

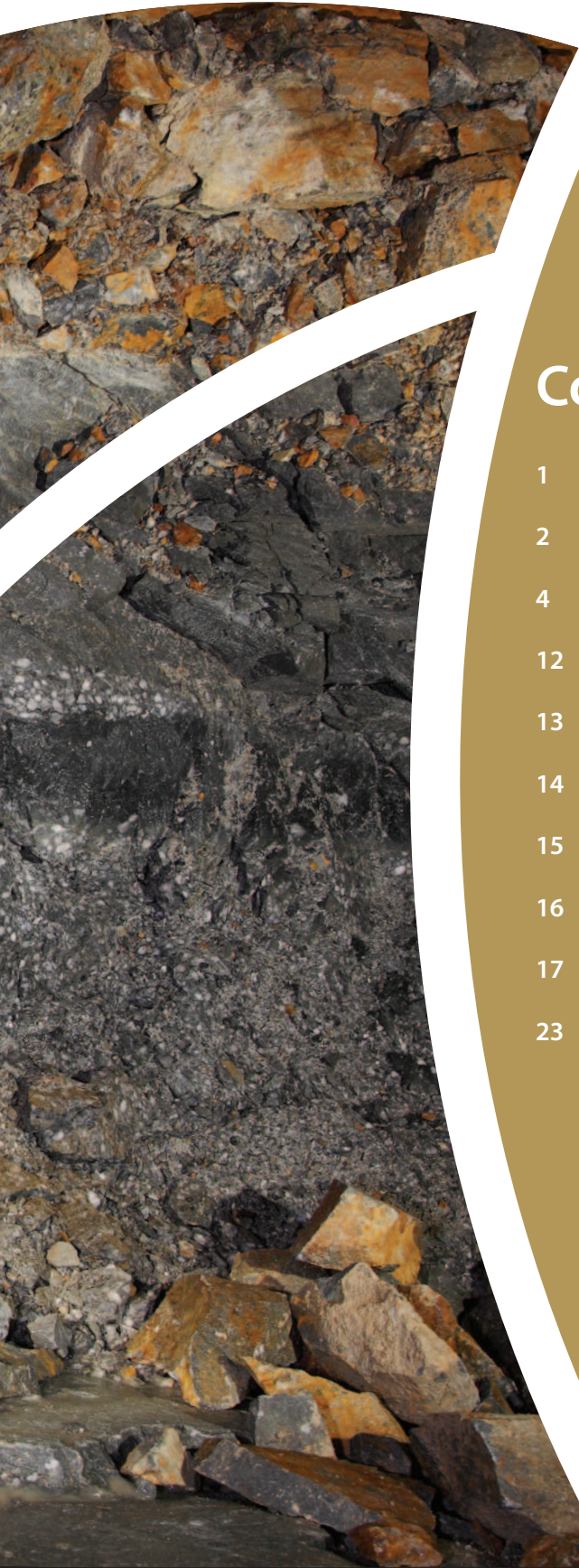
A large, stylized tree logo in a gold color, centered on a white background. The tree has a thick trunk and a wide, rounded canopy. The canopy is filled with a solid gold color, and the trunk is also gold. The tree is set against a white background that is framed by a dark grey border.

# Interim results

for the six months ended 30 June 2012



**Central Rand Gold**



## Contents

1	Forward-looking statements
2	Company profile
4	Chief Executive Officer's report
12	Condensed Group statement of financial position
13	Condensed Group statement of financial performance
14	Condensed Group statement of comprehensive income
15	Condensed Group statement of changes in equity
16	Condensed Group statement of cash flow
17	Notes to the condensed interim Group financial statements
23	Administration

## Forward-looking statements

This document 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 document 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.

# Company profile



## Our business

Central Rand Gold is engaged in a gold mining and exploration project that aims to bring profitable and sustainable gold mining back to the City of Johannesburg, bringing many benefits to the City, the communities surrounding its mining operations, its staff, its shareholders and other stakeholders. The Company plans to extract all profitable gold from its Resource base using appropriate mining, processing and environmentally friendly technologies. Once the mineralised areas are worked out, stabilised and rehabilitated, the land will become available for urban development.

## History

Central Rand Gold listed on the Official List of the UK Listing Authority and the Main Boards of both the London Stock Exchange and the JSE Limited in November 2007, after consolidating contiguous exploration permits covering approximately 138 square kilometres in the most prolific gold-producing area of the world – the Central Rand Goldfields on the southern outskirts of Johannesburg.

## Mining Rights and Prospecting Rights

Central Rand Gold acquired seven contiguous New Order Prospecting Rights which extend from west to east, Western Areas A, B and E, the three Cs (one Prospecting Right for Consolidated Main Reef, Crown Mines and City Deep), Anglodeeps area, Village Main and Robinson Deep (one Prospecting Right) and the mining area of the defunct Simmer and Jack Gold Mine. The Prospecting Rights extend over an area from west to east of approximately 40 kilometres and north to south of about seven kilometres (the “Central Rand Project”). In addition, the Southern Deeps New Order Prospecting Right Application (“Prospecting Application”), if granted, would extend the Central Rand Project by a further 13 kilometres to the south. On 27 February 2012, it was announced that the Prospecting Rights in respect of Western Areas A, B and E had been transferred from Rand Quest Syndicate Limited (“RQS”) to Central Rand Gold South Africa Proprietary Limited (“CRGSA”) via section 11 applications lodged with the South African Department of Mineral Resources (“DMR”). The Southern Deeps Prospecting Application is still in the process of being transferred.

The Company received its first New Order Mining Right from the DMR on 17 September 2008. This Mining Right, which was awarded 14 months after the initial application, enables Central Rand Gold to mine gold at its Consolidated Main Reef, Langlaagte and Crown Mines tenements.

# Chief Executive Officer's report



## SALIENT FEATURES OF THIS REPORT

- Gold production up by 14.7% to 8,246 ounces (1H 2011: 7,189 ounces);
- Cash and cash equivalents of US\$6.4 million at 30 June 2012 (30 June 2011: US\$4.8 million);
- Underground mining production of 44,966 tonnes at an insitu grade of 4.6 grams per tonne;
- Metallurgical plant performed well with a 95% average recovery rate;
- New Competent Person's Report ("CPR") completed by Venmyn Rand (Proprietary) Limited ("Venmyn"):
  - Conventional hand-held mining methodology proven to be effective and economical;
  - Total Mineral asset base of the Company valued between US\$148 million to US\$256 million;
- Rate of rise of Acid Mine Drainage ("AMD") level in the Central Basin slower than anticipated;
- Revised Mine Works Plan and Social and Labour Plan submitted to the DMR;
- Memorandum of Understanding entered into with the City of Johannesburg regarding the Social and Labour Plan and Local Economic Development programmes; and
- Application proceedings have been launched in an attempt to expedite the conclusion of the dispute with the Company's broad-based black economic empowerment partner, Puno Gold Investments (Proprietary) Limited ("Puno").

## OVERVIEW

The first half of 2012 proved to be a highly productive and encouraging period for Central Rand Gold. The Company has continued to make good progress with its underground and surface mining operations. Underground production reported a good performance for the half year at 44,966 tonnes. This validates the decision made in 2011 to change from mechanised long-hole stoping to a conventional hand-held mining methodology.

