

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”)

**Extension of Redstone Capital Loan Notes and Warrants
Financial Update
Operational Update**

Extension of Redstone Capital Loan Notes and Warrants

On 2 August 2013, the Company announced that it had entered into an agreement to raise US\$7.25 million through the issue of loan notes (the “Loan Notes”) to Redstone Capital Limited (“Redstone Capital”). The Company also announced that it would enter into warrant agreements (the “Warrant Agreements”) with Redstone Capital in respect of warrants over 27,091,218 ordinary shares (the “Warrants”). The Loan Notes are convertible, and the Warrants are exercisable, at a price equal to 8.78 pence per ordinary share. US\$3.5 million of the Loan Notes and interest outstanding totalling US\$0.18 million were due to mature (and 13,078,519 associated Warrants were due to expire) on 19 August 2016, the third anniversary of the date upon which they were issued. The remaining US\$3.75 million of the Loan Notes and interest outstanding totalling US\$0.19 million are due to mature (and 14,012,699 associated Warrants are due to expire) on 6 December 2016, the third anniversary of the date upon which they were issued.

With the unanimous agreement of the Board, the Company has today entered into an agreement to extend both the maturity of the Loan Notes and the expiry date of the Warrants to 31 October 2016 (the “Redstone Extension”) which will enable the Company to continue to progress the Capital Raising workstream (see details below). All other terms of the Loan Notes and Warrants shall remain the same.

The Redstone Extension is deemed to be a related party transaction pursuant to AIM Rule 13. The Company’s Director independent of Redstone Capital, being Mark Austin, Non-Executive Director, having consulted with the Company’s nominated adviser, considers that the terms of the Redstone Extension are fair and reasonable insofar as shareholders are concerned.

Financial Update

As detailed in the Company’s financial statements for the year ended 31 December 2015, as announced on 30 June 2016, there remained a material uncertainty in respect of the Company’s ability to continue as a going concern. As at 31 December 2015, the Company had cash and cash equivalents of \$556,000 and net current liabilities of \$13.6 million (audited).

As at 31 July 2016, the Company had cash and cash equivalents of approximately \$175,000 (unaudited), which the Directors consider to be sufficient for only the very near term.

In addition to the Redstone Extension, the Directors have received a proposal from an existing substantial shareholder regarding a US\$4,000,000 investment into the Company (the “Capital Raising”). The Capital Raising is subject to necessary regulatory approvals as well as shareholder approval.

In the interim, the Company is in discussions with this existing substantial shareholder and another shareholder, who have separately expressed interest in providing interim debt and/or equity funding to the Company, including by way of a working capital facility (the “Interim Funding”).

The Board highlights that the Capital Raising is conditional on receipt of regulatory approval and shareholder approval and therefore no assurances can be given that both approvals will be received. The Board also highlights that the discussions relating to the Interim Funding are at this point in time non-binding and subject to agreement of terms and definitive documentation between the parties.

Joint Venture Tolling Agreement Update

Further to the announcement dated 29 July 2016, the Company continues to receive and process gold bearing material under the Joint Venture Tolling Agreement (the "Tolling JV"). The Tolling JV partner is presently delivering on average 5,000 tonnes per week to the Company's metallurgical plant. This rate of weekly delivery will increase to the end of September, from when it is expected that the Tolling JV parties will achieve an average processing rate of 19,000 tonnes per month.

The Company is working closely with the Tolling JV partner regarding the identification and sourcing of appropriate gold bearing material for treatment through the Company's metallurgical plant. The Company, in consultation with the Tolling JV partner, has conducted survey, sampling and metallurgical testwork programs (together the "Testwork Program") on the rock dump sourced by the third party supplier (the "Ore Supplier"). Through the Testwork Program, the Company has indicated an average head grade of 1.8g/t with no contaminants identified. Further, the Testwork Program has indicated approximately 6 million tonnes of gold bearing material in the Ore Supplier's rock dump, which will be processed under the Tolling JV.

The Company is pleased to further announce that the refurbishment of Mill 1 is nearing completion. As previously stated, the Company will primarily treat the gold bearing material through Mills 1 and 3, and will utilise Mill 2 as additional capacity as and when required.

Additional Tailings Deposit Joint Venture Opportunity

The Company is progressing discussions with the owner of a tailings deposit located in close proximity to the Company's metallurgical plant (the "Target Tailings Deposit"). The Target Tailings Deposit is considered to host several million tonnes of gold bearing material. The Company has conducted testwork on the Target Tailings Deposit material and is expected to be in a position to announce these testwork results, along with the final commercial terms of the agreement relating to the Target Tailings Deposit over the short term. The Company is contemplating a transaction structure that will allow both the Tolling JV and the Target Tailings Deposit to operate concurrently however the Board highlights that no assurances can be given with respect to the Target Tailings Deposit at this stage.

Further announcements will be made in due course.

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Mark Austin, Non-Executive Director of the Company with over thirty five years' experience in the exploration and mining industry, has read and approved the geological disclosure in this regulatory announcement. Mr Austin holds a B.Sc. Hons. in Geology, is a registered Natural Scientist ('SACNASP') and a Fellow of the Geological Society of South Africa and is currently serving on the Steering Committees of the South African Code for the Reporting of Exploration Results, Mineral Resources And Mineral Reserves ('SAMREC') and the South African Code for the Reporting of Mineral Asset Valuation ('SAMVAL').

22 August 2016

The information communicated in this announcement is inside information for the purposes of Article 7 of Market Abuse Regulation 596/2014 ("MAR").