

RANDGOLD

Randgold & Exploration Company Limited (Suspended)

(Incorporated in the Republic of South Africa)

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("R&E" or "the Company")

PROPOSED MERGER WITH JCI LIMITED ("JCI"), GENERAL MEETING OF R&E SHAREHOLDERS AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

- 1.1 Shareholders are referred to the prior SENS announcements of 26 August 2008, 31 October 2008 and 6 November 2008, the latter being the joint cautionary announcement of R&E and JCI pertaining to the proposed merger between the companies ("the 6 November announcement").
- 1.2 On 4 November 2008, R&E made a proposal to JCI which was updated on 2 December 2008 ("the proposal").
- 1.3 With the respective boards of the companies having resolved to proceed with the merger, a circular will be posted to R&E shareholders on Friday, 5 December 2008 ("the circular").
- 1.4 In the circular, the approval of R&E shareholders is sought in order for the board of directors of R&E ("the board of R&E") to proceed with the proposed merger with JCI and obtain the necessary ratification from R&E shareholders for the making of the proposal, in terms of which it is proposed that R&E and JCI merge by way of a scheme of arrangement in terms of Section 311 of the Companies Act (No.61 of 1973) as amended ("the Act") ("the scheme of arrangement") between JCI and all of its ordinary shareholders (excluding R&E) in terms whereof, should such scheme of arrangement become unconditional, each eligible scheme participant will transfer its ordinary shares in JCI ("JCI shares") to the Company in exchange for the issue and allotment of new ordinary shares in R&E ("R&E shares") on the basis of the merger ratio, being the allotment of one new R&E share for every 95 JCI shares held by eligible JCI scheme participants ("the merger ratio") on the scheme of arrangement's record date, subject to the fulfilment of certain conditions precedent as referred to in paragraph 4 below ("conditions precedent").

2. R&E GENERAL MEETING

R&E shareholders will accordingly be required in general meeting to be held at 10h00 on Monday, 19 January 2009 at The Hilton, Rivonia Road, Sandton, Johannesburg, South Africa ("R&E general meeting"), to consider and, if deemed fit, approve the ordinary and special resolutions as set out in the notice of general meeting enclosed in the circular and as further referred to in paragraph 3 below, which approval is required in order to authorise the board of R&E to proceed with the proposed merger and take such steps as are necessary to implement the scheme of arrangement.

3. RESOLUTIONS TO BE TABLED AT THE R&E GENERAL MEETING

- 3.1 R&E shareholders are referred to the notice of R&E general meeting which forms part of the circular in which the summarised resolutions as reflected below are set out in full.
- 3.2 Such resolutions require:
 - 3.2.1 that R&E shareholders ratify the proposal made to JCI on 4 November 2008 and updated on 2 December 2008 ("the proposal") in terms of which JCI, together with the JCI scheme participants (excluding R&E), conclude the scheme of arrangement on or before 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), in terms whereof, subject to the fulfilment of the conditions precedent to such scheme of arrangement each eligible scheme participant, in South Africa and other permissible jurisdictions, will transfer its JCI shares to the Company in exchange for the issue and allotment of one new R&E share for every 95 JCI shares so transferred, on the basis that where any fractional entitlement to a new R&E share arises from the application of the merger ratio and:
 - such fractional entitlement to a new R&E share is 0.5 or more, such fraction will be rounded up to the nearest whole number, and
 - such fractional entitlement to a new R&E share is less than 0.5, such fraction will be rounded down to the nearest whole number;
 - 3.2.2 that the proposal be ratified by R&E shareholders subject to the further proviso that:
 - the Net Asset Value of JCI at 31 March 2008 as set out in the circular ("the JCI NAV") does not reduce by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Xelxwa (Pty) Limited (in liquidation) (formerly Jaganda (Pty) Limited) may have thereon; and/or
 - the Net Asset Value of R&E at 31 March 2008 as set out in the circular ("the R&E NAV") does not increase by more than 20%, excluding the effect that any fluctuations in the prices of listed equities and derivatives may have thereon,
 should either the JCI NAV or the R&E NAV fluctuate as set out above after the making of the proposal but prior to 31 March 2009 (or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent to such scheme of arrangement as set out in paragraphs 2.6.1 to 2.6.6 of the circular to be fulfilled, is fulfilled (whichever is the first occurring), the board of R&E shall in either of such events be obliged to withdraw the proposal;
 - 3.2.3 that subject to the passing of the resolution referred to in paragraph 3.2.1 above, and the special resolution authorising the creation of the new R&E shares referred to in paragraph 3.2.4 below, the Company be authorised to make a cash payment to each eligible JCI scheme participant whose fractional entitlement to a new R&E share upon application of the merger ratio will be rounded down to the nearest whole number, in terms whereof such JCI scheme participant, having so elected, will receive a cash payment of R16.19 for any such fractional entitlement that may be rounded downwards;
 - 3.2.4 subject to the passing of the resolution referred to in paragraph 3.2.1 above, and the fulfilment of the conditions precedent pertaining to the scheme of arrangement, as referred to in paragraph 4 below, that the Company approve a special resolution increasing its authorised ordinary share capital by the creation of 30 000 000 new R&E shares ("the new R&E shares") so as to ensure that there are sufficient unissued R&E shares in the authorised share capital of the Company for the issue and allotment of R&E shares as scheme consideration to eligible JCI scheme participants;
 - 3.2.5 following the adoption of the resolutions referred to in paragraphs 3.2.1 and 3.2.4, the new R&E shares are to be placed under the control of the board of R&E who are authorised to issue and allot such new R&E shares for the purposes of implementing the scheme of arrangement.