The Metallurgical operations were successful in increasing mill capacity from 12,000 tonnes per month ("tpm") towards the targeted 20,000 tpm level. Further improvements have been made to the primary crushing circuit to enable crushing of the harder underground sulphide ore. These improvements have been implemented to assist the smooth transition from the current surface oxide processing operation, to a primarily underground sulphide processing operation. Gold production rose by 14.7% to 8,246 ounces in the period under review and the Company is on track for full year output to exceed last year's annual total.

While water levels in the Central Basin remain a significant obstacle to long-term growth, it is pleasing to note that the rate of rise of the water level was below the expected rate of rise of 0.5 metres per day ("mpd"). Based on this, the Environmental Critical Level ("ECL") is now likely to be reached during the second quarter of 2013. Further

details are provided under the paragraph entitled 'Water' in this Interim Report.

The Company received a completed CPR (published 12 June 2012 and available on the Central Rand Gold website) from mineral industry experts, Venmyn, during the period under the review. This report focused on three key areas:

1. to re-establish and confirm the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("SAMREC Code") and compliant Probable Reserves based on conventional South African mining techniques;
2. to independently adjust the Company's Resource base in line with the rising water table in the Central Basin; and
3. to ascribe an independent market-related value to the Company based on all of its mineral assets.

Detailed findings of the CPR are contained in the paragraph entitled 'Independent Valuation' in this Interim Report.

The first half of 2012 has undoubtedly been a watershed period for the Company, providing a good foundation for further progress to be made in the second half of 2012 and into the future.

## WATER

An agreement has been reached between Central Rand Gold and Trans Caledon Tunnel Authority ("TCTA"), which will see Central Rand Gold contributing the Ritz pumps, acquired in 2010, in the form of a donation, towards the AMD project. This contribution will allow Central Rand Gold to de-water the Central Basin below ECL, at the incremental operational cost. The agreement has been approved by the Central Rand Gold South Africa Board and is currently before the TCTA Board.

It is encouraging to note that the rate of rise of the AMD water level has remained constant at around 0.3 mpd. This is below the expected rate rise of 0.5 mpd. The water level at the end of July 2012 was 365 meters below surface ("mbs") as measured at 14 shaft, which is in the Crown mining area. Based on the latest estimate, ECL will only be breached during the second quarter of 2013. It is hoped that the construction of the new High Density Sludge Plant will commence by the end of August 2012.

## GEOLOGY

### Resources and Reserves

Significant developments have been seen around Central Rand Gold's Resources and Reserves. A decision was taken to limit the declaration of Mineral Resources to a depth of 450 mbs level. This decision, undertaken in conjunction with Venmyn, allows for a more realistic valuation of the Company, based on immediately accessible sources of revenue.

## Chief Executive Officer's report (continued)

Resources lying below 450 mbs are currently flooded due to the rising water table and have therefore been reclassified as "Exploration Target", a SAMREC and JORC classification for material that does not meet the criteria for Resources (the Company has procured pumps that can pump to this depth and it is therefore a prudent cut-off point for immediately accessible resources). Management remains confident that the continuity of materialisation, grade and gold content of this reclassified material remains the same.

The potential remains to claw back these "Exploration Target" resources through agreements with the South African Department of Water Affairs ("DWA") and government-contracted service provider, TCTA. The claw back will allow pumping below this level, together with initial financial studies to establish the capital and operating costs to acquire additional pumps that may be required to undertake dewatering below 450 mbs.

### SAMREC Compliant Mineral Resources above 450 mbs

Area	Category	Reef	Width (cm)	Tonnes (Mt)	Grade (g/t)	Content (Moz)
Consolidated Main Reefs	Measured	Main Reef	143	1.47	3.57	0.16
	Indicated		133	5.73	3.98	0.73
	Indicated	Main Reef Leader	100	0.71	9.98	0.23
	Inferred		100	1.11	11.18	0.40
	Indicated	White Reef	164	2.99	4.21	0.40
	Inferred		166	2.64	3.45	0.31
	Indicated	Kimberley Reef	151	2.60	3.69	0.31
	Inferred		146	0.59	3.71	0.07
Crown Mines	Indicated	Main Reef	110	2.57	5.63	0.47
	Inferred		120	2.21	4.81	0.34
	Indicated	Main Reef Leader	112	0.01	18.02	0.01
	Inferred		123	0.56	16.76	0.30
City Deep	Indicated	Main Reef	112	0.78	7.63	0.19
	Inferred		118	0.17	6.42	0.04
	Inferred	Main Reef Leader	102	0.53	8.29	0.14
Simmer and Jack	Indicated	Main Reef Leader	101	0.73	8.45	0.19
	Inferred		121	0.15	8.20	0.04
Village Main Reefs and Robinson Deep	Indicated	Main Reef	140	0.53	6.30	0.10
	Inferred	Main Reef Leader	116	0.17	14.35	0.08
<b>Total</b>			<b>134</b>	<b>26.25</b>	<b>5.34</b>	<b>4.51</b>

Note: Rounding may result in computational discrepancies especially where small tonnages are involved.

In late 2011, the Company announced that a review of the Company's Mineral Reserves was required due to the changeover in mining technique from mechanised long-hole stoping to conventional hand-held stoping that was a result of excessive dilution and costs.

Prior to December 2011, Central Rand Gold's Reserve base was estimated at approximately 482,000 ounces of Probable Reserve. This estimate was based on the now abandoned mechanised long-hole stoping method. Reserves were largely defined around two high grade

payshoots and tested depths of approximately 900 mbs at the deepest point.

The new Reserve figures, published in June 2012, are estimated at approximately 407,000 ounces of Probable Reserve. Aside from the complete change in mining method, this estimate differs from the former in that it is only defined to a depth of 450 mbs – in line with the available Resources – and that it incorporates mining of the lower grade area between the two previously defined high grade payshoots.

## Reserve comparison December 2011 and June 2012

Area	December 2011	June 2012
	CMR West	CMR West
Category	Probable Reserve	Probable Reserve
Tonnage (MT)	3.73	3.55
Grade (g/t)	4.00	3.56
Content (Koz)	482	407
Maximum depth (m)	900	450

*Note: Rounding may result in computational discrepancies especially where small tonnages are involved.*

Whilst the overall quantum of Reserves is lower than that previously established, the declaration depth is considerably less. The June 2012 Resource upgrade, which incorporated additional sampling information from surface trenching, demonstrates that the area between the two payshoots is of a higher grade than previously modelled and has become an economic proposition.

The Mineral Resource to Mineral Reserve conversion was conducted by Mr M L Mohloki of Mohloki Mining CC ("Mohloki") using actual mining performance and typical Witwatersrand gold mining ratios.

### Independent Valuation

In March 2012, as part of the scope of work of compiling an Independent Competent Person's Report ("ICPR"), Venmyn were requested to undertake a valuation of the mineral assets of the Company.

The approach taken by Venmyn in ascribing a value to the extensive asset base was two-fold.

The primary method considered all of the Company's SAMREC compliant resources on an area by area 'sum of parts' basis utilising a 'market related ounce value in the ground'.

