RANDGOLD RESOURCES

Annual Report 2012

Taking the next BIG STEP

Randgold Resources is an African focused gold mining and exploration company with listings on the London Stock Exchange and NASDAQ.

Major discoveries to date include the 7.5 million ounce Morila deposit in southern Mali, the 7 million ounce Yalea deposit and the 5.5 million ounce Gounkoto deposit, both in western Mali, the 4 million ounce Tongon deposit in the Côte d'Ivoire and the 3 million ounce Massawa deposit in eastern Senegal. Randgold financed and built the Morila mine which, since October 2000, has produced more than 6 million ounces of gold and distributed more than US$2 billion to stakeholders. It also financed and built the Loulo operation which started as two open pit mines in November 2005. Since then, two underground mines have been developed at the Yalea and Gara deposits.

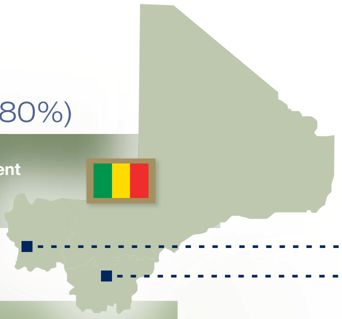
The company's Tongon mine in Côte d'Ivoire poured its first gold in November 2010. Randgold's latest mine, Gounkoto, south of Loulo, delivered first ore to the Loulo plant in June 2011 and paid its first dividends to shareholders in mid 2012 and the second in November.

In 2009, the company acquired a 45% interest in the Kibali project in the Democratic Republic of Congo (DRC), which stands at 10.9 million ounces of mineral reserves and is one of the largest undeveloped gold deposits in Africa. Open pit mining has started at Kibali and construction of the gold mine has been ramped up for expected fourth quarter 2013 first gold production, while underground mine development has also begun. The first full year of production is planned for 2014. Randgold also has a major project at Massawa in Senegal and an extensive portfolio of organic growth prospects, supported by intensive exploration programmes in Burkina Faso, Côte d'Ivoire, DRC, Mali and Senegal. A new joint venture with Kilo Goldmines Limited has extended Randgold's footprint in the DRC.

Key assets

Loulo-Gounkoto gold mine complex (80%)

2012 production	Total cash costs	Total reserves	National employment
503 224oz	US$738/oz	9.1Moz	92.7%

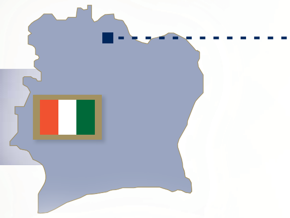


Morila gold mine (40%)

2012 production	Total cash costs	Total reserves	National employment
202 513oz	US$759/oz	0.24Moz	98.2%

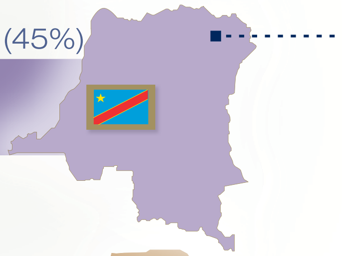
Tongon gold mine (89%)

2012 Production	Total cash costs	Total reserves	National employment
210 615oz	US$772/oz	2.64Moz	93.6%



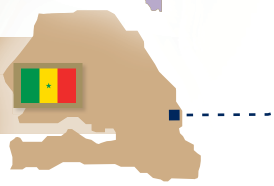
Kibali gold mine development project (45%)

Production beginning	Total reserves	National employment
Q4 2013	10.92Moz	90.1%



Massawa gold project (83%)

Total reserves	National employment
2.05Moz	96.0%



Our mission

We create value by finding, developing and operating profitable gold mines for the benefit of all our stakeholders.

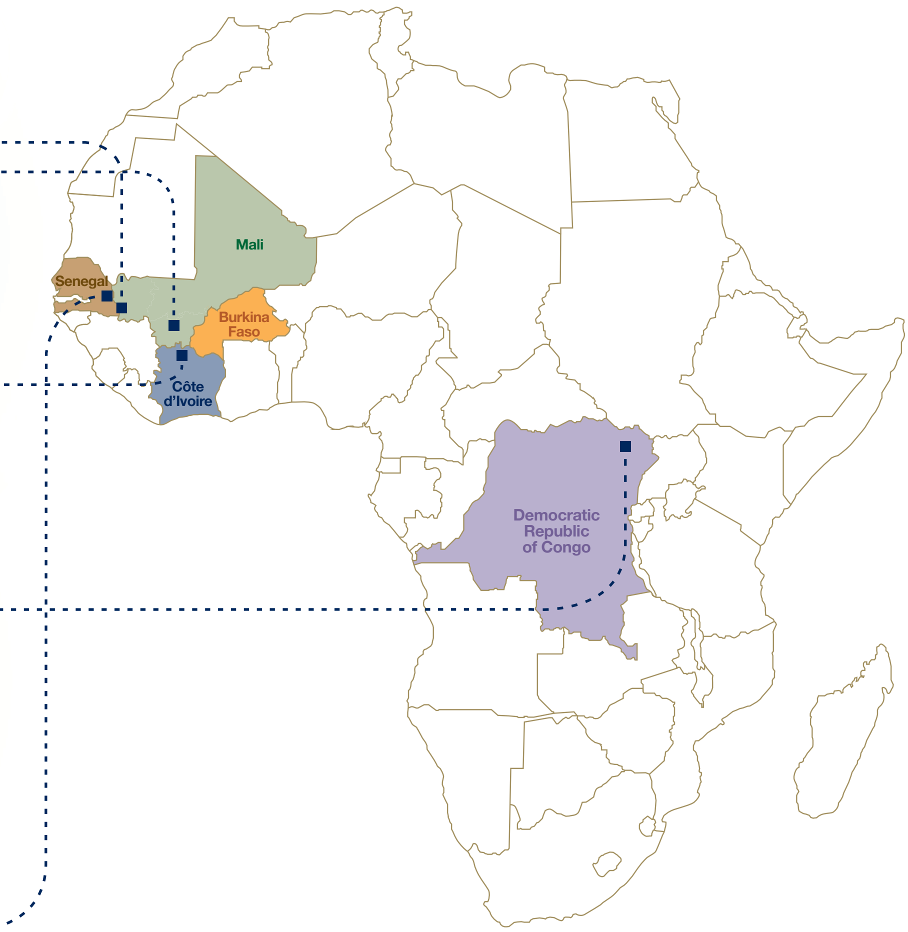
The cover

In 1995, Randgold Resources Limited (Randgold) set out to build a world-class gold business in Africa, with African assets managed by Africans.

Step by carefully calculated step, it has steadily advanced towards that goal, discovering multi-million ounce gold deposits, developing and operating profitable mines, and creating real value for all its stakeholders.

Today, Randgold ranks among the leaders of its industry and is one of the few that can project a rising production profile on the solid foundation of an organically expanding resource base. And now, with the development of the giant Kibali project in the DRC, scheduled to pour its first gold by the end of 2013, Randgold is taking its next big step towards sustainably profitable growth.

Our African footprint



Key numbers

US$000	31 Dec 2012	31 Dec 2011 (restated)+
Gold sales*	**1 317 830**	1 127 086
Total cash costs*	**583 324**	494 724+
Profit from mining activity*	**734 506**	632 362+
Exploration and corporate expenditure	**40 641**	43 925
Profit for the period	**510 782**	441 905+
Profit attributable to equity shareholders	**431 801**	383 860+
Net cash generated from operations	**493 713**	581 960+
Cash and cash equivalents	**387 288**	487 644
Gold on hand at period end#	**15 229**	12 845
Group production§ (oz)	**794 844**	696 023
Group sales§ (oz)	**793 852**	718 762
Group total cash cost per ounce*§ (US$)	**735**	688+
Group cash operating cost per ounce*§ (US$)	**649**	613+
Basic earnings per share (US$)	**4.70**	4.20+

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details of the impact of restatements on the IFRS measures and page 189 of this annual report for details of the impact of the IFRIC 20 restatement on non-GAAP measures).*

* *Refer to explanation of non-GAAP measures provided on page 189 of this annual report. The group has changed its treatment of consolidated non-GAAP measures in the period, resulting in changes to group level non-GAAP measures for each period in addition to the effect of the IFRIC 20 restatement above.*

§ *Randgold consolidates 100% of Loulo, Gounkoto and Tongon and 40% of Morila.*

\# *Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.*

Contents

Please refer to the disclaimer on page 199 of this annual report.

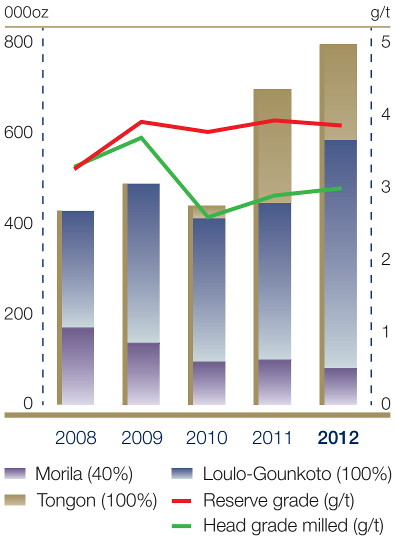
For a glossary of terms visit our website at
www.randgoldresources.com

2013 Guidance

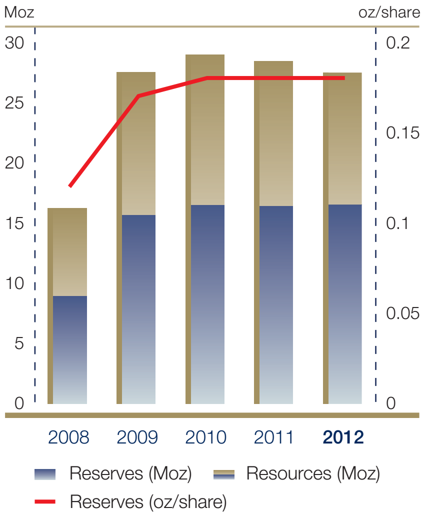
Group consolidated production	Total cash cost of production	Capital expenditure
900 000 - 950 000oz	**US$700/oz - US$750/oz**	**US$670 million**

2012 Key performance indicators

Group consolidated production

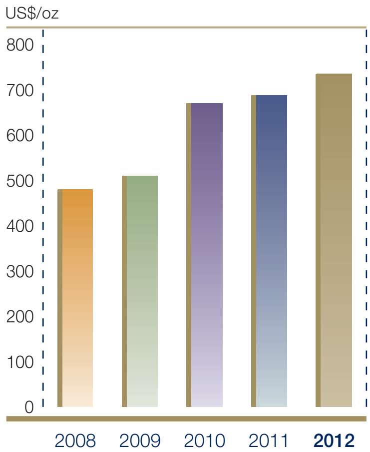


Resources and reserves

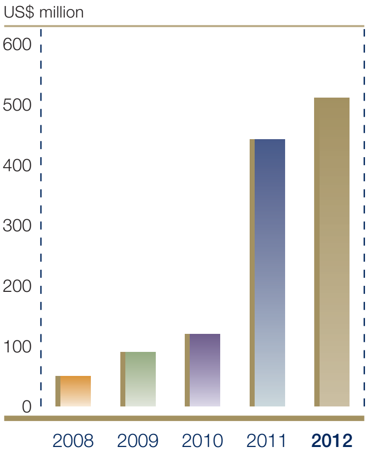


Refer to the notes to the resources and reserves declaration on page 72 of this annual report.

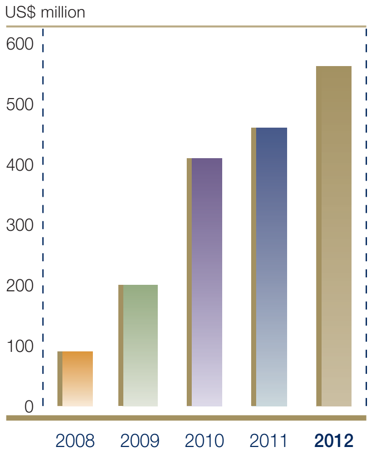
Total cash cost of production



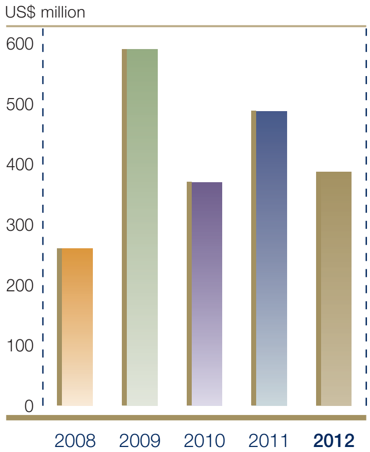
Profit



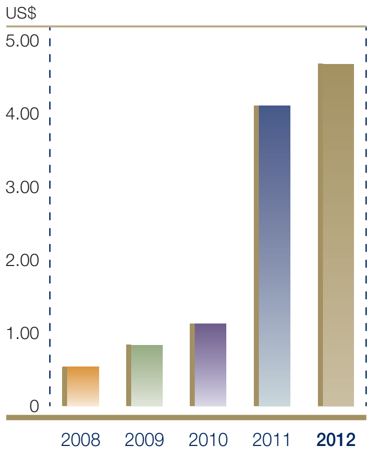
Capital expenditure



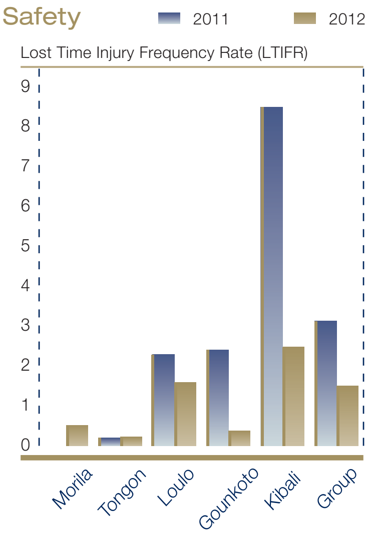
Cash on hand



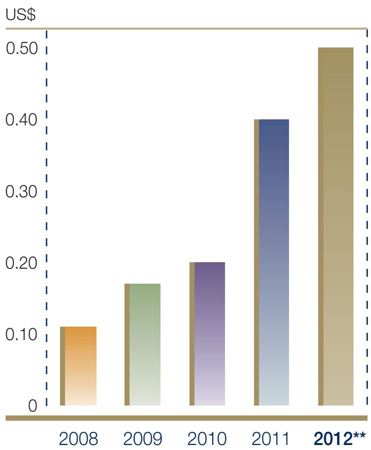
Earnings per share



Safety



Dividend per share*



* *In respect of the year and under review but declared and paid in the following year.*
** *Subject to shareholder approval at the 2013 AGM.*

Chairman's statement

The challenges inherent to mining in Africa were evident last year when the fragility of some of its political structures, the limitations of its infrastructure and the mutability of its fiscal regimes came to the fore again. Fortunately, the Randgold Resources team has never been deterred by challenges and knows how to manage risks in general and African risk in particular.

Against a troubled background, the company succeeded in breaking its previous performance records, achieving new heights in production and profits and increasing earnings per share. On the back of such robust results, the board is recommending a 25% increase in the dividend to shareholders to 50 US cents per share, a tangible demonstration of Randgold's ability to continue creating value.

There's an old safari saying that if you want to hunt elephants, you have to go to elephant country. Similarly, if you are looking for multi-million ounce gold deposits capable of being converted into profitable mines, the place to look for them is in the world's emerging regions, notably the mineral-rich African continent. That is why Randgold continues to invest and reinvest in Africa's highly prospective gold belts, exploring for new discoveries, expanding its operations and building new mines. The giant Kibali project in the DRC, steadily heading towards first gold production by the end of 2013, is a monument to Randgold's confidence in the long term future of the continent as well as in its own competence to contribute to that future by generating economic benefits in which all its stakeholders can share.

Philippe Liétard

Philippe Liétard
Chairman

Over the lifetime of its mines, Randgold estimates it will pay slightly more than half of its net revenues to the host states in the form of royalties, taxes, dividends and other benefits. When it reinvests in those countries, the state's share gets even larger. Furthermore, the company's contribution to these economies is multiplied by the jobs it creates, its upgrading of the infrastructure, its support of local businesses and its substantial investment in sustainable community upliftment initiatives.

Randgold's ability to continue working successfully in Africa depends on more than the creation of economic benefits. It also has to manage the risks inherent in mining responsibly. This means providing a safe and healthy workplace, respecting local cultures and caring for the environment. These are sustainability issues but they are also sound business principles: the company takes these actions not because it has to but because it makes good business sense. Concern for health, safety and the environment is therefore not a peripheral or box-ticking governance chore for Randgold: it is an integral part of everything the company does.

In recent years, Mark Bristow and some of his colleagues have undertaken cross-continent motorcycle tours under the banner of *Nos Vies en Partage* to raise funds for local charities along the way as well as for the tertiary education of prospective mining engineers, geologists and metallurgists from Africa. I applaud this initiative and it is the company's intention to use this as the basis for the establishment of a *Nos Vies en Partage Foundation,* which will be initially supported by Randgold, to expand and direct the company's support for appropriate health and education initiatives.

The detailed sustainability report included in this annual report shows how Randgold is working to meet the expectations of all its stakeholders. It demonstrates the company's partnership philosophy in action as well as its long term commitment to the countries in which it operates. There is more to being a successful business than making profits and paying taxes: in Africa, to an even greater extent than elsewhere, companies also have to be valued partners, responsible corporate citizens and good neighbours.

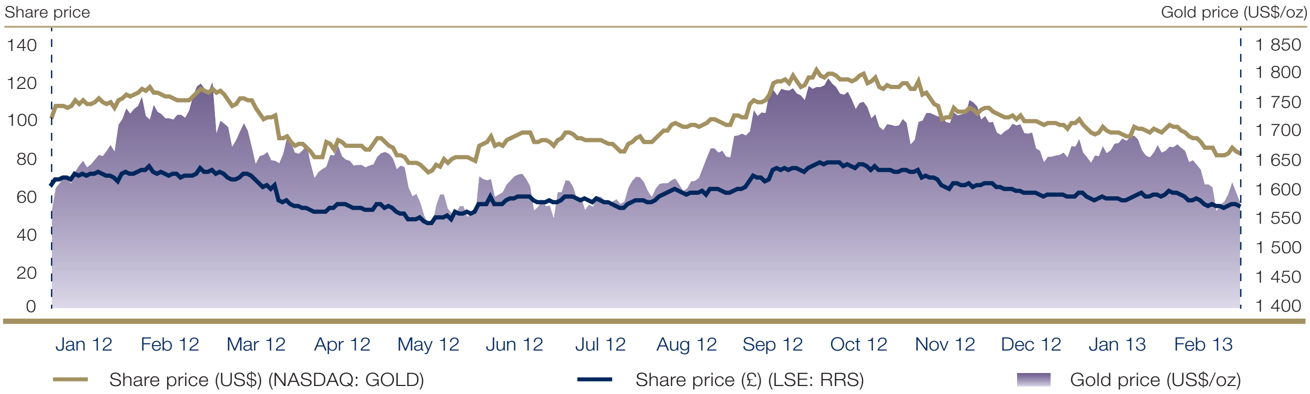
The partnership approach is an integral part of everything Randgold does and, over the past year it has again showed its merit by cushioning the company against the upheavals in Mali, providing a supportive environment for its operations and helping Kibali to advance rapidly. Like all close relationships, Randgold's partnerships with its host governments are occasionally strained but these moments are invariably overcome when the overriding considerations of common interests and shared values reassert themselves. Randgold is therefore hopeful that wiser counsels will prevail over the current trend to rewrite mining codes on terms less favourable to miners, which we believe will in the long term damage the significant benefits that the industry brings to its host countries. We are actively engaged in the debates on this subject, guided by the four attributes which we believe characterise a healthy partnership: openness, transparency, fairness and reliability.

During the past year, the Randgold directors again toured its operations and projects. The board visited Kibali for the third time in January 2013 and I must say that we were awed by the progress the development is making. Mark and his team are to be commended for the firm grip they have kept on this project at a time when they also had to deal with a number of operational issues as the company continues to grow. The record results they have achieved under difficult conditions set the seal on their achievement.

Since the year end, the board has been strengthened by the appointment of Jeanine Mabunda Lioko as an independent non-executive director. Jeanine was educated in Belgium where she gained a degree in law and a postgraduate degree in commercial science. A highly respected professional, she has held various technical and management positions in the DRC's finance sector, including a period as advisor to the Banque Centrale du Congo. She was a DRC cabinet minister from 2007 to 2012 and is now a member of the country's national assembly, where she represents the Equateur province. Jeanine's financial expertise coupled with a deep understanding of the environment in which Randgold operates will make her contribution invaluable to the board.

In welcoming Jeanine, I would also like to express my appreciation to my colleagues on the board for their unstinting engagement with Randgold, and the wide perspective and sound judgement they bring to our deliberations. ■

Randgold share price performance and gold price



Directors

Philippe Liétard#(64)
Non-executive chairman

Appointed a Randgold non-executive director in 1998 and chairman in 2004, his experience in corporate and project finance with UBS, the International Finance Corporation (IFC) and World Bank spans 30 years, mainly in the minerals business and in Africa. Previously a director of the Oil, Gas and Mining Department of the IFC, he served as managing director of the Global Natural Resources Fund from 2000 to 2003. Now an independent consultant and a promoter of mining and energy investments, he is also a director of CellMark AB of Sweden and serves on the board of trustees of the Rochambeau Foundation in Washington DC, USA.

D Mark Bristow (54)
Chief executive

Chief executive since the incorporation of Randgold, which was founded on his pioneering exploration work in West Africa. Has subsequently led the company's growth through the discovery and development of world-class assets into a major gold mining business and one of the 100 largest companies on the London Stock Exchange. Has also played a significant part in promoting the emergence of a sustainable mining industry in Africa. A geologist with a PhD from Natal University, South Africa, he has held board positions at a number of global mining companies and is currently a non-executive director of Rockwell Diamonds Inc.

Graham Shuttleworth (44)
Financial director and chief financial officer

Joined Randgold as chief financial officer and financial director in July 2007 after being associated with the company since its inception, initially as part of the management team involved in listing the company on the LSE in 1997, and subsequently as an advisor. A chartered accountant, he was a managing director and the New York based head of metals and mining for the Americas in the global investment banking division of HSBC before taking up his current position at Randgold. At HSBC, he led or was involved in a wide range of major mining industry transactions, including Randgold's NASDAQ listing and subsequent equity offerings.

