



RANDGOLD & EXPLORATION COMPANY LIMITED

Randgold & Exploration Company Limited

**Summarised Group Unaudited
Interim Financial Statements**

for the six months ended 30 June 2022

2022

CONTENTS

1	Commentary
2	Summarised group interim statement of profit or loss and other comprehensive income
3	Summarised group interim statement of financial position
3	Summarised group interim statement of changes in equity
4	Summarised group interim statement of cash flows
5	Notes to the summarised group interim financial statements for the six months ended 30 June 2022
7	Legal update
IBC	Corporate information

INCOME

The majority of income recognised in the period under review was derived from interest earned on cash investments in listed funds. The group recorded an operating loss of R13.1 million and an overall loss of R10.9 million for the six months ended 30 June 2022 compared to an operating loss of R7.5 million and an overall loss of R5.8 million for the corresponding period last year. The increase in operating loss and overall loss was mainly as a result of a increase in operating expenditure.

FINANCIAL POSITION

R&E is liquid with no interest-bearing debt. R&E's total assets consist primarily of cash resources held in listed funds. The funds are conservatively managed with lower volatility than the general equity market. Investments in unlisted funds are held in the Ninety One Corporate Money Market 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.

R&E had a net asset value of R1.31 per share at 30 June 2022 (R1.45 per share at 31 December 2021). The decrease in net asset value was due to the loss incurred during the period.

CASH FLOW

The group's cash inflow of R1 million was the net result of interest earned on cash investments, proceeds from the redemption of funds less cash utilised to fund operations during the period.

OUTLOOK

The outlook for the balance of the year is largely dependent on the progress and outcome of current legal matters. Expenditure on litigation is expected to continue at a similar level and is likely to prevail until the claims brought against and instituted by the company have been finalised.

Patrick Burton*Chairman*

Johannesburg

31 August 2022

Marais Steyn*Chief Executive Officer and Financial Director*

SUMMARISED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		For the six months ended 30 June 2022 Unaudited R'000	30 June 2021 Unaudited R'000
	Notes		
Personnel expenses		(4 972)	(4 125)
Change in fair value of investments in listed securities	8	40	2 232
Other operating expenses		(8 171)	(5 631)
Loss from operating activities		(13 103)	(7 524)
Finance income		2 435	2 272
Loss before taxation		(10 668)	(5 252)
Taxation		–	(26)
Loss for the period		(10 668)	(5 278)
Other comprehensive income			
Items of other comprehensive income that will not be subsequently reclassified to profit or loss:			
Actuarial (loss)/gain		(212)	(603)
Total comprehensive income for the period		(10 880)	(5 881)
Loss attributable to:			
Owners of the company		(10 668)	(5 278)
Total comprehensive income attributable to			
Owners of the company		(10 880)	(5 881)
Basic and diluted loss per share (cents)	10	(14.90)	(7.37)

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	Notes	As at 30 June 2022 Unaudited R'000	As at 31 December 2021 Audited R'000
ASSETS			
Non-current assets		82	9
Equipment		82	9
Current assets		106 756	115 976
Investments in listed funds	9	104 020	114 507
Other receivables		688	374
Cash and cash equivalents		2 048	1 095
Total assets		106 838	115 985
EQUITY AND LIABILITIES			
Shareholders' equity		93 605	104 485
Ordinary share capital		716	716
Retained earnings		92 889	103 769
LIABILITIES			
Non-current liabilities			
Post-retirement medical benefit obligation		10 147	9 935
Current liabilities			
Other payables		3 086	1 565
Total equity and liabilities		106 838	115 985

SUMMARISED GROUP INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	For the six months ended 30 June 2022 Unaudited R'000	30 June 2021 Unaudited R'000
Attributable to equity holders of the company		
Ordinary share capital	716	716
Retained earnings	92 889	106 725
Balance at the beginning of the period	103 769	112 606
Total comprehensive income for the period	(10 880)	(5 881)

