



Randgold & Exploration Company Limited

**Notice of Annual General Meeting and  
Abridged Group Financial Statements**

2017

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Mr Van Zyl Botha CA(SA), Financial Director, is responsible for these summarised group financial statements and has supervised the preparation thereof in conjunction with Mrs Mandrie Steyn CA(SA) (Group Financial Manager).

# NOTICE OF ANNUAL GENERAL MEETING

## RANDGOLD & EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1992/005642/06)

Share code: RNG

ISIN: ZAE000008819

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

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF R&E

Notice is hereby given that the annual general meeting ("the meeting" or "the annual general meeting") of shareholders of R&E will be held at The Westin Cape Town, Convention Square, Lower Long Street, Cape Town, at 11:00 on Friday 18 May 2018, 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 memorandum of incorporation of the company, the Companies Act (Act 71 of 2008), as amended (the Companies Act) and to the Listings Requirements of the JSE Limited (JSE).

### PURPOSE

The purpose of the meeting is to transact the business set out in the agenda below.

#### 1. AGENDA

Presentation of the audited annual financial statements of the company, including the reports of the directors and the Audit and Risk Committee for the year ended 31 December 2017, for shareholders to consider. The annual report of the company, containing the complete audited annual financial statements, is available at [www.randgoldexp.co.za](http://www.randgoldexp.co.za) or can be obtained from the company at its registered office.

#### 2. TO CONSIDER AND, IF DEEMED FIT, APPROVE, WITH OR WITHOUT MODIFICATION, THE FOLLOWING ORDINARY RESOLUTIONS

*Note: For the ordinary resolutions numbers 1 to 7 to be adopted, more than 50 percent of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.*

##### 2.1 Retirement and re-election of directors

###### 2.1.1 ORDINARY RESOLUTION NUMBER 1

"Resolved that Mr JH Scholes (refer to curriculum vitae below), who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the company."

##### **Summary curriculum vitae of John Hulme Scholes (51) (Hulme)**

*Independent Non-executive Director*

BA (Law), LLB (Wits)

Date of appointment: 19 February 2010

Hulme holds a BA Law and LLB degree from the University of Witwatersrand and is an admitted attorney of the High Court of South Africa. Hulme specialised in mining and mineral law and has practised exclusively in the field for 18 years. He was appointed as a non-executive director of Aquarius Platinum (AQPSA) in 2004 and was a partner at Werksmans Attorneys from 1999 to 2008. In 2008 he was appointed as an executive commercial director of AQPSA. On 1 October 2010, Hulme returned to the legal profession as a mining and mineral law advisor and is now a non-executive director of West Wits Mining Limited, which is listed on the Australian Stock Exchange.

The reason for ordinary resolution number 1 is that the Companies Act and the Listings Requirements of the JSE (Listings Requirements) require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

### 2.2 Re-appointment of the members of the Audit and Risk Committee of the company

*Note: For avoidance of doubt, all references to the Audit and Risk Committee of the company is a reference to the audit committee as contemplated in the Companies Act.*

#### 2.2.1 ORDINARY RESOLUTION NUMBER 2

"Resolved that Mr DC Kovarsky (refer to curriculum vitae below), being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

##### **Summary curriculum vitae of David Chaim Kovarsky (70) (David)**

*Independent Non-executive Chairman*

CTA, 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, progressing to managing 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, he has been involved in finance and strategy consulting functions and served as the CEO or CFO of companies of various sizes, mostly related to resources.

Until August 2011, David was the CEO of International Ferro Metals Limited, a company listed on the London Stock Exchange producing ferrochrome in South Africa. He is currently the Senior Vice President of Sibanye-Stillwater.

Shareholders should note that Mr DC Kovarsky is the chairman of the board of directors and will not chair the audit and risk committee.