Norborne P Cole Jr*§(71)
Senior independent non-executive

Started working for the Coca-Cola Company as a field representative in the USA in 1966 and advanced steadily through the organisation, becoming chief executive of Coca-Cola Amatil in Australia in 1994, a position he held until 1998. Under his leadership, Coca-Cola Amatil grew into the second largest Coca-Cola bottler in the world. Now based in San Antonio, Texas, he serves on the boards of a number of US companies including Papa John's International Inc. He became a director of Randgold in May 2006.

Christopher L Coleman^*$(44)
Independent non-executive

A managing director and head of banking and treasury at Rothschild, he is also chairman of Rothschild Bank International in the Channel Islands and serves on a number of other boards and committees of the Rothschild group, which he joined in 1989. A BSc (Econ) graduate from the London School of Economics, he was a non-executive director of the Merchant Bank of Central Africa from 2001 to 2008. He is also a non-executive director of the US company Papa John's International Inc. He was appointed to the Randgold board in November 2008.

Kadri Dagdelen*(58)
Independent non-executive

A professor and former head of the Department of Mining Engineering at the Colorado School of Mines, USA, he began his professional career as a mining engineer at Homestake Mining Co (now Barrick Gold Corporation) and was the technical services manager when he left for academia in 1992. With a PhD in mining engineering and an ME in geostatistics, he has been involved in numerous research and consulting projects worldwide, also serving on the board of directors of the Society of Mining, Exploration and Metallurgy in the USA for six years and chairing other professional societies that support the mining industry. He joined the Randgold board in January 2010.

Robert I Israel*(63)
Non-executive
Managing partner of One Stone Energy Partners, a private equity fund focused on the oil and gas industry. He holds an MBA from Harvard and a BA from Middlebury College and his experience in the natural resources sector extends to more than 30 years. He joined the Randgold board in 1997 and stepped down from the board and the governance and nomination committee at the company's annual general meeting on 30 April 2012.

Jeanine Mabunda Lioko (48)
Independent non-executive
Appointed a Randgold director in January 2013, she has spent a number of years working in the DRC's finance industry including with Citi Group and as an advisor to the Governor of Banque Centrale du Congo. A former Minister of Portfolio of the DRC, a position which she held for over five years, she is now a serving member of the National Assembly of the DRC, representing the Equateur Province. She was educated in Brussels, Belgium, and holds a law degree from the Catholic University of Louvain and a postgraduate degree in commercial science from the ICHEC Brussels Management School.

Andrew J Quinn^(59)
Independent non-executive
Retired at the end of 2011 from his position as Head of Mining Investment Banking for Europe and Africa at CIBC after 15 years in the role. He has more than 37 years' experience of the mining industry. With a BSc (Hons) in mineral exploitation (mining engineering) from Cardiff University, he began his career in Anglo American's gold division in 1975, holding various management and technical positions in South Africa, and worked briefly for Greenbushes Tin in Australia before joining Mining Journal in 1982 as editor of its gold publications. In 1984, he entered the financial services industry, joining James Capel (later HSBC Investment Banking), and then CIBC. He was appointed to the Randgold board in November 2011.

Karl Voltaire~$(62)
Independent non-executive
A graduate in mineral resources engineering from the Ecole des Mines in Paris, he holds an MBA and PhD in economics and finance from the University of Chicago. He started his career as a mining engineer in Haiti and subsequently spent 23 years in the World Bank Group in Washington DC, mainly at the IFC where his last position was that of director of global financial markets. Subsequently he was director of the Office of the President at the African Development Bank. He was CEO of the Nelson Mandela Institution from 2005 to 2009, and is currently a member of the Board of Trustees of the African University of Science and Technology. Appointed to the Randgold board in May 2006.

Photographed arriving on site for the board meeting at the Kibali mine development project in January 2013. From left: Andrew Quinn, Graham Shuttleworth, Jeanine Mabunda Lioko, Kadri Dagdalen, Karl Voltaire, Norbone Cole Jr, Christopher Coleman, Mark Bristow and Philippe Liétard.

Chairman of governance and nomination committee
~ *Chairman of audit committee*
§ *Chairman of remuneration committee*
* *Member of governance and nomination committee*
^ *Member of audit committee*
$ *Member of remuneration committee*

Chief executive's review

Entering 2012, we knew that it was going to be an exceptionally challenging year. At Kibali in the Democratic Republic of Congo, we were developing the largest and most complex project in our history; our flagship, the Loulo-Gounkoto complex in Mali, was ramping up production to meet ambitious targets; and in the Côte d'Ivoire, our newest mine, Tongon, was still stuttering operationally.

- Record production and profit despite challenges
- Kibali development gears up for year-end first gold
- Loulo-Gounkoto and Morila both beat production targets

As it happened, the year was even more turbulent than we had expected: a coup in Mali was followed in short succession by three governments, two prime ministers and an invasion in the north by Al Qaeda-aligned radicals which triggered a French-led armed intervention. The authorities in the Côte d'Ivoire and the DRC also indicated a desire to revise their mining codes and the related fiscal parameters. The year then drew to a close with a fire at the Tongon plant.

Given the circumstances, the record results produced by the group were a truly remarkable achievement and a tribute to another herculean effort by our teams. Not only did production, sales, profit and earnings per share reach new heights, but at Kibali we geared up to take the next big step in our journey to deliver real and growing value to all our stakeholders.

Chief executive

Loulo-Gounkoto joins the big league

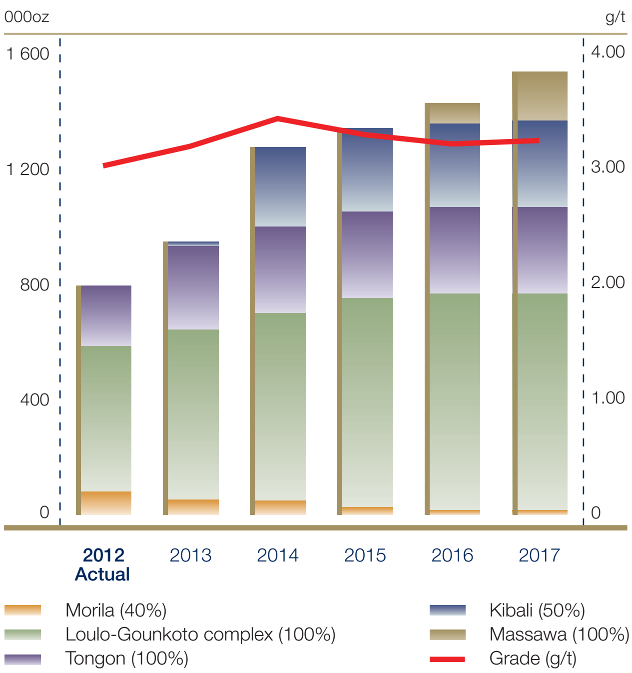
The effort invested in bringing the Loulo-Gounkoto complex up to speed started paying off last year. Following the installation and commissioning of the third mill in January 2012, the processing plant ramped up quickly and was exceeding its design capacity by the second quarter. At the underground operations, Yalea and Gara, the development rate accelerated and ore production increased. Consequently the complex beat its market guidance and by producing more than half a million ounces for the year, joined the global big league of gold mines. Looking ahead, the focus is on boosting recoveries, improving overall efficiencies and containing costs. Among other things, Loulo will be adding capacity to its Carbon in Leach (CIL) and crushing circuits as well as upgrading its elution technology. Overall, the complex is aiming at meeting its forecast increase in production with a commensurate decrease in unit costs over the next five years.

Morila has changed from a big gorilla to a grand old lady in recent years, and in this guise it continues to deliver outstanding results, beating both its production and total cash cost targets for the year. Its board has approved the pit pushback and tailings reprocessing projects, which could extend its life to 2021, but Morila is in any event proceeding with the establishment of an agribusiness to provide economic value to the local community after its eventual closure. Demonstrating a spirit of partnership, the Malian government has indicated its willingness to waive its royalties during the pre-stripping period to ensure the commercial viability of the pushback project.

Tongon had a difficult year in which it grappled with a number of operational issues, exacerbated by an erratic power supply from the Ivorian national grid, which resulted in it undershooting its production target for each quarter. In the last quarter, however, its performance improved significantly with a much more consistent throughput on the back of improved plant availability as a result of a reduction in the number of power outages. Unfortunately, that quarter also saw the fire in the mill circuit, but the team did a great job in getting it back on line within 10 days and fully operational a month later.

The mine has installed additional generating capacity as back-up for the grid power and has also installed an additional capacitor bank to absorb fluctuations in voltage deliveries. To improve the recovery rate, a gravity circuit is being installed in parallel with the flotation circuit and a planned upgrade of the crushing circuit will boost overall plant throughput. Despite the setbacks, the mine's future production profile remains intact and management is focused on meeting its 300 000 ounces per year target over the next five years while driving costs down.

Forecast group consolidated production



The next big step

Shortly after the year end, and ahead of schedule, Kibali's two ball mills were settled on their foundations. This is a key indicator of commissioning time as the mine should be capable of producing gold six months after the mills' installation. While critical paths are tightening, this massive project is still on track to pour its first gold by the end of the year.

With some 6 000 people now on site, the vast majority of them Congolese nationals, the pace of development is quickening. Open pit mining has already begun to build up the ore stockpiles and work is underway on the underground mine, with decline development having started in December 2012 and the vertical shaft sinking begun in the first quarter of 2013. The first of four new hydropower stations which will supply Kibali's electricity needs is also under construction.

The resettlement programme, designed to move some 20 000 people from 14 villages on the mine site to the nearby model village of Kokiza, is progressing well. Last year alone over 1 200 families were relocated on schedule, and new houses continue to be built at Kokiza at the rate of 65 to 90 per week, along with churches, schools and clinics. This programme, one of the largest of its kind to be undertaken in Africa, was the most complex and sensitive element of the pre-development phase and its successful execution to date is a tribute to the effectiveness of Randgold's policy of treating its host communities as full and valued partners in its business.

Looking for the next big one

While the development of Kibali proceeds apace, our geologists continue to explore around the known orebodies and further afield on the vast permit area. They are examining satellites and orebody extensions for ounces to expand the reserves, evaluating the target portfolio we acquired with Kibali, and looking for greenfields opportunities. The Congolese Craton, which hosts Kibali, is a highly prospective but relatively unexplored gold field, and it is one of our strategic aims to expand our footprint in this region. In line with this, we have recently concluded a joint venture agreement with Kilo Goldmines which gives us access to nearly 2 000km² of prospective greenstone belt in the north-east of the DRC. We will earn 51% of the joint venture by completing a prefeasibility study within five years.

We are actively assessing other joint venture or acquisition opportunities in the stressed junior sector but our core strategy is still the creation of value through the discovery of multi-million ounce gold deposits and their development into profitable mines: in other words, organic growth. Our exploration teams are currently at work across all the major gold belts of West and Central Africa as well as around our existing operations. In the latter regard, the potential for an underground mine to exploit the plus one million ounce resource beneath the Gounkoto pit is becoming increasingly tangible, and we plan to complete a feasibility study on this project by the end of 2013.

The most advanced of our prospects is the Massawa project in Senegal, just across the border from Loulo. This is a large but metallurgically complex deposit which has been returned to the exploration division for further work, and in particular to test the potential for additional, non-refractory resources. Metallurgical testwork on the sulphides is underway. As the process is likely to involve pressure oxidisation, it will therefore be power intensive and access to low cost power is essential to the project's viability and this is currently being investigated.

Driving down costs

While our industry generally is struggling with costs that are rising faster than the gold price, Randgold has positioned itself in the lowest cash cost quartile by focusing on the quality of our assets and keeping a tight rein on cost drivers. We constantly review our business and do not tolerate wastage or inefficiency.

Grade is a critical factor in determining costs and, unlike most of the industry, our head grade of production is forecast to increase steadily over the next few years. Diesel is another major component of the cost basket, and we plan to reduce this from 25% of operating costs to 20% over the next three years. Power costs across the group are expected to drop by 20% over the same period.

Cutting down our diesel consumption will not only reduce costs but the move to renewable forms of power generation will improve our carbon footprint. To this end, a substantial proportion of Kibali's power requirement will be supplied by four run-of-river hydroelectric generating stations. At Tongon, greater stability in the supply will enable the operation to draw on more grid electricity, reducing power costs by a planned 20%. Loulo is switching its medium-speed generators from diesel to heavy fuel oil, and is also exploring ways to gain access to cheaper power.

Nurturing our human capital

In line with our partnership philosophy, we believe that an African business should be run by Africans, and our recruitment and skills development policies have been designed to achieve this objective. All our operations are almost entirely managed by nationals of their host countries and some of the most senior members of our executive committee have graduated from their ranks.

As part of this development programme, we recently arranged for the University of Cape Town's highly regarded Graduate School of Business Administration to present a week-long course on financial management for non-financial managers in partnership with a local Mali business school. The course was attended by 30 managers and supervisors drawn from all our operations as well as from government and some of our local business partners.

With the size and scope of our operations increasing, safety education and management have also intensified. Our safety record continues to improve and, as detailed comprehensively in the sustainability report in this annual report, we are working hard to make it even better. It is also worth noting that all our operations have either gained, or are close to achieving, their international safety and environmental management accreditations.

Growing production, curbing costs

We have started 2013 with another demanding to-do list, headed by delivering on our promise to pour the first gold at Kibali before the end of the year. Another priority is fixing Tongon so that it is fully equipped to start meeting its targets. Loulo-Gounkoto will continue to ramp up production and the prefeasibility study on a new underground mine at Gounkoto will be completed in the first quarter of 2013. At Morila, the pushback and tailings projects will get underway. Cash and gold on hand at the year end totalled US$403 million (after capital expenditure of US$562.3 million, mainly on Kibali) which means that we are strongly placed to fund our future growth.

Our exploration teams are hunting for additional resources for our mines as well as fresh targets that will produce our next big discovery. Throughout the group, we will sustain a strong emphasis on growing production and containing costs, and our overall objective remains the creation and delivery of value to all our stakeholders.

At the corporate level, we are looking at acquisition and joint venture opportunities generated by the current state of the industry. We also intend to continue to work with the governments of our host countries, guided by our partnership philosophy, to head off short-sighted changes to their mining codes.

Once again we have set ourselves some ambitious targets, but as our teams have shown time and again, they can rise to any occasion. I thank them for another great effort in 2012 and I know we can count on their undiminished expertise, energy and enthusiasm as we take our next big step into the future. I would also like to thank our board for its invaluable guidance and support.

We are grateful for the contribution made to our success by our business associates, advisors, suppliers and contractors, and I would also like to place on record our continued commitment to the people whose interests we are here to serve: our stakeholders. ■

Financial review

Total revenue of US$1 317.8 million increased by 17% on the previous year on the back of a 10% rise in gold sales to 793 852 ounces and a 5% increase in the average gold price received to US$1 652/oz. Profit for the year was US$510.8 million, an increase of 16% on the previous year.

- Record revenue, profit and earnings per share
- Proposed dividend increased by 25%, the seventh consecutive year of increases
- US$562.3 million invested in capital expenditure in line with the group's growth strategy

Higher revenues across the operations were partially offset by higher mining costs, especially at the Loulo-Gounkoto complex due to the increased throughput, increased underground mining costs including costs associated with the newly introduced backfill strategy, increased open pit mining costs resulting from the Yalea pit pushback and general cost increases, especially relating to power and reagents. The increase in total costs also reflected the full year of operations at Gounkoto, which started production in June of the prior year. Costs at all operations were further impacted by the increased royalties payable resulting from the higher ounces sold and increased average gold price received. Basic earnings per share of US$4.70 increased by 12% over the previous year, noting that the prior year figure has been restated to align with the group's new accounting policy of production phase stripping in line with the recently issued IFRIC 20 accounting standard (*see pages 161 and 162 of this annual report for further details*).

Notwithstanding the increase in costs, total cash cost per ounce for the group was US$735/oz, only 7% above the prior year, on the back of the significant increase in ounces sold, reflecting the increased contribution from the Loulo-Gounkoto complex.

Graham Shuttleworth
Financial director and chief financial officer

Cash operating cost per ounce at the Loulo-Gounkoto complex decreased by 8%, due to the increased plant throughput and higher average grade of ore milled, reflecting lower grades at Gounkoto but offset by higher grades and tonnes from Loulo. At Morila, the stockpile treatment operation has continued successfully, and the decrease in cost per ounce largely reflects the processing of marginal ore which carries no cost of mining. At Tongon, cost per ounce of production was negatively impacted by a number of operational challenges leading to reduced production on the back of reduced recoveries combined with a lower head grade milled.

Expenditure on exploration and corporate costs decreased by US$3.3 million to US$40.6 million. Drilling programmes continued on the company's exploration targets, but a larger proportion of the exploration work was undertaken on feasibility stage projects including those at Kibali, Massawa, Loulo and Gounkoto, and as such were capitalised to these projects. Since the company was listed in 1997, it has discovered more than 25 million reserve ounces which, when divided by the exploration and corporate costs expensed over this period, equates to less than US$17/oz of gold.

Loulo's corporate tax holiday ended in November 2010, while Gounkoto continues in its tax holiday until June 2013. The 2012 results include a charge of US$57.5 million for tax payable compared to US$55.3 million the previous year. Tongon will benefit from its exoneration from corporate tax for five years until the end of 2015.

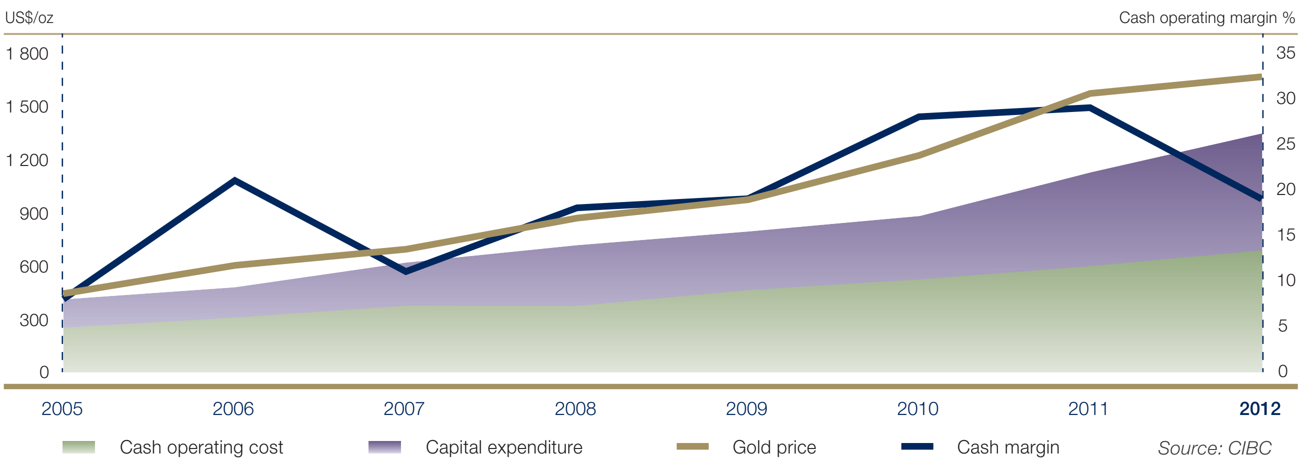
The company's cash position at year end was US$387.3 million (2011: US$487.6 million) with no bank debt and borrowings of just US$18.0 million (2011: US$2.6 million), principally relating to finance leases on equipment, notwithstanding the substantial investments made in growth projects during the year. This included capitalised expenditure of US$219.5 million at Loulo, predominantly on the Yalea and Gara underground mine developments as well as stripping costs on the Yalea South pushback, US$33.4 million at Tongon, primarily on the metallurgical plant and power plant engineering, US$17.8 million on the Gounkoto site infrastructure and crushing facilities, and US$286.6 million at Kibali (attributable), primarily on the village relocation programme, the construction of the metallurgical plant and the hydroelectricity plant, site infrastructure, open pit mining and roads, as well as US$5 million on other projects elsewhere in the group.

Oil price and US$/€ exchange rate

In total property, plant and equipment increased by US$582.6 million, excluding depreciation, year on year. The rise in the accumulated depreciation charge year on year of US$131.7 million reflects the increase in production activity across the mines in the group and depreciation charges associated with the Yalea South pushback. The increase of US$73.3 million in inventories and current ore stockpiles is largely the result of the increase in ore stockpiles at operations, the increase in stores consumables at Tongon and Loulo due to increased production, a strategic build-up of scarce raw materials and an increase in gold inventory at Loulo, Gounkoto and Tongon.

The increase in trade and other receivables of US$154.3 million since 31 December 2011 is substantially due to an increase in recoverable VAT balances at Loulo, Morila and Kibali. Trade and other receivables at Kibali increased by US$39.0 million (attributable) following the ramp-up in construction and development at the project. The rise is further attributable to the increase in other receivables related to the Gounkoto dividend amounting to US$25.2 million.

Rising cost of production in the gold industry



Following the conclusion of a new mining convention with the State of Mali in respect of the Gounkoto mine in March 2012, a liability has been recognised within trade and other payables relating to the 10% Malian State dividend payable under the terms of that convention and the mining code. This liability arises as Gounkoto profits accrue. An equivalent asset has also been recognised in trade and other receivables as amounts arising in respect of the liability reduce future dividend payments. The first Gounkoto dividend was approved in June 2012 and paid in July 2012, and a second dividend was approved and paid in November. As a result, trade and other payables are calculated with reference to Gounkoto's net profits from inception to the end of December 2012, reduced by the dividend payments already made.

Trade and other receivables include taxation receivables of US$119.7 million, primarily relating to indirect taxes, but also to a lesser extent certain amounts relating to disputed tax claims at Loulo and Morila. The group had received claims for various taxes from the State of Mali totalling US$86.2 million in respect of the Loulo, Gounkoto and Morila mines. Having taken legal advice, the group considers the claims to be wholly without merit or foundation and is strongly defending its position, including following the appropriate legal process for disputes within Mali. The companies have legally binding mining conventions which guarantee fiscal stability, govern the taxes applicable to the companies and allow for international arbitration in the event a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve this issue.

