

ANNUAL REPORT 2007 & 2008



RANDGOLD
RANDGOLD & EXPLORATION COMPANY LIMITED



VISION & MISSION

The R&E board remains focused on the recovery of assets allegedly misappropriated whilst simultaneously protecting and growing the company's existing asset base.





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FORWARD-LOOKING STATEMENT

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

Among other factors, these include the extent, magnitude and scope of any frauds and misappropriations that may ultimately be determined to have occurred and the time periods and facts related thereto following the completion of the forensic investigation and any other investigations that may be commenced and the ultimate outcome of such forensic investigation; the ability of R&E to successfully assert any claims

it may have against other parties for fraud or misappropriation of R&E's assets or otherwise and the solvency of any of such parties; the ability of any alleged perpetrators or any other party which have been sued by R&E and/or its subsidiaries to successfully countersue and/or join JCI Limited ("JCI") in any of the litigation in which R&E and/or its subsidiaries are engaged at any stage; the acceptance of any statement and opinion by the shareholders of R&E; the ability of R&E to successfully defend any counterclaims or proceedings against the Company; the ability of R&E and the forensic investigators to obtain the necessary information with respect to the transactions, assets, investments, subsidiaries and associated entities of R&E to complete the forensic investigation or any aspect thereof which may require further investigation; the willingness and ability of the forensic investigators to issue any final opinions with respect thereto; the ability of R&E to implement improved systems and to correct its late reporting; the JSE Limited's ("JSE") willingness to lift its suspension of the trading of R&E's securities on that exchange; changes in economic and market conditions; fluctuations in commodity prices and exchange rates; the success of any business and operating initiatives, including any prospecting or mining rights; changes in the regulatory environment and other government actions; business and operational risk management; other matters not yet known to R&E or not currently considered material by R&E; and the risks identified in R&E's press releases and other filings and submissions previously made with the United States Securities and Exchange Commission.

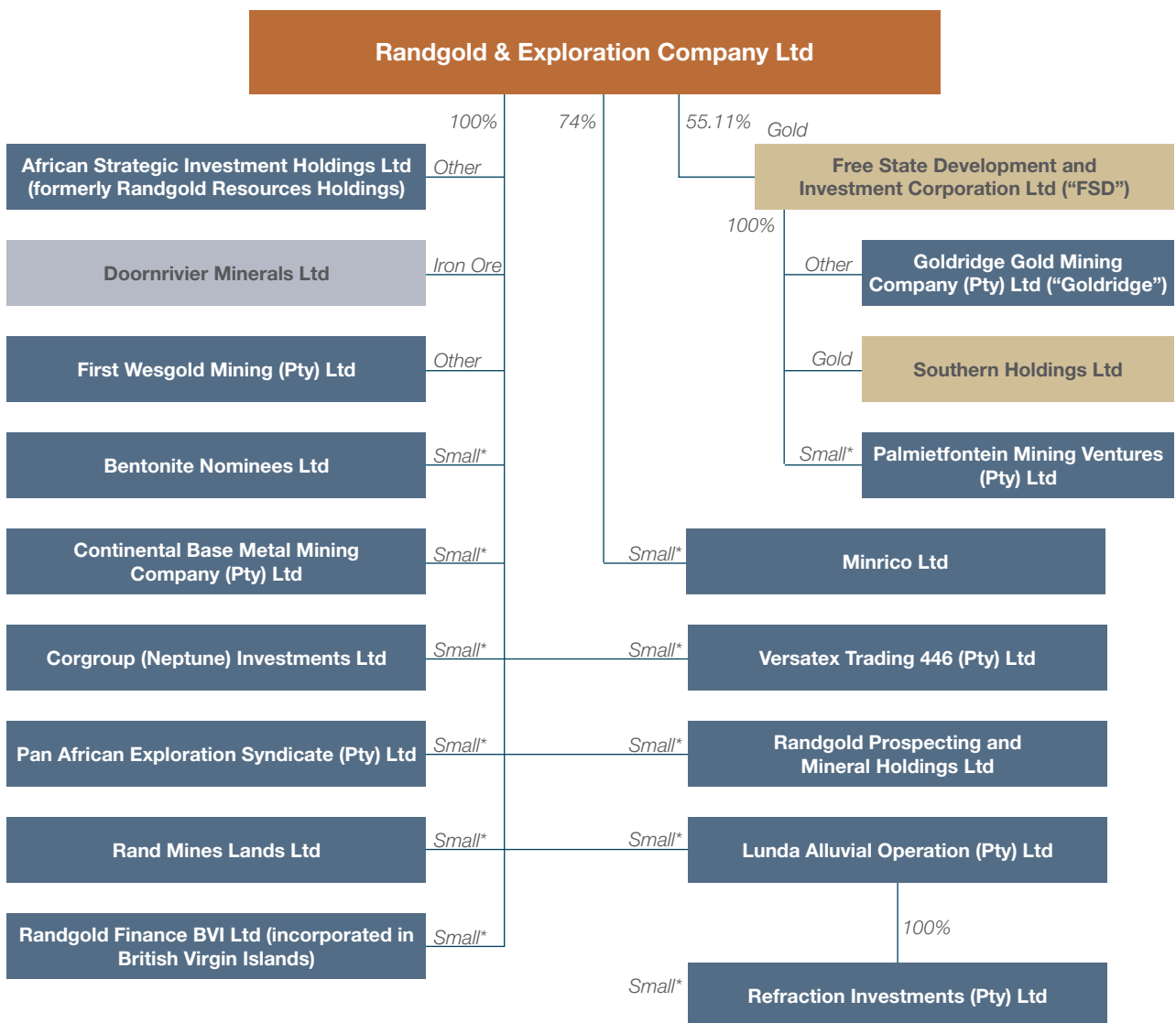
All forward-looking statements attributable to R&E, or persons acting on its behalf, are qualified in their entirety by these cautionary statements. R&E expressly disclaims any obligation to release publicly any update or revisions to any forward-looking statements to reflect any changes in expectations,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



GROUP STRUCTURE

GROUP STRUCTURE

for the year ended 31 December 2008



* These entities do not make significant contributions to the R&E Group.



David Kovarsky

REPORT OF THE CHAIRMAN AND CEO

DEAR SHAREHOLDER

The “new” board of Randgold & Exploration Company Limited (“R&E” or “the Company”) is pleased to present its first set of audited financial statements since the suspension of the Company on the JSE on 1 August 2005, covering the results for the financial years ended 31 December 2007 and 2008. The unaudited, disclaimed financial statements for the years ended 31 December 2004, 2005 and 2006 have also been prepared and have been included in a separate publication.

The R&E board was reconstituted on 24 August 2005 arising from, amongst other facts, the inability of the prior board to properly account for the Company’s shareholding in Randgold Resources Plc (“RRL”).

One of the first actions the new board took was to appoint John Louw & Co (Pty) Ltd (formerly known as John Louw McKnight & Company (Pty) Ltd, previously known as Umbono Financial Advisory Services (Pty) Ltd (“JLMC” or “Umbono”)) to conduct a forensic investigation into the affairs of R&E under the stewardship of Brett Kebble.

As shareholders are now sadly aware, the audited financial statements for the year ended 31 December 2003, published on 21 April 2004, and reviewed preliminary results for the year ended 31 December 2004, released on 29 April 2005, were shown to be misstated and errant in many material respects.

On 31 March 2006, the board was able to publish provisional unaudited and unreviewed results for 2004 and 2005, based upon restated provisional results for 2003. The extent and depth of the alleged misappropriations and fraudulent schemes which have been uncovered, made it impossible for the Company to present audited financial statements until now.

Net asset value statements as well as various shareholder updates have been released on a periodic basis by the new board as part of its continued commitment to transparency. A complete set of such information is available on the Company’s website www.randgold.co.za to which the shareholders’



“The ongoing process of recovering assets has yielded approximately R120 million to date.”

attention is drawn, in order to form a better appreciation of the litigation in which R&E is engaged, the claims against JCI Limited and the findings of R&E's forensic investigations.

Foundational to the difficulties experienced by R&E's new board is the fact that under the leadership of its former CEO, Brett Kebble, various fraudulent schemes are alleged to have been perpetrated against R&E between 1999 and 2005. These alleged activities, resulted in R&E's assets having been substantially depleted, eventually to the point where the Company enjoyed no equity stake in its historical “crown jewel”, RRL.

Most notably, on 29 April 2005, Brett Kebble wrongfully represented to shareholders that the Company owned a 30,9% stake in RRL at the end of 2004, when its interest in RRL had effectively been reduced to a holding of only 11,2% (albeit not directly under the control of R&E). Shortly thereafter, forensic investigations had established that its remaining interest in RRL was pledged to financial institutions for the benefit of JCI Limited (“JCI group” or “JCI”) without proper approval and later disposed of with no benefit accruing to R&E.

But for these activities, the investment which R&E enjoyed in RRL would in today's terms have been worth approximately R9 billion.

In addition, a variety of persons, including members of the Company's previous management, appear to have been complicit and party to various allegedly fraudulent transactions which caused massive damage to the Company, including the issue of approximately 16 million R&E shares for allegedly little or no value.

The forensic investigation has given rise to allegations that the JCI group, together with Gold Fields Operations Limited (formerly Western Areas Limited), were allegedly among the main beneficiaries of the proceeds of R&E's misappropriated assets. The new board of the Company has, on the strength of such findings, instituted legal action against the JCI group and other parties in respect of their alleged liability on various grounds.

We direct your attention to page 30 of this report for a summary of legal actions instituted by R&E in its bid to recover R&E's assets. Although the extent of the losses and the resulting legal actions are substantial, shareholders must be aware of the risks inherent in the litigation and recovery process. Whilst the board has taken every reasonable measure to ensure that its legal and evidential grounds are sound, the outcome and/or extent of any recoveries resulting from such processes cannot be predicted with any degree of certainty.

JCI DISPUTE

R&E's board has and continues to pursue a pragmatic and commercial strategy to recover misappropriated funds and assets from JCI. Since April 2007, R&E has attempted to effect both a merger (initially) and later a settlement as an alternative to expensive and costly litigation. Despite overwhelming support from our shareholders for this strategy, both attempts were rejected by JCI shareholders. This has left the board with no option but to instruct our legal team to refer the matter to the agreed arbitrator in keeping with the Mediation and Arbitration Agreement (“the Arbitration Agreement”) entered into with JCI on 7 April 2006, as amended on 19 July 2006 and 28 September 2007. JCI has, despite implementing the Arbitration Agreement, adopted the view that the Arbitration Agreement is no longer binding on it and that it no longer needs to submit itself to the arbitration process. As a result, JCI launched an application out of the South Gauteng High Court (Johannesburg) on 6 November 2009, in which it seeks an order from the High Court that the dispute between the companies shall not be arbitrated and the Arbitration Agreement shall cease to have any effect in regard thereto. R&E is opposing this application.

OTHER RECOVERIES

The ongoing process of recovering assets has yielded approximately R120 million to date through, amongst other things, various liquidated estates and settlements. Details of historical settlements and capital recoveries is presented on pages 33 to 34.



Marais Steyn

REPORT OF THE CHAIRMAN AND CEO (CONTINUED)

The adjacent NAV statement has been compiled using the basis of preparation as historically published in the last information update to shareholders dated 17 June 2009, of which further details can be obtained from the R&E website: www.randgold.co.za.

NET ASSET VALUE ("NAV")

The unaudited NAV at 31 October 2009

ASSETS

Listed Investments		264 114
Gold Fields	1	215 284
JCI	2	48 830
Other assets		385 120
Prospecting rights	3	76 765
R&E and FSD group loans	4	201 229
Cash and cash equivalents	5	107 126
TOTAL ASSETS		649 234
LIABILITIES		
Other liabilities		(121 009)
Post-retirement medical benefit obligation	6	(35 000)
Income tax payable	7	(10 520)
Deferred tax	8	(18 547)
Trade and other payables	9	(56 942)
NET ASSETS		528 225
ISSUED SHARES		71 813 128
NAV per share – Rand		7.36

Notes:

- The investment in Gold Fields Limited ("GFI") comprising 2,028,684 shares is based on the volume weighted average price at which the GFI shares have traded for October 2009 of R106.12 per share.
- The investment in JCI comprising 305,186,049 shares has been valued at 16 cents per share, which is also the suspended price and deemed fair value as at 31 October 2009 (assuming JCI remains a going concern).
- Prospecting rights are valued at the historically published value as contained in the Competent Person Report prepared by an independent third party valuation expert as published on 5 December 2008.
- The value of the loans receivable is based on recoverable amounts. The loans receivable are deemed to be fully recoverable and are thus based on actual amounts as at 31 October 2009.
- Cash and cash equivalents comprises cash and cash deposits with banking institutions at 31 October 2009 which approximates fair value.
- The balance at 31 October 2009 represents the present value of the estimated future cash outflows resulting from employee services provided as at 21 October 2009. An independent actuarial valuation was conducted.
- Income tax payable comprises taxation payable, calculated on the basis of expected taxable income, using tax rates enacted or substantively enacted at 31 October 2009.



8. Deferred taxation is provided based on temporary differences.

9. Trade and other payables include accruals and other amounts payable and consists of the actual balances at 31 October 2009 and are split as follows:

– Loan payable – Goldridge	51 664
– Creditors	1 737
– VAT	3 541
	56 942

10. The issued shares represent the actual number of shares in issue less shares identified for possible cancellation as set out in more detail in the information update published on 17 June 2009.

Some 55% of R&E's NAV is exposed to the gold market through R&E's investment in Gold Fields Limited and gold-related prospecting rights. The balance of its NAV is comprised of JCI shares, cash and secured loans to the JCI group, making the Company extremely liquid.

THE FUTURE

The R&E board remains focused on the recovery of assets allegedly misappropriated from it whilst simultaneously protecting and growing the Company's existing asset base.

Any increase in value beyond the current NAV will be largely dependent on R&E's ability to extract value from its civil claims and in particular its claims against JCI. It is not believed to be in the interests of R&E for it to elaborate on its legal strategy, suffice it to assure shareholders that the board will always adopt a commercial and pragmatic approach towards recoveries.

The board will tirelessly explore all options available to it to maximise value. The Company has valuable assets and we believe that we have a team that is equipped to extract further value for shareholders.

The re-listing of the Company on the JSE, which will allow shareholders to trade their ordinary shares, is now a management priority and shareholders will be kept abreast of developments on this front.

APPRECIATION

We would like to pay special tribute to our non-executive colleagues on the board for their resolute and steadfast commitment in providing the best possible outcome for R&E. The complexity and scale of the alleged frauds and misappropriations perpetrated against the company (perhaps one of the largest ever in South Africa), have astonished us all. The resilience and commitment of the directors and management team who have remained committed to protecting shareholders' interests deserve recognition.

Finally, it is your board's fervent desire to recover whatever is legally possible for the long-suffering shareholders of R&E at the least cost and in the quickest time.

David Kovarsky
Non-executive Chairman

Marais Steyn
Chief Executive Officer



Van Zyl Botha

REPORT OF THE CHIEF FINANCIAL OFFICER

This publication includes audited annual financial statements for the years ended 31 December 2007 and 2008. The previous set of audited financial statements were published on 21 April 2004 for the year ended 31 December 2003. On 29 April 2005 reviewed preliminary results were released for the year ended 31 December 2004. As shareholders are now aware, this previously published financial information was misstated in material respects and little or no reliance can be placed thereon.

The enormity of the frauds and misappropriations allegedly perpetrated against R&E over the past 10 years is now a matter of public record.

This financial report also includes a reconciliation and restatement of the Group's allegedly misappropriated assets from a financial and accounting perspective spanning the period 2000 (and in one instance, earlier) to 2008.

We have also published the reconstructed financial information of the 2004 to 2006 financial years in a separate publication. Due to the extent of the now well-publicised alleged frauds and misappropriations, the board of directors disclaim any liability in respect of such financial information. As a result, our auditors have not expressed an audit or review opinion on those years and therefore such financial information is unaudited.

We are, however, pleased to publish audited results for the years ended 31 December 2007 and 2008.

OVERVIEW

During the period 2004 to 2008, R&E was faced with financial and commercial challenges which are probably unique in the history of the gold mining sector of the JSE.

These include being suspended from the JSE and NASDAQ as a result of the Company's inability to produce audited financial statements in respect of the financial years 2004 and 2005, and subsequently being deregistered from NASDAQ. In the aftermath it became clear that due to the sheer scale of incorrect and



unrecorded financial information aimed at allegedly concealing the magnitude of the alleged frauds, misappropriations and subterfuge in the original books of account, producing financial statements not qualified by the board of directors and the Company's auditors would be a much more onerous task than originally envisaged.

The key tasks faced by the new financial management team at R&E included:

- the reconstruction of the accounting records based on forensic evidence and legal opinion;
- the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") for 2004 to 2008;
- protecting the Company's remaining assets and increasing their value to the fullest extent possible; and
- the recoupment of assets to the fullest extent possible and instituting legal actions against various parties.

We are pleased to report that, despite the enormous challenges faced by R&E, we have in some instances achieved our objectives and in other instances implemented the necessary processes to do so. We have recovered substantial funds, which has allowed the R&E Group to fund its continued operations without impacting on the value of the Company's remaining assets and net asset value.

The 2008 audited financial statements reflect the true financial position of the Group and bring closure to a period where there was a high degree of uncertainty. These results, along with the financial statements for the year ending 31 December 2009, will form the basis of an application to the JSE to relist R&E or lift the suspension in the trading of its shares on the JSE, in due course.

