RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

RANDGOLD & EXPLORATION COMPANY LIMITED ANNUAL REPORT 2015

The board of Randgold & Exploration Company Limited (R&E) remains focused on the recovery of claims resulting from assets allegedly misappropriated from it while simultaneously preserving the company's existing asset base.

Contents

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Certain statements in this document as well as oral statements that may be made by the officers, directors or employees of Randgold & Exploration Company Limited ("R&E" or "the company") acting on its behalf relating to the information herein, contain "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995, specifically section 27A of the US Securities Act of 1933 and section 21E of the US Securities Exchange Act of 1934. All statements, other than statements of historical facts, are "forward-looking statements". These include, without limitation, those statements concerning the frauds and misappropriations that are alleged to have been perpetrated against R&E and/or any of its subsidiaries (the "R&E group" or "the group") and the time periods affected thereby; the ability of the R&E group to recover any assets and/or investments allegedly misappropriated from the R&E group; the outcome of any proceedings on behalf of, or against the R&E group; the time period for completing any forensic investigation(s); the amount of any claims R&E is or is not able to recover against others and the ultimate impact on the previously released financial statements and results, assets and investments of the R&E group including the business, operations, economic performance, financial condition, outlook and trading markets of R&E and/or any of the companies in which R&E has invested. Although R&E believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct, particularly in light of the extent of the frauds and misappropriations allegedly perpetrated against the R&E group and/or uncovered to date. Actual results could differ materially from those implied by or set out in the forward-looking statements.

Among other factors, these include the extent, magnitude and scope of any fraud and misappropriation that may ultimately be determined to have occurred and the time periods, and facts related thereto, following any further investigation and the ultimate outcome of its forensic and other investigations to date; the ability of R&E to successfully assert any claim(s) it may have against other parties for alleged fraud and/or misappropriation of the R&E group's assets or otherwise and the solvency of any of such parties; the ability of any alleged perpetrators or any other party which has been sued by the R&E group to successfully countersue R&E in any of the litigation in which the R&E group is engaged at any stage; the acceptance of any statement and opinion by the shareholders of R&E; the ability of R&E to successfully defend any counterclaim(s) or proceedings against the R&E group; the ability of R&E and/or the forensic investigators to obtain and establish the necessary information with respect to the transactions, assets, investments, subsidiaries and associated entities of R&E in the context of the forensic investigations or any aspect thereof or which may require further investigation; the willingness and ability of the forensic investigators to issue any final opinions with respect thereto; the ability of R&E to implement improved systems; changes in economic and market conditions; fluctuations in commodity prices and exchange rates; the success of any business and operating initiatives, including any prospecting or mining rights; changes in the regulatory environment and other government actions; business and operational risk management; other matters not yet known to R&E or not currently considered material by R&E; and the risks identified in R&E's press releases and other filings and submissions previously made with the United States Securities and Exchange Commission.

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

Randgold & Exploration Company Limited

100%

African Strategic Investment (Holdings) Limited

First Wesgold Mining Proprietary Limited

Refraction Investments Proprietary Limited

Doornrivier Minerals Limited

100%

Gold

Free State Development and Investment Corporation Limited

Southern Holdings Limited

David Kovarsky
Chairman

Report of the chairman and the chief executive officer

Dear Shareholder

During the financial year ended 31 December 2015, your board achieved its objective of recovering assets from third parties while safeguarding the asset base of the company.

The board is pleased to report that the company's net asset value (NAV) increased by approximately three percent in the year as a result of recoveries made, the disposal of certain prospecting rights and the strict control of operational expenses.

The company's current agenda is restricted to:

- Pursuing legal claims that are detailed in the legal report included in this annual report, while continuously assessing the commercial prudence of each action;
- Maximising the value of the prospecting rights by selling or developing and promoting them, always adopting a commercial approach when renewing rights; and
- Limiting operational costs.

The challenge for 2016 will once again be to repeat the historic success of the claims litigation process.

Marais Steyn
Chief executive officer

NAV statement as at 31 January 2016:

	January 2016 R'000	January 2015 R'000
ASSETS	**180 274**	176 258
Prospecting rights, equipment	**7**	84
Trade and other receivables	**1 233**	1 074
Investment in listed equity securities	**5 859**	2 505
Cash and cash equivalents	**173 175**	172 595
LIABILITIES	**14 265**	15 436
Post-retirement medical benefit obligation	**12 872**	13 753
Trade and other payables	**1 393**	1 683
Net asset value	**166 009**	160 822
Shares (net)	**71 585 172**	71 585 172
Rand/share	**R2.32**	R2.25

David Kovarsky
Independent non-executive chairman

Marais Steyn
Chief executive officer

Van Zyl Botha
Financial director

Report of the financial director

During the financial year ended 31 December 2015, the R&E finance team focused on reducing operating costs, the development and exploitation of its remaining prospecting rights and the pursuit of legal claims to recover losses arising from the misappropriation of the company's assets from third parties as well as the failure to detect the frauds and thefts perpetrated against the company.

The key tasks included:

- Negotiation of terms with various parties to ensure the best possible commercial outcome for the company's prospecting rights; and
- Instructing attorneys and legal counsel while overseeing the preparation of forensic evidence relating to various civil claims and managing the logistics associated with court proceedings.

R&E continues to fund its operations from settlements and investment income.

STATEMENT OF COMPREHENSIVE INCOME

The 2015 group results reflected a profit, with total comprehensive income for the year of R5.3 million (2014: R136.5 million).

The profit is mainly as a result of recoveries of R7.5 million, the sale of prospecting rights realising a profit of R3.9 million and interest of R11.6 million earned on cash investments. The company spent R6.1 million on personnel costs, R11.5 million on legal and forensic fees and other operational costs totalled R3.5 million.

STATEMENT OF FINANCIAL POSITION

The major assets of the R&E group as at 31 December 2015 consisted of cash balances of R175.9 million. The board has adopted a low risk approach to protect the group's cash investments, which are monitored daily in conjunction with a specialist treasury firm to maintain optimal returns with minimal associated risks.

The profit is mainly as a result of recoveries of R7.5 million

The group's prospecting rights are stated at cost less impairments and are valued at R2 000. The group intends to retain its prospecting rights on a commercially sound basis.

The post-retirement medical benefit obligation of R12.8 million is unfunded and the company continues to fulfil its medical aid scheme obligations. The R&E group has calculated tax losses as at 31 December 2015, but no deferred tax assets were raised as it is not probable that there will be future taxable profits against which to offset the tax losses.

CASH FLOW

The group's cash inflows of R1.9 million were as a result of interest earned on cash, the disposal of prospecting rights and recoveries received less cash utilised to fund its operations during the year.

OUTLOOK

The outlook for 2016 is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to be at a similar level as 2015. Until the claims in which the company are engaged in have been finalised, this pattern of expenditure is likely to prevail.

Van Zyl Botha
Financial director

INTRODUCTION

R&E and its directors are committed to the principles of good corporate governance and to applying ethical standards in conducting the business and affairs of the R&E group.

The group further endorses the principles of transparency, integrity and accountability as advocated by the King Report on Governance for South Africa 2009 (King III).

The directors believe that corporate governance should be appropriate to the size of the company, its complexity and structure, and the risks affecting it, providing a framework through which objectives are regularly set and monitored. During the 2015 financial year, the company applied the principles contained in King III to the extent possible.

CONTINUAL IMPROVEMENTS IN THE IMPLEMENTATION OF GOOD GOVERNANCE PRACTICES

The company constantly strives within its limitations to develop and improve existing corporate governance structures and practices to ensure continued compliance with the recommendations of King III and other good governance practices.

CODE OF ETHICS

All the directors and employees are bound to the core values of integrity, honesty and transparency. The company's Code of Business Conduct and Ethics articulates the group's policy with respect to conflicts of interest, confidentiality, whistle-blowing, fair dealing as well as the protection and proper use of company assets.

BOARD OF DIRECTORS

The positions of chairman and chief executive officer are separately held, with a clear division of duties. The independent non-executive directors have a wide range of diverse expertise, including financial, legal and commercial experience that enables them to bring independent judgment to board deliberations and decisions. The independence of the non-executive directors is formally assessed annually. The board meets at least biannually or when necessary.

There is a balance of power and authority at board level to ensure that no one director has unfettered powers of decision making. The board continually strives to give strategic direction to the company for the benefit of its shareholders. A formal agenda is prepared for consideration at all such meetings.

The board recognises its responsibility to retain full and effective control over the company. The board also deliberates on all material matters, which are reserved for its consideration.

The board further reviews practices for the mentoring of senior management and the board will continue to review the terms of reference for the various subcommittees of the board.

A board charter, setting out its mission, role, duties and responsibilities has been adopted and is updated annually as required.

The board's effectiveness, both individually per director and collectively per committee, is constantly monitored, reviewed and discussed. This is a formal process for the executive directors.

ATTENDANCE AT DIRECTORS' MEETINGS

The board met on two occasions during 2015. Attendance of meetings was as follows:

	DC Kovarsky	M Steyn	V Botha	JH Scholes	P Burton
9 March 2015	P	P	P	P	P
11 August 2015	P	P	P	P	P

P indicates present

- DC Kovarsky — Independent non-executive chairman
- M Steyn — Chief executive officer
- V Botha — Financial director
- P Burton — Independent non-executive director
- JH Scholes — Independent non-executive director

TERMS OF EMPLOYMENT OF DIRECTORS

The remuneration committee determines the remuneration of executive directors and other senior executive managers. The basic cost to company package consists of a basic salary. These packages are linked to individual performances, expertise and knowledge required in the position. Basic cost to company is fixed for a period of 12 months and is subject to an annual review. Executive directors' increases are proposed by the chairman of the board, but are subject to prior review by the remuneration committee and final approval of the board. There is no restraint of trade in place for either of the executive directors. Changes to the remuneration of independent non-executive directors are approved by shareholders.

No non-executive director has an employment contract with the company.

Directors have an obligation to attend and actively participate in meetings of the board and board committees on which they serve and to discharge their duties and responsibilities with due care. They are also expected to attend the annual general meeting of shareholders.

RETIREMENT BY ROTATION

Clause 26.3 of the company's memorandum of incorporation requires one third of the non-executive directors to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting.

Accordingly, Mr P Burton will retire by rotation and has offered himself for re-election.

His abridged curriculum vitae is on page 17.

NEW APPOINTMENTS

New appointments to the board of directors are formal and transparent and are considered by the board as a whole, assisted by the nominations committee where appropriate.

While there is no formal induction programme for new directors due to the low number of appointments and resignations, any new director will be afforded a personal orientation and induction process when required.

COMPANY SECRETARY

The board is responsible for the selection and appointment of the company secretary who must be a suitably qualified person as contemplated in section 86(2)(a) of the Companies Act, No. 71 of 2008, as amended (the Act).

The company secretary is responsible for the duties set out in section 88(2) of the Act and for ensuring compliance with the JSE Listings Requirements.

Dispensation has been granted by the JSE for the financial director, Mr Van Zyl Botha, to fulfil the role of company secretary and this dispensation is still valid.

The board is satisfied that Mr Botha possesses the necessary competence, qualifications and expertise and is able to effectively perform the role as the custodian of good governance of the company and that he is able to adequately and effectively perform and carry out the roles and duties of a company secretary. In addition to being bound by the company's Code of Ethics and Conduct, he is a chartered accountant and thus bound by professional ethics.

In spite of the fact that Mr Botha is also a director of the company and that an arm's length relationship between the board and the company secretary exists, the company has taken additional measures by appointing Mrs Mandrie Steyn CA(SA) as assistant company secretary and appointing an internal audit firm to independently review compliance and corporate governance.

Directors have access to the services and advice of the company secretary or assistant company secretary.

The declaration by the company secretary required to be signed in terms of section 88(2)(e) of the Act appears on page 37 of this report.

AUDIT AND RISK COMMITTEE

The audit and risk committee charter was approved and adopted on 24 March 2004. The charter is reviewed annually and updated when required. The committee comprises all the independent non-executive directors. Meetings are normally attended by the company secretary as secretary to the committee, the external auditors, the internal auditors and, by invitation, the chief executive officer and the financial director.

During 2015 the members of the committee were:

- DC Kovarsky (Independent non- executive chairman of the board)
- JH Scholes (Independent non-executive chairman of the audit and risk committee)
- P Burton (Independent non-executive director)

The committee met on 9 March 2015 and 11 August 2015 with all members attending.

The committee's terms of reference and responsibilities include, among others:

- The appointment and/or termination of the external auditors, including assessing their independence and objectivity;
- Determining the audit fee of the external auditors;
- Determining, in conjunction with the external auditors, the nature and scope of the audit;
- Evaluating the effectiveness of the external audit;
- Evaluating the effectiveness of internal controls, overseeing the internal audit function and assisting the board by overseeing the effectiveness of the enterprise-wide risk management process;
- Considering the appropriateness of the expertise and experience of the financial director;
- Reviewing and approving the accounting policies and practices and any proposed changes thereto;
- Assisting the directors in fulfilling their responsibilities;
- Ensuring that published financial reports are objective, complete and accurate; and
- Receiving and dealing with complaints related to accounting matters or any other improprieties.

The committee also meets with the external and internal auditors outside of formal committee meetings as frequently as is necessary.

Refer to page 34 of this document for the report from the audit and risk committee. Refer to page 13 of this document for the risk report.

NOMINATIONS COMMITTEE

The nominations committee mandate was approved and adopted on 24 March 2004. A revised charter, to take account of the changes in company law, the Listings Requirements of the JSE and King III, was approved and adopted by the committee on 8 March 2013. The document is reviewed annually and updated as required. It sets out the committee's terms of reference, including objectives, duties, proceedings at meetings and membership. Currently, all non-executive directors constitute the committee, which is chaired by the chairman of the board. The committee met on 9 March 2015 and 11 August 2015 with all members attending.

REMUNERATION COMMITTEE

A remuneration committee mandate was approved and adopted on 24 March 2004. A revised charter, to take account of the changes in company law and the Listings Requirements of the JSE and King III, was approved and adopted on 8 March 2013. The document is reviewed annually and updated as required. Currently, the three non-executive directors constitute the committee, which is chaired by Mr JH Scholes.

The objectives of the committee, as set out in its terms of reference, include the following:

- The committee establishes and administers the company's executive remuneration with the broad objectives of:
  - Aligning executive remuneration with company performance and shareholder interests;
  - Setting remuneration standards that attract, retain and motivate a competent executive team;
  - Linking individual pay with operational and company performance in relation to strategic objectives; and
  - Evaluating compensation of executives, including approval of salary, equity and incentive-based awards.

REMUNERATION COMMITTEE REPORT

The committee met on 9 March 2015 and 11 August 2015 with all members attending.

- 9 March 2015 – An increase of 6% to the remuneration of executive and non-executive directors was approved. The increase to non-executive directors' remuneration is subject to shareholders approval at the AGM, to be held on 6 May 2015.
- 11 August 2015 – There were no matters arising.

RISK MANAGEMENT REPORT

The board recognises the importance of effective risk management and acknowledges that it is accountable and responsible for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

Risk management

A comprehensive risk assessment was performed during 2013. The product of this process was a risk register, which is currently in place and utilised as a working document in the risk management process. A risk policy and management plan was initially approved by the audit and risk committee during 2013 and the document is reviewed and, if necessary, updated annually.

Risk appetite and tolerance

The board considers itself to be risk averse. The board is satisfied that no member of management has exceeded his or her authority or acted contrary to the board's stated risk policy and that the group has not been exposed to unnecessary risk.

Current and imminent risks

The company's operational activities are limited and the key risks inherent to the organisation and their management relate only to the current basic function of the company. The top five inherent risks on the risk register as at December 2015 were that:

- Key knowledge resides in key people, which may result in key knowledge being lost should those members of staff leave the company;
- Prospecting rights may expire or not be renewed in a timely manner;
- Appropriate buyers for prospecting rights may not be found in a timely manner;
- Key electronic data may be lost; and
- The legal representatives of the company may not fulfil their mandate appropriately.

The audit and risk committee and the board are satisfied that the risks, as stated above, are currently being appropriately mitigated by management, and that the residual risk is well below the level that is considered to be acceptable. The company is therefore not exposed to any undue risk.

SOCIAL AND ETHICS COMMITTEE

A social and ethics committee charter was adopted at a meeting of the audit and risk committee on 2 August 2011. The charter is reviewed annually and updated as and when required. The committee, which is a formal subcommittee of the board, met on 9 March 2015 and 11 August 2015 with all members attending.

Members of the committee are appointed by the board and membership must include at least one independent non-executive director. The committee currently comprises of all the board members.

