Central Rand Gold

Interim results

for the six months ended 30 June 2017

Contents

Forward-looking statements

This Interim Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Central Rand Gold Group. The words “intend”, “aim”, “project”, “anticipate”, “estimate”, “plan”, “believe”, “expect”, “may”, “should”, “will”, or similar expressions, commonly identify such forward-looking statements. Examples of forward-looking statements in this Interim Report include those regarding estimated Ore Reserves, anticipated production or construction dates, costs, outputs and productive lives of assets or similar factors. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors set forth in this Interim Report that are beyond the Group’s control. For example, future Ore Reserves will be based in part on market prices that may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include the ability to produce and transport products profitably, demand for our products, the effect of foreign currency exchange rates on market prices and operating costs, and activities by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

In light of these risks, uncertainties and assumptions, actual results could be materially different from any future results expressed or implied by these forward-looking statements, which speak only as at the date of this Interim Report. Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, or future events. The Group cannot guarantee that its forward-looking statements will not differ materially from actual results.

Condensed Group Statement of Financial Position
as at 30 June 2017

	Notes	30 June 2017 US$ '000 (Unaudited)	31 December 2016 US$ '000 (Audited)	30 June 2016 US$ '000 (Unaudited)
ASSETS				
Non-current assets				
Plant and equipment	**5**	1,385	1,354	2,194
Intangible assets		1,257	1,430	2,219
Security deposits and guarantees		55	52	49
Environmental guarantee investment		2,934	2,659	2,712
Loans receivable	**6**	8,646	7,706	8,071
		14,277	13,201	15,245
Current assets				
Security deposits and guarantees		30	29	26
Prepayments and other receivables		657	361	508
Inventories	**7**	66	28	79
Cash and cash equivalents		413	489	435
		1,166	907	1,048
Total assets		**15,443**	**14,108**	**16,293**
EQUITY				
Attributable to equity holders of the parent				
Share capital	**8**	29,467	28,372	27,283
Share premium	**8**	224,892	225,289	225,255
Share-based compensation reserve		28,238	28,238	28,238
Treasury shares		(6)	(6)	(6)
Foreign currency translation reserve		(25,984)	(27,234)	(27,501)
Accumulated losses		(269,612)	(266,189)	(264,080)
		(13,005)	(11,530)	(10,811)
Non-controlling interest		-	-	-
Total equity		(13,005)	(11,530)	(10,811)
LIABILITIES				
Non-current liabilities				
Environmental rehabilitation		3,460	3,281	3,858
Loan payable	**9**	8,646	7,706	8,071
		12,106	10,987	11,929
Current liabilities				
Trade and other payables		8,031	6,767	6,981
Royalties taxation payable		198	188	147
Loan payable	**9**	7,939	7,522	7,400
Derivative liability		174	174	647
		16,342	14,651	15,175
Total liabilities		**28,448**	**25,638**	**27,104**
Total equity and liabilities		**15,443**	**14,108**	**16,293**

The condensed interim financial statements set out on pages 3 to 16 were approved by the Board of Directors of Central Rand Gold ("the Board") on 18 October 2017 and were signed on its behalf by:

L Trollip
Chief Executive Officer

The notes on pages 9 to 16 are an integral part of these financial statements.

Condensed Group Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 US$ '000 (Unaudited)	12 months ended 31 December 2016 US$ '000 (Audited)	Six months ended 30 June 2016 US$ '000 (Unaudited)
Revenue	**10**	2,653	4,825	1,765
Production costs	**11**	(1,504)	(1,684)	(1,553)
Employee benefits expense		(1,087)	(2,071)	(907)
Directors' emoluments	**12**	(36)	(254)	(124)
Operating lease expense		(331)	(1,252)	(285)
Operational expenses	**13**	(249)	(443)	(138)
Other expenses	**14**	(650)	(2,388)	(665)
Other income and gains	**15**	10	169	5
Foreign exchange transaction (losses)/gains		(77)	(49)	16
Loss before interest, tax, depreciation and impairment		(1,271)	(3,147)	(1,886)
Depreciation and amortisation charge		(343)	(698)	(192)
Impairment of assets		(1,602)	(1,380)	-
Fair value movement in embedded derivative		(40)	1,194	-
Finance and investment income		635	1,205	463
Finance costs		(802)	(1,650)	(752)
Loss before income tax		**(3,423)**	**(4,476)**	**(2,367)**
Income tax expense	**16**	-	-	-
Loss for the period		**(3,423)**	**(4,476)**	**(2,367)**
Loss for the period is attributable to:				
Non-controlling interest		-	-	-
Equity holders of the parent		(3,423)	(4,476)	(2,367)
		(3,423)	(4,476)	(2,367)
Shares in issue		299,833,285	207,750,698	141,400,341
Weighted average number of ordinary shares in issue		261,267,512	146,401,981	109,517,964
Fully diluted weighted average number of ordinary shares in issue		261,267,512	146,665,981	110,121,964
Basic (loss)/earnings per share (US cents per share)	**18**	(1.31)	(3.06)	(2.16)
Diluted loss per share (US cents per share)	**18**	(0.70)	(3.05)	(2.15)

