

The consolidated application was brought by mineworkers, alternatively dependents of mineworkers, who claim to have contracted silicosis and/or tuberculosis whilst working on South African gold mines.

The first step in the consolidated application relates to the applicants requiring the High Court's permission to proceed with a class action and obtain the Court's certification of a silicosis and tuberculosis class, being the two classes in respect of which certification is required.

As against R&E, the application was initially confined to the certification of a silicosis class, which it opposed. In September 2014, the applicants brought a joinder application requesting permission to join R&E as a respondent to the tuberculosis class which R&E did not oppose. It however subsequently filed answering papers opposing the certification of the tuberculosis class.

The hearing of the certification phase took place in October 2015. R&E elected to abide the outcome of the certification stage without prejudice to its rights.

Judgment in the consolidated application was handed down by the Johannesburg High Court on 13 May 2016. The judgment addressed the initial order sought by the applicants concerning the certification of one consolidated class action comprising of two classes, namely a silicosis class and a tuberculosis class. In deciding the certification stage in favour of the applicants, the High Court declared that the following group of persons constitutes a class:

- (i) current and former underground mineworkers of the respondents who are alleged to have contracted silicosis, and the dependants of such mineworkers who died of silicosis;
- (ii) current and former mineworkers of the respondents who are alleged to have contracted pulmonary tuberculosis, and the dependants of deceased underground mineworkers who died of pulmonary tuberculosis (but excluding silico-tuberculosis).

In arriving at its decision, the Court determined that the applicants in respect of each class had satisfied the necessary requirements to constitute a class, holding that the proposed class could be objectively determined, that the scope of the class was not overbroad and would be manageable. The judgment also outlined specific steps which are to be taken to notify members of the classes of the claims which the applicants intend bringing on their behalf. The judgment also ordered that the costs of the application be borne by the respondents, jointly and severally.

Following a number of the respondent mining houses (excluding R&E) applying for leave to appeal the Court's judgment, the Court on 24 June 2016, granted such respondents leave to appeal to the Supreme Court of Appeal, but only in respect of the aspect concerning the transmission of damages from a deceased mine worker to his family, however leave to appeal in respect of the certification of the two classes comprising the class action was refused. Subsequently, AngloGold Ashanti Limited, Free State Consolidated Gold Mines (Operations) Limited, Harmony Gold Mining Company Limited, Gold Fields Limited, African Rainbow Minerals Limited, Anglo American South Africa Limited and DRD Gold Limited have petitioned the Supreme Court of Appeal for leave to appeal against the entire judgment of the High Court on a variety of bases, including that there is no precedent anywhere in the world for the certification of a class action against an entire industry – particularly one concerning practices and conditions spanning 50 years – and the breadth of the combined classes (which it is estimated will extend to between 17 000 and 500 000 mine workers), will render it unmanageable.

Should the judgment not be overturned, the applicants intend to formally institute action against the respondents (including R&E), for damages.

12.2 The minority shareholders application:

On 29 March 2011, David Smyth, Patrick Smyth, Anglorand Securities Limited, James Gubb, Elizabeth Gubb, Milkwood Investments and Jag Investments brought an application in the High Court of South Africa, Gauteng Division, Pretoria for relief declaring the Settlement Agreement concluded between R&E, JCI Ltd (“JCI”) and JCI Investment Finance (Pty) Ltd on 20 January 2010 and the Litigation Settlement Agreement entered into on 22 January 2010 between the various parties to such agreement, to constitute or involve unfairly prejudicial, unjust or inequitable conduct. R&E is opposing such application.

In March 2014, the applicants, R&E and Investec Bank Limited (who is cited as the first respondent and against whom monetary relief is sought, but not against R&E), agreed to refer the dispute concerning the legal entitlement of the applicants (and the others who are supporting them) to sue, to the High Court to decide by way of a separated issue (“the separated issue”). Such agreement resulted in Judge Rabie being appointed to hear the application on the separated issue which was argued before him in June and November 2014.

On 17 September 2015, Judge Rabie handed down judgement on the separated issue and made the following order, *inter alia*, in paragraphs 1 to 4 and 8 thereof:

1. the seven main applicants are to be removed as Applicants from the main application and ordered to pay the costs of Investec in the main application and the separated issue;
2. the intervention applications of the 27 beneficial owners is dismissed, with costs;
3. the seven applicants who held their shares in own name are ordered to pay Investec's costs, which it had incurred in respect of their applications prior to 2 May 2014.

