Group NAV Statement included in **Annexure 15b** to this circular after adjusting for the proposed merger ratio of 95 to 1, as was announced on 27 April 2007.

SAFEX futures are derivative instruments and are measured at the fair value of the instrument at 31 October 2008. The fair value of the futures is based on the amount of cash that would be received if the future contracts were closed out on 31 October 2008 which includes the profit or loss on the instruments.

2.2 **Businesses held for sale**

The fair values of these businesses are based on the latest offer received as an indication of the businesses' minimum values, where the business has been sold, the actual sales value was used.

2.3 **Prospecting rights**

Where an agreement is signed to sell the prospecting rights, the value is based on the consideration amount as quoted in the signed agreement. Where no such agreements are in place, but sufficient data and value exists, the JCI directors have determined a value which they believe is reasonable based on valuations performed by independent experts using comparable transactions.

2.4 **Other assets**

Other assets include investment properties and cash and cash equivalents.

2.4.1 *Investment properties*

Where an agreement is signed to sell the properties the value is based on the consideration in the signed agreement.

Where there are no such agreements in place, the value is based on the latest offer to purchase received from a third party.

Third party property acquisitions during the last year are stated at cost as the directors consider that to approximate fair value.

2.4.2 *Loans*

Loans are only brought into account when they are either certain of recovery or are secured by assets which value can be determined.

2.4.3 *Cash and cash equivalents*

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.5 **Taxation**

2.5.1 *Income tax payable*

Income tax payable comprises taxation payable calculated on the basis of the expected taxable income using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to the directors given the circumstances detailed in note 1 above (including prior year assessments and management's interpretation of current tax law).

2.5.2 *Deferred taxation*

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group NAV Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 **Trade and other payables**

Trade and other payables include accruals and other amounts payable, based on management's best estimate at the reporting date.

2.7 **Contingent assets**

Contingent assets are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be recovered. Due to the complex nature of the legal and forensic proceedings underway the actual amounts to be recovered from the misappropriation of the JCI Group's assets could vary significantly. These amounts have not been included in the Group NAV Statement as the recoverability cannot be reasonably assured.

2.8 **Contingent liabilities**

Contingent liabilities are disclosed when it is probable that they will be realised. The amounts disclosed are the best estimate of amounts expected to be paid.

All guarantees are disclosed even if the directors are of the opinion that they will not be called up or JCI is to be released from such guarantees on the sale of the underlying assets or businesses.

	Number of shares/ futures	Value per share/ future R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
3. **LISTED INVESTMENTS**				
Goldfields	10 579 508	70.9300	750 405	1 449 293
R&E	10 634 023	16.1893	172 157	189 596
Other listed investments			3 979	64 205
Matodzi	–	0.2540	–	53 744
Simmers	1 833 592	2.1700	3 979	10 461
Derivative instruments			509	2 007
Goldfields SAFEX financial asset	7 384	69.0000	509	2 007
			927 050	**1 705 101**

3.1 **Listed investments**

The value of the listed investments, except for the investment in R&E, is based on the VWAP for October 2008 comprising 23 trading days.

	Number of shares/ futures	Value per share/ future R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
3.2 **Derivative instruments**				
Goldfields SAFEX futures				
Goldfields futures	7 384	69.0000	509	2 007
Deposit – variance margin (disclosed under cash refer note 11)			16 006	28 197
Deposit – initial margin (disclosed under cash refer note 11)			9 046	26 622
			25 561	**56 826**

The value of the SAFEX futures is based on the closing rate per future at 31 October 2008. The value represents the marked to market price of the futures at 31 October 2008 less the mark to market prices at the inception of the contract.

Each Goldfields futures contract is convertible into 100 ordinary Goldfields Shares on expiry of the future contracts. Thus the 7 384 Goldfields futures are convertible into 738 400 Goldfields shares on expiry date of the future contracts, these contracts expire every three months at the discretion of JCI.

The variance margin is the surplus cash in the JCI futures trading account that is used to settle the daily mark to market price movements.

The initial margin on the contract is the cash deposited with SAFEX held as security by SAFEX over the futures.

3.3 **Merger Ratio**

The value of the R&E investment is based on the adjusted NAV per share of R&E at 31 October 2008.

	At 31 October 2008 R	At 31 March 2008 R
Net Asset Value per share – R&E Group NAV Statement	6.7625	8.3607
Net Asset Value per share – adjusted to reflect the proposed merger ratio of 1 R&E share for 95 JCI Shares	16.1893	27.9452

The JCI Group has not included 2 943 087 R&E shares, which have been pledged as security for a liability owing by the JCI Group to Letseng Guernsey Limited. These shares have not been included in the Group NAV Statement of R&E as these shares are identified for possible cancellation.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
4. **BOSCHENDAL**		
20.002% investment through Moregate	50 004	45 006
Debentures in Kovacs including interest and profit share	152 190	115 077
Loan to Kovacs	905	905
Total investment in Boschendal	**203 099**	**160 988**

The investment in Boschendal is held through a direct investment via Moregate and an indirect investment through a debenture agreement with Kovacs.

Subsequent to 31 March 2008, there has been a further offer to purchase of R2.5 million per percent interest in Boschendal. Kovacs has followed their pre-emptive rights in terms of this offer and purchased an additional 5.5% interest in and R10 000 000 of loans to Boschendal. This has been financed by JCI on a similar basis to the Debentures.

The purchase offer as above has been used to value the interest in Boschendal.

The value of the debentures in Kovacs (the indirect holding in Boschendal) is based on the original investment amount plus accumulated interest and profit share supported by a financing agreement in place and secured by a loan from Kovacs to Boschendal. The directors are confident that the loan is recoverable. The loan has no fixed terms of repayment.

The JCI board is of the opinion that the valuation as detailed above of R203 million is fair and reasonable, however, the JCI board has indicated that the long-term value of the investment could be in excess of this amount. An independent valuer calculated a value that was not significantly different from the value that the JCI directors have placed on the investment.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
5. **JAGANDA**		
Investment at valuation	**157 959**	**284 302**

The investment in Jaganda comprises 357 374 000 preference shares. The preference shares mature in June 2010.

During April 2006, JCI instituted an action against Jaganda for the delivery of 357 374 000 preference shares held by JCI in that company, which holds ordinary shares in Simmers. Jaganda has disputed the validity of the preference shares. Jaganda acknowledges that it is indebted to JCI for R89.3 million, which is the original value of the preference shares, but denies further obligations. Pleadings in respect of the disputes have closed and the matter has been postponed due to the application for liquidation of Jaganda. The liquidation application is contested by JCI. The directors of JCI have assessed the impact of the liquidation application of Jaganda and are confident it does not affect their valuation.

The preference shares carry interest at prime bank overdraft rate (South Africa) only in the event and to the extent that Simmers pays dividends to its shareholders. In addition, on redemption, 20% of the 30-day VWAP of the Simmers quoted share price on the JSE that exceeds 25 cents per share becomes payable to JCI in cash. At a Simmers share price of R2.17, which is the VWAP for October 2008, the total upside of the Jaganda preference shares agreement is R226.6 million.

The JCI directors have placed a value of R158 million to the investment in Jaganda, this being the midpoint of the original face value of the preference shares (i.e. R89.3 million) and the total value of the 20% upside as detailed above. This may not be the fair value if concluded in an arms length transaction with a third party.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
6. **BUSINESSES HELD FOR SALE**		
AMT (Sales agreement signed 31 March 2008)	–	36 200
AML, MSI, Cueincident including CMMS Loan account (Sales agreements in draft and not yet signed but purchase price has been received in full)	–	16 423
Bioclones (Sales agreement signed 18 February 2008)	–	4 200
Skygistics (Sales agreement signed 30 November 2007)	–	12 000
	–	**68 823**

All the above businesses held for sale have been sold and amounts have been received subsequent to 31 March 2008.

The JCI Group has other investments which have not been included as the JCI directors have not received any offers and are of opinion that it would not be prudent to attribute any value to these businesses at the current time. The JCI directors are of the opinion that they may, however, be able to generate value from these investments in the future. These include businesses such as Palfinger and Lyons, with the exception of the loans recoverable from the Lyons group.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
7. LOANS		
Loan to R&E from Fredev Group	4 281	–
Loans to Lyons secured by immovable properties	11 000	16 000
	15 281	**16 000**

The loans to Lyons have been valued, based on the value of the concluded sale agreements of the properties held as security for the repayment of the loans.

There is an encumbrance of R7.5 million with a financial institution which will be offset against the proceeds receivable on the sale of the Sandton Emperor penthouse unit 1004 property. However, management has entered into an agreement with a third party where the third party has undertaken to have the encumbrance waived.

8. OTHER PROSPECTING RIGHTS		
New order prospecting rights held by FSD	**62 528**	**62 528**

These prospecting rights have been converted to new order prospecting rights, and have been valued based on old prospecting data. For further details, refer to note 17.1.

9. INVESTMENT PROPERTIES		
Valued at offer price		
Houghton property (Offer accepted 30 May 2007)	–	3 500
St James Place – London (Date of offer 10 April 2008)	35 965	19 498
Valued at cost		
50% share in Investment House (Conclusion of share purchase 2 November 2008)	12 500	7 500
	48 465	**30 498**

These properties are held through subsidiary companies. The value of the Houghton and St James Place properties are based on offers to purchase received, the St James Place offer is still to be negotiated further by the directors. Investment House is valued at the purchase price which according to the JCI directors approximates fair value.

