

Central Rand Gold Limited
(Incorporated as a company with limited liability under the laws of Guernsey, Company Number 45108)
(Incorporated as an external company with limited liability under the laws of South Africa, Registration number
2007/0192231/10)
ISIN: GG00B92NXM24
LSE share code: CRND JSE share code: CRD
("Central Rand Gold" or the "Company")

Placing and Subscription

Central Rand Gold is pleased to announce that it is undertaking a placing and subscription to raise £0.60 million through the placing (the "Placing") of 2,550,000 new ordinary shares ("Placing Shares") and the subscription (the "Subscription") of 3,465,000 new ordinary shares ("Subscription Shares") at a price of 10 pence ("Issue Price") per ordinary share. The Placing and Subscription are conditional, amongst other things, upon the passing of a resolution to be proposed at an extraordinary general meeting of the Company to be held on 17 June 2015 ("Extraordinary General Meeting").

Background to and Reasons for the Placing and Subscription

Central Rand Gold is the holding company for a group of companies engaged in gold mining and exploration projects within the Central Rand Goldfield, bordering the southern outskirts of Johannesburg in South Africa. Central Rand Gold has New Order mining rights from the South African Department of Minerals Resources over the Consolidated Main Reef, Langlaagte, Crown Mines and City Deep with prospecting rights granted over an additional five areas.

Prior to the decision by the Company to temporarily suspend its underground operations in October 2014, as a result of the delay in full commissioning of the High Density Sludge Plant ("HDSP"), the focus was to provide the HDSP with as much time as possible to drop the water table, which in turn would enable the Company to re-access its mining areas. The Company was forced to reduce its mine production and staff complement in July 2014 based on the reef that was available above the water table, which at the time was approximately 160 metres below surface ("mbs"). The reduction in mine production, forced the Company to utilise old low grade sand, rock and slimes dumps to keep the Metallurgical Plant operational. As a result of this change to its mining production areas, the average feed grade dropped to an average of 1.11g/t.

As announced in December 2014, the Company commenced surface mining in early November 2014 having identified a number of surface mining opportunities within its mining right area. The introduction of mechanical ripping and other rock breaking technology has opened up SAMREC Compliant Exploration Target material of up to 350,000 tonnes of reef running up to 2.5g/t, which should be sufficient for 12 – 18 months of production feed.

In addition, the Company has commenced toll treating old sand and rock dumps on behalf of a number of third parties with grades between 0.7g/t and 2.0g/t. This provides the Company with additional feedstock for its Metallurgical Plant, with minimal associated mining costs. The Board believes that this offers the Company a viable short-term revenue opportunity, given the limited processing capacity in the Johannesburg region.

Central Rand Gold has also continued with a low grade Joint Tolling Venture with Mintails Limited. This arrangement allows both companies to monetise low grade material within dumps on the Central Rand Gold property that would otherwise be uneconomical to process.

In February and March 2015, the Company's operational performance was broadly cash neutral as a result of Central Rand Gold's surface mining operations, including ore grades, and metallurgical production being in line with management's expectations. Mining of old slime and rock dumps also provided low cost revenue opportunities for the Company.

In addition the Company completed the restructuring of its operations, closing its underground mining operations and reduced head office costs by approximately 50% compared to the prior year period.

As a result of this re-organisation, at 31 March 2015, the Company had cash balances of \$0.7 million.

The proceeds of the Placing and Subscription will be used primarily to strengthen the Company's balance sheet and provide working capital in order to:

- Undertake continued surface mining operations and programme of plant upgrades and efficiency processes to further improve plant availability and recovery rates;
- Repay trade creditor balances relating to the closure of its underground mining operations; and
- Complete the disposal of CRGNV, as detailed in paragraph entitled 'Memoranda of Understanding' below.

Operational Update

Mining and Metallurgical

With the water level at approximately 144 mbs, underground mining remains suspended. The Company continues to focus on exploiting open pit potential in its tenement area during this interim phase. Open pit mining has performed in line with management's expectations in the first quarter of 2015. During the first three months of the year, approximately 36,000 tonnes were mined from its open pits with a further 5,600 tonnes provided from viable old slime and rock dumps on the Company's tenement areas.

Overall, an average mined grade of 2.0g/t was achieved with a Mine Call factor of 85% in the first quarter of 2015.