The decrease in cash of US$100.4 million since 31 December 2011 largely reflects the group's continued investment in capital expenditure, the dividend of US$36.7 million which was paid to the company's shareholders in May 2012, as well as the State of Mali's portion of the Gounkoto dividends (US$24.8 million) which were paid in July and November 2012. The strong cash flows seen from the operations have been invested in the group's programme of capital projects.

The increase in deferred taxation liability of US$8.0 million year on year mainly relates to the stripping costs that have been deferred at Loulo following the change in accounting policy on 1 January 2012, net of the release of tax in line with mining during 2012 in the Yalea South section. The increase in the rehabilitation provisions of US$20.2 million is largely attributable to the increases in the provisions across the operations including at the Loulo mine (up US$13.4 million), the Gounkoto mine (up US$2.6 million), the Kibali mine (up US$2.4 million, attributable) and the Tongon mine (up US$2.9 million).

The increase in trade and other payables of US$56.9 million since 31 December 2011 is the result of the additional contractors and accruals at the Loulo-Gounkoto complex, at Tongon, as well as at the Kibali project, which reflects the increased production and mining activity as well as the liability that was recognised in relation to the dividend payable to the Malian State (US$25.2 million), as explained earlier. Current tax payable of US$18.8 million is in line with the prior year and relates to Morila and Loulo, while Gounkoto and Tongon are currently in a tax holiday period.

Looking forward to 2013, total cash cost per ounce for the group is forecast in a range of US$700-750/oz, assuming current oil prices, euro/dollar exchange rates and other input costs which have a significant impact on operating costs. Given the company's historical exploration success, Randgold will again commit significant expenditure to exploration, with corporate and exploration expenses of approximately US$60 million anticipated. Significant capital expenditure is expected to be incurred across the group during the year as part of its planned growth in production, especially on the Kibali project in the DRC of approximately US$375 million (50% of project), and the ongoing development of the underground mines at Loulo where total capital at the Loulo-Gounkoto complex is forecast at US$230 million which includes US$65 million for the paste backfill plant. Project and sustaining capital at Tongon, including a crusher upgrade and gravity concentration circuit, is estimated at US$30 million, and US$35 million will be spent at Morila, including US$28 million of preproduction costs in respect of the Pit 4S pushback. Total group capital expenditure for 2013 is expected to be approximately US$670 million.

In view of the profit increase and strong cash flows from operations but also considering the company's anticipated capital expenditure, the board has proposed a 25% increase in the annual dividend to 50 US cents per share (US$46.0 million). This is the the seventh consecutive year that the dividend has been increased. ■

Executives

Tahirou Ballo
Mine manager Gounkoto

Chiaka Berthe
GM Loulo

Sebastiaan Bock
Group corporate finance manager

Luiz Correia
GM Tongon

Ted de Villiers
Group GM mining

Tania de Welzim
Group financial manager

Paul Gillot
Group metallurgist and deputy GM capital projects

Paul Harbidge
Group GM exploration

Bill Houston
Group GM human capital

Willem Jacobs
GM operations Central and East Africa

Adama Kone
GM Morila

Victor Matfield
Group GM corporate finance

Philip Pretorius
Group human resources executive

Chris Prinsloo
Group GM commercial and supply chain

Rod Quick
Group GM evaluation

Mahamadou Samaké
Group regional manager West Africa

N'golo Sanogo
GM Mali

John Steele
Group technical and capital projects executive

Samba Toure
GM operations West Africa

Lois Wark
Group GM corporate communications

Louis Watum
GM Kibali gold project and country manager DRC

Charles Wells
Group GM sustainability

Martin Welsh
General counsel and secretary

See page 192 of this annual report for individual personal profiles.

Senior management

Drissa Arama
Metallurgical manager Loulo

Roy Bondo
Finance and administration manager DRC

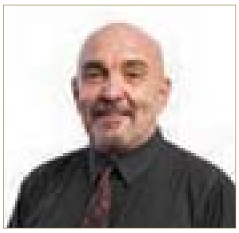
Abbas Coulibaly
Engineering manager Loulo

Mohamed Diallo
Financial manager Loulo-Gounkoto complex

Ibrahima Diane
Regional HR manager West Africa

Daouda Dembele
Financial manager Morila

Lindsay Earl
Group projects engineering manager



Ken Green
Group supply manager

Riaan Grobler
Financial projects manager East Africa

Reinet Harbidge
Principal generative geologist

Joel Holliday
Exploration manager West Africa

Felix Kiemde
Country manager Burkina Faso

Jonathan Kleynhans
Group mineral resource manager

Amadou Konta
Capital projects manager West Africa

George Lawrie
Operations manager Loulo

Ashleigh Lawson
Group business assurance manager

Alain Mavuna
Financial manager Kibali

David Mbaye
Country manager Senegal

Stephen Ndede
Operations manager Tongon

Bodiel N'Diaye
Country manager Côte d'Ivoire

Rachael Sale
Treasury manager

Gary Short
Project manager Kibali

Ousmane Traore
Financial manager Tongon

Mamou Toure
Underground manager Loulo

Gold market overview

The average gold price for the industry increased for the eleventh consecutive year to US$1 669/oz, 6% higher than 2011. The highpoint in 2012 was US$1 792/oz in October, falling short of the US$1 896/oz reached in September 2011.

Public and private net investment in gold remained positive for 2012 adding an important source of demand as traditional jewellery demand came under pressure. Research by Gold Field Mineral Services (GFMS) shows that jewellery and industrial demand slipped by 4.4% and 5.4% respectively in 2012. The drop in jewellery demand was primarily due to losses in India, where the higher rupee-denominated prices and the introduction of new taxes constrained the local market. The Chinese jewellery market suffered as a consequence of low economic growth in the domestic economy. Industrial demand slowed as a result of a lower demand from the industrialised world as well as a price-led substitution by copper.

Central banks have continued to be net purchasers of gold. This was primarily driven by banks in the emerging economies diversifying their portfolios away from the currencies of the major economies and reflects the growth in the reserves of these countries in recent years. Compared to the developed economies, the central banks of emerging economies remain relatively underexposed to gold. The World Gold Council estimates that central banks accounted for 12% of total gold demand in 2012 compared to 10% in 2011.

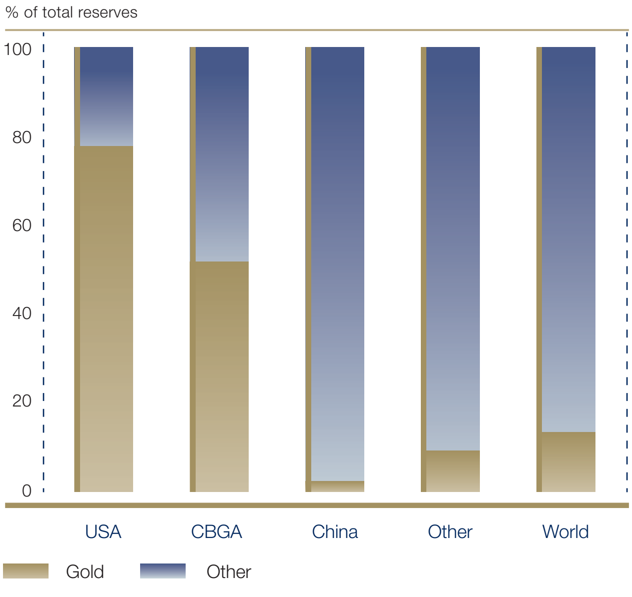
Investment demand remained at elevated levels, driven by inflationary concerns following further monetary easing, low interest rates, debt issues in the major economies and fragile economic growth. Sovereign debt concerns, the possibility that Greece may leave the euro and further sovereign and corporate rating downgrades were supportive of the gold price. It is anticipated that these financial risks and the currency volatility will continue to support the bullion price.

Some commentators point to an unstable relationship which has developed between risk and gold and that, in certain circumstances, the metal and markets act in their traditional safe haven role but that investors have also, on occasion, swiftly switched from gold in a higher risk environment.

Mine output failed to produce the anticipated growth for 2012 and was negatively impacted by delays in the start-up of some major new projects, as well as widespread labour unrest in South Africa. GFMS estimates that gold output was only 0.2% higher year on year. Gold scrap supply dropped by 1.6% from 2011.

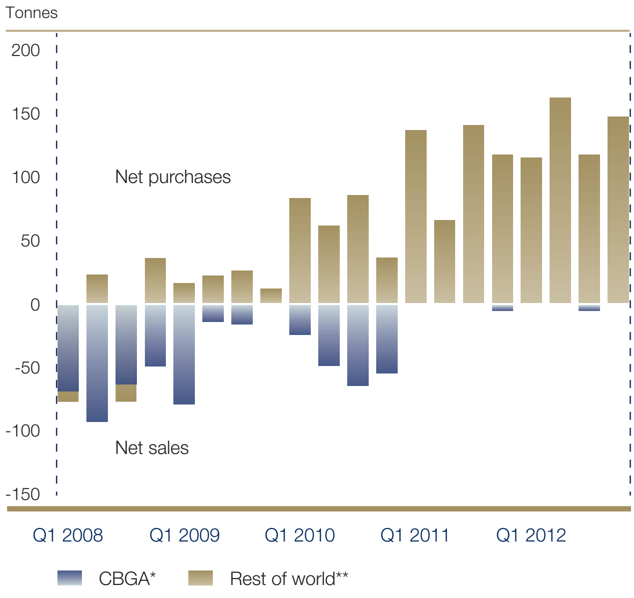
GFMS' data shows that producers' average total cash costs, which exclude the cost of capital investment, continued the upward trend, increasing by 17% for the first nine months of 2012. Cash costs were impacted by lower grades and higher royalty and other indirect tax payments. Since 2005, cash operating cost per ounce has increased by over 270%. ■

Gold versus other reserves



Source: Thomson Reuters GFMS, IMF

Net official sector purchases/sales



* *Signatories to the Central Bank Gold Agreements (CBGA) and IMF (on-market).*

** *All other countries.*

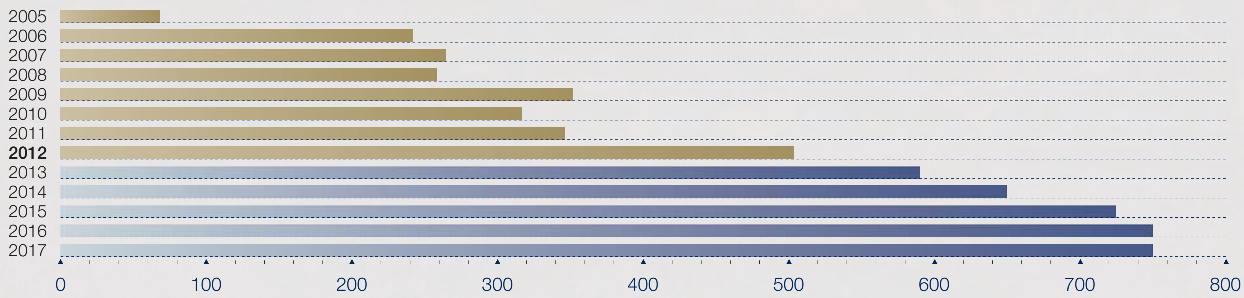
Source: Thomson Reuters GFMS, IMF

Operations, projects and exploration

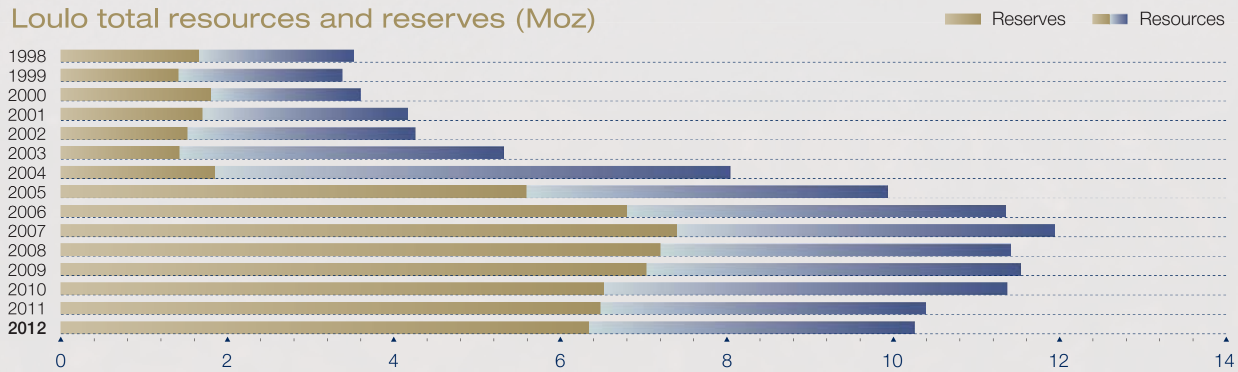
Loulo-Gounkoto gold mine complex

Randgold's flagship operation consists of the Gounkoto open pit mine and the underground mines at Yalea and Gara. The complex is located in the west of Mali, bordering Senegal and adjacent to the Falémé River. It is owned by Randgold (80%) and the State of Mali (20%).

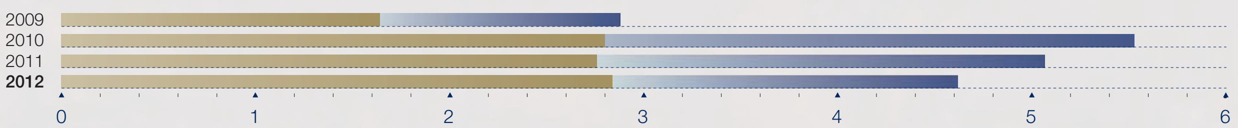
Loulo-Gounkoto complex production and five year forecast (000oz)



Loulo total resources and reserves (Moz)



Gounkoto total resources and reserves (Moz)

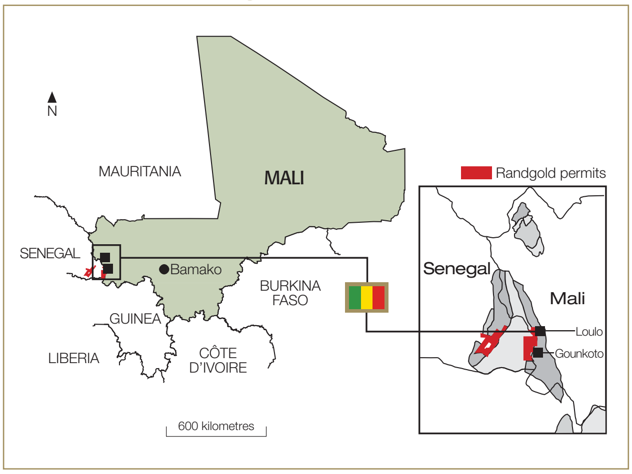


Refer to the notes to the annual resources and reserves declaration on page 72 of this annual report.

LOULO
GOLD MINE

GOUNKOTO
GOLD MINE

Loulo-Gounkoto gold mine complex



Loulo-Gounkoto key results

12 months ended 31 December	2012	2011 (Restated)+
Mining		
Tonnes mined (000)	38 531	40 265
Ore tonnes mined (000)	4 456	4 087
Milling		
Tonnes processed (000)	4 354	3 619
Head grade milled (g/t)	4.0	3.4
Recovery (%)	89.2	88.1
Ounces produced	503 224	346 179
Ounces sold	502 451	347 386
Average price received (US$/oz)	1 657	1 582
Cash operating costs* (US$/oz)	640	696+
Total cash costs* (US$/oz)	738	787+
Gold on hand at period end# (US$000)	11 961	10 096
Profit from mining activity* (US$000)	461 700	276 255+
Gold sales* (US$000)	832 350	549 569

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

* *Refer to explanation of non-GAAP information provided on page 189 of this annual report.*

\# *Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.*

Achieved in 2012

- Gold production of 503 000oz, exceeding target
- Significant ramp-up at both underground operations
- Mining of high grade 'purple patch' at Yalea started
- Loulo underground backfill strategy settled
- Processing plant production ramped up to above 4Mtpa
- LTIFR halved
- Final infrastructure at Gounkoto completed
- Gounkoto dividend payments started
- Preliminary economic assessment of Gounkoto underground completed
- OHSAS 18001 safety accreditation achieved at Loulo
- ISO 14001 environmental accreditation achieved at Gounkoto and recertification at Loulo

Targeted for 2013

- Increase production to 590 000oz
- Achieve underground mining business plan
- Complete Gara underground conveyor installation
- Complete and commission Yalea paste plant
- Upgrade crushing and grinding circuits to eliminate rejects
- Install four additional CIL tanks and increase elution capacity
- Continue exploration for additional pittable mineral resources
- ISO 14001 environmental recertification for Loulo and Gounkoto
- Maintain OHSAS 18001 certification at Loulo and obtain accreditation at Gounkoto

Open pit mining started at Gounkoto in January 2011.

The Loulo-Gounkoto complex lies within the Kedougou-Kenieba inlier of Birimian rocks which hosts a number of major gold deposits in Mali, including Gara, Yalea, Gounkoto, Sadiola, Segala and Tabakoto as well as Massawa and Sabodala across the border in Senegal.

The Loulo permit has been split into two separate permits, with Gounkoto representing the southern portion of the original permit. A separate company, with the same shareholders as Loulo, was created to hold and exploit the Gounkoto deposits.

Triumphing over the substantial challenges presented by its extensive expansion programme over the past few years, Loulo ramped up the development of both its underground mines, taking Yalea to full production and beating its forecast to achieve 503 224 ounces from the complex. At the same time, plant capacity was boosted to over 4Mt of multiple ore types per year. With stoping now underway at Yalea's high-grade 'purple patch' and an optimal mine design and backfill strategy finalised, Loulo is firmly established as a long-life, high-production operation.

Gold sales totalled US$832.4 million for the year and were positively impacted by the increased production and higher gold price received. Total royalties paid to the state amounted to US$49.2 million and cash operating costs totalled US$321.5 million, resulting in profit from mining activities of US$461.7 million. The total cash cost of gold sold was US$738/oz. Capital expenditure incurred amounted to US$237.3 million, spent primarily on the underground development, the plant upgrade (including the third mill), the power plant expansion and the completion of the Gounkoto infrastructure, including the crushing circuit.

The year under review coincided with significant political upheaval in Mali, including the occupation of the northern part of the country by insurgents, but throughout these challenges the team continued to operate the mines without any major disruptions.

Gold production of 503 224 ounces for 2012 was made up of 219 745 ounces from Loulo and 283 479 ounces from Gounkoto, exceeding management's guidance of 500 000 ounces. For the year, 4.46Mt of ore was mined of which 4.35Mt was fed to the mill at a grade of 4.0g/t. This comprised feed sources from Gounkoto (58%), Yalea South pushback (8%), the underground mines (30%) and stockpiles (4%). The remaining tonnes were stockpiled.

With the third mill being commissioned in the first quarter of 2012, the mine took advantage of the opportunity to increase mill throughput and process more of the Gounkoto orebody at slightly lower grades.

For 2013, gold production is targeted at 590 000 ounces with the ore sourced from Gounkoto, the Loulo underground mines and the Yalea South pit in the first quarter. Milling is planned to increase to an annualised rate of approximately 4.4Mt with the ore sourced from underground mining (approximately 55%) and the Gounkoto pit (approximately 45%). Other satellite pits are currently being assessed.

Loulo (standalone) results

12 months ended 31 December	2012	2011 (Restated)+
Mining		
Tonnes mined (000)	**9 825**	18 865
Ore tonnes mined (000)	**1 964**	2 385
Milling		
Tonnes processed (000)	**1 837**	2 670
Head grade milled (g/t)	**4.2**	2.8
Recovery (%)	**88.6**	87.7
Ounces produced	**219 745**	208 424
Ounces sold	**214 739**	209 631
Average price received (US$/oz)	**1 664**	1 532
Cash operating costs* (US$/oz)	**684**	866+
Total cash costs* (US$/oz)	**781**	952+
Gold on hand at period end# (US$000)	**7 212**	10 096
Profit from mining activity* (US$000)	**189 588**	121 708+
Gold sales* (US$000)	**357 224**	321 199

Randgold owns 80% of Loulo with the State of Mali owning 20%. The state's share is not a free carried interest. Randgold has funded the state portion of the investment in Loulo by way of shareholder loans and therefore controls 100% of the cash flows from Loulo until the shareholder loans are repaid. Randgold consolidates 100% of Loulo and shows the non-controlling interest separately.

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

* *Refer to explanation of non-GAAP information provided on page 189 of this annual report.*

\# *Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.*

Loulo gold mine

Mining and production

The underground operations at Loulo are being mined below the existing Yalea and Gara open pits by means of a sub level open stoping method and during 2012 mined 900 113 and 525 223 ore tonnes respectively with the Yalea mine achieving steady state production in excess of 100 000tpm in the second half of the year. During 2013, the ore tonnages from Gara are expected to build up to a steady state of plus 100 000tpm by the third quarter. The direction of all underground mining activity is managed by the local management team who, during the course of the year, have demonstrated a remarkable improvement in overall development rates and tonnes mined as their experience in this area has increased. The development of the mine has been outsourced to a specialised underground mining contractor and the intention is to build the mine's own skills base in order for it to take over all the stoping operations in approximately one year's time. The open pits are mined by separate open pit mining contractors and, consistent with the underground mines, the mining department supplies the direction in terms of strategy, design, planning, geology and grade control.

Mining of the Yalea South pushback pit continued during the year, with first ore being delivered to the plant by mid year and the remaining ore expected to be depleted during the first quarter of 2013. A further pushback is being considered which could be economic at current gold prices and a number of additional satellite pits, including Loulo 3, Gara West and Babota, are also included in the LOM plans.

At the underground mines, both development metres and ore tonnes increased steadily throughout the year, while cemented aggregate fill (CAF) was successfully introduced in the second half of the year as a temporary measure for paste aggregate fill (PAF). CAF is part of the overall redesign of the underground mines and will allow a proportion of the higher grade stopes to be extracted ahead of the commissioning of the paste backfill plants. The new plan also reduces the number of waste development metres over the next five years.

Loulo underground development

Yalea underground

The development rate improved significantly during the year, exceeding an average of 1 000 metres per month for the last six months. The total development increased from 8 592 metres in 2011 to 11 375 metres in 2012, a 32% improvement year on year.