10. SHARE OF CASH IN ASSOCIATE		
Cash and cash deposits	**139 056**	**159 860**

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
11. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	2 953	8 868
Deposits – Variance margin on Goldfields future contracts (restricted cash)	16 006	28 197
Deposits – Initial margin on Goldfields future contracts (restricted cash)	9 046	26 622
	28 005	**63 687**
12. INVESTEC RAISING FEE		
Investec raising fee based on the Investec loan agreement	**(373 335)**	**(373 335)**

The Investec loan agreement provides for a raising fee to be paid to Investec on certain selected assets of JCI. The raising fee has been calculated based on the JCI directors' interpretation of the Investec loan agreement. Different values were used in calculating the Investec raising fee than those disclosed in the Group NAV Statement.

JCI and Investec are in the process of finalising the calculation of this raising fee arrangement. Currently, there are differences between JCI's and Investec's interpretation of the loan agreement. These differences relate to Investec's disagreement with JCI regarding the calculation of the value of the JCI shares, and the value of the investments in R&E, Boschendal and Jaganda used in JCI's calculation.

The Investec raising fee liability would be R575.6 million should the raising fee calculation be based on Investec's interpretation of the Investec loan agreement.

The JCI directors are strongly of the view that the amount disclosed will be the maximum amount agreed upon, subject to the court actions instituted by third parties regarding the Investec raising fee agreement.

Investec hold the following assets as security for the outstanding fee:

	Number of shares/ futures	Value per share/ future R	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
Goldfields	8 657 240	70.9300	614 058	1 439 750
Matodzi	–	0.2540	–	47 740
R&E	4 789 318	16.3426	78 270	90 696
Boschendal			203 099	160 988
Jaganda			157 959	284 302
			1 053 386	**2 023 476**

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
13. INCOME TAX PAYABLE		
Proportionate share of FSD's tax liability	**(11 475)**	**(12 371)**

The company has settled with SARS in relation to CGT and Income Tax.

	Unaudited At 31 October 2008 R'000	At 31 March 2008 R'000
14. DEFERRED TAXATION		
Unrealised		
Deferred taxation	(2 655)	(2 564)
Deferred taxation on other prospecting rights	(17 502)	(17 502)
Realised		
Deferred taxation arising from the GFO transaction	–	–
	(20 157)	**(20 066)**

The deferred taxation balance is as a result of temporary differences on listed investments, unlisted investments, investment properties and prospecting rights, except where the deferred tax liability has been offset against deferred tax assets in the respective JCI Group companies.

No deferred taxation assets were raised on the assessed losses of the JCI Group as it is not probable that future taxable profits will be available when the related deductible temporary differences reverse.

15. TRADE AND OTHER PAYABLES		
Trade and other payables	(43 701)	(73 100)
FSD group loans	(110 575)	(73 968)
	(154 276)	**(147 068)**

Trade and other payables include provisions for unsettled legal claims and matters that JCI is engaged in. JCI has also raised provisions for amounts on which security has been signed and amounts which JCI believes will not be received from the principal debtor.

JCI have pledged 2 943 087 R&E shares as security for a debt of US$4.8 million from Letseng Guernsey Limited which is included in trade and other payables. These shares have not been included in the assets as the ownership of the shares are under dispute and R&E have indicated that they will possibly cancel these shares. Refer to note 3.

PAYE payable

JCI engaged independent tax advisors who completed a PAYE audit. Their report was submitted to SARS. JCI have reached agreement with SARS and the relevant amounts have been settled.

VAT payable

JCI engaged independent tax advisors who completed a VAT audit and determined the amount payable. SARS has considered JCI's submission and issued assessments for the amounts payable. JCI and SARS have reached agreement and the relevant amounts have been settled.

FSD group loans

The total FSD group loan is an amount of R 134 million (see note 17 below). As JCI has a shareholding of 44.89% in FSD the intercompany portion of the loan needs to be removed.

	Unaudited At 31 October 2008	At 31 March 2008

16. **ISSUED SHARES**

16.1 ***Treasury shares***

Treasury shares are JCI shares held by subsidiary companies excluding those held by Matodzi	202 115 127	202 115 127

16.2 ***Shares identified for cancellation***

Shares identified for possible cancellation	194 874 834	194 874 834
Shares in the possession of R&E	(104 000 000)	(104 000 000)
Total shares identified for possible cancellation excluding the shares held by R&E	**90 874 834**	**90 874 834**

The above shares have been identified as fraudulent issues by the previous board. For the purpose of calculating the net shares in issue, the number of shares in issue has not been reduced by the shares identified for possible cancellation for the following reasons; firstly the 104 million JCI shares are in the possession of R&E and secondly the JCI board have decided to exclude the balance of 90 874 834 shares as legal proceedings have not yet been finalised.

	Notes	JCI's proportionate share At 31 October 2008 R'000	100% Unaudited At 31 October 2008 R'000

17. **FSD's NET ASSET VALUE**

ASSETS			
Prospecting rights		**62 528**	**139 293**
Other prospecting rights	17.1	62 528	139 293
Other assets			
Cash at bank		139 056	309 771
Loan receivable	17.2	94 351	210 182
TOTAL ASSETS		**295 935**	**659 246**
LIABILITIES			
Income tax payable		(11 475)	(25 562)
Deferred taxation		(17 502)	(38 988)
TOTAL LIABILITIES		**(28 977)**	**(64 550)**
NET ASSETS		**266 958**	**594 696**

JCI's proportionate share, equating to 44.89%, of FSD's NAV was included in the applicable line items of the Group NAV Statement.

17.1 **Other prospecting rights**

Valued at 7 November 2008	**62 528**	**62 528**

JCI is the beneficial owner of various prospecting rights held through its 44.89% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Person's Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

	In Situ grade	Gold content	Area	Value per ounce				Value per hectare
Resource Area	**g/t**	**Moz**	**Hectare**	**US Dollar**	**US Dollar million**	**Rand/ US Dollar**	**Rand million**	**Rand**
Du Preez Leger/ Jonkersrust	5.17	4.99	1.131	2.10	10.470	8.20	85.858	75.909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81.040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40.999
Total/Average	**4.95**	**10.14**	**2.400**	**2.10**	**21.273**	**8.20**	**174.443**	**66.104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

Resource Area	**Area Hectare**	**Value per hectare Rand**	**Value million Rand**
Rebelkop	690	20 000	13.791

Using comparable transactions, the prospecting rights were valued at R188 million for both periods.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BBBEE dilution	48 941
After BBBEE dilution	139 293[(1)]
JCI's 44.89% proportionate share at 31 March 2008 and 31 October 2008	62 528

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the BBBEE requirements of the Minerals and Petroleum Resources Development Act.

17.2 **Loan receivable**

The loans are receivable from JCI group companies and bear interest at the prime bank lending rate. No formal terms of repayment have been established. These loans are secured by the pledge of 79 million JCI shares and 1.666 million Goldfield shares. The Goldfields pledge came into effect on 20 May 2008. The loan receivable is eliminated in the preparation of the Group NAV Statement of JCI and is therefore not included in the assets of JCI.

18. **CONTINGENT ASSETS**

The JCI Group has several assets not included in the Group NAV Statement as their value, recoverability and ownership cannot be determined with any reliability at this time.

18.1 **Claims against third parties (excluding R&E)**

JCI has identified various claims against third parties. It is not prudent at this stage to disclose a claim value or a break-down thereof, or to identify a name or to disclose any other relating details as it might influence the recoverability of these claims.

19. CONTINGENT LIABILITIES

	R'000
The JCI Group provided the following guarantees:	
Nedbank Bank on behalf of Boschendal	109 503
ABSA Bank on behalf of AML (to be released as part of the sale of AML to Mvelaphanda)	10 000
DME, SARS and financial institutions	4 062

No provision has been raised for these guarantees.

The directors have assessed all claims and have raised provisions for those claims which they consider to be probable and at values estimated to be the settlement values.

20. SUBSEQUENT EVENTS

No other material events occurred subsequent to 31 October 2008, other than those disclosed elsewhere in the Group NAV Statement.

21. ENCUMBRANCES

Except as noted above in the notes, no significant assets have been encumbered or pledged, other than those disclosed elsewhere in the Group NAV Statement.