The notes on pages 9 to 16 are an integral part of these financial statements.

Condensed Group Statement of Profit or Loss and Other Comprehensive Income *(continued)*

for the six months ended 30 June 2017

	Six months ended 30 June 2017 US$ '000 (Unaudited)	12 months ended 31 December 2016 US$ '000 (Audited)	Six months ended 30 June 2016 US$ '000 (Unaudited)
(Loss)/profit for the period	**(3,423)**	**(4,476)**	**(2,367)**
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations	1,250	687	420
Other comprehensive (loss)/income for the period, net of tax	1,250	687	420
Total comprehensive (loss)/income for the period	**(2,173)**	**(3,789)**	**(1,947)**
Total comprehensive (loss)/income is attributable to:			
Non-controlling interest	-	-	-
Equity holders of the parent	(2,173)	(3,789)	(1,947)
	(2,173)	**(3,789)**	**(1,947)**

The notes on pages 9 to 16 are an integral part of these financial statements.

Condensed Group Statement of Changes in Equity

for the six months ended 30 June 2017

	Notes	Ordinary share capital US$ '000	Share premium US$ '000	Share-based compensation reserve US$ '000	Treasury shares US$ '000	Foreign currency translation reserve US$ '000	Accumulated losses US$ '000	Total equity US$ '000
		Attributable to equity holders of the Group						
Balance at 31 December 2015 – previously reported		**26,617**	**224,037**	**28,238**	**(6)**	**(28,993)**	**(260,117)**	**(10,224)**
Adjustments - prior period errors	**19**	-	-	-	-	1,072	(1,596)	**(524)**
Balance at 31 December 2015 – restated		**26,617**	**224,037**	**28,238**	**(6)**	**(27,921)**	**(261,713)**	**(10,748)**
Total comprehensive income for the period ended 30 June 2016								
Loss for the period		-	-	-	-	-	(2,367)	**(2,367)**
Other comprehensive income								
Foreign currency adjustments		-	-	-	-	420	-	**420**
Transactions with owners, recorded directly in equity								
Issue of Shares:								
Capital raising	**8**	666	1,218	-	-	-	-	**1,884**
Balance at 30 June 2016		**27,283**	**225,255**	**28,238**	**(6)**	**(27,501)**	**(264,080)**	**(10,811)**

		Attributable to equity holders of the Group						
	Notes	Ordinary share capital US$ '000	Share premium US$ '000	Share-based compensation reserve US$ '000	Treasury shares US$ '000	Foreign currency translation reserve US$ '000	Accumulated losses US$ '000	Total equity US$ '000
Balance at 31 December 2016		**28,372**	**225,289**	**28,238**	**(6)**	**(27,234)**	**(266,189)**	**(11,530)**
Total comprehensive income for the period ended 30 June 2017								
Loss for the period		-	-	-	-	-	(3,423)	**(3,423)**
Other comprehensive income								
Foreign currency adjustments		-	-	-	-	1,250	-	**1,250**
Transactions with owners, recorded directly in equity								
Issue of Shares:								
Capital raising	**8**	1,095	(397)	-	-	-	-	**698**
Balance at 30 June 2016		**29,467**	**224,892**	**28,238**	**(6)**	**(25,984)**	**(269,612)**	**(13,005)**

The notes on pages 9 to 16 are an integral part of these financial statements.