4. CONDITIONS PRECEDENT TO THE PROPOSED MERGER

- 5.3 In terms of the JSE Listings Requirements, in view of the fact that JCI (and certain of its associates, being Consolidated Mining Management Services Limited and JCI Investment Finance (Pty) Limited) hold in aggregate 10 634 023 shares in R&E, comprising 14.21% of the issued share capital of R&E, the proposed merger is classified as a related party transaction. Accordingly, although JCI and its aforementioned associates ("the related parties") will be taken into account in determining whether or not a quorum is present, they will be excluded from voting on ordinary resolutions numbers 1, 2 and 3 as set out in the notice of the R&E general meeting attached to the circular.
- 5.4 Save for the restrictions on voting placed on the related parties as described in paragraph 5.3 above, all R&E shares in issue, as held by R&E shareholders, whether or not disputed R&E shares (i.e. shares that may have been issued by the Company without the Company having received any value therefor), are entitled to vote at the R&E general meeting, including American Depositary Receipts (ADR) holders.
- 5.5 In addition, in terms of the JSE Listings Requirements pertaining to related party transactions, the board of R&E is required to obtain a Fairness Opinion in respect of the proposed merger. The companies have jointly motivated their inability to produce a Fairness Opinion to the JSE. The opinion of the mediators, being Messrs Schalk Burger, Charles Nupen and Harvey Wainer ("the Mediators"), as expressed in their report of 3 November 2008 ("the Mediators' Report"), has been included in the circular. The opinion of the Mediators, as set out in the Mediators' Report has been included in the circular as it was not possible to produce a Fairness Opinion (as is ordinarily required in terms of the JSE Listings Requirements), as more fully explained in paragraph 6.3 below.

6. THE MERGER RATIO AND THE MEDIATORS' REPORT

6.1 Basis for the merger ratio as contemplated in the circular

- 6.1.1 The board of R&E has determined the merger ratio, as reflected in the circular, based on what it views as a pragmatic solution to the impasse between R&E and JCI and the resultant arbitration which seems inevitable.
- 6.1.2 The board of R&E has based the merger ratio on what it regards as being an equitable ratio for both R&E and JCI shareholders under the current circumstances.
- 6.1.3 Furthermore, the merger ratio enjoys the support of the Mediators as reflected in the Mediators Report which report is included in the circular and which is furthermore available for inspection as indicated in paragraph 10.2 below.