The responsibility of the committee as set out by the charter is to monitor the company's activities with regard to the relevant legislation and codes of best practice in respect of:

- Social and economic development, including the company's standing in respect of:
  - The 10 principles set out in the United Nations Global Compact;
  - The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
  - The Employment Equity Act; and
  - The Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including:
  - The promotion of equality, prevention of unfair discrimination and reduction of corruption;
  - Contribution to the development of the communities in which it operates; and

  - Sponsorship, donations and charitable giving.
- Environment, health and public safety, including the impact of the company's activities and its products or services.
- Consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the company's standing in terms of the International Labour Organisation Protocol on Decent Work and Working Conditions.

As the company operates as an investment company in the mining industry and does not have any active mining operations of its own, its potential impact on society is limited. The company continues to fulfil its obligations under the post-retirement medical benefit scheme. During 2015, R&E supported the Aitsa! After Care Centre situated in Stellenbosch. The centre provides food, educational stimulation, fun, sport and life skills programs for 64 disadvantaged children.

DEALING IN SECURITIES

The company has adopted a "closed period" policy, which complies with the JSE Listings Requirements. During this time, the directors, company secretary and designated employees are prohibited from dealing in the company's securities, either directly or indirectly, on the basis of unpublished price-sensitive information about the business. Identified employees are advised to that effect. A closed period arises automatically from the end of a financial reporting period until the publication of financial results, complying with the JSE Listings Requirements for that period. Additional closed periods may be declared from time to time if circumstances so warrant. Dealings in securities by directors and officers of the company require prior approval by the chairman or chief executive officer, depending on the person dealing in the securities. Any share dealings by directors and the company secretary of the company are notified to the JSE for publication via SENS.

No director held any shares, directly or indirectly, in the company during 2014 or 2015 and up to the date of this report.

COMPLIANCE

Management as a whole takes responsibility for keeping abreast of all legal and regulatory changes that could affect the group. Through constant communication with the company's legal and tax advisors, as well as its close relationship with its corporate sponsor, the company ensures that it operates within all applicable laws, regulations and frameworks.

ENVIRONMENTAL IMPACT

As mentioned earlier, the company does not currently have any active mining operations and its impact on the environment is minimal. Where work is performed on prospecting rights, care is taken to do so within the environmental guidelines set out in the Mineral and Petroleum Resources Development Act (MPRDA). When new projects are assessed, a "triple bottom line" approach will be adopted.

SUSTAINABILITY

Sustainability can be defined as the ability of an organisation to survive and grow for the foreseeable future without adversely impacting on its environment or stakeholders.

The directors regularly examine the opportunities and risks and all the factors inherent in managing the company and have ascertained that, in line with the strategy adopted at a directors' meeting on 8 October 2010, the company has sufficient funds and resources to follow the strategy for 2016.

The strategy contained the following key outcomes:

- The continued progression of the litigation in which the company is engaged to recover funds where the most realistic prospect of recovery may exist;
- Preservation and value maximisation of the company's prospecting rights;
- Retention of the listing of the company's shares on the JSE;
- Ongoing review of the company's cost base related to the adopted strategy; and
- Reviewing and investigating any opportunities to expand and maximise wealth creation for R&E's stakeholders.

The conditions and factors appertaining to the sustainability of the company are regularly reviewed by the board of directors.

DIRECTOR AND OFFICER LIABILITY INSURANCE

The company has directors' and officers' liability insurance, which provides cover against legal action by third parties.

JSE MANDATORY KING III COMPLIANCE REQUIREMENTS

The board of R&E remains committed to and endorses the principles of the Code of Corporate Practices and Conduct as set out in the King III Report (King III). Set out below is a summary of the King III application register, which lists material departures from the recommended practices of King III. The detailed King III application register (all 75 principles) is available on the company's website at www.randgoldexp.co.za.

	PRINCIPLE	APPLICATION	COMMENTARY
2.	**Board and directors**		
2.12	The board should ensure the integrity of the company's integrated report	Not applied	Given the current size and scope of the company, an integrated report was not considered necessary and all necessary items have been disclosed in this annual report and financial statements. An integrated report will be prepared should these circumstances change.
9.	**Integrated reporting and disclosure**		
9.1	The board should ensure the integrity of the company's integrated report	Not applied	Given the current size and scope of the company, an integrated report was not considered necessary and all necessary items have been disclosed in this annual report and financial statements. An integrated report will be prepared should these circumstances change.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Not applied	Given the current size and scope of the company, an integrated report was not considered necessary and all necessary items have been disclosed in this annual report and financial statements. An integrated report will be prepared should these circumstances change.
9.3	Sustainability reporting and disclosure should be independently assured	Not applied	Given the current size and scope of the company, an integrated report was not considered necessary and all necessary items have been disclosed in this annual report and financial statements. An integrated report will be prepared should these circumstances change.

AS AT 31 DECEMBER 2015

David Chaim Kovarsky (68) (David)
Independent non-executive chairman

CTA, CA(SA)

Date of appointment:
5 December 2007

After qualifying as a chartered accountant, David was appointed as an audit manager at Arthur Andersen. In 1983, he joined JCI in a corporate finance function, eventually progressing to managing JCI's ferrochrome arm, CMI. Thereafter, David ran Times Media Limited (TML) and served on the boards of listed companies such as TML, SA Breweries, M-Net and Premier Milling. Subsequently, he has been involved in finance and strategy consulting functions and served as the CEO or CFO of companies of various sizes, mostly related to resources.

Until August 2011, David was the CEO of International Ferro Metals Limited, a company listed on the London Stock Exchange producing ferrochrome in South Africa. He is currently the CEO of Siyanda Chrome Smelting Company, a start-up ferrochrome company based in Limpopo province, South Africa.

Marais Steyn (45) (Marais)
Chief executive officer

BComm (Hons), CA(SA)

Date of appointment:
13 December 2006

After qualifying as a chartered accountant, Marais was appointed as a manager in the audit and management consulting departments at KPMG. Subsequently, he managed and founded an auditing and corporate advisory firm serving the needs of various major corporations and parastatals. Prior to his appointment to the board of R&E, he served as financial director of Aflease Limited, a JSE listed gold and uranium mining company.

John Hulme Scholes (49) (Hulme)
Independent non-executive director

BA (Law), LLB (Wits)

Date of appointment:
19 February 2010

Hulme holds a BA Law and LLB degree from the University of Witwatersrand and is an admitted attorney of the High Court of South Africa. Hulme specialised in mining and mineral law and has practised exclusively in the field for 17 years. He was appointed as a non-executive director of Aquarius Platinum (AQPSA) in 2004 and was a partner at Werksmans Attorneys from 1999 to 2008. In 2008 he was appointed as an executive commercial director of AQPSA. On 1 October 2010 Hulme returned to the legal profession as a mining and mineral law advisor and is now a non-executive director of DiamondCorp Plc, Frontier Rare Earths Limited, Lace Diamond Mines Proprietary Limited and West Wits Mining Limited, which is listed on the Australian Stock Exchange.

AS AT 31 DECEMBER 2015 (CONTINUED)

Patrick Burton (63) (Patrick)
Independent non-executive director

BComm (Hons) Financial Management, Post Graduate Diploma in Tax Law

Date of appointment: 23 May 2013

Patrick was one of the founding members of Siphumelele Investments Limited, a black economic empowerment company, established in 1995, with a shareholder base representing in excess of 150 000 previously disadvantaged individuals. His experience as a director includes non-executive positions in fishing, food and financial services. Patrick is a member of the audit committees of PSG Group Limited, PSG Konsult Limited, Quantum Foods Limited and Safrican Limited.

Van Zyl Botha (35) (Van Zyl)
Financial director

BComm (Hons) (Stellenbosch), CA(SA)

Date of appointment: 6 May 2010

After qualifying as a chartered accountant, Van Zyl founded a financial consulting firm focused on the mining industry. He consulted for dual-listed mining companies and was also involved in government consulting at the Department of Defence through the office of the Auditor-General. He joined R&E in 2006 to assist with accounting and forensic requirements and was subsequently appointed as group financial manager, as CFO on 1 August 2009 and as financial director on 6 May 2010.

Shareholders are referred to the company's previous legal reports, SENS announcements, updates to shareholders, circulars and prior annual reports relating to the claims and legal matters pursued by the R&E group in the "post-Kebble" era. Relevant background to such legal matters and claims may be found in such documents and on the company's website.

LEGAL CLAIMS BROUGHT BY THE R&E GROUP

The action against Gold Fields Operations Limited:

1. On 20 August 2008, R&E and African Strategic Investment (Holdings) Limited (ASI) instituted an action out of the Gauteng Local Division of the High Court, Johannesburg against Gold Fields Operations Limited, formerly known as Western Areas Limited (Gold Fields).

2. The action is comprised of five main claims claiming billions of rand which if successful could result in a substantial recovery and relate to the following:

2.1 the alleged theft of 1 800 000 Randgold Resources Limited (RRL) shares (claim 1);

2.2 the alleged theft of 7 260 000 RRL shares (claim 2);

2.3 the alleged theft of 7 300 000 RRL shares (claim 3);

2.4 the alleged theft of 5 460 000 RRL shares (claim 4);

2.5 the alleged theft of 94 000 000 shares in The Afrikander Lease Limited, which were subsequently converted into 16 920 000 Uranium One Limited shares (claim 5).

3. The claims are based on an alleged conspiracy between JCI and Gold Fields to misappropriate such shares and to use the proceeds derived from their sale to fund Gold Fields. The claims cover the period 2003 to January 2006 and have a number of alternative claims. If upheld, they could be significant.

4. Gold Fields has defended the claim and on 22 April 2015 delivered its plea. (Note: This followed the resolution of R&E's action against its former auditor, PricewaterhouseCoopers Inc. in April 2014, pending which R&E and Gold Fields had agreed that the Gold Fields action would be held in abeyance.)

5. Gold Fields deny any liability to R&E and ASI and contend that the conduct of Roger Brett Kebble (Brett Kebble), Roger Ainsley Ralph Kebble (Roger Kebble), John Chris Lamprecht (Lamprecht) and Hendrik Christoffel Buitendag (Buitendag) should not be attributed to it.

6. It also places reliance on the Apportionment of Damages Act 34 of 1956 in disputing its liability.

7. Gold Fields has separately invited a number of persons to intervene in the action against it. It maintains that it will enjoy claims against such persons should R&E and/or ASI succeed in their action against Gold Fields. To date none of these persons have intervened in the proceedings.

8. On 31 March 2015, Gold Fields joined JCI, the trustees of the estate of the late Brett Kebble, Lamprecht and Roger Kebble to the action. The executors of Roger Kebble's deceased estate have recently been substituted for him in the action. Gold Fields claim a contribution against these persons as wrongdoers, to the extent that Gold Fields is found to be liable to R&E and/or ASI. Both Lamprecht and JCI have filed pleas denying liability to Gold Fields and raising special defences which relate to amongst others the prescription of Gold Fields' right to join them to the proceedings. Apart from the special defences raised by JCI, JCI has indicated that it will abide the decision of the court. To date, neither the Brett Kebble nor the Roger Kebble estates have defended the proceedings brought against them.

9. On 30 June 2015 and 10 July 2015 respectively, Gold Fields replied to the special pleas of Lamprecht and JCI. At the same time, JCI served a third party notice on R&E which incorporated a conditional claim against R&E, in terms of which JCI contends that should a court determine that JCI is liable to Gold Fields, then it is entitled to be reimbursed by R&E for the measure of such liability, having regard to the provisions of the

indemnity furnished to JCI under the settlement agreement concluded between R&E and JCI on 20 January 2010. R&E has subsequently delivered its response to JCI's third party notice.

10. In the interim, Gold Fields has notified R&E and ASI of the documents which it intends placing reliance on for trial, by way of discovery.

11. The parties have agreed that the matter is befitting of the appointment of a case manager, and on 15 February 2016 a case manager was appointed by the Deputy Judge President of the Gauteng Local Division of the High Court, to manage the case. A trial date has at this stage not yet been allocated.

The Charles Orbach and Company action:

12. In August 2008, R&E instituted an action against Charles Orbach and Company (Orbach) out of the Gauteng Local Division of the High Court.

13. R&E is claiming damages from Orbach arising from the alleged negligent issue of a negative assurance which Orbach expressed on the provisional results of R&E for the financial year ended 31 December 2004, which enabled R&E to publish such results.

14. On 28 July 2014, Orbach delivered its plea, denying any liability to R&E. One of the defences raised by it was that if it were found to be liable to R&E, the extent of such liability should be limited to twice the fee paid to it to conduct its review of the provisional results, amounting to R1.2 million.

15. On 15 August 2014, R&E served an exception to Orbach's defence contending for a limitation of its liability and that it was in conflict with section 247 of the 1973 Companies Act, and thus void.

16. On 30 September 2014, the parties agreed to have such defence determined by way of arbitration. The matter was argued before Judge Malan on 23 January 2015, who upheld Orbach's defence. R&E decided to appeal Judge Malan's award to a panel of three retired Supreme Court of Appeal Judges.

17. The appeal was argued on 13 July 2015 and on 27 July 2015 the appeal panel delivered its award in R&E's favour. Judge Malan's award was overturned and Orbach were ordered to pay the costs of the arbitration and the appeal.

18. Trial preparation is currently underway and the remaining issues in the matter will in due course be adjudicated by the High Court. Should it meet with success, the company's claim against Orbach is potentially substantial.

The action against certain former directors/ employees of R&E:

19. In August 2008, R&E, ASI and First Wesgold Mining Proprietary Limited (First Wesgold) issued summons out of the Gauteng Local Division of the High Court, Johannesburg.

20. The action comprised of 16 claims, against several defendants, namely Buitendag, Mr John Stratton (Stratton) (a former director of JCI), Mr Charles Henry Delacour Cornwall (a former director of JCI), Mr Lieben Hendrik Swanevelder (the former group accountant of JCI), Mr Lunga Raymond Ncwana (a former director of R&E and a director of Equitant Trading Proprietary Limited) and Lamprecht (a former financial director of R&E and JCI).

21. The claims in the main relate to the alleged misappropriation of shares belonging to the R&E group, alternatively, the void issue and allotment of shares in R&E's issued share capital.

22. The claims are being defended and continue to be assessed by R&E, ASI and First Wesgold from time to time.

The action against Bookmark Holdings Proprietary Limited, Sello Rasathaba and Lamprecht:

23. On 11 August 2008, R&E and ASI instituted an action out of the Gauteng Local Division of the High Court, Johannesburg against Bookmark Holdings Proprietary Limited, Sello Rasathaba and Lamprecht.

24. Such claim addresses the alleged cover up of RRL shares misappropriated from the R&E group and the damages which this occasioned to the R&E group.

25. The action is also defended and is being assessed from time to time.

Action against Buitendag, Lamprecht and Stratton:

26. In August 2008, R&E proceeded with a claim against Buitendag, Lamprecht and Stratton relating to a trading account ostensibly conducted by R&E at Tlotlisa Securities Proprietary Limited, which is alleged to have been used for the scrip lending/borrowing of shares for the benefit of the JCI Group and others associated with it.

27. Such action is being defended and is similarly assessed from time to time.

Action against Mrs Patricia Beatrice (Beale):

28. On 30 October 2008, R&E and ASI proceeded with summons out of the Gauteng Local Division of the High Court, Johannesburg against Beale.

29. The claim is comprised of seven claims and a number of alternatives thereto.

30. Damages arising from the conduct complained of in such action are claimed from Beale. The claim is defended by her.

Action against Brett Kebble:

31. In March 2009, R&E and First Wesgold, issued summons against Brett Kebble's estate out of the Western Cape Division of the High Court, Cape Town, claiming damages from him in respect of further claims enjoyed by R&E and First Wesgold in addition to the claims which have previously been proved by R&E in excess of R2.7 billion.

32. Following the service of summons, no further steps have been taken in the matter, which is assessed from time to time.

LEGAL CLAIMS MADE AGAINST THE R&E GROUP

Consolidation application for permission to institute a class action against various companies, including R&E, brought by mineworkers/their dependants arising from silicosis and/or tuberculosis allegedly contracted on gold mines in South Africa:

33. On 20 August 2013, the Gauteng Local Division of the High Court, Johannesburg agreed to consolidate an application by various former mineworkers, alternatively dependants of former mineworkers, who sought permission to proceed with a class action against several mining related companies, with three further applications where similar relief is claimed.