SUMMARISED GROUP INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	For the six months ended	
	30 June 2022	30 June 2021
	Unaudited	Unaudited
	R'000	R'000
Loss before taxation	(10 668)	(5 278)
Adjusted for:		
Post-retirement medical benefit obligation – interest cost	855	367
Depreciation	10	6
Change in fair value of investments in listed funds	(40)	(2 232)
Finance income	(2 435)	(2 272)
Working capital changes	1 207	1 312
Cash utilised in operating activities	(11 071)	(8 097)
Interest income	2 198	2 112
Dividend income	237	160
Post-retirement medical benefit liability – benefits paid	(643)	(659)
Taxation	–	(26)
Cash flow from financing activities	(9 279)	(6 510)
Acquisition of Investments in listed securities	(3 853)	(3 283)
Proceeds from disposal of investments in listed securities	14 126	10 866
Cash flow from investing activities	10 232	7 583
Increase in cash and cash equivalents	953	1 073
Cash and cash equivalents at the beginning of the period	1 095	401
Cash and cash equivalents at the end of the period	2 048	1 474

NOTES

TO THE SUMMARISED GROUP INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. REPORTING ENTITY

R&E is a company domiciled and incorporated in the Republic of South Africa. The summarised group interim financial statements of the company for the six months ended 30 June 2022 includes the company and its subsidiaries (together referred to as "the group").

2. BASIS OF PREPARATION

The summarised group interim financial statements are prepared and presented in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act applicable to summary financial statements. The JSE Listings Requirements require interim 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. These summarised group interim financial statements were approved by the board of directors on 17 August 2022.

Mr Marais Steyn CA(SA), Financial Director, is responsible for these interim financial statements and has supervised the preparation thereof in conjunction with Ms Marizanne Nel PA(SA) representing Outsourced CFO (Pty) Ltd.

3. USE OF ESTIMATES AND JUDGEMENTS

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the group's accounting policies were the same as those described in the last annual financial statements.

4. DETERMINATION OF FAIR VALUES

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Investments in listed securities

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

Cash and cash equivalents

The fair value of cash and cash equivalents approximates its carrying value.

Other receivables and Other payables

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

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the group in these summarised group interim financial statements are in accordance with IFRS and are the same as those applied by the group in its group financial statements for the year ended 31 December 2021.

6. NO INDEPENDENT REVIEW BY THE AUDITOR

The company's auditor has not reviewed or audited the summarised group interim financial statements of R&E or the group for the six months ended 30 June 2022.

7. SEGMENT REPORTING

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

8. CHANGE IN FAIR VALUE OF INVESTMENTS IN LISTED SECURITIES

	June 2022 R'000	June 2021 R'000
Fair value movements of Investments in listed funds	40	2 232

Fair value movements represent the change in the listed share price of the investments in listed funds (refer to note 9).

9. INVESTMENTS IN LISTED FUNDS

	As at 30 June 2022 Unaudited R'000	As at 31 December 2021 Audited R'000
Financial assets at fair value through profit or loss:		
Ninety One Corporate Money Market Fund	74 046	84 704
Nedgroup Investments Core Income Fund	16 004	15 610
Nedbank Private Wealth Investment Portfolio	13 970	14 193
	104 020	114 507

The financial instruments are designated at fair value through profit or loss, as purchase and sale decisions are made continuously. The portfolio is conservatively managed with lower volatility than the general equity market. Investments in listed securities are held in the Ninety One Corporate Money Market Fund, Nedgroup Investments Core Income Fund and an investment portfolio administered by Nedbank Private Wealth. These funds are mostly term deposits and hold a spread of high-grade fixed income instruments, predominantly of a floating rate nature.

