

# **Rand Mining Limited**

**ABN 41 004 669 658**

## **Interim Report - 31 December 2016**

**Rand Mining Limited**  
**Contents**  
**31 December 2016**



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Rand Mining Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

### **Directors**

The following persons were directors of Rand Mining Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Otakar Demis - Chairman  
Anthony Billis  
Gordon Sklenka

### **Principal activities**

The principal activities of the Group during the financial half-year were exploration, development and production activities at the Group's East Kundana Joint Venture tenements.

### **Review of operations**

The profit for the Group after providing for income tax amounted to \$7,579,775 (31 December 2015: \$6,149,605).

#### ***East Kundana Joint Venture (Rand's Interest 12.25%)***

*Raleigh - Rand's entitlement is 12.50%*

Production at the Raleigh Underground Mine continues.

Capital development ceased in the September Quarter 2011. The depth of the decline is approximately 727 m below the surface.

Operating development in waste and ore recommenced in late 2014 with the development of the Skinners structure. Development associated with the extraction of the Crown Pillar started in October 2015. Operating development for the half-year totalled 1,659 m; 131 m in waste, 1,289 m in ore and 239 m through paste fill.

Mine production during the half-year totalled 89,943 t grading 9.33 g/t containing 26,989 oz of gold, based on grade control estimates (31 December 2015: 71,323 t grading 9.6 g/t containing 22,024 oz of gold were estimated to be mined).

*Rubicon - Rand's entitlement is 12.25%*

Production at the Rubicon Underground Mine that commenced in August 2011 continues.

#### **Rubicon and Hornet Ore Bodies**

Capital development for the half-year totalled 1,815 m; 403 m for decline development and 1,411 m for secondary development. At the close of the half-year period, the bottom of the Rubicon Decline is 464 m below the surface, the bottom of the Hornet Decline is 599 m below the surface and the bottom of the Hornet Exploration Decline is 637 m below the surface.

Operating development for the half-year totalled 2,234 m; 2,114 m in ore and 120 m through paste fill.

Mine production during the half-year totalled 224,773 t grading 5.55 g/t containing 40,103 oz of gold, based on grade control estimates (31 December 2015: 229,715 t grading 6.7 g/t containing 49,592 oz of gold were estimated to be mined).

#### **Pegasus Ore Body**

The Access Decline to the Pegasus ore body from the Rubicon Decline commenced in April 2014 and was completed in early November 2014 when the Pegasus Incline and Decline commenced. In February 2015, the first stope at Pegasus was fired.

Capital development for the half-year totalled 1,786 m; 388 m for decline development and 1,398 m for secondary development. At the close of the half-year period, the top of the Pegasus Incline is 98 m below the surface and the bottom of the Pegasus Decline is 446 m below the surface.

Operating development for the half-year totalled 1,234 m; 1,099 m in ore and 135 m through paste fill.

Mine production during the half-year totalled 192,867 t grading 9.26 g/t containing 57,391 oz of gold, based on grade control estimates (31 December 2015: 107,749 t grading 6.6 g/t containing 22,736 oz of gold were estimated to be mined).

#### *Processing*

Treatment campaigns at the Kanowna Belle Plant processed 473,482 t of EKJV ore from the Raleigh and Rubicon mines during the half-year. A total of 51,062 oz of gold and 10,196 oz of silver were credited to the Rand and Tribune Bullion Accounts. Rand's share of gold bullion was 12,765 oz.

#### *Exploration*

Currently, the main drilling programmes are underground resource and exploration drilling at the Rubicon-Hornet-Pegasus complex. A new drilling programme at Raleigh will target potential up-dip extensions of the Raleigh South structure. Details of all EKJV exploration activities are contained in the September and December Quarterly Reports released to the market on 31 October 2016 and 31 January 2017.

The 30 June 2016 EKJV Summary Resource and Reserve Report was released to the ASX on 3 August 2016. Resource and Reserve upgrades for Raleigh, Rubicon, Hornet and Pegasus are in progress and will be released to ASX when received.

#### **Other projects**

##### *Seven Mile Hill (Rand's Interest 50%)*

A Programme of Work for a 10,000 m RAB drilling campaign was recently approved by the Department of Mines and Petroleum. Drilling commenced in early February.

##### *Tapeta Iron Ore Project, Liberia, West Africa*

The site is currently on care and maintenance. Rand Mining Ltd announced on 2 September 2016, that it has extended the term of the option to 23 September 2017, in exchange for paying a non-refundable option fee of USD \$5,000.

