

- 12.3 R&E notified the Applicants of its intention to oppose the application and on 30 May 2014 filed its answering affidavit, which the Applicants responded to on 12 September 2014. R&E has since been joined as a Respondent in respect of the tuberculosis class.
- 12.4 Following the October 2015 Court hearing for certification of the classes (R&E having indicated that it would abide the outcome of the certification hearing without prejudice to any of R&E's rights), the High Court handed down judgment in favour of the Applicants on 13 May 2016.
- 12.5 The Respondents consequently applied for leave to appeal the High Court's decision to the Supreme Court of Appeal (SCA), and were granted leave to appeal to the SCA on 24 June 2016, but only in respect of a limited aspect of the judgment.
- 12.6 As a result, the Respondents (other than R&E) petitioned the SCA for leave to appeal against the entire judgment of the High Court on a variety of bases which the SCA granted in September 2016. The appeal is due to be heard during the week of 19 to 23 March 2018 and although R&E is not actively participating in the appeal proceedings, it involves the certification of the class action and development of the common law to allow for the transmissibility of general damages. Due to the size of the appeal, an alternative venue for the hearing of the appeal has been proposed to the SCA.
- 12.7 Dependent on the outcome, the Applicants intend formally instituting action against the Respondents (including R&E), for damages.
- (ii) The minority shareholders application brought by David John Smyth, Patrick Charles Smyth, Anglorand Securities Limited, James George Witheridge Gubb, Elizabeth Anne Hope Gubb, Milkwood Investments Limited and Jag Investments (Pty) Limited (collectively the main applicants) –**
- 12.8 On 20 January 2010, R&E, JCI Limited (JCI) and JCI Investment Finance (Pty) Limited (JCIIF) concluded a Settlement Agreement (**the Settlement Agreement**). Shortly hereafter a further agreement was concluded between R&E, African Strategic Investment (Holdings) Limited (**ASI**), JCI, JCIIF, Investec Bank Limited (**Investec**), Investec Bank PLC, Letseng Diamonds Limited and others (**the Litigation Settlement Agreement**).
- 12.9 On 29 March 2011, the main applicants issued an application out of the Gauteng Division of the High Court, Pretoria against Investec (as First Respondent) and R&E (as Second Respondent) requesting declarations that the Settlement Agreement and the Litigation Settlement Agreement constitute or involve act(s) or omission(s) which are unfairly prejudicial, unjust or inequitable in terms of the former Companies Act of 1973. In terms of the application the main applicants ask that Investec purchase their shares in R&E at a price of R288.56 per share (or such other amount as the Court may determine), plus the ruling share price of R&E. No monetary relief is claimed against R&E.
- 12.10 R&E and Investec are opposing the application and deny that the Settlement Agreement and the Litigation Settlement Agreement involved an act(s) or omission(s) which are unfairly prejudicial, unjust or inequitable.
- 12.11 In December 2011, R&E served its Answering Affidavit, which was followed shortly thereafter by a Supplementary Answering Affidavit. In October 2016, R&E served a further affidavit in response to the Replying Affidavit served by the minority shareholders.
- 12.12 In the interim, a dispute has arisen as to whether the main applicants enjoy legal standing to sue R&E and Investec. The parties agreed that this dispute should be decided separately and in advance. To facilitate this, in 2014 a 'separation agreement' (**the separation agreement**) was signed to regulate the separated issues to be determined and provided further that the right of Standard Bank Nominees (Transvaal) (Pty) Limited, Shap-Aaron Nominees (Pty) Limited and BNS Nominees (Pty) 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 forty further intervening applicants (**the forty intervening parties**) to be joined in the main application, should also be determined before all other issues in the application.
- 12.13 These issues were argued before Judge Rabie in the Pretoria High Court in June and November 2014 and resulted in judgment being handed down by Judge Rabie 17 September 2015 in terms of which the following (among others) was ordered:
- 12.13.1 the application of the main applicants is refused, and they are to be removed as applicants from the main application, which is to proceed without them;
- 12.13.2 the main applicants are to pay the costs of Investec relating to the main application, including of the locus standi objection;
- 12.13.3 the intervention applications of twenty seven of the forty intervening parties are dismissed with costs;
- 12.13.4 the intervention applications of six of the forty intervening parties are withdrawn (and to the extent that they have not been withdrawn are dismissed) with costs;
- 12.13.5 the intervention applications of seven of the forty intervening parties are granted, however they are required to pay Investec's costs until 2 May 2014;