10. EARNINGS PER SHARE

	For the six months ended 30 June 2022 Unaudited	30 June 2021 Unaudited
Basic and diluted loss per ordinary share		
Basic and diluted loss for the period (R'000)	(10 668)	(5 278)
Weighted average number of ordinary shares in issue ('000)	71 585	71 585
Loss per share (cents)	(14.90)	(7.37)
Headline and diluted headline loss per ordinary share		
Headline and diluted headline loss for the period (R'000)	(10 668)	(5 278)
Weighted average number of ordinary shares in issue ('000)	71 585	71 585
Headline loss per share (cents)	(14.90)	(7.37)

11. NET ASSET AND TANGIBLE NET ASSET VALUE PER SHARE

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

	For the six months ended 30 June 2022 Unaudited	30 June 2021 Unaudited
Net asset value (R'000)	93 605	107 441
Ordinary shares outstanding ('000)	71 585	71 585
Net asset value per share (cents)	130.76	150.09
Net tangible asset value per share (cents)	130.76	150.09

The number of shares outstanding at 30 June 2022 and 30 June 2021 has been adjusted for the 2 999 893 treasury shares held.

12. MATERIAL CHANGES

No material changes occurred during the period.

13. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period under review other than in the normal course of business, i.e. key management remuneration.

14. EVENTS AFTER REPORTING DATE

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

This legal report provides an update on the legal proceedings which the R&E Group is currently engaged in. It addresses claims against the R&E Group as well as claims instituted by the R&E Group.

It should be read in conjunction with the company's previous reports, SENS announcements, updates, circulars and annual reports. Further detail and background to the legal proceedings in which the R&E Group has been involved since 2006 may be found on the company's website at www.randgoldexp.co.za.

1. CLAIMS PURSUED BY THE R&E GROUP

1.1 **The action against Gold Fields Operations Limited (formerly Western Areas Limited) - High Court of South Africa, Gauteng Local Division, Johannesburg under case number 27627/2008**

- 1.1.1 R&E and African Strategic Investment (Holdings) Limited (**ASI**) – continue to progress their action against Gold Fields Operations Limited (**Gold Fields**). This remains the major action in which R&E and ASI are currently engaged.
- 1.1.2 The action comprises of five claims. Claims 1 to 4 concern the theft of shares in Randgold Resources Limited (**RRL**). (RRL merged with a Barrick Gold Corporation on 1 January 2019, in a share-for-share merger). For convenience, '**RRL shares**' are referred to throughout this report. Claim 5 relates to the alleged theft by Gold Fields of 94 million shares in Aflease Limited (**Aflease**).
- 1.1.3 Broadly stated, R&E and ASI claim that the directing and controlling wills and minds of each of JCI and Gold Fields conspired to misappropriate the RRL and Aflease shares to:
 - 1.1.3.1 raise funds to provide JCI, its subsidiaries and Gold Fields with working capital to sustain their ongoing operations, settle their liabilities and maintain their financial stability; and
 - 1.1.3.2 to reward the persons constituting the directing and controlling wills and minds of each of JCI and Gold Fields.
- 1.1.4 The main claim is for damages based on the highest value at which the shares have traded since their theft as well as the dividends which would have been received had the shares not been appropriated.
- 1.1.5 Alternatively, the plaintiffs claim the value of the shares under each claim on the date of judgment, together with such amount as represents the dividends that would have been received had the shares still been held.
- 1.1.6 A further alternative seeks damages representing the market value of the shares on the date of their theft, together with an amount equivalent to the growth that would have accrued on the shares if they had not been misappropriated, including the dividends derived from the shares.
- 1.1.7 The alternative claims will arise if the main claim is not upheld.
- 1.1.8 In its plea (which followed an agreed stay of the action for some time), Gold Fields denies that it is liable to the plaintiffs. It raises two specific defences under the Apportionment of Damages Act 34 of 1956, namely:
 - 1.1.8.1 It argues that due to settlements concluded with other wrongdoers the claims have been compromised; and
 - 1.1.8.2 That if upheld, the claims should be reduced by the extent to which the plaintiffs could have recovered from the other wrongdoers with whom the R&E Group settled.
- 1.1.9 Gold Fields contends further that R&E ought to have put controls in place to detect the unlawful conduct complained of.
- 1.1.10 Gold Fields has joined JCI, the estate late Brett Keble, Chris Lamprecht and Roger Keble (since deceased) to the action by way of Third-Party claims. It seeks a contribution from them if it is found liable.
- 1.1.11 Mr Lamprecht and JCI have defended the Third-Party claims and deny that they are liable to Gold Fields. They contend firstly that Gold Fields' right to join them has prescribed and secondly, that Gold Fields' right to claim from them has lapsed. Neither the estate of Brett Keble nor the estate of Roger Keble is defending the proceedings.
- 1.1.12 Following its joinder, JCI served a Third-Party notice on R&E, claiming that if it is liable to Gold Fields, Gold Fields' liability to R&E and ASI should be reduced in terms of an indemnity provided by R&E to JCI in the settlement agreement concluded between them on 20 January 2010 ("**the R&E and JCI settlement agreement**").
- 1.1.13 Following a first case manager being appointed in 2016 to case manage the action to trial, requests for admissions of both facts and documents were exchanged between the parties and amendments to both the claims and defences were effected.