### Valuation of project areas per unit of Mineral Resource

Project	Category	Content (Moz)	Low unit value (US\$/oz)	High unit value (US\$/oz)	Low value (US\$m)	High value (US\$m)	Mean value (US\$m)
Consolidated Main Reefs	Measured	0.16	80.00	140.00	12.80	22.40	17.60
	Indicated	1.67	40.00	70.00	66.80	116.90	91.85
	Inferred	0.79	6.00	10.00	4.71	7.85	6.28
	Resource target	4.33	0.60	1.00	2.60	4.33	3.46
	<b>Sub-total</b>	<b>6.95</b>	<b>12.51</b>	<b>21.81</b>	<b>86.91</b>	<b>151.48</b>	<b>119.19</b>
Crown Mines	Indicated	0.47	40.00	70.00	18.92	33.11	26.02
	Inferred	0.64	6.00	10.00	3.86	6.43	5.14
	Resource target	7.52	0.60	1.00	4.51	7.52	6.02
	<b>Sub-total</b>	<b>8.63</b>	<b>3.16</b>	<b>5.45</b>	<b>27.29</b>	<b>47.06</b>	<b>37.18</b>
City Deep	Indicated	0.19	40.00	70.00	7.60	13.30	10.45
	Inferred	0.18	6.00	10.00	1.07	1.78	1.42
	Resource target	7.13	0.60	1.00	4.28	7.13	5.70
	<b>Sub-total</b>	<b>7.50</b>	<b>1.73</b>	<b>2.96</b>	<b>12.95</b>	<b>22.21</b>	<b>17.57</b>
Village and Robinson	Indicated	0.10	40.00	70.00	3.96	6.93	5.45
	Inferred	0.08	6.00	10.00	0.47	0.79	0.63
	Resource target	4.61	0.60	1.00	2.77	4.61	3.69
	<b>Sub-total</b>	<b>4.79</b>	<b>1.50</b>	<b>2.58</b>	<b>7.20</b>	<b>12.33</b>	<b>9.77</b>
Simmer and Jack	Indicated	0.19	40.00	70.00	7.76	13.58	10.67
	Inferred	0.04	6.00	10.00	0.24	0.40	0.32
	Resource target	3.16	0.60	1.00	1.90	3.16	2.53
	<b>Sub-total</b>	<b>3.39</b>	<b>2.92</b>	<b>5.05</b>	<b>9.90</b>	<b>17.14</b>	<b>13.52</b>
Other Reefs	Resource target	5.41	0.60	1.00	3.25	5.41	4.33
	<b>Sub-total</b>	<b>5.41</b>	<b>0.60</b>	<b>1.00</b>	<b>3.25</b>	<b>5.41</b>	<b>4.33</b>
<b>Grand total/average</b>		<b>36.67</b>	<b>4.02</b>	<b>6.97</b>	<b>147.50</b>	<b>255.63</b>	<b>201.56</b>

## Chief Executive Officer's report (continued)

This valuation method is particularly useful, allowing the Company to realise value for individual areas by adopting customised development strategies. An average market related value of US\$202 million is ascribed to the total Mineral asset base of the Company.

As a secondary method, the declaration of Mineral Reserves through the undertaking of an appropriate Pre-Feasibility Study has allowed for a further valuation approach to be undertaken. A Discounted Cashflow ("DCF") Analysis and Net Present Value ("NPV") determination was also undertaken by Venmyn on the CMR West Main Reef mining operation (note 2).

As an addendum to the ICPR, Venmyn has also undertaken a production scenario analysis in respect of CMR West to gauge the impact of changing production rates and staged capital deployment. These scenarios have been completed using an externally funded, partially externally funded and self-funded basis representing the different approaches available. The approach the Company will ultimately pursue will depend on prevailing market and economic conditions at the time of capital requirement. The funding scenarios return NPVs of ZAR934 million (US\$117 million), ZAR658 million (US\$82 million) and ZAR344 million (US\$43 million) respectively, with an externally funded approach indicating an overall greater return. The externally funded model forms the base case represented in the ICPR.

### Surface exploration

Exploration through systematic mechanical trenching, geological mapping and sampling continued through the period under review, resulting in the identification and delineation of further open pit "Exploration Target" areas within the New Order Mining Right.

As illustrated in the table below, the remaining surface oxide material found in close proximity to the plant is limited and is anticipated to be exhausted in the coming months. This material includes an estimate of gold bearing material that is expected to be generated through final surface oxide cleanup operations.

This run-down of surface ore in the second quarter has resulted in the depressed grades which, as a consequence, resulted in the significant plant crushing and milling upgrades, in preparation for the transition from a mainly surface oxide operation to an underground sulphide operation.

An additional exploration target has been identified outside of the immediate plant area due to generally lower grades and increased trucking distances involved. This material will only be exploited in the event of underground ore deficit and surplus milling capacity.

### Exploration target summary as at 30 June 2012 (note 1)

Mining area	Reef	Exploration target material	
<b>SLOTS 8 and 9 (Areas within 3km of Plant)</b>			
Central	MR and MRL	2.4 – 3.1 g/t	9,000 – 18,000 t
ROM Pad Cleanup	Various	1.6 – 3.2 g/t	20,000 – 50,000 t
<b>SLOTS 5 and 7 (Areas more than 3 km of Plant)</b>			
Avon Target	MR and MRL	2.9 – 3.3 g/t	36,000 – 64,000 t
Slot 5 A	White	2.9 – 3.1 g/t	27,000 – 48,000 t
Slot 5 B, C, D	White	1.5 – 1.9 g/t	17,000 – 33,000 t
Slot 7	White	2.1 – 3.2 g/t	87,000 – 200,000 t

Note 1: The potential quantity and grade described by the term "Exploration Target" is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the definition of a Resource. Further exploration work is ongoing and includes trial mining and processing of this shallow target to establish grade and ore body continuity, mineability, dilution and throughput characteristics.

Note 2: Key assumptions used in the CMR West DCF are:

- Production of 3.5 million tonnes at 3.54 g/t;
- Plant recovery of 95%;
- Mine call factor of 85% for sulphides and 65% for oxides;
- Gold price US\$1,600/oz;
- Average exchange rate of ZAR8/US\$; and
- Life of mine total cash costs US\$927/oz (US\$85/tonne).

## MINING

### Underground mining

Underground mining totaled 44,966 tonnes of ore in the first six months of 2012, which is 6.7% below target, mitigated by an improvement in the grade through a focus on the best cut. Underground mine cash costs averaged US\$71/tonne against prior of US\$132/tonne. The mining crews are ramping up mining tonnage that will see an ore rate of 12,000 tpm achieved in the third quarter of 2012.

Measures are being put in place to cross the western dyke and to open up ground towards the centre of the mining area, as well as to progress beyond the topmost level of 105 mbs, to open up additional shallow areas.

**Table 1: Underground mining results**

2012	CPR tonnes	Actual tonnes	Variance
First quarter	20,167	18,275	(1,892)
Second quarter	28,050	26,691	(1,359)
<b>Total</b>	<b>48,217</b>	<b>44,966</b>	<b>(3,251)</b>

### Surface mining

Surface production performed well in the second quarter. Currently, only one pit, the Central Extension pit, is being mined. The pits at Slot 8, namely the New Unified pit and the Spencer pit, ceased production as the stripping ratios became excessive, rendering these pits uneconomical. Surface mining cash costs averaged US\$24/tonne against prior year of US\$25/tonne.