6.2 The impact of adverse market conditions on the merger ratio post 31 March 2008

- 6.2.1 By far the largest asset of JCI is its investment in Gold Fields Limited ("Gold Fields"). The investment in Gold Fields constitutes approximately 80% of JCI's NAV and 73% of the combined post-merger NAV of the enlarged R&E group (should the JCI scheme become unconditional).
- 6.2.2 Recently, the world equity markets have experienced significant downward trends, with the Gold Fields share price being no exception, having decreased by some 42.57% from the monthly VWAP of R123.51 for March 2008 to R70.93 for the month of October 2008.
- 6.2.3 Based on the proposed merger ratio of 95 to one, this reduction in the value of the Gold Fields investment has contributed to the reduction in the NAV of JCI from approximately R2 billion as at 31 March 2008 to R1.02 billion at 31 October 2008.
- 6.2.4 The board of R&E is of the opinion that the proposed merger ratio, after considering the above reduction still remains a commercially acceptable proposition, especially in the light of the alternative to a merger, namely immediate arbitration, as an R&E shareholder will continue to share in approximately 77% of the combined assets and liabilities of the combined companies subsequent to the merger (if so approved by R&E shareholders and on the assumption that the scheme of arrangement becomes unconditional).

6.3 The Mediators' Report

- 6.3.1 On 14 April 2008, the Mediators issued an opinion that "In the unusual and variable circumstances [enumerated above], the swap ratio proposed by the companies is in our opinion commercially prudent and not inequitable to the shareholders of R&E and JCI." In arriving at their assessment, the Mediators had regard to various factors and circumstances applicable to the companies at such time, as more fully set out in paragraph 11.6.4 of the circular.
- 6.3.2 In October 2008, the Mediators were requested to advise whether the opinion issued by them on 14 April 2008 still applied "in the significantly changed financial circumstances of R&E and JCI since issuing that opinion."
- 6.3.3 In re-considering their opinion, the Mediators again took into account various factors and the changed circumstances of the companies, as more fully set out in paragraph 11.6.7 of the circular, and, based on such new set of factors and circumstances taken into account by them, confirmed that their opinion per paragraph 6.3.1 above remained unchanged.
- 6.3.4 The Mediators' Report is included in the circular and is furthermore available for inspection in terms of paragraph 10.2 below.

7. RATIONALE FOR THE PROPOSED MERGER

7.1 Factors detracting from arbitration

JCI has denied all liability to R&E and litigation seems inevitable. Such litigation will be time consuming and very costly before resolution is obtained. In the interim, R&E may also not be able to pursue its ordinary business and executive management will need to be dedicated to the prosecution of the R&E claims. More importantly, the success of the arbitration is constrained by JCI's NAV of R1.02 billion at 31 October 2008, as set out in the circular. There is no prospect of R&E being able to satisfy the R&E claims (if successful) beyond the extent of JCI's NAV. R&E's prospects of success in the arbitration cannot be assured. The present board of R&E is of the opinion that protracted and expensive litigation is not in the best interests of shareholders and regards the merger as a pragmatic means to restore shareholder value, representing a sensible resolution to the impasse with JCI.

7.2 Support from various parties for the proposed merger

Certain of the shareholders of R&E have, since the R&E announcement dated 26 August 2008, requested the present board of R&E to revisit a merger, as a possible means of bringing about a resolution to the difficulties faced by them, indicating their support therefor. The Mediators reaffirmed their support for a merger on 3 November 2008 as a commercially realistic basis for

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* consolidated balance sheet after the proposed merger may not give a fair reflection of R&E's financial position after the proposed merger. It has been assumed for the purposes of the *pro forma* financial information that the proposed merger took place on 31 March 2008. It does not purport to be indicative of what the financial position would have been had the proposed merger been implemented on a different date. The unaudited *pro forma* financial effects of the proposed merger are based on the estimates and assumptions set out in the notes below. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial information.

The unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a which is attached to the circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in the aforementioned Annexure 9a.

The independent reporting accountant's report, issued by KPMG Inc., relating to the unaudited *pro forma* consolidated balance sheet of R&E as set out in Annexure 9a which is attached to the circular is included as Annexure 9b which is attached to the circular and is available for inspection in terms of paragraph 10.2 below.

The unaudited *pro forma* financial effects after the proposed merger as presented below has been prepared from the information available to the directors of R&E and includes the consolidated balance sheet of R&E at 31 March 2008 (attached as Annexure 8a to the circular) before the proposed merger and the Group NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), together with adjustments as further set out in the notes thereto.

