

Randgold & Exploration company ltd
(Incorporated in the Republic of South Africa)
(Registration Number: 1992/005642/06)
Sharecode: RNG
ISIN: ZAE00008819
(R&E or the company)

ABRIDGED GROUP FINANCIAL STATEMENTS 2016

COMMENTARY TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 AND NOTICE OF ANNUAL GENERAL MEETING

GENERAL

The board of R&E is pleased to announce the audited results for the year ended 31 December 2016.

Mr Van Zyl Botha CA(SA), financial director, is responsible for the annual financial statements and these summarised annual results and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (group financial manager).

INCOME

The 2016 group results reflected a total comprehensive loss for the year of R7.9 million (2015 profit: R5.4 million). This was mainly as a result of an increase in legal fees. During the year income was derived primarily from third party recoveries of R6.4 million (2015: R7.5 million) and interest of R14.4 million (2015: R11.7 million) earned on cash investments. The company spent R6.4 million (2015: R6.1 million) on personnel costs, R18.3 million (2015: R11.5 million) on legal and forensic fees, and other operational costs totalled R4.8 million (2015: R1.8 million).

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 per share of R2.23 at 31 December 2016.

CASH FLOW

R&E started the year under review with a cash and cash equivalent balance of R175.9 million.

The group's cash outflow of R5.9 million were the net result of interest earned on cash and recoveries received less cash utilised to fund its operations during the year.

R&E remains in a healthy cash position with R170 million in cash and cash equivalents at 31 December 2016.

OUTLOOK

The outlook for 2017 is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to be at a similar level as 2016. Until the claims in which the company are engaged have been finalised, this pattern of expenditure is likely to prevail.

David Kovarsky Marais Steyn
Chairman Chief executive officer
Johannesburg
22 March 2017

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

		Audited 2016 R'000	Audited 2015 R'000
Revenue	Notes	296	207
Profit on disposal of listed equity securities		66	288
Recoveries	7	6 441	7 528
Other income		-	163
Personnel expenses		(6 444)	(6 089)
Profit on disposal of prospecting rights	6	-	3 951
Change in fair value of listed equity securities		917	(571)
Change in fair value of cash investments		(545)	1 118
Other operating expenses		(23 196)	(13 304)
Loss from operating activities		(22 465)	(6 709)
Finance income		14 445	11 681
Finance expense		(654)	-
(Loss)/profit before taxation		(8 674)	4 972
Taxation		-	(20)
(Loss)/profit for the year		(8 674)	4 952
Other comprehensive income			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss			
Actuarial gains		687	414
Total comprehensive (loss)/income for the year		(7 987)	5 366
(Loss)/profit attributable to:			
Owners of the company		(8 674)	4 952
(Loss)/profit for the year		(8 674)	4 952
Total comprehensive (loss)/income attributable to:			
Owners of the company		(7 987)	5 366
Total comprehensive (loss)/income for the year		(7 987)	5 366
Basic and diluted (loss)/earnings per share (cents)	8	(12)	7

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Audited 2016 R'000	Audited 2015 R'000
Assets		
Non-current assets	24	9
Equipment	23	7
Intangible assets	1	2
Current assets	176 842	181 862
Investment in listed equity securities	6 683	5 702
Trade and other receivables	118	222
Cash and cash equivalents	170 041	175 938
Total assets	176 866	181 871
Equity and liabilities		
Shareholders' equity	159 776	167 763

Ordinary share capital	716	716
Retained earnings	159 060	167 047
LIABILITIES		
Non-current liabilities		
Post-retirement medical benefit obligation	11 849	12 872
Current liabilities		
Trade and other payables	5 241	1 236
Total equity and liabilities	176 866	181 871

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R'000	Audited 31 December 2015 R'000
Attributable to equity holders of the company		
Ordinary share capital	716	716
Retained earnings	159 060	167 047
Balance at the beginning of the period	167 047	161 651
Treasury shares reclassified	-	30
(Loss)/profit and total comprehensive (loss)/profit for the year	(7 987)	5 366