Condensed Group Statement of Cash Flow
for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 US$ '000 (Unaudited)	12 months ended 31 December 2016 US$ '000 (Audited)	Six months ended 30 June 2016 US$ '000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(3,423)	(4,476)	(2,367)
Adjusted for :				
Depreciation and amortisation		343	698	192
Loss on disposal of plant and equipment		-	892	-
Profit on disposal of shares		-	(3)	-
Revaluation of investment		-	(54)	-
Impairment of assets		1,602	1,380	-
Net loss/(gain) on foreign exchange		77	49	(16)
Finance income		(635)	(1,205)	(463)
Finance costs		802	1,650	752
Fair value movement in embedded derivative		40	(1,194)	-
Changes in working capital				
(Increase)/decrease in prepayments and other receivables		(296)	84	(28)
(Increase)/decrease in inventory		(38)	92	41
Increase/(decrease) in trade and other payables		1,264	(172)	(18)
Decrease in provisions		-	(1,294)	-
Cash flows used in operations		(264)	(3,553)	(1,907)
Finance income		4	195	4
Finance costs		(289)	-	(289)
Net cash used in operating activities		(549)	(3,358)	(2,192)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment	**5**	(50)	(9)	-
Withdrawal of capital on guarantee investment		-	422	-
Net cash (used in)/from investing activities		(50)	413	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares for cash		698	3,185	2,062
Cost relating to the issue of shares		-	(178)	(178)
Net proceeds from issue of convertible notes		200	-	441
Net cash from financing activities		898	3,007	2,325
Net (decrease)/increase in cash and cash equivalents		299	62	133
Cash and cash equivalents at 1 January		489	556	556
Effects of exchange rate fluctuations on cash balances		(375)	(129)	(254)
Cash and cash equivalents at end of period		**413**	**489**	**435**

The notes on pages 9 to 16 are an integral part of these financial statements.

Notes to the Condensed Interim Group Financial Statements
for the six months ended 30 June 2017

1. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The Annual Financial Statements of the Group are prepared in accordance with International Financial Reporting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"). The condensed interim Group financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2016 except for the changes described in note 2.

The consolidated financial statements are presented in United States Dollars ("US$" or "US Dollar") and rounded to the nearest thousand. The functional currency of the parent company, Central Rand Gold Limited, is the US Dollar. The functional currency of its principal subsidiary, Central Rand Gold SA is the South African Rand ("ZAR" or "Rand").

The interim financial information for the six months to 30 June 2017 and 30 June 2016 is unaudited and does not constitute statutory financial information. The comparatives for the full year ended 31 December 2016 are not the Group's full statutory accounts for that year. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 Annual Report. The auditor's report on those accounts was (i) unqualified, (ii) included an emphasis of matter in respect of going concern and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The Group had net current liabilities at 30 June 2017 of US$15.6 million, including US$8.3 million of loan notes (and interest), with Redstone Capital Limited and Mr Wang, and US$8.0 million of trade and other payables. The ability of the Group to continue as a going concern is dependent on the Group securing access to sufficient additional funding and extending the repayment terms of existing loan notes or the loan note holders converting the loan notes into equity, to support the Group's cash flow projections.

During the period under review, the Group raised US$1.6 million (net) through share placements and drawn down US$0.6 million of bridge finance under a convertible loan note facility ('CLN') with Bergen Global Opportunity Fund, LP ('Bergen') for working capital purposes. Under the terms of the agreement, the Group can draw down up to US$4.0 million subject to agreement by both parties.

Whilst CRGSA's operations have by and large stabilised operationally in 2017, the financial and operational positions remain fragile and there is a very thin working capital position at the operating company level with a negative position within the Company, as mentioned above. The Company's production for the period January 2017 to 30 June 2017 was 2 320 Troy Ounces. The Company's overall financial position is accordingly negative and the Directors are now actively exploring urgent financing options. In order to remain a listed, operational mining group, in steady state and with a view to achieving medium term profitability, the Directors consider a cash injection of not less than US$ 20 million would be required to be made. The Directors consider that this is unlikely to be forthcoming in the near future or at all. Accordingly the Directors are actively pursuing options which would involve retaining its listings but the disposal of the Company's interests in its immediate subsidiary company, Central Rand Gold (Netherlands Antilles) N.V., unless it is able to secure sufficient alternative finance at the required level in the very near future.