Recoveries through litigation could be a major source of additional value in the years ahead. Of course, litigation in South Africa and in the United Kingdom is time consuming and costly.

Success is not guaranteed and management will constantly review its position and pursue only commercially viable options. Solid foundations have been laid for future litigation and we are eagerly awaiting the promotion of these matters to hearing.

Despite the cash flow demands of litigation, R&E has a strong balance sheet and the Company has the will and the capacity to see these matters through to their conclusion.

The income statement considered

The Group results for the 2008 year before tax and excluding fair-value adjustments on equities (impairment as stated in the income statement of R14 million) was positive showing income of R9 million, which was sufficient to finance its operational expenses.

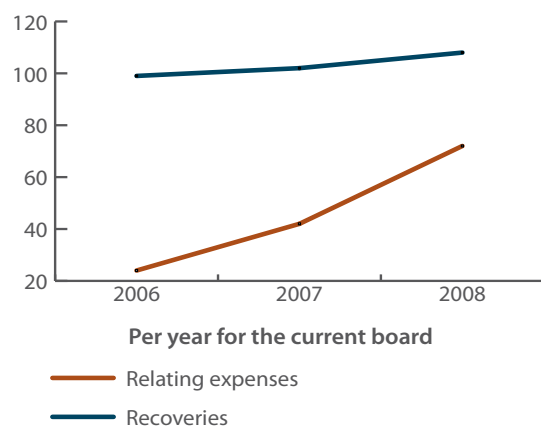
This is mainly as a result of finance income earned on the proceeds of R395 million from the disposal of the contiguous prospecting rights in 2007 as per the circular published on 15 October 2007. The Group has spent a substantial amount of money on consulting, forensic, legal, audit fees and tax advisors. The necessities of these expenses are explained below:

1. The new board and management team had to reconcile the accounting records from 1998 to 2008 in order to compile financial statements for all of the entities in the Group and file tax returns with the South African Revenue Service ("SARS"). As a result of the R&E Group's small staff complement and the associated risks and scale of money involved, the R&E Group decided to secure the services of independent and specialised advisors.
2. The board resolved to issue all claims that have a commercially viable prospect of recovery before the various prescription dates. To achieve this, a significant and urgent effort had to be made. This investment has been rewarded with recoveries in excess of R120 million since March 2006. The Group continues to invest in the services of forensic auditors and legal counsel as we prepare for the legal processes that lie ahead.



REPORT OF THE CHIEF FINANCIAL OFFICER (CONTINUED)

Cumulative recoveries vs relating expenses



The Group also incurred substantial expenses on the proposed merger with JCI. R&E shareholders approved the proposed merger unanimously, but the requisite majority of votes were ultimately not obtained from JCI shareholders to give effect to the proposed merger.

The table that follows illustrates cumulative results for the Group for the 2004 to 2008 period:

Operating results

Revenue less other expenses. All items not included in the other categories.

Litigation results

Recoveries less legal, forensic and related consulting expenses. (2006 includes commission of R3 million on a recovery)

Capital disposal

Disposal of contiguous rights in 2007.

Fair-value adjustments

Fair-value adjustments for listed investments.

Write-off and scrip

Misappropriated assets written off and the result of the scrip account as published in prior forensic reports.

Cumulative loss before tax

As per the consolidated income statements.

REPORT OF THE CFO (continued)

Income statement analysis by function

Operating results

Revenue
Operating expenses
Other expenses

Litigation results

Recoveries
Recovery related expenses

Capital disposals

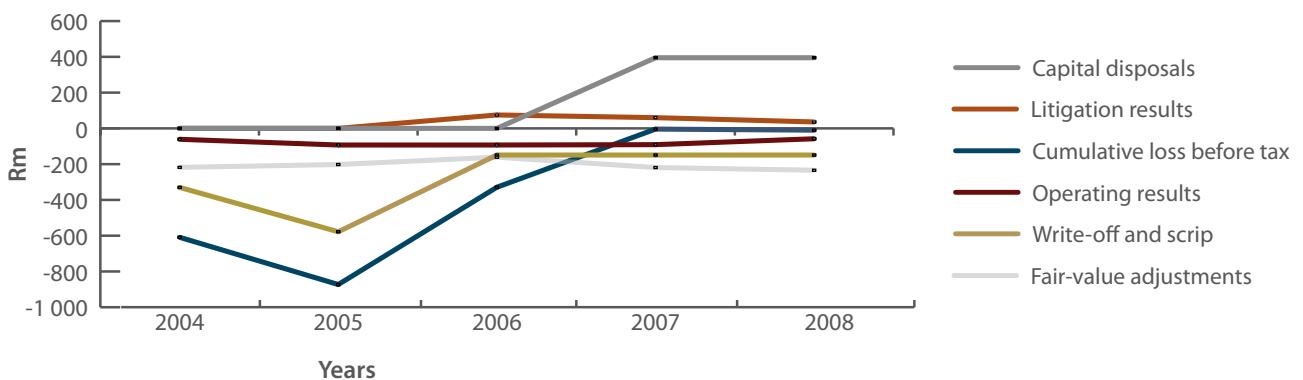
Fair-value adjustments

Write-off and scrip

Loss before tax

	Cumulative (Rm)				
	2008	2007	2006	2005	2004
Operating results	(46)	(79)	(83)	(75)	(61)
Revenue	194	127	100	80	27
Operating expenses	(77)	(59)	(50)	(39)	(10)
Other expenses	(163)	(147)	(133)	(116)	(78)
Litigation results	34	58	72	-	-
Recoveries	105	99	96	-	-
Recovery related expenses	(71)	(41)	(24)	-	-
Capital disposals	399	399	4	-	-
Fair-value adjustments	(235)	(221)	(160)	(201)	(218)
Write-off and scrip	(167)	(167)	(167)	(604)	(330)
Loss before tax	(15)	(10)	(334)	(880)	(609)

Cumulative income statement assessment
2004 to 2008



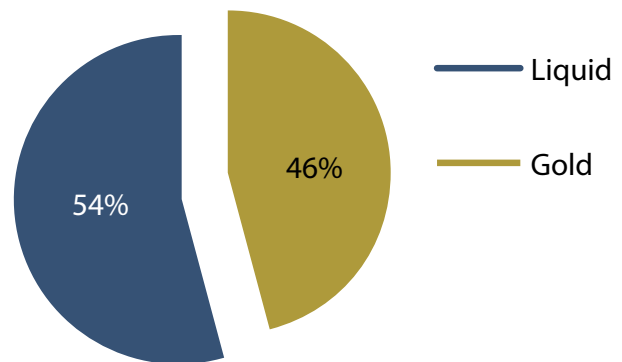


REPORT OF THE CHIEF FINANCIAL OFFICER (CONTINUED)

The balance sheet considered

The major assets of the R&E Group as at 31 December 2008 consist of gold or gold-related investments which are highly liquid, cash and secured loans. The R&E Group's cash investments are safeguarded against risk and fluctuations as the board has implemented a minimum risk approach.

Illustration of assets



The value of the Group's investment of 2 028 684 GFI shares has fluctuated immensely during the reporting periods. Between the beginning of 2007 and the end of 2008 the share price has seen a low of R54 per share and a high of R142 per share, representing an asset value for R&E of between R109 million and R288 million. The closing price at 31 December 2008 was R91,90 resulting in the published value of R186 million. The closing price at 30 October 2009 was R100,52 resulting in a value of R204 million. As the board does not have a mandate to dispose of these shares the investment remains constant, save for the fair-value fluctuations.

Cash investments are monitored daily in conjunction with a specialist treasury firm to maintain optimal returns with minimal associated risks. More than 50% of these investments yield a tax-free dividend return.

Loans have been granted to the JCI group which the board of directors believe are fully recoverable based on pledges and suretyships put in place.



The Group's prospecting rights are stated at cost less impairments as we do not have sufficient geological information to allow us to declare the resources or reserves. The Group is retaining most of its prospecting rights and has sold certain of these rights where it was commercially sound to do so. We expect to incur prospecting expenditure of R20 million over the next three years.

The post-retirement medical benefit obligation is unfunded and was inherited from the Randcoal/Barlow transactions in 1995. The R&E Group continues to fulfil its obligations in this regard; however, in managing its liability it is exploring such alternatives as offering members of the medical aid scheme a cash amount against which members who accept same would renounce their benefits under the scheme, an alternative which may be more beneficial to the R&E Group.

Income tax for the Group currently consists of tax payable by the FSD group on interest earned and a historical liability. R&E as a company has a calculated loss and income is not generated elsewhere in the Group. R&E however has outstanding tax matters that remain as part of the Kebble legacy which we are in the process of finalising with SARS.

The Group has calculated tax losses as at 31 December 2008. No deferred tax assets were raised as it is not probable that there would be future taxable profits to offset the tax losses against.

CASH FLOW

The Group's primary source of cash flow resulted from the sale of the contiguous rights in 2007 for R395 million.

The major part of cash generated by operating activities in 2007 and utilised in 2008 consists of VAT on the disposal of the contiguous rights in excess of R56 million. The cash flow from financing activities is a result of funds advanced from the FSD group to the JCI group based on their shareholding of 44.89%.

Other operating activities resulted in an almost neutral cash position.

OUTLOOK

The 2009 outlook is similar to that experienced in the 2008 year. R&E recovered an additional R14 million in the 2009 year to date. Expenditure on legal and operational expenses is expected to be at a similar level, which is likely to prevail until all claims have been finalised.

CONCLUSION

R&E continues to operate as an investment and exploration company in the gold mining sector, while the recovery of assets (allegedly misappropriated) remains a high priority.

The Company is managed by a small but skilled and committed team. We endeavour at all times to contain operating expenses. Management continues to strike a balance between investing in litigation and preserving current assets.

I would like to thank our board for their leadership and recognise our CEO, Marais Steyn, for his guidance and integrity. Furthermore, the finance team are due warm appreciation for their sterling efforts over the past few years as we successfully "unscrambled" and then reconciled the R&E accounts. Special thanks go to Marleen Schalkwijk, Nico Hoffman, Arno Kotze and our Group Secretary, Roger Pearcey.

Van Zyl Botha

Chief Financial Officer



RECONCILIATION OF ASSETS ALLEGEDLY MISAPPROPRIATED

	Note	Number of shares			
		RRL		DRD	
		Published	Actual	Published	Actual
Opening balance prior to alleged misappropriations		40 571 808	40 571 808	5 000 000	5 000 000
Alleged misappropriations prior to 31 December 2000					(5 000 000)
Balance 31 December 2000		40 571 808	40 571 808	5 000 000	-
Returned in terms of Settlement Deed					3 000 000
Net transactions for 2001		(13 946 846)	(13 946 846)	21 513	21 513
Balance 31 December 2001		26 624 962	26 624 962	5 021 513	3 021 513
Alleged misappropriations – Proceeds utilised in essence for JCI Gold Scheme of Arrangement			(1 904 962)		(3 000 000)
Alleged fictitious disposal				(1 500 000)	
Net transactions for 2002					
Balance 31 December 2002		26 624 962	24 720 000	3 521 513	21 513
Alleged fraudulent Phikolosso transaction	1				
Alleged unauthorised disposals in CMMS trading account		(1 150 000)	(1 150 000)		
Alleged unauthorised disposals in Alibiprops trading account			(650 000)		
Alleged unauthorised disposals (associated with Paul Main)			(2 000 000)		
Alleged unauthorised disposals in R&E and First Wesgold trading accounts					
Alleged fictitious share swap arising from Kemonshey SLA		(1 904 962)			
Alleged fictitious share swap arising Notable SLA				(3 000 000)	
Net transactions for 2003		(2 000 000)	(2 000 000)	(21 513)	(21 513)
Balance 31 December 2003		21 570 000	18 920 000	500 000	-
Share swap					
Alleged unauthorised disposal of shares to Topgold					
Alleged unauthorised disposals in CMMS trading account			(4 412 000)		
Alleged unauthorised disposals in Alibiprops trading account		(3 212 000)	(2 248 000)		
Alleged unauthorised disposals in RB Keble carry trading account			(150 000)		
Alleged unauthorised scrip loan between JCI/IBUK			(5 460 000)		
Alleged unauthorised SocGen pledge			(6 650 000)		
Alleged fictitious share swap with Slipknot				(500 000)	
Net transactions for 2004					
Balance 31 December 2004		18 358 000	-	-	-
Alleged unauthorised disposals in CMMS and R&E Scrip trading accounts					
Rights offer shares					
Balance 31 December 2005					
Net transactions for 2006					
Balance 31 December 2006	2				

Notes:

- In addition to the 7 300 000 Alease shares which are reflected in the table above, by way of R&E's 2003 published annual report, R&E also reflected that it had acquired 315 000 Harmony and 235 000 Amplats shares. R&E has since established that the said shares which Viking Pony Properties 359 (Pty) Ltd was warranted to own, in fact did not exist.

RECONCILIATION OF ASSETS ALLEGEDLY
 MISAPPROPRIATED

This schedule details the manner in which R&E's listed investments were accounted for by R&E's board in respect of the period preceding 31 December 2004 and aims to reflect the position as published in R&E's financial statements/publications with what R&E believes the actual position to have been. The "Published" columns are extracts from financial publications and the "Actual" columns indicate the position as R&E believes it should correctly have been reflected. The "Actual" columns are supported by forensic findings. The information in the table below is supported by forensic reports and legal opinion.

	Number of shares							
	AFLEASE		SIMMER & JACK		WESTERN AREAS		JCI	
	Published	Actual	Published	Actual	Published	Actual	Published	Actual
					217 800	217 800	26 653 900	26 653 900
	-	-	-	-	217 800	217 800	26 653 900	26 653 900
	-	-	-	-	217 800	217 800	26 653 900	26 653 900
					(15 672)	(15 672)	10 485 398	10 485 398
	-	-	-	-	202 128	202 128	37 139 298	37 139 298
	7 300 000	-						
		(8 100 000)						
					(28 000)	(28 000)	(12 574 836)	(12 574 836)
					3 300 000			
					660 000			
		8 100 000	40 000 000	40 000 000	(91 628)	(91 628)	31 302 927	31 302 927
	7 300 000	-	40 000 000	40 000 000	4 042 500	82 500	55 867 389	55 867 389
	94 000 000	94 000 000		(40 000 000)				
	(23 488 219)	(40 950 558)						
					5 774 113	5 279 113	14 000 000	(18 306 776)
	77 811 781	53 049 442	40 000 000	-	9 816 613	5 361 613	51 560 613	37 560 613
	No further publications prior to forensic investigations	(53 049 442)	No further publications prior to forensic investigations	-	No further publications prior to forensic investigations	(2 593 517)	No further publications prior to forensic investigations	-
		-		-		1 183 504		-
		-		-		3 951 600		37 560 613
		-		-		1 844 638		228 375 241
		-		-		5 796 238²		265 935 854

2. These shares were converted into 2 028 684 Gold Fields shares during 2006.



CORPORATE GOVERNANCE

The Randgold & Exploration Group (“R&E”) and its directors are committed to the principles of good corporate governance and to applying the highest ethical standards in conducting its business.

The Group further endorses the principles of openness, integrity and accountability advocated by the Code of Corporate Practices and Conduct set out in the King II report on Corporate Governance (“King II”).

The board considers that throughout the 2007 and 2008 financial years, as well as at the date of this report, the Company has complied with the principles contained in King II.

There is no one-size-fits-all approach to corporate governance and the board of directors believes that an appropriate corporate governance framework should conform to the size of the Company, its complexity, its structure and the risks affecting it, providing a structure through which objectives are set and monitored. Where the Company has not constituted certain of the committees (due to limited resources), the board of directors as a whole have assumed responsibility therefore.

CONTINUAL IMPROVEMENTS IN THE IMPLEMENTATION OF GOOD GOVERNANCE PRACTICES

The Company constantly strives to develop and improve existing corporate governance structures and practices to ensure continued compliance with the recommendations of King II and other good governance practices.

For 2009 and 2010, the key corporate governance areas of focus will remain:

- to continue to maintain compliance with the principles as contained in King II; and
- a continued focus on strategic issues at board level.



BOARD OF DIRECTORS

The current board comprises four directors, one executive and three independent non-executives. The positions of chairman and chief executive officer are separately held with a clear division of duties. The independent non-executive directors have a wide range of differing expertise, as well as financial and commercial experience and other skills that enable them to bring independent judgement to board deliberations and decisions. The board meets at least quarterly and on other occasions where necessary.

The board reserves the right to provide strategic direction to the Company for the benefit of its shareholders. A formal agenda is prepared for consideration at all such meetings.

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

The board further reviews practices for the mentoring of senior management and the board will continue reviewing terms of references for the various subcommittees of the board.

A board charter was approved and adopted with effect from 24 June 2004, setting out its mission, role, duties and responsibilities.

The board of directors comprises the following directors for 2008 or part thereof:

DM Nurek	Independent Non-executive Chairman (resigned 9 July 2008)
PH Gray	Chief Executive Director (resigned 11th July 2008)
MB Madumise	Independent Non-executive Director
M Steyn	Chief Executive Officer
DI de Bruin	Independent Non-executive Director
DC Kovarsky	Independent Non-executive Chairman

TERMS OF EMPLOYMENT OF DIRECTORS

The executive director is an employee of the Company and has a standard term and conditions of employment and does not receive any special remuneration or other benefits and there is no restraint of trade in place. The board determines the remuneration of executive directors and other senior executive managers.