GLOSSARY OF TERMS

"AMT"	Kovacs 620 (Proprietary) Limited (Registration number 2003/019844/07) trading as Advanced Medical Technologies, a private company incorporated in South Africa;
"AML"	African Maritime Logistics (Proprietary) Limited (Registration number 2000/011486/07), a private company incorporated in South Africa;
"BEE"	Black Economic Empowerment Act, 53 of 2003;
"Bioclones"	Bioclones (Proprietary) Limited (Registration number 1982/005469/07), a private company incorporated in South Africa;
"Boschendal"	Boschendal Limited (Registration number 2002/023534/06), a public company incorporated in South Africa;
"contiguous rights"	Collectively, and severally the Kalbasfontein rights, the WA4 rights, the Cardoville rights and the Wildebeestkuil rights as detailed in the JCI circular to shareholders issued on 15 October 2007;
"CGT"	Capital Gains Tax levied in terms of the Income Tax Act;
"CMMS"	Consolidated Mining Management Services Limited (Registration number 1925/008135/06), a public company incorporated in South Africa and a subsidiary of the JCI Group;
"Cueincident"	Cueincident (Proprietary) Limited (Registration number 2000/000708/07), a private company incorporated in South Africa;
"Du Preez Leger Project"	The Du Preez Leger Project is a project encompassing the farms Du Preez Leger 324, Jonkersrust 72, Millo 639, Rebelkop 456, Tweepan 678 and Vermeulenskraal 223 located in the district of Virginia in the Free State Province;
"FSD"	Free State Development and Investment Corporation Limited (Registration number 1944/016931/06), a public company incorporated in South Africa, jointly held by JCI and R&E;
"GFO"	Gold Fields Operations Limited (formerly Western Areas Limited) (Registration number 1959/003209/06), a public company incorporated in South Africa and a wholly-owned subsidiary of Goldfields;
"GFO transaction"	the relinquishment by JCI and certain of its subsidiaries, and R&E and its subsidiary Goldridge, of rights contiguous to the South Deep gold mine, to GFO, details of which are included in the circular issued to JCI shareholders on 15 October 2007;
"Goldfields"	Gold Fields Limited (Registration number 1968/004880/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Goldridge"	Goldridge Gold Mining Company (Proprietary) Limited (Registration number 1974/003333/07), a private company incorporated in South Africa;
"g/t"	grams per ton of gold;
"Harmony"	Harmony Gold Mining Company Limited (Registration number 1950/038232/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"Income Tax"	income tax levied in terms of the Income Tax Act;
"Income Tax Act"	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
"Investec"	Investec Bank Limited (Registration number 1969/004763/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;

"Investec loan agreement"	the agreement between JCI and Investec as amended, in terms of which Investec undertook to arrange a loan facility of up to R460 million to JCIIF, the terms of which are summarised in the circular to shareholders issued on 15 October 2006. For avoidance of doubt, the latest agreement, incorporating all the respective amendments was signed on 16 January 2006;
"Investec loan facility"	the loan facility made available to JCIIF in terms of the Investec loan agreement;
"Investec raising fee"	the raising fee as per the Investec loan agreement;
"Jaganda"	Xelexwa Investment Holdings (Proprietary) Limited, formally known as Jaganda (Proprietary) Limited (Registration number 2004/005559/07), a private company incorporated in South Africa;
"JCI"	JCI Limited (Registration number 1894/000854/06), a public company incorporated in South Africa, the shares of which is listed on the JSE but which are suspended;
"JCI board" or "JCI directors"	the board of directors of JCI;
"JCIIF"	JCI Investment Finance (Proprietary) Limited (Registration number 2005/021440/07), a private company incorporated in South Africa and a wholly-owned subsidiary of JCI;
"JCI Gold"	JCI Gold Limited (Registration number 1998/005215/06), a public company incorporated in South Africa, being a wholly-owned subsidiary of JCI and a shareholder in FSD;
"JCI Group"	JCI and its subsidiary companies;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa, which is licensed as an exchange under the Securities Services Act;
"Kovacs"	Kovacs Investments 608 (Proprietary) Limited (Registration number 2003/015125/07), a private company incorporated in South Africa;
"KPMG"	KPMG Inc (Registration number 1999/021543/21), a public company incorporated in South Africa;
"Letseng"	Letseng Diamonds (Proprietary) Limited (Registration number 95/259), a private company incorporated in Lesotho;
"Letseng Holdings"	Letseng Investment Holdings South Africa (Proprietary) Limited (Registration number 1998/023466/07), a private company incorporated in South Africa;
"Liberty Moon Investments"	Liberty Moon Investments 23 (Proprietary) Limited (Registration number 2001/021181/07), a private company incorporated in South Africa;
"Lyons"	Lyons Property Solutions (Proprietary) Limited (Registration number 2006/026142/07), a private company incorporated in South Africa;
"Matodzi"	Matodzi Resources Limited (Registration number 1933/004523/06), a public company incorporated in South Africa, the shares of which are listed on the JSE, a subsidiary of JCI;
"MSI"	Mvelaphanda Security Investments (Proprietary) Limited, (Registration number 2002/008808/07), a private company incorporated in South Africa;
"Moregate"	Moregate Investments Limited (Registration number 358251), a public company incorporated in the British Virgin Islands;
"Moz"	million ounces;
"mt"	million tonnes or tons;

"oz"	ounces (troy);
"Palfinger"	Palfinger Southern Africa (Proprietary) Limited (Registration number 1990/003385/07), a private company incorporated in South Africa;
"previous board"	the board of JCI prior to its reconstitution on 24 August 2005, comprised Roger Ainsley Ralph Kebble, Roger Brett Kebble, Hendrik Christoffel Buitendag, Charles Henry Delacour Cornwall and John Stratton;
"R&E"	Randgold & Exploration Company Limited (Registration number 1992/005642/06), a public company incorporated in South Africa, the shares of which are listed on the JSE but which are suspended;
"R&E claims"	the alleged claims by R&E against JCI;
"R&E NAV Statement"	the R&E net asset value statement published on the same date as the JCI group NAV statement;
"reconstituted board(s)"	the JCI board and the R&E board, as the context requires, reconstituted on 24 August 2005;
"SAMREC Code"	South African code for reporting of mineral resources and mineral reserves;
"SARS"	South African Revenue Services;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Sekunjalo"	Sekunjalo Investments Limited (Registration number 1996/006093/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"shareholders"	holders of JCI shares;
"shares" or "JCI shares"	ordinary shares of R0.01 each in the issued share capital of JCI;
"Skygistics"	Skygistics (Proprietary) Limited (Registration number 2000/018328/07), a private company incorporated in South Africa;
"Simmers"	Simmer and Jack Mines Limited (Registration number 1924/007778/06), a public company incorporated in South Africa, the shares of which are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Stonehurst properties"	properties in the Stonehurst Mountain Estate situated on the slopes of the Steenberg mountain, in Cape Town;
"Tavlands"	Tavlands (Proprietary) Limited (Registration number 1971/007783/07), a private company incorporated in South Africa;
"US$"	United States Dollars;
"VAT"	value-added tax levied in terms of the VAT Act;
"VAT Act"	the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended; and
"VWAP"	Volume Weighted Average Price on the JSE.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NAV STATEMENT OF JCI LIMITED AT 31 MARCH 2008

The Directors
JCI Limited
10 Benmore Road
Sandton
2146

Dear Sirs

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NAV STATEMENT OF JCI LIMITED AT 31 MARCH 2008

We have performed our limited assurance engagement on the Group NAV Statement of JCI Limited at 31 March 2008 and accompanying notes thereto ("**Notes**"), as set out in **Annexure 13(A)** to the circular to JCI Limited shareholders to be dated on or about 15 December 2008 ("**the circular**") ("**the Group NAV Statement**") in which this report is included.

Directors' responsibility for the Group NAV Statement

The JCI Limited directors are responsible for the preparation and presentation of the Group NAV Statement in accordance with the basis of preparation, set out in the accompanying Notes to the Group NAV Statement, for the purpose of providing the shareholders of JCI Limited with financial information relevant to the proposed merger with Randgold & Exploration Company Limited, as referred to in the Notes. This responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group NAV Statement and making accounting estimates, which, in the opinion of the JCI Limited directors, are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to conclude on whether the Group NAV Statement at 31 March 2008 as reflected in **Annexure 13(A)** to the circular to which this report forms part, has been prepared on the basis of preparation set out in the Notes, based on the procedures performed by us in a limited assurance engagement. There are no International Standards on Auditing (Engagement Standards) applicable to an engagement of this nature. In these circumstances we applied our professional judgement in planning and performing our procedures to obtain limited assurance on the Group NAV Statement in accordance with the basis of preparation set out in the Notes. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of work performed

Our work included making enquiries of management and performing procedures to obtain evidence in respect of the amounts and disclosures in the Group NAV Statement in accordance with the basis of preparation set out in the Notes. We have evaluated the appropriateness of the basis of preparation in the circumstances and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Group NAV Statement.

Conclusion

Based on the procedures performed by us, nothing has come to our attention that caused us to believe that the Group NAV Statement at 31 March 2008 has not been prepared, in all material respects, on the basis of preparation set out in the Notes.

Emphasis of matters

As indicated, the Group NAV Statement is prepared in accordance with the basis of preparation, set out in the accompanying Notes, for the purpose of providing the shareholders of JCI Limited and Randgold and Exploration Company Limited with financial information relevant to the proposed merger, as referred to in the Notes. The Group NAV Statement and our limited assurance report may not be suitable for any other purpose.

The Group NAV Statement and our limited assurance report as reflected in **Annexure 13(A)** and **Annexure 14** to the circular were included in a circular to Randgold & Exploration Company Limited shareholders on or about 28 November 2008.

KPMG Inc.