**Table 2: Surface mining results**

2012	CPR tonnes	Actual tonnes	Variance
First quarter	35,000	36,221	1,221
Second quarter	34,500	38,017	3,517
<b>Total</b>	<b>69,500</b>	<b>74,238</b>	<b>4,738</b>

**Table 3: Total mining results**

2012	CPR tonnes	Actual tonnes	Variance
Underground	48,217	44,966	(3,251)
Surface	69,500	74,238	4,738
<b>Total</b>	<b>117,717</b>	<b>119,204</b>	<b>1,487</b>

## Safety

Central Rand Gold continues to maintain strong safety standards within all of its operational areas.

**Table 1: Safety statistics**

Type of injury	Six months ended 30 June 2012	12 months ended 31 December 2011	Six months ended 30 June 2011
Dressing cases	5	7	7
Lost-time injuries	2	5	3

It is encouraging to note that dressing cases and lost time injuries were lower in the first half of 2012 than in the first half of 2011. Central Rand Gold is fully focused on running as safe a mining operation as possible and always regards employee safety as a top priority across all on-site activities.

### Goldplat Recovery (Proprietary) Limited ("Goldplat") royalty agreement

Central Rand Gold, through its wholly-owned subsidiary, Ferreira Estates and Investment Company Limited, signed a contract mining and beneficiation agreement with Goldplat (AIM: GDP), a gold producer quoted on AIM of the London Stock Exchange, to recommence gold mining at the Crown East Main Reef (strike 1.2 km) and CMR Bird Reef mines (strike 2 km) in the West Rand area near Johannesburg in South Africa. The above mining areas fall outside of Central Rand Gold's near term target areas of CMR Main Reef (East and West) and Crown West.

Subject to due diligence under the terms of the agreement, Goldplat will have the rights to assume mining, at its own cost and risk, of the two sites in return for a 5% net smelter royalty to Central Rand Gold. Central Rand Gold extended the evaluation period until 30 September 2012.

## METALLURGY AND PROCESSING

### Production update

Metallurgical production achieved during the first half of 2012 has built on the solid foundation established during the June to December 2011 period, with an overall increase of 50% in tonnage throughput and an approximate increase of 40% in gold smelted internally. This increase arose largely from the milling section upgrade and engineering retrofit undertaken during the first quarter of 2012.

## Chief Executive Officer's report (continued)

### Year-on-year plant operating statistics

	2012	2011		
	January to June	January to June	July to December	Total
<b>Tonnes processed internally (t)</b>	93,526	98,578	64,811	<b>163,389</b>
Built up head-grade (g/t)	2.15	2.47	2.26	<b>2.39</b>
Internal plant operating cost (US\$/t)	27	50	47	<b>49</b>
Fine gold produced (oz)	6,076	6,139	5,212	<b>11,351</b>
Plant recovery (%)	95	84	95	<b>89</b>
CIL availability (%)	93	81	92	<b>86</b>
<b>Tonnes processed externally (t)</b>	28,119	12,397	58,919	<b>71,316</b>
Landed grade (g/t)	2.31	2.66	1.45	<b>1.67</b>
Tolling cost (US\$/t)	61	63	52	<b>54</b>
Fine gold produced (oz)	2,170	1,050	2,455	<b>3,505</b>
<b>Total fine gold produced (oz)</b>	<b>8,246</b>	<b>7,189</b>	<b>7,667</b>	<b>14,856</b>

An increase in production has transpired, despite a drop-off in grades in the oxide ore from surface mining operations that were experienced in the second quarter due to the winding down of open pit mining and the last remaining resources are extracted. The main driver for the aforementioned milling upgrade was to match the increased mining production rate with internal processing capacity and thereby decrease the reliance on external toll treating to utilise surplus mined ore. To this end, 28,119 tonnes of ore was toll treated at the Mintails Limited ("Mintails") facility compared with 58,919 tonnes in the previous period.

Plant availability and plant recoveries remained high during the period under review, averaging 93% and 95%, respectively.

It is important to note that to date, all oxides and surface ore has been processed by Central Rand Gold and that majority of sulphides and underground ore has been processed externally. However, Central Rand Gold is now considering producing sulphides on its own premises without having to use external parties.

### MONTHLY PRODUCTION STATISTICS

Internal production in July 2012 was negatively impacted by modifications required to transition the metallurgical plant to process predominately the harder sulphide ore. Further production loss was incurred in August 2012 due to unplanned maintenance being required for both production mills, which resulted in the Metallurgical plant being shut down for a three week period. Maintenance and upgrades have largely been completed and both production mills should be fully operational by 25 August 2012. External toll processing was commensurately increased to mitigate as far as possible any production loss during this down time.

Whilst these stoppages are unfortunate in terms of short-term production, the remedial work undertaken on the mills during this time should lead to long-term benefits as the mill ore feed is changed from predominantly surface oxide to predominantly underground sulphide.

### Crusher plant upgrade

The winding down of the surface mining operations has triggered the start of the metallurgical transition from predominantly soft oxide feed to much harder underground sulphide feed. This transition to the higher grade sulphide material has required a re-engineering of the previously redundant Bateman crushing circuit, a process which began in late May 2012.

Initial test work on this upgraded crushing section has thus far demonstrated that up to 80% of the tonnage throughput required to service both the milling sections is currently possible and that in the coming months the mills may be converted to an exclusively (100%) higher grade sulphide only feed.

### MINING RIGHT

In line with our communication to the DMR, Central Rand Gold has applied for and has submitted a Section 102 Amendment to its original Mine Works Programme, Environmental Plan and Social Labour Plan. Central Rand Gold believes that the amendments reflect the reality of what is achievable within its current mining right area.

To complete the amendment to the Social Labour Plan, Central Rand Gold engaged with various regional stakeholders such as the City of Johannesburg, regional municipalities and local elected councillors. This process was to ensure that proposed projects would be aligned to the City of Johannesburg's integrated development plans and also to have the support of local community elected councillors. Due to this engagement, Central Rand Gold and the City of Johannesburg have signed a Memorandum of Understanding to work together in the implementation of the Company's community related projects.

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Central Rand Gold remains in dispute with its broad-based black economic empowerment partner, Puno. In an effort to finally conclude the dispute, the Company has launched application proceedings requesting that the courts order the dispute to proceed to arbitration as

well as set out the final terms governing such arbitration process. It is hoped that by proceeding as such, any possibility for Puno to employ deliberate and obtuse methods to further delay the conclusion of this dispute will be eliminated.

After receiving Puno's Answering affidavit, Central Rand Gold is now in the process of finalising its Replying affidavit after which the matter will be set down for hearing where it is hoped that this ongoing dispute will be finally resolved.

## FINANCIAL REVIEW

The Company achieved its first cash flow positive quarter in the final quarter of 2011 and this trend continued in the first and second quarters of 2012.

The operating loss for the period under review decreased by 88% to US\$1.67 million (30 June 2011: US\$14.4 million).

This decrease is mainly attributable to:

- Higher gold revenue on the back of 14.7% higher gold ounces produced at 8,246 ounces against 7,189 ounces in the prior year and a stronger realised Rand gold price.
- Extended surface mining areas.
- Lower salary costs subsequent to right sizing programme in the prior year.
- Migration from mechanised to conventional mining with focus on extracting already opened stope areas.
- Increased gold processing plant capacity, reliability and efficiency measures.
- Strategic sourcing initiatives to reduce cost of mining and processing.