SUMMARISED GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Audited 31 December 2016 R'000	Audited 31 December 2015 R'000
(Loss)/profit before taxation	(8 674)	4 972
Adjusted for:		
Profit on disposal of listed equity securities	(66)	(288)
Profit on disposal of prospecting rights	-	(3 951)
Change in fair value of listed equity securities	(917)	571
Purchase of computer equipment	(18)	-
Depreciation	2	30
Post-retirement medical benefit obligation - interest cost	1 190	994
Interest received	(14 445)	(11 681)
Interest paid	654	-
Dividends received	(296)	(207)
Working capital changes	4 109	864
Cash utilised in operating activities	(18 461)	(8 696)
Interest received	14 445	11 681
Interest paid	(654)	-
Post-retirement medical benefit liability - benefits paid	(1 526)	(1 461)
Taxation paid	-	(20)
Cash flow from operating activities	(6 196)	1 504
Cash flow from investing activities	299	479
Dividends received	296	207
Proceeds on disposal of prospecting rights	-	4 000
Acquisition of investment in listed equity securities	(1 647)	(5 852)
Proceeds on disposal of listed equity securities	1 650	2 124
Cash flow from financing activities	-	-
(Decrease)/increase in cash and cash equivalents	(5 897)	1 983
Cash and cash equivalents at the beginning of the year	175 938	173 955
Cash and cash equivalents at the end of the year	170 041	175 938

NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group annual financial statements of the company for the year ended 31 December 2016 includes the company and its subsidiaries (together referred to as "the group").

2. BASIS OF PREPARATION

The summarised group financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the group financial statements, from which the summarised group financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous group annual financial statements.

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

4. INDEPENDENT AUDIT BY THE AUDITOR

These summarised group financial statements for the year ended 31 December 2016 have been extracted from the complete set of annual financial statements on which the auditors, KPMG Inc., have expressed an unqualified audit opinion, dated 22 March 2017. The auditor's report and annual financial statements, which have been summarised in this report, are available for inspection at the registered office of the company. This abridged report is extracted from audited information, but is not itself audited.

The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

5. SEGMENT REPORTING

The group operates in a single operating segment as an investment holding company with assets in the mining industry.

6. PROSPECTING RIGHTS

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. Another prospecting right with a carrying value of R 1 000 expired during 2016. R&E has entered into an agreement for the sale of a prospecting right with a R 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.

7. RECOVERIES

R&E received liquidation dividends from The Insolvent Deceased Estate of Roger Brett Kebble during 2016 of R5.7 million and a taxation award from Charles Orbach & Company of R750 000.

8. (LOSS)/EARNINGS PER SHARE

	2016	2015
	Per share	Per share
	(in cents)	(in cents)
Earnings per share		
Basic (loss)/earnings and diluted (loss)/earnings per ordinary share	(12)	7
The calculation of basic and diluted (loss)/earnings per ordinary share is based on loss of R8.6 million (2015: earnings of R4.9 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2015: 71 585 172) shares in issue.		
Headline (loss)/earnings and diluted headline (loss)/earnings per share	(12)	1
The calculation of the headline (loss)/earnings and diluted headline (loss)/earnings per share is based on headline loss of R8.6 million (2015: headline earnings of R1 million) attributable to equity holders of the company and a weighted average of 71 585 172 (2015: 71 585 172) ordinary shares in issue.		
Reconciliation between basic (loss)/profit for the year and headline (loss)/earnings		
(Loss)/profit for the year attributable to equity holders of the company	(8 674)	4 952
Adjusted for:		
Profit on disposal of prospecting rights	-	(3 951)
Headline (loss)/earnings for the year attributable to equity holders of the company	(8 674)	1 001

9. NET ASSET AND TANGIBLE NET ASSET VALUE PER SHARE

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

	31 December	31 December
	2016	2015
Net asset value (R'000)	159 776	167 763
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	223	234
Net tangible asset value per share (cents)	223	234

The number of shares outstanding at 31 December 2016 and 31 December 2015 has been adjusted for the 2 999 893 treasury shares held.

10. MATERIAL CHANGES

No material changes occurred during 2016.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period under review other than in the normal course of business. Key management remuneration for the current year was R4.5 million (2015: R4.2 million). 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 R119 860 during 2016 (2015: R253 045).

12. EVENTS AFTER REPORTING DATE

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

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.

14. NOTICE OF ANNUAL GENERAL MEETING

Shareholders are advised that the annual general meeting of R&E will be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, at 11:00 on Tuesday, 16 May 2017. A copy of the notice of the annual general meeting incorporating the summarised group financial statements will be distributed to shareholders on 27 March 2017. The date on which shareholders must be recorded in the Share Register maintained by the transfer secretaries, for purposes of being entitled to attend and vote at the annual general meeting is Friday, 5 May 2017, with last day to trade being Tuesday, 2 May 2017.

Directors

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

Company secretary

V Botha CA(SA)

27 March 2017

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

Sponsor: PSG Capital Proprietary Limited, First Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600.