The Yalea decline extended down to the 'purple patch' area and opened an additional level in the high grade area.

Stoping is underway at Yalea's high-grade 'purple patch'.

Loulo mineral resources and reserves

at 31 December	Category	Tonnes (Mt) 2012	Tonnes (Mt) 2011	Grade (g/t) 2012	Grade (g/t) 2011	Gold (Moz) 2012	Gold (Moz) 2011	Attributable gold*** 80% (Moz) 2012	Attributable gold*** 80% (Moz) 2011
Mineral resources*									
■ Stockpiles	Measured	**1.94**	1.98	**1.67**	1.61	**0.10**	0.10	**0.08**	0.08
■ Open pit	Measured	**1.33**	1.23	**3.12**	4.60	**0.13**	0.18	**0.11**	0.15
	Indicated	**4.45**	5.03	**2.85**	3.04	**0.41**	0.49	**0.33**	0.39
	Inferred	**6.16**	5.65	**2.29**	2.23	**0.45**	0.41	**0.36**	0.32
■ Underground	Measured	**3.28**	3.07	**3.92**	4.07	**0.41**	0.40	**0.33**	0.32
	Indicated	**45.22**	47.70	**5.08**	4.84	**7.39**	7.42	**5.91**	5.94
	Inferred	**10.58**	11.88	**3.98**	3.63	**1.35**	1.39	**1.08**	1.11
Total mineral resources	Measured and indicated	**56.22**	59.02	**4.67**	4.53	**8.45**	8.60	**6.76**	6.88
	Inferred	**16.74**	17.53	**3.36**	3.18	**1.81**	1.79	**1.45**	1.44
Mineral reserves**									
■ Stockpiles	Proven	**1.94**	1.98	**1.67**	1.61	**0.10**	0.10	**0.08**	0.08
■ Open pit	Proven	**0.35**	0.85	**4.18**	4.81	**0.05**	0.13	**0.04**	0.11
	Probable	**1.93**	3.07	**2.42**	3.03	**0.15**	0.30	**0.12**	0.24
■ Underground	Probable	**35.75**	35.80	**5.25**	5.16	**6.03**	5.94	**4.83**	4.76
Total mineral reserves	Proven and probable	**39.97**	41.71	**4.93**	4.83	**6.34**	6.48	**5.07**	5.18

* *Open pit mineral resources are the insitu mineral resources falling within the US$1 500/oz pit shell reported at an average cut-off of 0.5g/t. Underground mineral resources are those insitu mineral resources of the Yalea and Gara deposits that fall below the design pits and are reported at a cut-off of 1.95g/t for Yalea and 1.94g/t for Gara. Mineral resources for Gara and Yalea were generated by Mr Abdoulaye Ngom, an officer of the company, under the supervision of Mr Jonathan Kleynhans, an officer of the company and competent persons. Mineral resources for Loulo 3 and Faraba were generated by Mr Ivan Doku, an independent consultant and competent person, under the supervision of Mr Jonathan Kleynhans, an officer of the company and competent person.*

** *Open pit mineral reserves are reported at a gold price of US$1 000/oz and an average cut-off of 1.1g/t and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr Shaun Gillespie, an independent consultant and competent person. Underground mineral reserves are reported at a gold price of US$1 000/oz and a cut-off of 2.70g/t for Yalea underground and 2.55g/t for Gara underground, and include dilution and ore loss factors. Underground mineral reserves were calculated by Mr Mark Odell, an independent consultant and competent person.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 80% interest in Loulo.*

See comments and US disclaimer on page 72 of this annual report.

Horizontal drilling at Yalea, where production improved steadily during 2012.

Overall ore production from Yalea also improved significantly during the year and averaged more than 100 000 tonnes per month over the last six months.

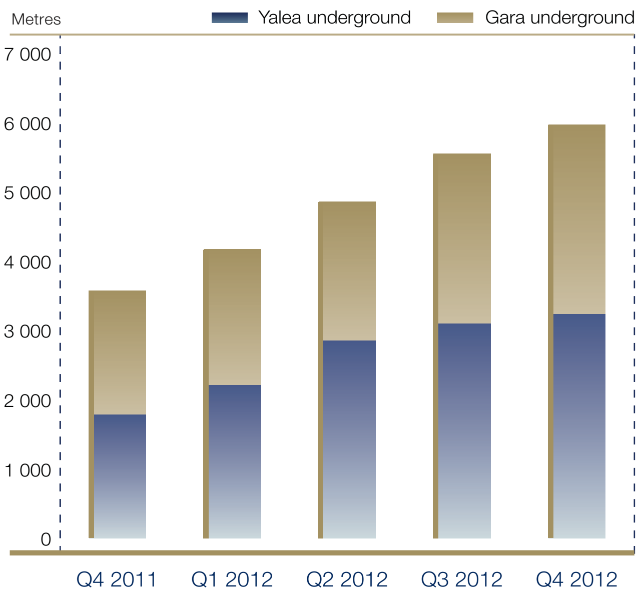
Yalea underground produced 900 113 tonnes of ore at 3.89g/t, an increase of 138% compared to 2011.

The continuous improvement in the development rate achieved during the year created a platform for steady ore production in the second half of 2012 and bodes well for the year ahead.

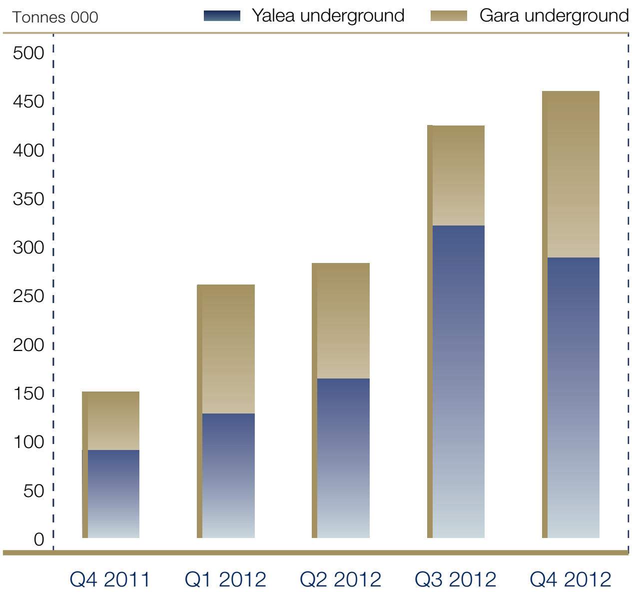
At both Yalea and Gara the new mine design, with multiple spiral ramps, has been finalised together with the associated backfill strategy.

Yalea implemented CAF with the successful completion of the first test stope on 63L Block 3, while preparation for Gara CAF is in progress. The introduction of the uphole emulsion explosives, for the first time, greatly aided both Yalea and Gara in improving their stoping capability.

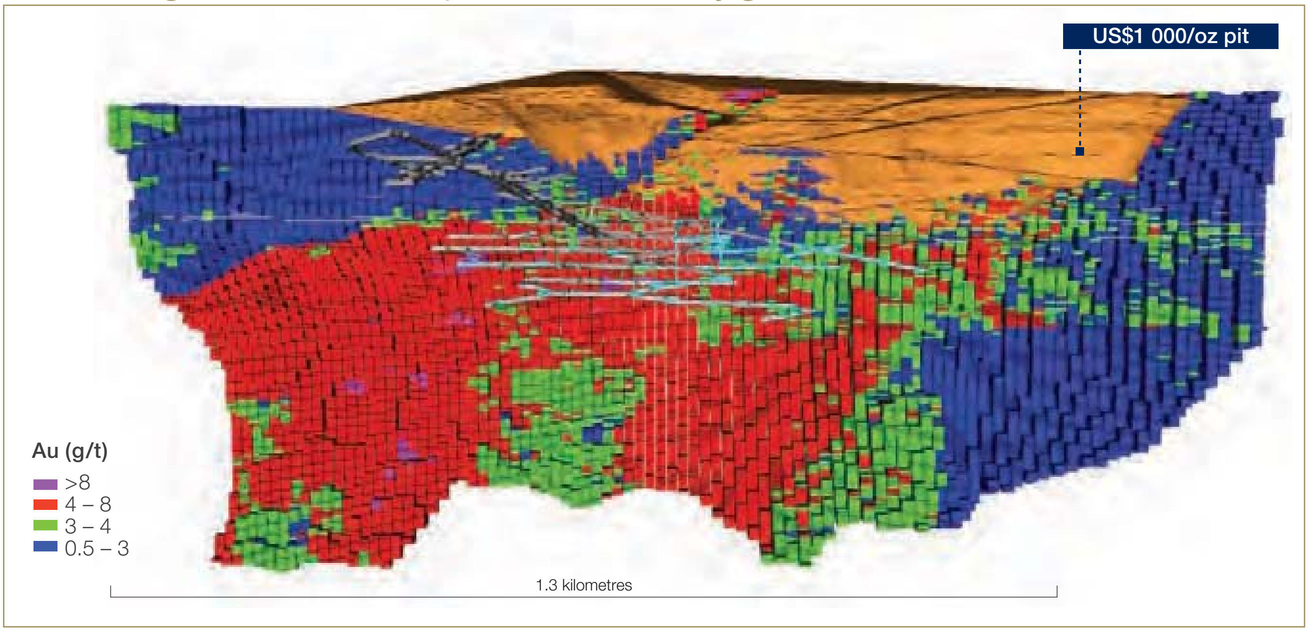
Underground development metres



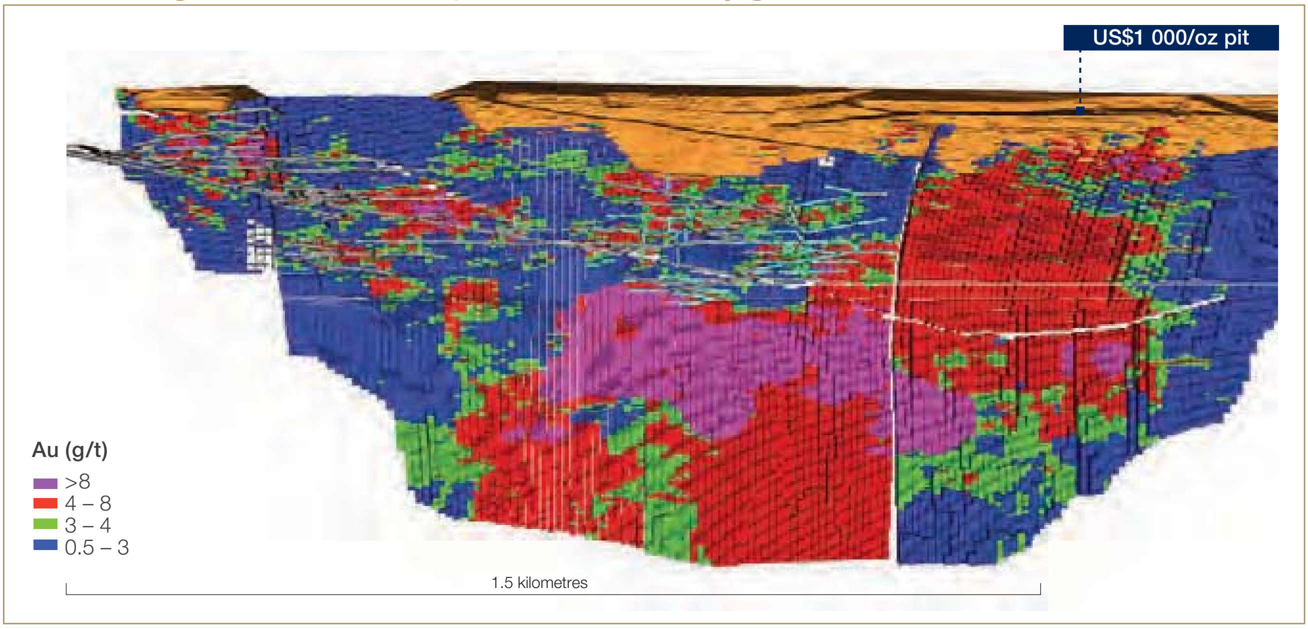
Underground tonnes mined



Gara underground mine development with orebody grade model



Yalea underground mine development with orebody grade model



Gara underground

Here too the development rate increased steadily during the year with a record of 1 046 metres in December 2012. The total development for the year improved significantly from 6 484 metres in 2011 to 9 155 metres in 2012, a 41% increase.

Gara underground continued to build its infrastructure with the development of the conveyor declines as well as the equipping of CV1, CV2 and the surface conveyor.

Production performed steadily during the first half of the year but showed a downturn in July and August due to the congestion of stoping and development on the same production levels, as a result of the re-engineering of the flatter dipping stopes. Stoping showed an improvement during the last quarter of 2012 by achieving record tonnes for the mine to date of 62 609 ore tonnes in December. The ventilation conditions underground have been considerably improved with the completion of the phase two primary ventilation system.

Loulo underground development

at 31 December 2012	Development (metres)	Ore hoisted (tonnes)	Grade (g/t)	Mined (oz)	Total (tonnes)
Yalea					
■ Q1	2 206	127 620	4.24	17 378	282 442
■ Q2	2 845	163 430	3.64	19 120	355 635
■ Q3	3 093	320 983	3.73	38 544	516 009
■ Q4	3 231	288 080	4.06	37 562	495 030
Total 2012	**11 375**	**900 113**	**3.89**	**112 604**	**1 649 116**
Total 2011	8 592	378 722	3.73	45 391	925 358
Total 2010	4 806	647 810	3.69	76 772	875 613
Total 2009	5 788	500 267	4.38	70 395	763 677
Total 2008	3 860	105 411	4.13	13 982	288 298
Total Yalea	**34 421**	**2 532 323**	**3.92**	**319 144**	**4 502 062**
Gara					
■ Q1	1 961	132 340	4.65	19 782	259 656
■ Q2	2 008	119 067	4.34	16 595	262 050
■ Q3	2 454	102 785	5.34	17 645	286 626
■ Q4	2 732	171 031	5.77	31 702	349 853
Total 2012	**9 155**	**525 223**	**5.08**	**85 724**	**1 158 185**
Total 2011	6 484	136 215	5.02	21 984	663 765
Total 2010	1 879	-	-	-	175 701
Total Gara	**17 518**	**661 438**	**5.06**	**107 708**	**1 997 651**

Processing plant and engineering

Processing

During the year, 4.35Mt of ore was milled at a reconciled head grade of 4.0g/t, of which 2.52Mt (57.8%) at 3.9g/t was from Gounkoto and 1.84Mt (42.2%) at 4.2g/t from Loulo. The plant feed material was derived from multiple sources: the Yalea opencast, the Gounkoto pit and the Yalea and Gara underground operations. Gounkoto has entered into a toll treatment agreement with Loulo whereby ore is processed through the Loulo plant. The commissioning of the third mill in the early part of the year increased the annual throughput by 20.3% on the previous year, with an average of 363 000 tonnes milled per month. The overall plant availability was 92.8%, while scats generation was only 5.5%, compared to last year's 12.2%, following the installation of the third mill.

Gold production of 503 224 ounces was positively impacted by the increased throughput, partially offset by lower head grade and lower recoveries caused by the high copper content of the Yalea South ore feed and reduced residence time at the higher throughput rate.

During the year, the processing plant was also upgraded with a new tailings pipeline and commissioning of the lime plant, which had a positive impact on the reduction of lime consumption towards the end of this period.

Looking ahead to 2013, with the planned construction of an additional four Carbon In Leach (CIL) tanks and an additional 10 tonnes per day of oxygen from a Pressure Swing Adsorption (PSA) generation plant to optimise oxygen distribution in the CIL tanks, the mine is anticipating a return to higher recoveries. The planned progressive replacement of the tertiary crushers with higher throughput units is expected to further reduce the production of scats and increase the grinding capacity by some 5%.

Engineering and power generation

The metallurgical plant availability of mills and crusher was 95.1% (2011: 92.1%) and 87.7% (2011: 84.9%) respectively, a steady improvement year on year.

The power plant produced a total of 215GWh of electricity (2011: 150GWh) for the Loulo complex in 2012. This increase followed the ramp up at Gounkoto as well as the increased underground mining and development and the introduction of the third primary mill at the Loulo processing facility. Power plant efficiency improved from 0.236L/kWh in 2011 to 0.234L/kWh during the year. Two additional medium speed generators were commissioned during the first quarter of the year, contributing to this improvement. Consequently, power costs decreased from US$0.27/kWh in 2011 to US$0.26/kWh in 2012. A more significant decrease is anticipated in 2013 when the medium speed generators are converted to run on Heavy Fuel Oil, expected by mid year.

During the year, the maintenance of the underground operations, both fixed and mobile fleet, was successfully taken over by the mine. The mine also introduced a computerised maintenance management system (PRAGMA) in the underground section to ensure integrated maintenance best practice.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Gounkoto gold mine

Mining and production

Mining at Gounkoto started in January 2011, although first ore was only fed to the Loulo plant in June and, as such, 2012 represented the first full year of production from the mine. Total material mined was 28.7Mt compared to 21.4Mt in 2011. Total ore mined was 2.49Mt against 1.70Mt the previous year.

Gounkoto's ore is hauled by road to the Loulo plant by a fleet of 50 tonne tipper trucks with a haulage capacity of approximately 165 000 tonnes per month.

During the year, a total of 2.52Mt of Gounkoto ore was processed through the Loulo plant at an average head grade of 3.9g/t. This compared to 0.95Mt the previous year at 5.1g/t. The drop in grade reflects the natural grade profile of the pit and a decision to mine and process the whole orebody, with only limited selective mining. The grade is expected to increase again as the mining progresses to lower levels.

Gounkoto (standalone) results

12 months ended 31 December	2012	2011
Mining		
Tonnes mined (000)	**28 706**	21 400
Ore tonnes mined (000)	**2 492**	1 702
Milling		
Tonnes processed (000)	**2 518**	949
Head grade milled (g/t)	**3.9**	5.1
Recovery (%)	**89.7**	88.7
Ounces produced	**283 479**	137 755
Ounces sold	**287 712**	137 755
Average price received (US$/oz)	**1 651**	1 658
Cash operating costs* (US$/oz)	**607**	436
Total cash costs* (US$/oz)	**706**	536
Gold on hand at period end# (US$000)	**4 749**	-
Profit from mining activity* (US$000)	**272 112**	154 547
Gold sales* (US$000)	**475 126**	228 370

Randgold owns 80% of Gounkoto with the State of Mali owning 20%. Randgold consolidates 100% of Gounkoto and shows the non-controlling interest separately.

* *Refer to explanation of non-GAAP information provided on page 189 of this annual report.*

Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.

Gounkoto underground project

The viability of an underground project beneath the current pit in the Jog Zone, which has total mineral resources of 6.4Mt at 6.43g/t for 1.32Moz, is currently being investigated.

Drilling during the year has identified this zone as being structurally and geologically complex and additional drilling is required in 2013 to convert the material to the indicated category.

The preliminary mine design consists of a single decline from a portal on the western side of the pit and a central spiral decline.

Ore accesses will be located central to the orebody at 20 metre vertical intervals. Where the orebody is thin, less than 15 metres, ore drives will be single and where the orebody is greater than 15 metres, footwall and hangingwall ore drives will be developed.

A Mining Rock Mass Model (MRMM) has been constructed from the geotechnical logging. This has been used to determine the critical geotechnical parameters such as the Q-rating and Rock Mass Rating to determine first pass estimates for mining methods, stope geometry and ground support.

A combination of three mining methods is likely to be used for underground mining in the Jog Zone:

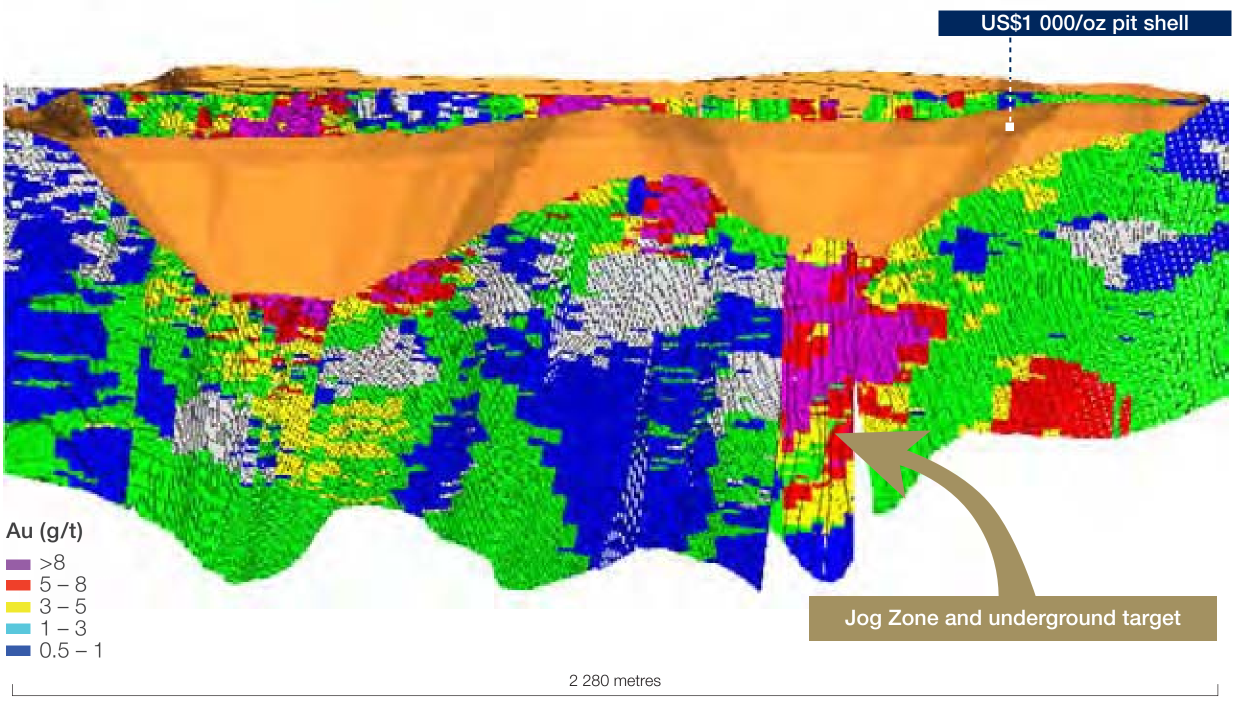
- overhand cut-and-fill
- longitudinal open stoping with backfill
- transverse open stoping with backfill.