34. R&E was cited as the 29th respondent to the main application.

35. In terms of the consolidated application (which R&E opposed) the primary relief claimed relates broadly, to the court being asked to declare that current and former mineworkers of the respondents who allegedly contracted silicosis, and the dependants of mineworkers who died of silicosis are to constitute the silicosis class, and current and former mineworkers of the respondents who have or had contracted pulmonary tuberculosis, and the dependants of deceased mineworkers who died of pulmonary tuberculosis (but excluding silico-tuberculosis) are to constitute the tuberculosis class. Several regulatory and other orders are claimed concerning the manner in which the litigation is to proceed, should permission be granted to the applicants to proceed with a class action in respect of these classes.

36. For its part, R&E is alleged to have owned and/or controlled certain gold mines during the period 1993 to 1996 in respect of which certain mineworkers and/or the dependants of deceased mineworkers claim to have contracted silicosis.

37. If class certification is granted, the applicants intend instituting an action for damages.

38. In May 2014, R&E filed its answering affidavit to the silicosis class which the applicants require the certification of. On 13 September 2014, the applicants served a joinder application for permission to join R&E and certain other respondents, as a respondent in respect of the tuberculosis class. R&E did not oppose the joinder application, however filed papers opposing the certification of the tuberculosis class.

39. The hearing in respect of the class certification (which represents the first main phase of the proceedings) took place between 12 and 23 October 2015. Judgment has been reserved.

40. Should certification be ordered by the court, R&E will consider its position further.

The minority shareholders application:

41. On 29 March 2011, David John Smyth, Patrick Charles Smyth, Anglorand Securities Limited, James George Witheridge Gubb, Elizabeth Anne Hope Gubb, Milkwood Investments Limited and Jag Investments Proprietary Limited (collectively the main applicants), brought an application out of the Gauteng Division of the High Court, Pretoria, against Investec Bank Limited (Investec) (cited as the First Respondent) and R&E (as the Second Respondent).

42. The main applicants require orders (amongst others), declaring that the Settlement Agreement between R&E, JCI Limited (JCI) and JCI Investment Finance Proprietary Limited (JCIIF) on 20 January 2010 (the Settlement Agreement) constitutes or involves an act or omission which is unfairly prejudicial, unjust, or inequitable having regard to certain provisions of the Companies Act, No. 61 of 1973 (the 1973 Companies Act) and that the agreement concluded between R&E, African Strategic Investment (Holdings) Limited (ASI), JCI, JCIIF, Investec, Investec Bank PLC, Letseng Diamonds Limited and others (the Litigation Settlement Agreement), also constitutes or involves an act or omission which is unfairly prejudicial, unjust or inequitable in terms of the 1973 Companies Act. Investec (but not R&E) is being asked to purchase the main applicants' shares in R&E at a price of R288.56 per share (or such other sum as the court may determine), plus the ruling share price of R&E at the time of such purchase. Costs of the application are sought against Investec jointly and severally with R&E. No monetary relief however is claimed against R&E.

43. The application is being opposed by both Investec and R&E who deny that the Settlement Agreement and the Litigation Settlement Agreement resulted in oppressive conduct.

44. During the course of the proceedings an issue regarding the legal standing of the main applicants to proceed with the application was raised by both Investec and R&E. On 18 March 2014, the parties agreed to have the legal standing of the main applicants determined separately. An agreement "in respect of separation of issues" (the separation agreement) was signed to regulate the matters to be determined. The separation agreement further provided that the right of Standard Bank Nominees (Transvaal) Proprietary Limited, Shap-Aaron Nominees Proprietary Limited and BNS Nominees Proprietary Limited (the registered shareholders of certain of the main applicants' shares) (the nominee applicants) to intervene in and to be joined in the main application as well as the right of 40 further intervening applicants (the 40 intervening parties) to be joined in the main application ought to be determined before all other issues in the application. (R&E did not oppose the applications of the nominee applicants and the 40 intervening parties).

45. The separated issues were argued before Judge Rabie during the weeks of 9 June 2014 and 10 November 2014 respectively. Judgment in respect of the separated issues was handed down on 17 September 2015. The court ordered the following:

45.1 the application of the main applicants was refused, and they are to be removed as applicants from the main application, which is to proceed without them;

45.2 the main applicants are to pay the costs of Investec relating to the main application, including of the locus standi objection.

45.3 the intervention applications of 27 of the 40 intervening parties were dismissed with costs.

45.4 the intervention applications of six of the 40 intervening parties were withdrawn (and to the extent that they had not been withdrawn were dismissed with costs).

45.5 the intervention applications of seven of the 40 intervening parties was granted, however they were required to pay Investec's costs until 2 May 2014.

45.6 the intervention applications of the nominee applicants was granted in respect of the parties on whose behalf the nominee applicants hold shares in R&E (which includes the parties referred to in paragraphs 45.1, 45.3 and 45.5), with Investec and R&E required to pay the costs of the intervention applications of the nominee applicants, jointly and severally.

46. The main applicants have subsequently delivered an application to the Gauteng Division of the High Court, Pretoria, requesting leave to appeal against the orders referred to in paragraphs 45.1 to 45.3, and the costs order referred to in paragraph 45.5, to the Supreme Court of Appeal.

47. R&E is opposing the application for leave to appeal in respect of the standing of the main applicants.

48. Investec is also opposing the application for leave to appeal, on wider grounds.

49. Judgment on the application for leave to appeal is awaited.

GENERAL

50. Apart from as disclosed herein or elsewhere in this annual report, no other formal legal proceedings were instituted against the company and its subsidiaries out of a court or by way of arbitration in respect of the period 1 January to 31 December 2015, which have had or may have a material effect on the R&E group's financial position

51. The board of R&E continues to assess the legal matters in which it and the R&E group remain engaged, and continues to evaluate the commercial and other practicalities associated with such matters.

Locality of R&E projects

INTRODUCTION

R&E has several prospecting rights that it either intends to further develop and promote or sell. Because of the historical nature and strategic location of some of these projects, significant historical data has been used to estimate resources and, where appropriate, to plan and implement additional work and drilling. Further to the historical work, no additional exploration work has been conducted over the properties. There were no material changes to the prospecting rights held, except for those disclosed below. The company has completed various negotiations and will continue negotiating with a number of companies to realise the best value of the rights.

Minxcon Proprietary Limited (Minxcon) was commissioned by R&E to provide Independent Mineral Asset Valuation Reports on the mineral assets of R&E and its subsidiaries. These reports were concluded during July 2012. All the reports are fully compliant with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code), the South African Code for the Reporting of Mineral Asset Valuation (the SAMVAL Code) and section 12 of the JSE Listings Requirements, with the exception of certain sections pertaining to developed operations as all projects are still in the exploration phase. The competent person of the valuation report deems this summary document to be a true reflection of the content of the full report, unless specifically stated otherwise.

R&E has provided additional comments (for example a change in ownership, change in status of application) to reflect all material changes from the date of the reports up to the end of December 2015.

There are no material changes to the Mineral Resources stated in this report from that previously stated by R&E for the projects.

The following persons are qualified persons as defined in SAMREC and SAMVAL and have reviewed the technical information in this section:

Competent Valuator and Lead Competent Person – Johan Odendaal (Director, Minxcon): BSc (Geol), BSc (Hons) (MinEcon), MSc (MinEng), Minxcon Proprietary Limited, Cold Stream Office Park, 2 Coldstream Street, Little Falls. More than 30 years of experience in various commodities, South African Council for Natural Scientific Professions – Pr.Sci.Nat. 400024/04, Council for Geoscience Buildings, 3rd Floor, 280 Pretoria Road, Silverton, South Africa.

Competent Person – Charles Muller: BSc (Hons) (Geol), Cold Stream Office Park, 2 Coldstream Street, Little Falls. More than 30 years of experience in Resource estimation in various commodities, South African Council for Natural Scientific Professions – Pr.Sci.Nat. 400201/04, Council for Geoscience Buildings, 3rd Floor, 280 Pretoria Road, Silverton, South Africa.

R&E has written confirmation from the Lead Competent Person that technical information disclosed in terms of this section on prospecting rights is compliant with the SAMREC code and, where applicable, the relevant section 12 requirements and that it may be published in the form and context in which it was intended.

PROSPECTING RIGHTS BACKGROUND

R&E and its subsidiary companies have embraced The Mineral and Petroleum Resources Development Act, No. 28 of 2002 (MPRDA), which came into effect on 1 May 2004 and continues complying with the strictest standard as required by the MPRDA when dealing with our prospecting rights.

The R&E group of companies has converted all old order prospecting rights to new order prospecting rights in those areas with the best potential.

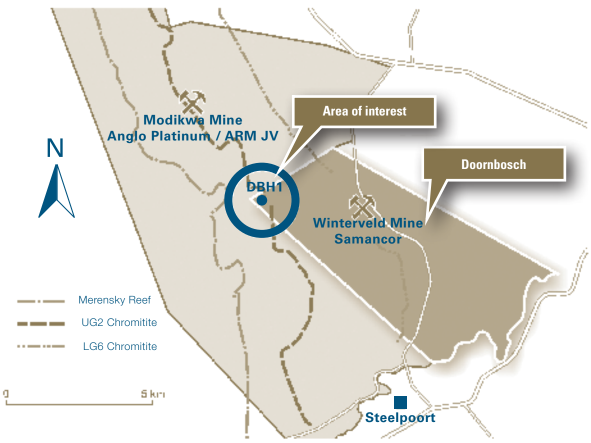
ENVIRONMENTAL MANAGEMENT

Original Environmental Management Plans (EMPs) on all rights detailed below have been submitted and approved by the Regional Manager at the Department of Mineral Resources (DMR) branch in each relevant district. The environmental rehabilitation liabilities could include the restoration of the possible borehole sites, and funding for such environmental rehabilitation has been guaranteed through a bank guarantee (as required by the regulations to the MPRDA), which has been lodged with the DMR.

PLATINUM PROSPECTING RIGHT

The Doornbosch Project

R&E holds the prospecting right for platinum group metals (PGMs), Ni and Cu over the farm Doornbosch 294 KT north of the town of Steelpoort, Mpumalanga province. R&E, in conjunction with Rand Mines Limited, held the old order right for the farm Doornbosch covering all minerals present up to 1974 when the ferrochrome right was transferred to Samancor. R&E retained control of the rights to the platinum on the farm; however, no invasive exploration was conducted until after R&E applied for the new order right, which was executed on 11 November 2006.



The Doornbosch Platinum Project

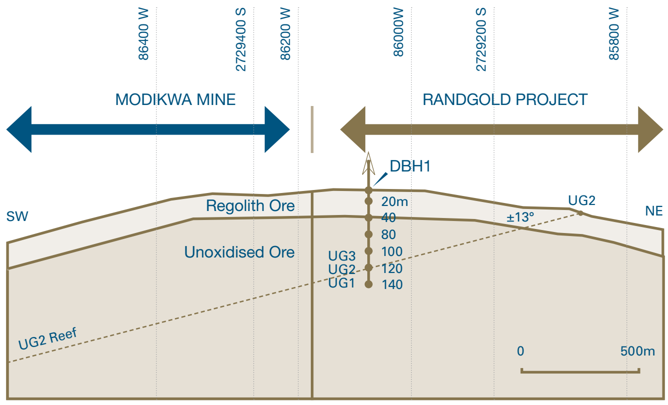
The project area falls within the Eastern Limb of the Bushveld Igneous Complex (BIC), which is a world renowned deposit for its Platinum Group Metal (PGM) content. The project area is underlain by the UG2 of the Rustenburg Layered Suite. The average thickness of the main band of the UG2 is reported to be on average ~0.6 m with the presence of at least three chromatic layers/stringers above the main band. The UG2 can attain thicknesses of approximately 1.2 m in the area. The footwall of the UG2 is typically a coarse-grained pegmatoidal feldspathic pyroxenite. The hanging wall typically comprises chromitite stringers hosted by pyroxenite; this interlayered succession is typically overlain by pyroxenite or pegmatite and leuconorite units. The PGE mineralisation is concentrated within the main band. However, the chromitite stringers do contain mineralisation, although at a lower grade. The main band has the classical bimodal vertical grade distribution characteristic of the UG2. Within the project area and surroundings the UG2 strikes north northwest to south southeast and dips on average 10° to 12° to the southwest. The dip of the stratigraphy has local variations up to 20°. There appears to be no major structures that will negatively affect the UG2 horizon on the project area.

Prospecting work has focused on a small portion of the farm in the north-west corner, where there is a known occurrence of UG2 chromitite reef. Ground mapping was done to confirm the position of the outcrop on the property and was followed up by diamond drilling to retrieve a sample of the reef and estimate a resource. Geological continuity was be ascertained from information obtained from the borehole and information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, and workings. The locations of the sources of information (being too widely spaced) make it difficult for geological or grade continuity to be confirmed according to the SAMREC Code. However, continuity is demonstrated by the published grade and thickness of the UG2 from the neighbouring Modikwa Mine.

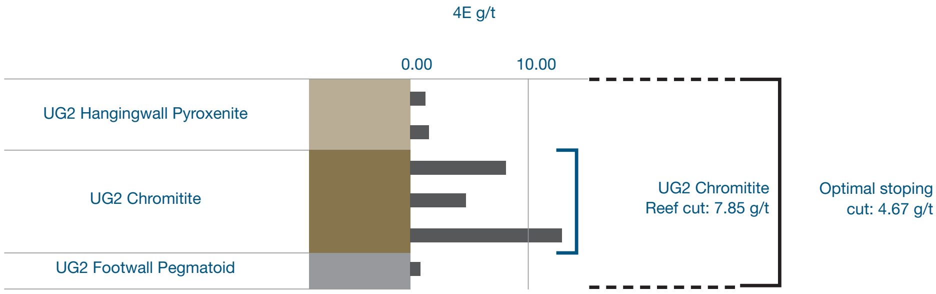
Only one hole was drilled. UG2 chromitite reef was intersected at an average depth of 134.89 m, which when plotted on a dip profile section, reveals a reef dip of ±13° from the surface outcrop/subcrop to the intersected depth. This is slightly steeper than initially anticipated (8° – 12°), and it is suggested that there may be a local increase in dip of the reef nearer to surface compared with the adjacent Modikwa area. It would appear that there is a minor fault, which follows the stream bed to the east of DBH1, which could warrant some further consideration in a more detailed study.

No wireframe modelling, block modelling or geostatistics (kriging or variogram) have been applied for the estimate. The estimate, however, is based on a reasonable assumption of continuity of high-confidence data from the neighbouring property applied over a small area.

The drilling was done by the Drillcorp Africa Proprietary Limited using diamond drilling. Two deflections were drilled over the reef zone to obtain additional samples for calculating an average value over the intersection in accordance with the standard practice in Bushveld platinum exploration. The core samples were of very high quality and 100 percent recovery over the reef zone was achieved in all three intersections. The reported drilling and sampling campaigns indicate that a high level of quality was maintained in the drilling of the UG2 mineralised horizon. A high level of quality control and quality assurance (QAQC) was undertaken by Geo-Consult in assaying of the drill hole samples. For this project three blanks and three certified reference material standards (AMIS0027 – certified grade of 4.61 (+-0.59) g/t 4E and AMIS0010 – certified grade of 3.89 (+-0.44) g/t 4E), grade applicable) were inserted into the sample stream. A set of referee samples were also sent to an umpire laboratory. The results from the QAQC exercise are reported to be within acceptable limits. The primary laboratory used was Set Point Laboratory (SANAS, ISO 17025 accredited) and the umpire laboratory was SGS Lakefield (SANAS ISO 17025 accredited).



Source: GEO-CONSULT International – Doornbosch Drilling Report April 2009
General Geological Cross-section through Doornbosch Property



Source: GEO-CONSULT International – Doornbosch Drilling Report April 2009
Grade Profile for the UG2 DBH1 Intersection on Doornbosch Property

During March 2010, Geo-Consult undertook the Mineral Resource estimation of Doornbosch Project, the Competent Person being Mr George van der Walt (Pr. Sci. Nat. 400306/07). Geo-Consult completed a resource estimation with an indicated resource based on one borehole. Geo-Consult considered the proximity of Doornbosch to the surrounding Modikwa property and based its estimation on the level of confidence of geological data from there. The nearby Modikwa Mine utilises an average UG2 chromitite width of 56 cm and a recommended stoping profile of 102 cm, which are similar to the averages derived for Doornbosch from DBH1. The depth of regolith/oxidation is estimated at around 40 m, and the resource calculation was split into "oxidized" and "fresh" portions for the final combined resource total. A 20 percent loss has also been applied to account for any potential geological losses. No wireframe modelling, block modelling or geostatistics (kriging or variograms) has been applied for the estimate but it is based on a reasonable assumption of continuity of high confidence data from the neighbouring property and is applied over a small area. No audits or reviews have been carried out on the data or reporting. Ge-Consult estimated 900 000 tonnes (over an average stoping width of 1.02m after 20 percent geological) at 5.86 g/t, yielding 0.17Moz.