Net attributable loss for the period under review decreased by 89% to US\$1.62 million (30 June 2011: US\$14.8 million) after taking into account the lower interest received, lower transactional foreign exchange losses on the back of a weaker Rand/US\$ rate and lower average cash balances. As a result we report a basic loss per share of 0.10 cents (June 2011: 1.01 cents per share).

As at 30 June 2012, the net cash position of the Company is reported at approximately US\$6.4 million (30 June 2011: US\$4.8 million).

Major cash flows during the period under review are set out in the abridged cash flow table below:

	US\$ (million)
Cash and cash equivalents at 1 January 2012	5.38
Gold sales	13.47
Other income	0.38
Cash used in operations	(13.22)
Interest received	0.10
Effect of exchange movement on cash balances	0.28
Cash and cash equivalents at 30 June 2012	6.39

## Move to AIM from the Main Market of London Stock Exchange

During the first half of 2012, Central Rand Gold executives engaged with several of the Company's large shareholders with regards to a proposed move to AIM. Based on these discussions, and further advice from the Company's new

advisors, it has been agreed that at present it would be more appropriate to remain on the Main Market of the London Stock Exchange. The Board of Directors of Central Rand Gold will, on an annual basis, review this decision.

## CONCLUSION

After successfully negotiating several challenges during 2011, Central Rand Gold made considerable headway in the first six months of 2012, positioning the Company to thoroughly explore its short, medium, and longer-term growth prospects and strategies.

In the short-term, the Company's growth strategy will focus on building production from CMR West. In the medium-term, the focus will be on studying the viability of production coming from CMR East and Crown West. In the longer-term, the focus will include examining the possibility of joint ventures to maximise potential gold output and exploitation of Resources to extract shareholder value.

Mining production, has maintained its momentum from the first 6 months, with underground mining, for the month of July, achieving planned production of 10,000 tonnes at an average insitu grade of 4.7g/t. As previously reported the metallurgical plants have encountered some production challenges during July and August. The Company remains confident that it will be able to transition to predominately higher grade sulphides by the end of September 2012. To mitigate some of the production loss, additional ore will be toll treated.

Underpinning the investment case is the known Resource base comprising:

- 26.2 million tonnes grading 5.34 g/t (4.5 million ounces of gold) from surface to 450 mbs; and
- 120 million tonnes grading 8.34 g/t (32.2 million ounces of gold) from 450 mbs down to 3,000 mbs.

The total Mineral Resource has been valued at between US\$148 million and US\$256 million, providing strong justification for the Company's existence and future plans and strategies.

The management and staff of the Company are committed to advancing Central Rand Gold's progress towards realising the investment case and narrowing the value gap in the interests of all of the Company's stakeholders.

*Any general forecast information included in this 2012 Interim Report and the condensed interim Group financial statements have not been reviewed and reported on by the Company's auditors.*

*The information in this statement relating to Mineral Resources and Geology has been reviewed and approved by Mr Keith Matier, BSc (Hons), GDE, PrSci Nat, who is a Competent Person in terms of the SAMREC Code. Mr Matier is Geology Manager of CRGSA and has over 17 years' experience in exploration, mineral resource management and mineral evaluation.*



**Johan du Toit**  
Chief Executive Officer

17 August 2012  
Johannesburg

# Condensed Group statement of financial position

as at 30 June 2012

	Notes	30 June 2012 US\$'000 (Unaudited)	31 December 2011 US\$'000 (Audited)	30 June 2011 US\$'000 (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	2,761	3,460	9,140
Security deposits and guarantees		268	273	6,332
Environmental guarantee investment		4,034	4,058	-
Loans receivable	7	9,284	8,956	10,073
		<b>16,347</b>	<b>16,747</b>	<b>25,545</b>
<b>Current assets</b>				
Security deposits and guarantees		151	581	3,630
Prepayments and other receivables		5,239	5,227	5,752
Inventories	8	2,387	2,306	1,087
Cash and cash equivalents		6,386	5,376	4,803
Non-current assets held-for-sale	6	2,536	2,584	595
		<b>16,699</b>	<b>16,074</b>	<b>15,867</b>
<b>Total assets</b>		<b>33,046</b>	<b>32,821</b>	<b>41,412</b>
<b>EQUITY</b>				
<b>Attributable to equity holders of the parent</b>				
Share capital	9	25,604	25,604	25,604
Share premium	9	213,377	213,377	213,377
Share-based compensation reserve		28,020	28,018	28,262
Treasury shares		(6)	(6)	(6)
Foreign currency translation reserve		(28,121)	(28,322)	(26,690)
Accumulated losses		(228,610)	(226,992)	(225,708)
		<b>10,264</b>	<b>11,679</b>	<b>14,839</b>
Non-controlling interest		-	-	-
<b>Total equity</b>		<b>10,264</b>	<b>11,679</b>	<b>14,839</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Environmental rehabilitation and other provisions	10	6,669	6,038	6,291
Loan payable		9,284	8,956	10,073
Operating lease liability		-	-	-
Borrowings		-	-	-
		<b>15,953</b>	<b>14,994</b>	<b>16,364</b>
<b>Current liabilities</b>				
Trade and other payables		5,057	4,382	7,596
Environmental rehabilitation and other provisions	10	-	-	851
Taxation payable		1,761	1,755	1,756
Operating lease liability		11	11	6
Borrowings		-	-	-
		<b>6,829</b>	<b>6,148</b>	<b>10,209</b>
<b>Total liabilities</b>		<b>22,782</b>	<b>21,142</b>	<b>26,573</b>
<b>Total equity and liabilities</b>		<b>33,046</b>	<b>32,821</b>	<b>41,412</b>

The condensed interim financial statements set out on pages 12 to 22 were approved by the Board on 17 August 2012 and were signed on its behalf by:



**SJ du Toit**  
Chief Executive Officer

Johannesburg  
17 August 2012



**P Malaza**  
Financial Director

The notes on pages 17 to 22 are an integral part of these financial statements.

## Condensed Group statement of financial performance

for the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US\$'000 (Unaudited)	12 months ended 31 December 2011 US\$'000 (Audited)	Six months ended 30 June 2011 US\$'000 (Unaudited)
Other income and gains	11	13,852	25,055	10,950
Employee benefits expense		(2,151)	(7,851)	(6,509)
Directors' emoluments	12	(436)	(1,078)	(537)
Depreciation and amortisation		(756)	(3,416)	(1,816)
Inventory write-down		(265)	(332)	(17)
Impairment of assets		(528)	(470)	489
Operating lease expense		(227)	(533)	(313)
Mining costs	13	(8,574)	(19,266)	(12,945)
Operational expenses		(957)	(2,332)	(955)
Other expenses	14	(1,631)	(4,187)	(2,743)
<b>Operating loss</b>		<b>(1,673)</b>	<b>(14,410)</b>	<b>(14,396)</b>
Interest receivable		615	1,443	784
Finance costs		(540)	(1,072)	(527)
Foreign exchange transaction losses		(20)	(2,056)	(672)
<b>Loss before income tax</b>		<b>(1,618)</b>	<b>(16,095)</b>	<b>(14,811)</b>
Income tax expense	15	-	-	-
<b>Loss for the period</b>		<b>(1,618)</b>	<b>(16,095)</b>	<b>(14,811)</b>
<b>Loss is attributable to:</b>				
Non-controlling interest		-	-	-
Equity holders of the parent		(1,618)	(16,095)	(14,811)
		(1,618)	(16,095)	(14,811)
<b>Shares in issue</b>		<b>1,599,682,990</b>	1,599,682,990	1,599,682,990
Weighted average number of ordinary shares in issue		1,599,682,990	1,599,682,990	1,599,682,990
Fully diluted weighted average number of ordinary shares in issue		1,599,682,990	1,599,682,990	1,599,682,990

The notes on pages 17 to 22 are an integral part of these financial statements.