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

Directors have an obligation to ensure near perfect attendance and to actively participate in meetings of the board and board committees on which they serve, and to spend the time required and to meet as frequently as necessary to discharge their duties and responsibilities with due care. They are also expected to attend the annual general meeting of shareholders.

ATTENDANCE AT DIRECTORS' MEETINGS

The board met seven times in 2007. Attendance of meetings was as follows:

	DM Nurek	PH Gray	AC Nissen	M Steyn	T Dale	D C Kovarsky	DI De Bruin	J Blersch	MB Madumise
22 February	P	P	P	P	P	NYA	NYA	P	A
22 March	P	P	P	P	R	NYA	NYA	R	P
19 April	P	P	R	P		NYA	P		P
6 June	P	P		P		NYA	P		P
21 June	P	P		P		NYA	P		P
4 October	P	P		P		NYA	P		P
5 December	P	P		P		P	P		P

- P indicates attendance
- R indicates resignation
- A indicates absence with apology
- NYA indicates not yet appointed



CORPORATE GOVERNANCE (CONTINUED)

ATTENDANCE AT DIRECTORS' MEETINGS

The board met eleven times in 2008. Attendance of meetings was as follows:

	DM Nurek	PH Gray	DC Kovarsky	M Steyn	DI de Bruin	MB Madumise
27 February	P	P	P	P	P	A
27 March	P	P	P	P	P	P
28 May	P	P	P	P	P	P
25 June	P	P	P	P	P	P
26 June	A	A	P	P	P	P
3 July	A	A	P	P	P	P
30 July	R	R	P	P	P	P
20 August			P	P	P	A
7 October			P	P	P	P
21 October			P	P	P	P
4 November			P	P	P	P

P indicates attendance

R indicates resignation

A indicates absence with apology

CODE OF CONDUCT

The Company approved of and adopted a Code of Conduct on 24 May 2004.

RETIREMENT BY ROTATION

Article 80 of the Company's Articles of Association, requires one third of the directors to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting.

In accordance with the Company's Articles of Association, the following directors retire by rotation, and have offered themselves for re-election:

M Steyn (Chief Executive Officer)

MB Madumise (Independent Non-executive Director)

NEW APPOINTMENTS

All new appointments to the board of directors are formal and transparent and are a matter for consideration by the board as a whole assisted by the nominations committee where appropriate.

In terms of Article 88 of the Company's Articles of Association, *"any director appointed during the year shall hold office only until the next following annual general meeting, and shall then be eligible for re-election at that meeting"*.

The following directors, being eligible, have offered themselves for re-election:

DC Kovarsky (Independent Non-executive Chairman)

DI de Bruin (Independent Non-executive Director)

A brief curriculum vitae of the directors standing for re-election are set out on pages 22 and 23.

COMPANY SECRETARY

The board is responsible for the selection and appointment of the company secretary who must be a suitably qualified person as contemplated in Section 268 of the Companies Act of South Africa, No. 61 of 1973 ("the Act").

The company secretary is responsible for the duties set out in Section 268(G) of the Act and for ensuring compliance with the JSE Limited ("JSE") Listings Requirements.

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

The certificate required to be signed in terms of subsection (d) of the Act appears on page 38 of this report.

The secretary of the Company is RP Pearcey (FCIS, FCIMA).

AUDIT COMMITTEE

The audit committee charter was approved and adopted with effect from 24 March 2004. The audit committee is comprised of two independent non-executive directors. The committee met once during 2008 and both members were present. Meetings are normally attended by the company secretary as secretary to the committee, the external auditors, the chief executive and the chief financial officer.

Until 9 March 2007, Messrs T Dale and J Blersch served as members of the audit committee. No meetings were held during their tenure.

Current members of the committee are:

- DC Kovarsky (Chairman)
- DI de Bruin

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

- considering and nominating to the board, the appointment and/or termination of the external auditors, including their independence and objectivity;
- determining the audit fee of the external auditors;
- considering and determining the use of the external auditors for non-audit related services;
- determining with the external auditors the nature and scope of the audit;
- evaluating the effectiveness of the external audit;
- considering the appropriateness of the expertise and experience of the financial director;
- reviewing and approving the accounting policies and practices and any proposed changes thereto;
- assisting the directors in fulfilling their responsibilities, ensuring that published financial reports are objective, complete and accurate; and
- receiving and dealing with complaints related to accounting matters. The committee also meets with the external auditors, outside of meetings, as frequently as is necessary.

Report of the audit committee

Subsequent to the discovery of the alleged frauds suffered by R&E, the Company has not been able to produce annual financial statements since the publication of the 2003 annual report until now. As a result, the current audit committee met only once during 2008 and twice during 2009. Both audit committee members attended these meetings.

Through attendance of these meetings and the interactions with the external auditor, the audit committee has executed its duties and responsibilities relating to the 2008 financial year in accordance with its terms of reference. Since July 2008, the Company has not had a financial director as required by JSE regulations, but dispensation has been received from the JSE.

The audit committee is satisfied that KPMG Inc. is independent of the Group.

NOMINATIONS COMMITTEE

A nominations committee charter was approved of and adopted with effect from 24 June 2004. Currently, all Non-executive directors constitute the nominations committee.

REMUNERATION COMMITTEE

A remuneration committee mandate was approved and adopted by the board of directors with effect from 24 March 2004. Currently, the entire board of directors constitutes the remuneration committee.

DEALING IN SECURITIES

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

No director held any shares, directly or indirectly in the Company during 2007, 2008 and up to the date on this report.

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Company has in place directors' and officers' liability insurance which provides some cover against legal action by third parties.

CURRICULUM VITAE



David Chaim Kovarsky (61)

Non-executive Chairman

BComm (Hons), CA(SA)

Date of appointment: 5 December 2007

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

He served as chief financial officer for Western Areas between August 1998 and August 2000. Currently David is the CEO of International Ferro Metals Limited, a London listed company producing ferrochrome in South Africa.



Marais Steyn (37)

Chief Executive Officer

BComm (Hons), CA(SA)

Date of appointment: 13 December 2006

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



Summary curriculum vitae of current directors and Chief Financial Officer



Motsehoa Brenda Madumise (44)

(Independent non-executive director)

BProc LLB, MBA, Dip International Trade Law

Date of appointment: 24 July 2003

Brenda is a non-practising advocate with vast business experience and is also a director of a number of private companies including Khomelela Investment (Pty) Limited.



Daniel Izan de Bruin (45)

(Independent non-executive director)

SAIS

Date of appointment: 1 April 2007

Izan founded and is currently chairman of Xenium Financial Managers, an asset management company, as well as the Xenium group. Izan, with a strong background in financial education, developed the Sterco Financial Management Course in conjunction with FASSET, which has successfully furthered the career of many black investment professionals. During his 18 years as a stockbroker Izan was a director of various companies in a management capacity and also an investment advisor, corporate financier and analyst. Izan has served as a director of a number of companies across a wide range of industries, including, horticulture, construction, tourism, education and finance.



Van Zyl Botha (29)

Chief Financial Officer

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

Date of appointment: 1 August 2009

After qualifying as a Chartered Accountant, Van Zyl founded a financial consulting firm focused on the mining industry. He consulted for dual listed mining companies and was involved in government consulting at the Department of Defence through the office of the Auditor General. He joined R&E in 2006 to assist with accounting and forensic requirements and was subsequently appointed as group financial manager and as CFO on 1 August 2009. Van Zyl was also responsible for the merger circular and information updates to shareholders.



THE HISTORY

Prior to 24 August
2005 (the Kebble era)

- R&E alleges that during the Kebble era, it was the victim of widespread frauds and thefts of its assets on a scale unprecedented in South African corporate history.
- Brett Kebble was the CEO of both R&E and JCI.
- Dr Mark Bristow, the CEO of Randgold Resources Plc (“RRL”), questioned whether R&E continued to hold its substantial investment in RRL (which comprised the majority of R&E’s asset base).
- Brett Kebble maintained throughout that R&E still held its investment in RRL.
- The uncertainty surrounding R&E’s investment in RRL prevented R&E from publishing annual financial statements for the financial year ended 31 December 2004.
- On 8 December 2004, PricewaterhouseCoopers Inc. (“PwC”) resigned as R&E’s auditors.
- On 8 December 2004, Charles Orbach and Company (“Charles Orbach”) was appointed as R&E’s auditors.
- During August 2005, JCI was in a precarious financial position requiring funding.

1 August 2005

- R&E was suspended on the JSE Limited (“JSE”) (having failed to comply with the requirements of both the JSE and NASDAQ) as a result of it not being able to produce audited annual financial statements for the year ended 31 December 2004.

24 August 2005

- The boards of directors of R&E and JCI (as well as Western Areas Limited and Matodzi Resources Limited) were reconstituted in consequence of, inter alia, Investec Bank Limited (“Investec”) agreeing to extend a financial rescue package to JCI Investment Finance (Pty) Limited (“JCIF”) (with the support of Allan Gray Limited), which gave rise to Brett and Roger Kebble (“Roger”), together with other R&E and JCI directors, resigning, except for Brenda Madumise and Andrew Christoffel Nissen (“Nissen”).
- Peter Henry Gray (“Gray”) and John Chris Lamprecht (“Lamprecht”) were appointed to the board of R&E as CEO and financial director, respectively. They held the same positions at JCI.
- Newly constituted R&E board appointments resulted in an overlap between the boards of JCI and R&E in respect of Gray, Lamprecht and Nissen, and later David Morris Nurek (“Nurek”) (with effect from 7 October 2005).
- Subject to the re-constitution of the various boards, Investec agreed to extend a financial rescue package to JCIF of R460 million aimed mainly at enabling JCI to settle a judgment granted in favour of Benoryn Investments (Pty) Limited for approximately R70 million.
- Charles Orbach resigned as auditors of R&E due to an inability to reconcile the financial affairs of the Company, including validating the existence of R&E’s investment in RRL (and various other listed investments), thus precluding them from being able to finalise the audit for the year ended 31 December 2004.

5 September 2005



HISTORY

The background to the company is best illustrated with reference to the following timeline:

21 September 2005

- R&E was delisted from NASDAQ as a result of it not being able to produce annual financial statements for the year ended 31 December 2004.

14 October 2005

- The newly constituted board of R&E appointed independent forensic auditors, JLMC (formerly Umbono), to embark on a forensic investigation on behalf of R&E.

Mid October 2005

- JCI also appointed forensic investigators, KPMG Services (Pty) Limited (“KPMG Services”), to undertake a forensic investigation into the affairs of JCI.

27 October 2005

- The newly constituted board of R&E appointed KPMG Inc. to act as R&E’s statutory auditors.

End October 2005

- JLMC established that Consolidated Mining Management Services Limited (“CMMS”) had not properly recorded the intercompany loan accounts between JCI and R&E as one of many mechanisms used to disguise alleged misappropriations. No meaningful explanation could be provided as to the whereabouts of the proceeds derived from the sale of R&E’s shares in RRL.
- The first interim forensic report of JLMC indicated that it appeared that there had been wide-scale misappropriations of R&E assets from which it appeared further that the JCI group had benefited.
- JLMC continued with their investigations and the newly constituted board of R&E appointed an independent legal team.
- The forensic reports that followed indicated that the greater majority of R&E’s assets had been misappropriated and that legal claims existed between R&E and JCI.

7 April 2006

- The Mediation/Arbitration Agreement between R&E and JCI was concluded. This provided for the mediation of the claims between the companies arising out of the Kebble era, and in the event of the mediation failing, arbitration.
- Based on the findings of JLMC and contributions from witnesses, the R&E claims were formulated against JCI.
- An analysis of the R&E claims and JLMC’s findings indicated a series of complex and intricate transactions which occurred over many years.
- The R&E claims amounted to R5,6 billion (based on the highest value thereof at the time), excluding interest. (JCI has contested such claims and denies any liability to R&E.)
- The Mediation Agreement provided for the appointment of the Mediators, namely Advocate SF Burger SC, Professor HE Wainer, CA(SA) and Mr C Nupen (“the Mediators”).
- KPMG Services and JLMC exchanged the report prepared by KPMG Services dated 8 May 2006 report and the forensic report of JLMC, respectively, which were prepared for the purposes of the mediation.
- Subsequent to the 8 May report, JCI served a further JCI report on R&E (which was not contemplated under the Mediation Agreement).

20 June 2006



THE HISTORY (CONTINUED)

19 July 2006

- R&E and JCI concluded an addendum to the Mediation Agreement, extending the time period for the filing of Statements of Claim and by when the mediation should be resolved.

8 September 2006

- JCI served a Statement of Defence on R&E, denying any indebtedness to R&E.

Mid December 2006

- The Mediators requested additional financial information regarding the flow of funds between the R&E Group and the JCI group, especially with regard to the disposal of R&E's listed investments.

19 – 22 February 2007

- The newly constituted board of R&E and the board of JCI endorsed the notion of a merger between the companies and resolved to canvass such possibility with the Mediators.

28 February 2007

- The Mediators issued an interim recommendation, followed by an explanatory note on 5 March 2007, in which they suggested that, based on the net asset value ("NAV") of JCI at the time, an imputed settlement of between R1,2 billion to R1,5 billion represented a realistic starting point to resolve the disputes between the companies.

15 March 2007

- An update to R&E shareholders regarding the merger was published on SENS.

23 April 2007

- A joint SENS announcement was made by R&E and JCI indicating that pursuant to the recommendation of the Mediators, the respective boards proposed to recommend the proposed scheme of arrangement to their shareholders.

19 June 2007

- An application was submitted by R&E and JCI to the JSE and Securities Regulation Panel ("SRP") for dispensation from complying with certain rulings and regulations regarding the proposed merger.
- The shareholders of R&E and JCI were called upon to make submissions to the SRP with regard to the merger.

September 2007

- A second addendum to the Mediation Agreement was signed providing for the mediation to be referred to arbitration in the event of a merger failing for any reason whatsoever.

October 2007

- R&E and JCI made a joint application to the JSE and SRP in respect of certain of the disclosure requirements relating to the presentation of financial information for the purposes of proceeding with the proposed merger.

13 December 2007

- Both R&E and JCI published unaudited NAV statements as of 31 March 2007 on SENS, incorporating limited assurance reports from KPMG Inc.

12 March 2008

- JCI denied that it was "holding substantial moneys (R767 million) owing to R&E which should be reflected in the assets of R&E".



HISTORY (continued)

24 March 2008	<ul style="list-style-type: none"> • The Securities and Exchange Commission (“SEC”) issued an order pursuant to Section 12(j) of the Securities Exchange Act pursuant to which the registration of R&E’s shares and American Depositary Receipts (“ADRs”) in the United States was revoked. The effect of this order is to prohibit trading in R&E’s shares and ADRs in the United States.
15 July 2008	<ul style="list-style-type: none"> • JCI denied the existence of any common cause indebtedness (which R&E contends was acceded to by JCI on R&E’s version). • JCI also denied any liability towards R&E based on the causes of action relied upon by R&E in the Statement of Claim.
21 July 2008	<ul style="list-style-type: none"> • R&E and JCI signed a Memorandum of Understanding (“MOU”), aimed at settling the disputes between the companies and paving the way for the conclusion of a possible settlement agreement within 21 days.
24 July 2008	<ul style="list-style-type: none"> • The Information Update was posted to all R&E shareholders.
August 2008	<ul style="list-style-type: none"> • R&E and certain of its subsidiaries issued summons against third parties for damages allegedly sustained by R&E and its subsidiaries.
26 August 2008	<ul style="list-style-type: none"> • A SENS announcement was made by R&E that a settlement (which ultimately proved to be commercially and legally unsatisfactory) had not been achieved and that, the merger having failed, the dispute between the companies would be referred to arbitration.
September 2008	<ul style="list-style-type: none"> • Major shareholders of R&E approached the present board of R&E and requested R&E to revisit a possible merger with JCI as opposed to immediate arbitration.
31 October 2008	<ul style="list-style-type: none"> • R&E announced that it had engaged in discussions with JCI, without prejudice, regarding the possibility of a merger between the two companies.
6 November 2008	<ul style="list-style-type: none"> • R&E and JCI issued a joint announcement setting out that the boards of both R&E and JCI had resolved to proceed with a merger of the companies based on the ratio of one R&E share in exchange for every 95 JCI shares, which was the ratio proposed in the announcement of 23 April 2007. The proposed merger was to be subject to the necessary regulatory and shareholder approvals as well as the scheme of arrangement proposed by R&E to JCI shareholders (excluding R&E) being implemented in all respects by 31 March 2009 or such later date agreed to between the parties but not later than 29 June 2009.
4-5 December 2008	<ul style="list-style-type: none"> • R&E announced that it had made a proposal to the board of JCI on 4 November 2008, which was later updated on 2 December 2008 pertaining to the merger between R&E and JCI. A circular to R&E shareholders was posted on 5 December 2008 containing a notice of general meeting seeking the necessary approvals from R&E shareholders to proceed with the merger and obtain the necessary ratification from R&E shareholders for the making of the proposal, in terms of which it was proposed that R&E and JCI merge by way of a scheme of arrangement in terms of Section 311 of the Act.



THE HISTORY (CONTINUED)

19 January 2009

- An overwhelming majority of R&E shareholders approved of all of the ordinary and special resolutions tabled in respect of the proposed merger with JCI as circulated to shareholders on 5 December 2008.