On 8 October 2015, the seven main applicants, the 27 beneficial owners and the 7 own name applicants delivered a notice requesting permission to appeal to the Supreme Court of Appeal in regard to the above orders of Judge Rabie, claiming that he had erred in a number of respects, including regarding his application of section 252 of the former Companies Act of 1973 and reliance on the English authorities.

In his judgment regarding the application for leave to appeal, Rabie J indicated that the issues which the separated issue raises are intricate and complex and that no authoritative precedent exists in South African law. He consequently granted the applicants leave to appeal the relevant orders of his judgment to the Supreme Court of Appeal, with costs in the application for leave to appeal to form costs in the appeal.

A date for the hearing of the appeal has not yet been set by the Supreme Court of Appeal.

12.3 The action against Gold Fields Operations Ltd (“Gold Fields”):

In August 2008, R&E and African Strategic Investment (Holdings) Ltd (formerly Randgold Resources (Holdings) Ltd) (“ASI”) instituted action against Gold Fields. The action arises in consequence of the alleged theft of Randgold Resources Ltd (“RRL”) and Aflase shares. It comprises of five claims which, on the basis of the highest amounts claimed, extends to several billion rand. If successful, judgment in the matter may be significant.

The action is defended by Gold Fields, which has joined a number of parties to the proceedings from whom it claims a contribution as wrongdoers, insofar as it is found to be liable to R&E and/or ASI. It has however denied that it is liable to R&E and/or ASI.

The third parties that Gold Fields has joined are the Brett Kebble Estate, John Chris Lamprecht (“Lamprecht”), the Roger Kebble Estate and JCI. In addition, Gold Fields has notified a number of further persons that should R&E and/or ASI be successful, Gold Fields intends proceeding with claims against such persons, whom it has invited to intervene in the action. To date, however, none of such parties have done so.

The formal exchange of pleadings has taken place and R&E/ASI and Gold Fields have notified each other of the documents on which they respectively intend relying at trial.

Following a joint application being made to the High Court to appoint a case manager to manage the proceedings prior to trial, Judge Francis was appointed. An initial meeting was held with him on 7 March 2016, during which R&E and ASI were directed to file a comprehensive pre-trial agenda by 15 June 2016, which they did. A pre-trial conference will take place shortly. In the interim, the matter continues to be progressed to trial.

12.4 The action against Charles Orbach and Company (“Charles Orbach”):

In August 2008, R&E commenced legal action against Charles Orbach in the High Court of South Africa, Gauteng Local Division, Johannesburg. R&E claims damages from Charles Orbach arising from the issue by it of a negative assurance report which Charles Orbach expressed on the provisional results of R&E for the financial year ended 31 December 2004 (“the provisional results”).

Following the provisional results being published on 29 April 2005, which incorporated the negative assurance, 6 479 811 RRL shares belonging to the R&E Group were disposed of.

Broadly stated, R&E claims that had Charles Orbach not breached its obligations in issuing the unqualified review report which it did on the provisional results, R&E would not have been able to publish the provisional results, leading to its suspension on the JSE and the unlawful conduct of the persons responsible for the disposal of the RRL shares referred to, being exposed and the losses that R&E was occasioned as a result of their theft being prevented.

Charles Orbach denies that it is liable to R&E, however raised that if it is, the extent of such liability should be limited to the fee paid to Charles Orbach to conduct its review of the provisional results. The parties agreed to determine this point by way of arbitration. On appeal, R&E was successful in having such point dismissed with costs.

Charles Orbach has since made available its working papers to R&E and R&E is in the process of finalising its discovery, which will shortly be served. Thereafter, it is likely that the Court will be approached to assign a case manager to the matter who will be asked to issue directives to the parties and indicate by when a pre-trial conference should be held.

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

In 2008, R&E, ASI and First Wesgold Mining (Pty) Ltd (“First Wesgold”) instituted a claim out of the High Court of South Africa, Gauteng Local Division, Johannesburg, against Hendrik Buitendag (“Buitendag”), John Stratton (“Stratton”), Charles Cornwall, Lieben Swanevelder, Lunga Ncwana and Lamprecht. The action is defended.

12.6 The action against Bookmark Holdings (Pty) Ltd (“Bookmark”), Sello Rasathaba (“Rasathaba”) and Lamprecht:

Action was instituted against Bookmark, Rasathaba and Lamprecht in 2008 out of the High Court of South Africa, Gauteng Local Division, Johannesburg. R&E and ASI are claiming damages against such parties arising from the cover-up of various alleged thefts of assets belonging to the R&E Group. The action is being defended.