Minxcon cautioned against using the 4E grades of DBH1 in isolation to declare the Mineral Resource of the Project Area and restated the Mineral Resources in March 2010 for the UG2 mining width utilising the DBH1 mining width intersection for the UG2 horizon, and the values quoted in the Geo-Consult Competent Persons technical report. As with the Geo-Consult estimation, no cut-off grades were used. The Regolith Zone (Oxidised Zone) was excluded from resource estimation because no data attest to grade and specific gravity of this zone. An inferred Mineral Resource of 0.095Moz was reported at a grade of 4.67g/t (over an average stoping width of 1.02m after 20 percent geological), inclusive of Mineral Reserves.

UG2 Inferred Mineral Resource Estimate for Doornbosch									
	Area on Dip (m^2)	Ave Stoping Width (m)	Calculated Volume (m^3)	Ave UG2 Density (t/m^3)	Tonnage (Mt)	Tonnage After Geological Loss (20%) (Mt)	Ave UG2 Grade (4E) (g/t)	Content 4E (Grams)	Content 4E (Moz)
Unoxidised Zone	212 862	1.02	217 119	3.66	0.795	0.636	4.67	2 970 120	0.095
Total	212 862	1.02	217 119	3.66	0.795	0.636	4.67	2 970 120	0.095

Notes:

- *Effective date 26 March 2010;*
- *No cut-off grades were used;*
- *The tonnages and grades are quoted as mining width tonnes;*
- *Regolith Zone (Oxidised Zone) excluded from Resource tabulation – no data to attest to grade and specific gravity of this zone; the estimated cubic metres for this zone is 84,500 m^3; and*
- *Mineral Resources are inclusive of Mineral Reserves.*

Source: Minxcon February 2010.

The independently estimated resource is believed to be too small for a stand-alone operation.

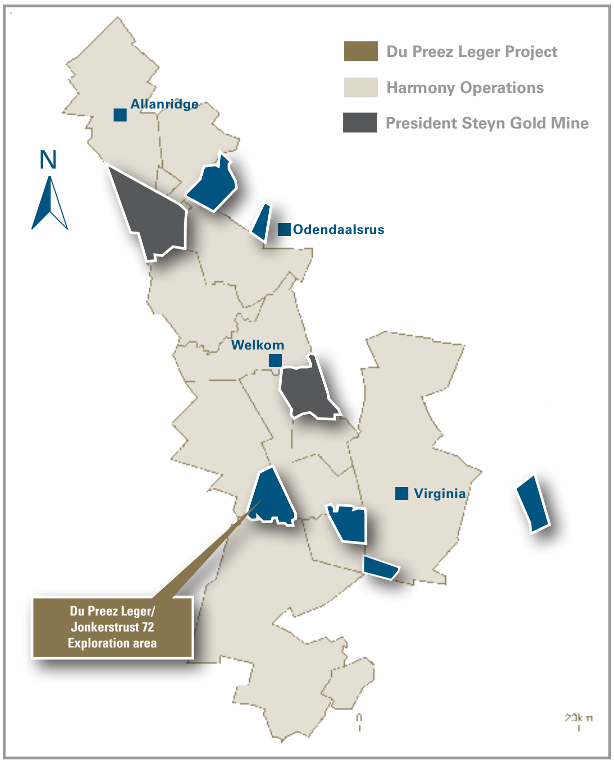
No future exploration work is currently being planned. R&E has entered into a sale agreement with Rustenburg Platinum Mines Limited and ARM Mining Consortium Limited to sell the right for R5.9 million. The transaction is progressing as planned but the directors cannot accurately determine whether or not the DMR will approve it or when such approval may occur although the company is hopeful that the transaction will be concluded during 2016. The conditions precedent for this transaction have not yet been met and the financial impact has therefore not been accounted for in the records of R&E.

IRON ORE PROSPECTING RIGHT

Kameelhoek Project

This right was sold during the 2015 financial year.

GOLD PROSPECTING RIGHTS



Location of R&E Gold Projects

Du Preez Leger Project

The Du Preez Leger Project originally comprised four exploration areas in the Southern Free State Goldfields, adjoining producing gold mines including Harmony's St Helena, Unisel and Merriespruit shafts and Gold Fields' Beatrix Mine. The new order prospecting right is held by FSD, a subsidiary of R&E, and was originally issued on 7 November 2006 under one prospecting right. The four exploration areas included the farms Du Preez Leger 324 and Jonkersrust 72 (the Du Preez Leger area), Vermeulenskraal 223 (the Vermeulenskraal area), Tweepan 678 and Millo 639 (the Tweepan area) and Rebelkop 456 (the Rebelkop area). In April 2010, a section 102 application was submitted to the DMR in which the farms that are not contiguous were separated in order to prospect effectively over each individual area. Simultaneously, new applications over Vermeulenskraal 223, Millo 639 and Tweepan 678 and Rebelkop 456 were applied for. The section 102, as well as the new applications, was accepted and executed on 1 February 2011. Of the original four exploration areas only the Du Preez Leger area is still active. The prospecting right over the Vermeulenskraal and Rebelkop area expired during the 2015 financial year and the right over the Tweepan area was sold during the 2013 financial year. R&E is satisfied that the security of legal tenure for the Du Preez Leger Project, with the exclusion of Vermeulenskraal, Tweepan and Rebelkop, is acceptable.

The project area is situated on the Witwatersrand Basin, a 60 000 km^2 northeast trending elliptical structure, extending from the east of Johannesburg to south of Welkom. Gold is currently produced from seven of eight goldfields within the basin, mainly from conglomerate horizons of the Witwatersrand, Ventersdorp and Transvaal Supergroups. The Du Preez Leger Project is situated in the Free State Goldfields and is situated on the southern edge of the Witwatersrand Basin. The Witwatersrand Supergroup is divided into two groups, the West and Central Rand Groups (CRG).

The reefs that occur at the project area are located within the CRG.

The sediments of the Central Rand Group are overlain by the Karoo and Ventersdorp Supergroup rocks in the Project Area. The Karoo sediments at the Project Area vary in thickness from 550 – 700 m. These are underlain by the lavas and sediments of the Ventersdorp Supergroup, which are mainly comprised of andesitic lavas of the Klipriviersberg Group. In places, these have been eroded by Ventersdorp sediments of the Klippan Formation (thick sequences of poorly sorted debris flows). Towards the south of the Welkom Goldfield, there has been a thinning of the Central Rand Group stratigraphy and the Basal Reef subcrops against the Leader Reef, which is developed over the entire Project Area. This subcrop results in Basal Reef being formed only on a little over 10 percent of the Du Preez Leger prospect.

The project is located in an area that has been extensively mined for gold, and the local geology is therefore considered to be fairly well understood and interpreted. The placers of primary economic interest at the project area are the Basal and Leader Reefs. Other reefs found in this area include the A and B Reefs, BPM (Sand River Reef), Aandenk and VS5/Beatrix Reefs. The Du Preez Leger prospect lies to the south of the Harmony Brand and St Helena mines, and to the west of the Harmony Unisel Mine. These mines have mainly exploited the Basal and Leader Reefs. The A Reef has also been extensively mined on Brand Mine to the north of the Project Area.

The economic reefs are found at different depths below surface. On the Du Preez Leger prospect, the Basal Reef is found at depths of between 1 000 m and 1 200 m. The Leader Reef is found at depths between 1 000 m and 1 900 m. The dips of the reefs are to the east on St Helena and Unisel mines, which are contiguous to the north and east of the Du Preez Leger prospect area, and vary between 20 and 45°.

The general structure of the Welkom Goldfields comprises north-south normal faults, which successively displace the ore bodies downwards to the west. The largest of these faults is the De Bron Fault, from which Du Preez Leger lies to the west. The displacement along this fault is in the order of 1 000 m.

Anglo American Prospecting Services Proprietary Limited, a subsidiary of Anglo American Limited, drilled seven holes on Du Preez Leger between 1976 and 1987. President Brand Gold Mining Company drilled eight holes on Jonkersrust between 1976 and 1983. Historical drilling was undertaken by Harmony Gold Mining Company Limited and five holes were drilled between 1981 and 1982. The historical results available show non-intrusive prospecting over the area possible as the information from the drilling is available and has been used.

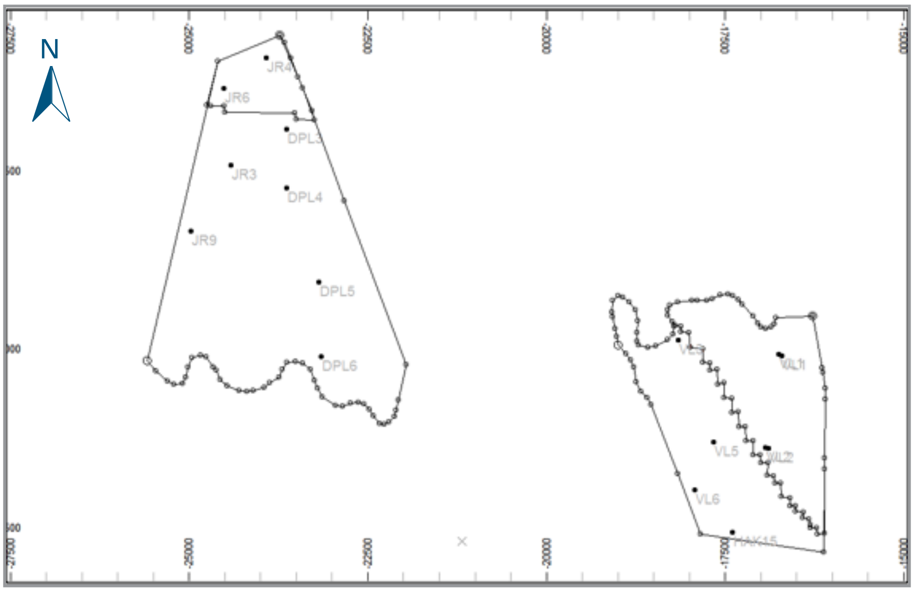
A 2-D model was appropriate for the Project Area as the Leader and Basal Reefs are consistent tabular bodies. The data was modelled on cmg/t and CW. The Basal and Leader Reefs were reviewed with the aim of delineating broad scale gold geozones. The gold domains were thoroughly investigated and modelled by the CPs. Each of the reefs was delineated according to the variability of the channel width (CW), gold content and gold grade. Four geostatistical domains (geozones) were modelled for the Basal Reef and 11 geozones were modelled for the Leader Reef, based on the grade relationships and data trends of the boreholes.

A density of 2.7t/m^3 was applied to the Mineral Resource estimates. This value is based on an average known density for Witwatersrand ore bodies. Simple kriging estimation technique was used, based primarily on drill hole spacing. Detailed checks were carried out to validate kriging outputs, including input data, kriged estimates and kriging efficiency checks.

A total of 110 accepted Basal Reef and 135 Leader Reef intersections were available for the Mineral Resource estimation, of which two Basal Reef intersections fell within the Du Preez Leger Resource area and six Leader Reef intersections fell within the Du Preez Leger Resource area. The average distance between drill holes varied between 600 m and over one kilometre. The gold metal grade was estimated from metal content and mining width. No audits or reviews have been conducted on the data used in the Mineral Resource estimation. True widths of reef intersections were used for the Mineral Resource estimation.

Details of historic borehole surveys, sampling methods, drilling techniques, sample recovery, logging techniques and other sources of information were not available. No details regarding the Quality Assurance and Quality Control (QA/QC) for the sampling and assays were available. Minxcon did not receive any details regarding the assay laboratory and assaying procedure. As such, there can be no comment on the integrity of primary data and sampling results, but this is relied upon as being accurately recorded by current and previous Project owners for evaluation purposes.

Minxcon was commissioned to compile a competent person's report (CPR) using historical drill hole data and has estimated a SAMREC-compliant inferred resource for the combined Basal and Leader reefs of the Du Preez Leger prospect of 26.21 Mt at a grade of 5.11 g/t, using a cut-off grade of 250 cmg/t, minimum stoping width of 120 cm and five percent geological loss.



Drilling locations on Du Preez Leger

The following reef cut tables were available and used in the mineral resource estimation:

Du Preez Leger Project									
XPT	YPT	ZPT	Farm	BHID	REEF	CW	AU	CMGT	DEPTH
(23915.57)	(3105923.37)	1548	Leger	JR4	B	64.4	18.71	1205	1354
(24504.80)	(3106359.54)	1630	Leger	JR6	B	62.3	11	685	1349
(23626.60)	(3106928.00)	1349	Leger	DPL3	LD	44.6	7.94	354	1349
(23624.00)	(3107751.00)	1343	Leger	DPL4	LD	84.6	4.21	356	1343
(24408.76)	(3107432.97)	1343	Leger	JR3	LD	100.4	19.88	1996	1343
(23174.60)	(3109065.40)	1265	Leger	DPL5	LD	99	6.84	677	1265
(23144.30)	(3110109.10)	1299	Leger	DPL6	LD	102	6.18	631	1299
(24963.40)	(3108356.10)	1746	Leger	JR9	LD	43	14.84	633	1746

Inferred Mineral Resource Statement with regard to Reef versus Resource Cut (Minimum Stoping Width of 120 cm)												
		Tonnage before Geological Loss		% Geo Loss	Tonnage and Grade after Geological Loss							
Mineral Resource Area (Inferred)	Cut-off (cm.g/t)	Reef Tonnes (Mt)	SW Tonnes (Mt)		Reef Tonnes (Mt)	Reef Au (g/t)	SW Tonnes (Mt)	SW Au (g/t)	CW (cm)	SW (cm)	Gold Content ('000 kg)	(Moz)
BASAL REEF	0	1.08	2.28	5	1.03	18.44	2.17	8.75	61	120	18.99	0.61
	250	1.06	2.24	5	1.01	18.82	2.13	8.92	60	120	19.01	0.61
LEADER REEF	0	25.16	28.43	5	23.9	5.99	27.01	5.30	86	120	143.16	4.60
	250	22.34	25.35	5	21.22	6.24	24.08	5.50	91	120	132.41	4.26
Total Basal and Leader Reef	0	26.24	30.71	5	24.93	6.50	29.18	5.56	85	120	162.15	5.21
	250	23.4	27.59	5	22.23	6.81	26.21	5.78	90	120	151.42	4.87

Notes:
- SW – Minimum stoping width of 120 cm;
- CW – Corrected channel width; and
- SG – 2.7.
- All Resources are classified as Inferred.

Source: Minxcon February 2010 – adjusted for the exclusion of Vermeulenskraal, Millo and Tweepan.

The Du Preez Leger area was included in a third-party scoping study. The scoping study systematically reviews the geology, mineral resources, ore reserves, long-term plans and metallurgical options and includes a financial appraisal of three scenarios. The project was not deemed to be economically viable at this stage.

No future exploration work is currently being planned as R&E does not believe it to be financially viable.

Prospecting rights at Du Preez Leger expire on 16 July 2016. Management is assessing its options. Should there not be a sufficient commercial incentive to maintain this right the company will abandon the right.

Disclaimer

The information furnished in this report regarding the possible value of the prospecting rights is made available for purposes of disclosure only and should in no way be relied upon or accepted as representing the actual value of such prospecting rights and/or as indicative of any future economic benefits that may flow to the company in respect hereof. The company assesses the value of such prospecting rights at the historical cost (see page 55 of the company's annual financial statements for the financial year ended 31 December 2015). In so far as any value ascribed to the prospecting rights in this report is at variance with the historical cost as disclosed in the annual financial statements the company disclaims such valuation in its entirety and cautions against any reliance being placed hereon. Should circumstances change in future which give rise to the need to re-assess the historical cost ascribed to the prospecting rights, the value thereof will be revisited in the light of the circumstances that may arise at such stage.

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

Contents

Preparation of these financial statements

Mr Van Zyl Botha CA(SA), financial director, is responsible for these financial statements and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (group financial manager). These financial statements have been audited in terms of S30 of the South African Companies Act.

COMPANIES ACT COMPLIANCE

The company has complied with section 94 of the Companies Act (Act No. 71 of 2008, as amended) (the Companies Act). In addition, the board is of the opinion that the requirements of regulation 42 of the Companies Act, which requires at least one third of the members of a company's audit committee to have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management, have been met.

FUNCTIONING OF THE COMMITTEE

The audit and risk committee operates within formal terms of reference approved by the board. The committee is satisfied that it has met its responsibilities as stipulated in the terms of reference. The committee is also satisfied that it has complied with its legal, regulatory and other responsibilities.