#### **Corporate**

##### *Share buy-back*

On 7 December 2016, the Company announced it was extending the share buy-back for an additional 12 months to 11 December 2017.

No shares were purchased or cancelled during the half-year ended 31 December 2016.

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial half-year.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

12 March 2017  
Perth

Level 1  
10 Kings Park Road  
West Perth WA 6005

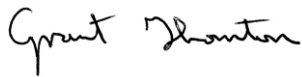
Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Auditor's Independence Declaration  
To The Directors of Rand Mining Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rand Mining Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 12 March 2017

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**Rand Mining Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2016**



	Note	Consolidated 31 Dec 2016 \$	31 Dec 2015 \$
<b>Revenue</b>	4	15,910,539	13,809,583
Share of profits of associates accounted for using the equity method	5	3,815,355	3,447,415
Other income		78,873	1,279
<b>Expenses</b>			
Changes in inventories		3,786,865	3,167,262
Employee benefits expense		(366,023)	(257,162)
Management fees		(236,382)	(231,481)
Depreciation and amortisation expense	6	(1,458,480)	(1,410,625)
Impairment of available-for-sale assets		(11,198)	(1,951)
Impairment of exploration and evaluation		(697,804)	(1,111,919)
Administration expenses		(439,846)	(605,597)
Mining expenses		(6,365,759)	(5,008,647)
Processing expenses		(2,371,136)	(2,125,989)
Royalty expenses		(546,444)	(457,574)
Loss on disposal of non-current assets		18,375	-
Foreign currency losses		(11,621)	(17,314)
Finance costs	6	(12,534)	(5,504)
<b>Profit before income tax expense</b>		11,092,780	9,191,776
Income tax expense		(3,513,005)	(3,042,171)
<b>Profit after income tax expense for the half-year attributable to the owners of Rand Mining Limited</b>		7,579,775	6,149,605
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income from associate		(68,299)	313,944
Tax on revaluation adjustment in associate		20,490	(89,983)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale financial assets - current half-year revaluation loss		(113,482)	(17,674)
Other comprehensive income for the half-year, net of tax		(161,291)	206,287
<b>Total comprehensive income for the half-year attributable to the owners of Rand Mining Limited</b>		7,418,484	6,355,892
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		12.60	10.22
Diluted earnings per share		12.60	10.22

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

	Consolidated	
Note	31 Dec 2016	30 Jun 2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,012,784	3,751,530
Trade and other receivables	417,624	264,219
Inventories	38,080,465	34,272,531
Income tax refund due	395,008	-
<b>Total current assets</b>	<u>41,905,881</u>	<u>38,288,280</u>
<b>Non-current assets</b>		
Investments accounted for using the equity method	7 34,806,397	31,059,340
Available-for-sale financial assets	385,487	510,167
Property, plant and equipment	6,194,190	5,714,691
Exploration and evaluation	912,749	812,350
Mine development	5,437,792	3,894,316
Deferred tax	1,041,102	1,550,775
<b>Total non-current assets</b>	<u>48,777,717</u>	<u>43,541,639</u>
<b>Total assets</b>	<u>90,683,598</u>	<u>81,829,919</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	5,251,249	3,445,973
Borrowings	356,196	350,771
Income tax	-	1,827,857
Provisions	40,779	44,195
<b>Total current liabilities</b>	<u>5,648,224</u>	<u>5,668,796</u>
<b>Non-current liabilities</b>		
Trade payables	265,706	-
Borrowings	249,974	429,428
Deferred tax	8,629,194	7,262,362
Provisions	231,220	228,537
<b>Total non-current liabilities</b>	<u>9,376,094</u>	<u>7,920,327</u>
<b>Total liabilities</b>	<u>15,024,318</u>	<u>13,589,123</u>
<b>Net assets</b>	<u>75,659,280</u>	<u>68,240,796</u>
<b>Equity</b>		
Issued capital	16,694,186	16,694,186
Reserves	1,064,091	1,225,382
Retained profits	57,901,003	50,321,228
<b>Total equity</b>	<u>75,659,280</u>	<u>68,240,796</u>

The above statement of financial position should be read in conjunction with the accompanying notes

