

Randgold & Exploration company ltd  
(Incorporated in the Republic of South Africa)  
(Registration number: 1992/005642/06)  
Sharecode: RNG  
ISIN: ZAE00000819  
(R&E or the company)

#### SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### COMMENTARY TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### GENERAL

The board of R&E is pleased to announce the audited results for the year ended 31 December 2018.

Mr Marais Steyn 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 Mr Rayner van Wyk CA(SA) representing Outsourced CFO (Pty) Ltd (Group Financial Manager).

#### INCOME

The 2018 group results reflected a total comprehensive income for the year of R3.8 million (2017 loss: R7.0 million). This was mainly as a result of an increase in third party recoveries. During the year income was derived primarily from third party recoveries of R21.7 million (2017: R1.1 million) and interest of R12.0 million (2017: R13.0 million) earned on cash investments. The company spent R6.9 million (2017: R6.7 million) on personnel costs, R23.0 million (2017: R22.4 million) on legal and forensic fees, and other operational costs totalled R3.0 million (2017: R2.1 million).

#### FINANCIAL POSITION

R&E is liquid with no interest-bearing debt. The major assets of the R&E group as at 31 December 2018 consisted of funds held in unit trusts of R167.9 million. The board has adopted a low risk approach to protect the group's investments in listed securities, which are monitored daily in conjunction with a specialist treasury firm to maintain optimal returns with minimal associated risks.

R&E had a net asset value per share of R2.19 at 31 December 2018. (2017: R2.13)

#### CASH FLOW

The group's cash outflow of R1.4 million was the net result of interest earned on cash, dividends and recoveries received, less cash utilised to fund its operations during the year.

#### OUTLOOK

The outlook for 2019 is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to be at a similar level as 2018. Until the claims in which the company are engaged have been finalised, this pattern of expenditure is likely to prevail.

David Kovarsky                      Marais Steyn  
Chairman                              Joint Chief Executive Officer and Financial Director  
Johannesburg  
22 March 2019

#### SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	R'000	R'000
Dividends received - Investments in listed securities	317	294

(Loss)/profit on disposal of listed securities		(360)	33
Recoveries	6	21 750	1 158
Other income		602	150
Personnel expenses		(6 908)	(6 711)
Profit on disposal of prospecting rights		-	9 120
Change in fair value of investments in listed securities		1 937	462*
Other operating expenses		(25 957)	(24 528)
Loss from operating activities		(8 619)	(20 022)
Finance income		12 072	13 005
Finance expense		-	-
Profit/(loss) before taxation		3 453	(7 017)
Taxation		-	-
Profit/(loss) for the year		3 453	(7 017)
Other comprehensive income/(loss)			
Items of other comprehensive income/(loss) that will not be subsequently reclassified to profit or loss			
Actuarial gains/(losses)		366	(42)
Total comprehensive income/(loss) for the year		3 819	(7 059)
Basic and diluted earnings/(loss) per share (cents)	7	5	(10)

\* These amounts have been reclassified to better reflect their nature, please refer to note 9 for detail. This reclassification does not change the loss for the year.

#### SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	Audited 2018 R'000	Audited 2017 R'000 (Restated*)
<b>ASSETS</b>		
Non-current assets	12	17
Equipment	12	17
Intangible assets	-	-
Current assets	169 284	166 661
Investments in listed securities	167 881	164 901*
Other receivables	1 085	85
Cash and cash equivalents	318	1 675*
Total assets	169 296	166 678
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity	156 536	152 717
Ordinary share capital	716	716
Retained earnings	155 820	152 001
<b>LIABILITIES</b>		
Non-current liabilities		
Post-retirement medical benefit obligation	10 496	11 404

Current liabilities		
Other payables	2 264	2 557
Total equity and liabilities	169 296	166 678

\*These amounts have been reclassified to better reflect their nature, please refer to note 9 for detail. This reclassification does not change total or current assets and does not affect retained earnings. Management have therefore deemed it not necessary to disclose a 3rd statement of financial position.

#### SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited 31 December 2018 R'000	Audited 31 December 2017 R'000
Attributable to equity holders of the company		
Ordinary share capital	716	716
Retained earnings	155 820	152 001
Balance at the beginning of the period	152 001	159 060
Total comprehensive income for the year	3 819	(7 059)

#### SUMMARISED GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited 31 December 2018 R'000	Audited 31 December 2017 R'000 (Restated*)
Profit/(loss) before taxation	3 453	(7 017)
Adjusted for:		
Profit on disposal of investments in listed securities	360	(33)
Profit on sale of prospecting rights	-	(9 120)
Change in fair value of investments in listed securities	(1 937)	(462)*
Depreciation	6	6
Post-retirement medical benefit obligation - interest cost	884	975
Interest received	(12 072)	(13 005)
Dividends received	(317)	(294)
Working capital changes	(1 293)	(2 651)
Cash utilised in operating activities	(10 916)	(31 601)
Interest received	12 072	13 005
Post-retirement medical benefit liability - benefits paid	(1 426)	(1 462)
Cash flow from operating activities	(270)	(20 058)
Cash flow from investing activities	(1 087)	16 824
Dividends received from listed equity securities	317	294
Proceeds on disposal of prospecting rights	-	9 120
Acquisition of Investments in listed securities	(3 580)	(2 269)
Proceeds from disposal of Investments in listed securities	2 176	9 679*
Cash flow from financing activities	-	-
Increase/(decrease) in cash and cash equivalents	(1 357)	(3 234)*
*Cash and cash equivalents at the beginning of the year	1 675	4 909*

Cash and cash equivalents at the end of the year 318 1 675\*

\*These amounts have been reclassified to better reflect their nature, please refer to note 9 for detail.

#### NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

##### 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 2018 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 2018 have been extracted from the complete set of annual financial statements on which the auditors, KPMG Inc., have expressed an unqualified audit opinion, dated 22 March 2019. 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.RECOVERIES

During 2017 R&E received a settlement payment from Charles Orbach and Company, a former auditor of R&E, of R21.7 million.

##### 7.EARNINGS PER SHARE

	2018	2017
	Per share	Per share
	(in cents)	(in cents)
EARNINGS PER SHARE		
Basic earnings and diluted earnings per ordinary share	5	(10)

The calculation of basic and diluted earnings per share is based on profits of R3.5 million (2017 losses: R7.0 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2017: 71 585 172) ordinary shares in issue during the period.

Headline earnings and diluted headline earnings per share	5	(23)
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The calculation of headline and diluted headline earnings per share is based on headline profits of R3.5 million (2017 losses: R16.1 million) attributable to ordinary shareholders of the company and a weighted average of 71 585 172 (2017: 71 585 172) ordinary shares in issue during the period.

Reconciliation between basic earnings for the year and headline earnings

Profit/(loss) for the year attributable to equity holders of the company	3 453	(7 017)
Adjusted for:		
Profit on disposal of prospecting rights	-	(9 120)
Headline profit earnings for the year attributable to equity holders of the company	3 453	(16 137)

#### 8.NET ASSET AND TANGIBLE NET ASSET VALUE PER SHARE

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

	31 December 2018	31 December 2017
Net asset value (R'000)	156 536	152 717
Ordinary shares outstanding	71 585 172	71 585 172
Net asset value per share (cents)	219	213
Net tangible asset value per share (cents)	219	213

The number of shares outstanding at 31 December 2018 and 31 December 2017 has been adjusted for the 2 999 893 treasury shares held.

#### 9.CORRECTION OF PRIOR PERIOD ERRORS

Funds held in unit trusts were disclosed as part of cash and cash equivalents in the December 2017 financial statements. To better reflect the nature of these amounts, they have been reclassified to investments in listed securities in the summarised group statement of financial position as well as the summarised group statement of comprehensive income. This has also resulted in the restatement of the summarised group cash flow statement. This reclassification does not change total or current assets and does not affect retained earnings. Management have therefore deemed it not necessary to disclose a 3rd statement of financial position. Investments in listed securities are held in the Investec High Income Fund and Nedgroup Investments Core Income Fund. These funds are mostly term deposits and hold a spread of high-grade fixed income instruments, predominantly of a floating rate nature.

	1 January 2017		
Balance sheet restatements:	1 January 2017 R'000	Restatement R'000	Restated R'000
Assets			
Investments in listed securities	6 683	165 132	171 815
Cash and cash equivalents	170 041	(165 132)	4 909
	31 December 2017		
Assets	31 December 2017 R'000	Restatement R'000	Restated R'000
Investments in listed securities	6 472	158 429	164 901
Cash and cash equivalents	160 104	(158 429)	1 675

31 December 2017

	31 December 2017	Restatement	Restated
	R'000	R'000	R'000
Statement of comprehensive income restatements:			
Change in fair value of investments in listed securities	(389)	851	462
Change in fair value of cash investments	851	(851)	-

  

	31 December 2017	Restatement	Restated
	R'000	R'000	R'000
Statement of cash flows restatements:			
Change in fair value of investments in listed securities	389	(851)	(462)
Proceeds from disposal of Investments in listed securities	2 125	7 554	9 679

#### 10. 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 R5.1 million (2017: R4.8 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 R1 224 during 2018 (2017: R45 790).

#### 11. EVENTS AFTER REPORTING DATE

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

#### 12. 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 17 May 2019, 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, 71 of 2008, as amended (“the Companies Act”) and to the Listings Requirements of the JSE Limited (“JSE”). A copy of the notice of the annual general meeting, incorporating the summarised group financial statements will be distributed to shareholders on 25 March 2019. The date on which shareholders must be recorded in the share register, maintained by the transfer secretaries, for purpose of being entitled to attend and vote at the meeting is Friday, 10 May 2019, with the last day to trade being, Tuesday, 7 May 2019.

#### Directors

DC Kovarsky (Chairman)\*\*, M Steyn (Joint Chief Executive Officer and Financial Director)\*^, V Botha\*\*\*\*^, P Burton\*\*, JH Scholes\*\* (\*Executive, \*\*Independent Non-executive, \*\*\*Non-executive) (^Appointed to the dual role of chief executive officer and financial director on 27 February 2019.) (^^Resigned as financial director on 27 February 2019, and assumed the position of non-executive director on the board of R&E with immediate effect.)

#### Company secretary

Statucor (Pty) Ltd\* \*(Appointed 19 March 2019)

Sponsor: PSG Capital Proprietary Limited, First Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600  
Transfer Secretaries: Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

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Announcement date:  
25 March 2019