The committee discharges its responsibilities by meeting formally at least twice a year to review the group's interim and annual results before publication, to receive and review internal audit reports and reports from the external auditor. They also meet with management to review their progress on key issues relating to financial controls and risks and deal with other matters falling within its terms of reference. Committee members review company trading statements on an ad hoc basis. The findings and recommendations of the committee are reported to the board at the following board meeting.

The committee meets informally on an ad hoc basis with internal audit, the external auditor and management to address key issues as the need arises, specifically to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance, and compliance matters. The internal audit plan and internal audit conclusions are similarly reviewed and approved by the committee.

The committee discharges all audit and risk committee responsibilities of all the subsidiaries within the group. The external and internal auditors have unrestricted access to the committee.

The committee is responsible for overseeing the internal audit function.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The audit and risk committee has satisfied itself that the external auditor is independent of the company, as set out in section 94(8) of the Companies Act, which includes considering previous appointments of the auditor, the extent of other work undertaken for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee ensured that the appointment of the auditor complied with the Companies Act and any other legislation relating to the appointment of auditors. There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. In general, the auditor is not engaged for non-attest services, unless, in the opinion of the committee, the extent of the service is not significant.

The audit and risk committee has satisfied itself that the audit firm and designated auditor are accredited on the JSE list of auditors and their advisors.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The audit and risk committee has reviewed the accounting policies and the financial statements of the company and is satisfied that they are appropriate and comply with International Financial Reporting Standards. The committee has reviewed the annual financial statements and recommended them to the board for approval.

INTERNAL FINANCIAL CONTROLS

In considering the integrity of the company's financial information and the effectiveness of internal financial controls, the committee relies on the work performed by internal audit, representations by management and the external auditor's management report. In particular, in accordance with the King Report on Corporate Governance for South Africa 2009, the internal audit function performed a formal, documented review of the design, implementation and effectiveness of the company's system of internal financial controls during the year. No exceptions were noted.

Based on these interactions, nothing has come to the attention of the committee that would lead it to believe that an adequate and appropriate system of internal control is not in place. The committee has advised the board accordingly.

INTEGRATED REPORTING AND COMBINED ASSURANCE

The audit and risk committee has considered the company's sustainability information and has assessed its consistency with operational and other information known to the committee members, and for consistency with the annual financial statements. Nothing has come to the committee's attention that would lead to the conclusion that the sustainability information is not reliable.

The committee has however decided that, due to the limited operations of the company, an integrated report is onerous at this stage and the committee has recommended to the board that annual financial statements be compiled excluding an integrated report. The committee has reviewed the annual financial statements and recommended it to the board for approval.

GOING CONCERN

The audit and risk committee has considered the going concern status of the company and of the group and has made recommendations in this regard. The board's statement on the going concern status of the company and of the group is supported by the audit and risk committee.

GOVERNANCE OF RISK

The role of the committee is to assist the board to ensure that the company has implemented an effective policy and plan for risk management that will enhance the company's ability to achieve its strategic objectives; and that the disclosure regarding risk is comprehensive, timely and relevant. The committee believes that the organisation has an effective risk management process that is appropriate to its size and limited scope of operations.

INTERNAL AUDIT

The board appointed an outsourced independent service provider, Moore Stephens Risk Services, to provide internal audit services with effect from 23 August 2013.

The audit and risk committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

The committee considered and recommended the internal audit charter for approval by the board. The charter governs the authority and responsibilities of the various role players. The engagement partner of the outsourced service provider has been appointed as the chief audit executive in terms of the charter and reports directly to the committee.

In 2013 the committee approved a three-year risk-based audit programme in terms of which the outsourced service provider will address those risks and controls identified by the committee as being key to financial reporting, sustainability and stakeholder reporting. The three-year contract has been evaluated and extended until 31 December 2016. Deliverables include written reports to the committee on the respective audit areas.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND FINANCE FUNCTION

In accordance with the JSE Listings Requirements, the audit and risk committee must on an annual basis consider and be satisfied on an annual basis, the appropriateness of the expertise and experience of the financial director. The committee has concluded that Mr Van Zyl Botha, the financial director, possesses the appropriate expertise and experience to meet his responsibilities in that position.

The committee has further assessed the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function and concludes that these are adequate.

The committee is satisfied that in respect of the financial year and to the date of this report:

- Financial reporting risks have been identified and mitigated;
- A satisfactory system of internal financial controls is in place;
- Fraud risks relating to financial reporting have been considered and mitigated; and
- IT risks relating to financial reporting have been considered and mitigated.

No material weaknesses in financial controls that resulted in material financial loss, fraud or errors were identified during the year under review.

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Randgold & Exploration Company Limited, comprising the statements of financial position at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group financial statements and financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and annual financial statements of Randgold & Exploration Company Limited, as identified in the first paragraph, were approved by the board of directors on 18 March 2016 and signed by:

David Kovarsky
Authorised director
18 March 2016

Johannesburg, South Africa

DECLARATION BY THE COMPANY SECRETARY

I, in my capacity as company secretary, declare that, to the best of my knowledge, in terms of section 88(2)(e) of the Companies Act 71 of 2008, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns appear true, correct and up to date in respect of the financial period reported on.

Van Zyl Botha
Company secretary
18 March 2016

Johannesburg, South Africa

NATURE OF BUSINESS

Randgold & Exploration Company Limited ("R&E" or "the company") is a company incorporated in the Republic of South Africa. The company's registered office during the year under review was located at Suite 25, Katherine & West Building, Corner of Katherine and West Streets, Sandown, Sandton, 2196. The group annual financial statements for the year ended 31 December 2015 comprise the company and its subsidiaries (together referred to as "the group" and individually as "group entities"). R&E is an investment holding company with assets in the mining industry. It currently holds prospecting rights directly and indirectly through subsidiary companies, which it plans to exploit further, to the extend proven viable, in order to increase the value of its enterprise, or to dispose of selective rights should that achieve a better commercial or economical result.

FINANCIAL YEAR ENDED 31 DECEMBER 2015

Recoveries made from third parties and the disposal of certain prospecting rights

During 2015 R&E received liquidation dividends from BNC Investments Proprietary Limited of R3 million and from The Insolvent Deceased Estate of Roger Brett Kebble of R4.4 million. R&E also received proceeds of R4 million from the disposal of the Kameelhoek prospecting right.

FINANCIAL YEAR ENDED 31 DECEMBER 2014

Settlement with PricewaterhouseCoopers Inc. (PwC)

R&E concluded a settlement agreement with PwC on 16 April 2014 in terms of which R150 million was payable by PwC to R&E. The settlement related to the group's claim against PwC for damages and was implemented. Shareholders are referred to the announcements made by the company on 16 April 2014 relating to this settlement as well as to the voluntary circular published by the company on 30 April 2014. R&E recognised the final payment of R150 million received in cash during June 2014.

SHARE CAPITAL

Full details of the company's ordinary share capital are set out in note 16 to the group financial statements.

Material resolutions

Special resolutions passed at the annual general meeting held 6 May 2015:

1. Authorise company to remunerate directors for services as recommended by the remuneration committee; and

2. Authorise the board of the company to provide financial assistance to related or inter-related companies.

Ordinary resolutions passed at the annual general meeting held 6 May 2015:

1. Appointment of auditors;

2. Re-election JH Scholes as a director;

3. Reappointment of DC Kovarsky as a member of the audit and risk committee;

4. Reappointment of JH Scholes as a member of the audit and risk committee; and

5. Reappointment of P Burton as a member of the audit and risk committee.

Corporate resolutions passed at the directors' meeting held 9 March 2015:

1. Authorisation granted to the company secretary to sign the annual compliance certificate as required by the listings requirements of the JSE;

2. Authorise that the company may provide financial support to its subsidiaries; and

3. Authorisation granted to DC Kovarsky to sign the annual financial statements of R&E for the year ended 31 December 2014.

QUALIFICATION CONTAINED IN THE REPORT OF THE AUDITORS OF SUBSIDIARIES

None of the subsidiaries have any qualifications in the audit reports for the year ended 31 December 2015.

DIVIDENDS

No dividends were declared during the year. (2014: The directors declared a gross special cash dividend of 225 cents per share, funded by income reserves, on 26 June 2014, to be paid on 28 July 2014 to those shareholders of the company who were recorded in the company's register on 25 July 2014.)

SUBSIDIARIES

Particulars of the subsidiaries of the R&E group are given on pages 71 and 72. The attributable interest of the group in the income and losses of its subsidiaries for the years ended 31 December 2015 is:

	2015 R'000	2014 R'000
Aggregate amount of profit after taxation	**3 165**	816
Aggregate amount of losses after taxation	**(669)**	(877)

DIRECTORATE

Directors in office at the date of this report are:

Name	Designation
DC Kovarsky	Independent non-executive chairman
M Steyn	Chief executive officer
P Burton	Independent non-executive
JH Scholes	Independent non-executive
V Botha	Financial director

No changes took place during the 2015 financial year and up to the date of this report.

DIRECTORS' INTEREST

No director held any shares in the group, directly or indirectly, for the 2015 or 2014 financial years and up to the date of this report.

SHARE OPTION SCHEME

There is currently no share option scheme in place.

COMPANY SECRETARY

The company secretary in office at the date of this report was Mr V Botha CA(SA).

PUBLIC OFFICER AND FINANCIAL DIRECTOR

Mr V Botha CA(SA) is the present incumbent who was appointed as public officer on 13 November 2007 and financial director on 6 May 2010.

AUDITORS

KPMG Inc. will continue in office as auditors for the company and its subsidiaries.

At the annual general meeting shareholders will be requested to reappoint KPMG Inc. as the independent external auditors of R&E.

TO THE SHAREHOLDERS OF RANDGOLD & EXPLORATION COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the group financial statements and financial statements of Randgold & Exploration Company Limited, which comprise the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 76.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Randgold & Exploration Company Limited at 31 December 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the financial statements for the year ended 31 December 2015, we have read the Directors' Report, The Report of the Audit and Risk Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Randgold & Exploration Company Limited for nine years.

KPMG Inc.
Registered auditor

Per: H du Plessis
Chartered accountant (SA)
Registered auditor
Director

18 March 2016

MSC House
1 Mediterranean Street
Foreshore
Cape Town
8001

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Revenue	2	**207**	64
Profit/(loss) on disposal of listed equity securities	3	**288**	(102)
Recoveries	4	**7 528**	158 903
Other income		**163**	60
Personnel expenses	5	**(6 089)**	(15 521)
Profit on disposal of prospecting rights	12	**3 951**	–
Change in fair value of listed equity securities	6	**(571)**	(191)
Change in fair value of cash investments	7	**1 118**	(2 364)
Other operating expenses	8	**(13 304)**	(17 743)
(Loss)/profit from operating activities		**(6 709)**	123 106
Finance income	9	**11 681**	13 341
Profit before taxation		**4 972**	136 447
Taxation	10	**(20)**	–
Profit for the year		**4 952**	136 447
Other comprehensive income			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss			
Actuarial gains	19	**414**	105
Total comprehensive income for the year		**5 366**	136 552
Profit attributable to:			
Owners of the company		**4 952**	136 447
Profit for the year		**4 952**	136 447
Total comprehensive income attributable to:			
Owners of the company		**5 366**	136 552
Total comprehensive income for the year		**5 366**	136 552
Basic and diluted earnings per share (cents)	17	**7**	191

AS AT 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		**9**	86
Equipment	11	**7**	37
Intangible assets	12	**2**	49
Current assets		**181 862**	177 348
Investment in listed equity securities	13	**5 702**	2 259
Trade and other receivables	14	**222**	1 134
Cash and cash equivalents	15	**175 938**	173 955
Total assets		**181 871**	177 434
EQUITY AND LIABILITIES			
Shareholders' equity		**167 763**	162 397
Ordinary share capital	16	**716**	746
Retained earnings		**167 047**	161 651
LIABILITIES			
Non-current liabilities			
Post-retirement medical benefit obligation	19	**12 872**	13 753
Current liabilities			
Trade and other payables	21	**1 236**	1 284
Total equity and liabilities		**181 871**	177 434

FOR THE YEAR ENDED 31 DECEMBER 2015

		Attributable to equity holders of the company		
	Note	Ordinary share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014	16	746	186 166	186 912
Profit and total comprehensive income for the year			136 552	136 552
Dividend paid (225 cents per share)			(161 067)	(161 067)
Balance at 31 December 2014		**746**	**161 651**	**162 397**
Profit and total comprehensive income for the year			5 366	5 366
Treasury shares reclassified		(30)	30	–
Balance at 31 December 2015		**716**	**167 047**	**167 763**

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Cash flow from operating activities		**1 504**	135 180
Cash (utilised)/generated in operating activities	25	**(8 696)**	124 647
Interest received	9	**11 681**	13 341
Taxation paid	26	**(20)**	–
Post-retirement medical benefit liability – benefits paid	19	**(1 461)**	(1 503)
Post-retirement medical benefit liability – settlements paid	19	**–**	(1 305)
Cash flow from investing activities		**479**	(1 318)
Dividends received	2	**207**	64
Proceeds on disposal of prospecting rights		**4 000**	–
Acquisition of investment in listed equity securities		**(5 852)**	(2 458)
Proceeds on disposal of listed equity securities		**2 124**	1 076
Cash flow from financing activities		**–**	(161 067)
Dividend paid		**–**	(161 067)
Increase/(decrease) in cash and cash equivalents		**1 983**	(27 205)
Cash and cash equivalents at the beginning of the year		**173 955**	201 160
Cash and cash equivalents at the end of the year	15	**175 938**	173 955

REPORTING ENTITY

Randgold & Exploration Company Limited (the "company" or "R&E") is a company domiciled and incorporated in the Republic of South Africa. The group financial statements of the company for the year ended 31 December 2015 comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities"). Where reference is made to "the group" in the accounting policies, it should be interpreted as referring to the company where the context requires, and unless otherwise noted.

BASIS OF PREPARATION

Statement of compliance

The group financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act of South Africa. The group financial statements and financial statements were authorised for issue by the board of directors on 18 March 2016.

Basis of measurement

The group and company financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments held for trading are measured at fair value.

Functional and presentation currency

The financial statements of the group are presented in South African rand, which is the functional currency of the company. All financial information presented in rand has been rounded to the nearest thousand unless otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the group financial statements where applicable.

Financial assets

These assets mainly comprise loans receivable from subsidiary companies (note 8 of company financial statements) and trade receivables.

At each reporting date, the group evaluates whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that loans or receivables are impaired, the amount of the loss is determined without reference to future irrecoverable debts that have not been incurred.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant accounting policies

The accounting policies applied by the group and company are the same as at and for the year ended 31 December 2014.

The accounting policies have been applied consistently by all group entities.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are investees controlled by the group. The group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the group financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

Investment in subsidiaries

Investments in subsidiaries are reflected at cost less impairment losses in the separate financial statements of R&E.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealised gains arising from inter-group transactions, are eliminated in preparing the group financial statements. Unrealised losses on transactions are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in listed equity securities, trade and other receivables, cash and cash equivalents, trade and other payables and amounts due from subsidiary companies. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or the group transfers the financial asset and such transfer qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Regular purchases and sales of financial assets are recognised on the trade date, being the date on which the group commits to purchase or sell the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash investments, cash balances and call deposits, and are stated at amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade and other receivables are stated at amortised cost using the effective interest method less impairment losses.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

Amounts due to/from subsidiaries

Amounts due to/from subsidiaries (which are eliminated on consolidation) are stated at amortised cost using the effective-interest method less impairment losses in the company financial statements.

Financial assets at fair value through profit or loss

Listed equity securities are classified at fair value through the profit or loss as they are held for trading. Financial instruments are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are subsequently measured at fair value, and changes therein are recognised in profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Each ordinary share entitles the holder to one voting right.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not cancelled are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is recognised in retained earnings.

Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the group.

Repairs and maintenance are expensed as incurred.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in profit or loss.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of equipment, other than paintings and artwork, which are not depreciated.

The estimated useful lives are as follows:

Computer equipment	3 years
Computer software	3 years
Furniture and fittings	5 years
Office equipment	6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

INTANGIBLE ASSETS

Prospecting rights

Intangible assets include prospecting rights. Prospecting rights are measured at cost less accumulated impairment losses. Prospecting rights are not amortised as they are not yet available for use and have indefinite useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset. Gains and losses on disposal of prospecting rights are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss.

Exploration costs

Exploration costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Prospecting property acquisition costs and exploration and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the group, are capitalised until the property to which they relate is placed into production, sold, allowed to lapse or abandoned.

IMPAIRMENT

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Objective evidence that financial assets are impaired includes default by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets, including assets that are not individually significant, are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating unit).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

DETERMINATION OF FAIR VALUES

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in listed equity securities

The fair value is determined by reference to their quoted closing bid price at the reporting date.