- 12.13.6 the intervention applications of the nominee applicants are granted in respect of the parties on whose behalf the nominee applicants hold shares in R&E, with Investec and R&E required to pay the costs of the intervention applications of the nominee applicants, jointly and severally.
- 12.14 An application for leave to appeal to the SCA by the main applicants (who were precluded from applying as co-applicants for relief in terms of section 252 of the 1973 Companies Act together with the nominee applicants) and certain of the forty intervening parties (who were either precluded from intervening as co-applicants, alternatively ordered to pay Investec's costs) was granted on 23 July 2016. The appeal is due to be heard on 13 September 2017.
- 12.15 In separate interlocutory proceedings, Standard Bank Nominees and 9 others brought an interlocutory application seeking clarity from Judge Rabie as to the meaning and effect of the words "*The application of the 7 main applicants is refused and they are removed as applicants from the main application which shall proceed without them*" as contained in Judge Rabie's 17 September 2015 order. The relief requested by the applicants in the interlocutory application, was to require the Court in the first instance to clarify its order through a process of interpretation and secondly, in the alternative, that the Court vary its order to remove any ambiguity or cure any omission.
- 12.16 In considering these matters, Judge Rabie found, inter alia, that a Court may only clarify its judgment or order if the meaning thereof is "*obscure, ambiguous or otherwise uncertain, so as to give effect to its true intention, provided that it does not thereby alter the sense and substance of the judgment or order*", and further held that his order was clear and contained no ambiguity or uncertainty. As a result, the declaratory orders sought by Standard Bank Nominees and 9 others were not granted. The application was accordingly dismissed with costs including the costs of three counsel.

CURRENT CLAIMS OF THE R&E GROUP

(i) Action against Gold Fields Operations Limited –

- 12.17 In August 2008, R&E (as First Plaintiff) and ASI (as Second Plaintiff) instituted a summons action out of the High Court against Gold Fields Operations Limited (formerly Western Areas Limited) (**Gold Fields**) for the alleged theft by Western Areas of:
- 12.17.1 1 800 000 Randgold Resources Limited (**RRL**) ordinary shares (claim 1);
- 12.17.2 7 260 000 RRL shares (claim 2);
- 12.17.3 7 300 000 RRL shares (claim 3);
- 12.17.4 5 460 000 RRL shares (claim 4); and
- 12.17.5 94 000 000 shares in the issued share capital of Aflase Limited.
- 12.18 The claims arise from an alleged unlawful conspiracy devised by the controlling will and mind of Gold Fields and the controlling will and mind of JCI, in consequence of which the above shares are alleged to have been misappropriated from R&E, alternatively ASI, with the proceeds thereof being applied for purposes of meeting the funding requirements of Gold Fields and JCI, and to establish corrupt relationships designed to secure benefits for JCI and Gold Fields.
- 12.19 The claims consist of a main claim and alternatives thereto. Interest and the dividends declared in respect of the misappropriated shares are also claimed, however in the first instance damages are claimed based on the highest value at which the shares have traded since their theft.
- 12.20 The action is defended by Gold Fields. In its plea, it denies liability to R&E and ASI and places reliance on the Apportionment of Damages Act 34 of 1956. It maintains that should it be found to be liable to R&E and ASI, the amount of its liability should be reduced by the extent to which JCI was culpable and by virtue of the settlements concluded by the R&E group with third parties. Gold Fields also seek contributions from JCI, the estate late Brett Kebble (**Brett Kebble**), Chris Lamprecht (**Lamprecht**) and Roger Kebble (**Roger Kebble**), in the event that it is held liable to R&E in the action, which parties it has joined to the proceedings. Only JCI and Lamprecht have responded to the joinder and claim by Gold Fields against them.
- 12.21 JCI has served a third party notice on R&E raising a conditional claim against R&E, to the effect that if JCI is found to be liable to Gold Fields, the extent of such liability should be reduced having regard to the indemnity in the Settlement Agreement concluded between R&E and JCI on 20 January 2010.
- 12.22 In 2016, Judge Francis was appointed to case manage the action and to oversee its progression to trial. A number of case management meetings have been held with Judge Francis and the matter is being prepared for trial.
- 12.23 Gold Fields have served an extensive Request for Trial Particulars. R&E's and ASI's response will be served shortly.
- 12.24 A further case management meeting with Judge Francis will be arranged in due course and at the appropriate time a trial date of long duration will be arranged.