Registered Auditors

Per **J Erasmus**
Chartered Accountant (SA)
Registered Auditor
Director

21 November 2008

KPMG Crescent
85 Empire Road
Parktown
2193
Johannesburg, South Africa

R&E GROUP NET ASSET VALUE STATEMENT AT 31 MARCH 2008

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (Suspended)
("R&E")

DIRECTORS' RESPONSIBILITY STATEMENT

The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 March 2008 and accompanying Notes as set out in this annexure.

The Group Net Asset Value Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes, for the purpose of providing the shareholders with financial information relevant to the proposed merger between R&E and JCI. The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The R&E directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the R&E directors, are reasonable in the circumstances.

KPMG Inc, the independent auditor is responsible for reporting on whether, based on the auditor's procedures arising from a limited assurance engagement, the Group Net Asset Value Statement at 31 March 2008 has been prepared, in all material respects, in accordance with the basis of preparation set out in the accompanying Notes to the Group Net Asset Value Statement. KPMG's limited assurance report has been set out in **Annexure 16** to this circular.

Approval of the Group Net Asset Value Statement

The Group Net Asset Value Statement at 31 March 2008 and accompanying Notes were approved by the R&E board on 21 November 2008 and are signed on its behalf by:

David Kovarsky
Chairman

Marais Steyn
Chief Executive Officer

RANDGOLD & EXPLORATION COMPANY LIMITED

GROUP NET ASSET VALUE STATEMENT AT 31 MARCH

	Notes	2008 R'000	2007 R'000
ASSETS			
Listed investments	3	**329 074**	**355 071**
Gold Fields		250 556	259 854
JCI		78 123	80 452
Other listed investments		395	14 765
Prospecting rights		**76 764**	**296 385**
Prospecting rights – GFO transaction	4	–	217 685
Other prospecting rights	5	76 764	78 700
Other assets		**283 448**	**67 474**
Loans receivable	6	73 969	46 374
Payment under settlement agreement	7	4 000	8 667
Cash and cash equivalents	8	205 479	12 433
TOTAL ASSETS		**689 286**	**718 930**
LIABILITIES			
Other liabilities		**(88 404)**	**(129 883)**
Provision for post-retirement medical benefit obligation	9	(32 984)	(34 317)
Income tax payable	10	(17 889)	(16 912)
Deferred taxation	11	(28 328)	(59 370)
Trade and other payables	12	(9 203)	(19 284)
TOTAL LIABILITIES		**(88 404)**	**(129 883)**
NET ASSETS		**600 882**	**589 047**

ISSUED SHARES	13	Number of shares	Number of shares
Number of shares in issue		74 813 128	74 813 128
Shares identified for possible cancellation		(2 943 087)	(2 943 087)
Net shares in issue		71 870 041	71 870 041
Net asset value per share (cents)		836.07	819.60

NOTES TO THE GROUP NET ASSET VALUE STATEMENT

1. PURPOSE OF THE GROUP NET ASSET VALUE STATEMENT

On 31 March 2006, R&E published provisional unaudited and unreviewed financial results for the years ended 31 December 2005 and 2004, and restated provisional results for the year ended 31 December 2003 ("provisional results").

In the accompanying commentary to these provisional results, the R&E directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were included in the commentary, there may be other material events and circumstances of which the R&E directors are not aware of and which may have a material effect on R&E. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the R&E directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed the independent auditor of R&E during October 2005. In view of the uncertainties relating to the provisional results and the disclaimer by the R&E directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 14 July 2008, R&E announced, *inter alia,* that, the company is pursuing all options at its disposal to resolve the disputes with JCI. The options included the proposed merger of R&E and JCI, as announced on 23 April 2007, a settlement on commercial terms similar to that of the proposed merger or, finally, the less attractive option of arbitration. On 22 July 2008, the company published a joint announcement with JCI which stated that R&E and JCI had concluded an MOU, in terms of which, the companies would endeavour to conclude a binding settlement agreement within 21 days, which upon its implementation would result in a full and final settlement of all claims by R&E against JCI and *vice versa*. On 26 August 2008, the company announced that it had not been able to enter into a settlement agreement with JCI as envisaged in the MOU signed by the companies and furthermore had not been able to consummate the proposed merger as contemplated in the joint SENS announcement of 23 April 2007. A further joint announcement on 6 November 2008 indicated that the merger negotiations with JCI having been revisited, the companies would, subject, *inter alia,* to the requisite regulatory and shareholder approvals, seek to merge in an attempt to resolve the impasse between them in a commercially prudent manner as opposed to immediate arbitration. The Boards of R&E and JCI indicated in the announcement that they had each resolved to proceed with the merger of the companies based on a merger ratio of one R&E share in exchange for every 95 JCI shares (which is the ratio proposed in the announcement of 23 April 2007).

Because the R&E directors are still unable to prepare a complete set of financial statements for the years ended 31 December 2004, 2005, 2006 and 2007, in accordance with IFRS, the R&E directors have prepared a Group Net Asset Value Statement, on the basis set out in note 2. The R&E directors consider the Group Net Asset Value Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing its shareholders with financial information relevant to the proposed merger with JCI.

2. BASIS OF PREPARATION

The Group Net Asset Value Statement has been prepared from information available to the R&E directors and may not be complete for the reasons given in note 1 above. In particular, the Group Net Asset Value Statement excludes all claims and counter claims between the R&E Group and the JCI Group.

Other than for these claims, the Group Net Asset Value Statement includes all known significant assets and liabilities of R&E, its subsidiaries and a proportionate share of the assets and liabilities of FSD (FSD is a 55.11% subsidiary of R&E) and its subsidiaries on a line-by-line basis.

The Group Net Asset Value Statement has been prepared in Rand. All financial information presented in Rand has been rounded to the nearest thousand.

The Group Net Asset Value Statement required the R&E directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

Intra-group balances are eliminated in the preparation of the Group Net Asset Value Statement.

The Group Net Asset Value Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2.1 **Listed investments**

The Group's listed investments, except for the investment in JCI, are based on the VWAP for March 2008 comprising 19 trading days (2007: VWAP for March 2007 comprising 21 trading days).

The value of the JCI investment is based on the Net Asset Value per share of JCI at 31 March 2008 (2007: at 31 March 2007), which is based on the amount disclosed in the JCI Group Net Asset Value Statement, included in **Annexure 13(A)** to this circular (2007: as published on 13 December 2007). The JCI value is adjusted to reflect the proposed merger ratio of 95 to 1, as was announced on 6 November 2008.

R&E has accounted for all listed investments under its control and in its possession.

2.2 **Prospecting rights**

Where an agreement has been signed to sell prospecting rights as of the date of approval of the Group Net Asset Value Statement, the value is based on the consideration in the relative agreement. Where no such agreements are in place, but sufficient data and value exists, the R&E directors have determined a value which they believe is reasonable based on valuations performed by independent valuation experts using comparable transactions. All other prospecting rights have been impaired and are disclosed at zero value.

2.3 **Other assets**

Other assets include loans receivable, a payment under settlement agreement and cash and cash equivalents.

2.3.1 Loans receivable

The values of the loans receivable are based on current recoverability supported by signed loan certificates.

2.3.2 Payment under settlement agreement

The value of the outstanding settlement is based on the amount recovered subsequent to 31 March 2008 (2007: Subsequent to 31 March 2007 and up to 13 December 2007).

2.3.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.4 **Provision for post-retirement medical benefit obligation**

The provision for the post-retirement medical benefit obligation represents the present value of the estimated future cash outflows resulting from employees' services provided.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation. An independent actuarial valuation was conducted.

2.5 **Taxation**

2.5.1 Income tax payable

Income tax payable comprises taxation payable, calculated on the basis of the expected taxable income, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to management regarding taxable income (including prior year assessments and management's interpretation of current tax law) given the circumstances detailed in note 1 above.

2.5 **Taxation (continued)**

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group Net Asset Value Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 **Trade and other payables**

Trade and other payables include accruals and other amounts payable based on management's best estimate at the reporting date.

2.7 **Contingent assets**

Contingent assets are disclosed when it is probable that they will be realised and are best estimates expected to be recovered. No contingent assets have been included in the Group Net Asset Value Statement as the recoverability cannot be reasonably assured.

	Note	Number of shares	Value per share (R)	At 31 March 2008 (R'000)
3. **LISTED INVESTMENTS**				
31 March 2008				
Gold Fields		2 028 684	123.5069	250 556
JCI	3.1	265 935 854	0.2938	78 123
Other listed investments				395
Kelgran		2 324 830	0.1700	395
Total				**329 074**

The value of the investment in Gold Fields is based on the VWAP for March 2008 comprising 19 trading days. The investment in Kelgran is shown at the suspended value of 17 cents per share (the company was suspended on the JSE on 3 September 2007).

3.1 The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2008, which is disclosed in the JCI Group Net Asset Value Statement, included in **Annexure 13(A)** to this circular. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 6 November 2008.

	JCI At 31 March 2008 (cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	98.83
Net Asset Value per share – adjusted to reflect the proposed merger ratio	29.83

	Notes	Number of shares	Value per share (R)	At 31 March 2007 (R'000)
31 March 2007				
Gold Fields		2 028 684	128.0900	259 854
JCI	3.2	265 935 854	0.3025	80 452
Other listed investments				14 765
Kelgran		2 324 830	0.1408	327
Pan Palladium	3.3	18 100 000	0.7977	14 438
Total				**355 071**

The value of listed investments, except for the investment in JCI (currently suspended on the JSE), is based on the VWAP for March 2007 comprising 21 trading days.