The Group's Senior Secured Loan Notes of US$7.25 million principal ('the Notes'), held by the Group's largest shareholder Redstone Capital Limited ('Redstone'), fell due for maturity in September 2016. Redstone has provided a written undertaking to extend the maturity of the Notes to at least December 2018 subject to concluding negotiations regarding revisions to the terms of conversion in the coming months. The Directors, based on discussions with representatives of Redstone, fully expect that the Notes will ultimately be converted rather than called for payment.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date these financial statements were approved, which show that the Group is able to meet its liabilities as they fall due. However, the cash flow forecasts are dependent upon the Group successfully concluding the sale of the operating listed entity, and, by novating the loans to the operating entities, privatising those operations.

The Directors have concluded that the above circumstances give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after taking account of the Group's plans to sell off some of the assets, and having considered the risks and uncertainties associated with the forecasts, the Directors have a realistic expectation that the Group will have adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. For these reasons, the Directors continue to prepare the financial statements on a going concern basis, and the financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

2. Accounting policies

Except as described below, the accounting policies applied by the Group in these condensed interim Group financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016, as described in those consolidated financial statements.

The Group has adopted the following standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2017:

- IFRS 2: Share-based Payment
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 15: Revenue from Contracts with Customers
- IAS 7: Statement of Cash Flows
- IAS 12: Income Taxes

The adoption of these Standards is not expected to have a significant impact upon the Group's net results, net assets or disclosures.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3. Estimates and judgements

The preparation of condensed interim Group financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim Group financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements as at and for the year ended 31 December 2016.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2016.

Fair value

The aggregate net fair values of all current financial assets and financial liabilities, as well as non-current receivables, instalment sales and finance leases approximate the carrying amounts at the financial reporting date.

Foreign currency rates

The US Dollar rates of exchange applicable to the period are as follows:

	2017 Six months to 30 June		2016 Year ended 31 December		2016 Six months to 30 June	
	Closing	Average	Closing	Average	Closing	Average
South African Rand	0.08	0.08	0.07	0.07	0.07	0.07
Pound Sterling	1.30	1.26	1.23	1.27	1.34	1.43
Australian Dollar	0.77	0.76	0.72	0.75	0.74	0.74

5. Property, plant and equipment

During the six months ended 30 June 2017, the Group spent US$50,081 to purchase other items of plant and equipment (2016: US$0).

6. Loans receivable

Puno Gold Investments Proprietary Limited ("Puno")

Since the last report for the year ended 31 December 2016 there has been no resolution to the dispute relating to alleged procedural breaches of the Central Rand Gold SA Shareholders' Agreement between Central Rand Gold SA and its current Black Economic Empowerment ("BEE") shareholder, Puno. The dispute surrounds the allocation of intercompany loans which fund the budget and work programme and the incurring of, and level of, certain costs.

On 1 April 2016, the appeal judgement was handed down and the appellants i.e. the Central Rand Gold companies were wholly successful in that a full bench of the appeal court ruled that the court of first instance had erred in its findings.

Costs in the appeal, including wasted costs pertaining to the preliminary argument were granted against Puno. Although a large portion of these costs were recovered in 2017 with a portion amounting to US$65,073 still being outstanding, Puno has brought a further application seeking to overturn a portion of the costs lawfully taxed and awarded by the taxing master.

The remainder of the arguments pertaining to the merits of the matter have been referred back to the judge of first instance for reconsideration and a fresh judgement is to be delivered by the court of first instance. The Central Rand Gold companies have taken the necessary steps for the matter to be referred and the parties are advised that the judge of first instance is presently engaged in the drafting of a new judgement.

Aside from the above, on 29 April 2016, Puno served on Central Rand Gold SA an application premised upon sections 344(f) and 345 of the Companies Act, for an order to wind up (seek the liquidation of) Central Rand Gold SA. These virulent proceedings are bewildering in that they entail Puno (as minority shareholder, yet BEE partner in terms of the Mining Charter) seeking to liquidate the company in which it holds a

Central Rand Gold SA has opposed the application and lodged answering affidavits which set out the baselessness of the application brought. The time period for Puno to file any replying affidavit lapsed on 22 June 2016 and Puno has taken no further steps to progress this application or indeed withdraw it. Central Rand Gold SA is of the opinion that, as a subsidiary of a listed Company, it has sufficient support from the holding company to successfully trade out of any loss-making situation.