#### 2.2.2 ORDINARY RESOLUTION NUMBER 3

"Resolved that Mr JH Scholes (refer to curriculum vitae above), being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

#### 2.2.3 ORDINARY RESOLUTION NUMBER 4

"Resolved that Mr P Burton (refer to curriculum vitae below), being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

##### **Summary curriculum vitae of Patrick Burton (65) (Patrick)**

*Independent Non-executive Director*

BComm (Hons) Financial Management, Post Graduate Diploma in Tax Law

Date of appointment: 23 May 2013

Patrick was one of the founding members of Siphumelele Investments Limited, a black economic empowerment company, established in 1995, with a shareholder base representing in excess of 150 000 previously disadvantaged individuals. His experience as a director includes non-executive positions in fishing, food and financial services. Patrick is a member of the audit committees of PSG Group Limited, PSG Konsult Limited, Quantum Foods Limited and Safrcan Limited.

The reason for ordinary resolutions numbers 2, 3 and 4 is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each annual general meeting of a company.

### 2.3 Re-appointment of auditor

#### ORDINARY RESOLUTION NUMBER 5

"Resolved that, on the recommendation of the company's Audit and Risk Committee, KPMG Inc. be reappointed as the auditor of the company for the ensuing financial year."

The reason for ordinary resolution number 5 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the annual general meeting of the company as required by the Companies Act.

## 2.4 Non-binding advisory vote on remuneration policy

### ORDINARY RESOLUTION NUMBER 6

"Resolved that the company's remuneration policy, as set out in the Annexure to this AGM notice, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for and effect of ordinary resolution number 6 is that the King IV Report on Corporate Governance for South Africa, 2016 (King IV) recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

## 2.5 Non-binding advisory vote on the implementation report of the remuneration policy of the company

### ORDINARY RESOLUTION NUMBER 7

"Resolved that the company's implementation report in regard to the remuneration policy, as set out in the Annexure of this AGM notice, be and is hereby endorsed by way of a non-binding vote."

The reason for and effect of ordinary resolution number 7 is that King IV recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the implementation of a company's remuneration policy. Ordinary resolution 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

## 3. TO CONSIDER AND, IF DEEMED FIT, PASS, WITH OR WITHOUT MODIFICATION, THE FOLLOWING SPECIAL RESOLUTIONS

*Note: For the special resolutions to be adopted, at least 75 percent of the voting rights exercised on each special resolution must be exercised in favour thereof.*

### 3.1 Remuneration of non-executive directors

#### SPECIAL RESOLUTION NUMBER 1

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting:

Per annum for serving as a non-executive director of the company:

3.1.1	Chairman	R509 700
3.1.2	Other non-executive directors	R318 580

(includes serving on the board's subcommittees)"

#### Reason for and effect of special resolution number 1

The reason for special resolution number 1 is for the company to obtain the approval of shareholders, by way of a special resolution, for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting.

### 3.2 Inter-company loans

#### SPECIAL RESOLUTION NUMBER 2

"Resolved that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine and in accordance with section 45 of the Companies Act, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

### Reason for and effect of special resolution number 2

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority, until the next annual general meeting, to provide financial assistance to any company or corporation that is related or inter-related to the company in accordance with section 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

The board of the company will ensure that, prior to providing any financial assistance as contemplated above, it is satisfied that, immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as set out in the Companies Act and ensure that the terms of any such financial assistance is fair and reasonable.

### 4. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

#### Information relating to the special resolutions

The directors, whose names appear on page 14, 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 that would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this notice of annual general meeting contains all information required by the Listings Requirements.

### VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company (the share register) for purposes of being entitled to receive this notice is **Friday, 16 March 2018**.
2. The date on which shareholders must be recorded as such in the share register for purposes of being entitled to attend and vote at the meeting is **Friday, 11 May 2018** with the last day to trade being **Tuesday, 8 May 2018**.
3. **Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the annual general meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.**
4. Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for completion by certificated shareholders and own-name registered dematerialised shareholders who wish to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must be completed and returned to the Company's the transfer secretaries of the company at the address given below by no later than 11:00 on **Friday, 11 May 2018** provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the Annual General Meeting prior to the commencement of the Annual General Meeting, at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person, will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.
9. In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out immediately below:

An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

A proxy may delegate its authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

By order of the board

**Randgold & Exploration Company Limited**

**Van Zyl Botha**

*Company Secretary*

Johannesburg

23 March 2018

**Registered office**

Suite 25, Third floor, Katherine & West Building

114 West Street, Sandown

Sandton, 2196

**Postal address**

PO Box 202, Stellenbosch, 7600

**Transfer secretaries**

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

(PO Box 61051, Marshalltown, 2107)

## **ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING**

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### **REMUNERATION POLICY**

The group's remuneration philosophy is based on the following principles:

- Aligning executive remuneration with company performance and shareholder interests;
- Setting remuneration standards which attract, retain and motivate a competent executive team;
- Linking individual pay with operational and company performance in relation to strategic objectives; and
- Evaluating compensation of executives including approval of salary, equity and incentive based awards.