2 February 2009

- The scheme meeting of JCI shareholders (excluding R&E) as proposed by R&E to effect the merger was adjourned until 2 February 2009 upon application for adjournment by certain JCI shareholders.

12 February 2009

- The requisite majority of at least 75% of the votes of JCI shareholders/scheme participants was not obtained at the adjourned scheme meeting of JCI.

March 2009

- The South Gauteng High Court (Johannesburg) granted an order, inter alia, regarding the setting aside of the proceedings (including the vote and outcome thereof) of the JCI scheme meeting held on 2 February 2009 and ordered the reconvening of the scheme meeting on 9 March 2009.

9 April 2009

- The scheme meeting of JCI shareholders (excluding R&E) was further adjourned until 29 April 2009 or such earlier date agreed to by JCI provided that appropriate notices were given to the relevant parties. R&E and JCI shareholders were advised that the adjourned scheme meeting was scheduled to be reconvened on 9 April 2009. R&E and JCI announced that by agreement dated 30 March 2009, R&E and JCI had agreed to extend the date for the fulfilment of the relevant suspensive conditions until 15 May 2009.

17 April 2009

- The requisite majority of at least 75% of the votes of JCI shareholders/scheme participants for the proposed merger between R&E and JCI was not obtained at the adjourned scheme meeting of JCI.

5 May 2009

- R&E announced that, without prejudice to any of the rights in terms of the Mediation Agreement entered into on 7 April 2006 (as amended), R&E and JCI had entered into negotiations regarding a possible settlement of the disputes between them.

17 June 2009

- JCI, JCIIF and R&E concluded a MOU as a precursor to a settlement agreement to be entered into between such parties on terms acceptable to them by 31 May 2009.

31 August 2009

- R&E information update, comprising an updated unaudited NAV statement for the R&E Group dated 31 March 2009, was published and distributed to R&E shareholders, and R&E shareholders were advised that the settlement as envisaged in the MOU was not achieved by the target date. The board indicated to shareholders that a settlement may still be achieved but all options, including arbitration, continued to be assessed by R&E.

- JCI, JCIIF and R&E signed a settlement agreement subject to a number of suspensive conditions, one such condition requiring that certain of JCI's and R&E's shareholders furnish irrevocable undertakings within two business days of the date of signature of the settlement agreement to support the settlement agreement and vote in favour of the resolutions to be passed at the shareholders' meetings of R&E and JCI. Such irrevocable undertakings were however not forthcoming, resulting in the lapsing of the Settlement Agreement.



HISTORY (continued)

16 September 2009	<ul style="list-style-type: none"> JCI, JCIIF and R&E re-signed the settlement agreement; however, the aforementioned suspensive condition was still not fulfilled.
22 September 2009	<ul style="list-style-type: none"> R&E's shareholders were advised that the Settlement Agreement between JCI, JCIIF and R&E had lapsed and that R&E would refer the disputes between it and JCI to arbitration in terms of the Mediation Agreement. Instructions were given to the R&E legal teams to make the necessary arrangements in this regard.
6 November 2009	<ul style="list-style-type: none"> JCI launched an application out of the South Gauteng High Court (Johannesburg) to declare that the dispute between JCI and R&E shall not be arbitrated.
16 November 2009	<ul style="list-style-type: none"> R&E filed a notice to oppose such application.
27 November 2009	<ul style="list-style-type: none"> Approval by the board of directors of the annual financial statements for the years ended 31 December 2007 and 2008.
To date	<ul style="list-style-type: none"> R&E, inter alia, is in the process of preparing annual financial statements for the year ending 31 December 2009 pursuant to a re-listing/lifting of the suspension in the trading of R&E's shares on the JSE.



LEGAL REPORT

Further to the various litigation updates and statements to R&E's shareholders regarding the status of the litigation in which R&E is and has been engaged and having regard to the settlements which the R&E Group has concluded, the following constitutes a summary of the legal actions which R&E and its subsidiaries have embarked upon and of settlements concluded after the reconstitution of R&E's board of directors on 24 August 2005, up to 20 November 2009.

This summary details the various matters in which R&E and its subsidiaries have been engaged and the parties with whom settlements have been concluded.

For a more in-depth account of the various litigation matters in which R&E and its subsidiaries have been engaged, this summary should be read in conjunction with prior updates and statements in relation to settlements concluded (which can be downloaded from R&E's website at www.randgold.co.za).

Below, a brief reference is made to the various matters in which R&E has been engaged.

Part I : The arbitration against JCI Limited ("JCI")

As indicated earlier in this annual report, on 9 April 2009 at the reconvened scheme meeting of JCI shareholders, the scheme of arrangement, in terms of section 311 of the Companies Act, No. 61 of 1973, as amended ("the Companies Act"), which R&E proposed to JCI in November 2008, was voted down by the requisite majority of JCI scheme participants present thereat and voting, or represented by proxy. The scheme of arrangement consequently lapsed.

Following its lapsing, attempts were made between R&E and JCI to conclude a settlement agreement. Although such attempts initially resulted in the conclusion of a settlement agreement on 31 August 2009 and again on 16 September 2009, both agreements lapsed due to the non-fulfilment of a suspensive condition which required certain shareholders of R&E and JCI



to furnish irrevocable undertakings within two business days of the signature of such agreements in support thereof, in which such shareholders agreed to vote in favour of the resolutions to be passed at shareholders' meetings of R&E and JCI to implement such agreements.

The Second Addendum to the Mediation and Arbitration Agreement ("the Arbitration Agreement") concluded between R&E and JCI on 28 September 2007 provides, inter alia that, in the event of the merger between R&E and JCI not being implemented for any reason whatsoever, the matter shall be submitted to formal arbitration in accordance with the expedited Rules of the Arbitration Foundation of South Africa, the outcome of which will be binding on the companies and subject only to one right of appeal.

On 22 September 2009, R&E announced on SENS that it is referring the matter to arbitration.

On 6 November 2009, JCI issued an application out of the South Gauteng High Court (Johannesburg) for an order declaring that the dispute between the companies shall not be arbitrated and the Arbitration Agreement shall cease to have any effect with regard to such dispute. R&E has delivered a notice to oppose such application and the enforceability of the Arbitration Agreement will in due course be pronounced upon by the High Court.

Part II : Claims against third parties

The following constitutes a summary of the legal actions embarked upon by R&E since the re-constitution of its board on 24 August 2005, where no settlements have been concluded:

Paradigm Shift CC ("Paradigm Shift")

In the last quarter of 2005, R&E successfully brought an application out of the High Court to wind up Paradigm Shift. R&E is in the process of proving a claim in the estate.

Tuscan Mood 1224 (Pty) Limited ("Tuscan Mood")

Towards the end of 2005, R&E successfully brought an application out of the High Court to wind up Tuscan Mood. In 2008 R&E proved a claim in the insolvent estate of Tuscan Mood in the amount of R1,968 billion.

Viking Pony Properties 359 (Pty) Limited ("Viking Pony")

Towards the end of 2005, R&E successfully brought an application out of the High Court to wind up Viking Pony and in 2006 proved a claim in the insolvent estate of Viking Pony.

Investage 170 (Pty) Limited ("Investage")

In 2006, R&E successfully brought an application out of the High Court to wind up Investage and proved a claim in the insolvent estate of Investage in the amount of R69 million.

BNC Investments (Pty) Limited ("BNC")

In 2006, R&E successfully brought an application out of the High Court to wind up BNC and proved a claim in the insolvent estate of BNC in the amount of R169,5 million.

Roger Brett Kebble ("Brett Kebble")

In March 2006, R&E successfully brought an application to posthumously sequester the estate of Brett Kebble. R&E initially proved a claim at the first meeting of creditors in Brett Kebble's estate in the amount of R1,968 billion and has subsequently proved additional claims in excess of R711 million.

In March 2009, R&E and First Wesgold Mining (Pty) Limited ("First Wesgold") issued summons out of the Western Cape High Court against the Trustees of Brett Kebble's estate claiming additional relief against him. In due course, R&E and First Wesgold will seek to obtain judgment against Brett Kebble's estate in respect of such claims.



LEGAL REPORT (CONTINUED)

Paul Main ("Main")

R&E and African Strategic Investment (Holdings) Limited ("ASI") have issued summons out of the Western Cape High Court (Cape Town) against Main for various relief. Such action is being defended by Main.

PricewaterhouseCoopers Incorporated ("PwC")

In March 2008, R&E issued summons out of the South Gauteng High Court (Johannesburg) against PwC arising from PwC's auditing functions as R&E's erstwhile external auditors. Such action is being defended and is proceeding as a defended matter.

Former directors/employees of JCI and others

In August 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against various former directors of JCI and certain others. The eight defendants cited have all filed notices to defend and the action is proceeding as a defended one.

Bookmark Holdings (Pty) Limited ("Bookmark") and others

In August 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against Bookmark, Sello Rasethaba ("Rasethaba") and John Chris Lamprecht ("Lamprecht") claiming various heads of relief. Such action is proceeding as a defended one.

Charles Orbach & Company ("Charles Orbach")

In August 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against Charles Orbach. Such action is proceeding as a defended one.

Societe Généralé Johannesburg Branch ("SocGen")

In August 2008, R&E and ASI proceeded with summons out of the South Gauteng High Court (Johannesburg) against SocGen. Such action is being defended by SocGen.

Gold Fields Operations Limited ("Gold Fields")

In August 2008, R&E and ASI proceeded with summons out of the South Gauteng High Court (Johannesburg) against Gold Fields. Such action is proceeding as a defended one.

Lamprecht, Hendrik Buitendag ("Buitendag") and John Stratton ("Stratton")

In August 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against Lamprecht, Buitendag and Stratton, which action is being defended and is proceeding as a defended matter.

Investec Bank Limited ("Investec") and Investec Bank PLC ("Investec UK")

In August 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against Investec. This claim is similarly being defended.

In December 2008, ASI and R&E also issued a claim out of the High Court of Justice, Chancery Division, London, against Investec UK and Investec. This action too is defended.

Patricia Beatrice Beale ("Beale")

In October 2008, R&E and ASI issued summons out of the South Gauteng High Court (Johannesburg) against Beale. Such action is being defended by Beale.



Application by BNC

In January 2009, Roger Kebble ("Roger") proceeded with an application out of the South Gauteng High Court (Johannesburg) to set aside a subpoena to attend an enquiry into the trade, dealings and affairs of BNC at the beginning of February 2009. (R&E was cited as a respondent to the application.) R&E did not oppose the application, but filed an affidavit addressing certain aspects of the application which warranted clarification. In March 2009, the application was dismissed by the South Gauteng High Court. (Roger was declined leave to appeal against the judgment but has since petitioned the Supreme Court of Appeal for leave to appeal.)

Part III : Settlements concluded

Equitant Trading (Pty) Limited ("Equitant")

In March 2006, R&E concluded a Memorandum of Agreement with Equitant in part-settlement of claims enjoyed by R&E against Equitant. In terms of such settlement, 56 million JCI shares and R890 321,61 were transferred to R&E.

Itsuseng Strategic Investments (Pty) Limited ("Itsuseng") and Itsuseng Financial Services (Pty) Limited ("Financial Services")

In March 2006, R&E concluded a settlement agreement with Itsuseng and Financial Services in part settlement of claims enjoyed by R&E against Itsuseng and Financial Services. Itsuseng agreed to transfer 9 013 410 JCI shares and a further 16 857 179 JCI shares to R&E, together with an amount of R3,5 million. Additionally, Financial Services undertook to pay an amount of R5,2 million to R&E.

George Poole ("Poole")

R&E has concluded an agreement with Poole, subject to various ongoing obligations which are due by Poole to R&E. Various assets belonging to Poole have been realised.

Roger Kebble ("Roger")

A settlement agreement with Roger was initially concluded on 1 October 2006. Following a dispute arising with regard to the cancellation of the agreement by R&E, a further agreement was concluded between R&E, JCI and Roger in February 2008, the effect of which was to reinstate the earlier agreement. Roger has made payment to R&E of R30 million in terms of the agreements which are subject to various obligations which are due by Roger to R&E.

John de Villiers Berry ("Berry"), Marjorie Maria Labuschagne ("Labuschagne"), Emmarentia Oosthuizen ("Oosthuizen") and Maureen Louise Snashall ("Snashall")

In May to June 2006, following separate actions having been instituted against R&E by Berry, Labuschagne, Oosthuizen and Snashall, R&E concluded settlement agreements with each of the said persons. The settlement agreements were subject to confidentiality undertakings.

Masupatsela Angola Mining Ventures (Pty) Limited ("Masupatsela")

Following an application having been issued by Masupatsela out of the South Gauteng High Court (Johannesburg) in October 2006, in which R&E was cited as the Second Respondent, Masupatsela agreed to withdraw such application against R&E, in April 2007.



LEGAL REPORT (CONTINUED)

Kabusha Mining and Finance (Pty) Limited ("Kabusha"), Trinity Holdings (Pty) Limited ("Trinity Holdings") and Viking Pony

In September 2006, R&E, JCI, Kabusha, Trinity Holdings and Viking Pony concluded a settlement agreement in settlement of claims by R&E against Kabusha and Trinity Holdings regarding certain Alease shares. The settlement agreement provided further for the settlement of a number of other matters between the parties thereto.

Application for the liquidation of R&E

In March 2006, Trinity Preferred Endowment Fund, Trinity Preferred Living Annuity Fund, Greg Becker, Martin du Plessis, the Trustees for the time being of The JWA Trust, Rory Sweet and Silver Strand Absolute Return Fund LP (collectively "Trinity and six others"), proceeded with an application for the liquidation of R&E out of the South Gauteng High Court (Johannesburg). In September 2006, the liquidation application was withdrawn by Trinity and six others by agreement between the parties.

Interdict application

In March 2007, Trinity Preferred Provident Fund, Trinity Protected Provident Fund, Trinity Preferred Living Annuity Fund, Clear Horizon Multi Strategy Fund En Commandite Partnership, Trinity Protected Living Annuity Fund (collectively "the Trinity Applicants"), proceeded with an application for interdictory relief out of the South Gauteng High Court (Johannesburg) against Nurek, Gray, Nissen and R&E, for various relief. The application was opposed and on 4 June 2007 was settled in terms of a written settlement agreement concluded between the parties thereto. On 7 June 2007, the Trinity Applicants formally withdrew the application.

Application to set aside deemed Annual General Meeting of 9 March 2007

On 10 April 2007, the Trinity Applicants (as referred to above), issued an application out of the North Gauteng High Court (Pretoria) against the Registrar of Companies and R&E, purposed at reviewing and setting aside the decision of the Registrar to convene an Annual General Meeting in terms of the provisions of Section 179(4) of the Companies Act. Such application was subsequently withdrawn on 7 June 2007.

T-Sec and others

Following the issue of summons by R&E and ASI out of the South Gauteng High Court (Johannesburg) in August 2008 against Tlotlisa Securities (Pty) Limited ("T-Sec"), Tlotlisa Holdings Limited ("T-Sec Holdings"), Gray and Leonard Steenkamp ("Steenkamp"), a settlement agreement was concluded in February 2009. In terms of the settlement agreement, T-Sec was obliged to make payment of R14 million to R&E, which it has paid. The action against Gray for payment of an amount of R80 million was not settled in terms of the settlement agreement and continues.



PROSPECTING RIGHTS

The R&E Group has several prospecting rights which it intends to develop further. At this stage it is not possible to quantify the resource and therefore limited information is supplied hereunder.

The Doornbosch Project

The farm Doornbosch 294 KT in the Mpumalanga province lies to the immediate north of Steelpoort and as well as being under a prospecting right of the Company for platinum group metals, is covered by a mining right held by Samancor Chrome Limited which mines chrome ore from both underground and open-cast workings. The prospective area lies between low mountains covered in lush bushveld vegetation, accessible only by rough prospecting tracks cut by a nearby platinum mine. There is no farming in the vicinity, but surrounding areas are being prospected by Anglo Platinum Limited to the north and west and by Samancor Chrome Limited to the east. Platinum group minerals bearing reef has been found on a portion of the farm which outcrops along its eastern boundary grading to some 134 metres below surface determined by drilling.

The Kameelhoek project

The prospecting right covers the southern portion of the farm Kameelhoek 477 in the District of Hay in the Northern Cape province and is for iron ore of which a significant deposit of high grade ore is under investigation. The farm lies between the town of Postmasburg and the new Sishen South Iron Ore Mine, currently under development. The land is gently undulating, the main farming activity being small stock and some cattle. However, the area of interest is covered with scrub bush and thorny undergrowth, which has no value for livestock, believed to be due to overgrazing in the past. Game in the area is protected under a management order of the Sishen Mine.

The Du Preez Leger project

Six farms near the town of Virginia in the Free State province are covered by the prospecting right for gold and silver ores. The Harmony Gold Mining Company Limited is active adjacent to three of the farms, while the area, which is generally flat grassland, is mainly under cattle farming. The total area of the farms and their geographical separation mitigate against in-house mining of the ore bodies, but significant mineral grades have been proved by historical drilling of numerous boreholes.

The Sterkfontein project

The two small farms over which the prospecting right for gold, silver and uranium ores is held lies to the south of the Vaal River in the Free State, the nearest town being Orkney. The gently undulating country is covered by natural scrub bush vegetation interspersed with grasses with much of the area being given over to cattle and game farming. Adjacent farms have been cleared and developed into large-scale commercial cattle operations which would oppose any moves to increase the extent of the project area.