Backfill is likely to be a combination of cemented rockfill and cemented aggregate fill. The option of transporting paste material back on the ore haulage trucks, currently running between Gounkoto and Loulo, will also be reviewed in the feasibility stage.

A preliminary schedule has been completed which produces 5.8Mt at 6.42g/t for 1.2Moz over a 13 year period. The schedule envisages an average of 643 000tpa over the first full seven production years and would be a perfect supplement from 2016 when the open pit production is expected to start decreasing.

Loulo-Gounkoto mine complex *(continued)*

Gounkoto pit and orebody grade model



Gounkoto mineral resources and reserves

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable gold*** 80% (Moz)	
at 31 December	Category	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Mineral resources*									
■ Stockpiles	Measured	**0.89**	0.77	**2.13**	2.19	**0.06**	0.05	**0.05**	0.04
■ Open pit	Measured	**1.17**	0.25	**2.28**	4.36	**0.09**	0.04	**0.07**	0.03
	Indicated	**19.84**	18.60	**4.53**	4.97	**2.89**	2.97	**2.31**	2.38
	Measured and indicated	**21.90**	19.62	**4.32**	4.86	**3.04**	3.06	**2.43**	2.45
	Inferred	**2.51**	8.04	**3.14**	2.20	**0.25**	0.57	**0.20**	0.46
■ Underground	Indicated	**4.88**	3.55	**6.95**	6.17	**1.09**	0.71	**0.87**	0.56
	Inferred	**1.52**	6.04	**4.76**	3.77	**0.23**	0.73	**0.19**	0.59
Total mineral resources	Measured	**2.06**	1.02	**2.22**	2.73	**0.15**	0.09	**0.12**	0.07
	Indicated	**24.72**	22.15	**5.01**	5.17	**3.98**	3.68	**3.19**	2.94
	Inferred	**4.03**	14.08	**3.75**	2.87	**0.49**	1.30	**0.39**	1.04
Mineral reserves**									
■ Stockpiles	Proven	**0.89**	0.77	**2.13**	2.19	**0.06**	0.05	**0.05**	0.04
■ Open pit	Proven	**0.91**	-	**2.72**	-	**0.08**	-	**0.06**	-
	Probable	**16.52**	16.19	**4.98**	5.19	**2.64**	2.70	**2.11**	2.16
Total mineral reserves	Proven and probable	**18.32**	16.96	**4.73**	5.06	**2.78**	2.76	**2.23**	2.21

* *Open pit mineral resources are the insitu mineral resources falling within the US$1 500/oz pitshell reported at a 0.5g/t cut-off. Underground mineral resources are those insitu mineral resources below the US$1 500/oz pitshell reported at 2.0g/t cut-off. Mineral resources were generated by Mr Fredrik de Bruin, a consultant and competent person, under the supervision of Mr Jonathan Kleynhans, an officer of the company and competent person.*

** *Open pit mineral reserves are reported at a gold price of US$1 000/oz and 1.27g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr Shaun Gillespie, an independent consultant and competent person.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 80% interest in Gounkoto.*

See comments and US disclaimer on page 72 of this annual report.

Loulo clinic.

Health and safety

Loulo

The mine improved its safety awareness during the year and the Lost Time Injury Frequency Rate (LTIFR) decreased significantly from 2.29 to 1.59.

One million hours Lost Time Injury (LTI) free events were achieved twice during the year. No fatalities were recorded for the second consecutive year.

The safety management system was implemented as per the OHSAS 18001 requirement and certification was recommended during the third quarter of 2012.

Community health treated 10 411 patients while first-aid, evacuation, family planning, HIV counselling and voluntary testing free of charge is ongoing at the staff village dispensary. In addition, a widened immunisation programme was carried out in association with the Mali government's Kenieba health centre.

Gounkoto

One LTI was recorded during the year. The LTIFR decreased significantly from 2.41 in 2011 to 0.38 in 2012. One million hour LTI free events were achieved twice during the year.

In the process of implementing OHSAS 18001, a baseline risk assessment was completed for the entire mine and an OHSAS 18001 certification audit is planned for Q3 2013.

Environment

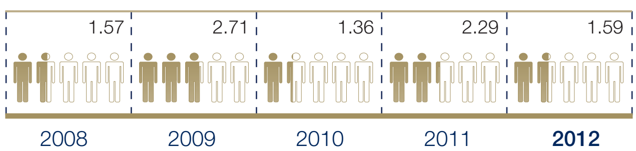
Loulo

The mine retained its environmental management system certification ISO 14001 following the surveillance audit by National Quality Assurance (NQA) in December 2012.

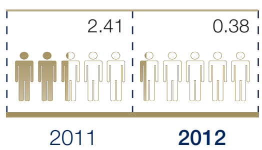
Gounkoto

Gounkoto's Environmental Management Programme (EMP) was implemented as planned. The ISO 14001 stage 1 audit took place during the fourth quarter of 2012 and thereafter a successful certification audit was completed.

Loulo safety (LTIFR)



Gounkoto safety



Left: Agribusiness project at Loulo.
Right: Two additional medium speed generators have been installed at the Loulo plant.

Community

Loulo

Intensive community development activities were undertaken during the year and a number of significant initiatives, explained in more detail in the sustainability report on pages 72 to 112 of this annual report, were completed, including:

- **Potable water supply:** Five new boreholes drilled.
- **Health:** A new clinic was built to improve the employees' and community health care. Hygiene and sanitation committees were established to increase awareness among the local population.
- **Education:** Eight new classrooms were built, among them three financed by Ben&Co (the mine's main fuel supplier).
- **Agriculture:** An ambitious programme to improve agriculture was undertaken which included the donation of five tractors to the community. The mine continued to assist with the development of community vegetable growers to supply the mine's caterer.

Gounkoto

Meetings of the Gounkoto community liaison committee were held on a monthly basis to address all community issues which included youth employment, training, potable water as well as orpaillage activities taking place on the permit of the Gounkoto mine.

The management of the haul road safety and traffic control was transferred to the community associations.

Human resources and industrial relations

Loulo

The Mine Level Agreement (MLA) was reviewed and signed off by the union and management on 14 October 2012.

Gounkoto

Gounkoto management encouraged employees not to wait for the stipulated two years of service and assisted in the organisation of elections for the establishment of a union committee as well as a committee of worker delegates. Elections were held resulting in the appointment of a union committee which is affiliated to SECNAMI and the national union structure (UNTM). Monthly meetings have started and the 'pact with labour' is currently being developed. Mine management has tabled a draft MLA for the new committee to scrutinise and negotiations are due to start shortly. It is hoped that a new agreement will be finalised in the near future.

For more details on health, safety, the environment, manpower and industrial and community relations at Loulo and Gounkoto, refer to the sustainability report on pages 73 to 112 of this annual report.

Exploration

Exploration continues in the satellite deposits of Loulo and Gounkoto, while underground geological drilling is still improving the accuracy of the reserve and converting resources to reserves. Further details can be found in the exploration section on pages 52 to 68 of this annual report.

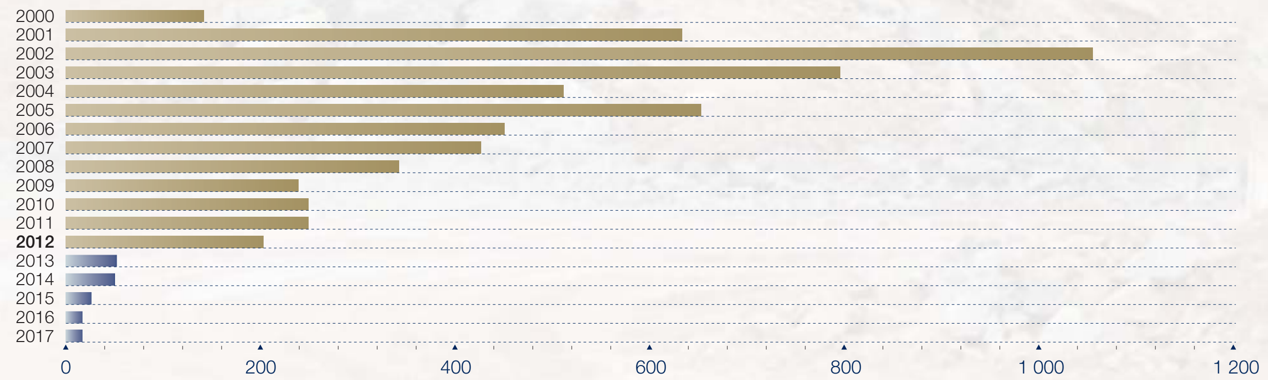
Loulo-Gounkoto manpower

	2012			2011		
at 31 December	Expats	Nationals	Total	Expats	Nationals	Total
Loulo						
Employees	68	532	600	68	453	521
Contractors	209	2 057	2 266	169	2 055	2 224
Total Loulo	277	2 589	2866	237	2 508	2 745
Gounkoto						
Employees	5	48	53	2	10	12
Contractors	21	1 197	1 218	2	1 053	1 055
Total Gounkoto	26	1 245	1 271	4	1 063	1 067
Total Loulo-Gounkoto	303	3 834	4 137	241	3 571	3 812

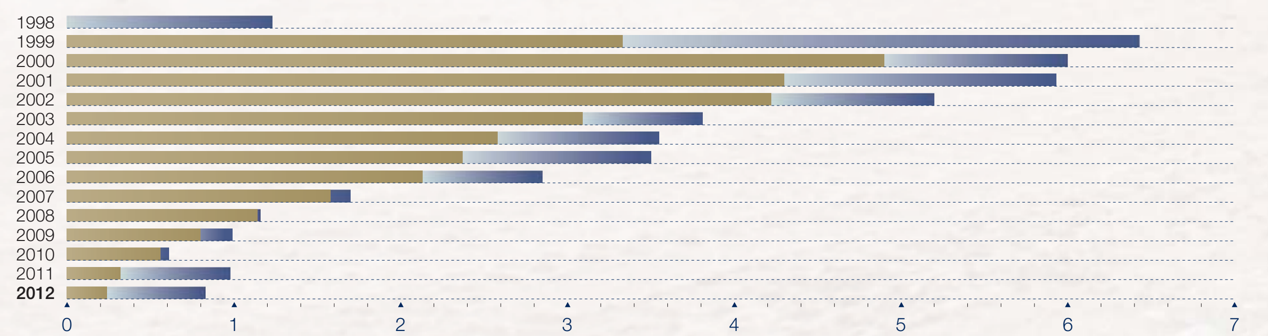
Morila gold mine

The Morila mine is situated some 280 kilometres south-east of Bamako, the capital of Mali. The mine is a joint venture between Randgold (40%), AngloGold Ashanti (40%) and the State of Mali (20%). It is operated by Randgold.

Morila production and five year forecast (000oz)

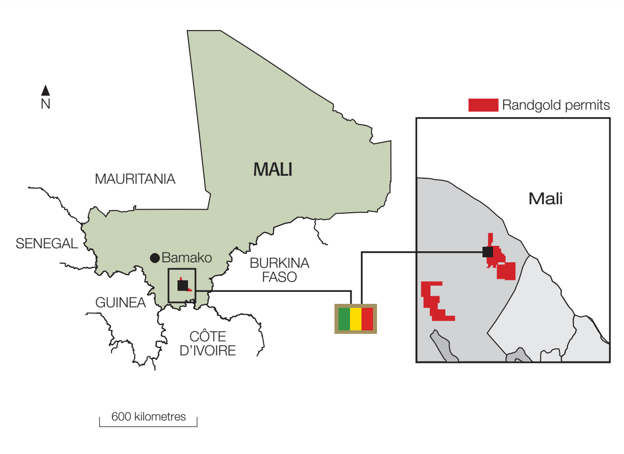


Morila total resources and reserves (Moz)



Refer to the notes to the annual resources and reserves declaration on page 72 of this annual report.

Morila gold mine



Morila key results

12 months ended 31 December	2012	2011
Mining		
Tonnes mined (000)	-	16
Ore tonnes mined (000)	-	16
Milling		
Tonnes processed (000)	4 453	4 549
Head grade milled (g/t)	1.5	1.9
Recovery (%)	91.6	91.0
Ounces produced	202 513	248 635
Ounces sold	202 513	248 635
Average price received (US$/oz)	1 663	1 576
Cash operating costs* (US$/oz)	659	687
Total cash costs* (US$/oz)	759	782
Profit from mining activity* (US$000)	183 035	197 613
Stockpile adjustment# (US$/oz)	130	275
Attributable (40% proportionately consolidated)		
Gold sales (US$000)	134 702	156 771
Ounces produced	81 005	99 454
Ounces sold	81 005	99 454
Profit from mining activity* (US$000)	73 214	79 045

* *Refer to explanation of non-GAAP measures provided on page 189 of this annual report.*

\# *The stockpile adjustment per ounce reflects the charge expensed in respect of stockpile movements during the period divided by the number of ounces sold. Total cash cost per ounce includes non-cash stockpile ajustments.*

Achieved in 2012

- Gold production 23% above target
- Improvement in plant recovery to 91.6% notwithstanding lower grades processed
- Profit from mining activity of US$183 million
- Dividend of US$180 million distributed to shareholders
- Maintained OHSAS 18001 safety certification
- Successful ISO 14001 environmental recertification
- Agribusiness pilot projects implemented
- Pit 4S pushback project approved

Targeted for 2013

- Produce 130 000oz of gold
- Commence Pit 4S pushback
- Advance agribusiness initiative; roll out to the community and establish a cooperative
- Advance TSF retreatment project
- Modify the crusher design and the discharge of the scalping screen in line with the SAG mill stoppage
- Install a new secondary crusher
- Upgrade CIL interstage screens

Morila's LOM is now expected to extend to 2021.

Morila mineral resources and reserves

at 31 December	Category	Tonnes (Mt) 2012	Tonnes (Mt) 2011	Grade (g/t) 2012	Grade (g/t) 2011	Gold (Moz) 2012	Gold (Moz) 2011	Attributable gold*** 40% (Moz) 2012	Attributable gold*** 40% (Moz) 2011
Mineral resources*									
■ Stockpiles	Measured	**3.86**	8.12	**1.14**	1.24	**0.14**	0.32	**0.06**	0.13
	Inferred	**40.97**	44.48	**0.41**	0.46	**0.53**	0.66	**0.21**	0.27
■ Open pit	Indicated	**1.04**	-	**3.11**	-	**0.10**	-	**0.04**	-
	Inferred	**0.36**	-	**3.58**	-	**0.04**	-	**0.02**	-
Total mineral resources	Measured and indicated	**4.90**	8.12	**1.56**	1.24	**0.25**	0.32	**0.10**	0.13
	Inferred	**41.33**	44.48	**0.43**	0.46	**0.58**	0.66	**0.23**	0.27
Mineral reserves**									
■ Stockpiles	Proven	**-**	1.44	**-**	1.71	**-**	0.08	**-**	0.03
	Probable	**3.86**	6.68	**1.14**	1.14	**0.14**	0.24	**0.06**	0.10
■ Open pit	Probable	**1.02**	-	**2.92**	-	**0.10**	-	**0.04**	-
Total mineral reserves	Proven and probable	**4.88**	8.12	**1.51**	1.24	**0.24**	0.32	**0.09**	0.13

* *Open pit mineral resources are those located within US$1 300/oz pit shell at a cut-off equivalent to US$1 500/oz, which is 0.47g/t. Stockpile mineral resources are reported at a US$1 500/oz gold price and reported at a 0.59g/t cut-off. TSF mineral resources are reported at a US$1 500/oz gold price and reported at a 0.34g/t cut-off. Mineral resources were generated by Miss Paula Oligive, an independent consultant, and Mr Adama Kone, an officer of the company, under the supervision of Jonathan Kleynhans, an officer of the company and competent person.*

** *Open pit mineral reserves are those located within US$1 300/oz pit shell at cut-off equivalent to US$1 300/oz, which is 0.60g/t. Stockpile mineral reserves are reported at a US$1 300/oz gold price and reported at a 0.68g/t cut-off. Open pit mineral reserves were calculated by Mr Shaun Gillespie, an independent consultant and competent person.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 40% interest in the Morila gold mine.*

See comments and US disclaimer on page 72 of this annual report.

The Morila mine was discovered, developed and financed by Randgold. It was commissioned in October 2000 and to December 2012 had produced more than 6.2Moz of gold at a total cash cost of US$263/oz. In 2009, the mine was successfully converted from an open pit mine to a stockpile treatment operation. Closure of the operation was originally scheduled for 2013 but, together with the Pit 4S pushback and the tailings treatment projects, processing of the marginal ore and mineralised waste should extend its life to 2021.

Mineral resources and reserves

Mineral resources currently consist of the remaining stockpile material, open pittable material made available through a pushback in the south of the pit planned for 2013 and a portion of the Tailngs Storage Facility (TSF). The current plant tails, which have been running at an average grade of 0.11g/t have diluted the tailings resource over the year and thus the decision was taken to partition the facility to allow the separation of the current plant tailings from the economic resource.

Marginal stockpiles and open pit material are reported in mineral reserves and will form the feed for the mine plan in 2013. TSF material and mineralised waste stockpiles are classified as inferred resources and thus not reported in the reserve due to the dilution noted earlier and the unknown risks associated with the mineralised waste stockpiles.

Operations

Gold production at 202 513 ounces was more than 20% higher than the target set at the start of the year. This outstanding performance was due to the combination of good management, better than forecast head grade at 1.5g/t and a higher recovery rate of 91.6%. Despite the negative impact on throughput by the SAG mill gearbox change-out and the primary crusher repair, the mine still exceeded all its targets.

Gold sales for the year of US$336.8 million were down on the prior year but ahead of guidance, in line with the drop in grade and lower production. Profit from mining activity was US$183.0 million, a small reduction from the prior year, reflecting the lower cost of production of US$759/oz, notwithstanding an increase in royalties paid to the state. This enabled Morila to pay a dividend of US$180.0 million to shareholders during the year.

Rehandling

In April 2009, Morila's management successfully converted the mine from an open pit operation to a stockpile treatment facility. Mining and Rehandling Services (MARS), a subsidiary of DTP Terrassement SA (DTP), is conducting the rehandling activities using two excavators (a CAT 5130 and Liebherr 994), two front-end loaders and seven haul trucks (CAT 777).

Processing, plant and engineering

Processing

In 2012, the throughput rate increased to 590tph from 576tph in 2011. During the year, the SAG mill gearbox was changed out several times which led the mine to change the configuration to only operate with the ball mill from mid-2013. The crushing plant will be upgraded to a three-stage crushing operation. As part of the oxygen system upgrade, a new oxygen unit is due to be installed in mid-2013 which is expected to continuously improve the recovery rate and provide a saving in cyanide consumption.

Engineering and power generation

Engineering availability of 93.1% was 1% lower than 2011, primarily due to the downtime associated with the SAG mill gearbox refurbishment in June, July and August. The mine also experienced several failures of the primary crusher's inner and eccentric bushing in September and October. Refurbishment of the secondary crushers was completed by replacing the main shafts and top shell assemblies. The new HDPE piping has been received and 1 000 metres have been installed to complete the ring main line for the new section of the TSF. Deposition of tailings has started at a new designated area to reduce TSF dilution. The civil work and the shed metal structure manufacturing in respect of the new 10tpd oxygen plant have been completed. Planned maintenance using the PRAGMA system helped to enhance the maintenance programme.

The mine generates its own power through a diesel electrical generating station equipped with five Allen 5000 engines (6MW each). Four are producing power and one is on maintenance and standby. 2012 consumption at 139.6GWh was in line with 2011 (138.4GWh). Power cost for the year was US$0.284/kWh compared to US$0.28/kWh for 2011.

Pit 4S pushback project

During 2012, the Morila team completed work on the Pit 4S pushback project. Eight RC holes drilled on the south-western wall confirmed the extension of the orezone beneath the wall and allowed the updating of the resource model. An in-pit dumping strategy reduces the operating mining costs. This is achieved by initially utilising the existing eastern haul ramp to dump the waste into the northern portion of the pit. In the later months of the strip, the waste is hauled and dumped on the western side of the pit over the previous in-pit dumped material. This has reduced the haul profile for the preproduction strip. The mining schedule includes a total of 24.4Mt of waste material and this includes 1.36Mt of ore at an estimated grade of 2.9g/t, to recover 116 000 ounces of gold, assuming a 91% plant recovery. Mining is expected to take place over a 24-month period from April 2013 to March 2015 and the summarised details of the feasibility study, approved of by the board, are shown on the next page.

Pit 4S summarised feasibility results

The US$1 300/oz pit optimisation study applied to the Pit 4S area delivered the following results:

- 1.36Mt of ore at 2.92g/t
- 24.4Mt of waste
- 17.9:1 stripping ratio
- 116 000 ounces recovered
- Cash flow before tax of US$55 million at US$1 500/oz
- Employment sustained for 345 employees.

TSF project

During 2011, plant tails at 0.11g/t were continually diluting the TSF material which stood at 0.46g/t. Consequently, a separate paddock to prevent further dilution was completed in September 2012 and the material beneath the low grade tails paddock was deducted from the rest of the TSF material. This decreased the total available material from 42Mt at 0.45g/t (in 2011) to 39Mt at 0.39g/t (in 2012). Further drilling and reagent consumption testwork was also carried out during the year.

Health and safety

With regard to employees' medical surveillance, National Social Security Structure (INPS) annual medical visits recorded an improving attendance of 95% compared to 91% in 2011.

The malaria incidence rate has increased over that of 2011 (31.31% vs 20.89%). Consequently, mine and community sprayers refresher training was undertaken by the mine as part of the entomological survey recommendations and two rounds of malaria spraying were conducted.

During 2012, Morila had one LTI and consequently the year to date LTIFR was 0.52 compared to 0.00 in 2011. The mine maintained its OHSAS 18001 safety certification.

Environment

The mine's environmental management system has successfully completed its ISO 14001 recertification.