In applying these principles to remuneration practices, management aims to be market competitive and ensures that good governance is observed in relation to all remuneration practices. In applying these principles the committee aims to be transparent and achieve fair and responsible remuneration for management.

No benchmark is currently used to determine remuneration. The remuneration committee determines the remuneration of executive directors and other senior executive managers. The basic "cost to company" package consists of a basic salary. These packages are linked to expertise and knowledge required in the position. Basic "cost to company" is fixed for a period of 12 months and is subject to an annual review. Executive directors' increases are proposed by the chairman of the board, but are subject to prior review by the remuneration committee and final approval of the board. There is no restraint of trade in place for either of the executive directors. Changes to the remuneration of independent non-executive directors are approved by shareholders.

Please refer to our website [www.randgoldexp.co.za](http://www.randgoldexp.co.za) where the remuneration policy is stored for public access.

### **EXECUTIVE DIRECTORS' REMUNERATION**

Randgold's executive remuneration structure currently comprises only guaranteed remuneration. No variable recurring bonus arrangement is currently in place. There is no variable pay and directors are, due to company size and complexity and activities not rewarded for individual performance. As a result it is not deemed necessary to provide an illustration of the potential impact on the total remuneration for executive management, on a single, total figure basis, of applying the remuneration policy under minimum, on-target and maximum performance outcomes.

The remuneration paid to executive directors is disclosed on page 7 of this report.

### **GUARANTEED REMUNERATION**

Executive directors, along with all employees, receive guaranteed packages. These guaranteed packages are reviewed annually in March. Salaries are set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance. The average salary increase for the executive directors for the 2017 financial year was 6.5%.

### **VARIABLE REMUNERATION**

Not applicable

### **EXECUTIVE SERVICE CONDITIONS**

There are no fixed-term service conditions.

There are no obligations in executive employment contracts which give rise to payments on termination of employment or office.

### **NON-EXECUTIVE DIRECTORS' FEES**

Non-executive directors receive fees for serving on the board and board committees. No non-executive director has an employment contract with the company and no consulting fees were paid to directors during the year.

The proposed fees for 2018 financial year, which are subject to approval by shareholders at the forthcoming AGM in May 2018, are included in the notice of AGM on page 3 of this report.

### **REMUNERATION GOVERNANCE**

The remuneration committee operates under formal board-approved terms of reference. Their duties include but are not limited to the following:

## DUTIES:

- To consider the remuneration policy and to set strategic objectives for remuneration management within the company's operations;
- To make all determinations and take any action that is reasonably appropriate or necessary in the course of establishing the compensation of the company's executives;
- To review and approve corporate goals and objectives relevant to the compensation of the chief executive officer, evaluate the performance of the chief executive officer in light of these goals and objectives, and set the compensation level of the chief executive officer based on this evaluation;
- To review, and make recommendations to the board where necessary, all new employment, consulting, retirement and severance agreements and arrangements proposed for the company's executives. The committee periodically evaluate existing agreements with the company's executives for continuing appropriateness;
- To determine specific remuneration packages for each executive director and executive officer of the company, including fringe benefits, and to review these annually;
- To consider the payment of performance linked non-pensionable bonuses to executive directors and executive officers of the company, and to set the criteria for and relative value of such payments; and
- To consider other matters relating to the remuneration of or terms of employment applicable to the executive directors and executive officers that may be referred to the committee by the board;

## IMPLEMENTATION OF REMUNERATION POLICY REPORT

### Director's remuneration

	Basic salary/fees		Bonus		Total	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Directors</b>						
<b>Executive</b>						
M Steyn	2 406	2 259	–	–	2 406	2 259
V Botha	1 398	1 312	–	–	1 398	1 312
<b>Non-executive</b>						
DC Kovarsky	471	442	–	–	471	442
JH Scholes	294	276	–	–	294	276
P Burton	294	276	–	–	294	276
	<b>4 863</b>	4 565	–	–	<b>4 863</b>	4 565

No payments were made during the reporting period on termination of employment or office.