3.2 The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2007 which is disclosed in the JCI Group Net Asset Value Statement at 31 March 2007, published on 13 December 2007. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

	JCI At 31 March 2007 (cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	103.24
Net Asset Value per share – adjusted to reflect the proposed merger ratio	30.25

3.3 The Pan Palladium shares were sold on 16 October 2007 for AU$0.165 per share realising net proceeds of AU$2 976 047 (equating to R18 162 816).

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
4. PROSPECTING RIGHTS – GFO TRANSACTION		
R&E's share of prospecting rights held by FSD	–	217 685

R&E and JCI, and certain of their subsidiaries reached agreement with GFO during October 2007, in terms of which the R&E Group and the JCI Group relinquished their rights in favour of GFO for a collective purchase consideration of R395 million (excluding VAT). On 31 October 2007, R&E shareholders voted unanimously in favour of the transaction. The transaction was concluded in October 2007 and the R&E Group through its 55.11% shareholding in FSD became entitled to R218 million in cash.

5. OTHER PROSPECTING RIGHTS		
R&E's share of new order prospecting rights held by FSD	76 764	78 700

For further details, refer to note 14.1.

6. LOANS RECEIVABLE		
R&E's share of FSD's loans receivable	73 969	46 374

For further details, refer to note 14.2.

7. PAYMENT UNDER SETTLEMENT AGREEMENT		
RAR Kebble	4 000	8 667

On 1 October 2006, R&E concluded a settlement agreement with RAR Kebble. The settlement amount of R30 million payable by RAR Kebble to R&E, was to be repaid in monthly instalments with effect from November 2006 to January 2008. As at 31 March 2007, an amount of R19.2 million was owing to R&E in terms of the settlement agreement. A payment of R8.7 million was received under the settlement agreement between April and July 2007.

With effect from August 2007, further payments under the settlement agreement ceased. As a consequence, R&E cancelled the settlement agreement on 6 November 2007.

On 28 February 2008, R&E, JCI and RAR Kebble, concluded an agreement, the effect of which was to re-commence the settlement agreement concluded between the parties on 1 October 2006, subject to certain modifications. In terms thereof, RAR Kebble was obliged to pay a further R4 million to R&E which was due at 31 March 2008 and was subsequently collected in May 2008.

8. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	9 225	12 433
R&E's share of FSD's cash and cash equivalents	196 254	–
	205 479	**12 433**

For further details, refer to note 14.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
9. PROVISION FOR POST-RETIREMENT MEDICAL BENEFIT OBLIGATION		
Obligation at 31 March	(32 984)	(34 317)

A valuation of this obligation was performed by independent actuaries at 31 March 2008 and 2007, respectively.

10. INCOME TAX PAYABLE		
South African normal tax	(17 889)	(16 912)
Attributable to:		
R&E and its subsidiaries (excluding FSD group)	(2 702)	(11 968)
FSD group	(15 187)	(4 944)
	(17 889)	**(16 912)**

The above amounts includes income tax payable calculated by management for the R&E Group and includes any related penalties, except as noted in the next paragraph, and interest that may be due.

Income tax payable does not include any additional penalties that may become leviable upon assessment of outstanding returns by SARS as management believes that the R&E Group did not act fraudulently or in any other way to warrant incurring such additional penalties. Based on the ongoing negotiations with SARS, management believes that the penalties and interest calculated is sufficient and that no further penalties will be levied by SARS.

R&E's calculations reflect that R&E had no taxable income from 2002 to the reporting date as R&E was operating at a loss. SARS has, however, queried R&E's tax calculations from 1998 to 2001 and have subsequently recalculated that an amount of R44 million (2007: R39 million) in taxes is payable. R&E has and will continue to contest these queries. Given that such queries are under dispute, management believes that the amount is not payable and therefore no liability for this amount has been raised.

11. DEFERRED TAXATION		
Unrealised	**(28 328)**	**(28 620)**
Deferred taxation arising on listed investments at 14% (2007: 14.5%)	(6 842)	(5 805)
Deferred taxation arising on other prospecting rights at 28% (2007: 29%)	(21 486)	(22 815)
Realised	–	**(30 750)**
Deferred taxation arising on the GFO transaction at 14% (2007: 14.5%)	–	(29 978)
Deferred taxation arising on the GFO transaction at 28% (2007: 29%)	–	(772)
Total	**(28 328)**	**(59 370)**

The deferred taxation balance comprises temporary differences on listed investments and prospecting rights.

No deferred taxation assets were raised on the post retirement medical benefit obligation and assessable losses of the R&E Group as it is not probable that future taxable profits will be available to utilise the assessable losses or when the related deductible temporary differences are expected to reverse.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
12. **TRADE AND OTHER PAYABLES**		
Trade and other payables	(6 066)	(2 848)
PAYE payable	–	(13 528)
VAT payable	(3 137)	(2 908)
	(9 203)	**(19 284)**

PAYE payable

R&E engaged independent tax advisors during 2006 who completed a PAYE audit and determined the amount payable, including penalties and interest thereon to be R13.5 million at 31 March 2007. Their report was submitted to SARS during 2007 and R&E settled the PAYE payable with SARS before 31 March 2008.

VAT payable

R&E engaged independent tax advisors who completed a VAT audit and determined the VAT payable, excluding penalties and interest thereon. Management added penalties and interest to the VAT payable. The penalties calculated by management, however, excluded the 200% section 60 VAT penalty as defined in the VAT Act, as R&E believes they did not act fraudulently. The report of the independent tax advisors has been submitted to SARS during the calendar year 2007. R&E has had various meetings with SARS but still awaits their final decision regarding settlement.

13. **ISSUED SHARES**

For the purpose of calculating the net shares in issue, the total number of shares in issue of R&E (issued share capital) has been notionally reduced by approximately 3 million R&E shares.

R&E has identified 2 943 087 R&E shares for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted on account of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI), on the basis that such shares are alleged to have been issued for no value received.

The said shares have been identified to be in the possession of Letseng Diamonds. R&E have been informed by JCI that the shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI.

R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.

	Notes	At 31 March 2008 (R'000)	2007 (R'000)
		R&E's 55.11% proportionate share	
14. FSD'S NET ASSET VALUE			
ASSETS			
Prospecting rights – GFO transaction		–	217 685
Other prospecting rights	14.1	76 764	78 700
Loans receivable	14.2	73 969	46 374
Cash and cash equivalents		196 254	–
Total assets		**346 987**	**342 759**
LIABILITIES			
Income tax payable		(15 187)	(4 944)
Deferred taxation		(21 486)	(53 565)
Total liabilities		**(36 673)**	**(58 509)**
Net assets		**310 314**	**284 250**

14.1 Other prospecting rights

R&E is the beneficial owner of various prospecting rights held through its 55.11% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce				Value per hectare
	g/t	Moz	Hectare	US Dollar	US Dollar million	Rand/ US Dollar	Rand million	Rand
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

14.1 **Other prospecting rights (continued)**

Using comparable transactions, the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BEE dilution	48 941[(1)]
After BEE dilution	139 293
R&E's 55.11% proportionate share at 31 March 2008	76 764

For the March 2007 value, management commissioned an independent third party mineral project evaluation expert to evaluate the mineralisation of the Du Preez Leger project and place a value thereon. A value of R193 million was placed on the project based on this exercise.

A CPR was not obtained to support this value and the valuation at 31 March 2007 was based on reserves and not inferred resources. Management believed that this valuation was the best estimate of fair value for the Du Preez Leger project based on comparable transactions at the time. The valuation also placed no value on the Rebelkop and the Tweepan areas as these areas did not have reported reserves.

	R'000
Du Preez Leger/Jonkersrust 72	134 792
Vermeulenskraal	58 188
Valuation per CPR	192 980
Adjusted for BEE dilution	50 174[(1)]
After BEE dilution	142 806
R&E's 55.11% proportionate share at 31 March 2007	78 700

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the black economic empowerment requirements of the Minerals and Petroleum Resources Development Act.

	At 31 March 2008 (R'000)	At 31 March 2007 (R'000)
14.2 **Loans receivable**		
FSD loan to the JCI Group	51 176	46 374
Goldridge loan to the JCI Group	22 793	–
	73 969	**46 374**

FSD has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 March 2008. The loan is secured over a pledge of 79 million JCI Limited shares, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

Goldridge, a 100% subsidiary of FSD, has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 March 2008. The loan is secured over a pledge of 1.666 million Gold Fields shares which came into effect on 20 May 2008, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

NOTES TO THE GROUP NET ASSET VALUE STATEMENT (CONTINUED)

15. CONTINGENT ASSETS – CLAIMS AGAINST THIRD PARTIES (EXCLUDING THE JCI GROUP)

R&E has identified various claims against third parties which R&E is proceeding with. Such claims could be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

16. ENCUMBRANCES

No significant assets have been encumbered or pledged.

17. CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles. The consolidated balance sheet at 31 March 2008 as included in **Annexure 8a** to the Randgold circular, has been prepared in accordance with the recognition and measurement requirements of IFRS and has been approved by the directors of R&E on 21 November 2008 and on which KPMG issued a qualified review conclusion, dated 21 November 2008. Users are referred to this consolidated balance sheet for a better understanding of the company's consolidated financial position at 31 March 2008, prepared in accordance with the recognition and measurement requirements of IFRS.