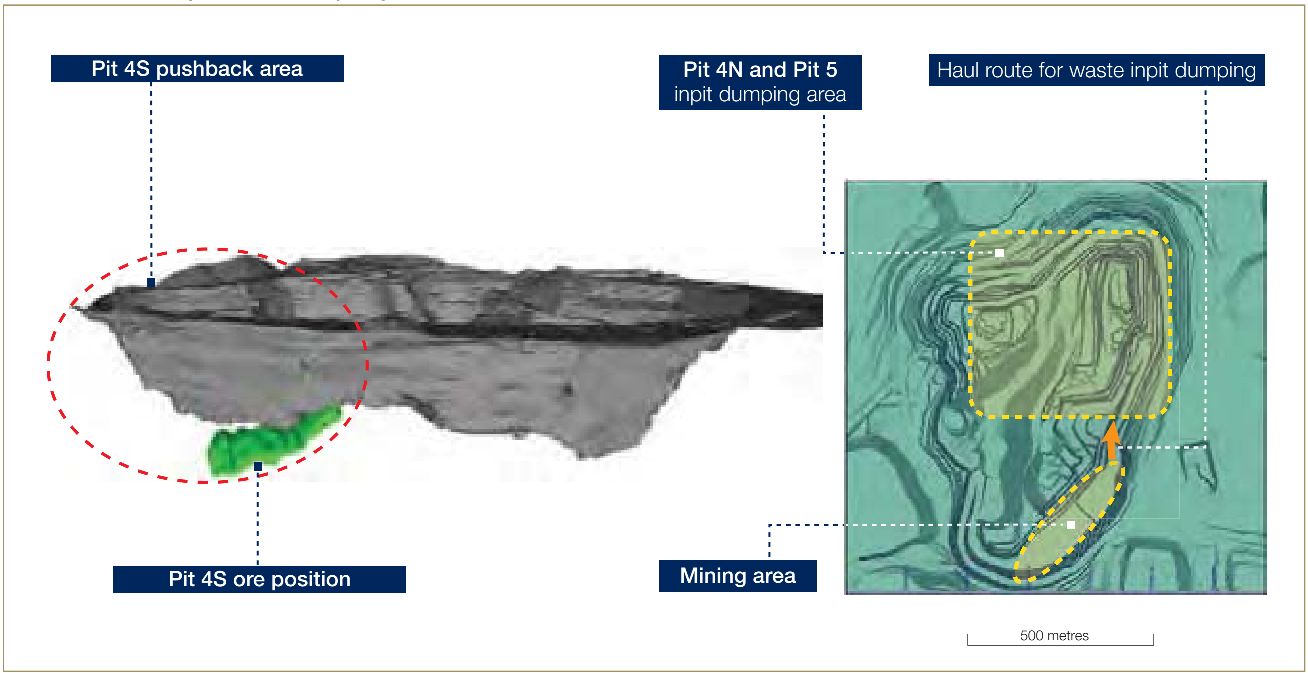
The finding of the conformity assessment of the site is that the Morila environmental management system (EMS) is being implemented effectively and there is clear and extensive demonstration of activities for the prevention of pollution, identification and implementation of actions and activities directed to continual improvement.

Community

The mine implemented a scrapped assets fund, the benefits of which have been donated to the local development committee enabling them to purchase their fourth tractor which was given to the village of Fingola.

During the year many social and professional associations such as the fish farmers, the cattle fattening, the poultry farmers and the gardening associations of Sanso and Domba, along with the rice producing cooperatives of Morila and Fingola, received training in association with the following NGOs: ACOD, Win Rock International and Swiss Contact.

Morila Pit 4S pushback project



Human resources and industrial relations

During the year the social climate was sound with no industrial action recorded. Several training and employee capacity building activities took place.

The total manpower recorded at the end of the year was 832 including 417 contractors supplying services to the mine. The growth in manpower year on year relates primarily to the agribusiness projects highlighted below.

For more details on health and safety, the environment, manpower and industrial and community relations at Morila, refer to the sustainability report on pages 73 to 112 of this annual report.

Agribusiness

Morila continues to develop a commercial agribusiness strategy to utilise the mine's infrastructure and provide sustainable economic activity for after the mine closes. The recruitment of a professional farm manager boosted the pilot projects which are being transformed, initially, into four core commercial scale entities.

New installations for poultry farming are planned to include a rearing shed (18 000 chicks per year), a 10 000 unit layer battery component, a 300 tonne bulk storage facility and a bulk feed mix manufacturing plant. Community outgrowers have been identified together with detailed infrastructure construction plans, financial operating models and sponsors.

Work on the Tilapia Fish project to renovate the old ponds, construct new ponds, achieve a monthly stocking and harvesting cycle and introduce a new, high producing *Tilapia Niloticus* species is ongoing.

The mango project is progressing and the on-site orchard has been expanded to accommodate 4 000 trees on 8.6 hectares. In addition, a new microspray irrigation system aimed at achieving higher yields has been installed. Mango production will be increased through supply from community growers and investigation into extension of the harvest season through the development of various alternative products such as atchar, dried mango and juice is continuing.

Morila beekeeping pilot project.

As part of the honey project, Kenyan beehives will be supplied to the community to increase the outgrower base to 600 beekeepers with 6 000 hives. Manufacture of additional longstroth hives to produce export quality honey is also planned as one of the agribusiness core components.

Value adding projects will be coupled with all core projects once these are in full production.

The microfinance project, CAMIDE, sponsored 11 projects for former employees in various domains during the year.

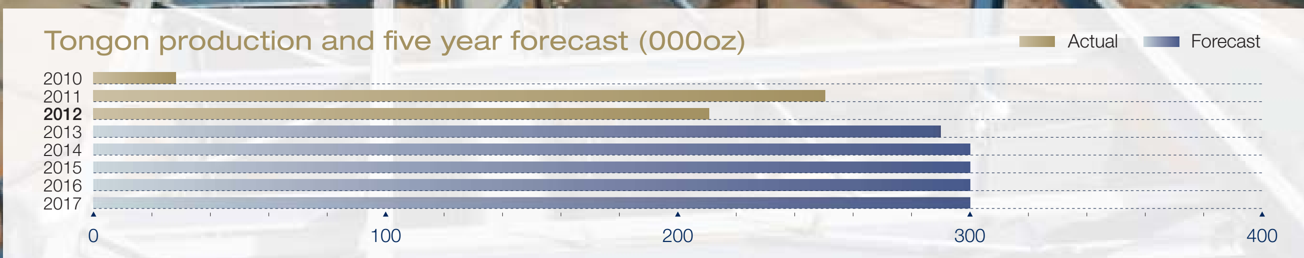
Morila manpower

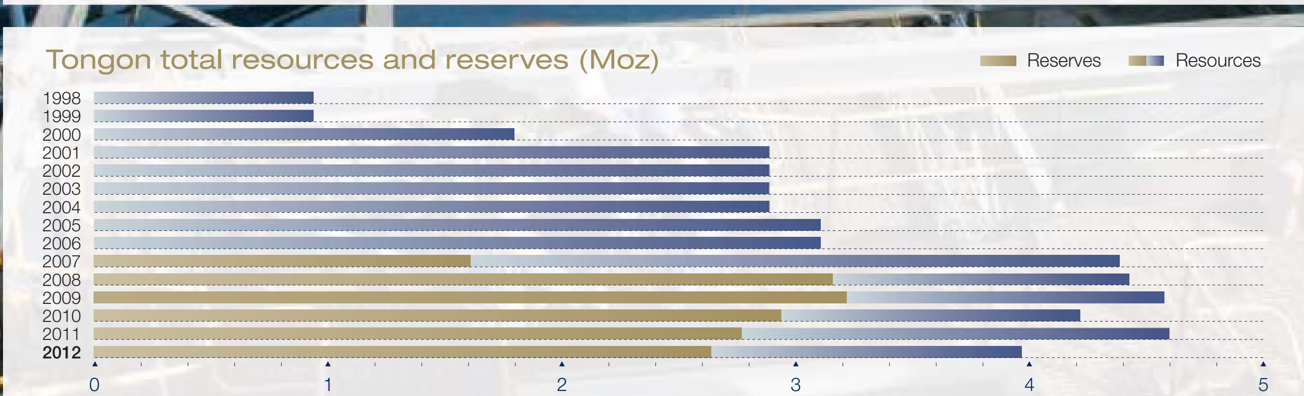
	2012			2011		
at 31 December	Expats	Nationals	Total	Expats	Nationals	Total
Employees	9	406	415	13	311	324
Contractors	6	411	417	7	358	365
Total	15	817	832	20	669	689

Morila safety (LTIFR)

Tongon gold mine

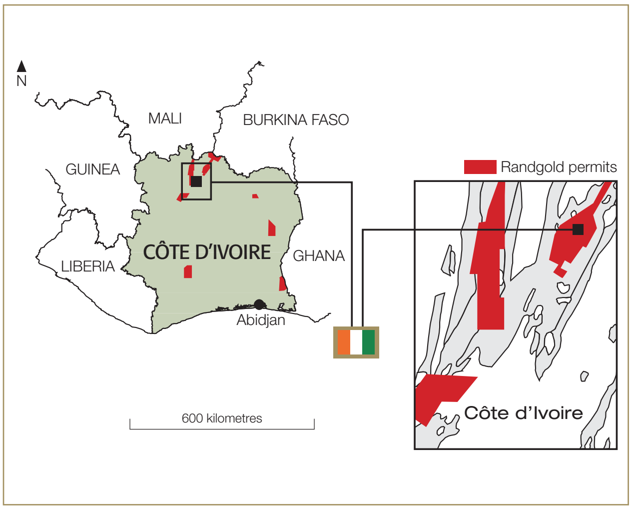
Tongon mine is located within the Nielle exploration permit in the north of Côte d'Ivoire, 55 kilometres south of the border with Mali. Tongon SA is owned by an Ivorian company, Société des Mines de Tongon SA, in which Randgold has an 89% interest, the State of Côte d'Ivoire 10% and 1% is held by a local company.





Refer to the notes to the annual resources and reserves declaration on page 72 of this annual report.

Tongon gold mine



Tongon key results

12 months ended 31 December	2012	2011
Mining		
Tonnes mined (000)	**20 380**	17 353
Ore tonnes mined (000)	**4 592**	3 469
Milling		
Tonnes processed (000)	**3 432**	2 963
Head grade milled (g/t)	**2.5**	2.9
Recovery (%)	**77.4**	91.2
Ounces produced	**210 615**	250 390
Ounces sold	**210 396**	271 922
Average price received (US$/oz)	**1 672**	1 563
Cash operating costs* (US$/oz)	**722**	510
Total cash costs* (US$/oz)	**772**	557
Gold on hand at period end# (US$000)	**3 268**	2 749
Profit from mining activity* (US$000)	**189 313**	273 686
Gold sales* (US$000)	**351 805**	425 060

Randgold owns 89% of Tongon with the State of Côte d'Ivoire and outside shareholders owning 10% and 1% respectively. Randgold has funded all the investments in Tongon by way of shareholder loans and therefore controls 100% of the cash flows from Tongon until the shareholder loans are repaid. Randgold consolidates 100% of Tongon and shows the non-controlling interest separately.

* *Refer to explanation of non-GAAP measures provided on page 189 of this annual report.*

\# *Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period*

Achieved in 2012

- Milled tonnes increased by 16%
- Successfully mined through transition ore into hard rock sulphide ore; ramped up mining output
- Upgraded the standby power supply
- Upgraded oxygen supply system ensuring adequate delivery to the cyanidation circuits
- Commissioned SAP supply chain and warehouse system
- 695 days without a LTI; 9 564 000 LTI free hours
- No major environmental incidents
- Continued significant decrease in malaria cases
- Achieved ISO 14001 environmental accreditation
- MLA concluded
- Pre-audits of OHSAS 18001 safety certification completed

Targeted for 2013

- Produce 280 000oz of gold
- Reduce total cash cost per ounce
- Ramp up mill tonnage to 4.2Mt
- Achieve OHSAS 18001 safety accreditation
- Implement biodiversity and land management plan
- Install and upgrade key processes; improve mill throughput and recovery
  - Install additional residence time in concentrate cyanidation treatment circuit
  - Upgrade crushing circuit to increase mill throughput
  - Install two Knelson gravity concentrators and intensive cyanidation circuit to enhance recovery
  - Upgrade mill discharge pumps and pipes to achieve a higher throughput
  - Continue process plant optimisation and training of personnel

Blast preparation at Tongon's South Zone.

Tongon is an open pit mining operation which employs the four standard mining practices of drill, blast, load and haul. Mining started in April 2010 and Tongon has planned a ten year LOM. It has two main pits, South Zone (SZ) and the smaller North Zone (NZ), both of which have potential for more reserves.

Tongon had a difficult year in 2012, producing 210 615 ounces, substantially below its target. The mine was plagued by a series of operational challenges, starting with underperformance in the mining of the pit as it struggled to manage the transition from softer oxide material to fresh rock. This was compounded by frequent power outages in the grid supply which caused

Tongon mineral resources and reserves

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable gold*** 89% (Moz)	
at 31 December	Category	2012	2011	2012	2011	2012	2011	2012	2011
Mineral resources*									
■ Stockpiles	Measured	**2.52**	0.89	**1.44**	1.68	**0.12**	0.05	**0.10**	0.04
■ Open pits	Indicated	**32.35**	35.54	**2.72**	2.69	**2.83**	3.07	**2.52**	2.74
	Inferred	**2.99**	12.03	**2.50**	2.64	**0.24**	1.02	**0.21**	0.91
■ Underground	Indicated	**0.46**	-	**2.59**	-	**0.04**	-	**0.03**	-
	Inferred	**7.07**	5.25	**2.78**	2.73	**0.63**	0.46	**0.56**	0.41
Total mineral resources	Measured and indicated	**35.34**	36.43	**2.63**	2.67	**2.99**	3.12	**2.66**	2.78
	Inferred	**10.06**	17.28	**2.69**	2.67	**0.87**	1.48	**0.78**	1.32
Mineral reserves**									
■ Stockpiles	Proven	**2.52**	0.89	**1.44**	1.68	**0.12**	0.05	**0.10**	0.04
■ Open pits	Probable	**31.28**	32.21	**2.51**	2.63	**2.53**	2.72	**2.25**	2.42
Total mineral reserves	Proven and probable	**33.79**	33.10	**2.43**	2.60	**2.64**	2.77	**2.35**	2.46

* *Open pit mineral resources are the insitu mineral resources falling within the US$1 500/oz pit shell reported at a 0.5g/t cut-off. Underground mineral resources are those insitu mineral resources below the NZ US$1 500/oz pit shell reported at a 2.0g/t cut-off. Mineral resources were generated by Mr Babacar Diouf and Mr Mamadou Ly, both officers of the company, and supervised by Mr Jonathan Kleynhans, an officer of the company and competent person.*

** *Open pit mineral reserves are reported at a gold price of US$1 000/oz and 1.39g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr Shaun Gillespie, an independent consultant and competent person.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 89% interest in the Tongon gold mine.*

See comments and US disclaimer on page 72 of this annual report.

disruptive plant stoppages and process upsets, as well as lower than planned recoveries. The situation was exacerbated by a fire in the milling circuits at the end of the year. The plant was restored to full production by the end of January 2013 and the power and recovery problems are being addressed.

Gold sales amounted to US$351.8 million and total cash cost per ounce was US$772/oz, resulting in a profit from mining activity of US$189.3 million. Capital expenditure for the year totalled US$33.4 million, which was principally on metallurgical and power plant engineering.

Mineral resources and reserves

Additional drilling was completed on the SZ orebody this year, consisting of diamond drilling to convert inferred mineral resources to indicated and grade control drilling within the mined areas. Both confirmed the current geological model and, while the diamond drilling converted inferred material to indicated category, it did not replace the depletion of mineral resources due to mining depletion and smaller resource shell pits as a result of the higher processing costs and lower recoveries.

The conversion of inferred resources to indicated did allow for the partial replenishment of open pittable reserves after mining depletion. The potential exists to gain further reserve ounces if the LOM recovery and processing costs can be improved.

Mining and production

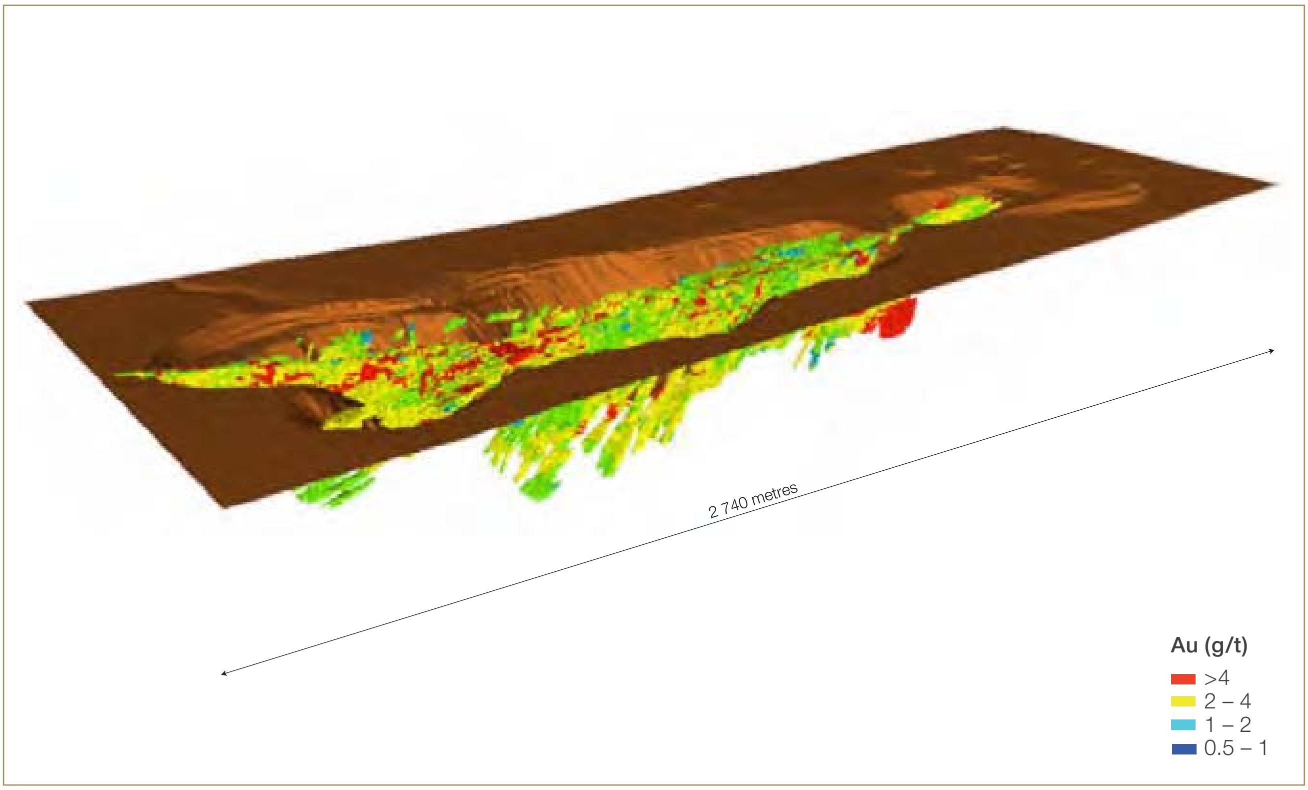
During the year, mining took place in SZ where development was based mostly on hard ore mining to supply the plant as per the 2012 schedule. Activities and strategies for 2013 will focus on the SZ development and the LOM schedule is broadly as follows:

- Mining in SZ which started in 2010 will continue to 2016 to the final pit bottom.
- The NZ, which started in 2011, will only be developed in 2014 in the form of waste stripping with ore mining continuing from 2015 to 2019.
- SZ and NZ satellite pits have been introduced into the plan and will be mined from 2019 to 2021.

Total material mined in 2012 was 8.18kbcm and 4.59Mt of ore was mined at a grade of 2.4g/t.

As noted earlier, SZ mining activity was essentially hard rock mining (ore and waste) with an oxide/saprolite cutback on the hanging wall in the third quarter. Production during the first and second quarters was affected by industrial action and community issues as well as the non-availability of production rigs to sustain the mining plan in hard rock. Mining production improved in the third quarter and into the fourth quarter. The rainy season action plan proved effective allowing mining to continue unhindered during the rainy season with the cost per bcm mined decreasing in the same period.

Grade model of Tongon South Zone orebody



Ground water and surface water management was well controlled during the year and will be upgraded as mining deepens. Dewatering forms an integral part of the mining strategy in Tongon due to the pit lying in the catchment area of an old river system. Mining schedules and plans have been developed with a view to having in-pit sumps to allow mining to take place in dry ground while the water is pumped from the sumps.

Processing plant and engineering

Processing

The plant treated 3.43Mt of transitional and fresh ore in 2012 compared to 2.96Mt in 2011. The mill availability at 80.0% was below plan due mainly to grid power outages and associated unplanned maintenance issues, which also contributed to the shortfall in tonnage throughput. A fire in December 2012, which destroyed both the mill cyclone clusters and the flash flotation circuit, also negatively impacted operations.

Gold production for the year was 26% below target at 210 615 ounces, largely due to an abnormal number of process upsets associated with frequent grid power interruptions, breakdown of the oxygen plant in the first quarter, insufficient oxygen capacity for leach requirements in the first half of the year and poor performance of the flash float concentrate leaching circuit during the period. An additional 10 tonne oxygen plant was installed in the second half of the year. The flash float concentrate recovery has prompted the mine to add two additional pump cells aimed at improving residence time in the pump cell circuit. In addition, two Knelson Gravity Concentrators and an Intensive Leaching Reactor (ILR) with associated electrowinning cells will be added during 2013 to further improve improve overall recovery.

Engineering and power generation

Overall mill availability showed an improvement on 2011 but was still short of targeted levels. An upward trend was achieved from the beginning of the year starting with 77.1% for the first quarter, 79.4% for the second quarter and 85.3% for the third quarter, although the fourth quarter was adversely affected by the fire. Continued engineering improvements and uplifting of national workforce skills contributed positively to the overall mechanical availability through the year.

High level interaction with the state electricity supply utility (CIE) by Tongon management brought about power strategy changes which have contributed positively towards reducing the frequency and duration of grid power outages towards the end of the year.

In the power plant, overall mechanical and electrical availability achieved for 2012 was 95%. Utilisation of diesel powered generation decreased from 92% in 2011 to 21% in 2012, with the balance of the mine's power demand being supplied from the national power grid which has been the primary source of electrical power supply to the mine since its connection on 10 December 2011.