(ii) The action against Charles Orbach and Company –

- 12.25 In August 2008 R&E instituted action against its former auditors, Charles Orbach and Company (**Charles Orbach**) in the High Court. Pleadings in the action have closed, Charles Orbach has provided its working papers to R&E and R&E has discovered.
- 12.26 It is likely that a case manager will be appointed to case manage the matter and its progression to trial.
- 12.27 In terms of its claim, R&E contends that it sustained damages arising from the issue by Charles Orbach of a negative assurance which it expressed on R&E's provisional results for the financial year ended 31 December 2004. R&E maintains that but for the negative assurance, a material irregularity ought to have been reported by Charles Orbach, which if it had been, would have enabled R&E to take steps to vindicate those shares which had been unlawfully stolen from it and not already sold.
- (iii) The summons against certain former directors/employees of R&E –**
- 12.28 In 2008, R&E, ASI and FirstWesgold Mining (Pty) Limited (**FirstWesgold**) instituted action against 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 (Pty) Limited) and Lamprecht (a former financial director of R&E and JCI).
- 12.29 The action comprises sixteen claims against one or more of these persons. The claims are based either on the alleged theft of shares belonging to the R&E Group or the void issue and allotment of shares in R&E's issued share capital.
- 12.30 The action is defended.

(iv) The summons action against Bookmark Holdings (Pty) Ltd, Sello Rasathaba and Lamprecht –

- 12.31 In 2008, R&E and ASI instituted an action against Bookmark Holdings (Pty) Ltd, Sello Rasathaba and Lamprecht. The claim in the action relates to the alleged cover-up of various RRL share thefts and the damages which flowed therefrom.
- 12.32 The action is defended.

(v) Summons against Buitendag, Lamprecht and Stratton –

- 12.33 In 2008, R&E instituted action against Buitendag, Lamprecht and Stratton. The claim in the action relates to a trading account ostensibly conducted by R&E at Tlotlisa Securities (Pty) 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.
- 12.34 The action is defended and is similarly being assessed from time to time.
- (vi) The summons against Beale –**
- 12.35 In 2008, R&E and ASI instituted action against Beale.
- 12.36 The summons extends to seven claims and a number of alternatives to each of the main claims.
- 12.37 R&E and ASI are seeking damages from Beale for her role in the unlawful conduct complained of.
- 12.38 Beale has defended the action.
- (vii) Action against Brett Kebble –**
- 12.39 In March 2009, R&E and FirstWesgold instituted action against Brett Kebble's estate.
- 12.40 The action is one for damages in respect of further claims enjoyed by R&E and FirstWesgold in addition to the claims which have previously been established by R&E against Brett Kebble in excess of R2.7 billion.

GENERAL

- 12.41 The Board of R&E continues to assess the matters in which it and the R&E group remain engaged and evaluate the commercial and other practicalities associated with such matters.
- 13. Mineral Resources**
- There have been no material changes to information disclosed in the prior reporting period in terms of Section 12 of the JSE Listing requirements.

Directors: DC Kovarsky (Chairman)** , M Steyn (CEO) * , V Botha* , P Burton** , JH Scholes**
(* Executive, ** Independent non-executive)

Company secretary and financial director: V Botha CA(SA)

Transfer secretaries: Computershare Investor Services (Pty) Ltd (Registration number 2004/003647/07), Rosebank Towers, 15 Biermann Avenue Rosebank, 2196

Sponsor: PSG Capital (Pty) Ltd (Registration number 2006/015817/07), First Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

Announcement date
10 August 2017



RANDGOLD
RANDGOLD & EXPLORATION COMPANY LIMITED

Summarised group unaudited Interim financial statements for the six months ended 30 June 2017

www.randgoldexp.co.za

RANDGOLD & EXPLORATION COMPANY LIMITED
Incorporated in the Republic of South Africa | Registration number 1992/005642/06
Share code: RNG ISIN: ZAE00008819 ("R&E" or "the company")

COMMENTARY TO SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS**Income**

The majority of income recognised in the period under review was derived from interest earned on cash investments and third party recoveries. The company recorded a net loss of R10.8 million for the period compared to a net loss of R6.2 million for the corresponding period last year. This was mainly as a result of an increase in legal fees.