Based on merger ratio of 95:1	Consolidated Balance Sheet at 31 March 2008 ¹	<i>Pro forma</i> Consolidated Balance Sheet at 31 March 2008 after the proposed merger ²	% Difference
Net asset value per R&E share (Cents)	766.72	2 523.77	229.16%
Net tangible asset value per R&E share (Cents)	766.72	2 523.77	229.16%
Number of net R&E shares in issue	74 813.128	83 568.118 ³	

Notes:

1. This column is extracted from the consolidated balance sheet of R&E at 31 March 2008 prepared on the basis described in the accompanying notes thereto, which is in accordance with the recognition and measurement requirements of IFRS, as detailed in Annexure 8a which is attached to the circular. The qualified review report issued by the independent auditor, KPMG Inc., on the consolidated balance sheet of R&E at 31 March 2008 is included in Annexure 8b to the circular and is available for inspection in terms of paragraph 10.2 below.
2. The *pro forma* financial effects after the proposed merger have been adjusted taking into account the effects of the acquisition of JCI, based on the NAV of JCI at 31 March 2008, adjusted in terms of the recognition and measurement requirements of IFRS, based on the R&E directors' best estimate to reflect the acquired assets and liabilities at fair value based on available information included in the Group NAV Statement of JCI at 31 March 2008 and subject to the inhibiting factors referred thereto in Annexure 6a and Annexure 8a, which is attached to the circular. The Group NAV Statement of JCI at 31 March 2008 was published on SENS by JCI on 24 November 2008. Annexure 6a of the circular therefore reflects such published Group NAV Statement of JCI at 31 March 2008.
3. It has been assumed that 20 619 612 R&E shares will be issued in order to effect the proposed merger in terms of the merger ratio (i.e. one R&E share for every 95 JCI shares held by JCI scheme participants). The shares to be issued were reduced by treasury shares and certain shares identified for cancellation. Refer to the notes to Annexure 9a, which is attached to the circular, for further details.

8.2 Unaudited *pro forma* financial effects of the proposed merger on the net asset value statement of R&E at 31 March 2008

The unaudited *pro forma* financial effects of the proposed merger on the NAV Statement of R&E, before and after the proposed merger are set out below. These unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the NAV Statement of R&E and JCI has been presented which is in accordance with the basis of preparation described in the accompanying notes thereto (which is not in accordance with IFRS) set out in Annexures 5a and 6a, which is attached to the circular.

In the respective notes to the NAV Statement of R&E at 31 March 2008 (attached as Annexure 5a to the circular) and the NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), the respective directors highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the respective NAV Statement at 31 March 2008 of R&E (attached as Annexure 5a to the circular) and the NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), reference should be made to the respective notes thereto.

The unaudited *pro forma* financial effects of the proposed merger on the NAV Statement of R&E has been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited *pro forma* combined NAV Statement as set out in Annexure 7a attached to the circular may not give a fair reflection of R&E's NAV position after the proposed merger. It has been assumed, for the purposes of the unaudited *pro forma* financial effects on the NAV Statement of R&E, that the proposed merger took place on 31 March 2008. It does not purport to be indicative of what the financial effects on the NAV would have been had the proposed merger been implemented on a different date. The unaudited *pro forma* financial effects of the proposed merger on the NAV Statement of R&E are based on the estimates and assumptions set out in the notes to Annexure 7a which is attached to the circular. The directors of R&E are responsible for the preparation of the unaudited *pro forma* financial effects of the proposed merger on the NAV Statement of R&E. The unaudited *pro forma* financial effects as set out below should be read in conjunction with the unaudited *pro forma* combined NAV Statement of R&E as set out in Annexure 7a, which is attached to the circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 7a.

3.2.5 following the adoption of the resolutions referred to in paragraphs 3.2.1 and 3.2.4, the new R&E shares are to be placed under the control of the board of R&E who are authorised to issue and allot such new R&E shares for the purposes of implementing the scheme of arrangement.

