

Randgold & Exploration Company Limited

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**Notice of Annual General Meeting and  
Abridged Group Financial Statements  
2018**

2018

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Mr Marais Steyn CA(SA), Financial Director, is responsible for these summarised group financial statements and has supervised the preparation thereof in conjunction with Mr Rayner van Wyk CA(SA) representing Outsourced CFO (Pty) Ltd (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 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").

### 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 remuneration report and the reports of the directors and the audit and risk committee for the year ended 31 December 2018, 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 any of the ordinary resolutions numbers 1 to 8 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, re-election and confirmation of appointment of directors

###### 2.1.1 ORDINARY RESOLUTION NUMBER 1

"Resolved that Mr P Burton (refer to summary 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 Patrick Burton (66) (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 and Quantum Foods Limited.

###### 2.1.2 ORDINARY RESOLUTION NUMBER 2

"Resolved that Mr V Botha's appointment as a non-executive director of the Company with effect from 27 February 2019 be and is hereby approved."

###### **Summary curriculum vitae of Van Zyl Botha (38) (Van Zyl)**

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 also 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, as CFO on 1 August 2009 and as financial director on 6 May 2010. Van Zyl stepped down as financial director on 27 February 2019 and will remain as a non-executive director on the Board.

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.

The reason for ordinary resolution number 2 is that the memorandum of incorporation of the company requires that any new appointments of non-executive directors on the board of the company are to be confirmed by the shareholders at the first AGM held following the appointment. The board of Randgold announced on 27 February 2019 that Van Zyl's role will be changed to that of a non-executive director. Accordingly this resolution is proposed for the sake of prudence.

### **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 3**

"Resolved that Mr DC Kovarsky (refer to summary curriculum vitae below), being eligible, be and is hereby re-appointed 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 (71) ("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 4**

"Resolved that Mr JH Scholes (refer to summary 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 Johan Hulme Scholes (52) ("Hulme")**

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 practiced 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.

#### **2.2.3 ORDINARY RESOLUTION NUMBER 5**

"Resolved that Mr P Burton (refer to the summary curriculum vitae above), subject to the approval of ordinary resolution number 1, 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."

The reason for ordinary resolutions numbers 3, 4 and 5 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 6**

"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 6 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 7

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

The reason for ordinary resolution number 7 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 annual general meeting. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 7, if passed, will be to endorse the Company's remuneration policy. Ordinary resolution number 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.

## 2.5 Non-binding advisory vote on the Company's implementation report on the remuneration policy

### ORDINARY RESOLUTION NUMBER 8

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

The reason for and effect of ordinary resolution number 8 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. The effect of ordinary resolution number 8, if passed, will be to endorse the Company's implementation report in relation to its remuneration policy ordinary resolution number 8, 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 and its implementation.

## 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 of the Company:

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

3.1.1	Chairman	R530 000
3.1.2	Other non-executive directors	R330 000

(includes serving on the board's sub-committees)"

#### 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 of the Company.

### 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."

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### 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 of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company in accordance with section 45 of the Companies Act. This means that the Company is, *inter alia*, 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 15 of this notice, 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, 15 March 2019**.
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, 10 May 2019** with the last day to trade being **Tuesday, 7 May 2019**.
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 transfer secretaries of the Company at the address given below by no later than 11:00 on **Wednesday, 15 May 2019** 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 in person 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:

A 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 of the Company.

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**

**Statucor (Pty) Ltd**

*Company Secretary*

Johannesburg  
22 March 2019

**Registered office**

Suite 25, Third floor, Katherine & West Building  
114 West Street, Sandown  
Sandton, 2196

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)

**Postal address**

PO Box 202, Stellenbosch, 7600

### 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 Remuneration 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 2018 financial year was 6.05%.

#### 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 the 2018 financial year, which are subject to approval by shareholders at the forthcoming AGM in May 2019, are included in the notice of annual general meeting 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 Remuneration 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; 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 Remuneration Committee by the board.

## PART II: IMPLEMENTATION OF REMUNERATION POLICY

### Directors' remuneration

	Basic salary/fees		Bonus		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>Directors</b>						
<b>Executive</b>						
*M Steyn	2 551	2 406	–	–	2 551	2 406
**V Botha	1 483	1 398	–	–	1 483	1 398
<b>Non-executive</b>						
DC Kovarsky	500	471	–	–	500	471
JH Scholes	312	294	–	–	312	294
P Burton	312	294	–	–	312	294
	<b>5 158</b>	<b>4 863</b>	<b>–</b>	<b>–</b>	<b>5 158</b>	<b>4 863</b>

\* 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 appointed as a non-executive director to the Board.