Amounts due from subsidiaries; trade and other receivables; trade and other payables

The fair value of amounts due from subsidiaries, trade and other receivables and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which the services have been rendered. Remuneration to employees is charged to profit or loss. An accrual is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Defined benefit plans – post-retirement medical benefit obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans is calculated separately (using the projected unit credit method) for each plan by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The discount rate used to discount post-employment benefit obligations by reference to market yield on high-quality corporate bonds or on government bonds if high-quality corporate bonds are not available. In a South African context, government bonds are used. The calculation is performed at the reporting date by a qualified actuary using the projected unit credit method. The group recognises all actuarial gains and losses arising from defined benefit plans through other comprehensive income.

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

CONTINGENT ASSETS

Contingent assets, including claims against third parties, are not recognised in the statement of financial position unless realisation is virtually certain. Recognised claims against third parties are reflected as recoveries in profit or loss.

CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the statement of financial position unless obligation is virtually certain. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

REVENUE

Revenue is recognised net of indirect taxes and consists of dividends from listed equity securities as well as dividends from cash invested in dividend-yielding funds, commissions received and management fees.

Commissions received

Commissions received are recognised when it has been unconditionally earned.

Dividends received

Dividends received are recognised when the right to receive payment is established.

Management fees

The holding company charges its subsidiaries management fees for services rendered.

FINANCE INCOME

Finance income is recognised in profit or loss as it accrues, using the effective-interest method and comprises primarily interest received on cash and cash equivalents and amounts due from subsidiaries.

LEASES

Operating lease payment

Leases where the lessor retains risks and rewards of ownership of the underlying asset are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of total lease expense. The current operating lease of the company is cancellable with a specified notice period.

INCOME TAX

Income tax comprises current and deferred tax. An income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current taxation

Current taxation comprises taxation payable or receivable, calculated on the basis of the expected taxable income or loss for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years. The amount of income tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Interest and penalties on taxation payable is included in taxation in profit or loss. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax 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 tax 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 tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

As per note 20, a deferred tax asset has not been recognised because it is not probable that future taxable profit will be available against which the group entities can utilise the benefits therefrom.

Dividend withholding tax

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividends tax on behalf of its shareholders at a rate of 15 percent on dividends declared. Amounts withheld are not recognised as part of the company’s tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of tax expense, unless it is otherwise reimbursable, in which case it is recognised as an asset.

EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares as well as headline EPS and diluted headline EPS. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period. Profit or loss used in the headline earnings per share (HEPS) calculated is adjusted for certain non-recurring items. Diluted EPS and HEPS is determined by adjusting the profit or loss attributable to equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. A reconciliation between earnings per share and headline earnings per share is presented in note 17.

SEGMENT REPORTING

The group determines and presents operating segments based on the information that is provided internally to the CEO, who is the group's chief operating decision maker.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

SUMMARY OF STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following IFRS statements and interpretations, some of which are not yet effective, were not applied in preparing these financial statements. Management has assessed the impact of these standards and concluded that the impact would not be significant.

Standards/Interpretations		Effective date
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
IFRS 15	*Revenue from contracts with customers*	1 January 2018
IFRS 9	*Financial Instruments*	1 January 2018
IAS 27	*Equity Method in Separate Financial Statements*	1 January 2016
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
IAS 1	*Disclosure Initiative*	1 January 2016
IFRS 16	*Leases*	1 January 2019

1. SEGMENT REPORTING

The group operates in a single reportable operating segment as an investment holding company with assets in the South African mining industry and cash resources.

	2015 R'000	2014 R'000
Revenues		
Total revenue for reportable segment	**207**	64
Finance income for reportable segment	**11 681**	13 341
Profit before tax		
Total profit before tax for reportable segment	**4 972**	136 447
Assets		
Total assets for reportable segment	**181 871**	177 434
Liabilities		
Total liabilities for reportable segment	**14 108**	15 037

2. REVENUE

	2015 R'000	2014 R'000
Dividends received	**207**	64

3. PROFIT/(LOSS) ON DISPOSAL OF LISTED EQUITY SECURITIES

	2015 R'000	2014 R'000
Listed equity securities	**288**	(102)

4. RECOVERIES

Recoveries include amounts received in relation to the various litigation matters being pursued by the group.

	2015 R'000	2014 R'000
BNC Investments Proprietary Limited – liquidation dividend	**3 085**	–
The Insolvent Decease Estate of Roger Brett Kebble – liquidation dividend	**4 443**	–
PricewaterhouseCoopers Inc.	**–**	150 000
Tuscan Mood – liquidation dividend	**–**	8 903
	7 528	158 903

5. PERSONNEL EXPENSES

Personnel expenses include directors' salaries and bonuses and the post-retirement medical benefit obligation expense.

	2015 R'000	2014 R'000
Directors' emoluments (refer to note 24 for additional disclosure)	**4 289**	12 474
Post-retirement medical benefit expense (refer to note 19 for additional disclosure)	**994**	1 119

6. CHANGE IN FAIR VALUE OF LISTED EQUITY SECURITIES

	2015 R'000	2014 R'000
Fair value movements of listed equity securities	**(571)**	(191)

7. CHANGE IN FAIR VALUE OF CASH INVESTMENTS

	2015 R'000	2014 R'000
Fair value movements of cash investments	**1 118**	(2 364)

	2015 R'000	2014 R'000
8. OTHER OPERATING EXPENSES		
Administration and office expenses	**483**	464
Auditors' remuneration	**393**	391
Consulting fees	**274**	419
Forensic fees	**2 486**	2 793
Depreciation	**30**	38
Donations	**50**	50
Exploration costs	**464**	349
Foreign exchange losses/(gains)	**11**	(2)
Insurance	**866**	802
Legal fees	**9 089**	11 385
Listing fees and corporate action costs	**690**	992
Travel	**32**	59
Other expenses	**147**	3
VAT recovered	**(1 711)**	–
	13 304	17 743
9. FINANCE INCOME		
Interest received	**11 681**	13 341
10. TAXATION		
Recognised in profit or loss	**20**	–

	2015 %	2014 %
Reconciliation of effective taxation rat		
South African normal tax rate	**28.0**	28.0
Capital gains tax rate differential	**11.7**	11.3
Exempt income	**(75.1)**	(24.1)
Expenses not deductible for taxation purposes	**48.8**	1.4
Assessed losses utilised	**(8.2)**	(16.2)
Change in unrecognised deferred tax asset	**(4.8)**	(0.4)
Effective tax rate	**0.4**	–

Refer to note 20 where more information is given regarding the assessed loss.

11. EQUIPMENT

	2015 Cost R'000	2015 Accumulated depreciation and impairment R'000	2015 Carrying value R'000
Owned assets			
Computer equipment	**114**	**(109)**	**5**
Furniture and fittings	**145**	**(145)**	**–**
Office equipment	**74**	**(73)**	**1**
Computer software	**28**	**(27)**	**1**
	361	**(354)**	**7**

The carrying amount of assets can be reconciled as follows:

	2015 Carrying value at beginning of the year R'000	Additions/ (disposals) R'000	Depreciation R'000	Carrying value at end of the year R'000
Owned assets				
Computer equipment	**8**	**–**	**(3)**	**5**
Furniture and fittings	**24**	**–**	**(24)**	**–**
Office equipment	**4**	**–**	**(3)**	**1**
Computer software	**1**	**–**	**–**	**1**
	37	**–**	**(30)**	**7**

	2014 Cost R'000	2014 Accumulated depreciation and impairment R'000	2014 Carrying value R'000
Owned assets			
Computer equipment	114	(106)	8
Furniture and fittings	145	(121)	24
Office equipment	74	(70)	4
Computer software	28	(27)	1
	361	(324)	37

The carrying amount of assets can be reconciled as follows:

	2014 Carrying value at beginning of the year R'000	Additions/ (disposals) R'000	Depreciation R'000	Carrying value at end of the year R'000
Owned assets				
Computer equipment	11	–	(3)	8
Furniture and fittings	49	–	(25)	24
Office equipment	14	–	(10)	4
Computer software	1	–	–	1
	75	–	(38)	37

12. INTANGIBLE ASSETS

	2015		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Owned assets			
Prospecting rights	**1 426**	**(1 424)**	**2**

The carrying amount of assets can be reconciled as follows:

	2015		
	Carrying value at beginning of the year R'000	Additions/ (disposals) R'000	Carrying value at end of the year R'000
Owned assets			
Prospecting rights	**49**	**(47)**	**2**

	2014		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Owned assets			
Prospecting rights	1 473	(1 424)	49

	2014		
	Carrying value at beginning of the year R'000	Additions/ (disposals) R'000	Carrying value at end of the year R'000
Owned assets			
Prospecting rights	49	–	49

During 2015, R&E group disposed of certain of its prospecting rights that had a carrying value of R1 to a third party realising a profit of R3.9 million. Certain prospecting rights with a carrying value of R49 435 expired during 2015.

13. INVESTMENT IN LISTED EQUITY SECURITIES

	2015 R'000	2014 R'000
Financial assets at fair value through profit and loss		
Listed equity securities	**5 702**	2 259

The financial instruments are designated at fair value through profit and loss, as purchase and sale decisions are made continuously.

	2015 R'000	2014 R'000
14. TRADE AND OTHER RECEIVABLES		
Other receivables	**1**	1
Trade receivables	**118**	–
Prepayments and deposits	**31**	16
VAT receivable	**72**	103
Interest accrued	**–**	1 014
	222	1 134
15. CASH AND CASH EQUIVALENTS		
Bank balances	**159**	467
Call deposits	**174 583**	173 344
Secured call deposit	**144**	144
Interest accrued	**1 052**	–
	175 938	173 955
The group has pledged the secured call deposits.		
16. ORDINARY SHARE CAPITAL		
Authorised		
105 000 000 (2014: 105 000 000) ordinary shares of 1 cent each	**1 050**	1 050
Issued		
74 585 065 (2014: 74 585 065) ordinary shares of 1 cent each	**746**	746
2 999 893 treasury shares of 1 cent each reclassified	**(30)**	–
	716	746

Treasury shares

At the reporting date, a subsidiary of R&E held 2 999 893 R&E shares as treasury shares (2014: 2 999 893).

17. EARNINGS PER SHARE

	2015 Per share (in cents)	2014 Per share (in cents)
Basic earnings and diluted earnings per ordinary share	**7**	191
The calculation of basic and diluted earnings per ordinary share is based on earnings of R4.9 million (2014: earnings of R136.4 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2014: 71 585 172) shares in issue.		
Headline earnings and diluted headline earnings per share	**1**	191
The calculation of the headline earnings and diluted headline earnings per share is based on headline earnings of R1 million (2014: headline earnings of R136.4 million) attributable to equity holders of the company and a weighted average of 71 585 172 (2014: 71 585 172) ordinary shares in issue.		

	2015 R'000	2014 R'000
Reconciliation between basic profit for the year and headline earnings		
Profit for the year attributable to equity holders of the company	**4 952**	136 447
Adjusted for:		
Profit on disposal of prospecting rights	**(3 951)**	–
Headline earnings for the year attributable to equity holders of the company	**1 001**	136 447

18. CONTINGENT ASSETS

Claims

R&E has various claims against third parties, which R&E is pursuing. Such claims if upheld 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. (Refer to the legal report on page 18 to 22 for more details.)

Disposal of prospecting rights

R&E has entered into an agreement for the sale of a prospecting right with a nil carrying value to third parties for R5.9 million. In terms of the agreement, however, there were a number of conditions precedent outstanding at year-end and the disposal has therefore not been recognised as yet.

19. POST-RETIREMENT MEDICAL BENEFIT OBLIGATION

The company pays post-retirement medical benefits to a closed group of retired employees. The plan is unfunded as it is governed by the Medical Aid Schemes Act of 1998. The company has provided in full for its post-retirement medical cost obligations based on the latest calculations by independent actuaries at 31 December 2015, which include appropriate mortality tables and assuming long-term estimates of increases in medical costs and appropriate discount rates.

	2015 R'000	2014 R'000
Present value of post-retirement medical benefit liability		
Defined benefit plan asset	**–**	–
Defined benefit liability	**12 872**	13 753
Net defined benefit liability	**12 872**	13 753
Movement in net defined benefit liability		
Opening balance	**13 753**	15 547
Employer contribution	**(1 461)**	(1 503)
Benefits paid during the year	**(1 461)**	(1 503)
Amounts recognised in the income statement	**994**	(186)
Interest cost	**994**	1 119
Gain on settlements paid during the year	**–**	(1 305)
Amounts recognised in other comprehensive income	**(414)**	(105)
Actuarial gain – financial assumptions	**(318)**	(648)
Actuarial (gain)/loss – other sources	**(96)**	543
Closing balance	**12 872**	13 753
Actuarial assumptions		
The following were the principle actuarial assumptions at the reporting date:		
Healthcare cost inflation	**8.82%**	6.89%
Discount interest rate	**9.82%**	7.62%
Post-retirement mortality rate	**PA90-1 ultimate**	PA90-1 ultimate

19. POST-RETIREMENT MEDICAL BENEFIT OBLIGATION (continued)

Sensitivity analysis

The assumptions which tends to have the greatest impact on the sensitivity analysis results is the rate of health care cost inflation relative to the discount rate. These actuarial assumptions are listed above.

	2015 R'000	2014 R'000
A one percentage point change in inflation on healthcare cost will affect the liability as follows:		
One percent increase	**13 658**	14 673
One percent decrease	**12 158**	12 922
A one percentage point change in discount rate on healthcare cost will affect the liability as follows:		
One percent increase	**12 117**	12 875
One percent decrease	**13 719**	14 745
A one-year decrease in post-retirement mortality on healthcare cost will affect the liability as follows:	**13 562**	14 484
A one percentage point change in inflation on healthcare costs will affect the interest costs as follows:		
One percent increase	**1 059**	1 205
One percent decrease	**926**	1 042
A one-year decrease in post-retirement mortality on healthcare cost will affect the interest costs as follows:	**1 045**	1 183

Current and future changes in the accrued liability

	2015 R'000	2016 R'000	2017 R'000
Opening accrued liability	**13 753**	**12 872**	**12 535**
Interest cost	994	1 190	1 157
Contributions	(1 461)	(1 527)	(1 526)
Actuarial gain	(414)	–	–
Closing accrued liability	**12 872**	**12 535**	**12 166**

	2015 R'000	2014 R'000
20. DEFERRED TAXATION		
Deferred taxation is attributable to the following:		
Intangible assets	**1**	27
Post-retirement medical benefit obligation	**3 604**	3 851
Employee-related payables	**36**	34
Calculated tax losses	**231 535**	231 977
	235 176	235 889
Deferred tax assets have not been recognised to the following extent		
Unrecognised deferred tax assets	**(235 176)**	(235 889)
	–	–

Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the group entities can utilise the benefits. The calculated tax losses can be carried forward as long as the company remains operational.

	2015 R'000	2014 R'000
21. TRADE AND OTHER PAYABLES		
Trade payables	**364**	426
Other payables	**504**	512
Employee-related payables	**368**	346
	1 236	1 284

22. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates, liquidity risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group's financial instruments as set out in this note.

Credit risk

Credit risk is the risk of financial loss to the group if a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the group's cash and cash equivalents and trade and other receivables. The group has policies in place to ensure that transactions are entered into with counterparties with an appropriate credit history and that appropriate collateral is held by the group as security. An adequate level of allowances for impairment is maintained. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group currently has sufficient cash resources to settle obligations as they become due.

22. FINANCIAL RISK MANAGEMENT (continued)

The maturity profile of contractual undiscounted financial liabilities are as follows:

	Contractual cash flow R'000	Within one year R'000
Trade payables (refer note 21)		
31 December 2015	**868**	**868**
31 December 2014	938	938

Interest rate risk

The group has exposure to interest rate risk only on financial assets primarily in the form of cash and cash equivalents (note 15).

The analysis is prepared assuming the amount of cash and cash equivalents held at the reporting date was held for the full year.

A change of one percentage point in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below before the effects of tax. This analysis assumes that all other variables remain constant.

	Profit/(loss) for the year	
	1% increase R'000	1% decrease R'000
31 December 2015	**1 759**	**(1 759)**
31 December 2014	1 739	(1 739)

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Trade and other receivables, trade payables and cash and cash equivalents

The carrying amount approximates the fair values because of the short maturity of such instruments.

Investment in listed equity securities

The fair value of publicly traded instruments is based on quoted market prices (level one in fair value hierarchy).