4. CONDITIONS PRECEDENT TO THE PROPOSED MERGER

- 4.1 R&E shareholders should note that notwithstanding their approval of the proposed merger as contemplated in the circular, in order for the scheme of arrangement to proceed there are various conditions precedent that will need to be fulfilled, which include *inter alia* the following:
- 4.1.1 the approval by the requisite majority of R&E shareholders in general meeting ratifying the proposal (being ordinary resolution number 1) as described in paragraph 3.2.1 above, authorising the share capital of R&E to be increased by the new R&E shares (being special resolution number 1) as described in paragraph 3.2.4 above, and placing the new R&E shares under the control of the board of R&E with the authority to allot and issue such new R&E shares (being ordinary resolution number 4) as described in paragraph 3.2.5 above, as tabled in the notice of R&E general meeting attached to the circular, by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.2 the approval by the requisite majority of eligible JCI scheme participants representing not less than three-fourths of the votes exercisable by such JCI scheme participants present and voting, either in person or by proxy at the meeting to give effect to the scheme of arrangement by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.3 the Registrar of Companies registering Special Resolution Number 1 as set out in the Notice of the R&E general meeting by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.4 the High Court of South Africa sanctioning the scheme of arrangement by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.5 the Registrar of Companies registering a certified copy of the Order of Court sanctioning the scheme of arrangement in terms of the Act, by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.6 the approval of all regulatory approvals or consents to the extent required (including the Competition Authorities) being granted, necessary to implement the scheme of arrangement by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009);
- 4.1.7 if ordinary resolution number 2, as described in paragraph 3.2.2 above, and as set out in the notice of the R&E general meeting attached to the circular is passed, then by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent detailed in paragraphs 4.1.1 – 4.1.6 above to be fulfilled, is fulfilled (whichever is the first occurring), the NAV of R&E at 31 March 2008 (as set out in Annexure 5a to the circular), shall not have increased by more than 20%, excluding the effect that any fluctuation in the prices of listed equities and derivatives may have thereon;
- 4.1.8 if ordinary resolution number 2, as described in paragraph 3.2.2 above, and as set out in the notice of the R&E general meeting is passed, then by no later than Tuesday, 31 March 2009 or such later date as R&E and JCI may prior to 31 March 2009 agree in writing (provided that such later date shall not exceed 90 (ninety) days after 31 March 2009), or the date on which the last in time of the conditions precedent detailed in paragraphs 4.1.1 – 4.1.6 above to be fulfilled, is fulfilled (whichever is the first occurring) the NAV of JCI at 31 March 2008 (as set out in Annexure 6a to the circular), shall not have reduced by more than 10%, excluding the effect that any fluctuation in the prices of listed equities and derivatives and the JCI group's investment in Xelxwa (Pty) Limited (in liquidation) (formerly Jaganda (Pty) Limited) may have thereon.
- If any of the above conditions precedent shall not have been fulfilled by the date specified in this paragraph 4 for its fulfilment, the scheme of arrangement shall lapse and be of no force and effect.
- 4.2 The effective date of the scheme of arrangement will be the date upon which the final outstanding condition(s) precedent as set out in paragraph 4.1 is fulfilled.

5. RELATED PARTIES AND VOTING

- 5.1 The adoption of the resolutions referred to in paragraph 3 above are subject to such resolutions being approved by the requisite majority of R&E shareholders, entitled to vote thereon, at the R&E general meeting.
- 5.2 The proposed merger is classified as a Category 1 transaction and as a related party transaction in terms of the JSE Listings Requirements and accordingly R&E is required to obtain shareholder approval (excluding that of the related parties as set out in paragraph 5.3 below), ratifying the proposal in general meeting.

restore shareholder value, representing a sensible resolution to the impasse with JCI.

7.2 Support from various parties for the proposed merger

Certain of the shareholders of R&E have, since the R&E announcement dated 26 August 2008, requested the present board of R&E to revisit a merger, as a possible means of bringing about a resolution to the difficulties faced by them, indicating their support therefor. The Mediators re-affirmed their support for a merger on 3 November 2008 as a commercially realistic basis for resolving the difficulties facing the companies, as appears from the Mediators Report. Faced with the alternatives to a merger, the board of R&E supports a merger as a pragmatic means of resolving the difficulties which confront R&E and its shareholders.

7.3 R&E and JCI post the merger

The merger alternative affords the shareholders of both R&E and JCI, a mechanism whereby although the R&E claims remain unresolved, the new board of the combined R&E and JCI will be appointed for the benefit of all shareholders in R&E, and will be vested with the opportunity to determine how best to deal therewith. Management intends focussing on increasing value within the group (to the extent possible), and taking advantage of corporate opportunities which may arise for the benefit of R&E and its shareholders, including the JCI scheme participants.