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory votes in terms of the notice of annual general meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the annual general meeting, the board of directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections and will, where possible and prudent, given the objectives of the remuneration policy, take those objections into consideration when formulating any amendments to the company's remuneration policy.

The committee believes that they applied the remuneration policy effectively and complied with all requirements.

## COMMENTARY

TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### GENERAL

The board of R&E is pleased to announce the audited results for the year ended 31 December 2017.

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

### INCOME

The 2017 group results reflected a total comprehensive loss for the year of R7.0 million (2016: R7.9 million). This was mainly as a result of an increase in legal fees. During the year income was derived primarily from third party recoveries of R1.1 million (2016: R6.4 million), the sale of prospecting rights realising a profit of R9.1 million and interest of R13.0 million (2016: R13.7 million) earned on cash investments. The company spent R6.7 million (2016: R6.4 million) on personnel costs, R22.4 million (2016: R18.3 million) on legal and forensic fees, and other operational costs totalled R2.1 million (2016: R4.8 million).

### FINANCIAL POSITION

R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash and cash equivalents. R&E had a net asset value per share of R2.13 at 31 December 2017. (2016: R2.23)

### CASH FLOW

R&E started the year under review with a cash and cash equivalent balance of R170.0 million.

The group's cash outflow of R9.9 million was the net result of interest earned on cash, the disposal of prospecting rights and recoveries received, less cash utilised to fund its operations during the year.

R&E remains in a healthy cash position with R160.1 million in cash and cash equivalents at 31 December 2017.

### OUTLOOK

The outlook for 2018 is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to be at a similar level as 2017. Until the claims in which the company are engaged have been finalised, this pattern of expenditure is likely to prevail.

#### David Kovarsky

*Chairman*

Johannesburg  
23 March 2018

#### Marais Steyn

*Chief Executive Officer*

## SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Audited 2017 R'000	Audited 2016 R'000
Dividends received – listed equity securities		294	296
Profit on disposal of listed equity securities		33	66
Recoveries	7	1 158	6 441
Other income		150	–
Personnel expenses		(6 711)	(6 444)
Profit on disposal of prospecting rights	6	9 120	–
Change in fair value of listed equity securities		(389)	917
Change in fair value of cash investments		851	(545)
Other operating expenses		(24 528)	(23 196)
<b>Loss from operating activities</b>		<b>(20 022)</b>	<b>(22 465)</b>
Finance income		13 005	14 445
Finance expense		–	(654)
<b>Loss before taxation</b>		<b>(7 017)</b>	<b>(8 674)</b>
Taxation		–	–
<b>Loss for the year</b>		<b>(7 017)</b>	<b>(8 674)</b>
<b>Other comprehensive income</b>			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss			
Actuarial (losses)/gains		(42)	687
<b>Total comprehensive income for the year</b>		<b>(7 059)</b>	<b>(7 987)</b>
Basic and diluted loss per share (cents)	8	(10)	(12)

## SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Audited 2017 R'000	Audited 2016 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment	17	24
Intangible assets	17	23
	–	1
<b>Current assets</b>		
Investment in listed equity securities	166 661	176 842
Trade and other receivables	6 472	6 683
Cash and cash equivalents	85	118
	160 104	170 041
<b>Total assets</b>	<b>166 678</b>	<b>176 866</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Ordinary share capital	152 717	159 776
Retained earnings	716	716
	152 001	159 060
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Post-retirement medical benefit obligation	11 404	11 849
<b>Current liabilities</b>		
Trade and other payables	2 557	5 241
<b>Total equity and liabilities</b>	<b>166 678</b>	<b>176 866</b>

## SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R'000	Audited 31 December 2016 R'000
<b>Attributable to equity holders of the company</b>		
<b>Ordinary share capital</b>	<b>716</b>	<b>716</b>
<b>Retained earnings</b>	<b>152 001</b>	<b>159 060</b>
Balance at the beginning of the period	159 060	167 047
Total comprehensive income for the year	(7 059)	(7 987)

## SUMMARISED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Audited 31 December 2017 R'000	Audited 31 December 2016 R'000
<b>Loss before taxation</b>	<b>(7 017)</b>	<b>(8 674)</b>
<b>Adjusted for:</b>		
Profit on disposal of listed equity securities	(33)	(66)
Profit on disposal of prospecting rights	(9 120)	–
Change in fair value of listed equity securities	389	(917)
Purchase of computer equipment	–	(18)
Depreciation	6	2
Post-retirement medical benefit obligation – interest cost	975	1 190
Interest received	(13 005)	(14 445)
Interest paid	–	654
Dividends received	(294)	(296)
Working capital changes	(2 651)	4 109
<b>Cash utilised in operating activities</b>	<b>(30 750)</b>	<b>(18 461)</b>
Interest received	13 005	14 445
Interest paid	–	(654)
Post-retirement medical benefit liability – benefits paid	(1 462)	(1 526)
<b>Cash flow from operating activities</b>	<b>(19 207)</b>	<b>(6 196)</b>
<b>Cash flow from investing activities</b>	<b>9 270</b>	<b>299</b>
Dividends received	294	296
Proceeds on disposal of prospecting rights	9 120	–
Acquisition of investment in listed equity securities	(2 269)	(1 647)
Proceeds on disposal of listed equity securities	2 125	1 650
<b>Cash flow from financing activities</b>	<b>–</b>	<b>–</b>
<b>Decrease in cash and cash equivalents</b>	<b>(9 937)</b>	<b>(5 897)</b>
Cash and cash equivalents at the beginning of the year	170 041	175 938
<b>Cash and cash equivalents at the end of the year</b>	<b>160 104</b>	<b>170 041</b>

## NOTES

TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. REPORTING ENTITY

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group annual financial statements of the company for the year ended 31 December 2017 includes the company and its subsidiaries (together referred to as "the group").

### 2. BASIS OF PREPARATION

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

### 4. INDEPENDENT AUDIT BY THE AUDITOR

These summarised group financial statements for the year ended 31 December 2017 have been extracted from the complete set of annual financial statements on which the auditors, KPMG Inc., have expressed an unqualified audit opinion, dated 23 March 2018. The auditor's report and annual financial statements, which have been summarised in this report, are available for inspection at the registered office of the company. This abridged report is extracted from audited information, but is not itself audited.

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

### 5. SEGMENT REPORTING

The group operates in a single operating segment as an investment holding company.

### 6. PROSPECTING RIGHTS

During 2017 R&E received proceeds of R 9.1 million from the disposal of the Doornbosch prospecting right.

### 7. RECOVERIES

During 2017 R&E received liquidation dividends from The Insolvent Deceased Estate of Roger Brett Keble of R1.1 million.

### 8. LOSS PER SHARE

	2017	2016
	Per share	Per share
	(in cents)	(in cents)
<b>Loss per share</b>		
<b>Basic loss and diluted loss per ordinary share</b>	<b>(10)</b>	<b>(12)</b>
The calculation of basic and diluted loss per ordinary share is based on loss of R7.0 million (2016: R8.6 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2016: 71 585 172) shares in issue.		
<b>Headline loss and diluted headline loss per share</b>	<b>(23)</b>	<b>(12)</b>
The calculation of the headline loss and diluted headline loss per share is based on headline loss of R16.1 million (2016: R8.6 million) attributable to equity holders of the company and a weighted average of 71 585 172 (2016: 71 585 172) ordinary shares in issue.		

8. LOSS PER SHARE (CONTINUED)

	2017 R'000	2016 R'000
<b>Reconciliation between basic loss for the year and headline loss</b>		
Loss for the year attributable to equity holders of the company	(7 017)	(8 674)
<b>Adjusted for:</b>		
Profit on disposal of prospecting rights	(9 120)	–
<b>Headline loss for the year attributable to equity holders of the company</b>	<b>(16 137)</b>	<b>(8 674)</b>

9. NET ASSET AND TANGIBLE NET ASSET VALUE PER SHARE

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

	31 December 2017	31 December 2016
Net asset value (R'000)	152 717	159 776
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	213	223
Net tangible asset value per share (cents)	213	223

The number of shares outstanding at 31 December 2017 and 31 December 2016 has been adjusted for the 2 999 893 treasury shares held.