Five additional diesel powered generators were installed and successfully commissioned by the end of the year. This increased the backup installed capacity to 25.5MW and provided for better operational stability, although at a higher power cost, while the grid supply and stability issues are being addressed. Power consumption for the year was 154.8GWh at a cost of US$0.19/kWh compared to 104.4GWh at US$0.30/kWh in 2011.

Health and safety

The mine continued to focus on the safety and health of the total workforce. Management's efforts in this regard enabled it to achieve 695 days without an LTI, equivalent to 9 564 000 LTI free hours. The LTIFR increased, however, from 0.19 in 2011 to 0.22 in 2012.

After achieving its ISO 14001 environmental accreditation in the third quarter, the mine stepped up its efforts to achieve its safety OHSAS 18001 accreditation which is now targeted for the second quarter of 2013. The first pre-audit phase of the safety accreditation was conducted in the fourth quarter of 2012. Recommendations made by the committee are being implemented and shortfalls addressed.

The number of malaria cases decreased by 35% year on year. A major malaria control programme was implemented as per the recommendations of Tongon's contracted entomologist.

Environment

Sound environmental management is important at Tongon, demonstrated by the successful ISO 14001 certification during the year. In addition, with a prolonged dry season in the region, there was a focus on water efficiency resulting in Tongon improving raw water abstraction efficiency to 0.07m^3/t milled from 0.94m^3/t.

Human resources and industrial relations

The operational labour complement for Tongon comprises 493 employees, excluding casual and temporary labour and contractors. Of the total manpower, 94% are Ivorians.

All recruitment is based on the strategy of sourcing skills and experience primarily from the local villages, then regionally from northern Côte d'Ivoire, followed by Côte d'Ivoire as a whole and only after that from the African and international labour market. Recruitment from the local villages is spread according to agreed percentages depending on the distance from the mine site. To date, 76% of the operational labour has been recruited from local villages. This same recruitment policy has also been applied to all operational contractors.

On the industrial relations front, the emphasis was on improving communication with the workforce through weekly and monthly meetings, visits to labour authorities to improve relationships and various training initiatives on topics such as labour law and company practice. The highlight of the year was the signing

Exploration geologists at work near the Tongon mine.

of the Mine Level Agreement (MLA) with the union. This initiative, which is core to Randgold's partnership philosophy, has resulted in a material improvement in both industrial and community relations within and around the mine.

For more details on health and safety, the environment, manpower and industrial and community relations at Tongon, refer to the sustainability report on pages 73 to 112 of this annual report.

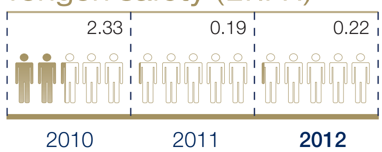
Exploration

Models of the near-mine targets on the Nielle permit were reviewed and handed over to the mine's mineral resources team. Reconnaissance drilling was initiated on several brownfield targets, following encouraging results, while greenfields programmes, beyond the 15 kilometre radius, continued during the year. For more information, see the exploration review on pages 52 to 68 of this annual report.

Tongon manpower

	2012			2011		
at 31 Dec	**Expats**	**Nationals**	**Total**	Expats	Nationals	Total
Employees	**54**	**439**	**493**	28	382	410
Contractors	**56**	**1 168**	**1 224**	47	1 108	1 155
Total	**110**	**1 607**	**1 717**	75	1 490	1 565

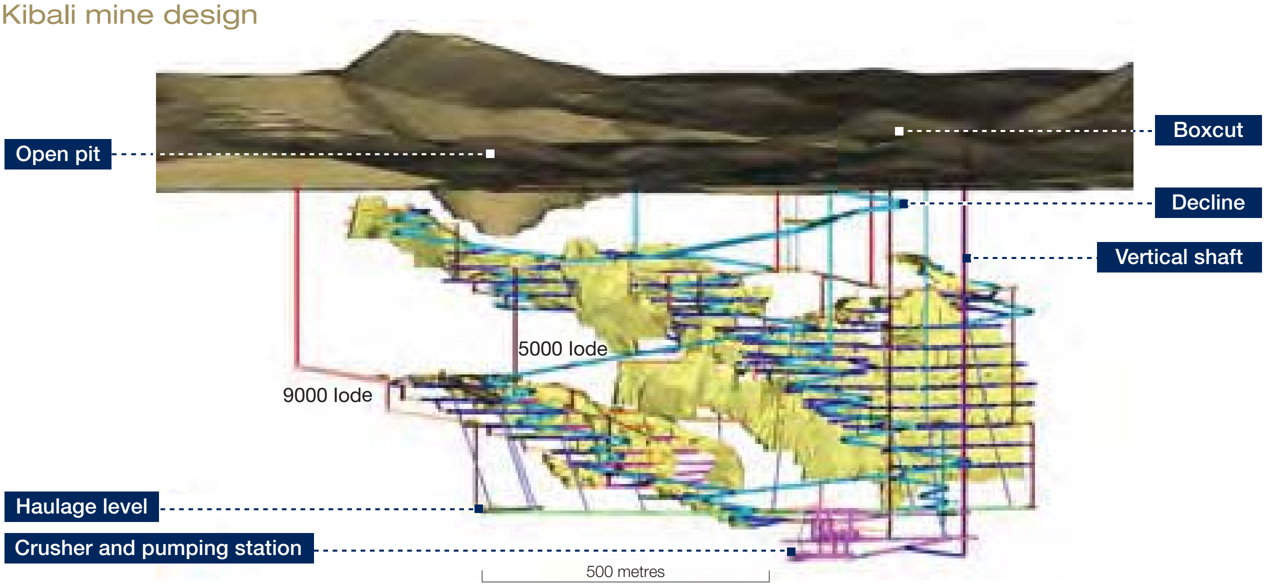
Tongon safety (LTIFR)



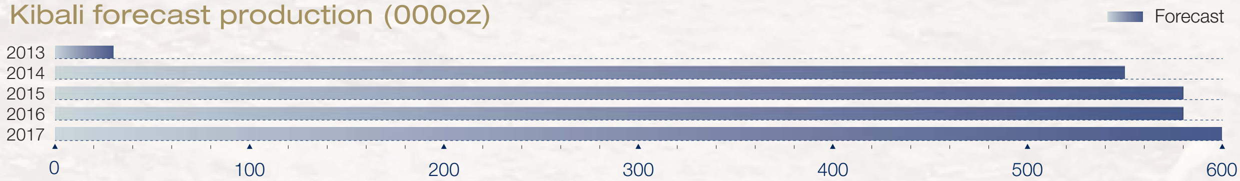
Kibali mine development project

Kibali is a joint venture between Randgold (45%), AngloGold Ashanti (45%) and Société Minière de Kilo-Moto (SOKIMO) (10%). The project is being developed and will be operated by Randgold.

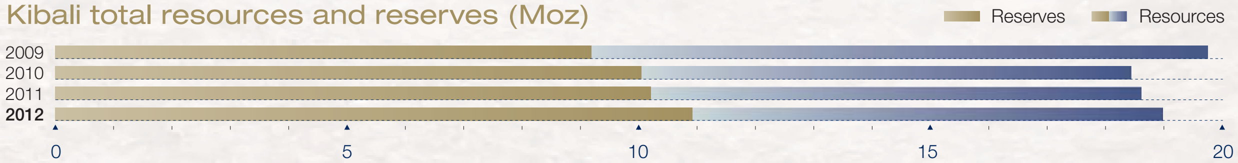
Kibali mine design



Kibali forecast production (000oz)

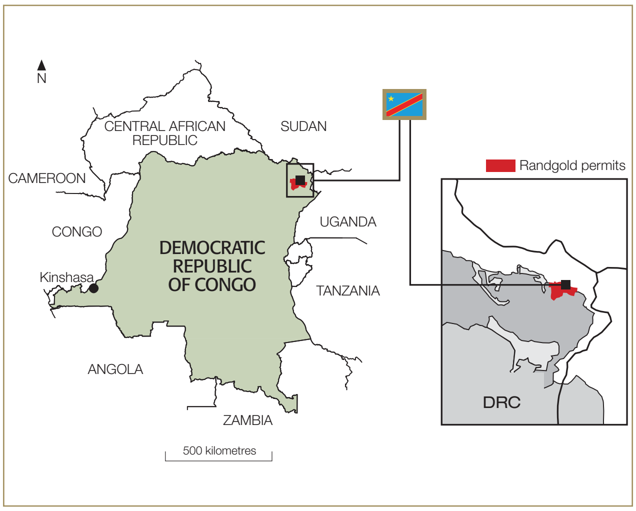


Kibali total resources and reserves (Moz)



Refer to the notes to the annual resources and reserves declaration on page 72 of this annual report.

Kibali gold mine development



Vertical shaft construction at Kibali.

Achieved in 2012

- 10 of 14 villages successfully relocated
- By year end, delivered 45 houses a week for occupation
- Plant and infrastructure construction well advanced and on schedule
- Open pit mining underway; first ore delivered to ROM pad
- Grade control of main KCD pit advanced
- Mills installed ahead of schedule
- Contract for vertical shaft sinking awarded; contractor mobilised to site
- Vertical shaft terrace completed; ready for sinking contractor
- Contract for decline shaft awarded; twin headings started
- Completed Nzoro 1 hydrostation rehabilitation
- Nzoro 2 design finalised; construction underway
- Construction camp increased to 1 200 beds
- Congolese suppliers increased to 12
- Mining owners team established; initiated metallurgical operational readiness
- Significant improvement in safety; LTIFR reduced by 71%

Targeted for 2013

- Pour first gold in Q4 2013
- Commission oxide stream of metallurgical plant
- Substantially complete construction of sulphide stream
- Start sinking of vertical shaft
- Advance underground declines
- Transition from construction to operating mine
- Complete RAP
- Start construction of remaining three hydrostations
- Reduce LTIFR rate further

Mill construction at Kibali.

The Kibali project comprises 10 permits covering an area of approximately 1 836km[2] in the Moto goldfields of the north east Democratic Republic of Congo, some 560 kilometres north east of the city of Kisangani and 150 kilometres west of the Ugandan border town of Arua. Development of the Kibali project is being managed by Randgold.

The mine will comprise an integrated open pit and underground operation with the core capital programme scheduled to run until early 2016. It is anticipated that the project will ultimately be supplied by four hydropower stations supported by a thermal power station for low rainfall periods and back-up.

Kibali mineral resources and reserves

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable gold*** 45% (Moz)	
at 31 December	Category	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Mineral resources*									
■ Stockpiles	Measured	**0.07**	-	**2.16**	-	**0.01**	-	**0.002**	-
■ Open pits	Measured	**4.29**	-	**3.01**	-	**0.42**	-	**0.19**	-
	Indicated	**76.41**	78.24	**2.13**	2.03	**5.23**	5.10	**2.35**	2.30
	Inferred	**38.42**	44.13	**1.93**	1.82	**2.39**	2.58	**1.08**	1.16
■ KCD underground	Indicated	**53.90**	51.11	**5.44**	5.44	**9.43**	8.94	**4.24**	4.02
	Inferred	**16.98**	19.77	**2.79**	3.16	**1.52**	2.01	**0.69**	0.90
Total mineral resources	Measured and indicated	**134.68**	129.35	**3.48**	3.38	**15.08**	14.04	**6.78**	6.32
	Inferred	**55.40**	63.90	**2.20**	2.23	**3.91**	4.58	**1.76**	2.06
Mineral reserves**									
■ Stockpiles	Proven	**0.07**	-	**2.16**	-	**0.01**	-	**0.002**	-
■ Open pits	Proven	**3.54**	-	**3.26**	-	**0.37**	-	**0.17**	-
	Probable	**40.64**	42.35	**2.54**	2.49	**3.32**	3.40	**1.49**	1.53
■ KCD underground	Probable	**38.64**	36.27	**5.81**	5.84	**7.22**	6.81	**3.25**	3.06
Total mineral reserves	Proven and probable	**82.89**	78.62	**4.10**	4.04	**10.92**	10.21	**4.91**	4.59

* *Open pit mineral resources are the insitu mineral resources falling within the US$1 500/oz pit shell reported at a cut-off of 0.5g/t. Underground mineral resources are those insitu mineral resources at the KCD deposit that fall below the 5 685m RL elevation, reported at a cut-off of 1.5g/t. Mineral resources were generated by Mr Ernest Doh, an officer of the company and competent person.*

** *Open pit mineral reserves were reported at a gold price of US$1 000/oz and an average cut-off of 0.9g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr Nicholas Coomson, an officer of the company and competent person. Underground mineral reserves were reported at a gold price of US$1 000/oz and a cut-off of 2.2g/t and include dilution and ore loss factors. Underground mineral reserves were calculated by Mr Dan Donald and Mr Tim Peters, both independent consultants and competent persons.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 45% interest in the Kibali gold project.*

See comments and US disclaimer on page 72 of this annual report.

The Moto goldfields are located within the Moto greenstone belt, which is comprised of the Archean Kibalian (Upper and Lower) volcano-sedimentary rocks and ironstone-chert horizons that have been metamorphosed to greenschist facies. The stratigraphy consists of a volcano-sedimentary sequence comprising fine-grained sedimentary rocks, several varieties of pyroclastic rocks, basaltic flow rocks, mafic-intermediate intrusions (dykes and sills) and intermediate-felsic intrusive rocks (stocks, dykes and sills). The majority of gold mineralisation identified to date is disseminated style, hosted within a sequence of coarse volcaniclastic and sedimentary rocks. The mineralisation is generally stratigraphically bound and associated with quartz-carbonate alteration and pyrite.

Construction

The Kibali project made excellent progress during the year with the team managing to stay on schedule despite a number of challenges associated with building a project of this size in a remote part of Africa. This was achieved by reprioritising activities on the critical path. Management is confident that its forecast of first gold production in the fourth quarter of 2013 will be met.

Metallurgical facility and infrastructure

During the year, the team focused on ramping up concrete production for the metallurgical facility, continuing structural steel erection and supporting infrastructure works, including the following:

- The two ball mills which arrived on site during the fourth quarter were placed on their foundations in January, ahead of schedule.
- Structural civils for the primary crushers, elution circuit and mill classification were completed, allowing steelwork erection to start in these areas.
- Steelwork on the CIL progressed well with welding of five of a total of 11 tanks completed.
- Civil works started at the gold room main block house which secures the electrowinning and smelting sections. Civils also progressed at the Nzoro 2 powerhouse.
- The clean fuel tanks at the main fuel farm were installed and the first of the main receiving tanks was welded and is ready for testing and handover in the first quarter of 2013.
- Earthworks focused on key areas including the high tension substation, the concentrate and flotation tailings storage facilities and the airstrip extension.

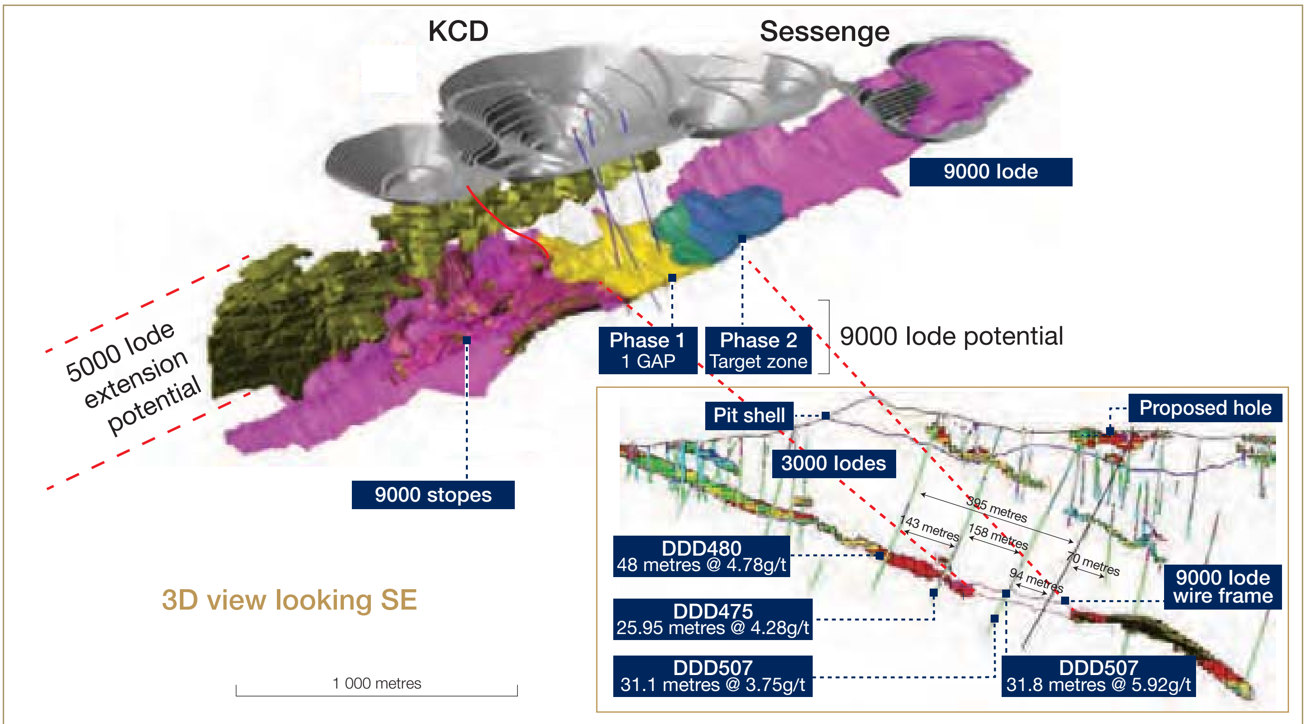
Mining

The open pit mining contractor continued to ramp up production and finished the year on schedule with first ore trucked to the Run of Mine (ROM) pad. The vertical shaft platform has been completed and handed over to the contractor. The boxcut for the decline shaft system was completed and both headings achieved the scheduled advance for the year.

Earthworks at the vertical shaft platform were also completed in the fourth quarter of 2012 to allow access to the main sinking contractor in the first quarter of 2013 to start the development of the shaft collar and foundations for the winder house.

The Mining Owners' Team was fully established in line with the plan. All major mining contracts were awarded, and all major contractors had been mobilised to the site.

Kibali KCD deposit



The Nzoro hydro-electric project, which is currently being built, will provide all power required by the Kibali mine as well as meet the needs of the surrounding communities.

Kibali open pit mining

12 months ended 31 December	2012	2011
Mining		
Tonnes mined (000)	5 516	-
Ore tonnes mined (000)	97	-

Capital expenditure

Project expenditure ramped up over the year as anticipated. Total expenditure for the year was US$518.6 million (100% of the project, excluding shareholder loan interest and value of leased assets) which was slightly behind plan for the year as a result of the timing of certain activities and related payments. Expenditure on the project is now estimated to be approximately US$750 million in 2013, which includes the roll-over from 2012.

The total capital for the project has been updated from the prior year's guidance. The project construction capital (excluding contingencies or escalation) is split into two phases:

- Phase 1 is focused on bringing the mine into production at the end of 2013 and was estimated at US$920 million (in 2011 real terms). It is scheduled to run into 2014 and covers the metallurgical facility, one hydropower station and back-up thermal power facility, construction of the tailings storage facility, relocation of villages, open pit mining (excluding preproduction inventory) and all shared infrastructure.
- Phase 2 was estimated at US$650 million (in 2011 real terms) and is scheduled to run concurrently with Phase 1 but extend into early 2016. It is focused primarily on the underground development and includes a twin decline and single vertical shaft system as well as three hydropower stations. This is

Development timeline

Exploration at Kibali.

expected to bring the underground into first production by the end of 2014, with steady state production targeted for early 2016.

The revised total capital for Phase 1 is now estimated at approximately US$990 million (in 2013 real terms) while Phase 2 is estimated at US$670 million (in 2013 real terms), which represents an overall 6% increase on previous estimates. A large part of this increase reflects inflation, changes which relate to scope as well as additional expenditure on the Relocation Action Plan (RAP) project.

Health and safety

Notwithstanding the rapid increase in activity and number of employees to more than 4 000 on the site at year end, the project significantly improved their safety awareness, and the LTIFR rate reduced by 71% compared to the prior year. Regrettably one fatality was recorded and, consequently, the board and management of Kibali introduced new measures to intensify the focus on safety with a plan to improve the Kibali LTIFR rate in line with Randgold's targets. Emphasis has also been placed on renewed and more intensive training in the light of the increase in construction activities.

Environment

Environmental monitoring continues as defined in the Environmental and Social Impact Assessment (ESIA) document prepared by the company's independent external environmental consultants.

Community

The community development function at Kibali continued to work closely with the RAP team, especially in areas of food security, life skill training and liaison with the cultural committee when relocating houses and graves. The RAP programme continued to recover ground lost after the extraordinary storms experienced in the first and second quarters of 2012. By the end of the fourth quarter, the RAP team had relocated ten villages out of fourteen, and was delivering an average of 45 houses per week for occupation. Work continued with the community representatives in managing the handover of houses.

Human resources and industrial relations

The size of the workforce employed in the construction process of Kibali has grown from 1 744 in 2011 to 4 485 at the end of 2012, the bulk of which are employed in the construction activity by contractors. There are 181 employees directly employed by Kibali.

The labour broker employees are represented through their own union committee, while the Kibali employees are represented through a Kibali union committee. Both committees are affiliated to the National Association of Mineworkers.

For more details on health, safety, the environment, manpower and industrial and community relations at Kibali, refer to the sustainability report on pages 73 to 112 of this annual report.

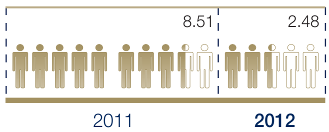
Exploration

Exploration has continued to focus on the extensions to the known deposits and conversion of inferred mineral resources to the indicated category. Follow-up work continued on early stage targets at the base of the resource triangle which highlighted the new Rhino target. In addition, a new exploration camp has been established in the east of the concession area to explore this highly prospective area. More details can be found in the exploration review on pages 52 to 68 of this annual report.