12.7 The action against Buitendag, Lamprecht and Stratton:

In 2008, R&E proceeded with an action against Buitendag, Lamprecht and Stratton in the High Court of South Africa, Gauteng Local Division, Johannesburg, in respect of a trading account ostensibly conducted by R&E at Tlotlisa Securities (Pty) Ltd which was allegedly foisted with various amounts and conducted for the benefit of persons other than R&E. Such action is also being defended.

12.8 The action against Patricia Beale (“Beale”):

R&E and ASI instituted action against Beale in 2008 in the High Court of South Africa, Gauteng Local Division, Johannesburg, claiming damages from her arising from Beale's role in a number of schemes allegedly perpetrated against R&E/ASI during the Kebble era. Such claim is defended.

12.9 The action against the Brett Kebble Estate:

R&E instituted an action in the High Court of South Africa, Western Cape Division, Cape Town against the Brett Kebble Estate, claiming damages arising from a number of claims, in addition to those already proved in the Brett Kebble Estate.

12.10 General:

The board of R&E continues to evaluate the legal matters in which the R&E Group is engaged from time to time, mindful of the commercial and other practicalities associated with such litigation.

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. Contingent liabilities

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 related 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.

On 31 March 2016 SARS addressed a letter to Randgold in which it stated that it had no further queries relating to the first matter of R18 421 052 and in effect not raising an assessment, effectively closing the matter with no further effect. SARS did however note its intention to assess the company for VAT of R1 182 481 on the second matter.

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 has objected to the letter of 31 March 2016 on the 11th of April 2016 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.

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), 70 Marshall Street, Johannesburg, 2001

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

RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

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”)

**SUMMARISED GROUP UNAUDITED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**



www.randgoldexp.co.za

COMMENTARY TO SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS**Loss for the period**

The majority of income recognised in the period under review was derived from dividends and interest received on investments. The company recorded a net loss of R6.2m for the period compared to a profit of R0.3m for the corresponding period last year. This was as a result of minimal recoveries during the current reporting period and an increase in expenditure, partly offset by increased interest received.

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 R2.27 per share at 30 June 2016 (R2.34 per share at 31 December 2015). The decrease in net asset value is due to the loss incurred for the period.

Cash flow

R&E started the year under review with a cash and cash equivalent balance of R175.9 million. Operating activities utilised net cash of R11.9 million, primarily as a result of interest received of R7.4 million and recoveries of R750 000 offsetting net cash utilised in operations of R20.05 million.

Investment activities utilised cash of R70 000, primarily from the net acquisition of investments in listed equity securities of R207 000 and dividends received of R137 000. R&E remains in a healthy cash position with R170.5 million in cash and cash equivalents at 30 June 2016.

Outlook

The outlook for the balance of the year is largely dependent on the progress and outcome of legal proceedings in which the company is engaged. Legal expenses for the balance of the year are expected to be at a similar level. Management will continue to approach all legal matters and related expenses in a commercially pragmatic manner.

David Kovarsky Chairman
Marais Steyn Chief Executive Officer

Johannesburg
 20 September 2016

SUMMARISED GROUP INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 June 2016 Unaudited R'000	30 June 2015 Unaudited R'000
Revenue	137	80
(Loss)/profit on disposal of listed equity securities	(24)	192
Recoveries	750	4 443
Other income	307	1 651
Other operating expenses	(14 785)	(11 841)
Loss from operating activities	(13 615)	(5 475)
Finance income	7 409	5 811
(Loss)/profit before taxation	(6 206)	336
Taxation	–	–
(Loss)/profit for the period	(6 206)	336
Other comprehensive income		
Items of other comprehensive income that will not be subsequently reclassified to profit or loss		
Actuarial gains/(losses)	786	(158)
Taxation	–	–
Total comprehensive (loss)/income for the period	(5 420)	178
(Loss)/profit attributable to:		
Owners of the company	(6 206)	336
Total comprehensive (loss)/income attributable to:		
Owners of the company	(5 420)	178
Basic and diluted (loss)/earnings per share (cents)	(8.67)	0.47

SUMMARISED GROUP INTERIM STATEMENT OF CHANGES IN EQUITY

	For the six months ended	
	30 June 2016 Unaudited R'000	30 June 2015 Unaudited R'000
Attributable to equity holders of the company		
Ordinary share capital	716	746
Retained earnings	161 627	161 829
Balance at the beginning of the period	167 047	161 651
Total comprehensive (loss)/income for the period	(5 420)	178