10. MATERIAL CHANGES

No material changes occurred during 2017.

11. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period under review other than in the normal course of business. Key management remuneration for the current year was R4.8 million (2016: R4.5 million). JH Scholes, a director of R&E, is also a director of Malan Scholes Attorneys, which provides legal prospecting right consulting services to R&E on an ad hoc basis. The cost of these services amounted to R45 790 during 2017 (2016: R119 860).

12. EVENTS AFTER REPORTING DATE

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

**Directors**

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

**Company secretary**

V Botha CA(SA)

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
 Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

**Sponsor**

PSG Capital Proprietary Limited  
 First Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600  
 (Registration number 2004/003647/07)

## ANNEXURE

General information in respect of directors, major shareholders, directors' interest and share capital of the company.

### DIRECTORS

#### Executive directors

##### Marais Steyn (47)

Chief Executive Officer

BComm (Hons), CA(SA)

##### Van Zyl Botha (37)

Financial Director

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

#### Non-executive directors

##### David Chaim Kovarsky (70)

Independent Non-executive Chairman

CTA, CA(SA)

##### John Hulme Scholes (51)

Independent Non-executive Director

BA (Law), LLB (Wits)

##### Patrick Burton (65)

Independent Non-executive Director

BComm (Hons) Financial Management, Postgraduate Diploma in Tax Law

### MAJOR SHAREHOLDERS

Register Date: 29 December 2017

Issued Share Capital: 74,585,065 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	% of ISC
1 – 1 000 shares	884	67.12	245 981	0.33
1 001 – 10 000 shares	274	20.80	948 214	1.27
10 001 – 100 000 shares	105	7.97	3 696 894	4.96
100 001 – 1 000 000 shares	42	3.19	13 048 403	17.49
1 000 001 shares and over	12	0.91	56 645 573	75.95
<b>Total</b>	<b>1 317</b>	<b>100</b>	<b>74 585 065</b>	<b>100</b>

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	% of ISC
ADRs	3	0.23	4 687 607	6.28
Banks	63	4.78	17 062 308	22.88
Brokers	13	0.99	63 443	0.09
Close Corporations	14	1.06	6 628 412	8.89
Endowment Funds	4	0.30	183 584	0.25
Individuals	1 031	78.28	3 855 039	5.17
Insurance Companies	3	0.23	323 961	0.43
Mutual Funds	13	0.99	8 066 594	10.82
Nominees and Trusts	87	6.61	1 281 489	1.72
Other Corporations	14	1.06	79 229	0.11
Pension Funds	28	2.13	4 491 214	6.02
Private Companies	39	2.96	27 813 366	37.29
Public Companies	5	0.38	48 819	0.07
<b>Total</b>	<b>1 317</b>	<b>100</b>	<b>74 585 065</b>	<b>100</b>

## ANNEXURE (CONTINUED)

<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>	<b>Number of shareholders</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
Non-public shareholders	2	0.15	19 985 105	26.80
Strategic Holdings (more than 10%)	1	0.08	16 985 212	22.77
R&E subsidiary	1	0.08	2 999 893	4.02
Public shareholders	1 315	99.85	54 599 960	73.20
<b>Total</b>	<b>1 317</b>	<b>100</b>	<b>74 585 065</b>	<b>100</b>

<b>BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE</b>	<b>Number of shares</b>	<b>%</b>
Pacol Investments Proprietary Limited	16 985 212	22.77
Perpetual Metier Fund	8 920 439	11.96
Zerbans Cake & Coffee Shop CC	6 552 500	8.78
ADRs (American Depositary Receipts)	4 687 607	6.38
Allan Gray Equity Fund	3 725 649	5.00
Charisma Holdings Proprietary Limited	3 442 286	4.09
Investec Bank Limited	3 280 821	4.40
Refraction Investment Proprietary Limited*	2 999 893	4.02
Theodoor Gilissen Bankiers N.V	2 368 903	3.18

<b>FUND MANAGERS HOLDING 5% OR MORE</b>	<b>Number of shares</b>	<b>%</b>
Allan Gray Proprietary Limited**	13 513 357	18.12

\* Refraction Investment Proprietary Limited is a subsidiary of R&E

\*\* Includes the beneficial owner Allan Gray Equity Fund

### DIRECTORS' INTEREST

No director held any shares in the group, directly or indirectly, for the 2017 or 2016 financial years and up to the date of this report.