The above (which is not intended to be exhaustive) is set out in more detail in paragraph 5 of the main body of the circular, and should be considered and read with the entire circular.

8. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED MERGER

8.1 Unaudited pro forma financial effects of the proposed merger based on the consolidated balance sheet of R&E at 31 March 2008

The unaudited pro forma financial effects of the proposed merger on the consolidated balance sheet of R&E before and after the proposed merger are set out below. The unaudited pro forma financial effects are presented in a manner consistent with that on which the consolidated balance sheet of R&E has been presented in Annexure 8a, which is attached to the circular, which is in accordance with the basis of preparation described in the accompanying notes thereto as set out in the aforementioned Annexure 8a (in compliance with the recognition and measurement requirements of IFRS).

In the respective notes to the consolidated balance sheet of R&E before the proposed merger (attached as Annexure 8a to the circular) and the Group NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), the respective directors of R&E and JCI highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the consolidated balance sheet of R&E at 31 March 2008 and the Group NAV Statement of JCI at 31 March 2008, reference should be made to the respective notes thereto as reflected in the aforementioned Annexures 8a and 6a included in the circular, respectively.

The unaudited pro forma financial effects have been prepared for illustrative purposes only and because of its nature and the inhibiting factors referred to above, the unaudited pro forma consolidated balance sheet after the proposed merger may not give a fair reflection of R&E's financial position after the proposed merger. It has been assumed for the purposes of the pro forma financial information that the proposed merger took place on 31 March 2008. It does not purport to be indicative of what the financial position would have been had the proposed merger been implemented on a different date. The unaudited pro forma financial effects of the proposed merger are based on the estimates and assumptions set out in the notes below. The directors of R&E are responsible for the preparation of the unaudited pro forma financial information.

The unaudited pro forma financial effects as set out below should be read in conjunction with the unaudited pro forma consolidated balance sheet of R&E as set out in Annexure 9a which is attached to the circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in the aforementioned Annexure 9a.

The independent reporting accountant's report, issued by KPMG Inc., relating to the unaudited pro forma consolidated balance sheet of R&E as set out in Annexure 9a which is attached to the circular is included as Annexure 9b which is attached to the circular and is available for inspection in terms of paragraph 10.2 below.

The unaudited pro forma financial effects after the proposed merger as presented below has been prepared from the information available to the directors of R&E and includes the consolidated balance sheet of R&E at 31 March 2008 (attached as Annexure 8a to the circular) before the proposed merger and the Group NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), together with adjustments as further set out in the notes thereto. The unaudited pro forma financial effects of the proposed merger on the consolidated balance sheet of R&E before and after the proposed merger are set out below. The unaudited pro forma financial effects are presented in a manner consistent with that on which the consolidated balance sheet of R&E has been presented in Annexure 8a, which is attached to the circular, which is in accordance with the basis of preparation described in the accompanying notes thereto as set out in the aforementioned Annexure 8a (in compliance with the recognition and measurement requirements of IFRS).

In the respective notes to the consolidated balance sheet of R&E before the proposed merger (attached as Annexure 8a to the circular) and the Group NAV Statement of JCI at 31 March 2008 (attached as Annexure 6a to the circular), the respective directors of R&E and JCI highlight certain limitations relating to the lack of audited financial information as well as limitations on the completeness of financial information. For a better understanding of the circumstances and the basis of preparation of the consolidated balance sheet of R&E at 31 March 2008 and the Group NAV Statement of JCI at 31 March 2008, reference should be made to the respective notes thereto as reflected in the aforementioned Annexures 8a and 6a included in the circular, respectively.

R&E are based on the estimates and assumptions set out in the notes to Annexure 7a which is attached to the circular. The directors of R&E are responsible for the preparation of the unaudited pro forma financial effects of the proposed merger on the NAV Statement of R&E. The unaudited pro forma financial effects as set out below should be read in conjunction with the unaudited pro forma combined NAV Statement of R&E as set out in Annexure 7a, which is attached to the circular, together with any estimates and assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 7a.

The independent reporting accountant's report, issued by KPMG Inc., relating to the unaudited pro forma combined net asset value statement of the proposed merger is attached to the circular as Annexure 7b.