The Jeanette project

The prospecting right for gold, silver and uranium ores covers contiguous portions of three farms close to Odendaalsrus in the Free State province. While near the Jeanette Mine, active mining in the vicinity is in the hands of Harmony and various other mining companies, whose mining rights are but sections of the project. The area is gently undulating grassland, primarily given to livestock and maize farming. Historical drilling records indicate mineral grades would support mining if the project could be combined with other interests to significantly increase the extent.

ANNUAL FINANCIAL STATEMENTS



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DIRECTORS' RESPONSIBILITY STATEMENT

for the years ended 31 December 2007 and 2008

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of Randgold & Exploration Company Limited, comprising the balance sheets at 31 December 2007 and 2008 and the income statements, the statements of changes in equity and cash flow statements for each of the years in the two-year period ended 31 December 2008, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 40 to 73, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors' have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

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

Approval of Group annual financial statements and annual financial statements

The Group annual financial statements and annual financial statements of Randgold & Exploration Company Limited, as identified in the first paragraph, were approved by the board of directors on 27 November 2009 and signed on its behalf by:

DC Kovarsky

Independent Non-executive Chairman

M Steyn

Director and Chief Executive Officer

V Botha

Chief Financial Officer

27 November 2009

Johannesburg, South Africa

DECLARATION BY THE COMPANY SECRETARY

I, in my capacity as company secretary, declare that, to the best of my knowledge, in terms of section 268 (G)(d) of the Companies Act, 1973, as amended, the company has, save for obtaining dispensation from the Registrar of Companies from lodging unaudited interim financial reports for the half years ended 30 June 2007 and 30 June 2008, lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial periods reported upon.

RP Pearcey

Company secretary

27 November 2009

Johannesburg, South Africa

INDEPENDENT AUDITOR'S REPORT

To the members of Randgold & Exploration Company Limited

We have audited the group annual financial statements and the annual financial statements of Randgold & Exploration Company Limited, which comprise the balance sheets at 31 December 2007 and 2008, and the income statements, the statements of changes in equity and cash flow statements for each of the years in the two-year period ended 31 December 2008, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 40 to 73.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Randgold & Exploration Company Limited at 31 December 2007 and 2008, and its consolidated and separate financial performance and consolidated and separate cash flows for each of the years in the two-year period ended 31 December 2008 in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion, we draw attention to the directors' report which offers an explanation as to why comparative financial information for the year ended 31 December 2006 is not included in these financial statements.

KPMG Inc.

Registered auditor

Per: CH Basson

Chartered Accountant (SA)

Registered Auditor

Director

27 November 2009

85 Empire Road

Parktown

2193

DIRECTORS' REPORT

INTRODUCTION

On 31 March 2006, Randgold & Exploration Company Limited ("R&E" or "the Company") published provisional unaudited financial results for the financial years ended 31 December 2005 and 2004, and restated provisional results for the year ended 31 December 2003.

In the accompanying commentary to these provisional results, the then R&E directors indicated, *inter alia*, that due to the extent of the alleged frauds and misappropriations, for which details were included in the commentary, there may have been other material events and circumstances of which the then R&E directors were not aware and which may have had a material effect on R&E. These may have had an effect on the completeness and accuracy of the information reflected in the provisional results and/or may have had the effect that the provisional results did not reflect a true and complete account of the financial and other affairs of R&E. In these circumstances the then R&E directors disclaimed any liability in respect of the accuracy, correctness and/or completeness of the information reflected in the provisional results. The present R&E directors have maintained this position relating to all financial information for the years ended 31 December 2003 to 31 December 2006.

These financial statements are for the years ended 31 December 2007 and 2008. Because the directors have disclaimed any liability in respect of financial information for the years ended 31 December 2003 to 31 December 2006, the directors do not consider financial information for the year ended 31 December 2006 relevant to these financial statements and such information is not included by way of comparatives.

KPMG Inc. was appointed as the independent auditor of R&E during October 2005. In view of the uncertainties relating to all financial information for the years ended 31 December 2003 to 31 December 2006 and the disclaimer by the current R&E directors, they were unable to, and did not, express an audit or review opinion on those years.

NATURE OF BUSINESS

Randgold & Exploration Company Limited is a company incorporated in the Republic of South Africa. The address of the Company's registered office is 10 Benmore Road, Sandton, 2196. The annual financial statements for the years ended 31 December 2007 and 2008 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). R&E is an investment holding company with assets in the mining industry. The Company aims to invest in high quality assets that will ensure maximum return for its shareholders. It currently holds prospecting rights directly and indirectly held through subsidiary companies which it plans to develop further, if proven viable, in order to increase the value of its investments.

FINANCIAL YEARS ENDED 31 DECEMBER 2007 AND 2008

No major transactions were concluded during these years other than the sale of prospecting rights during 2007. Refer to note 3 to the consolidated financial statements for further details. During 2008, the Company proposed a scheme of arrangement with JCI Limited and its shareholders as an alternative to a settlement of disputes between the companies, which was ultimately rejected by JCI shareholders during 2009. The Company continued its legal endeavours to recover lost assets.

POST-BALANCE SHEET EVENTS

Refer to note 28 of the consolidated financial statements for significant subsequent events.

SHARE CAPITAL

Full details of the Company's ordinary share capital are set out in note 17 to the consolidated financial statements.

ANNUAL FINANCIAL STATEMENTS
 for the years ended 31 December 2007 and 2008

MATERIAL RESOLUTION

In consequence of the resolutions as set out in the notice of the R&E annual general meeting published on 5 December 2008 having been approved by R&E's shareholders on 19 January 2009, R&E's authorised share capital was increased from 75 000 000 ordinary shares of R0.01 (one cent) each to 105 000 000 ordinary shares for the purpose of allotting such shares to JCI scheme participants as contemplated in terms of the scheme of arrangement as published in the circular. These shares remain unissued.

QUALIFICATION CONTAINED IN THE REPORT OF THE AUDITORS OF SUBSIDIARIES

None of the subsidiaries had any qualifications in the audit reports for the years ended 31 December 2007 and 2008.

DIVIDENDS

No dividends have been declared during 2007 and 2008.

SUBSIDIARIES

Particulars of the subsidiaries of the R&E Group are given in note 12.

The attributable interest of the Group in the income and losses of its subsidiaries for the years ended 31 December is:

	2008	2007
	R'000	R'000
Aggregate amount of profit after taxation	24 117	212 818
Aggregate amount of losses after taxation	3 519	1 231

DIRECTORATE

Directors in office at the date of this report are:

Name	Designation
DC Kovarsky	Independent Non-executive chairman
M Steyn	Chief Executive Officer
MB Madumise	Independent Non-executive
DI de Bruin	Independent Non-executive

The following directorate changes took place during the 2007 and 2008 financial years, and up to the date of this report:

Name		Appointed	Resigned
AC Nissen	Independent Non-executive	24.07.2003	01.04.2007
J Blersch	Independent Non-executive	14.08.2006	09.03.2007
TG Dale	Independent Non-executive	14.08.2006	09.03.2007
PH Gray	Chief Executive Officer	24.08.2005	11.07.2008
DM Nurek	Independent Non-executive Chairman	07.10.2005	09.07.2008

DIRECTORS' INTEREST

No director held any shares in a direct or indirect beneficial or indirect non-beneficial capacity for the 2007 and 2008 financial years.

DIRECTORS' REMUNERATION

In terms of the company's Articles of Association, directors' emoluments are to be determined from time to time by ordinary resolution. Directors' fees were increased at a directors' meeting held on 16 August 2006 retrospectively to 24 August 2005. No increases to non-executive directors' fees were made in the 2007 and 2008 years.

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

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

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' REMUNERATION (continued)

Directors	Basic salary/fees		Bonus		Total	
	2008 R	2007 R	2008 R	2007 R	2008 R	2007 R
Executive						
PH Gray	1 327 470	1 414 093	1 000 000	1 399 200	2 327 470	2 813 293
M Steyn	2 097 500	1 635 000	5 000 000	1 000 000	7 097 500	2 635 000
Non-executive						
AC Nissen	–	37 500	–	–	–	37 500
DC Kovarsky	200 000	18 750	–	–	200 000	18 750
DI de Bruin	150 000	112 500	–	–	150 000	112 500
DM Nurek	125 000	250 000	–	–	125 000	250 000
J Blersch	–	37 500	–	–	–	37 500
MB Madumise	150 000	150 000	–	–	150 000	150 000
TG Dale	–	37 500	–	–	–	37 500

SHARE OPTION SCHEME

The share option scheme that was operated by the Company was cancelled on 17 December 2007. There were no unvested options and no options were exercised during 2007.

DE-REGISTRATIONS OF US SECURITIES – AMERICAN DEPOSITARY SHARES (“ADR”)

On 24 March 2008, pursuant to the conclusion of a settlement between R&E and the Securities Exchange Commission (“SEC”), the SEC issued an order under section 12(j) of the Securities Exchange Act.

In terms of that order, the registration of R&E's ordinary shares and ADRs in the United States was revoked. In consequence of the issue of this order by the SEC, no member of a national securities exchange, broker, or dealer may make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce the purchase or sale of R&E's ordinary shares and ADRs in the US. The effect of this is to prohibit trading in R&E's shares and ADRs in the United States.

The revocation of the registration of R&E's ordinary shares and ADRs in the United States was announced by R&E on SENS on 25 March 2008.

COMPANY SECRETARY

Mr RP Pearcey (FCIS, FCIMA) will continue to serve in office as company secretary.

PUBLIC OFFICER AND CHIEF FINANCIAL OFFICER

Mr V Botha CA(SA) is the present incumbent who was appointed as Public Officer on 13 November 2007 and as Chief Financial Officer on 1 August 2009.

AUDITORS

KPMG Inc. will continue in office in accordance with section 270(2) of the Companies Act.

UNITED KINGDOM SECRETARIES

St James's Corporate Services acted as secretaries to the company in the United Kingdom for the period under review.

UNITED KINGDOM REGISTRARS

Capita Registrars acted as registrars and transfer agents in the United Kingdom during the period under review.

ANNUAL FINANCIAL STATEMENTS
 for the years ended 31 December 2007 and 2008

INCOME STATEMENTS

for the years ended 31 December

	Notes	COMPANY		GROUP	
		2008 R'000	2007 R'000	2008 R'000	2007 R'000
Revenue	2	6 010	6 796	10 546	3 760
Profit on sale of prospecting rights	3	–	–	–	395 000
Recoveries		4 490	3 108	5 031	3 108
Profit on sale of equity securities	13	–	4 757	–	4 757
Other income		935	259	935	61
Personnel expenses	4	(17 313)	(9 349)	(17 348)	(9 384)
Depreciation	5	(21)	(7)	(21)	(7)
Impairment of equity securities	6	(14 173)	(59 259)	(14 403)	(60 356)
Other operating expenses	7	(42 803)	(29 612)	(46 598)	(31 422)
Finance expenses	8	(902)	–	–	–
Finance income	8	1 157	1 788	56 537	19 011
(Loss)/Profit before taxation		(62 620)	(81 519)	(5 321)	324 528
Taxation	9	–	–	(16 617)	(20 704)
(Loss)/Profit for the year		(62 620)	(81 519)	(21 938)	303 824
Attributable to:					
Equity holders of the company				(41 631)	130 732
Minority shareholders' interest				19 693	173 092
(Loss)/Profit for the year		(62 620)	(81 519)	(21 938)	303 824
Basic and diluted (loss)/earnings per share – cents	18			(56)	175

BALANCE SHEETS

at 31 December

		COMPANY		GROUP	
Notes	2008 R'000	2007 R'000	2008 R'000	2007 R'000	
ASSETS					
Non-current assets					
	304 493	319 130	454 382		362 266
Plant and equipment	10	117	104	117	104
Intangible assets	11	–	–	474	474
Investment in subsidiaries	12	75 090	75 090	–	–
Investments in equity securities	13	219 991	234 164	228 986	243 389
Loans receivable	14	9 295	9 772	224 805	118 299
Current assets					
	3 825	30 681	278 351		464 645
Trade and other receivables	15	99	15 927	2 626	16 039
Cash and cash equivalents	16	3 726	14 754	275 725	448 606
Total assets	308 318	349 811	732 733		826 911
EQUITY AND LIABILITIES					
Shareholders' equity					
	211 518	274 138	437 253		478 903
Ordinary share capital	17	748	748	748	748
Share premium		986 054	986 054	986 054	986 054
Foreign currency translation reserve		–	–	(19)	–
Accumulated loss		(775 284)	(712 664)	(549 530)	(507 899)
Minority shareholders' interest					
	–	–	232 763		213 070
Total equity	211 518	274 138	670 016		691 973
LIABILITIES					
Non-current liabilities					
Post-retirement medical benefit obligation	20	34 778	33 194	34 778	33 194
Current liabilities					
	62 022	42 479	27 939		101 744
Income tax payable		–	–	13 989	30 110
Trade and other payables	22	14 172	11 385	13 950	71 634
Amounts due to subsidiaries	12	47 850	31 094	–	–
Total equity and liabilities	308 318	349 811	732 733		826 911

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STATEMENTS OF CHANGES IN EQUITY

for the years ended 31 December

Attributable to equity holders of the company

	Number of shares	Ordinary share capital R'000	Share premium R'000	Foreign currency translation reserve R'000	Other reserves* R'000	Accumulated loss R'000	Total shareholders' equity R'000	Minority shareholders' interest R'000	Total equity R'000
Balance at 1 January 2007	74 813 128	748	986 054	(1)	8 484	(643 798)	351 487	39 978	391 465
Profit for the year	-	-	-	-	-	130 732	130 732	173 092	303 824
Income and expenses recognised directly in equity	-	-	-	1	(8 484)	5 167	(3 316)	-	(3 316)
Foreign currency translation differences for foreign operations	-	-	-	1	-	-	1	-	1
Equity transaction with minority shareholders	-	-	-	-	-	5 167	5 167	-	5 167
Fair-value adjustment of available-for-sale investments, net of deferred tax	-	-	-	-	(8 484)	-	(8 484)	-	(8 484)

Balance at 31 December 2007	74 813 128	748	986 054	-	-	(507 899)	478 903	213 070	691 973
Loss for the year	-	-	-	-	-	(41 631)	(41 631)	19 693	(21 938)
Income and expenses recognised directly in equity	-	-	-	(19)	-	-	(19)	-	(19)
Foreign currency translation differences for foreign operations	-	-	-	(19)	-	-	(19)	-	(19)
Balance at 31 December 2008	74 813 128	748	986 054	(19)	-	(549 530)	437 253	232 763	670 016

	Number of shares	Ordinary share capital R'000	Share premium R'000	Other reserves* R'000	Accumulated loss R'000	Total equity R'000
Company Balance at 1 January 2007	74 813 128	748	986 054	8 484	(631 145)	364 141
Loss for the year	-	-	-	-	(81 519)	(81 519)
Income and expenses recognised directly in equity	-	-	-	(8 484)	-	(8 484)
Fair-value adjustment of available-for-sale investments, net of deferred tax	-	-	-	-	-	-
Balance at 31 December 2007	74 813 128	748	986 054	-	(712 664)	274 138
Loss for the year	-	-	-	-	(62 620)	(62 620)
Balance at 31 December 2008	74 813 128	748	986 054	-	(775 284)	211 518

Notes

* Other reserves comprise the cumulative net change in fair value of available-for-sale investments, net of deferred taxation.

CASH FLOW STATEMENTS

for the years ended 31 December

		COMPANY		GROUP	
	Notes	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cash flow from operating activities		(30 690)	(24 720)	(102 062)	30 998
Cash (utilised in)/generated by operating activities	26	(31 847)	(26 508)	(100 607)	23 336
Finance income	8	1 157	1 788	31 283	7 662
Finance expenses	8	–	–	–	–
Taxation paid	27	–	–	(32 738)	–
Cash flow from investing activities		3 808	18 020	(70 800)	395 818
Dividends received		3 695	3 700	10 486	3 760
Proceeds on disposal of investment in equity security		–	18 163	–	18 163
Proceeds on disposal of prospecting rights		–	–	–	395 000
Acquisition of plant and equipment		(34)	(42)	(34)	(42)
Loans advanced to subsidiaries		(152)	(3 835)	–	–
Loans repaid by subsidiaries		299	34	–	–
Loans advanced		–	–	(81 252)	(21 063)
Cash flows from financing activities		15 854	(141)	–	–
Loans advanced by subsidiaries		19 055	–	–	–
Loans repaid to subsidiaries		(3 201)	(141)	–	–
Translation effect on foreign cash and cash equivalents		–	–	(19)	1
(Decrease)/Increase in cash and cash equivalents		(11 028)	(6 841)	(172 881)	426 817
Cash and cash equivalents at beginning of year		14 754	21 595	448 606	21 789
Cash and cash equivalents at the end of the year	16	3 726	14 754	275 725	448 606

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008

REPORTING ENTITY

Randgold & Exploration Company Limited ("R&E" or "the Company") is a company domiciled and incorporated in the Republic of South Africa. The consolidated financial statements of the Company for the years ended 31 December 2007 and 2008 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa and were authorised for issue by the board of directors on 27 November 2009.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments held for trading are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

Functional and presentation currency

The consolidated financial statements of the Group are presented in South African rand which is the functional currency of the Company. All financial information presented in rand has been rounded to the nearest thousand.