UNAUDITED GROUP NET ASSET VALUE STATEMENT OF R&E AT 31 OCTOBER 2008

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa)
(Registration number 1992/005642/06)
Share code: RNG ISIN: ZAE000008819 (Suspended)
("R&E")

DIRECTORS' RESPONSIBILITY STATEMENT

The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 October 2008 and accompanying Notes as set out in this annexure.

The Group Net Asset Value Statement has been prepared in accordance with the basis of preparation set out in the accompanying Notes, for the purpose of providing the shareholders with financial information relevant to the proposed merger between R&E and JCI. The Group Net Asset Value Statement has not been prepared in accordance with IFRS or other generally accepted accounting principles.

The R&E directors' responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and accompanying Notes, and making accounting estimates, which, in the opinion of the R&E directors, are reasonable in the circumstances.

The Group Net Asset Value Statement at 31 October 2008 has not been reviewed by or reported on by KPMG Inc, the independent auditor of R&E.

Approval of the Group Net Asset Value Statement

The Group Net Asset Value Statement at 31 October 2008 and accompanying Notes were approved by the R&E board on 21 November 2008 and are signed on its behalf by:

David Kovarsky
Chairman

Marais Steyn
Chief Executive Officer

RANDGOLD & EXPLORATION COMPANY LIMITED

GROUP NET ASSET VALUE STATEMENT

	Notes	Unaudited 31 October 2008 (R'000)	31 March† 2008 (R'000)
ASSETS			
Listed investments	3	**189 215**	**329 074**
Gold Fields		143 895	250 556
JCI		45 320	78 123
Other listed investments		–	395
Prospecting rights	4	**76 764**	**76 764**
Other assets		**284 867**	**283 448**
Loans receivable	5	110 576	73 969
Payment under settlement agreement	6	**–**	4 000
Cash and cash equivalents	7	174 291	205 479
Total assets		**550 846**	**689 286**
LIABILITIES			
Other liabilities		**(64 820)**	**(88 404)**
Provision for post-retirement medical benefit obligation	8	(32 735)	(32 984)
Income tax payable	9	(15 919)	(17 889)
Deferred taxation	10	(8 748)	(28 328)
Trade and other payables	11	(7 418)	(9 203)
Total liabilities		**(64 820)**	**(88 404)**
Net assets		**486 026**	**600 882**

ISSUED SHARES	12	**Number of shares**	**Number of shares**
Number of shares in issue		74 813 128	74 813 128
Shares identified for possible cancellation		(2 943 087)	(2 943 087)
Net shares in issue		**71 870 041**	**71 870 041**
Net asset value per share (cents)		**676.25**	**836.07**

† Reported on in terms of a limited assurance report issued by KPMG, the independent auditor of R&E as included in **Annexure 16** to this circular.

NOTES TO THE GROUP NET ASSET VALUE STATEMENT

1. PURPOSE OF THE GROUP NET ASSET VALUE STATEMENT

On 31 March 2006, R&E published provisional unaudited and unreviewed financial results for the years ended 31 December 2005 and 2004, and restated provisional results for the year ended 31 December 2003 ("provisional results").

In the accompanying commentary to these provisional results, the R&E directors indicated, *inter alia*, that due to the extent of the misappropriations, for which details were included in the commentary, there may be other material events and circumstances of which the R&E directors are not aware of and which may have a material effect on R&E. These may affect the completeness and accuracy of the information reflected in the provisional results and/or may have the effect that the provisional results do not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the R&E directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. This is still the position.

KPMG was appointed as the independent auditor of R&E during October 2005. In view of the uncertainties relating to the provisional results and the disclaimer by the R&E directors, they were unable to, and did not, express an audit or review opinion on the provisional results. This is still the position.

On 14 July 2008, R&E announced, *inter alia,* that, the company is pursuing all options at its disposal to resolve the disputes with JCI. The options included the proposed merger of R&E and JCI, as announced on 23 April 2007, a settlement on commercial terms similar to that of the proposed merger or, finally, the less attractive option of arbitration. On 22 July 2008, the company published a joint announcement with JCI which stated that R&E and JCI had concluded an MOU, in terms of which, the companies would endeavour to conclude a binding settlement agreement within 21 days, which upon its implementation would result in a full and final settlement of all claims by R&E against JCI and *vice versa*. On 26 August 2008, the company announced that it had not been able to enter into a settlement agreement with JCI as envisaged in the MOU signed by the companies and furthermore had not been able to consummate the proposed merger as contemplated in the joint SENS announcement of 23 April 2007. A further joint announcement on 6 November 2008 indicated that the merger negotiations with JCI having been revisited, the companies would, subject, *inter alia,* to the requisite regulatory and shareholder approvals, seek to merge in an attempt to resolve the impasse between them in a commercially prudent manner as opposed to immediate arbitration. The Boards of R&E and JCI indicated in the announcement that they had each resolved to proceed with the merger of the companies based on a merger ratio of one R&E share in exchange for every 95 JCI shares (which is the ratio proposed in the announcement of 23 April 2007).

Because the R&E directors are still unable to prepare a complete set of financial statements for the years ended 31 December 2004, 2005, 2006 and 2007, in accordance with IFRS, the R&E directors have prepared a Group Net Asset Value Statement, on the basis set out in note 2. The R&E directors consider the Group Net Asset Value Statement, including the accompanying Notes, suitable in the circumstances for the purpose of providing its shareholders with financial information relevant to the proposed merger with JCI.

2. BASIS OF PREPARATION

The Group Net Asset Value Statement has been prepared from information available to the R&E directors and may not be complete for the reasons given in note 1 above. In particular, the Group Net Asset Value Statement excludes all claims and counter claims between the R&E Group and the JCI Group.

Other than for these claims, the Group Net Asset Value Statement includes all known significant assets and liabilities of R&E, its subsidiaries and a proportionate share of the assets and liabilities of FSD (FSD is a 55.11% subsidiary of R&E) and its subsidiaries on a line-by-line basis.

The Group Net Asset Value Statement has been prepared in Rand. All financial information presented in Rand has been rounded to the nearest thousand.

The Group Net Asset Value Statement required the R&E directors to make judgements, estimates and assumptions that affect the basis of preparation and the reported amounts of assets and liabilities. Actual results may differ from these estimates.

Intra-group balances are eliminated in the preparation of the Group Net Asset Value Statement.

2. BASIS OF PREPARATION (continued)

The Group Net Asset Value Statement has not been prepared in terms of IFRS, but on the basis discussed under each heading below:

2.1 Listed investments

The Group's listed investments, except for the investment in JCI, are based on the VWAP for October 2008 comprising 23 trading days and in respect of the Group Net Asset Value Statement at 31 March 2008, based on the VWAP for March 2008, comprising 19 trading days.

The value of the JCI investment is based on the Net Asset Value per share of JCI at 31 October 2008 (comparative at 31 March 2008), as disclosed in the JCI Group Net Asset Value Statement as at 31 October 2008 and 31 March 2008, respectively. The JCI value has been adjusted to reflect the proposed merger ratio of 95 to 1, as further set out in terms of the proposed merger between R&E and JCI.

R&E has accounted for all listed investments under its control and in its possession.

2.2 Prospecting rights

Where an agreement has been signed to sell prospecting rights as of the date of approval of the Group Net Asset Value Statement, the value is based on the consideration in the relative agreement. Where no such agreements are in place, but sufficient data and value exists, the R&E directors have determined a value which they believe is reasonable based on valuations performed by independent valuation experts using comparable transactions. All other prospecting rights have been impaired and are disclosed at zero value.

2.3 Other assets

Other assets include loans receivable, a payment under settlement agreement and cash and cash equivalents.

2.3.1 Loans receivable

The values of the loans receivable are based on current recoverability supported by signed loan certificates in respect of loans receivable as at 31 October 2008 and 31 March 2008, respectively.

2.3.2 Payment under settlement agreement

The value of the outstanding settlement is based on the amount recovered subsequent to 31 March 2008.

2.3.3 Cash and cash equivalents

Cash and cash equivalents comprises cash and cash deposits with banking institutions. The carrying amount of cash and cash deposits with banking institutions approximates fair value.

2.4 Provision for post-retirement medical benefit obligation

The provision for the post-retirement medical benefit obligation represents the present value of the estimated future cash outflows resulting from employees' services provided.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation. An independent actuarial valuation was conducted as at 31 March 2008 and rolled forward by the directors to 31 October 2008.

2. BASIS OF PREPARATION (continued)

2.5 Taxation

2.5.1 Income tax payable

Income tax payable comprises taxation payable, calculated on the basis of the expected taxable income, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of income tax payable for previous years.

Income tax payable has been calculated based on the best information currently available to management regarding taxable income (including prior year assessments and management's interpretation of current tax law) given the circumstances detailed in note 1 above.

2.5.2 Deferred taxation

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities reported in the Group Net Asset Value Statement and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.6 Trade and other payables

Trade and other payables include accruals and other amounts payable based on management's best estimate at the reporting date.