The low grade Joint Tolling Venture is progressing well with Mintails Limited. This arrangement allows both companies to monetise low grade material within rock dumps on the Central Rand Gold property that would otherwise be uneconomical to process. In the first quarter 5,600 tonnes at an average landed grade of 0.9g/t were processed.

The maintenance and upgrades to the plant, following the January 2015 annual maintenance block, were successful with availability increasing to 91 per cent. in March 2015. 47,000 tonnes, including toll treating were processed in the first quarter of 2015. Due to improved metallurgical processes and recoveries and despite the feed grade being approximately 40 per cent. lower than the prior year period, gold production excluding toll production was 48 per cent. higher than last year at 1,501 ozs in the first quarter of 2015.

Water

The interim solution to strengthen the clarifier rakes in the HDS plant was completed at the end of February 2015. This improvement has allowed for an increase in daily pumping to approximately 70mlpd. This level of pumping was only anticipated to be achieved once the permanent solution had been implemented in June 2015. Since the beginning of March 2015, Central Rand Gold has seen a steady decrease in the water table and a reduction of approximately four metres has been reported to date, with the current water level at approximately 144 mbs from a maximum of 140 mbs in February 2015. This is very encouraging as it once again proves that the Central Basin can be de-watered even during the typical 'rainy season'.

The Board will continue to monitor the underground water levels, so that it can establish when it can re-commence underground operations. Given that the HDSP upgrade is not anticipated to be completed until the end of the first half of 2015, underground mining is hoped to re-commence during the latter part of 2016.

Memoranda of Understanding

Over the last 15 months, the Company has been involved in a significant marketing campaign, of the Central Rand Gold asset base, to a predominately Asian audience. This has resulted in site visits to the Company's operational site by a number of interested investors. As previously announced, the Company has entered into four separate non-binding Memoranda of Understanding ("MOUs") with Huili Resources (Group) Limited ("Huili"), Hiria Group Company Limited ("Hiria"), Beijing Ankong Investment ("Ankong") and with Shengbang Jiabo (Beijing) Consulting Company Limited ("Shengbang") ("MOU Parties"). The MOUs are all on substantively consistent terms and contemplate the potential disposal of 100 per cent. of the shares held by Central Rand Gold in its wholly-owned subsidiary, Central Rand Gold (Netherlands Antilles) N.V. ("CRGNV") for a cash consideration of up to US\$150 million.

As announced on 12 February 2015, the Company executed a MOU with Huili which had a target completion date for execution of a formal sale agreement by 12 June 2015. After consultation with all MOU Parties, the Company has decided to realign the target completion date for all MOU Parties to 12 June 2015. The purpose of the realignment of the target completion date is to ensure that all MOU parties are working on a common timetable and have the ability to complete their required due diligence.

Throughout the first quarter of 2015, the Company has advanced due diligence discussions with the interested parties. All MOU Parties remain engaged and on-site due diligence is anticipated to be undertaken in May 2015.

The MOUs are subject to a number of conditions including:

- mutual completion of due diligence by both Central Rand Gold and the MOU signatories;
- all parties obtaining necessary regulatory and exchange approvals for the potential sale of CRGNV; and
- the execution of a formal share sale agreement for the sale of CRGNV.

The Board cautions that at this time there can be no certainty that the discussions with any of the interested parties will lead to a formal share sale agreement being executed nor that the potential sale of CRGNV will be completed.

Details of the Placing and Subscription

The Company has conditionally raised gross proceeds of approximately £0.60 million (USD\$0.94 million) through the proposed issue of 2,550,000 Placing Shares and 3,465,000 Subscription Shares at an Issue Price of 10 pence per ordinary share (the "New Ordinary Shares"). The Placing Shares have been conditionally placed with new and existing investors. The Issue Price represents a discount of approximately 27.3 per cent. to the middle market closing price of 13.75 pence per ordinary share on 19 May 2015, being the last practicable date prior to the announcement of the Placing and Subscription. The Placing Shares and the Subscription Shares will represent approximately 6.45 per cent. of the enlarged issued share capital of the Company.

The Placing and Subscription are conditional upon the admission of the 6,015,000 New Ordinary Shares issued pursuant to the Placing and the Subscription to trading on AIM and on AltX becoming effective on or before 8.00 a.m. (UK time) on 18 June 2015 (or such later time and/or date as the Company and Charles Stanley & Co. Limited ("Charles Stanley") may agree, but in any event no later than 8.00 a.m. (UK time) on 24 June 2015) ("Admission").