Use of estimates and judgements

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

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

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

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as otherwise disclosed.

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

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. The Company accounts for its investments in subsidiaries at historical cost less any impairment.

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

BASIS OF CONSOLIDATION (continued)

Transactions eliminated on consolidation

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

Acquisition of minority interests

Acquisitions of minority interests are accounted for as transactions with equity holders in their capacity as equity holders. As a result, increases or decreases in the Company's shareholders' interests are recognised directly in equity as long as the Company controls the subsidiary.

FOREIGN CURRENCY

Foreign currency transactions

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

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the foreign currency translation reserve. They are released into the income statement upon disposal.

FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans receivable, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the income statement, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

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

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

Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans receivable are measured at amortised cost using the effective interest method, less impairment losses.

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Cash and cash equivalents

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

Available-for-sale financial assets

Certain of the Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value with fair-value changes being recognised in equity. Where the fair value of equity securities classified as available-for-sale financial assets is no longer reliably measureable, any gain or loss recognised directly in equity relating to these instruments is transferred to the income statement. The carrying value of the equity securities at the date where fair value is no longer reliably measureable is treated as its new cost. Subsequently, the equity investment is carried at cost less impairment. Any impairment losses are recognised in the income statement.

Financial assets at fair value through the income statement

An instrument is classified at fair value through the income statement if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the income statement if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through the income statement are measured at fair value, and changes therein are recognised in the income statement.

Trade and other receivables

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

Trade and other payables

Trade and other payables are stated at amortised cost.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

PLANT AND EQUIPMENT

Recognition and measurement

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

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised within "other income" in the income statement.

Depreciation

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

The estimated useful lives are as follows:

Motor vehicles	5 years
Computer equipment	3 years
Paintings and artworks	Not depreciated

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

INTANGIBLE ASSETS

Prospecting rights

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

Exploration costs

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

IMPAIRMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

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

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

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

Determination of fair values

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

Investments in equity securities

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

Loans receivable; trade and other receivables; trade and other payables

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

EMPLOYEE BENEFITS**Short-term employee benefits**

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

Defined benefit plans – post-retirement medical benefit obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value, and, if any, the fair value of any related assets is deducted. The discount rate is the yield at the reporting date of instruments that have maturity dates approximating the terms of the Group's obligations. The calculation is performed at the reporting date by a qualified actuary using the projected unit credit method. The Group recognises all actuarial gains and losses arising from defined benefit plans in the income statement.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

CONTINGENT ASSETS

Contingent assets, including claims against third parties, are not recognised in the balance sheet unless realisation is virtually certain. Recognised claims against third parties are reflected as "Recoveries" in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

REVENUE

Revenue is recognised net of indirect taxes and consists of management fees received, commissions received and dividends received from listed investments.

Commissions received

Commissions received are recognised when the Group has unconditionally earned the commission.

Management fees received

Management fees are recognised when services are rendered.

Dividends received

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

FINANCE INCOME AND EXPENSES

Finance expenses are recognised in the income statement using the effective interest method.

Finance income is recognised in the income statement as it accrues, using the effective interest method and comprises primarily of interest received on cash and cash equivalents and loans receivable.

LEASES

Operating lease payment

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

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statements as an integral part of total lease expense.

INCOME TAX

Income tax comprises current and deferred tax. An income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation

Current taxation comprises taxation payable, calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantively enacted at the balance sheet date, and any adjustment of taxation payable for previous years. Interest and penalties on taxation payable is included in "Taxation" in the income statement.

Deferred tax

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

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

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The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses, unredeemed capital expenditure and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

SEGMENT REPORTING

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This is in line with IFRS 8 *Operating Segments*, which has been early adopted from 1 January 2007. Since the adoption of this standard only impacts disclosure and presentation, there is no impact on earnings per share.

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

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

SUMMARY OF STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements for the year ended 31 December 2007 and 2008, the following IFRS statements and interpretations which are relevant to the Group were in issue but (not yet effective) were not applied in preparing these financial statements. The Group is in the process of evaluating the impact of these standards.

Standard/Interpretation		Effective date
IAS 1	<i>Presentation of Financial Statements</i>	Annual periods commencing on or after 1 January 2009
IAS 27 amendment	<i>Consolidated and Separate Financial Statements</i>	Annual periods commencing on or after 1 July 2009
IAS 32 & IAS 1 amendment	<i>IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation</i>	Annual periods commencing on or after 1 January 2009
There are 24 individual amendments to 15 standards.	<i>Improvements to International Financial Reporting Standards 2008</i>	Amendments are effective for annual periods commencing on or after 1 January 2009, or for annual periods commencing on or after 1 July 2009
There are 15 individual amendments to 12 standards.	<i>Improvements to International Financial Reporting Standards 2009</i>	Amendments are effective for annual periods commencing on or after 1 January 2010, or for annual periods commencing on or after 1 July 2009
IFRS 1 and IAS 27 amendment	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	Annual periods commencing on or after 1 January 2009
IFRS 3	<i>Business Combinations</i>	Annual periods commencing on or after 1 July 2009
IFRS 7 amendment	<i>Improving disclosures about financial instruments</i>	Annual periods beginning on or after 1 January 2009
IFRIC 17	<i>Distribution of Non-Cash Assets to Owners</i>	Annual periods commencing on or after 1 July 2009

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1. Segment reporting

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

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
2. Revenue				
Commissions received	60	2 208	60	–
Management fees	2 255	888	–	–
Dividends received	3 695	3 700	10 486	3 760
	6 010	6 796	10 546	3 760

3. Profit on sale of prospecting rights

R&E and certain of its subsidiaries reached an agreement with Gold Fields Limited (“GFI”) during October 2007, in terms of which the R&E Group relinquished its rights in favour of GFI for a purchase consideration of R395 million (excluding VAT). The related prospecting rights had no carrying values and as a result a profit of R395 million was recognised.

Also as a result of this transaction, the Group through Free State Development and Investment Corporation Ltd, acquired the remaining 36% shareholding in Goldridge Gold Mining Company (Pty) Ltd (“Goldridge”) for no consideration.

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
4. Personnel expenses				
Personnel expenses include directors' salaries and bonuses:				
Directors' emoluments	10 050	6 092	10 085	6 127
5. Depreciation				
Plant and equipment	21	7	21	7
6. Impairment of equity securities				
Impairment of available-for-sale investments	14 173	59 259	14 173	59 259
Impairment of investments held for trading	–	–	230	1 097
	14 173	59 259	14 403	60 356

The impairment of available-for-sale investments is recognised in the income statement when there has been a significant or prolonged decline in fair value of the asset below its cost.

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
7. Other operating expenses				
Administration and office expenses	1 195	1 149	1 494	1 738
Auditors' remuneration:	3 343	4 325	3 343	4 448
Audit fees	1 270	2 740	1 270	2 863
Other services	2 073	1 585	2 073	1 585
Consulting fees	9 187	5 508	9 190	5 635
Exploration costs	224	–	587	44
Foreign exchange losses	248	69	160	74
Impairment of subsidiary loans	330	1 149	–	–
Insurance	6 436	3 594	6 436	3 594
Legal fees	17 181	11 417	20 729	11 716
Listing fees and corporate action costs	3 845	1 725	3 845	1 725
Interest and penalties on VAT	261	221	261	221
Commission paid	–	–	–	1 742
Travel	500	444	500	444
Other expenses	53	11	53	41
	42 803	29 612	46 598	31 422
8. Net financing income				
Finance income	1 157	1 788	56 537	19 011
Cash and cash equivalents	869	1 129	30 986	6 788
Consolidated Mining Management Services Limited ("CMMS")	–	–	10 730	–
JCI Gold Limited	–	–	14 524	11 349
Loans receivable – other	288	659	297	874
Finance expenses				
Due to subsidiaries	(902)	–	–	–
	255	1 788	56 537	19 011

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	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
9. Taxation				
<i>Recognised in the income statement</i>				
South African normal tax:				
– Current	–	–	15 176	18 821
Interest and penalties	–	–	1 441	1 883
Total tax charge	–	–	16 617	20 704
	2008 %	2007 %	2008 %	2007 %
<i>Reconciliation of effective taxation rate</i>				
South African normal tax rate	(28.0)	(29.0)	(28.0)	29.0
Penalties and interest	–	–	27.1	0.6
Exempt income	(3.7)	(2.4)	(78.7)	(0.6)
Expenses not deductible for taxation purposes	14.5	11.3	216.8	3.8
Change in unrecognised deferred tax asset	17.2	16.9	175.3	3.7
Capital gains tax rate differential	–	3.2	(0.2)	(30.1)
Effective tax rate	–	–	312.3	6.4

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

10. Plant and equipment

Group	2008		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Owned assets			
Motor vehicles	368	(368)	–
Computer equipment	137	(84)	53
Paintings and artwork	64	–	64
	569	(452)	117

Group	2007		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Owned assets			
Motor vehicles	368	(368)	–
Computer equipment	103	(63)	40
Paintings and artwork	64	–	64
	535	(431)	104

The carrying amount of assets can be reconciled as follows:

2008	Carrying value at beginning of the year R'000	Additions R'000	Depreciation R'000	Carrying value at end of year R'000
Owned assets				
Computer equipment	40	34	(21)	53
Paintings and artwork	64	–	–	64
	104	34	(21)	117

2007	Carrying value at beginning of the year R'000	Additions R'000	Depreciation R'000	Carrying value at end of year R'000
Owned assets				
Computer equipment	5	42	(7)	40
Paintings and artwork	64	–	–	64
	69	42	(7)	104

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10. Plant and equipment (continued)

Company	2008		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Owned assets			
Motor vehicles	368	(368)	–
Computer equipment	93	(40)	53
Paintings and artwork	64	–	64
	525	(408)	117
	2007		
	Cost R'000	Accumulated depreciation and impairment R'000	Carrying value R'000
Owned assets			
Motor vehicles	368	(368)	–
Computer equipment	59	(19)	40
Paintings and artwork	64	–	64
	491	(387)	104

The carrying amount of equipment can be reconciled as follows:

	Carrying value at beginning of the year R'000	Additions R'000	Depreciation R'000	Carrying value at end of year R'000
2008				
Owned assets				
Computer equipment	40	34	(21)	53
Paintings and artwork	64	–	–	64
	104	34	(21)	117
2007	R'000	R'000	R'000	R'000
Owned assets				
Computer equipment	5	42	(7)	40
Paintings and artwork	64	–	–	64
	69	42	(7)	104

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12. Investment in subsidiaries

	COMPANY	
	2008 R'000	2007 R'000
Investment in subsidiaries	75 090	75 090
Amounts due from subsidiaries (note 14)	9 295	9 772
Amounts due to subsidiaries	(47 850)	(31 094)
	36 535	53 768

With the exception of the loan owing to Goldridge, which bears interest at the prime overdraft rate, and is secured by GFI shares on a one to one basis, all Group loans are interest free, unsecured and have no fixed terms of repayment.

Details of the subsidiaries are set out as follows:

	Issued share capital R'000	Effective holding	
		2008 %	2007 %
Direct holdings			
African Strategic Investments (Holdings) Ltd (incorporated in Jersey) ("ASI")	*	100	100
Bentonite Nominees Ltd	*	100	100
Continental Base Metal Mining Company (Pty) Ltd	2	100	100
Corgroup (Neptune) Investments Ltd	4	100	100
Doornrivier Minerals Ltd	*	100	100
First Wesgold Mining (Pty) Ltd	340	100	100
Free State Development and Investment Corporation Ltd ("FSD")	2 223	55.1	55.1
Lunda Alluvial Operation (Pty) Ltd	*	100	100
Minrico Ltd	*	74	74
Pan African Exploration Syndicate (Pty) Ltd	4	100	100
Rand Mines Lands Ltd	*	100	100
Randgold Prospecting And Minerals Holdings Ltd	*	100	100
Randgold Finance BVI Ltd (incorporated in British Virgin Islands)	*	100	100
Versatex Trading 446 (Pty) Ltd	*	100	100

	Issued share capital R'000	Effective holding	
		2008 %	2007 %
Indirect holdings			
Goldridge Gold Mining Company (Pty) Ltd	*	55.1	55.1
Palmietfontein Mining Ventures (Pty) Ltd	*	55.1	55.1
Southern Holdings Ltd	*	55.1	55.1
Refraction Investments (Pty) Ltd	*	100	100

* Less than R1 000

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for the years ended 31 December 2007 and 2008 (continued)

12. Investment in subsidiaries (continued)

	Shares at cost		Owing by/(owing to) subsidiaries	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Direct holdings				
African Strategic Investments (Holdings) Ltd (incorporated in Jersey)	145 710	145 710	(22 889)	(25 971)
Bentonite Nominees Ltd	*	*	(2 436)	(2 436)
Continental Base Metal Mining Company (Pty) Ltd	*	*	(77)	(77)
Corgroup (Neptune) Investments Ltd	*	*	(31)	(31)
Doomrivier Minerals Ltd	45	45	(1 528)	(1 647)
First Wesgold Mining (Pty) Ltd	21 080	21 080	76 419	76 422
Free State Development and Investment Corporation Ltd	45 355	45 355	3 560	915
Lunda Alluvial Operation (Pty) Ltd	*	*	113	56
Minrico Ltd	*	*	2 093	2 093
Pan African Exploration Syndicate (Pty) Ltd	*	*	–	–
Rand Mines Lands Ltd	66	66	17	17
Randgold Prospecting And Minerals Holdings Ltd	*	*	(932)	(932)
Randgold Finance BVI Ltd (incorporated in British Virgin Islands)	*	*	82	43
Versatex Trading 446 (Pty) Ltd	*	*	–	–
Indirect holdings				
Goldridge Gold Mining Company (Pty) Ltd	*	*	(19 957)	2 941
Palmietfontein Mining Ventures (Pty) Ltd	*	*	–	–
Southern Holdings Ltd	*	*	–	–
Refraction Investments (Pty) Ltd	*	*	26 041	25 985
At cost	212 256	212 256	60 475	77 378
Provision for losses on investments in and loans to subsidiaries	(137 166)	(137 166)	(99 030)	(98 700)
	75 090	75 090	(38 555)	(21 322)

* Less than R1 000

All entities within the Group are investment holding companies.

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13. Investments in equity securities

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Held for trading	–	–	8 995	9 225
Available-for-sale	219 991	234 164	219 991	234 164
	219 991	234 164	228 986	243 389

The Group held investments in the following companies:	Number of shares held	2008	Fair value 31 December R'000
		Percentage held %	
Unlisted investments – South African			
Kelgran Limited ¹	2 324 830	2.47	–
Listed investments – South African			
Gold Fields Limited	2 028 684 ²	0.31	186 436
JCI Limited ¹	265 935 854 ³	11.95	42 550
			228 986

The Group held investments in the following companies:	Number of shares held	2007	Fair value 31 December R'000
		Percentage held %	
Listed investments – South African			
Gold Fields Limited	2 028 684 ²	0.31	200 839
Kelgran Limited ¹	2 324 830	2.47	–
JCI Limited ¹	265 935 854 ³	11.95	42 550
			243 389

¹ JCI Limited was suspended from trading on the JSE at a price of R0.16 per share on 1 August 2005. Kelgran Limited was suspended from trading on the JSE at a price of R0,02 on 3 September 2007 and de-listed on 28 July 2008, and as a result both these investments are valued at cost less impairment as fair value cannot be measured reliably. The carrying amounts for these investments represent the directors' best estimate of fair value.

² 32 485 of these shares are held for trading by Group entities.

³ 37 560 613 of these shares are held for trading by Group entities.

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for the years ended 31 December 2007 and 2008 (continued)

13. Investments in equity securities (continued)

The Company held investments in the following companies	Number of shares held	2008	Fair value 31 December R'000
		Percentage held %	
Unlisted investments – South African			
Kelgran Limited ¹	2 324 830	2.47	–
Listed investments – South Africa			
JCI Limited ¹	228 375 241	10.26	36 540
Gold Fields Limited	1 996 199	0.31	183 451
			219 991

The Company held investments in the following companies	Number of shares held	2007	Fair value 31 December R'000
		Percentage held %	
Listed investments – South African			
JCI Limited ¹	228 375 241	10.26	36 540
Kelgran Limited ¹	2 324 830	2.47	–
Gold Fields Limited	1 996 199	0.31	197 624
			234 164

¹ JCI Limited was suspended from trading on the JSE at a price of R0,16 per share on 1 August 2005. Kelgran Limited was suspended from trading on the JSE at a price of R0,02 on 3 September 2007 and de-listed on 28 July 2008, and as a result both these investments are valued at cost less impairment as fair value cannot be measured reliably. The carrying amounts for these investments represent the directors' best estimate of fair value.

Refer to note 12 for shares pledged as security by the Company.

The carrying amount of investments in equity securities can be reconciled as follows:	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Opening balance 1 January	234 164	315 313	243 389	325 635
Investments disposed	–	(13 406)	–	(13 406)
Impairment of available-for-sale investments through the income statement	(14 173)	(59 259)	(14 173)	(59 259)
Impairment of available-for-sale investments through equity	–	(8 484)	–	(8 484)
Impairment held for trading investments through the income statement	–	–	(230)	(1 097)
Closing balance at 31 December	219 991	234 164	228 986	243 389

In October 2007, 18 100 000 Pan Palladium shares with a carrying value of R13,4 million were disposed of for R18,2 million, realising a profit of R4,8 million.