2.7 Contingent assets

Contingent assets are disclosed when it is probable that they will be realised and are best estimates expected to be recovered. No contingent assets have been included in the Group Net Asset Value Statement as the recoverability cannot be reasonably assured.

	Note	Number of shares	Value per share (R)	31 October 2008 (R'000)
3. **INVESTMENTS**				
31 October 2008				
Gold Fields		2 028 684	70.9300	143 895
JCI	a	265 935 854	0.1704	45 320
Unlisted investments:				
Kelgran Ltd		2 324 830	–	–
Total				**189 215**

The value of the investment in Gold Fields is based on the VWAP for October 2008 comprising 23 trading days. The investment in Kelgran has been fully impaired as the company was de-listed on 28 July 2008.

a The value of the JCI investment is based on the Net Asset Value per JCI share at 31 October 2008, which is disclosed in the JCI Group Net Asset Value Statement, as set out in **Annexure 13(A)** to this circular. The JCI value is adjusted to reflect the proposed merger ratio of 95 to 1 as referred to in this circular.

	JCI Unaudited At 31 October 2008 (cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	50.54
Net Asset Value per share – adjusted to reflect the proposed merger ratio	17.04

	Note	Number of shares	Value per share (R)	31 March 2008 (R'000)
Gold Fields		2 028 684	123.5069	250 556
JCI	b	265 935 854	0.2938	78 123
Other listed investments				395
Kelgran		2 324 830	0.1700	395
Total				**329 074**

The value of the investment in Gold Fields is based on the VWAP for March 2008 comprising 19 trading days. The investment in Kelgran is shown at the suspended value of 17 cents per share (the company was suspended on the JSE on 3 September 2007).

b The value of the JCI investment is based on the Net Asset Value per JCI share at 31 March 2008 which is disclosed in the JCI Group Net Asset Value Statement at 31 March 2008, as set out in **Annexure 15(A)** to this circular. The JCI value is adjusted to reflect the estimated financial impact of the proposed merger ratio of 95 to 1, as was announced on 23 April 2007.

	JCI At 31 March 2008 (cents)
Net Asset Value per share – JCI Group Net Asset Value Statement	98.83
Net Asset Value per share – adjusted to reflect the proposed merger ratio	29.38

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
4. PROSPECTING RIGHTS		
R&E's share of new order prospecting rights held by FSD	76 764	76 764

For further details, refer to note 13.1.

5. LOANS RECEIVABLE		
R&E's share of FSD's loans receivable	110 576	73 969

For further details, refer to note 13.2.

6. PAYMENT UNDER SETTLEMENT AGREEMENT		
RAR Kebble	–	4 000

On 28 February 2008, R&E, JCI and RAR Kebble, concluded an agreement, the effect of which was to re-commence the settlement agreement concluded between the parties on 1 October 2006, subject to certain modifications. In terms thereof, RAR Kebble was obliged to pay a further R4 million to R&E which was due at 31 March 2008 and was subsequently collected in May 2008.

7. CASH AND CASH EQUIVALENTS		
Cash and cash deposits	3 576	9 225
R&E's share of FSD's cash and cash equivalents	170 715	196 254
	174 291	**205 479**

For further details, refer to note 13.

8. PROVISION FOR POST-RETIREMENT MEDICAL BENEFIT OBLIGATION		
Obligation	(32 735)	(32 984)

A valuation of this obligation was performed by independent actuaries as at 31 March 2008 and rolled forward by the directors to 31 October 2008.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
9. **INCOME TAX PAYABLE**		
South African normal tax	(15 919)	(17 889)
Attributable to:		
R&E and its subsidiaries (excluding FSD group)	(1 832)	(2 702)
FSD group	(14 087)	(15 187)
	(15 919)	**(17 889)**

The above amounts include income tax payable calculated by management for the R&E Group and include any related penalties, except as noted in the next paragraph, and interest that may be due.

Income tax payable does not include any additional penalties that may become leviable upon assessment of outstanding returns by SARS as management believes that the R&E Group did not act fraudulently or in any other way to warrant incurring such additional penalties. Based on the ongoing negotiations with SARS, management believes that the penalties and interest calculated is sufficient and that no further penalties will be levied by SARS.

R&E's calculations reflect that R&E had no taxable income from 2002 to the reporting date as R&E was operating at a loss. SARS has, however, queried R&E's tax calculations from 1998 to 2001 and have subsequently recalculated that an amount of R47 million (31 March 2008: R44 million) in taxes is payable. R&E has and will continue to contest these queries. Given that such queries are under dispute, management believes that the amount is not payable and therefore no liability for this amount has been raised.

10. **DEFERRED TAXATION**		
Deferred taxation arising on listed investments at 14%	12 738	(6 842)
Deferred taxation arising on other prospecting rights at 28%	(21 486)	(21 486)
Total	**(8 748)**	**(28 328)**

The deferred taxation balance comprises temporary differences on listed investments and prospecting rights.

No deferred taxation assets were raised on the post retirement medical benefit obligation and assessable losses of the R&E Group as it is not probable that future taxable profits will be available to utilise the assessable losses or when the related deductible temporary differences are expected to reverse.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
11. **TRADE AND OTHER PAYABLES**		
Trade and other payables	–	(6 066)
Short-term loan (refer to note 13.2)	(4 281)	–
VAT payable	(3 137)	(3 137)
	(7 418)	**(9 203)**

VAT payable

R&E engaged independent tax advisors who completed a VAT audit and determined the VAT payable, excluding penalties and interest thereon. Management added penalties and interest to the VAT payable. The penalties calculated by management, however, excluded the 200% section 60 VAT penalty as defined in the VAT Act, as R&E believes they did not act fraudulently. The report of the independent tax advisors has been submitted to SARS during calendar year 2007. R&E has had various meetings with SARS but still awaits their final decision regarding settlement.

12. **ISSUED SHARES**

For the purpose of calculating the net shares in issue, the total number of shares in issue of R&E (issued share capital) has been notionally reduced by approximately 3 million R&E shares.

R&E has identified 2 943 087 R&E shares for possible cancellation in its issued share capital (which shares constitute a portion of the consideration shares purportedly issued and allotted on account of the Phikoloso transaction in respect of which R&E has asserted a claim against JCI), on the basis that such shares are alleged to have been issued for no value received.

The said shares have been identified to be in the possession of Letseng Diamonds. R&E have been informed by JCI that the shares in question were pledged by JCI to Letseng Diamonds, as security for a loan made by Letseng Diamonds to JCI.

R&E has been further informed by JCI that upon the repayment of the loan by JCI to Letseng Diamonds, the shares will be returned to JCI, whereupon JCI has undertaken to return such shares to R&E for cancellation. R&E has noted JCI's undertaking in respect of the 2 943 087 R&E shares without prejudice and/or waiver of any of its rights and entitlements which it may enjoy in consequence of the void issue and allotment of any of its shares.

	Notes	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
		R&E's 55.11% proportionate share	
13. FSD'S NET ASSET VALUE			
ASSETS			
Prospecting rights	13.1	76 764	76 764
Loans receivable	13.2	115 831	73 969
Cash and cash equivalents		170 715	196 254
Total assets		**363 310**	**346 987**
LIABILITIES			
Income tax payable		(14 087)	(15 187)
Deferred taxation		(21 486)	(21 486)
Total liabilities		**(35 573)**	**(36 673)**
Net assets		**327 737**	**310 314**

13.1 Prospecting rights

R&E is the beneficial owner of various prospecting rights held through its 55.11% shareholding in the issued share capital of FSD.

The prospecting rights comprise primarily of the Du Preez Leger project. The Du Preez Leger Project comprises four exploration areas in the Free State Province; namely the Du Preez Leger/Jonkersrust 72 area, the Vermeulenskraal area, the Rebelkop area and the Tweepan area. The project area is located in the Free State goldfield of the Witwatersrand Basin. The areas of interest are located on exploration rights which are held by FSD.

During November 2008, management commissioned an independent third party valuation expert to compile an Independent Techno-Economic Valuation report, in the form of a Competent Persons Report ("CPR") on the mineral assets of the Du Preez Leger project.

The inferred resource was valued based on the following information:

	In Situ Grade	Gold Content	Area	Value per ounce	US Dollar million	Rand/ US Dollar	Rand million	Value per hectare
	g/t	Moz	Hectare	US Dollar				Rand
Resource Area								
Du Preez Leger/ Jonkersrust	5.17	4.99	1 131	2.10	10.470	8.20	85.858	75 909
Vermeulenskraal	4.99	4.30	914	2.10	9.028	8.20	74.030	81 040
Millo/Tweepan	3.86	0.85	355	2.10	1.775	8.20	14.555	40 999
Total/Average	**4.95**	**10.14**	**2 400**	**2.10**	**21.273**	**8.20**	**174.443**	**66 104**

The Rebelkop area does not have any estimated mineral resources, and was valued using a value per hectare of R20 000, as determined relative to other areas, as detailed below:

	Area Hectare	Value per hectare Rand	Rand million
Resource Area			
Rebelkop	690	20 000	13.791

13. FSD'S NET ASSET VALUE (continued)

13.1 Prospecting rights (continued)

Using comparable transactions, the prospecting rights were valued at R188 million at 31 March 2008.