### SHARE CAPITAL OF THE COMPANY

The company's authorised and issued share capital at 31 December 2017 was:

#### Authorised

105 000 000 ordinary shares of 1 cent each

#### Issued

74 585 065 ordinary shares of 1 cent each

#### Treasury shares

At the reporting date, a subsidiary of R&E held 2 999 893 R&E shares as treasury shares.

## CORPORATE INFORMATION

### **Randgold & Exploration Company Limited (R&E)**

(Registration number 1992/005642/06)

#### **Company Secretary**

Van Zyl Botha CA(SA)

Suite 25, Third floor, Katherine & West Building

114 West Street, Sandown

Sandton, 2196

#### **Postal address**

PO Box 202

Stellenbosch, 7600

Telephone: +27 71 580 3739

Facsimile: +27 86 235 9863

Website: [www.randgoldexp.co.za](http://www.randgoldexp.co.za)

#### **Registered office**

Suite 25, Third floor, Katherine & West Building

114 West Street, Sandown

Sandton, 2196

### **South African attorneys to R&E**

Van Hulsteyns

Suite 25, Third floor, Katherine & West Building

114 West Street, Sandown

Sandton, 2196

(PO Box 783436, Sandton, 2146)

Telephone: +27 11 523 5300

Facsimile: +27 11 523 5326

### **United States solicitors to R&E**

Paul, Hastings, Janofsky & Walker LLP

75 East 55th Street, First Floor, New York, NY 10022

Telephone: +1 212 318 6000

Facsimile: +1 212 319 4090

### **Sponsor and corporate advisor to R&E**

PSG Capital Proprietary Limited

(Registration number 2006/015817/07)

First Floor, Ou Kollege

35 Kerk Street, Stellenbosch, 7600

(PO Box 7403, Stellenbosch, 7599)

Telephone: +27 21 887 9602

Facsimile: +27 21 887 9624

### **Auditors to R&E**

KPMG Inc.

(Registration number 1999/021543/21)

MSC House, 1 Mediterranean Street

Foreshore, Cape Town, 8001

(PO Box 4609, Cape Town, 8000)

Telephone: +27 21 408 7000

Facsimile: +27 21 408 7100

### **South African transfer secretaries to R&E**

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

(PO Box 61051, Marshalltown, 2107)

Telephone: +27 861 100 950 or +27 11 370 5000

### **Communications for R&E**

Brian Gibson Issue Management

Brian Gibson

33 Bahia Village

1 First Avenue

Umdloti, 4350

(PO Box 664, Umdloti, 4350)

Telephone: +27 83 253 5988

Email: [gibson@icon.co.za](mailto:gibson@icon.co.za)

### **Competent persons – Prospecting Rights report**

Minxcon

Johan Odendaal (Director, Minxcon)

Charles Muller (Director, CJM Consulting)

Suite 6, Coldstream Office Park

Cnr. of Hendrik Potgieter and Van Staden Roads

Rooodepoort, 1724

Gauteng

Telephone: +27 11 958 2899

### **European solicitors to R&E**

Fox Williams LLP

Ten Dominion Street, London, EC2M 2EE

Telephone: +44 20 7628 2000

Facsimile: +44 20 7628 2100

### **United States depository**

#### ***In the United States of America***

The Bank of New York Mellon

101 Barclay Street,

New York, NY 10286

Telephone: +1 212 815 2077

#### ***In the United Kingdom***

The Bank of New York Mellon

41st Floor, 1 Canada Square, Canary Wharf

London, E14 5AL

Telephone: +44 20 7964 6089



[www.randgoldexp.co.za](http://www.randgoldexp.co.za)