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	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
14. Loans receivable				
Consolidated Mining Management Services Limited	–	–	120 730	28 000
JCI Gold Limited	–	–	104 075	90 299
Amounts due from subsidiaries (refer note 12)	9 295	9 772	–	–
	9 295	9 772	224 805	118 299

The Group through Goldridge, a wholly owned subsidiary of FSD, has a loan receivable from CMMS (which forms part of the JCI group) to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI group. On 15 April 2009, the security for this loan was increased to a pledge of 1,666 million Gold Fields Limited shares, three million R&E shares and suretyships by JCI and JCI Investment Finance Limited ("JCIIF"). During November 2009, the 1,666 million GFI shares were disposed of for proceeds of approximately R180 million. The resulting cash is under the joint control of R&E and JCI and has been ceded as security against the loan. The loan bears interest at the bank prime lending rate and is due and is payable on demand.

The Group through FSD, a 55.11% subsidiary, has a loan receivable from JCI Gold Limited (which forms part of the JCI group) to the value indicated above. The R&E board believes that this amount is fully recoverable from the JCI group. The loan is secured by a pledge of 79 million JCI shares, bearing interest at the bank prime rate and is due and is payable on demand. On 15 April 2009, JCI also provided a suretyship for this loan.

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
15. Trade and other receivables				
Trade receivables	99	81	2 625	171
Prepayments	–	–	1	22
RAR Kebble – recovery	–	10 500	–	10 500
Tuscan Mood Limited	–	44	–	44
Lyons Financial Solutions (Pty) Ltd ("Lyons")	–	5 302	–	5 302
	99	15 927	2 626	16 039

The Lyons loan bore interest at the bank prime lending rate, was unsecured and was repaid in full on 20 March 2008.

The RAR Kebble recovery relates to a settlement reached during 2006 of R30 million of which R10,5 million was unpaid at 31 December 2007. The recovery was to be repaid in monthly instalments. The final amount was repaid in May 2008.

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
16. Cash and cash equivalents				
Bank balances	812	394	1 079	587
Call deposits	2 912	14 360	274 644	448 019
Petty cash	2	–	2	–
	3 726	14 754	275 725	448 606

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for the years ended 31 December 2007 and 2008 (continued)

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
17. Ordinary share capital				
Authorised				
75 000 000 (2007: 75 000 000) ordinary shares of 1 cent each	750	750	750	750
Issued				
74 813 128 (2007: 74 813 128) ordinary shares of 1 cent each	748	748	748	748
<p>The unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting. The authorised share capital was increased to 105 000 000 shares on 19 January 2009 (refer note 28).</p>				
<p>Dividends No ordinary dividends were declared or paid during 2007 and 2008.</p>				
18. Earnings per share				
			Per share (in cents)	Per share (in cents)
Basic and diluted (loss)/earnings per share			(56)	175

The calculation of basic and diluted (loss)/earnings per ordinary share is based on a loss of R41,6 million (2007: profit of R130,7 million) attributable to equity holders of the company and weighted average of 74 813 128 (2007: 74 813 128) ordinary shares in issue during the year.

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	GROUP	
	2008	2007
	Per share (in cents)	Per share (in cents)
18. Earnings per share (continued)		
Headline loss and diluted headline loss per headline share	(37)	(33)
The calculation of the headline loss and diluted headline loss per share is based on a headline loss of R27,5 million (2007: R24,9 million) attributable to equity holders of the company and a weighted average of 74 813 128 (2007: 74 813 128) ordinary shares in issue during the year.		
Reconciliation between basic (loss)/earnings for the year and headline loss:	R'000	R'000
(Loss)/Profit for the year attributable to equity holders of the company	(41 631)	130 732
Adjusted for:		
Profit on disposal of prospecting rights	-	(395 000)
Profit on sale of available-for-sale investments	-	(4 757)
Impairments of available-for-sale investments	14 173	59 259
	(27 458)	(209 766)
Tax effects of adjustments	-	13 766
Portion attributable to minority shareholders' interest	-	171 136
Headline loss for the year attributable to equity holders of the company	(27 458)	(24 864)

19. Contingent assets
Claims

R&E has various claims against third parties which R&E is proceeding with. Such claims could be substantial, although there is no guarantee that such claims will result in awards being granted in favour of R&E or for that matter that R&E will be able to make successful recoveries in respect thereof.

Due to the alleged frauds and misappropriation of assets in prior years and the resulting uncertainty regarding the Company's VAT position, no VAT has been claimed on expenditure incurred since May 2005. Having given due consideration to the findings contained in a report prepared by external advisers, R&E entered into a process of settling its historic income tax and VAT position with SARS. Once this settlement has been finalised, a VAT claim for the intervening period will be submitted. While the cumulative amount claimable has been calculated as R3 629 761 (2007: R2 059 462), no asset has been raised as there exists a degree of uncertainty regarding its recoverability.

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

20. Post-retirement medical benefit obligation

The Company pays post-retirement medical benefits for a closed group of retired employees. The plan is unfunded as it is governed by the Medical Aid Schemes Act of 1998. The Company has provided in full for their post-retirement medical cost obligations on the latest calculations by independent actuaries at 31 December 2007 and 2008, respectively, which include appropriate mortality tables and assuming long-term estimates of increases in medical costs and appropriate discount rates.

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Unfunded obligation at 31 December	34 778	33 194	34 778	33 194
Post-retirement medical benefit liability				
Movement in the net unfunded liability recognised in the balance sheet are as follows:				
Balance at the beginning of the year	33 194	35 618	33 194	35 618
Current service cost	–	3	–	3
Interest cost	2 598	2 746	2 598	2 746
Actuarial loss/(gain) recognised	2 003	(2 396)	2 003	(2 396)
Benefits paid during the year	(3 017)	(2 777)	(3 017)	(2 777)
Balance at end of the year	34 778	33 194	34 778	33 194
Current service cost	–	3	–	3
Interest cost	2 598	2 746	2 598	2 746
Actuarial loss/(gain) recognised in the year	2 003	(2 396)	2 003	(2 396)
The expense is recognised as part of personnel expenses in the income statement	4 601	353	4 601	353
Principle assumptions				
Healthcare cost of inflation	5.72%	6.67%	5.72%	6.67%
Discount interest rate	7.46%	8.20%	7.46%	8.20%
Post-retirement mortality rate	PA90-1 ultimate	PA90-1 ultimate	PA90-1 ultimate	PA90-1 ultimate
Sensitivity analysis				
A 1% change in inflation on healthcare cost will affect the liability as follows:				
One percent increase	37 392	37 401	37 392	37 401
One percent decrease	32 447	32 820	32 447	32 820
A 1% change in inflation on healthcare cost will affect the interest costs as follows:				
One percent increase	2 821	2 956	2 821	2 956
One percent decrease	2 402	2 514	2 402	2 514

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	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
21. Deferred taxation				
Deferred tax assets are attributable to the following				
Intangible assets	45	46	266	275
Post-retirement medical benefit obligation	9 738	9 626	9 738	9 626
Investments in equity securities	4 822	2 940	9 689	7 914
Employee related payables	44	203	44	203
Calculated tax losses	81 637	72 720	118 174	110 565
	96 286	85 535	137 911	128 583
Deferred tax assets have not been recognised to the following extent				
Unrecognised deferred tax assets	(96 286)	(85 535)	(137 911)	(128 583)
	-	-	-	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits there from. The calculated tax losses can be carried forward indefinitely.

	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
22. Trade and other payables				
Trade payables	9 477	3 530	9 477	3 551
JCI group	-	-	-	5 700
Employee related payables	498	4 235	498	4 235
VAT payable	4 197	3 620	3 975	58 148
	14 172	11 385	13 950	71 634

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

23. Financial instruments

The Group's activities expose it to a variety of financial risks, including the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group's financial instruments as set out in this note. Derivative instruments are not used to hedge exposure to financial risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans receivable and trade and other receivables. The Group has policies in place to ensure that transactions are entered into with counterparties with an appropriate credit history and that appropriate collateral is held by the Group as security. An adequate level of provisions is maintained. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does have significant credit exposure to the JCI group but believes it has adequate collateral as security to prevent significant credit losses (refer note 14).

Foreign exchange risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies (primarily US\$). The Group does not currently have significant foreign currency exposure.

Liquidity risk

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

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

The maturity profile of contractual financial liabilities are as follows:

	Contractual cash flow	Within one year
Trade payables (including JCI group) (refer note 22)		
2008	9 477	9 477
2007	9 251	9 251

Interest rate risk

The Group only has exposure to interest rate risk on financial assets primarily in the form of cash and cash equivalents (note 16) and loans receivable (note 14).

A change of one percent in interest rates at the balance sheet date would have increased/(decreased) the income statement by the amounts shown below before the effects of tax.

	(Loss)/profit for the year			
	Company		Group	
	1% increase	1% decrease	1% increase	1% decrease
31 December 2008	(162)	162	5 005	(5 005)
31 December 2007	148	(148)	5 669	(5 669)

Equity price risk

Equity price risk arises from the Group's investment in equity securities, primarily its investment in Gold Fields Limited. The Group is not currently trading in its investments in equity securities.

A change of ten percent in the fair value of the Company and Group's investment in Gold Fields Limited at the balance sheet date would have increased/(decreased) equity and the income statement by the amounts shown below before the affects of tax.

Company	Equity		Loss for the year	
	10% increase	10% decrease	10% increase	10% decrease
	31 December 2008	18 345	n/a	–
31 December 2007	19 762	n/a	–	(19 762)

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23. Financial Instruments (continued)

Group	Equity		(Loss)/profit for the year	
	10% increase	10% decrease	10% increase	10% decrease
31 December 2008	18 345	n/a	299	(18 644)
31 December 2007	19 762	n/a	322	(20 084)

The fair values together with the carrying amounts shown in the balance sheet are as follows:

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

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

Investment in equity securities

The fair value of publicly traded instruments is based on quoted market prices. All other instruments have been based on directors' valuations.

Loans receivable

The fair value of loans receivable is determined using a discounted cash flow method using market related rates at 31 December. The fair value of the loans receivable approximates the carrying amounts as market related rates of interest are charged on these outstanding amounts.

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

	Fair value		Carrying amount	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Group				
<i>Financial assets</i>				
Cash and cash equivalents	275 725	448 606	275 725	448 606
Trade and other receivables	2 626	16 039	2 626	16 039
Investments in equity securities	228 986	243 389	228 986	243 389
Loans receivable	224 805	118 299	224 805	118 299
<i>Financial liabilities</i>				
Trade and other payables	(9 477)	(9 251)	(9 477)	(9 251)
	722 665	817 082	722 665	817 082
Company				
<i>Financial assets</i>				
Cash and cash equivalents	3 726	14 754	3 726	14 754
Trade and other receivables	99	15 927	99	15 927
Investments in equity securities	219 991	234 164	219 991	234 164
Loans receivable	9 295	9 772	9 295	9 772
<i>Financial liabilities</i>				
Trade and other payables	(9 477)	(3 530)	(9 477)	(3 530)
	223 634	271 087	223 634	271 087

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 31 December 2007 and 2008 (continued)

24. Commitments

The Group does not have any significant commitments.

25. Related parties

Identity of related parties:

Subsidiaries

The Group has a related party relationship with its subsidiaries and with its directors and executive officers. For the subsidiaries of the Group, refer to note 12.

Common directorship

During 2007 and 2008 financial years, certain directors had common directorships with JCI Limited and its subsidiaries, which includes CMMS and JCI Gold Limited, ("JCI group") and as a result, the JCI group has been identified as a related party.

In addition, the R&E Group and the JCI group have a cross holding in each other in excess of 10% as at the date of these financial statements.

Key management

The directors and details of emoluments paid are listed in the Directors' Report. Other than the directors, there were no other members of key management during 2007 and 2008.

Material related party transactions

Material transactions with the Company

Amounts due to and from subsidiaries – refer to note 12

Interest received – refer to note 8

Interest paid – refer to note 8

Material transactions with the Group

Loans receivable – refer to note 14

Interest received – refer to note 8

Trade and other payables – refer to note 22

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	COMPANY		GROUP	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
26. Notes to the cash flow statements				
Cash (utilised in)/generated by operating activities				
(Loss)/profit before taxation	(62 620)	(81 519)	(5 321)	324 528
Adjustment for:				
Finance income	(1 157)	(1 788)	(56 537)	(19 011)
Finance expenses	902	–	–	–
Dividends received	(3 695)	(3 700)	(10 486)	(3 760)
Impairments of equity securities	14 173	59 259	14 403	60 356
Depreciation	21	7	21	7
Impairment of subsidiary loans	330	1 149	–	–
Profit on disposal of investment in equity security	–	(4 757)	–	(4 757)
Profit on disposal of prospecting rights	–	–	–	(395 000)
Change in post-retirement medical benefit liability	1 584	(2 424)	1 584	(2 424)
Operating loss before working capital changes	(50 462)	(33 773)	(56 336)	(40 061)
Decrease in trade and other receivables	15 828	17 515	13 413	13 389
Increase/(decrease) in trade and other payables	2 787	(10 250)	(57 684)	50 008
Cash (utilised in)/generated by operations	(31 847)	(26 508)	(100 607)	23 336
27. Taxation paid				
Amount outstanding at beginning of year	–	–	30 110	9 406
Income statement charge	–	–	16 617	20 704
Amount outstanding at end of year	–	–	(13 989)	(30 110)
Taxation paid	–	–	32 738	–

28. Subsequent events

(i) Increase in authorised share capital

At a general meeting of shareholders held on 19 January 2009, the authorised share capital of the Company was increased by 30 000 000 (thirty million) ordinary shares of R0,01 (one cent) each from 75 000 000 (seventy five million) to 105 000 000 (one hundred and five million) ordinary shares, by special resolution. The Articles of Association and Memorandum of the company were amended accordingly.

(ii) Settlement after year end

On 6 February 2009, R&E concluded a settlement agreement with Tlotlisa Securities (“T-Sec”). In terms of this settlement, T-Sec was obliged to make a payment of R14 million to R&E, which it has paid.

(iii) Investment in equity securities

R&E acquired a further 39 250 195 JCI Limited shares for a consideration of R5 million during February 2009.

(iv) On 15 April 2009, the Group made a further loan of R60.5 million to JCIF, secured by the JCI group’s 44.89% shareholding in the FSD group and a suretyship by JCI Limited.

SHAREHOLDER ANALYSIS

Register date: 24 December 2008

Issued share capital: 74 813 128 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1615	70.12	439 165	0.59
1 001 – 10 000 shares	475	20.63	1 561 876	2.09
10 001 – 100 000 shares	129	5.60	3 896 272	5.20
100 001 – 1 000 000 shares	65	2.82	21 141 048	28.26
1 000 001 shares and over	19	0.83	47 774 767	63.86
	2 303	100	74 813 128	100

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	82	3.56	19 957 061	26.68
Brokers	15	0.65	3 095 503	4.14
Close corporations	46	2.00	117 978	0.16
Control account	1	0.04	161 617	0.22
Endowment funds	5	0.22	154 207	0.21
Individuals	1 745	75.78	3 084 833	4.11
Insurance companies	5	0.22	397 671	0.53
Investment companies	9	0.39	2 197 663	2.94
Mutual funds	43	1.87	16 011 647	21.40
Nominees and trusts	160	6.95	1 557 315	2.08
Other corporations	39	1.69	68 723	0.09
Pension funds	48	2.08	7 107 373	9.50
Private companies	89	3.86	9 256 819	12.37
Public companies	16	0.69	11 644 718	15.57
	2 303	100	74 813 128	100

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.26	22 443 098	30.00
Associated holdings	5	0.22	14 369 165	19.21
Strategic holdings (more than 10%)	1	0.04	8 073 933	10.79
Public shareholders	2 297	99.74	52 370 030	70.00
	2 303	100	74 813 128	100

Beneficial shareholders holding of 5% or more as of 24 December 2008	Number of shares	%
Bank of New York Unrestricted Depositary Receipts	8 073 933	10.79
JCI Investment Finance (Pty) Ltd	5 789 318	7.74
Investec Bank Limited Account 25 Corporate Finance	4 225 000	5.65
Allan Gray Equity Fund	3 740 649	5.00

Beneficial shareholders holding of 5% or more as of 30 October 2009	Number of shares	%
Investec Bank Limited Account 25 Corporate Finance	19 648 046	26.26
Bank of New York Unrestricted Depositary Receipts	7 077 480	9.46
JCI Investment Finance (Pty) Ltd	5 039 318	6.74
Allan Gray Equity Fund	3 740 649	5.00

ANNUAL FINANCIAL STATEMENTS
 for the years ended 31 December 2007 and 2008

SHAREHOLDER ANALYSIS

Register date: 28 December 2007

Issued share capital: 74 813 128 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1595	64.65	426 832	0.57
1 001 – 10 000 shares	572	23.19	1 953 102	2.61
10 001 – 100 000 shares	221	8.96	6 623 595	8.85
100 001 – 1 000 000 shares	65	2.63	20 886 425	27.92
1 000 001 shares and over	14	0.57	44 923 174	60.05
	2 467	100	74 813 128	100

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	76	3.08	13 987 518	18.70
Brokers	13	0.53	4 565 386	6.10
Close corporations	47	1.91	161 528	0.22
Control account	1	0.04	163 836	0.22
Endowment funds	5	0.20	154 207	0.21
Individuals	1892	76.69	7 543 184	10.08
Insurance companies	6	0.24	397 971	0.53
Investment companies	8	0.32	1 896 663	2.54
Mutual funds	44	1.78	15 848 678	21.18
Nominees and trusts	184	7.46	2 621 665	3.50
Other corporations	41	1.66	83 592	0.11
Pension funds	48	1.95	7 277 543	9.73
Private companies	89	3.61	14 085 431	18.83
Public companies	13	0.53	6 025 926	8.05
	2 467	100	74 813 128	100

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.24	26 045 005	34.81
Associated holdings	4	0.16	9 139 955	12.22
Strategic holdings (more than 10%)	2	0.08	16 905 050	22.60
Public shareholders	2 461	99.76	48 768 123	65.19
	2 467	100.00	74 813 128	100.00

Beneficial shareholders holding of 5% or more	Number of shares	%
Uranium One	8 681 000	11.60
Bank of New York Unrestricted Depositary Receipts	8 224 050	10.99
Clear Horizon Multi Strategy Fund	5 321 582	7.11
Allan Gray Equity Fund	3 740 649	5.00

NOTICE OF ANNUAL GENERAL MEETING

RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1992/005642/06)

Share code: RNG (Suspended)

ISIN: ZAE000008819

ADR ticket symbol : RNG

(“R&E” or “the Company”)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF R&E IN TERMS OF SECTION 179(4) OF THE COMPANIES ACT, NO. 61 OF 1973

Notice is hereby given that this meeting of ordinary shareholders of R&E will be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, at 10:00 on Thursday, 21 January 2010 and as directed by the Registrar of Companies is deemed to be a combined annual general meeting in respect of the years ended 31 December 2004 to 2008 (hereinafter referred to as “the annual general meeting” or “the R&E annual general meeting”) for the purpose of considering, and if deemed fit, passing, with or without modification, the following ordinary and special resolutions in the manner required by the articles of association of the Company, the Companies Act, No. 61 of 1973, as amended (“the Companies Act”), and subject to the Listings Requirements of the JSE Limited (“JSE”).