	R'000
Du Preez Leger/Jonkersrust 72	85 858
Vermeulenskraal	74 030
Tweepan	14 555
Rebelkop	13 791
Valuation per CPR	188 234
Adjusted for BEE dilution	48 941[(1)]
After BEE dilution	139 293
R&E's 55.11% proportionate share	76 764

In the opinion of the directors, there have been no circumstances or events that have changed the value of the prospecting rights from 31 March 2008 to 31 October 2008.

(1) Management has adjusted the value of these prospecting rights on the basis that 26% thereof will be attributable in terms of the black economic empowerment requirements of the Minerals and Petroleum Resources Development Act.

	Unaudited 31 October 2008 (R'000)	31 March 2008 (R'000)
13.2 Loans receivable		
FSD loan to the JCI Group	55 929	51 176
Goldridge loan to R&E Group	5 256	–
Goldridge loan to the JCI Group	54 646	22 793
	115 831	**73 969**

FSD has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 October 2008. The loan is secured over a pledge of 79 million JCI Limited shares, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

The Goldridge loan to R&E Group is eliminated in the preparation of the Group Net Asset Value Statement of R&E and is therefore not included in the assets of R&E.

Goldridge, a 100% subsidiary of FSD, has a loan receivable from the JCI Group to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI Group. This loan is accounted for as a loan payable by the JCI Group at 31 October 2008. The loan is secured over a pledge of 1.666 million Gold Fields shares which came into effect on 20 May 2008, bears interest at the bank prime lending rate and no formal terms of repayment have been established.

14. CONTINGENT ASSETS – CLAIMS AGAINST THIRD PARTIES (EXCLUDING THE JCI GROUP)

R&E has identified various claims against third parties which R&E is proceeding with. Such claims could prove to be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

15. ENCUMBRANCES

No significant R&E assets have been encumbered or pledged.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NET ASSET VALUE STATEMENT OF RANDGOLD AND EXPLORATION COMPANY LIMITED AT 31 MARCH 2008

The Directors
Randgold & Exploration Company Limited
10 Benmore Road
Sandton
2146

Dear Sirs

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT IN RESPECT OF THE GROUP NET ASSET VALUE STATEMENT OF RANDGOLD & EXPLORATION COMPANY LIMITED AT 31 MARCH 2008

We have performed our limited assurance engagement on the Group Net Asset Value Statement of Randgold & Exploration Company Limited at 31 March 2008 and accompanying notes thereto ("**the Notes**"), as set out in **Annexure 15(A)** to the circular to JCI Limited shareholders dated on or about 15 December 2008 ("**the circular**") ("**the Group Net Asset Value Statement**") in which this report is included.

Directors' responsibility for the Group Net Asset Value Statement

The Randgold & Exploration Company Limited directors are responsible for the preparation and presentation of the Group Net Asset Value Statement in accordance with the basis of preparation, set out in the Notes to the Group Net Asset Value Statement, for the purpose of providing the shareholders of JCI Limited and Randgold & Exploration Company Limited with financial information relevant to the proposed merger of the company with JCI Limited, as referred to in the Notes. This responsibility includes determining that the basis of preparation is an acceptable basis for preparing and presenting the Group Net Asset Value Statement and making accounting estimates, which, in the opinion of the Randgold & Exploration Company Limited directors, are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to conclude on whether the Group Net Asset Value Statement at 31 March 2008 as reflected in **Annexure 15(A)** to the circular has been prepared on the basis of preparation set out in the Notes, based on the procedures performed by us in a limited assurance engagement. There are no International Standards on Auditing (Engagement Standards) applicable to an engagement of this nature. In these circumstances, we applied our professional judgement in planning and performing our procedures to obtain limited assurance on the Group Net Asset Value Statement in accordance with the basis of preparation set out in the Notes. Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of work performed

Our work included making enquiries of management and performing procedures to obtain evidence in respect of the amounts and disclosures in the Group Net Asset Value Statement in accordance with the basis of preparation set out in the Notes. We have evaluated the appropriateness of the basis of preparation in the circumstances and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Group Net Asset Value Statement.

Conclusion

Based on the procedures performed by us, nothing has come to our attention that causes us to believe that the Group Net Asset Value Statement at 31 March 2008 has not been prepared, in all material respects, on the basis of preparation set out in the Notes.

Emphasis of matters

As indicated, the Group Net Asset Value Statement is prepared, in accordance with the basis of preparation, set out in the Notes, for the purpose of providing the shareholders of Randgold & Exploration Company Limited with financial information relevant to the proposed merger, as referred to in the Notes. The Group Net Asset Value Statement and our limited assurance report may not be suitable for any other purpose.

The Group Net Asset Value Statement and our limited assurance report thereon is in addition to the Group Net Asset Value Statement at 31 March 2008, approved on 23 July 2008, which has been prepared for purposes of providing shareholders of Randgold and Exploration Company Limited with financial information relevant to the resolution of the dispute with JCI Limited, and our limited assurance report thereon, dated 23 July 2008, included in the Information Update issued on 24 July 2008.

The Group Net Asset Value Statement and our limited assurance report as reflected in Annexure 15(A) and this Annexure 16 of the circular have been included in a circular to the Randgold & Exploration Company Limited shareholders dated on or about 28 November 2008.

KPMG Inc.
Registered Auditors

Per **C H Basson**
Chartered Accountants (SA)
Registered Auditor
Director

21 November 2008

KPMG Crescent
85 Empire Road
Parktown
2193
Johannesburg, South Africa

TABLE OF ENTITLEMENTS

See paragraph 7.3.5 on page 30 of this document for and explanation of how the entitlement to the scheme consideration is calculated.

JCI shares held	Entitlement	JCI shares held	Entitlement	JCI shares held	Entitlement	JCI shares held	Entitlement	JCI shares held	Entitlement
1	0	26	0	51	1	76	1	200	2
2	0	27	0	52	1	77	1	300	3
3	0	28	0	53	1	78	1	400	4
4	0	29	0	54	1	79	1	500	5
5	0	30	0	55	1	80	1	600	6
6	0	31	0	56	1	81	1	700	7
7	0	32	0	57	1	82	1	800	8
8	0	33	0	58	1	83	1	900	9
9	0	34	0	59	1	84	1	1 000	11
10	0	35	0	60	1	85	1	2 000	21
11	0	36	0	61	1	86	1	3 000	32
12	0	37	0	62	1	87	1	4 000	42
13	0	38	0	63	1	88	1	5 000	53
14	0	39	0	64	1	89	1	6 000	63
15	0	40	0	65	1	90	1	7 000	74
16	0	41	0	66	1	91	1	8 000	84
17	0	42	0	67	1	92	1	9 000	95
18	0	43	0	68	1	93	1	10 000	105
19	0	44	0	69	1	94	1	20 000	211
20	0	45	0	70	1	95	1	30 000	316
21	0	46	0	71	1	96	1	40 000	421
22	0	47	0	72	1	97	1	50 000	526
23	0	48	1	73	1	98	1	60 000	632
24	0	49	1	74	1	99	1	70 000	737
25	0	50	1	75	1	100	1	80 000	842
								90 000	947
								100 000	1 053

EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to scheme participants. In the event of any doubt, scheme participants are advised to consult their professional advisers as soon as possible.

Residents of the common monetary area

In the case of:

– certificated scheme participants whose registered addresses in the register are within the common monetary area and whose document(s) of title are not restrictively endorsed in terms of the Exchange Control Regulations, the scheme consideration will be posted to such offer participants, in accordance with paragraph 8 of the scheme of arrangement; or

– dematerialised scheme participants whose registered addresses in the register are within the common monetary area and have not been restrictively designated in terms of the Exchange Control Regulations, the scheme consideration will be delivered to such dematerialised offer participants in accordance with paragraph 8.4 of the scheme of arrangement.

Emigrants from the common monetary area

In the case of scheme participants who are emigrants from the common monetary area, the scheme consideration will:

– in the case of certificated scheme participants whose documents of title have been restrictively endorsed under the Exchange Control Regulations, will be similarly endorsed and forwarded to the authorised dealer in foreign exchange in South Africa controlling such certificated scheme participant's blocked assets in terms of the Exchange Control Regulations. The attached form of surrender (yellow) makes provision for details of the authorised dealer concerned to be given; or

– in the case of dematerialised scheme participants who have been restrictively designated in terms of Exchange Control Regulations, will be marked as being held by an emigrant in the sub-register maintained by the scheme participant's CSDP or broker.

All other non-residents of the common monetary area

The scheme consideration accruing to non-resident scheme participants whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

– in the case of certificated scheme participants, whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident scheme participants concerned in accordance with the provisions of paragraph 8 of the scheme of arrangement, unless written instructions to the contrary are received and an address provided. The attached form of surrender (yellow) makes provision for a substitute address or bank details;

– in the case of dematerialised scheme participants, who have been restrictively designated in terms of Exchange Control Regulations, will be similarly endorsed in the sub-register maintained by the scheme participant's CSDP or broker.

Information not provided

If the information regarding the authorised dealer is not given or instructions are not given as required, the scheme consideration will be held in trust by R&E or the transfer secretaries on behalf of R&E for the benefit of the certificated scheme participants concerned pending receipt of the necessary information or instructions.