Further to the above, and on 4 November 2016, Puno has issued a further application citing thirteen respondents including not only the Central Rand Gold group of companies, but also the current Minister of Mineral Resources, the Director General of the Department of Mineral Resources, the Regional Manager of the Gauteng Region of the Department of Mineral Resources, the Reserve Bank of South Africa, the group's former legal advisors and attorneys.

As part of this fresh litigation on the part of Puno it seeks an order before the High Court that a string of non-existent agreements be declared void. Further to this, Puno has sought to implicate the aforementioned parties in an elaborate fraudulent scheme which resulted in Central Rand Gold SA having been awarded certain prospecting and mining rights. In spite of these sweeping allegations and the far reaching scheme conjured by Puno's application, it has been established that Puno has failed to serve its application on all the cited parties and hence the particular application is hamstrung. Equally, Puno's ability to progress such application is hamstrung by interlocutory disputes which it must also address.

On 13 June 2017, the High Court of South Africa, (Gauteng Division, Pretoria) handed down judgment on the matter initiated by the Company, CRGNV and CRGSA against Puno on 25 November 2011. The judgment delivered was in favour of the Company, Central Rand Gold (Netherlands Antilles) N.V. and Central Rand Gold SA. The Court upheld the views of these entities and rejected the defences proffered by Puno. This judgment has definitively and positively pronounced on the validity and enforceability of the funding call, and found that such funding call was made in accordance with the overarching law and the Shareholders Agreement. The Court provided an Order that the funding call directed by the first and second applicant (Central Rand Gold SA and Central Rand Gold (Netherlands Antilles) N.V.) to the respondent (Puno) on or about 17 September 2008, for payment by the respondent for ZAR72,326,573.47 was declared valid and enforceable; the respondent was ordered to pay the costs of the application; the respondent was ordered to pay the costs of the application; and both cost orders include the costs of senior and junior counsel. Puno retains interest in Central Rand Gold SA but owes Central Rand Gold SA and Central Rand Gold (Netherlands Antilles) N.V. ZAR72,326,573 (approximately US$5,537,033 being the original loan amount plus compound interest).

The Group still believes that ultimately their position will prevail. The Board is still of the opinion that this will not have any material consequences in respect of the consolidated accounts of the Group.

The loan payable to Puno contains the same allocations referred to above.

7. Inventories

		Group	
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Consumables	66	28	42
Ore stockpiles	-	-	37
Total inventories	66	28	79

There was no write-down of ore stockpiles to net realisable value, and recognised as an expense during the financial year under review (2016: US$0).

8. Share capital and share premium

The Company issued the following shares during the period under review:

- Subsequent to the appointment of Brandon Hill Capital Limited as the Company's broker on 23 January 2017, Central Rand Gold issued 936,330 ordinary shares in the Company as part consideration of their fee, in accordance with the terms of their engagement letter.
- A share placement on 23 March 2017 of 60,000,000 new ordinary shares at 0.5 pence, which raised £0.30 million.
- A bridge funding (the "Bridge Funding") through a combined convertible securities with Bergen. The Bridge Funding raised US$240,000. The Convertible Securities were (subject to the satisfaction of certain customary conditions) issued in tranches and were fully converted into 26,946,257 new Ordinary Shares by 2 May 2017.
- On 8 May 2017, the Company issued 4,200,000 ordinary shares to a creditor in lieu of a fee due by the Company.

9. Loan payable

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Non-current	8,646	7,706	8,071
Current	7,939	7,522	7,400
	16,585	15,228	15,471

Loan payable consists of the following:

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Puno Gold Investments Proprietary Limited	8,646	7,706	8,071
Redstone Capital Limited	6,340	6,923	6,959
Bergen Global Opportunity Fund, LP	-	-	441
Loans from investors	1,599	599	-
	16,585	15,228	15,471

10. Revenue

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Gold sales	2,596	3,353	1,764
Toll treatment	56	1,471	-
Other by-product sales	1	1	1
	2,653	4,825	1,765

The revenue relates to the sale of gold derived from mining activities that take place in South Africa, tolling revenue and the sale of other by-products. 2,320 (30 June 2016: 1,417) ounces (inclusive of gold arising from the toll treatment) of gold was sold.