The following table represents the carrying amounts and fair values of the group's outstanding financial instruments. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	Fair value		Carrying amount	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Financial assets				
Cash and cash equivalents	**175 938**	173 955	**175 938**	173 955
Trade and other receivables	**–**	1 014	**–**	1 014
Investments in listed equity securities	**5 702**	2 259	**5 702**	2 259
Financial liabilities				
Trade payables	**(868)**	(938)	**(868)**	(938)
	180 772	176 290	**180 772**	176 290

The fair value of financial instruments approximates their carrying value.

22. FINANCIAL RISK MANAGEMENT (continued)

Capital management

The R&E board has focused on making recoveries arising from, inter alia, allegedly misappropriated assets while simultaneously protecting and growing the group's existing asset base. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. The board's policy is to maintain investor and market confidence. Capital consists of total shareholders' equity. There were no changes in the group's approach to capital management during the year.

23. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

Legal

Consolidation application for permission to institute a class action against various companies, including R&E, brought by mineworkers/their dependants arising from silicosis and/or tuberculosis allegedly contracted on gold mines in South Africa:

On 20 August 2013, the Gauteng Local Division of the High Court, Johannesburg agreed to consolidate an application by various former mineworkers, alternatively dependants of former mineworkers, who sought permission to proceed with a class action against several mining related companies, with three further applications where similar relief is claimed.

R&E was cited as the 29th respondent to the main application.

In terms of the consolidated application (which R&E opposed) the primary relief claimed relates broadly to the court being asked to declare that current and former mineworkers of the Respondents who allegedly contracted silicosis, and the dependants of mineworkers who died of silicosis are to constitute the silicosis class, and current and former mineworkers of the Respondents who have or had contracted pulmonary tuberculosis, and the dependants of deceased mineworkers who died of pulmonary tuberculosis (but excluding silico-tuberculosis) are to constitute the tuberculosis class. Several regulatory and other orders are claimed concerning the manner in which the litigation is to proceed, should permission be granted to the Applicants to proceed with a class action in respect of these classes.

For its part, R&E is alleged to have owned and/or controlled certain gold mines during the period 1993 to 1996 in respect of which certain mineworkers and/or the dependants of deceased mineworkers claim to have contracted silicosis.

In May 2014, R&E filed its answering affidavit to the application for the certification of the silicosis class. On 13 September 2014, the applicants served a joinder application for permission to join R&E and certain other respondents, as a respondent in respect of the tuberculosis class. R&E did not oppose the joinder application, however, filed papers opposing the certification of the tuberculosis class.

23. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The hearing in respect of the class certification (which represents the first main phase of the proceedings) took place between 12 and 23 October 2015. Judgment has been reserved. Without prejudice to its rights, R&E will in all likelihood abide the outcome of the certification hearing.

If class certification is granted, the applicants intend instituting an action for damages. At this stage, R&E is not able to quantify any potential liability which may arise from such action.

South African Revenue Service – proposed VAT adjustments

On 23 December 2015, the South African Revenue Service (SARS) addressed a letter of audit findings to Randgold in which it indicated an intention to issue assessments against Randgold for VAT of R20 310 882 allegedly due in respect of two issues.

The first issue relates to output tax of R18 421 052 that Randgold was allegedly due to account for in respect of the 2014 year of assessment and the second issue relates to output tax of R1 889 830 on so-called imported services that Randgold had allegedly to account for in respect of the 2010 – 2013 years of assessment. Both of these amounts exclude possible penalties and interest that SARS may subsequently seek to impose.

Randgold obtained professional opinions pursuant to the receipt of the letter of audit findings and on 22 January 2016 made substantial submissions in response to the conclusions drawn by SARS. The company strongly objected to the proposed VAT adjustments in respect of both issues.

It appears that, even to the extent that VAT be payable (which Randgold disputes), the liability will be substantially less than the adjustments that are currently proposed by SARS for the following reasons:

- The first issue relates to output tax on an out of court compensation that Randgold received in respect of the settlement with PwC in 2014 as disclosed in the Directors' Report on page 38. To the extent that the amount received in terms of the settlement agreement (the Settlement Agreement) is subject to VAT, clause 6.2 thereof indicated that the settlement amount is exclusive of VAT on the basis that it was the collective view of both Randgold and PwC that no VAT was payable on the Settlement Amount. To the extent that it is found that VAT is payable on the Settlement Amount, PwC must pay such amount of VAT to Randgold on presentation of a VAT invoice by Randgold to PwC in terms of clause 6.3 of the Settlement Agreement. Clause 6.3 further states that the VAT due to Randgold shall be exclusive of penalties, interest and costs, as the case may be, which shall, if applicable, be for Randgold's account.
- The second issue relates to alleged foreign services rendered by Randgold acting as an agent on behalf of African Strategic Investment (Holdings) Limited (ASI), on whose behalf Randgold collected certain amounts. ASI is a foreign subsidiary that does not conduct any enterprise in South Africa. The amounts are to be paid to ASI in terms of an agreement between Randgold and ASI once all of the litigation steps in which the Randgold group is involved in are finalised. It has been submitted that the amounts do not constitute an imported service and thus that no output liability arose.

Randgold intends to object to any assessment if raised by SARS and is confident that it is able to defend any possible assessment.

Consequently, a liability has not been raised in respect of the proposed adjustments issued by SARS.

SARS has to date not yet responded to the submissions made by Randgold on 22 January 2016.

Commitments

The group does not have any significant commitments.

24. RELATED PARTIES

Key management

Other than the directors, there were no other key members of management during 2014 or 2015. (Refer to note 8 in company financial statements for details regarding investment in subsidiaries.)

DIRECTORS' REMUNERATION

Executive directors do not receive directors' fees or committee fees, and their remuneration is disclosed hereunder.

The company has no liability in respect of retirement provisions for executive directors.

	Basic salary/fees		Bonus		Total	
Directors	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Executive						
M Steyn	**2 122**	2 021	**–**	6 000	**2 122**	8 021
V Botha	**1 231**	1 153	**–**	2 400	**1 231**	3 553
Non-executive						
DC Kovarsky	**416**	400	**–**	–	**416**	400
JH Scholes	**260**	250	**–**	–	**260**	250
P Burton	**260**	250	**–**	–	**260**	250
	4 289	4 074	**–**	8 400	**4 289**	12 474

JH Scholes, a director of R&E, is also a director of Malan Scholes Attorneys, which provides legal prospecting right consulting services to R&E on an ad hoc basis.

The cost of these services amounted to R253 045 during 2015. (2014: R173 966)

No other related party transactions or balances are applicable.

25. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 R'000	2014 R'000
Cash (utilised)/generated in operating activities		
Profit before taxation	**4 972**	136 447
Adjustment for:		
Profit on sale of prospecting rights	**(3 951)**	–
Interest received	**(11 681)**	(13 341)
Dividends received	**(207)**	(64)
Change in fair value of listed equity securities	**571**	191
Depreciation	**30**	38
(Profit)/loss on disposal of listed equity securities	**(288)**	102
Post-retirement medical benefit obligation – interest cost	**994**	1 119
Cash flows from operations before working capital changes	**(9 560)**	124 492
Decrease in trade and other receivables	**912**	896
Decrease in trade and other payables	**(48)**	(741)
Cash (utilised)/generated in operations	**(8 696)**	124 647

	2015 R'000	2014 R'000
26. TAXATION PAID		
Amount (payable)/receivable at beginning of year	**–**	–
Income tax expense recognised during the year	**(37)**	–
Amount receivable at end of year	**17**	–
Taxation paid	**(20)**	–

27. EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the reporting date and up to the date of this report.

	2015	2014
28. NET ASSET VALUE AND NET TANGIBLE ASSET VALUE PER SHARE		
Net asset value per share (cents)	**234**	227
Net tangible asset value per share (cents)	**234**	227

The net asset value per share is calculated by dividing the net asset value attributable to ordinary shareholders of the company or shareholders' equity of R167.7 million (2014: R162.3 million) by the total number of ordinary shares outstanding at year-end of 71 585 172 (2014: 71 585 172). The net tangible asset value per share is calculated by dividing the net tangible asset value attributable to ordinary shareholders of the company or shareholders' equity less intangible assets of R0.002 million (2014: R0.05 million) by the total number of ordinary shares outstanding at year-end of 71 585 172 (2014: 71 585 172). The number of shares outstanding at 31 December 2015 has been adjusted for the 2 999 893 (2014: 2 999 893) treasury shares held.

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Revenue	1	**1 492**	486
Recoveries	2	**7 528**	158 903
Impairment of investment in subsidiaries	8	**(509)**	(725)
Reversal of impairment of loans to subsidiaries	8	**386**	720
Change in fair value of listed equity securities	4	**(336)**	15
Change in fair value of cash investments	5	**1 112**	(2 334)
Personnel expenses	16	**(6 089)**	(15 521)
Profit on disposal of listed equity securities		**130**	
Other operating expenses	3	**(12 889)**	(17 433)
Results from operating activities		**(9 175)**	124 111
Finance income	6	**11 527**	13 113
Profit before taxation		**2 352**	137 224
Taxation	7	**–**	–
Profit for the year		**2 352**	137 224
Other comprehensive income			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss			
Actuarial gains	16	**414**	105
Total comprehensive income for the year		**2 766**	137 329

AS AT 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets		**4 017**	4 556
Equipment	16	**7**	37
Investment in subsidiaries	8	**4 010**	4 519
Current assets		**182 279**	179 853
Trade and other receivables	9	**149**	1 030
Loans to subsidiary companies	8	**6 901**	6 610
Investment in listed equity securities	10	**3 163**	963
Cash and cash equivalents	12	**172 066**	171 250
Total assets		**186 296**	184 409
EQUITY AND LIABILITIES			
Shareholders' equity		**172 171**	169 405
Ordinary share capital	16	**746**	746
Retained earnings		**171 425**	168 659
LIABILITIES			
Non-current liabilities			
Post-retirement medical benefit obligation	16	**12 872**	13 753
Current liabilities			
Trade and other payables	13	**1 253**	1 251
Total equity and liabilities		**186 296**	184 409

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the company		
	Ordinary share capital R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014	746	192 397	193 143
Profit and total comprehensive income for the year		137 329	137 329
Dividend paid (225 cents per share)		(161 067)	(161 067)
Balance at 31 December 2014	**746**	**168 659**	**169 405**
Profit and total comprehensive income for the year		2 766	2 766
Balance at 31 December 2015	**746**	**171 425**	**172 171**

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Cash flow from operating activities		**3 108**	135 798
Cash (utilised)/generated in operating activities	15	**(6 958)**	125 493
Interest received	6	**11 527**	13 113
Post-retirement medical benefit liability – benefits paid	16	**(1 461)**	(1 503)
Post-retirement medical benefit liability – settlements paid	16	**–**	(1 305)
Cash flow from investing activities		**(2 292)**	(948)
Dividends received	1	**115**	1
Proceeds on disposal of equipment		**2**	–
Proceeds on disposal of listed equity securities		**1 058**	–
Acquisition of listed equity securities		**(3 467)**	(949)
Cash flow from financing activities		**–**	(161 067)
Dividend paid		**–**	(161 067)
Increase/(decrease) in cash and cash equivalents		**816**	(26 217)
Cash and cash equivalents at the beginning of year		**171 250**	197 467
Cash and cash equivalents at the end of the year	12	**172 066**	171 250

	2015 R'000	2014 R'000
1. REVENUE		
Management fees received – subsidiary companies	**1 377**	485
Dividends received – listed equity securities	**115**	1
	1 492	486
2. RECOVERIES		
Recoveries include amounts received in relation to the various litigation matters being pursued by the company.		
BNC Investments Proprietary Limited – liquidation dividend	**3 085**	–
The Insolvent Decease Estate of Roger Brett Kebble – liquidation dividend	**4 443**	–
PricewaterhouseCoopers Inc.	**–**	150 000
Tuscan Mood – liquidation dividend	**–**	8 903
	7 528	158 903
3. OTHER OPERATING EXPENSES		
Administration and office expenses	**432**	396
Auditors' remuneration	**393**	391
Consulting fees	**274**	419
Forensic fees	**2 486**	2 793
Depreciation	**30**	38
Donations	**50**	50
Exploration costs	**258**	110
Foreign exchange (gains)/losses	**–**	(2)
Insurance	**866**	802
Legal fees	**9 089**	11 385
Listing fees and corporate action costs	**690**	992
Travel	**32**	59
VAT recovered	**(1 711)**	–
	12 889	17 433
4. CHANGE IN FAIR VALUE OF LISTED EQUITY SECURITIES		
Fair value movements of listed equity securities	**(336)**	15
5. CHANGE IN FAIR VALUE OF CASH INVESTMENTS		
Fair value movements of cash investments	**1 112**	(2 334)
6. FINANCE INCOME		
Interest received	**11 527**	13 113

7. TAXATION

	2015 %	2014 %
Recognised in profit or loss	**–**	–
Reconciliation of effective taxation rate		
South African normal tax rate	**28.0**	28.0
Capital gains tax differential	**8.3**	11.3
Exempt income	**(101.1)**	(23.9)
Expenses not deductible for taxation purposes	**88.9**	1.3
Assessed losses utilised	**(15.3)**	(16.3)
Change in unrecognised deferred tax asset	**(8.8)**	(0.4)
Effective tax rate	**–**	–

8. INVESTMENT IN AND LOANS TO SUBSIDIARIES

Details of the subsidiaries are set out as follows:

		Effective holding		Shares at cost		Due from subsidiaries	
Direct holdings	**Issued share capital R'000**	**2015 %**	2014 %	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
African Strategic Investment (Holdings) Limited	*	**100**	100	**–**	–	**–**	–
Doornrivier Minerals Limited	*	**100**	100	**46**	46	**–**	–
First Wesgold Mining Proprietary Limited	340	**100**	100	**21 080**	21 080	**65 400**	65 495
Free State Development and Investment Corporation Limited	2 223	**100**	100	**207 518**	207 518	**–**	–
Refraction Investments Proprietary Limited	*	**100**	100	*****	*	**45 504**	45 504
Southern Holdings Limited	*	**100**	100	**–**	–	**–**	–
At cost				**228 644**	228 644	**110 904**	110 999
Accumulated for impairment losses on investments and in loans to subsidiaries				**(224 634)**	(224 125)	**(104 003)**	(104 389)
				4 010	4 519	**6 901**	6 610

* Less than R1 000

8. INVESTMENT IN AND LOANS TO SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

	Shares at cost		Due from subsidiaries	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Reconciliation of changes in allowance for impairment:				
Opening balance	**(224 125)**	(223 400)	**(104 389)**	(105 109)
(Increase)/reversal of impairment of investment in and loans to subsidiaries	**(509)**	(725)	**386**	720
Closing balance	**(224 634)**	(224 125)	**(104 003)**	(104 389)

	2015 R'000	2014 R'000
Investment in subsidiaries	**4 010**	4 519
Amounts due from subsidiaries included in		
– current assets	**6 901**	6 610
	10 911	11 129

All amounts due from subsidiaries are payable on demand and are interest free.

9. TRADE AND OTHER RECEIVABLES

	2015 R'000	2014 R'000
Prepayments and deposits	**31**	16
Interest accrued	**–**	1 014
Trade receivables	**118**	–
	149	1 030

10. INVESTMENT IN LISTED EQUITY SECURITIES

	2015 R'000	2014 R'000
Financial assets at fair value through profit and loss		
Listed equity securities	**3 163**	963

The financial instruments are designated at fair value through profit and loss, as purchase and sale decisions are made continuously.

	2015 R'000	2014 R'000
11. DEFERRED TAXATION		
Deferred taxation is attributable to the following:		
Post-retirement medical benefit obligation	**3 604**	3 851
Employee-related payables	**36**	34
Calculated tax losses	**99 309**	99 733
	102 949	103 618
Deferred tax assets have not been recognised to the following extent		
Unrecognised deferred tax assets	**(102 949)**	(103 618)
	–	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits therefrom. The calculated tax losses can be carried forward as long as the company remains operational.

	2015 R'000	2014 R'000
12. CASH AND CASH EQUIVALENTS		
Bank balances	**126**	432
Call deposits	**170 761**	170 674
Secured call deposit	**144**	144
Interest accrued	**1 035**	–
	172 066	171 250

The group has pledged the secured call deposits.

	2015 R'000	2014 R'000
13. TRADE AND OTHER PAYABLES		
Trade payables	**381**	393
Employee-related payables	**368**	346
Other payables	**504**	512
	1 253	1 251

14. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company's financial instruments as set out in this note.

Credit risk

Credit risk is the risk of financial loss to the company if a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's cash and cash equivalents and trade and other receivables. The company has policies in place to ensure that transactions are entered into with counterparties with an appropriate credit history and that appropriate collateral is held by the company as security. An adequate level of provisions is maintained. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

14. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company currently has sufficient cash resources to settle obligations as they become due.