The unaudited pro forma financial effects of the proposed merger on the combined NAV Statement of R&E has been prepared from the information available to the directors of R&E and includes the respective NAV Statements at 31 March 2008 of R&E (attached as Annexure 5a to the circular) and JCI (attached as Annexure 6a to the circular) together with adjustments as further set out in the notes to Annexure 7a attached to the circular.

Based on merger ratio of 95:1	NAV at 31 March 2008 ¹	Unaudited Pro forma combined NAV after the proposed merger ²	% Difference
Net asset value per R&E share (cents)	836.07	2 790.67	233.78%
Net tangible asset value per R&E share (cents)	836.07	2 790.67	233.78%
Number of net R&E shares in issue	71 870.041	83 568.118 ³	

Notes:

- This column is extracted from the Group NAV Statement of R&E at 31 March 2008 prepared on the basis of presentation described in the accompanying notes thereto, as detailed in Annexure 5a, which is attached to the circular. The R&E directors are responsible for the preparation and presentation of the Group Net Asset Value Statement of R&E at 31 March 2008. The limited assurance report issued by the independent auditor of R&E, KPMG Inc., on the Group NAV Statement of R&E at 31 March 2008 is included in Annexure 5b which is attached to the circular.
- The pro forma financial effects after the proposed merger has been adjusted taking into account the effects of the acquisition of JCI, based on the NAV Statement of JCI at 31 March 2008 as prepared on the basis of preparation described in the accompanying notes thereto as further set out in Annexure 6a which is attached to the circular and after taking into consideration any combination entries that arise on the acquisition of JCI.
- It has been assumed that 20 619 612 R&E shares will be issued in order to effect the proposed merger in terms of the merger ratio (one R&E share for every 95 JCI shares held by JCI scheme participants). The 6 794 007 R&E shares held by JCI have been treated as treasury shares on combination post the proposed merger. Furthermore JCI treasury shares of 202 115 127 shares held by subsidiary companies excluding those held by Matodzi, and after conversion into R&E shares at the proposed merger ratio of one R&E share for 95 JCI shares, amounting to 2 127 528 R&E, have also been treated as treasury shares on combination post the proposed merger.
- Shareholders are further advised, that based on the assumptions as aforementioned, the unaudited pro forma combined NAV statement at 31 October 2008 has been prepared based on the NAV statement of R&E at 31 October 2008, as set out in Annexure 5c which is attached to the circular, and any notes and assumptions thereto and the unaudited NAV Statement of JCI at 31 October 2008, as set out in Annexure 6c, which is attached to the circular, and any notes and assumptions thereto. On a combined basis and after considering all combinations adjustments, the unaudited pro forma combined net asset value and unaudited pro forma combined net tangible asset value post the proposed merger will be 1613.57 cents per R&E share. These figures have not been reviewed by or reported on by the Company's auditor or reporting accountant, KPMG Inc.

9. OPINIONS AND RECOMMENDATIONS OF THE R&E BOARD

- 9.1 The board of R&E having considered the terms and conditions of the proposed merger, unanimously support the proposed merger and are of the opinion that the terms thereof are fair and reasonable and in the interests of R&E shareholders given the current circumstances of both R&E and JCI.
- 9.2 Accordingly, the board of R&E supports the proposed merger and recommends that R&E shareholders vote in favour of the resolutions to be proposed at the R&E general meeting.

10. DOCUMENTATION

- 10.1 The circular to R&E shareholders regarding the proposed merger will be posted to all R&E shareholders on Friday, 5 December 2008, and will also be available on the Company's website at www.randgold.co.za with effect from such date.
- 10.2 All documents as referred to in this announcement are available for inspection during normal business hours at the registered office of R&E at 10 Benmore Road, Morningside, Sandton, Johannesburg, South Africa and at the offices of the United Kingdom secretaries, St James Corporate Services Limited, 6 St James Place, London, SW1A 1NP, United Kingdom from Friday, 5 December 2008 up to and including Monday, 19 January 2009.

11. RENEWAL OF CAUTIONARY ANNOUNCEMENT

R&E shareholders should note that the cautionary announcement of 31 October 2008 is hereby further renewed. Accordingly, R&E shareholders should continue to exercise caution when trading in their shares over the counter.

4 December 2008
Johannesburg

Sponsor and Corporate Adviser to R&E



Attorneys to R&E



Auditors and Independent Reporting Accountants to R&E



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