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 Remuneration 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 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

*Chairman*

Johannesburg  
22 March 2019

#### Marais Steyn

*Joint Chief Executive Officer and Financial Director*

## SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R'000	2017 R'000 (Restated*)
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)
<b>Loss from operating activities</b>		<b>(8 619)</b>	<b>(20 022)</b>
Finance income		12 072	13 005
Finance expense		–	–
<b>Profit/(loss) before taxation</b>		<b>3 453</b>	<b>(7 017)</b>
Taxation		–	–
<b>Profit/(loss) for the year</b>		<b>3 453</b>	<b>(7 017)</b>
<b>Other comprehensive income/(loss)</b>			
Items of other comprehensive income/(loss) that will not be subsequently reclassified to profit or loss			
Actuarial gains/(losses)		366	(42)
<b>Total comprehensive income/(loss) for the year</b>		<b>3 819</b>	<b>(7 059)</b>
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

	<b>Audited 2018 R'000</b>	Audited 2017 R'000 (Restated*)
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>12</b>	17
Equipment	<b>12</b>	17
Intangible assets	–	–
<b>Current assets</b>	<b>169 284</b>	166 661
Investments in listed securities	<b>167 881</b>	164 901*
Other receivables	<b>1 085</b>	85
Cash and cash equivalents	<b>318</b>	1 675*
<b>Total assets</b>	<b>169 296</b>	166 678
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>156 536</b>	152 717
Ordinary share capital	<b>716</b>	716
Retained earnings	<b>155 820</b>	152 001
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Post-retirement medical benefit obligation	<b>10 496</b>	11 404
<b>Current liabilities</b>		
Other payables	<b>2 264</b>	2 557
<b>Total equity and liabilities</b>	<b>169 296</b>	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

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

## SUMMARISED GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	<b>Audited</b> <b>31 December</b> <b>2018</b> <b>R'000</b>	Audited 31 December 2017 R'000 (Restated*)
<b>Profit/(loss) before taxation</b>	<b>3 453</b>	(7 017)
<b>Adjusted for:</b>		
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)
<b>Cash utilised in operating activities</b>	<b>(10 916)</b>	(31 601)
Interest received	12 072	13 005
Post-retirement medical benefit liability – benefits paid	(1 426)	(1 462)
<b>Cash flow from operating activities</b>	<b>(270)</b>	(20 058)
<b>Cash flow from investing activities</b>	<b>(1 087)</b>	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*
<b>Cash flow from financing activities</b>	–	–
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(1 357)</b>	(3 234)*
*Cash and cash equivalents at the beginning of the year	1 675	4 909*
<b>Cash and cash equivalents at the end of the year</b>	<b>318</b>	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 Per share (in cents)	2017 Per share (in cents)
<b>EARNINGS PER SHARE</b>		
<b>Basic earnings and diluted earnings per ordinary share</b>	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.		
<b>Headline earnings and diluted headline earnings per share</b>	5	(23)
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.		
<b>Reconciliation between basic earnings for the year and headline earnings</b>		
<b>Profit/(loss) for the year attributable to equity holders of the company</b>	<b>3 453</b>	(7 017)
<b>Adjusted for:</b>		
Profit on disposal of prospecting rights	–	(9 120)
<b>Headline profit earnings for the year attributable to equity holders of the company</b>	<b>3 453</b>	(16 137)

## NOTES (CONTINUED)

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

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

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

	<b>1 January 2017 R'000</b>	Restatement R'000	<b>1 January 2017 Restated R'000</b>
<b>Balance sheet restatements:</b>			
<b>Assets</b>			
Investments in listed securities	<b>6 683</b>	165 132	<b>171 815</b>
Cash and cash equivalents	<b>170 041</b>	(165 132)	<b>4 909</b>
	<b>31 December 2017 R'000</b>	Restatement R'000	<b>31 December 2017 Restated R'000</b>
<b>Assets</b>			
Investments in listed securities	<b>6 472</b>	158 429	<b>164 901</b>
Cash and cash equivalents	<b>160 104</b>	(158 429)	<b>1 675</b>
	<b>31 December 2017 R'000</b>	Restatement R'000	<b>31 December 2017 Restated R'000</b>
<b>Statement of comprehensive income restatements:</b>			
Change in fair value of investments in listed securities	<b>(389)</b>	851	<b>462</b>
Change in fair value of cash investments	<b>851</b>	(851)	<b>–</b>
	<b>31 December 2017 R'000</b>	Restatement R'000	<b>31 December 2017 Restated R'000</b>
<b>Statement of cash flows restatements:</b>			
Change in fair value of investments in listed securities	<b>389</b>	(851)	<b>(462)</b>
Proceeds from disposal of Investments in listed securities	<b>2 125</b>	7 554	<b>9 679</b>