Financial position

R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash and cash equivalents. R&E had a net asset value of R2.08 per share at 30 June 2017 (R2.23 per share at 31 December 2016). The decrease in net asset value is due to the loss incurred during the period.

Cash flow

R&E started the period under review with a cash and cash equivalent balance of R170 million. The companies cash outflow of R11.4 million was the net result of interest earned on cash and recoveries received less cash utilised to fund its operations during the period. R&E remains in a healthy cash position with R158.6 million in cash and cash equivalents at 30 June 2017.

Outlook

The outlook for the balance of the year is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation for the balance of the year is expected to be at a similar level as in the first half. Until the legal claims initiated by the company have been finalised, this pattern of expenditure is likely to prevail.

David Kovarsky **Marais Steyn**
Chairman Chief Executive Officer

Johannesburg
7 August 2017

SUMMARISED GROUP INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June 2017 Unaudited R'000	30 June 2016 Unaudited R'000
Revenue	141	137
Profit/(loss) on disposal of listed equity securities	85	(24)
Recoveries	1 158	750
Other income	150	307
Other operating expenses	(19 125)	(14 785)
Loss from operating activities	(17 591)	(13 615)
Finance income	6 759	7 409
Loss before taxation	(10 832)	(6 206)
Taxation	–	–
Loss for the period	(10 832)	(6 206)
Other comprehensive income		
Items of other comprehensive income that will not be subsequently reclassified to profit or loss		
Actuarial (losses)/gains	(215)	786
Taxation	–	–
Total comprehensive loss for the period	(11 047)	(5 420)
Loss attributable to:		
Owners of the company	(10 832)	(6 206)
Total comprehensive loss attributable to:		
Owners of the company	(11 047)	(5 420)
Basic and diluted loss per share (cents)	7 (15.13)	(8.67)

SUMMARISED GROUP INTERIM STATEMENT OF CHANGES IN EQUITY

	For the six months ended	
	30 June 2017 Unaudited R'000	30 June 2016 Unaudited R'000
Attributable to equity holders of the company		
Ordinary share capital	716	716
Retained earnings	148 013	161 627
Balance at the beginning of the period	159 060	167 047
Loss and total comprehensive loss for the period	(11 047)	(5 420)

SUMMARISED GROUP INTERIM STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2017 Unaudited R'000	31 December 2016 Audited R'000
Assets		
Non-current assets	21	24
Equipment	20	23
Intangible assets	1	1
Current assets	165 174	176 842
Trade and other receivables	40	118
Investment in listed equity securities	6 526	6 683
Cash and cash equivalents	158 608	170 041
Total assets	165 195	176 866

Equity and liabilities

Shareholders' equity	148 729	159 776
Ordinary share capital	716	716
Retained earnings	148 013	159 060

Liabilities

Non-current liabilities		
Post-retirement medical benefit obligation	11 820	11 849

Current liabilities

Trade and other payables	4 646	5 241
Total equity and liabilities	165 195	176 866

SUMMARISED GROUP INTERIM STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2017 Unaudited R'000	30 June 2016 Unaudited R'000
Loss before taxation	(10 832)	(6 206)
Adjusted for:		
(Profit)/loss on disposal of listed equity securities	(85)	24
Post-retirement medical benefit obligation – interest cost	487	595
Depreciation	3	1
Change in fair value of listed equity securities	208	(686)
Interest received	(6 759)	(7 409)
Dividends received	(141)	(137)
Working capital changes	(517)	1 836
Cash utilised in operating activities	(17 636)	(11 982)
Interest received	6 759	7 409
Post-retirement medical benefit obligation – benefits paid	(731)	(762)
Cash flows from financing activities	(11 608)	(5 335)
Dividends received	141	137
Proceeds on disposal of listed equity securities	1 333	1 001
Acquisition of investment in listed equity securities	(1 299)	(1 208)
Cash flow from investing activities	175	(70)
Cash flow from financing activities	–	–
Decrease in cash and cash equivalents	(11 433)	(5 405)
Cash and cash equivalents at the beginning of the period	170 041	175 937
Cash and cash equivalents at the end of the period	158 608	170 532