## Condensed Group statement of comprehensive income

for the six months ended 30 June 2012

	<b>Six months ended 30 June 2012 US\$'000 (Unaudited)</b>	12 months ended 31 December 2011 US\$'000 (Audited)	Six months ended 30 June 2011 US\$'000 (Unaudited)
Loss for the period	<b>(1,618)</b>	(16,095)	(14,811)
Other comprehensive income/(loss):			
Exchange differences on translating foreign operations	<b>201</b>	(1,367)	265
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income/(loss) for the period, net of tax	<b>201</b>	(1,367)	265
Total comprehensive loss for the period	<b>(1,417)</b>	(17,462)	(14,546)
Total comprehensive income is attributable to:			
Non-controlling interest	-	-	-
Equity holders of the parent	<b>(1,417)</b>	(17,462)	(14,546)
	<b>(1,417)</b>	(17,462)	(14,546)

The notes on pages 17 to 22 are an integral part of these financial statements.

# Condensed Group statement of changes in equity

for the six months ended 30 June 2012

	Attributable to equity holders of the Group			Attributable to equity holders of the Parent Company						
	Notes	Ordinary share capital	Share premium	Share-based compensation reserve	Treasury shares	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 31 December 2010		25,604	213,377	27,925	(6)	(26,955)	(210,897)	29,048	-	29,048
Total comprehensive income for the period ended 30 June 2011										
Loss for the period		-	-	-	-	-	(14,811)	(14,811)	-	(14,811)
Other comprehensive income										
Foreign currency adjustments		-	-	-	-	265	-	265	-	265
Transactions with owners, recorded directly in equity										
Employee Share Option Scheme:										
Share-based payments:										
Employees' and Directors' shares and options		-	-	337	-	-	-	337	-	337
Balance at 30 June 2011		25,604	213,377	28,262	(6)	(26,690)	(225,708)	14,839	-	14,839
Balance at 31 December 2011		25,604	213,377	28,018	(6)	(28,322)	(226,992)	11,679	-	11,679
Total comprehensive income for the period ended 30 June 2012										
Loss for the period		-	-	-	-	-	(1,618)	(1,618)	-	(1,618)
Other comprehensive income										
Foreign currency adjustments		-	-	-	-	201	-	201	-	201
Transactions with owners, recorded directly in equity										
Employee Share Option Scheme:										
Share-based payments:										
Employees' and Directors' shares and options	19	-	-	2	-	-	-	2	-	2
Balance at 30 June 2012		25,604	213,377	28,020	(6)	(28,121)	(228,610)	10,264	-	10,264

The notes on pages 17 to 22 are an integral part of these financial statements.

# Condensed Group statement of cash flow

for the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 US\$'000 (Unaudited)	12 months ended 31 December 2011 US\$'000 (Audited)	Six months ended 30 June 2011 US\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(1,618)	(16,095)	(14,811)
<i>Adjusted for:</i>				
Depreciation and amortisation		756	3,416	1,816
Bad debts written off		-	-	-
Employment benefit expenditure (Share-based payments)		95	93	336
Profit on disposal and scrapping of property, plant and equipment		(92)	(991)	(458)
Impairment of inventory		265	332	17
Impairment/(Reversal of impairment) of assets		528	470	(489)
Net loss on foreign exchange		20	2,056	672
Increase in operating lease liability		-	7	3
Sundry income		(141)	(510)	(16)
Interest received		(615)	(1,443)	(784)
Finance costs		540	1,072	527
<i>Changes in working capital</i>				
(Increase)/Decrease in prepayments and other receivables		(12)	4,887	873
Increase in inventory		(346)	(2,431)	(880)
Increase/(Decrease) in trade and other payables		675	(4,502)	(1,288)
Increase in provisions		22	812	668
Cash flows used in operations		77	(12,827)	(13,814)
Interest received		114	395	258
Finance costs		(10)	(24)	(1)
Sundry income		141	581	-
<b>Net cash from/(used in) operating activities</b>		<b>322</b>	<b>(11,875)</b>	<b>(13,557)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property, plant and equipment	5	(26)	(2,387)	(2,128)
Proceeds from disposal of property, plant and equipment		-	4,756	5,043
Decrease in security deposits		435	1,070	605
<b>Net cash from investing activities</b>		<b>409</b>	<b>3,439</b>	<b>3,520</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		-	(6)	(6)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(6)</b>	<b>(6)</b>
Net increase/(decrease) in cash and cash equivalents		731	(8,442)	(10,043)
Cash and cash equivalents at 1 January		5,376	14,624	14,624
Effects of exchange rate fluctuations on cash balances		279	(806)	222
<b>Cash and cash equivalents at end of period</b>		<b>6,386</b>	<b>5,376</b>	<b>4,803</b>

The notes on pages 17 to 22 are an integral part of these financial statements.

# Notes to the condensed interim Group financial statements

for the six months ended 30 June 2012

## 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 (IFRSs) as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2011, except as explained in note 2.

The condensed interim Group 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 British Pound Sterling ("£") and the functional currency of its principal subsidiary, Central Rand Gold South Africa (Proprietary) Limited ("CRGSA"), is South African Rand ("ZAR" or "Rand").

### Going concern

The Directors have prepared the condensed interim Group financial statements on the going concern basis having considered the current operations, the current funding position and the projected funding requirements of the business for at least 12 months from the date of approval of the financial statements as detailed below.

### Current operations

In the Annual Report 2011 released on 2 April 2012, the Group set out a five-point action plan. Significant progress has been made since then:

- Stabilise mine operations on conventional method and ramp up production to 12,000 tonnes per month by the end of 2012 – The Group is still on target to achieve this despite some speed bumps earlier in the year.
- Calculate and report a new reserve base taking into account its new mining methodology – A competent person report ("CPR") was completed and announced on 12 June 2012.
- Complete a mine scoping study for the Crown Mining Right area – This is currently in progress for completion at end of fourth quarter 2012.
- Explore opportunities with other interested stakeholders and extract value from its extensive Mining Right and Prospecting areas – As announced on 16 February 2012, a contract mining and beneficiation agreement was signed with Goldplat to recommence gold mining at Crown East Main Reef and CMR Bird Reef for 5% net smelter royalty to Central Rand Gold. There are other innovative proposals with other parties currently at early stage of negotiations.
- Submit, and receive approval for, the revised Social and Labour Plan ("SLP") and Mine Work Programme ("MWP") from SAGDMR (South African Government, Department of Mineral Resources) by the end of June 2012 – A Section 102 Amendment to its original Mine Works Programme, Environment Plan and Social Labour Plan has been applied for and submitted to DMR. We still await feedback on this. The Group believes that the amendments reflect the reality of what is achievable within current mining right area.