ORDINARY RESOLUTION NUMBER 1

Waiving strict compliance by the Company with provisions of the Companies Act relating to the disclosure of audited financial information

“RESOLVED THAT strict compliance by the Company with the provisions of the Companies Act relating to the disclosure of audited financial information in relation to the Company and the Group for the financial years ended 31 December 2004, 31 December 2005 and 31 December 2006 be waived, thereby accepting the unaudited, disclaimed consolidated financial statements for the years ended 31 December 2004, 31 December 2005 and 31 December 2006 as sufficient disclosure of financial information of the Company and the Group to shareholders by the Company”.

ORDINARY RESOLUTION NUMBER 2

Adoption of financial statements

“RESOLVED THAT the unaudited, disclaimed consolidated financial statements for the financial years ended 31 December 2004, 2005 and 2006 be received and adopted.”

ORDINARY RESOLUTION NUMBER 3

Adoption of financial statements

“RESOLVED THAT the consolidated audited financial statements for the financial years ended 31 December 2007 and 2008 be received and adopted.”

ORDINARY RESOLUTION NUMBER 4**Appointment of Auditors**

“TO RE-APPOINT the auditors KPMG Inc. and to note that the individual registered auditor who will undertake the audit during the financial year ended 31 December 2009 is Mr CH Basson.”

Appointment of directors

A brief CV for each director is set out on pages 22 and 23 of the annual report.

ORDINARY RESOLUTION NUMBER 5**Appointment of director**

“RESOLVED THAT Mr DC Kovarsky who retires in terms of the articles of association and who is eligible and available for re-election, be and is hereby re-elected.”

ORDINARY RESOLUTION NUMBER 6**Appointment of director**

“RESOLVED THAT Mr M Steyn who retires in terms of the articles of association and who is eligible and available for re-election, be and is hereby re-elected.”

ORDINARY RESOLUTION NUMBER 7**Appointment of director**

“RESOLVED THAT Mr DI de Bruin who retires in terms of the articles of association and who is eligible and available for re-election, be and is hereby re-elected.”

ORDINARY RESOLUTION NUMBER 8**Appointment of director**

“RESOLVED THAT Ms MB Madumise who retires in terms of the articles of association and who is eligible and available for re-election, be and is hereby re-elected.”

ORDINARY RESOLUTION NUMBER 9**Placement of ordinary shares under the control of the directors**

“RESOLVED THAT the entire authorised but unissued ordinary share capital of the Company from time to time, be and is hereby placed under the control of the directors of the Company until the next annual general meeting, on the basis that such directors be and are hereby authorised in terms of section 221(2) of the Companies Act, to allot and issue all or part thereof in their discretion, subject to the provisions of the articles of association, the Companies Act and the Listings Requirements of the JSE.”

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

SPECIAL RESOLUTION NUMBER 1

Share repurchases by the Company or by a subsidiary of shares in the Company

“RESOLVED THAT the Company be hereby authorised, by way of a renewable general authority, to approve the purchase of its own shares, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 85 to 89 of the Companies Act, the articles of association of the Company and the Listings Requirements, namely that:

- a) this general authority shall be valid until the Company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter;
- b) the ordinary shares be purchased through the order book of the JSE trading system and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty unless the Company purchases its own shares from any wholly owned subsidiary of the Company for the purposes of cancelling such treasury shares pursuant to this general authority;
- c) an announcement complying with the Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries cumulatively repurchase three per cent of the ordinary shares in issue as at the time when the general authority was given (“the initial number”) and (ii) for each three per cent in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- d) the repurchase by the Company and its subsidiaries of the Company's ordinary shares shall not in the aggregate in any one financial year exceed 20 per cent of the Company's issued share capital of that class, provided that the acquisition of ordinary shares as treasury stock by a subsidiary of the Company shall not exceed 10 per cent in the aggregate of the number of issued shares of the Company;
- e) repurchases must not be made at a price more than 10 per cent above the weighted average of the market value of the shares for the five business days immediately preceding the date on which the transaction is effected. The JSE will be consulted for a ruling if the shares have not traded in such five business day period;
- f) at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- g) the Company will after a repurchase of shares still comply with the provisions of the Listings Requirements regarding shareholder spread;
- h) the Company and any subsidiaries will not effect a repurchase during a prohibited period (as defined in the Listings Requirements); and
- i) the Company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares.”

SPECIAL RESOLUTION NUMBER 2

Share repurchases by a subsidiary of its own shares

“RESOLVED AS a special resolution that the Company, insofar as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the Company of shares issued by such subsidiary, upon such terms and conditions and in such amounts as the directors of such subsidiary/ies may from time to time determine, but subject to the provisions of sections 85 to 89 of the Companies Act, the articles of association of the subsidiary, the Listings Requirements of the JSE Limited (“JSE”):

- a) The general repurchase of shares may only be implemented on the open market of the JSE if the subsidiary is listed and done without any prior understanding or arrangement between the subsidiary and the other counterparty.
- b) This general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution.
- c) An announcement must be published as soon as the subsidiary has acquired shares constituting, on a cumulative basis, three per cent of the number of shares of the subsidiary Company in issue prior to the acquisition, pursuant to which the aforesaid three per cent threshold is reached, containing full details thereof, as well as for each three per cent in aggregate of the initial number of shares acquired thereafter.

- d) This general authority to repurchase is limited to a maximum of 20 per cent in the aggregate in any one financial year of the subsidiary's issued share capital at the time the authority is granted.
- e) Repurchases must not be made at a price more than 10 per cent above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicants securities have not traded in such five business day period.
- f) The subsidiary Company, if listed, will only effect a general repurchase if after the repurchase is effected the Company still complies with the Listings Requirements of the JSE concerning shareholder spread requirements.
- g) The may at any point in time only appoint one agent to effect any repurchase(s) on the subsidiary's behalf.
- h) The subsidiary may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of the Listings Requirements of the JSE.
- i) The Company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares."

REASONS FOR AND EFFECT OF THE SPECIAL RESOLUTIONS

- a) The reasons for and effect of the special resolutions is to grant the Company's directors a general authority to approve the Company's repurchase of its own shares and to permit a subsidiary of the Company to purchase shares in the Company or for such subsidiary to purchase its own shares.
- b) The directors of the Company or its subsidiaries will only utilise the general authority to purchase shares of the Company and/or the subsidiary as set out in special resolutions 1 and 2 to the extent that the directors, after considering the maximum shares to be purchased, are satisfied that:
 - the Company and its subsidiaries will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of the notice of the annual general meeting at which this resolution is proposed (the annual general meeting);
 - the assets of the Company and its subsidiaries will exceed the liabilities of the Company and its subsidiaries for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the Company's latest audited annual Group financial statements;
 - the Company and its subsidiaries will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting;
 - the working capital of the Company and its subsidiaries will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
 - upon entering the market to proceed with the repurchase, the Company's sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

For the purposes of considering the special resolutions and in compliance with the Listings Requirements, the following information has been included in the annual report of which this notice forms part ("the annual report"), at the page numbers indicated: General information in respect of directors and management (pages 19 and 20), major shareholders (pages 74 and 75), directors' interests in securities (page 41) and the share capital of the Company (note 17).

- (1) There has been no material change to the financial or trading position of the Company since the end of the last period, otherwise than as disclosed in the annual report or as disclosed in the press.
- (2) The Company is involved in legal and arbitration proceedings which may have or has had a material effect on the Group's financial position as has been fully disclosed to shareholders in various circulars and as has been disclosed in the annual report.
- (3) The directors, whose names are given on page 19 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the notice contains all the information required by the Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

VOTING AND PROXIES

On a show of hands, each shareholder who is present in person or by proxy at the R&E annual general meeting is entitled to one vote irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of shareholders he represents, have only one vote. On a poll, a shareholder present in person or by proxy at the R&E annual general meeting shall be entitled to one vote for each share held or represented.

Each shareholder who is entitled to attend and vote at the R&E annual general meeting may appoint one or more proxies (none of whom needs to be a shareholder of R&E), to attend, speak and vote in his stead. The completion and lodging of forms of proxy will not preclude an R&E shareholder from attending, speaking and voting to the exclusion of the proxy or proxies so appointed.

A form of proxy is included with this notice for use by certificated shareholders and "own name" dematerialised shareholders only who are unable to attend the R&E annual general meeting but who wish to be represented thereat. Duly completed forms of proxy must be received by the South African transfer secretaries (Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107) or by the United Kingdom registrars (Capita Registrars), Proxies Department, The Registry, 34 Beckenham Road, Kent BR3 4TU by not later than 10:00 on Tuesday, 19 January 2010.

TELECONFERENCING FACILITY

In order to accommodate shareholders who are not physically able to attend the meeting, a teleconferencing facility will be available on the day of the meeting. Shareholders who make use of this facility to participate in the meeting, **shall not be entitled to vote on any resolution**, as in terms of article 60 of the articles of association of the Company, shareholders are required to be present in person or by proxy to be entitled to vote. The facility is provided merely as a courtesy for non-local shareholders.

To utilise this facility please phone Chorus Call on 21 January 2010, telephone number +27 11 535 3600 to be connected to the meeting.

For and on behalf of the board of R&E

Randgold & Exploration Company Limited

RP Pearcey

Company Secretary

Johannesburg
27 November 2009

Registered office

10 Benmore Road, Morningside,
Sandton 2196
(PO Box 650905, Benrose, 2010)

Transfer secretaries

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

United Kingdom registrars

Capita Registrars
The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU
United Kingdom

FORM OF PROXY

RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1992/005642/06)

Share code: RNG

ISIN: ZAE000008819 (Suspended)

ADR ticker symbol: RNG

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

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the annual general meeting must instruct their CSDP or broker to issue them with the necessary authority to attend. Should dematerialised shareholders, other than "own name" dematerialised shareholders, be unable to attend the annual general meeting in person, but wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

This form of proxy is for use by certificated ordinary shareholders and "own name" dematerialised ordinary shareholders of R&E only, at the annual general meeting of R&E shareholders ("the AGM") to be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, on Thursday, 21 January 2010.

Shareholders who have dematerialised their shares, other than "own-name" dematerialised shareholders, must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the R&E annual general meeting in person. Such shareholders must not return this form of proxy to the transfer secretaries.

For shareholders resident in the United States:

Holders of American Depositary Receipts (ADRs) will receive a form of proxy generated by the company's United States Depository Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E annual general meeting to be held at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, on Thursday, 21 January 2010, must contact the United States Depository to become registered owners of the ordinary shares corresponding to their ADRs prior to Tuesday, 12 January 2010, by presenting their ADRs to the United States Depository for cancellation, and (upon compliance with the terms of the Depository Agreement including payment of the United States Depository's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depository are referred to in the Corporate Information section on page 3 of this annual report of which this form of proxy forms a part.

I/We (please print name in full) _____

of address (please print) _____

being the holder of ordinary shares in R&E, hereby appoint (see note 2)

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the annual general meeting.

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the R&E annual general meeting which is to be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary resolutions and special resolution to be proposed thereat and at each adjournment thereof and to vote for or against the ordinary resolutions and special resolution or to abstain from voting in respect of their ordinary shares in the issued share capital of R&E registered in my/our name/s, in accordance with the following instructions (see note 4).

	For	Against	Abstain
Ordinary resolution number 1 – Waiving compliance to the Companies Act relating to the disclosure of audited financial information			
Ordinary resolution number 2 – That the unaudited, disclaimed consolidated financial statements for the financial years ended 31 December 2004, 2005 and 2006 be received and adopted			
Ordinary resolution number 3 – That the consolidated audited financial statements for the financial years ended 31 December 2007 and 2008 be received and adopted			
Ordinary resolution number 4 – To re-appoint KPMG Inc. as auditors of the Company for the financial year ended 31 December 2009			
Ordinary resolution number 5 – That Mr DC Kovarsky be re-elected as a director			
Ordinary resolution number 6 – That Mr M Steyn be re-elected as a director			
Ordinary resolution number 7 – That Mr DI de Bruin be re-elected as a director			
Ordinary resolution number 8 – That Ms. MB Madumise be re-elected as a director			
Ordinary resolution number 9 – Placement of the unissued ordinary shares under the control of the directors			
Special resolution number 1 – Share repurchase by the Company of its own shares			
Special resolution number 2 – Share repurchase by a subsidiary of its own shares			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in R&E, insert the number of R&E ordinary shares held in respect of which you desire to vote (see note 4).

Signed at _____ on _____ 2009/2010

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder) to attend, speak and vote in place of that member at the R&E annual general meeting.

Please read the notes and instructions on the reverse hereof.

NOTES:

1. All R&E shareholders are entitled to attend, be represented and vote at the R&E annual general meeting. Each R&E shareholder present in person or by proxy at the annual general meeting shall be entitled, on a show of hands, to one vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of shareholders he represents have only one vote. On a poll, at the R&E annual general meeting, an R&E shareholder who is present in person or by proxy shall be entitled to one vote for each share held or represented.
2. An R&E shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting". If a deletion is made, such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the R&E annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An R&E shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting, and in respect of the relevant number of shares to vote in such a manner, shall, in respect of the resolution, be indicated as follows:
 - a. By the insertion of an "X" in the appropriate box provided to indicate whether to vote for, against, or abstain from voting. Such an insertion, without the insertion of the relevant number of shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the R&E annual general meeting as indicated by the "X" in respect of all (and not some) of the shareholder's votes exercisable thereat.
 - b. By the insertion of the relevant number of shares held by the shareholder in R&E to indicate the number of shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the R&E annual general meeting as indicated by the number so inserted in respect of such inserted number (and not a portion) of shares.
 - c. By the failure to insert anything in the appropriate box. Such failure will be deemed to authorise the chairman of the meeting, if he is the proxy, to vote in favour and any other proxy to vote or abstain from voting at the R&E annual general meeting as he/she deems fit in respect of all (or a portion) of the shareholder's votes exercisable thereat.
4. Holders of ADRs will receive a form of proxy generated by the Company's United States Depository Bank, The Bank of New York. Holders of ADRs who wish to attend the R&E annual general meeting to be held on 21 January 2010 at MW Business Centre, Michelangelo Hotel, Mandela Square, Sandton, Johannesburg, South Africa, must contact the United States Depository to become registered owners of the ordinary shares corresponding to their ADRs prior to Tuesday, 12 January 2010, by presenting their ADRs to the United States Depository for cancellation, and (upon compliance with the terms of the Depository Agreement, including payment of the United States Depository's fees and applicable taxes and governmental charges) delivery of the underlying ordinary shares represented thereby. The details of the United States Depository are referred to in the Corporate Information section on pages 2 and 3 of this report to which this form of proxy forms a part.
5. An R&E shareholder is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast, and in respect of which abstention is recorded, whether by the shareholder or the proxy, may not exceed the total of the votes exercisable by the shareholder.
6. A duly completed form of proxy must be lodged with or posted to the South African transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 or the United Kingdom Registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to reach them by no later than 10:00 on Tuesday, 19 January 2010.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting, as the case may be.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
11. In respect of joint holders, any such persons may vote at the R&E annual general meeting in respect of such joint shares, as if he were solely entitled thereto; but if more than one of such joint holders are present or represented at the R&E annual general meeting, the person whose name stands first in the register in respect of such shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.

RANDGOLD

RANDGOLD & EXPLORATION COMPANY LIMITED

www.randgold.co.za