The resolution to be proposed at the Extraordinary General Meeting must be passed in order for the Placing and Subscription to proceed.

Placing Agreement

The Company and Charles Stanley have entered into a placing agreement pursuant to which Charles Stanley has conditionally agreed to use its reasonable endeavours to procure Placees for the Placing Shares at an issue price of 10 pence per ordinary share ("Placing Agreement"). Charles Stanley may terminate the Placing Agreement in specified circumstances, including for material breach of warranty at any time prior to Admission, in the event of force majeure at any time prior to Admission or on the material breach of certain other obligations under the Placing Agreement.

The Placing Agreement, which contains certain customary warranties, undertakings and indemnities by the Company in favour of Charles Stanley, is conditional as regards Admission upon, inter alia, (i) Admission occurring not later than 18 June 2015 (or such later date as the Company and Charles Stanley may agree not being later than 24 June 2015) and (ii) none of the warranties given to Charles Stanley being untrue, inaccurate or misleading in any material respect prior to Admission.

Subscription Agreements

The Company has entered into subscription agreements with two investors for 3,465,000 Subscription Shares at an Issue Price of 10 pence per ordinary share.

The Placing Shares and Subscription Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

Application will be made to the London Stock Exchange and to the JSE for the New Ordinary Shares to be admitted to trading on AIM and AltX. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. (UK time) on 18 June 2015 on AIM and at 9.00 a.m. (South African time) on 18 June 2015 on AltX.

The New Ordinary Shares will, when issued and fully paid, rank pari passu with the existing ordinary shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission. No temporary documents of title will be issued.

Following Admission of the New Ordinary Shares, the total issued share capital of the Company will increase to 93,195,808 Ordinary Shares. The Company does not hold any shares in treasury and therefore the total number of voting rights is 93,195,808 Ordinary Shares. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a charge to their interest in, the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Redstone Capital

Following the Placing and the Subscription, the Redstone concert party will be interested in 13.73 per cent. of the Company's enlarged issued share capital. The holdings of the Redstone concert party post Admission and on the assumption of the full conversion of Redstone's Loan Notes and Redstone Warrants into ordinary shares will be as follows:

	Following admission		Following Full Conversion of Loan Notes		Following Full Conversion of Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Redstone*	12,791,300	13.73%	66,973,736	45.44%	92,264,954	53.43%

*Nathan Taylor and Jason Hou, directors of Central Rand Gold, are also shareholders in Redstone Capital and therefore have a beneficial interest in the shares held by Redstone Capital.

General Meeting

For the purposes of effecting the Placing and Subscription, a resolution will be proposed at an Extraordinary General Meeting to authorise the Company to issue the New Ordinary Shares. A notice convening the Extraordinary General Meeting to be held at the offices of Central Rand Gold Limited, CRG Slot 8, 10 Spencer Road, Robertville, Roodepoort, South Africa at 2.00 p.m. (UK time) on 17 June 2015 is being sent to shareholders today.

Recommendation and Irrevocable Undertakings

The Directors consider the Placing and Subscription and the passing of the resolution to be in the best interests of the Shareholders and the Company as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution as they have irrevocably undertaken to do in respect of their beneficial holdings of an aggregate of 12,802,500 existing ordinary shares, representing approximately 14.70 per cent. of the issued share capital of the Company.

Circular

A circular is being posted to shareholders today. Copies of the circular will be available to the public free of charge from the offices of Charles Stanley Securities at 131 Finsbury Pavement, London EC2A 1NT and at the offices of the Company at CRG slot 8, 10 Spencer Avenue, Corner Robert Road, Robertville, Roodepoort, 1709, South Africa, during normal office hours, (Saturdays, Sundays and bank holidays excepted) from the date of this document until the 17 June 2015 and on the Company's website, at www.centralrandgold.com.

20 May 2015

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Charles Stanley Securities, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to Central Rand Gold for the purpose of the AIM Rules in connection with the Placing and, as such, its responsibilities are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity. Charles Stanley Securities will not be responsible to any person other than the Company for providing the protections afforded to clients of Charles Stanley Securities or for providing advice to any other person in connection with the Placing or any other matter referred to herein. Charles Stanley Securities has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Charles Stanley Securities for the accuracy of any information or opinions contained in this document or for the omission of any material information.

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