The maturity profile of contractual financial liabilities are as follows:

	Contractual cash flow R'000	Within one year R'000
Trade payables (refer note 13)		
31 December 2015	**885**	**885**
31 December 2014	905	905

Interest rate risk

The company has exposure to interest rate risk on financial assets primarily in the form of cash and cash equivalents (note 12).

The analysis is prepared assuming the amount of cash and cash equivalents held at the reporting date were held for the full year.

A change of one percentage point in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below before the effects of tax. This analysis assumes that all other variables remain constant.

	Profit/(loss) for the year	
	1% increase R'000	1% decrease R'000
31 December 2015	**1 720**	**(1 720)**
31 December 2014	1 713	(1 713)

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Trade and other receivables, trade payables, loans payable, amounts due from subsidiaries and cash and cash equivalents

The carrying amount approximates the fair value because of the short maturity of such instruments.

Investment in listed equity securities

The fair value of publicly traded instruments is based on quoted market prices (level one in fair value hierarchy).

The following table represents the carrying amounts and fair values of the company's financial instruments outstanding. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

14. FINANCIAL RISK MANAGEMENT (continued)

	Fair value		Carrying amount	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Financial assets				
Cash and cash equivalents	**172 066**	171 250	**172 066**	171 250
Trade and other receivables	**–**	1 014	**–**	1 014
Amounts due from subsidiaries	**6 901**	6 610	**6 901**	6 610
Investment in listed equity securities	**3 163**	963	**3 163**	963
Financial liabilities				
Trade payables	**(885)**	(905)	**(885)**	(905)
	181 245	178 932	**181 245**	178 932

The fair value of financial instruments approximated their carrying value.

Capital management

The R&E board has focused on making recoveries arising from, inter alia, allegedly misappropriated assets while simultaneously protecting and growing the company's existing asset base. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements. The board's policy is to maintain investor and market confidence. Capital consists of total shareholders' equity. There were no changes in the group's approach to capital management during the year.

15. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 R'000	2014 R'000
Cash (utilised)/generated in operating activities		
Profit before taxation	**2 352**	137 224
Adjustment for:		
Interest received	**(11 527)**	(13 113)
Dividends received	**(115)**	–
Amounts recovered from subsidiaries	**95**	95
Impairment of investment in subsidiaries	**509**	725
Depreciation	**30**	38
Reversal of impairment of loans to subsidiaries	**(386)**	(720)
Change in fair value of listed equity securities	**336**	(15)
Profit on disposal of listed equity securities	**(129)**	–
Post-retirement medical benefit obligation – interest cost	**994**	1 119
Cash flows from operations before working capital changes	**(7 841)**	125 353
Decrease in trade and other receivables	**881**	877
Increase/(decrease) in trade and other payables	**2**	(737)
Cash (utilised)/generated in operations	**(6 958)**	125 493

16. NOTES TO THE GROUP FINANCIAL STATEMENT ALSO APPLICABLE TO THE COMPANY FINANCIAL STATEMENTS (GROUP AND COMPANY TRANSACTIONS AND BALANCES ARE THE SAME):

	Note
Personnel expenses	5
Equipment	11
Ordinary share capital	16
Post-retirement medical benefit obligation	19
Contingent liabilities and commitments	23

17. RELATED PARTIES

Subsidiaries

The company has a related party relationship with its subsidiaries. For a list on interest in subsidiaries, refer to note 8 of the company financial statements.

Key management

The directors and executive officers, and details of emoluments paid – refer to note 24 of the group financial statements. Other than the directors, there were no other members of key management during 2015 and 2014.

JH Scholes, a director of R&E, is also a director of Malan Scholes Attorneys, which provides legal prospecting right consulting services to R&E on an ad hoc basis.

The cost of these services amounted to R122 607 during 2015 (2014: R81 431).

Material related parties transactions

Management fees received – refer to note 1

Investments in subsidiaries – refer to note 8

REGISTERED DATE: 31 DECEMBER 2015
ISSUED SHARE CAPITAL: 74 585 065

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	877	65.50	257 315	0.34
1 001 – 10 000 shares	280	20.91	960 165	1.29
10 001 – 100 000 shares	125	9.34	4 561 065	6.12
100 001 – 1 000 000 shares	46	3.44	15 124 650	20.28
1 000 001 shares and over	11	0.82	53 681 870	71.97
Total	1 339	100	74 585 065	100
DISTRIBUTION OF SHAREHOLDERS				
ADRs	3	0.22	4 791 808	6.42
Banks	51	3.81	16 843 645	22.58
Brokers	16	1.19	206 280	0.28
Close corporations	17	1.27	6 691 794	8.97
Endowment funds	3	0.22	183 534	0.25
Individuals	1 046	78.12	4 122 021	5.53
Insurance companies	2	0.15	263 961	0.35
Mutual funds	15	1.12	8 337 822	11.18
Nominees and trusts	91	6.80	1 720 898	2.31
Other corporations	16	1.19	80 520	0.11
Pension funds	34	2.54	4 970 328	6.66
Private companies	39	2.91	26 249 215	35.19
Public companies	6	0.45	123 239	0.17
Total	1 339	100	74 585 065	100
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	2	0.15	19 985 105	26.80
Strategic holdings (more than 10%)	1	0.07	16 985 212	22.77
R&E subsidiary	1	0.07	2 999 893	4.02
Public shareholders	1 337	99.85	54 599 960	73.20
Total	1 339	100	74 585 065	100
	1 339	100	74 585 065	100

Beneficial shareholders holding of 3% or more	Number of shares	%
Pacol Investments Proprietary Limited	16 985 212	22.77
Zerbans Cake & Coffee Shop CC	6 529 338	8.75
ADRs (American Depositary Receipts)	4 791 808	6.42
Allan Gray Equity Fund	3 725 649	5.00
Investec Bank Limited	3 280 821	4.40
Charisma Holdings Proprietary Limited	3 050 000	4.09
Refraction Investment Proprietary Limited*	2 999 893	4.02
Fund manager holding of 10% or more		
Allan Gray Proprietary Limited**	14 122 745	18.94

* *Refraction Investment Proprietary Limited is a subsidiary of R&E*
** *Includes the beneficial owner Allan Gray Equity Fund*

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1992/005642/06)
Share code: RNG
ISIN: ZAE000008819
("R&E" or "the company")

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF R&E

Notice is hereby given that the annual general meeting ("the meeting" or "the annual general meeting") of shareholders of R&E will be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, at 11:00 on Wednesday 18 May 2016, for the purpose of considering and, if deemed fit, passing, with or without modification, the following ordinary and special resolutions in the manner required by the memorandum of incorporation of the company, the Companies Act (Act 71 of 2008), as amended (the Companies Act) and to the Listings Requirements of the JSE Limited (JSE).

PURPOSE

The purpose of the meeting is to transact the business set out in the agenda below.

1. AGENDA

Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 31 December 2015, for shareholders to consider. The annual report of the company, containing the complete audited annual financial statements, is available at www.randgoldexp.co.za or can be obtained from the company at its registered office.

2. TO CONSIDER AND, IF DEEMED FIT, APPROVE, WITH OR WITHOUT MODIFICATION, THE FOLLOWING ORDINARY RESOLUTIONS

Note:
For any of the ordinary resolutions numbers 1 to 6 to be adopted, more than 50 percent of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

2.1 Retirement and re-election of directors

2.1.1 ORDINARY RESOLUTION NUMBER 1
"Resolved that Mr P Burton (refer to curriculum vitae below), who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

Summary curriculum vitae of Patrick Burton (63) (Patrick)
Independent non-executive director
BComm (Hons) Financial Management, Post Graduate Diploma in Tax Law
Date of appointment: 23 May 2013

Patrick was one of the founding members of Siphumelele Investments Limited, a black economic empowerment company, established in 1995, with a shareholder base representing in excess of 150 000 previously disadvantaged individuals. His experience as a director includes non-executive positions in fishing, food and financial services. Patrick is a member of the audit committees of PSG Group Limited, PSG Konsult Limited, Quantum Foods Limited and Safrican Limited

The reason for ordinary resolution number 1 is that the Companies Act and the Listings Requirements of the JSE (Listings Requirements) require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

2.2 Re-appointment of the members of the audit and risk committee of the company

Note:
For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.

2.2.1 ORDINARY RESOLUTION NUMBER 2

"Resolved that Mr DC Kovarsky (refer to curriculum vitae below), being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Shareholders should note that Mr DC Kovarsky is the chairman of the board of directors and will not chair the audit and risk committee.

Summary curriculum vitae of David Chaim Kovarsky (68) (David)
Independent non-executive chairman
CTA, CA(SA)
Date of appointment: 5 December 2007

After qualifying as a chartered accountant, David was appointed as an audit manager at Arthur Andersen. In 1983, he joined JCI in a corporate finance function, eventually progressing to managing JCI's ferrochrome arm, CMI. Thereafter, David ran Times Media Limited (TML) and served on the boards of listed companies such as TML, SA Breweries, M-Net and Premier Milling. Subsequently, he has been involved in finance and strategy consulting functions and served as the CEO or CFO of companies of various sizes, mostly related to resources.

Until August 2011, David was the CEO of International Ferro Metals Limited, a company listed on the London Stock Exchange producing ferrochrome in South Africa. He is currently the CEO of Siyanda Chrome Smelting company, a start-up ferrochrome company based in Limpopo province, South Africa.

2.2.2 ORDINARY RESOLUTION NUMBER 3

"Resolved that Mr JH Scholes (refer to curriculum vitae below), being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Summary curriculum vitae of John Hulme Scholes (49) (Hulme)
Independent non-executive director
BA (Law), LLB (Wits)
Date of appointment: 19 February 2010

Hulme holds a BA Law and LLB degree from the University of Witwatersrand and is an admitted attorney of the High Court of South Africa. Hulme specialised in mining and mineral law and has practised exclusively in the field for 17 years. He was appointed as a non-executive director of Aquarius Platinum (AQPSA) in 2004 and was a partner at Werksmans Attorneys from 1999 to 2008. In 2008 he was appointed as an executive commercial director of AQPSA. On 1 October 2010, Hulme returned to the legal profession as a mining and mineral law advisor and is now a non-executive director of DiamondCorp Plc, Frontier Rare Earths Limited, Lace Diamond Mines Proprietary Limited and West Wits Mining Limited, which is listed on the Australian Stock Exchange.

2.2.3 ORDINARY RESOLUTION NUMBER 4

"Resolved that Mr P Burton (refer to curriculum vitae above), being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

The reason for ordinary resolutions numbers 2, 3 and 4 is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each annual general meeting of a company.

2.3 Re-appointment of auditor

ORDINARY RESOLUTION NUMBER 5

"Resolved that, on the recommendation of the company's audit and risk committee, KPMG Inc. be reappointed as the auditor of the company for the ensuing financial year."

The reason for ordinary resolution number 5 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the annual general meeting of the company as required by the Companies Act.

2.4 Non-binding advisory vote on remuneration policy

ORDINARY RESOLUTION NUMBER 6

"Resolved that, in line with good corporate governance practice, the remuneration policy of the company (excluding the directors' fees paid to the non-executive directors for their services as directors and membership of board committees) and its implementation as set out in the remuneration report commencing on page 13 of the annual report, be and is hereby endorsed."

The reason for ordinary resolution number 6 is to obtain a non-binding advisory vote of shareholders on the remuneration policy of the company. The vote enables the board to gain insight into shareholders' views on the remuneration policy adopted by the remuneration committee of the company. Shareholders are reminded that, in terms of the King III Code on Governance Principles for South Africa, ordinary resolution number 6 is non-binding on the company.

3. TO CONSIDER AND, IF DEEMED FIT, PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING SPECIAL RESOLUTIONS

Note:
For the special resolutions to be adopted, at least 75 percent of the voting rights exercised on each special resolution must be exercised in favour thereof.

3.1 Remuneration of non-executive directors

SPECIAL RESOLUTION NUMBER 1

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting:

Per annum for serving as a non-executive director of the company:

3.1.1 Chairman	**R451 500**
3.1.2 Other non-executive directors	**R282 200**

(includes serving on the board's subcommittees)"

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is for the company to obtain the approval of shareholders, by way of a special resolution, for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

3.2 Inter-company loans

SPECIAL RESOLUTION NUMBER 2

"Resolved that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine and in accordance with section 45 of the Companies Act, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

Reason for and effect of special resolution number 2
The reason for and effect of special resolution number 2 is to grant the directors of the company the authority, until the next annual general meeting, to provide financial assistance to any company or corporation that is related or inter-related to the company in accordance with section 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

The board of the company will ensure that, prior to providing any financial assistance as contemplated above, it is satisfied that, immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as set out in the Companies Act and ensure that the terms of any such financial assistance is fair and reasonable.

4. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

Information relating to the special resolutions
The directors, whose names appear on pages 16 and 17 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this notice of annual general meeting contains all information required by the Listings Requirements.

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company (the share register) for purposes of being entitled to receive this notice is **Friday, 11 March 2016**.

2. The date on which shareholders must be recorded as such in the share register for purposes of being entitled to attend and vote at the meeting is **Friday, 13 May 2016** with the last day to trade being **Friday, 6 May 2016.**

3. **Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the annual general meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.**

4. Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for completion by certificated shareholders and own-name registered dematerialised shareholders who wish to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.

5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by no later than 11:00 on **Monday, 16 May 2016**.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person, will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

9. In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out immediately below:

   An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

A proxy may delegate its authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

By order of the board

Randgold & Exploration Company Limited

Van Zyl Botha
Company secretary

Johannesburg
18 March 2016

Registered office
Suite 25, Katherine & West Building
Corner of Katherine and West Streets, Sandown
Sandton, 2196

Postal address
Suite 7, Andmar Building
Ryneveld Street, Stellenbosch, 7600

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

RANDGOLD & EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1992/005642/06)
Share code: RNG
ISIN: ZAE000008819
("R&E" or "the company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

I/We, the undersigned (print) ______________________________ (name of shareholder)

of ______________________________ (address)

being a shareholder of the company, do hereby appoint ______________________________ (name of proxy)

of ______________________________ (address)

or failing him, the chairman of the annual general meeting as my/our proxy to represent me/us, to talk and vote on my/our behalf at the annual general meeting of the company to be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, at 11:00 on Wednesday, 18 May 2016, or at any adjournment thereof:

	In favour of	Against	Abstain from voting
Ordinary resolution number 1: To re-elect P Burton as director.			
Ordinary resolution number 2: To reappoint DC Kovarsky as member of the audit and risk committee.			
Ordinary resolution number 3: To reappoint JH Scholes as member of the audit and risk committee.			
Ordinary resolution number 4: To reappoint P Burton as member of the audit and risk committee.			
Ordinary resolution number 5: To reappoint KPMG Inc. as the auditor of the company.			
Ordinary resolution number 6: To pass a non-binding advisory vote on the remuneration policy of the company.			
Special resolution number 1: Approval of remuneration of non-executive directors.			
Special resolution number 2: Approval of right to provide financial assistance as contemplated in section 45 of the Companies Act.			

Please indicate instructions to proxy by way of a cross in the relevant space provided.

Signed at ______________________ on the __________ day of ________________ 2016.

Signature ______________________________

NOTES:

1. A form of proxy must only be completed by certificated shareholders or dematerialised shareholders with own-name registration.

2. Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant (CSDP) or broker, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting, must request the CSDP or broker to provide them with a letter of representation or instruct the CSDP or broker to vote by proxy on their behalf in terms of the custody agreement entered into between the shareholder and the CSDP or broker.

3. A shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her place at the annual general meeting. The name/s of choice is to be inserted on the form of proxy in the space provided. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow (who need not be a member of the company).

4. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided on the form of proxy.

5. If a shareholder does not indicate on the form of proxy how his/her proxy is to vote, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) that may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.

6. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to the form of proxy, unless previously recorded by the company or its transfer secretaries or waived by the chairman of the annual general meeting.

7. Any alterations or corrections to the form of proxy must be initialled by the signatory(ies).

8. The completion and lodging of the form of proxy will not preclude the shareholder from attending the annual general meeting and speaking and voting in person at such meeting to the exclusion of the proxy appointed in terms thereof, should he/she wish to do so.

9. The form of proxy must be lodged with the transfer secretaries or at the company's registered office by no later than 11:00 on Monday, 16 May 2016.

   Company address
   Randgold & Exploration Company Limited
   Suite 25, Katherine & West Building
   Corner of Katherine and West Streets, Sandown
   Sandton, 2196

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

10. Notwithstanding the foregoing, the chairman of the annual general meeting may waive any formalities that would otherwise be a prerequisite for a valid proxy.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.