## NOTES

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

### 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.

#### 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)

#### Company secretary

Statucor (Pty) Ltd

#### 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 (48)

*Joint Chief Executive Officer and Financial Director*

BComm (Hons), CA(SA)

#### Non-executive directors

##### David Chaim Kovarsky (71)

*Independent Non-executive Chairman*

CTA, CA(SA)

##### John Hulme Scholes (52)

*Independent Non-executive Director*

BA (Law), LLB (Wits)

##### Patrick Burton (66)

*Independent Non-executive Director*

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

##### Van Zyl Botha (38)

*Non-executive Director*

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

### MAJOR SHAREHOLDERS

Register Date: 28 December 2018

Issued Share Capital: 74,585,065 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	% of ISC
1 – 1 000 shares	867	68,16	240 959	0,32
1 001 – 10 000 shares	259	20,36	869 032	1,17
10 001 – 100 000 shares	100	7,86	3 378 995	4,53
100 001 – 1 000 000 shares	37	2,91	10 910 882	14,63
1 000 001 shares and over	9	0,71	59 185 197	79,35
<b>Total</b>	<b>1 272</b>	<b>100</b>	<b>74 585 065</b>	<b>100</b>

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	% of ISC
ADRs	2	0,16	4 673 903	6,27
Banks	63	4,95	16 283 729	21,83
Brokers	11	0,86	54 441	0,07
Close Corporations	13	1,02	12 564 836	16,85
Endowment Funds	3	0,24	95 584	0,13
Individuals	1 009	79,32	4 051 881	5,43
Insurance Companies	2	0,16	263 961	0,35
Mutual Funds	10	0,79	6 378 748	8,55
Nominees and Trusts	80	6,29	1 227 801	1,65
Other Corporations	14	1,10	79 229	0,11
Pension Funds	24	1,89	3 737 224	5,01
Private Companies	41	3,22	25 173 728	33,75
<b>Total</b>	<b>1 272</b>	<b>100</b>	<b>74 585 065</b>	<b>100</b>

<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>	<b>Number of shareholders</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
<b>Non-public shareholders</b>	2	0,16	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	1 270	99,84	54 599 960	73,20
<b>Total</b>	<b>1 272</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 (Pty) Ltd	16 985 212	22,77
Zerbans Cake & Coffee Shop CC	12 500 000	16,76
Perpetual Metier Fund	8 920 439	11,96
ADRs (American Depositary Receipts)	4 673 903	6,27
Charisma Holdings (Pty) Ltd	3 750 000	5,03
Allan Gray Equity Fund	3 657 226	4,90
Investec Bank Limited	3 280 821	4,40
Refraction Investment (Pty) Ltd.*	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 **	10 469 205	14,04
Consilium Capital SA Pty Ltd ***	8 920 439	11,96

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

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

\*\*\* Includes the beneficial owner Perpetual Metier Fund

## DIRECTORS' INTEREST

No director held any shares in the group, directly or indirectly, for the 2018 or 2017 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 2018 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)

#### **Postal address**

PO Box 202  
Stellenbosch, 7600  
Telephone: +27 71 580 3739  
Facsimile: +27 86 235 9863  
Website: www.randgoldexp.co.za

#### **Registered office**

Suite 25, Third floor, Katherine & West Building  
114 West Street, Sandown  
Sandton, 2196

#### **Company Secretary**

Statucor (Pty) Ltd  
6th Floor, 119 – 123 Hertzog Boulevard,  
Foreshore  
Cape Town, 8001

#### **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**

Outsourced CFO (Pty) Ltd  
5th Floor  
Vunani Chambers  
33 Church Street  
Cape Town City Centre  
Cape Town  
8000  
Telephone: +27 (0) 21 201 2260  
Email: info@outsourcedcfo.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  
Roodepoort, 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

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