- 1.1.14 In February 2019, the action was classified as a commercial court matter and Madam Justice Ingrid Opperman (**Judge Opperman**) was appointed to case manage the action, determine interlocutory applications and hear the trial in due course.
- 1.1.15 In January 2019, R&E and ASI served an interlocutory application, seeking the leave of the Court to adduce the evidence of certain foreign witnesses at the trial by way of a video-conference link to be established between the High Court and a venue in each of the foreign jurisdictions. The purpose of the application was an attempt to limit the costs of the trial, alleviating the necessity of bringing the foreign witnesses to South Africa and to replace their physical presence with a video link.
- 1.1.16 The foreign witness application was opposed by Gold Fields on various grounds and argued before Judge Opperman in September 2019. Judge Opperman handed down judgment on 28 November 2019, dismissing the application with costs.
- 1.1.17 In August 2021 Gold Fields amended its plea contending that:
 - 1.1.17.1 the R&E and JCI settlement agreement stipulates that in respect of any amount or contribution that JCI may be required to pay arising from a Third-Party award granted in favour of R&E, R&E shall not enforce the full extent of the Third-Party award but only such amount as equates to the difference between the Third-Party award and the JCI contribution;
 - 1.1.17.2 Accordingly, R&E may not enforce the full award as may be granted against Gold Fields, but only the maximum of such amount as equates to the difference between the amount for which Gold Fields is adjudged to be liable and the JCI contribution, alternatively directing that Gold Field's liability is to be reduced *pro tanto* having regard to the terms of the R&E and JCI settlement agreement.
- 1.1.18 R&E is making good progress with its trial preparations, being the discovery of further documentation, the preparation of R&E's trial bundle and the progressing of its witness statements.
- 1.2 **Other actions (summonses), all of which were instituted out of the Johannesburg High Court, in 2008 by the R&E Group are:**
 - 1.2.1 sixteen claims against one or more of the following defendants: Hendrik Buitendag, John Stratton (a former director of JCI), Charles Cornwall (a former director of JCI), Lieben Swanevelder (the former group accountant of JCI), Lunga Ncwana (a former director of R&E and a director of Equitant Trading (Pty) Limited) and Chris Lamprecht (a former financial director of R&E, JCI and Gold Fields) based on the alleged theft of shares belonging to the R&E Group; alternatively, the void issue and allotment of shares in R&E's issued share capital for no value. The action is defended, and its status remains unchanged since R&E's previous legal report.
 - 1.2.2 claims against Bookmark Holdings (Pty) Ltd, Sello Rasathaba and Chris Lamprecht relating to the alleged cover-up of various RRL share thefts and the damages which flowed therefrom. The action is defended, and its status remains unchanged since R&E's previous legal report.
 - 1.2.3 claims against Hendrik Buitendag, Chris Lamprecht and John Stratton relating to a trading account ostensibly conducted by R&E at a firm of stockbrokers known as Tlotlisa Securities (Pty) Limited, which is alleged to have been used for the scrip lending/borrowing of shares for the benefit of the JCI Group and others associated with it. The action is defended, and its status remains unchanged since R&E's previous legal report.
 - 1.2.4 claims against Patricia Beale, a former company secretary of JCI, comprising of seven claims. The action is defended, and its status remains unchanged since R&E's previous legal report.
- 1.3 In March 2009, R&E and its subsidiary, First Wesgold Mining (Pty) Ltd issued summons out of the Western Cape Division of the High Court, Cape Town, against Brett Kebble's estate. Due to the insolvency of the estate there is no prospect of any recovery