**Rand Mining Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2016**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	16,694,186	902,079	33,871,604	51,467,869
Adjustment for correction of error	-	-	1,162,415	1,162,415
Balance at 1 July 2015 - restated	16,694,186	902,079	35,034,019	52,630,284
Profit after income tax expense for the half-year	-	-	6,149,605	6,149,605
Other comprehensive income for the half-year, net of tax	-	206,287	-	206,287
Total comprehensive income for the half-year	-	206,287	6,149,605	6,355,892
Balance at 31 December 2015	<u>16,694,186</u>	<u>1,108,366</u>	<u>41,183,624</u>	<u>58,986,176</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	16,694,186	1,225,382	50,321,228	68,240,796
Profit after income tax expense for the half-year	-	-	7,579,775	7,579,775
Other comprehensive income for the half-year, net of tax	-	(161,291)	-	(161,291)
Total comprehensive income for the half-year	-	(161,291)	7,579,775	7,418,484
Balance at 31 December 2016	<u>16,694,186</u>	<u>1,064,091</u>	<u>57,901,003</u>	<u>75,659,280</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Rand Mining Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2016**



	<b>Consolidated</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	15,893,497	13,798,000
Payments to suppliers and employees (inclusive of GST)	(9,156,313)	(8,736,955)
Interest received	17,089	11,583
Interest and other finance costs paid	(11,725)	(5,504)
Income taxes paid	<u>(3,037,666)</u>	<u>(927,970)</u>
Net cash from operating activities	<u>3,704,882</u>	<u>4,139,154</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,166,851)	(1,172,495)
Payments for exploration and evaluation	(806,517)	(1,299,461)
Payments for mine development	(2,314,606)	(1,900,907)
Proceeds from disposal of property, plant and equipment	<u>18,375</u>	<u>-</u>
Net cash used in investing activities	<u>(4,269,599)</u>	<u>(4,372,863)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	<u>(174,029)</u>	<u>(67,182)</u>
Net cash used in financing activities	<u>(174,029)</u>	<u>(67,182)</u>
Net decrease in cash and cash equivalents	(738,746)	(300,891)
Cash and cash equivalents at the beginning of the financial half-year	<u>3,751,530</u>	<u>2,412,176</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>3,012,784</u></u>	<u><u>2,111,285</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. General information**

The financial statements cover Rand Mining Limited as a Group consisting of Rand Mining Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Rand Mining Limited's functional and presentation currency.

Rand Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite G1, 49 Melville Parade  
South Perth WA 6151

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 March 2017. The directors have the power to amend and reissue the financial statements.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group for the reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Note 3. Operating segments**

#### *Identification of reportable operating segments*

The Group has one operating segment, based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

#### *Operating segment*

As the Group only has one segment, being the production of gold, the information relating to this segment is detailed throughout the financial statements.

**Note 4. Revenue**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Sales of gold	15,893,450	13,798,000
<i>Other revenue</i>		
Interest	17,089	11,583
Revenue	<u>15,910,539</u>	<u>13,809,583</u>

**Note 5. Share of profits of associates accounted for using the equity method**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
Share of profit - associates	<u>3,815,355</u>	<u>3,447,415</u>

Share of profit - associates relates to the Company's investment in Tribune Resources Limited.

**Note 6. Expenses**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	7,790	7,790
Mining plant and equipment	679,562	430,355
Total depreciation	<u>687,352</u>	<u>438,145</u>
<i>Amortisation</i>		
Mine development	771,128	972,480
Total depreciation and amortisation	<u>1,458,480</u>	<u>1,410,625</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	12,534	5,504
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	32,160	32,820
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>13,232</u>	<u>14,315</u>

**Note 7. Non-current assets - investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
	<b>\$</b>	<b>\$</b>
Investment in associate - Tribune Resources Limited	44,350,271	40,603,214
Less: provision for impairment	<u>(9,543,874)</u>	<u>(9,543,874)</u>
	<u>34,806,397</u>	<u>31,059,340</u>

**Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
		<b>%</b>	<b>%</b>
Tribune Resources Limited	Australia	26.32%	26.32%

**Note 8. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 9. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 Dec 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Assets**

Listed securities - equity	385,487	-	-	385,487
Total assets	<u>385,487</u>	<u>-</u>	<u>-</u>	<u>385,487</u>

<b>Consolidated - 30 Jun 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Assets**

Listed securities - equity	510,167	-	-	510,167
Total assets	<u>510,167</u>	<u>-</u>	<u>-</u>	<u>510,167</u>

There were no transfers between levels during the financial half-year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**Note 10. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Anthony Billis  
Director

12 March 2017  
Perth

Level 1  
10 Kings Park Road  
West Perth WA 6005

Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Review Report To the Members of Rand Mining Limited**

We have reviewed the accompanying half-year financial report of Rand Mining Limited ('the Company'), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Rand Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Rand Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

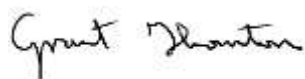
**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rand Mining Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 12 March 2017