NOTES TO THE SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

- Reporting entity**
R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group interim financial statements for the six months ended 30 June 2017 include the company and its subsidiaries (together referred to as “the group”).
- Statement of compliance**
The summarised group interim financial statements are prepared and presented in accordance with International Financial Reporting Standards (“IFRS”), which include International Accounting Standard (“IAS”) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Accountants Council, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. These summarised group interim financial statements were approved by the board of directors on 7 August 2017.
Mr Van Zyl Botha CA(SA), the financial director of R&E, is responsible for these interim financial statements and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (group financial manager).
- Significant accounting policies**
The accounting policies applied by the group in these summarised group interim financial statements in accordance with IFRS are the same as those applied by the group in its group financial statements for the year ended 31 December 2016.
- No independent review by the auditor**
The company's auditor has not reviewed or audited the summarised group interim financial statements of R&E for the six months ended 30 June 2017.
- Segment reporting**
The group operates in a single operating segment as an investment holding company with assets in the mining industry.
- Recoveries**
R&E received a distribution from the Sixth & Final Liquidation and Distribution Account of The Insolvent Deceased Estate of Roger Brett Kebble.

7. Loss per share

	For the six months ended	
	30 June 2017 Unaudited	30 June 2016 Unaudited
Basic and diluted loss per ordinary share		
Basic and diluted loss for the period (R'000)	(10 832)	(6 206)
Weighted average number of ordinary shares in issue (R'000)	71 585	71 585
Loss per share (cents)	(15.13)	(8.67)

Headline and diluted headline loss per ordinary share

Headline and diluted headline loss for the period (R'000)	(10 832)	(6 206)
Weighted average number of ordinary shares in issue (R'000)	71 585	71 585
Headline loss per share (cents)	(15.13)	(8.67)

8. Net asset and tangible net asset value per share

The net asset value per share is calculated using the following variables:

	30 June 2017		30 June 2016 Unaudited
	Unaudited	Unaudited	
Net asset value (R'000)	148 729	162 343	
Ordinary shares outstanding (R'000)	71 585	71 585	
Net asset value per share (cents)	207.8	226.8	
Net tangible asset value per share (cents)	207.8	226.8	

The number of shares outstanding at 30 June 2017 and 30 June 2016 has been adjusted for the 2 999 893 treasury shares held.

9. Material changes

No material changes occurred during the period.

10. Related party transactions

There were no related party transactions during the period under review other than in the normal course of business, i.e. key management remuneration.

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 R12 603 during the period under review (June 2016 – R91 266).

11. Events after reporting date

There were no significant events between the reporting date and the approval date of these results.

12. Legal update

This update concerns legal proceedings which the R&E Group remains engaged in, either as a result of claims brought against R&E, alternatively as a result of claims instituted by R&E and certain of its subsidiaries. Further detail regarding such claims may be found on the company's website at www.randgoldexp.co.za.

CLAIMS AGAINST THE R&E GROUP

- Permission by mineworkers/their dependants to institute a class action against various companies, including R&E arising from silicosis and/or tuberculosis allegedly contracted on gold mines in South Africa and pending appeal –**
- On 20 August 2013, the High Court of South Africa, Gauteng Local Division, Johannesburg (**the High Court**) granted an order consolidating an application brought by various former mineworkers (alternatively, the dependants of former mineworkers) with three further applications, each requesting permission to proceed with a class action against several mining companies.
 - In October 2015, following the consolidation, the applicants approached the Court and requested:
 - permission to institute a class action against several mining companies, including R&E, R&E being cited as the twenty-ninth respondent in the main application;
 - a declaration that current and former mineworkers of the respondents who have or had allegedly contracted silicosis, and the dependants of mineworkers who died of silicosis are to constitute the silicosis class; and
 - a declaration that 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 silicotuberculosis) are to constitute the tuberculosis class.