2. CLAIMS BROUGHT AGAINST THE R&E GROUP

- 2.1 **The minority shareholders' application:**
 - 2.1.1 The opposed matter in which David John Smyth, Patrick Charles Smyth, Anglorand Securities Limited, James George Gubb, Elizabeth Anne Gubb, Milkwood Investments Limited and Jag Investments (Pty) Limited (collectively the main applicants), brought an application in the High Court of South Africa, Gauteng Division, Pretoria, against Investec Bank Limited (**Investec**) and R&E (**the main application**) as First and Second Respondents wherein an order was sought:

- 2.1.1.1 Declaring that the settlement agreement entered into between R&E, JCI Limited (**JCI**) and JCI Investment Finance (Pty) Limited (**JCIIF**) on 20 January 2010 (**the Settlement Agreement**), and the settlement agreement entered into between R&E, ASI, JCI, JCIIF, Investec, Investec Bank PLC, Letseng Diamonds Limited and others on 20 January 2010 (**the Litigation Settlement Agreement**), both comprised an act or omission which is unfairly prejudicial, unjust, or inequitable within the meaning of section 252 of the 1973 Companies Act.
- 2.1.1.2 Ordering that Investec (but not R&E), purchase the main applicants' shares in R&E at a price of R288.56 per share (or such other sum as the Court may determine), plus the ruling share price of an R&E share at the time of such purchase.
- has been resolved.
- 2.1.2 The Company, Investec and the Applicants concluded a written settlement agreement on 10 June 2022, ("Settlement Agreement").
- 2.1.3 In terms of the Settlement Agreement, the Applicants agreed:
- 2.1.3.1 to withdraw the main application and the appeal, and to waive and abandon all rights and claims arising from the Minority Shareholder Application, (which they subsequently did).
- 2.1.3.2 that such waiver and abandonment would extend to current and past directors, officers and/or employees of the Company.
- 2.1.4 Accordingly, the Minority Shareholder Application has been fully and finally settled amongst the parties.
- 2.2 **Certification application for permission to institute a class action against various companies, including R&E, brought by mineworkers/their dependents arising from silicosis and/or tuberculosis allegedly contracted on gold mines in South Africa:**
- The status of this matter remains unchanged since R&E's previous legal report.

3. GENERAL

- 3.1 For further information in regard to all of the claims and proceedings in which the R&E Group has been involved, refer to R&E's website at www.randgoldexp.co.za.
- 3.2 Other than as disclosed elsewhere in this annual report, no formal legal proceedings were instituted against the company and its subsidiaries out of a court or by way of arbitration in respect of the period 1 January to 30 June 2022, which have had or may have a material effect on the R&E group's financial position.
- 3.3 The Board of R&E continues to assess the matters in which it and the R&E group remain engaged and to evaluate the commercial and other practicalities associated with such matters.

Directors

PE Burton (Chairman)*, TS Dube*, RJ Fehrsen*, JM Kesler**, M Steyn (Chief Executive Officer and Financial Director)***, H Gischen***
(*Independent Non-executive, **Non-executive, ***Executive)

Company secretary

Statucor (Pty) Ltd

Sponsor

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Announcement date

31 August 2022

[illegible]

[illegible]

Randgold & Exploration Company Limited (R&E)

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