SUMMARISED GROUP INTERIM STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2016 Unaudited R'000	31 December 2015 Audited R'000
Assets		
Non-current assets	6	9
Equipment	6	7
Intangible assets	–	2
Current assets	177 154	181 862
Trade and other receivables	48	222
Investment in listed equity securities	6 574	5 702
Cash and cash equivalents	170 532	175 938
Total assets	177 160	181 871
Equity and liabilities		
Shareholders' equity	162 343	167 763
Ordinary share capital	716	716
Retained earnings	161 627	167 047
Liabilities		
Non-current liabilities		
Post-retirement medical benefit obligation	11 919	12 872
Current liabilities		
Trade and other payables	2 898	1 236
Total equity and liabilities	177 160	181 871

SUMMARISED GROUP INTERIM STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2016 Unaudited R'000	30 June 2015 Unaudited R'000
(Loss)/profit before taxation	(6 206)	336
Adjusted for:		
Loss/(profit) on disposal of listed equity securities	24	(192)
Post-retirement medical benefit obligation – interest cost	595	496
Depreciation	1	15
Profit on fair value of listed equity securities	(686)	(101)
Interest received	(7 409)	(5 811)
Dividends received	(137)	(80)
Working capital changes	1 836	976
Cash utilised in operations	(11 982)	(4 361)
Interest received	7 409	5 811
Post-retirement medical benefit obligation – benefits paid	(762)	(730)
Cash flows (utilised)/from operating activities	(5 335)	720
Cash flows (utilised) in investing activities	(70)	(2 838)
Dividends received	137	80
Proceeds on disposal of investment in listed equity securities	1 001	882
Acquisition of investment in listed equity securities	(1 208)	(3 800)
Cash flows from financing activities	–	–
Decrease in cash and cash equivalents	(5 405)	(2 118)
Cash and cash equivalents at the beginning of the period	175 937	173 955
Cash and cash equivalents at the end of the period	170 532	171 837

NOTES TO THE SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

- Reporting entity**
R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group interim financial statements of the company for the six months ended 30 June 2016 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 20 September 2016.
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 Ms Marleen Schalkwijk ACIS.
- 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 2015.
- 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 2016.
- Segment reporting**
The group operates in a single operating segment as an investment holding company with assets in the mining industry.

6. Recoveries

Following the cost order granted by the Appeal Arbitrators in favour R&E against Charles Orbach and Company in the recent arbitration upholding R&E's exception that the limitation of liability point raised by Charles Orbach does not apply, R&E recovered payment of the amount of R750 000.00 from Charles Orbach in respect of its costs. Please refer to the legal update in this document for an update of the Charles Orbach matter.

7. (Loss)/earnings per share

	For the six months ended	
	30 June 2016 Unaudited	30 June 2015 Unaudited
Basic and diluted (loss)/earnings per ordinary share		
Basic and diluted (loss)/earnings for the period (R'000)	(6 206)	336
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
(Loss)/earnings per share (cents)	(8.67)	0.47
Headline and diluted headline (loss)/earnings per ordinary share		
Headline and diluted headline (loss)/earnings for the period (R'000)	(6 206)	336
Weighted average number of ordinary shares in issue	71 585 172	71 585 172
Headline (loss)/earnings per share (cents)	(8.67)	0.47

8. Net asset and tangible net asset value per share

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

	30 June 2016 Unaudited	30 June 2015 Unaudited
Net asset value (R'000)	162 343	162 575
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	226.8	227.1
Net tangible asset value per share (cents)	226.8	227.1

The number of shares outstanding at 30 June 2016 and 30 June 2015 has been adjusted for the 2 999 893 treasury shares held.

9. Material changes

No material changes noted from the previous period.

10. Related party transactions

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 R91 266 during the current period under review (June 2015 – R171 197).

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

11. Events after reporting date

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

12. Legal update

The following update to R&E's shareholders concerns the legal proceedings which the R&E Group remains engaged in, either as a result of claims instituted by R&E and certain of its subsidiaries or due to claims brought against R&E by third parties, the status of which are briefly discussed below. Further detail regarding such claims has been reported in prior legal reports, SENS announcements and updates to shareholders, including circulars and annual reports, which shareholders should have regard to for further relevant background and detail.

12.1 The consolidated class application by mineworkers/the dependents of mineworkers for permission to institute a class action against various companies including R&E arising from silicosis and/or tuberculosis (but excluding silico-tuberculosis) allegedly contracted on gold mines in South Africa:

R&E has been cited as the twenty-ninth out of thirty one respondents in an application commenced in the High Court of South Africa, Gauteng Local Division, Johannesburg, which was consolidated with three other applications in August 2013, known as *Bongani Nkala and Others v Harmony Gold Mining Company Limited and Others* ("the consolidated application").