While significant progress has been made towards achievement of the stated five-point Plan, some challenges remain as detailed below.

### Rising water table

An agreement is expected to be reached between Central Rand Gold and TCTA, which will see Central Rand Gold contributing the Ritz pumps it acquired in 2010, in the form of a donation, towards the AMD project. This contribution will allow Central Rand Gold to de-water the Central Basin below ECL, at an incremental operational cost.

It is encouraging to note that the rate of rise of the acid mine drainage water level has remained constant at around 0.3 mpd. This is below the expected rate rise of 0.5 mpd. The water level at the end of July 2012 was 365 meters below surface as measured at 14 shaft, which is in the Crown mining area. Based on the latest estimate, ECL will only be breached during the second quarter of 2013. It is hoped that construction of the new High Density Sludge Plant will commence by the end of August 2012.

If the rising water table problem is resolved, the Group will require further funding to develop the mine and gain access to the underground ore (see below).

### Current and projected funding requirements

At 30 June 2012, the Group had cash of US\$6.38 million. At 31 July 2012, the Group had cash of US\$5.6 million, the decrease resulting mainly from production shortfall due to plant modifications required to allow for predominantly sulphide hard rock processing. The plant is expected to be predominately sulphide operational by the end of September 2012. In the meantime, any surplus material is toll treated with Mintails.

# Notes to the condensed interim Group financial statements (continued)

for the six months ended 30 June 2012

## 1. BASIS OF PREPARATION (continued)

### Current and projected funding requirements (continued)

The Directors have prepared cash flow projections until 2020 that reflect the current mine plan adopted by the Directors. These projections show that the Group has sufficient funding for at least the next 12 months from the date of approval of the financial statements and hence the Directors have prepared the condensed interim Group financial statements on a going concern basis.

The current mining activities are forecast to keep cash levels broadly flat over the next 18 months by continuing to process surface ore and mining the currently accessible underground ore. The current plan assumes the resolution of the rising water table problem and so retaining full access to the reserves and resources. In order to develop the mine to gain access to the underground ore and increase production beyond what is achievable over the next 18 months, further funding would be required in the last quarter of 2013. However, the timing of the resolution of the water table problem and the timing of fundraising will determine whether the Group is able to follow the current plan beyond the last quarter of 2013.

In addition, the risk inherent in any early-stage mining operation will continue to apply to the Group, in particular the cash flow projections prepared by the Directors are critically dependent on key assumptions such as the gold price, exchange rate, mining production and the metallurgical recovery and production rates.

### Conclusion

During the six months to June 2012, the Group made considerable progress in the achievement of its five-point plan as stated in the Annual Report 2011. The Directors have now stabilised the operations. The stabilising of the operations is an essential part to getting the business ready for a potential capital raise in the future and to achieving long-term sustainable production. Nevertheless, the Group remains exposed to external factors which could disrupt the business. The continued uncertainty around the timing of the resolution of the rising water table problem, together with the need for additional fundraising required by the current mine plan in the last quarter of 2013, are material uncertainties 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 funding position and its cash flow projections and having considered the following:

- The risks and uncertainties associated with these projections; and
- The current trading position which has not provided the Directors with any evidence that their assumptions for the next 18 months are not achievable, the Directors have a realistic expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. For these reasons, they continue to prepare the condensed interim Group financial statements on a going concern basis. These condensed interim Group financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

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## 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 2011, as described in those consolidated financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012.

IFRS 7: Financial instruments: Disclosures. From 1 January 2012 the Group has applied IFRS 7 in accounting for disclosures of transfers of financial assets.

In terms of the amendment additional disclosure will be provided regarding transfers of financial assets that are:

- (i) not recognised in their entirety; and
- (ii) derecognised in their entirety but for which Central Rand Gold retains continuing involvement.

IAS 12: Income taxes. From 1 January 2012 the Group has applied the amendment to IAS 12 in accounting for income taxes.

The amendment provides a solution to whether an entity expects to recover the carrying amount of the asset through use or sale by introducing a presumption that recovery of the carrying amount will, normally, be through sale.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

IFRS 7: Financial Instruments: Disclosures  
 IFRS 9: Financial Instruments: Classification and Measurement  
 IFRS 10: Consolidated Financial Statements  
 IFRS 12: Disclosure of Interests in Other Entities  
 IFRS 13: Fair Value Measurement  
 IAS 1: Presentation of Financial Statements  
 IAS 16: Property, Plant and Equipment  
 IAS 19: Employee Benefits  
 IAS 27: Consolidated and Separate Financial Statements  
 IAS 32: Financial Instruments: Presentation  
 IAS 34: Interim Financial Reporting

### 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 2011.

### 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 2011.

#### Foreign currency rates

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

	2012		2011		2011	
	Six months to 30 June Closing	Average	Year ended 31 December Closing	Average	Six months to 30 June Closing	Average
South African Rand	0.12	0.13	0.12	0.14	0.15	0.14
British Pound	1.56	1.58	1.55	1.60	1.60	1.62

### 5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group spent US\$93,099 to purchase items of property, plant and equipment. In the six month period ending 30 June 2011, US\$950,909 was spent on the purchase of the optical sorter and US\$1,176,958 was spent on other items of property, plant and equipment.

### 6. NON-CURRENT ASSETS HELD-FOR-SALE

At 31 December 2011, the Group classified items of plant and machinery, being the Bateman plant, with a value of US\$1,398,210, the Optical Ore Sorter, with a value of US\$281,943, the Gekko 20 tonne per hour processing plant, with a value of US\$101,169, the Sandvick jumbo, with a value of US\$181,350, and the GIA charger, with a value of US\$573,311, were classified as held-for-sale. These items of plant and machinery were not disposed of during the period under review and therefore remain classified as held-for-sale as at 30 June 2012.

Efforts to sell the assets held-for-sale have commenced, and sale is expected before the end of the 2012 financial year.

No additional items were classified as held-for-sale during the six months ended 30 June 2012.

## Notes to the condensed interim Group financial statements (continued)

for the six months ended 30 June 2012

### 7. LOANS RECEIVABLE

#### Puno Gold Investments (Proprietary) Limited ("Puno")

Since the last report for the year ended 31 December 2011 there has been no resolution to the dispute relating to alleged procedural breaches of the Central Rand Gold South Africa (Proprietary) Limited ("CRGSA") Shareholders' Agreement between CRGSA 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.

Due to the dilatory tactics being employed by Puno, the Company launched application proceedings in December 2011 in an effort to obtain a court ordered arbitration process. Although such application proceedings remain in process, the pleadings in the matter have recently closed and consequently the matter will now be set down for hearing where it is hoped that this ongoing dispute will be finally resolved.

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. Notwithstanding this position, the Group have, pending the outcome of any dispute, allocated 100% of the additional intercompany loans directly from the Company to CRGSA. During the six month period ending 30 June 2012, CRGSA made a repayment on the loan to the Company. This repayment amounted to ZAR4,898,689 (US\$619,292). There was no drawdown on the loan from the Company to CRGSA and therefore, the additional 26% of intercompany debt, excluding interest, amounts to ZAR0 (US\$0) between 1 January and 30 June 2012 and ZAR15,852,103 (US\$2,204,552) between 1 January and 31 December 2011.