11. Production costs

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Production costs comprise the following items:			
- Consumables	414	626	347
- Utilities	551	(475)	452
- Plant hire	428	646	534
- Labour hire	5	174	131
- Toll treatment	106	1,970	89
- Environmental rehabilitation provision fair value adjustment	-	(1,294)	-
- Other	-	37	-
	1,504	1,684	1,553

12. Changes to the Board

On 10 January 2017, Mr N Taylor and Mr M Austin resigned as Directors of the Group and Mr S Charles, Mr W Zhuang and Ms L Trollip were appointed as Directors of the Group.

13. Operational expenses

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Operational expenditure comprises the following items:			
- Assaying costs	48	64	41
- Consulting services	205	351	93
- Environmental costs	(4)	28	4
	249	443	138

14. Other expenses

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Auditor's remuneration	8	122	113
Corporate social investment	-	15	13
Legal costs	75	15	64
Loss on disposal of plant and equipment	-	892	-
Travel and accommodation	2	24	12
Telecommunications	48	96	42
Other expenses	517	1,224	421
	650	2,388	665

15. Other income and gains

	Group		
	June 2017 US$ '000	**December 2016 US$ '000**	**June 2016 US$ '000**
Sundry income	10	169	5

16. Income tax expense

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2017 is 0% (2016: 0%) due to assessable losses available to Central Rand Gold SA and the Guernsey resident status of Central Rand Gold resulting in 0% effective rates.

17. Commitments

As at 30 June 2017, there were fees to the amount of US$91,867 payable to iProp. In addition, there was US$9,187 outstanding in respect of the concentrator circuit payable in one year from the date of being commissioned.

18. Loss per share

	Group		
	June 2017	**December 2016**	**June 2016**
Headline loss per share (US cents per share)	(1.31)	(2.45)	(2.16)
Diluted headline loss per share (US cents per share)	(0.70)	(2.44)	(2.15)
Reconciliation between loss attributable to the equity holders of the Group and the headline loss attributable to the equity holders of the Group:			
Loss attributable to equity holders of the Group (US$'000)	(3,423)	(4,476)	(2,367)
Add: Loss on disposal of plant and equipment (US$'000)	-	892	-
Loss used in calculating headline (loss)/earnings per share (US$'000)	(3,423)	(3,584)	(2,367)

19. Prior period errors

During the 2016 financial period, the Group discovered a number of accounting errors relating to transactions and balances that had not been recorded during the years ended 31 December 2014 and 31 December 2015. These errors have an impact on the 2016 Interim Results. Please refer to the 2016 Annual Report for an explanation of these errors.

20. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The entity's chief operating decision maker reviews information in one operating segment, being the acquisition of mineral rights and data gathering in the Central Rand Goldfield of South Africa, therefore management has determined that there is only one reportable segment. Accordingly, no analysis of segment revenue, results or net assets has been presented. No corporate or other assets are excluded from this segment.

21. Share-based payments

No additional shares and share options in the Company were granted during the six months ended 30 June 2017.

22. Related parties

No disclosable related party transactions occurred during the period.

23. Contingent liability

During the previous financial year, the following contingent liability existed and still exists as at 30 June 2017:

Thin capitalisation

The tax legislation with regards to thin capitalisation changed with effect from 1 April 2012 and is applicable in respect of years of assessment commencing on or after that date. The safe harbour ratio of 3:1 included in the previous legislation was replaced with the concept of "arm's length." In instances where the loans are considered not to be on an arm's length basis all or part of the interest charged could be disallowed as a deduction. Any interest not allowed as a deduction will be treated as an adjustment in terms of Section 31 of the Income Tax Act. In terms of Section 31(3) of the Income Tax Act, any adjusted amount for transfer pricing and thin capitalisation purposes, prior to 1 January 2015, constituted a deemed loan. As per the amended law, should this amount, plus interest deemed to have accrued on it, not have been repaid to the taxpayer by the relevant non-resident connected person by 31 December 2014, the outstanding "deemed loan" must "be deemed to be a dividend consisting of a distribution of an asset in specie, that was declared and paid by that resident to that other person on 1 January 2015". Such deemed dividend will be subject to Dividends Withholding Tax ("DWT"), at a rate of 15%.

In prior years, management obtained a legal opinion, based on which they concluded that there is no deemed loan. In further assessing the impact of the amendments on its intercompany loans, management concluded that due to the lack in industry guidance pertaining to the application of the "arm's length" concept, management will be unable to confirm their conclusion without finalising a full Transfer Pricing benchmarking study applying OECD (Organisation for Economic Co-operation and Development) principles.

Open tax years
Central Rand Gold SA has entered into an Alternative Dispute Resolution with the South African Revenue Service relating to income tax returns submitted for the years of assessments 2010 to 2012.

iProp claim
iProp, the landowner of various mining sites, has lodged a claim for outstanding rentals and leases. The amounts claimed are currently being reconciled, in order to quantify the position.

24. Events occurring after reporting date

The following events have taken place subsequent to 30 June 2017:

Financing
The Directors have been actively exploring urgent financing options. In order to remain a listed, operational mining group, in steady state and with a view to achieving medium-term profitability, the directors consider that a cash injection of not less than US$20 million would be required. The Directors consider that this is very unlikely to be forthcoming in the near future or at all. Accordingly, the Directors have been actively pursuing options which would involve retaining its listings but would require the disposal of the Company's interests in its immediate subsidiary company, Central Rand Gold (Netherlands Antilles) NV, unless it is able to secure sufficient alternative finance at the required level in the very near future.

Puno dispute
In July 2017, Puno Gold Investments Proprietary Limited withdrew the application for the winding up of Central Rand Gold SA on the basis that each party pays its own costs. This proposal was accepted by Central Rand Gold SA.

Recapitalisation of the Company
In September 2017, the Company appointed Peterhouse Corporate Finance Limited as its brokers, with a view to the Company undertaking a recapitalisation. Work is underway in relation to that process at the time of approval of these consolidated financial statements, in the context of the Company putting proposals to shareholders for the necessary authority to enable any such recapitalisation to occur and subsequent proposals to restructure the Company, to divest itself of its mining interests and related indebtedness but retaining its listings.

iProp claim
In October 2017, iProp issued a claim to the Company's subsidiary, regarding the recovery of outstanding leases and rentals. The claim includes late penalty charges and interest, which have not been accrued in these consolidated financial statements. This matter is with the Company's legal advisors.

Resignation of Chief Executive Officer and Director
On 4 October 2017 Ms Trollip tendered her resignation as the Company's Chief Executive Officer, and as a Director of the Company and relevant Group subsidiaries, effective on a date to be agreed on by the Board.

Administration

DIRECTORS AND COMPANY SECRETARY		LEGAL ADVISERS TO THE COMPANY
Simon Charles	Independent Non-executive Chairman	**As to South African Law** Vasco de Oliveira Attorneys PO Box 4 Cramerview, 2060 South Africa
Lola Trollip	Chief Executive Officer	
Jason Hou	Non-executive Director	
William Zhuang	Non-executive Director	
Stella Sfetsios	Company Secretary	

GUERNSEY REGISTRAR	REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
Artemis Corporate Services Limited Trafalgar Court 2nd Floor East Wing Admiral Park St Peter Port Guernsey	**Trafalgar Court** 2nd Floor East Wing Admiral Park St Peter Port Guernsey *www.centralrandgold.com*
SOUTH AFRICAN OFFICE	**AUDITORS**
Slot 8 10 Spencer Avenue, Corner Robert Road Robertville Roodepoort, 1709 South Africa	**Moore Stephens LLP** 150 Aldersgate Street London EC1A 4AB United Kingdom
AIM NOMINATED ADVISER	**BROKER**
ZAI Corporate Finance Limited New Liverpool House 4th Floor 15 – 17 Eldon Street London EC2M 7LD	**Peterhouse Corporate Finance Limited** New Liverpool House 15 – 17 Eldon Street London EC2M 7LD
JSE SPONSOR	**CREST AND STRATE TRANSFER AGENTS**
Merchantec Capital 2nd Floor, North Block Hyde Park Corner Office Tower Corner 6th Road and Jan Smuts Avenue Hyde Park, Johannesburg, 2196 South Africa	**Capita Asset Services** Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
TRANSFER SECRETARY **South Africa** Terbium Financial Services Proprietary Limited Beacon House 31 Beacon Road Florida North, Johannesburg, 1709 South Africa	