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

	Group		
	June 2012 US\$'000	December 2011 US\$'000	June 2011 US\$'000
<b>8. INVENTORIES</b>			
Consumables	364	339	271
Ore stockpiles	2,023	1,967	715
Stationery and office consumables on hand	-	-	101
<b>Total inventories</b>	<b>2,387</b>	<b>2,306</b>	<b>1,087</b>

The amount of the write-down of ore stockpiles to net realisable value and recognised as an expense is US\$265,273 (2011: US\$332,335).

### 9. SHARE CAPITAL AND SHARE PREMIUM

There has been no change in share capital and share premium during the six months ending 30 June 2012.

	Group		
	June 2012 US\$'000	December 2011 US\$'000	June 2011 US\$'000
<b>10. ENVIRONMENTAL REHABILITATION AND OTHER PROVISIONS</b>			
Provisions consist of the following:			
<b>Non-current</b>			
Environmental rehabilitation	6,669	6,038	6,291
<b>Current</b>			
Restructuring	-	-	851
Environmental rehabilitation	-	-	-
	<b>6,669</b>	<b>6,038</b>	<b>7,142</b>

	Group		
	June 2012 US\$'000	December 2011 US\$'000	June 2011 US\$'000
<b>11. OTHER INCOME AND GAINS</b>			
Sundry income	233	1,501	474
Revenue <sup>1</sup>	13,619	23,554	10,476
	<b>13,852</b>	<b>25,055</b>	<b>10,950</b>
<i>1. The revenue relates to the sale of gold derived from surface mining activities and the sale of carbon. 8,199 (30 June 2011: 7,189) ounces of gold were sold.</i>			

## 12. DIRECTORS' EMOLUMENTS

During the current period, the composition of the Board of Directors did not change.

	Group		
	June 2012 US\$'000	December 2011 US\$'000	June 2011 US\$'000
<b>13. MINING COSTS</b>			
Mining costs comprises the following items:			
Consumables	2,011	4,349	3,069
Utilities	869	1,083	458
Plant hire	1,914	6,535	4,973
Labour hire	(39)	2,276	2,994
Environmental rehabilitation provision	1,839	812	354
Other	1,980	4,211	1,097
	<b>8,574</b>	<b>19,266</b>	<b>12,945</b>
<b>14. OTHER EXPENSES</b>			
Auditor's remuneration	417	540	380
Corporate social investment	61	127	100
Legal costs	37	212	90
Travel and accommodation	45	89	72
Telecommunications	71	198	120
Other expenses	1,000	3,021	1,981
	<b>1,631</b>	<b>4,187</b>	<b>2,743</b>

## 15. INCOME TAXES

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 2012 is 0% (2011: 0%) due to assessable losses available to CRGSA and the Guernsey resident status of CRG LTD resulting in 0% effective rates.

	Group		
	June 2012 US\$'000	December 2011 US\$'000	June 2011 US\$'000
<b>16. COMMITMENTS</b>			
Water pump	-	-	3,367
Fees payable to iProp Limited for prospecting	-	500	-
Fees payable to Sekgwa Mining Services (Proprietary) Limited for underground mining services	-	2,145	-
Fees payable to Stallion Security (Proprietary) Limited for security services	-	501	-
Acquisition of tangible assets contracted for	67	458	-
	<b>67</b>	<b>3,604</b>	<b>3,367</b>

## Notes to the condensed interim Group financial statements (continued)

for the six months ended 30 June 2012

	Group		
	June 2012	December 2011	June 2011
<b>17. LOSS PER SHARE</b>			
Basic loss per share (US cents per share)	<b>(0.10)</b>	(1.01)	(0.93)
Headline loss per share (US cents per share)	<b>(0.07)</b>	(1.01)	(0.99)
Diluted loss per share (US cents per share)	<b>(0.10)</b>	(1.01)	(0.93)
Diluted headline loss per share (US cents per share)	<b>(0.07)</b>	(1.01)	(0.99)
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)	<b>(1,618)</b>	(16,095)	(14,811)
Plus: Loss on measurement of non-current assets held-for-sale to fair value, less costs to sell (US\$'000)	–	940	–
Less: Profit on disposal of property, plant and equipment (US\$'000)	<b>(92)</b>	(991)	(458)
Less: Reversal on measurement of assets to recoverable amount (US\$'000)	<b>528</b>	–	(489)
Headline loss attributable to equity holders of the Group (US\$'000)	<b>(1,182)</b>	(16,147)	(15,758)

### 18. 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.

### 19. SHARE BASED PAYMENTS

No additional shares and share options in the Company were granted during the six months ending 30 June 2012.

### 20. RELATED PARTIES

No disclosable related party transactions occurred during the period.

### 21. EVENTS AFTER REPORTING DATE

No material changes, other than those highlighted in this report, have occurred in the affairs of the Group between the end of the half year and the date of this report.

# Administration

## DIRECTORS AND COMPANY SECRETARY

John Michael McMahon Non-Executive Director  
Sarel Johan du Toit Chief Executive Officer

Patrick Malaza Financial Director  
Miklos Salamon Non-Executive Director  
Clive Andrew Neuwerth Company Secretary

## GUERNSEY REGISTRAR

### Artemis Corporate Services Limited

Trafalgar Court  
2nd Floor  
East Wing  
Admiral Park  
St Peter Port  
Guernsey

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

### Trafalgar Court

2nd Floor  
East Wing  
Admiral Park  
St Peter Port  
Guernsey  
[www.centralrandgold.com](http://www.centralrandgold.com)

## SOUTH AFRICAN OFFICE

### Slot 8

10 Spencer Avenue, Corner Robert Road  
Robertville  
Roodepoort, 1700  
South Africa

## UKLA SPONSOR

### Charles Stanley & Co. Limited

25 Luke Street  
London  
EC2A 4AR  
United Kingdom

## JSE SPONSOR

### Merchantec Capital

2nd Floor, North Block  
Hyde Park Office Tower  
Corner 6th Road and Jan Smuts Avenue  
Hyde Park, 2196  
South Africa

## LEGAL ADVISERS TO THE COMPANY

### as to English Law

K & L Gates LLP  
One New Change  
London  
EC4M 9AF  
United Kingdom

### as to South African Law

Rudolph Bernstein &  
Associates  
Block A, 7 Eton Road  
Sandhurst  
Sandton, 2196  
South Africa

### as to Guernsey Law

Carey Olsen  
PO Box 98  
7 New Street  
St Peter Port  
Guernsey  
GY1 4BZ

## AUDITORS

### KPMG Audit Plc

15 Canada Square  
Canary Wharf  
London E14 5GL  
United Kingdom

## CREST AND STRATE TRANSFER AGENTS

### Jersey and UK

Computershare Investor Services (Channel  
Islands) Limited  
Ordnance House  
31 Pier Road  
St Helier  
Jersey

### South Africa

Computershare Investor Services  
(Proprietary) Limited  
70 Marshall Street  
Johannesburg, 2001  
South Africa





Central Rand Gold



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