Kibali manpower

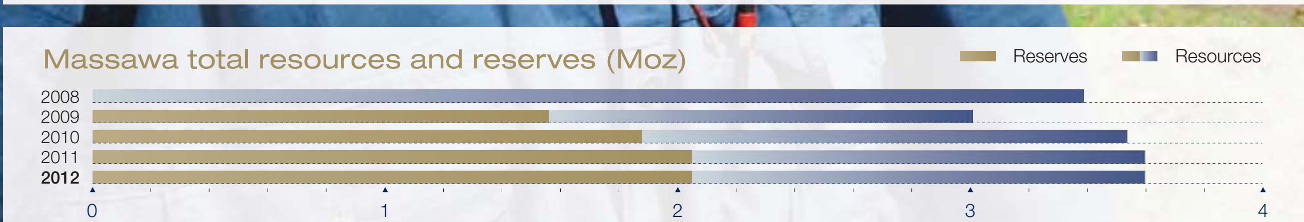
	2012			2011		
at 31 December	**Expats**	**Nationals**	**Total**	Expats	Nationals	Total
Employees	**22**	**159**	**181**	16	123	139
Contractors	**423**	**3 881**	**4 304**	20	1 585	1 605
Total	**445**	**4 040**	**4 485**	36	1 708	1 744

Kibali safety (LTIFR)



Massawa gold project

Massawa is a grassroots exploration discovery in eastern Senegal. Randgold owns 83.25% in partnership with a local company who owns 6.75%, after providing for the State of Senegal's right to a non-contributory 10% share of any mine developed on the property.



Refer to the notes to the annual resources and reserves declaration on page 72 of this annual report.

MASSAWA
A RANDGOLD RESOURCES PROJECT

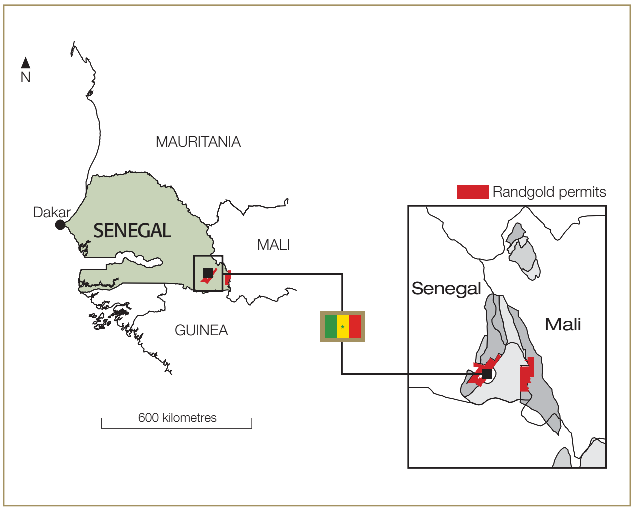
Achieved in 2012

- Improved understanding of Central Zone mineralisation controls
- Power strategy progressed
- Feasibility programme and development timeline updated
- Exploration for non-refractory ore sources progressed
- 30 new exploration targets identified in Mako belt

Targeted for 2013

- Update geological model and resource estimate
- Complete metallurgical drilling and sampling
- Start pilot metallurgical testwork
- Update environmental and social impact assessments
- Update hydrological model
- Progress power strategy

Massawa gold project



Massawa is a grassroots exploration discovery in eastern Senegal, straddling the original Randgold Kanoumering and Kounemba exploration permits. The project is located about 700 kilometres south east of the capital city of Dakar and approximately 90 kilometres due west of Randgold's Loulo operation in Mali.

Massawa is located within the Kedougou-Kenieba erosional inlier which is underlain by lower proterozoic birimian metasedimentary-volcanic sequences. Regionally it is located on the plus 150 kilometre long northeast-southwest trending Main Transcurrent Shear Zone (MTZ) which is a significant transcrustal dislocation between the Mako Supergroup (basaltic flow rocks, minor intercalated volcaniclastics and ultramafic sub-volcanic intrusions) and the Diale-Dalema Supergroup (volcano-sedimentary to sedimentary rocks) within the Kedougou-Kenieba inlier. Mineralisation at Massawa locates in various lithologies but is structurally controlled within anastomosing shears which converge to the north.

Project update

The initial prefeasibility study was completed on the open pit mineral reserves in 2010. In 2011, it was decided to delay the feasibility study and focus instead on understanding the geological and metallurgical controls as well as growing the resource base of the project.

In 2012, a close spaced drill orientation study started over 150 metres strike length of the Central Zone mineralisation. The aim of this programme was to investigate grade variability associated with the high grade quartz antinomy phase of gold mineralisation. The results confirm the continuity of the structures which host the high grade mineralisation and which are surrounded by an envelope of low grade disseminated pyrite and arsenopyrite mineralisation. This will allow us to accurately model the lodes, determine the short range grade variability and predict the optimal drill spacing and estimation criteria for an accurate estimate.

The majority of the fresh ore at Massawa is refractory in nature with gold locked inside arsenopyrite and only recoverable by means of a pre-oxidative step to liberate the gold prior to leaching. Batch testwork has shown pressure oxidation to be very effective in releasing the gold from the sulphides. The process requires flotation of the sulphides to concentrate the ore and processing of the concentrate through a high pressure and temperature autoclave which oxidises the sulphides. The oxidised ore is neutralised with limestone and lime following which it is processed through a normal CIL train to recover the gold.

The results of Bond work grindability tests confirm the abnormal hardness of the ore due to silica flooding. This combined with the pressure oxidation process will make the Massawa project a high energy user and thus alternatives to diesel and heavy fuel oil power generation are being investigated.

Meetings have been held with Organisation pour la Mise en Valeur du fleuve Gambia (OMVG), involving Senegal, Guinea, Gambia and Guinea Bissau, which is charged with developing the main hydroelectric scheme in the region, the Sambangalou project, 60 kilometres south east of Massawa.

Subsequent meetings have been held with the newly appointed Senegalese Minister of Mines to explore possible power options for Massawa. Investigation of micro-barrage hydroschemes is also in progress.

Massawa mineral resources and reserves

		Tonnes (Mt)		Grade (g/t)		Gold (Moz)		Attributable gold*** 83.25% (Moz)	
at 31 December	Category	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Mineral resources*									
■ Open pits	Indicated	**37.33**	37.33	**2.65**	2.65	**3.18**	3.18	**2.65**	2.65
	Inferred	**1.19**	1.19	**3.31**	3.31	**0.13**	0.13	**0.11**	0.11
■ Underground	Inferred	**2.18**	2.18	**4.24**	4.24	**0.30**	0.30	**0.25**	0.25
Total mineral resources	Indicated	**37.33**	37.33	**2.65**	2.65	**3.18**	3.18	**2.65**	2.65
	Inferred	**3.36**	3.36	**3.92**	3.92	**0.42**	0.42	**0.35**	0.35
Mineral reserves**									
■ Open pits	Probable	**20.73**	20.73	**3.07**	3.07	**2.05**	2.05	**1.70**	1.70
Total mineral reserves	Proven and probable	**20.73**	20.73	**3.07**	3.07	**2.05**	2.05	**1.70**	1.70

* *Open pit mineral resources are the in situ mineral resources falling within the US$1 500/oz pit shell reported at a 0.5g/t cut-off. Underground mineral resources are those in situ mineral resources below the US$1 500/oz pit shell of the North 2 deposit reported at a 2.0g/t cut-off. Mineral resources were generated by Mr Babacar Diouf, an officer of the company and competent person.*

** *Open pit mineral reserves are reported at a gold price of US$1 000/oz and 1.1g/t cut-off and include dilution and ore loss factors. Open pit mineral reserves were calculated by Mr Onno ten Brinke, in the capacity of independent consultant, and reviewed by Mr Rodney Quick, an officer of the company and competent person.*

*** *Attributable gold (Moz) refers to the quantity attributable to Randgold based on its 83.25% interest in Massawa.*

See comments and US disclaimer on page 72 of this annual report.

The current feasibility plan is to progress the study through 2013 and 2014. Metallurgical sampling is currently underway to support pilot pressure oxidation testwork planned to be completed by Hazen in Denver during 2013. This is critical to confirm recoveries, reagent consumptions and processing operating costs of the pressure oxidation (PoX) and CIL circuits.

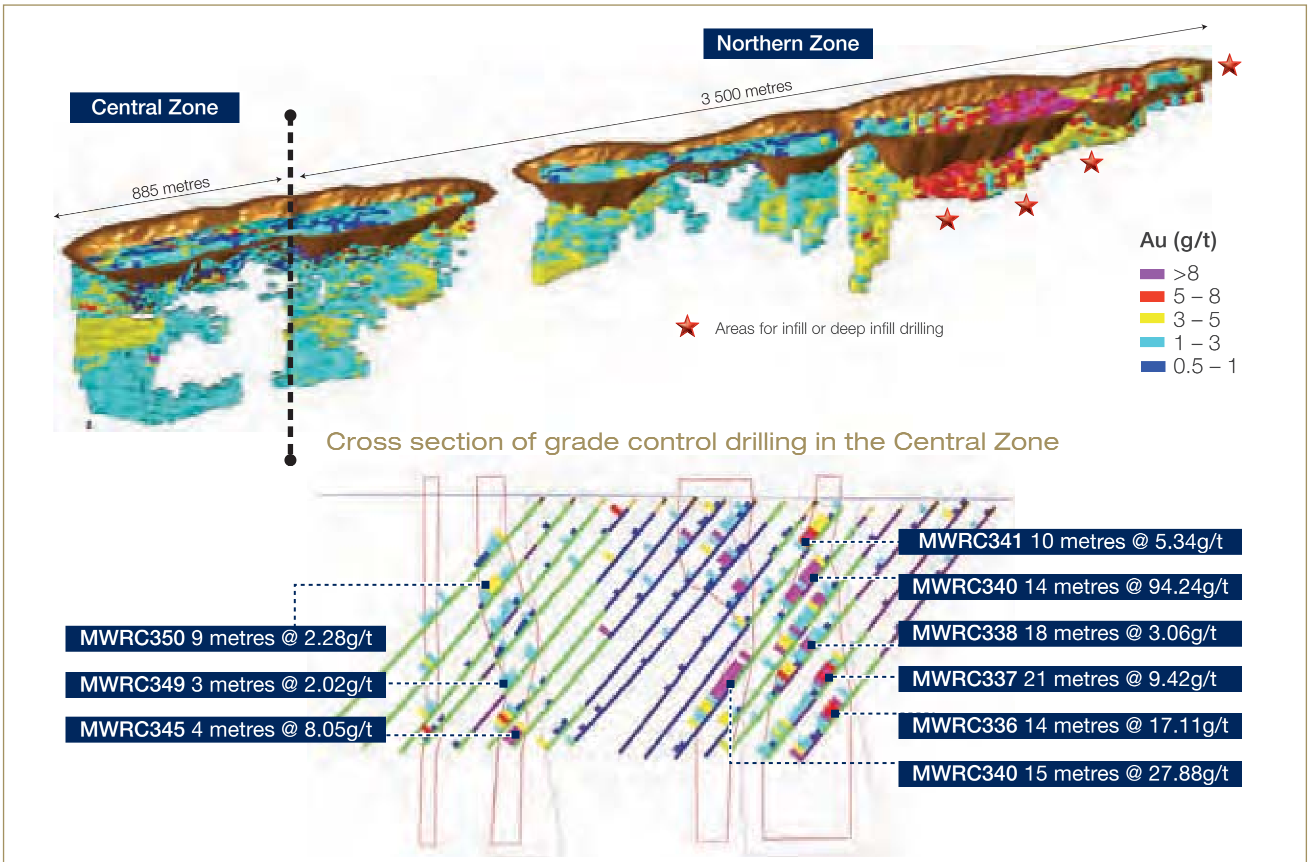
The revised geological modelling based on the close spaced orientation drilling will be used to update the geological model and mineral resource estimate. Ground hydrological modelling will also be undertaken as well as an update to the environmental and social studies that have already been conducted. Geotechnical studies to a feasibility level are complete.

Exploration

An updated geological interpretation and prospectivity analysis of the Mako belt has provided the team with 30 new targets to evaluate in 2013.

Exploration at Massawa.

Generating new targets at Massawa



Exploration review

Resource triangle

Mines

Morila	Mali
Loulo	Mali
Gounkoto	Mali
Tongon	Côte d'Ivoire

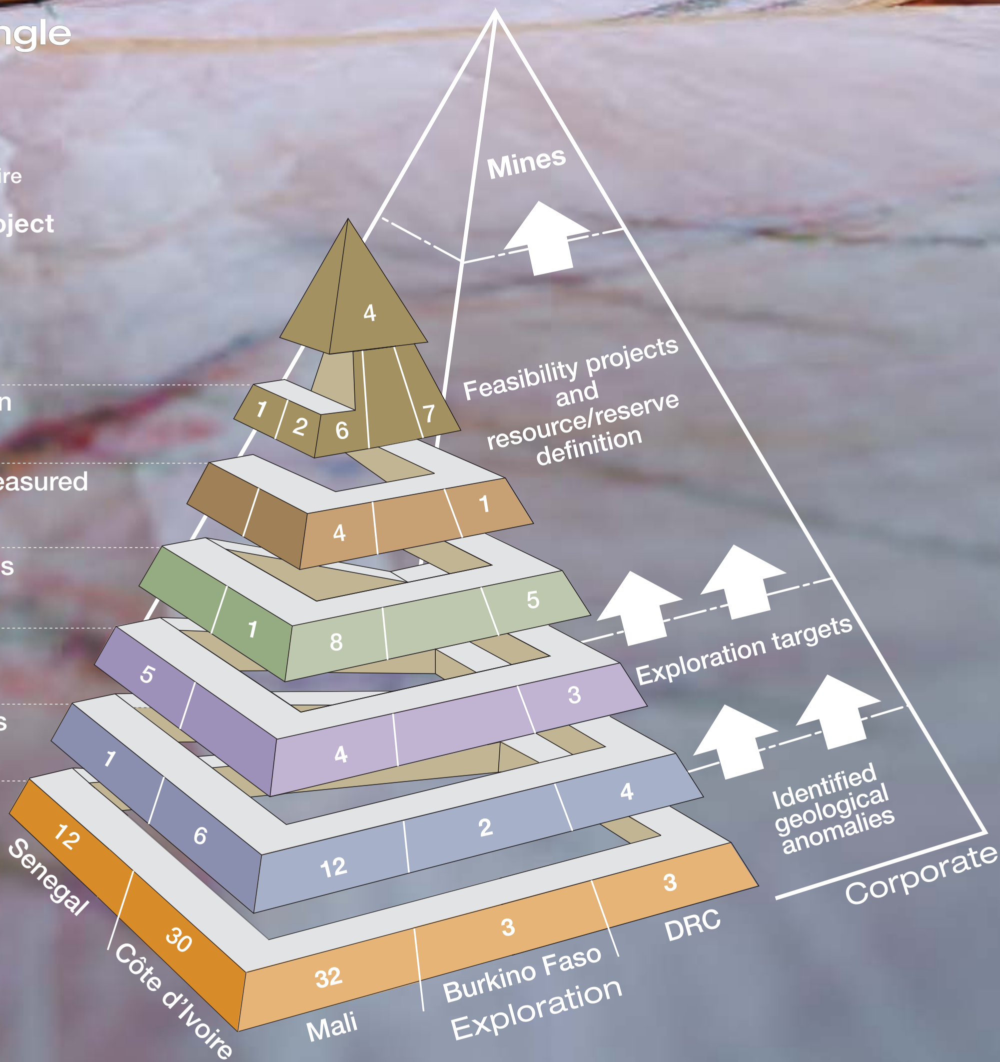
Mine development project

Kibali	DRC

Feasibility project

Massawa	Senegal

16	Reserve definition
5	Indicated and measured resources
14	Inferred resources
12	Advanced target
25	Follow-up targets
80	Identified targets
152	**Total**

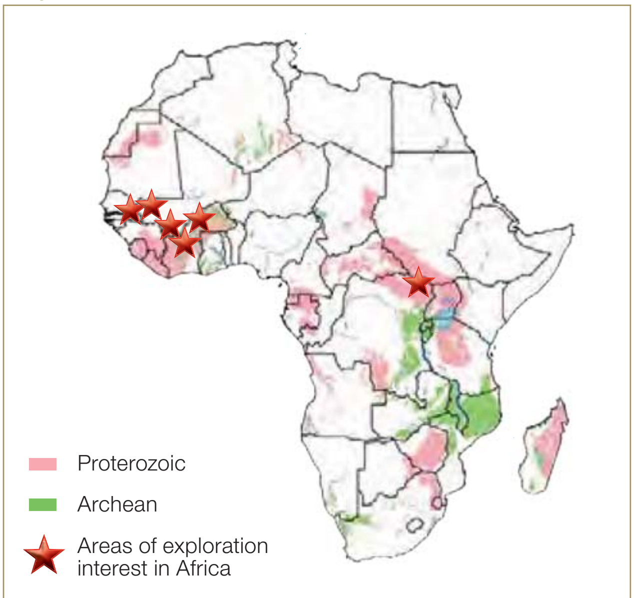


Exploration programmes are currently underway in Senegal, Mali, Côte d'Ivoire, Burkina Faso and the DRC. Randgold has groundholdings of 12 945km², hosting 152 targets. Of these, 94 are satellite targets located near existing operations while 58 are potential stand-alone operations.

Randgold's exploration strategy is based on the discovery of world class orebodies within the major greenstone belts of the African continent. Geological models are the key driver and a potential deposit must deliver at least 3Moz of mineable gold with a minimum internal rate of return of 20%. This enables the company to concentrate on quality targets and maintain a superior reserve grade profile, well above the industry average.

Randgold's exploration is diligently managed through the resource triangle which is an integrated business tool. The top of the triangle represents a mine, while an exploration target is assigned to its base. Generative work ensures a constant supply of targets to the base of the triangle, providing a strong foundation. A series of stringent filters at progressive levels within the triangle ensure the promotion of quality targets and the rejection of inferior ones. The triangle also aids in the correct deployment of personnel, the allocation of funding and anticipates potential gaps in the triangle where the focus of work should be.

Exploration in Africa

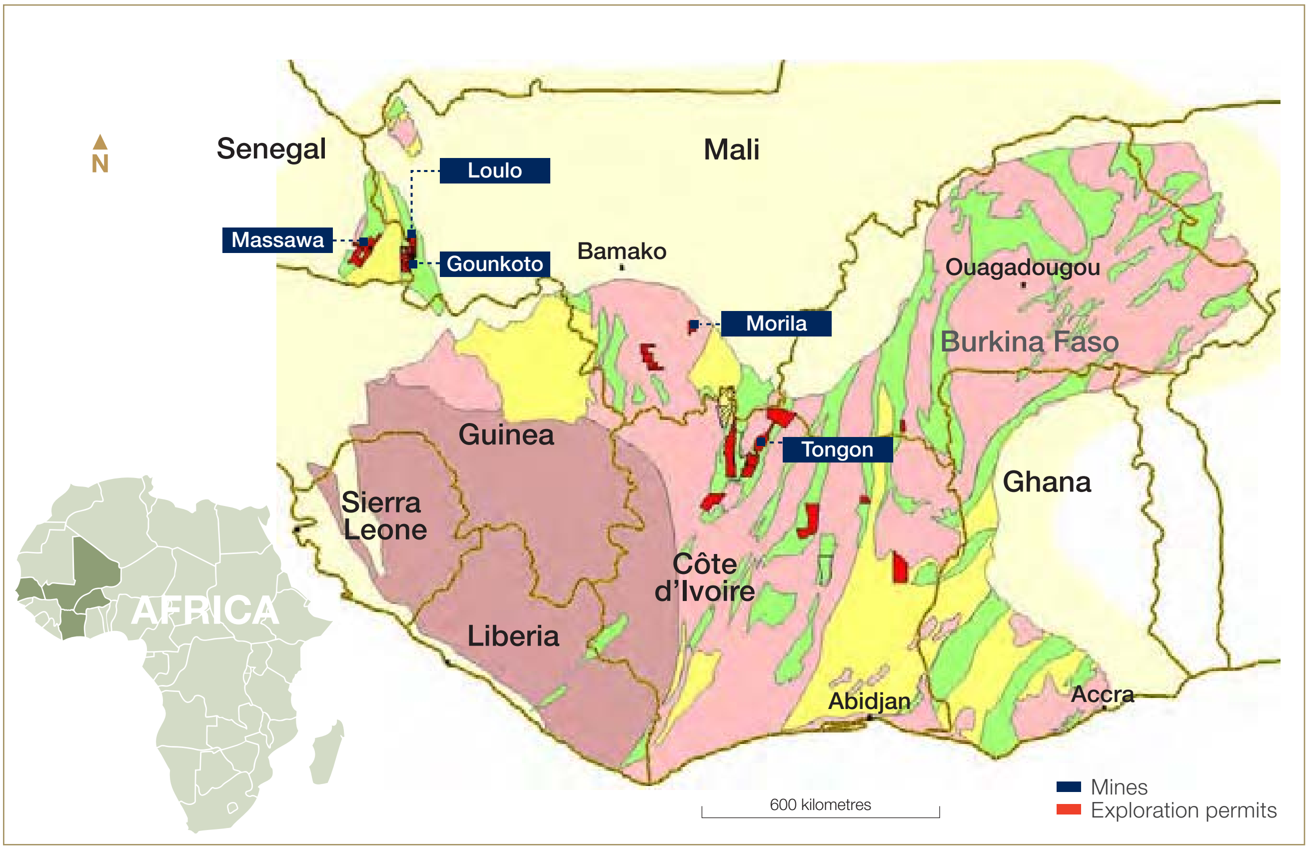


Achieved in 2012

- Diamond drilling at Gounkoto delineates underground target
- Additional open pit satellite deposits identified at Loulo
- Grade control orientation study started on high grade veins at Massawa
- Continued evaluating targets to define 2Moz of non-refractory ore adjacent to Massawa
- Exploration started on stand-alone targets in Côte d'Ivoire permit
- Completed resource inventory evaluation at Kibali
- Identified new Rhino target within Kibali exclusion zone
- At Kibali, converted 0.5Moz to indicated category in 5000 lode; confirmed 200 metre extension of 9000 lodes towards Gorumbwa
- Acquired new exploration footprint in Central Africa through JV with Kilo Goldmines

Targeted for 2013

- Make additional discoveries in western Mali
- Advance stand-alone targets within Côte d'Ivoire permit portfolio
- Define a new satellite open pit deposit at Kibali
- Drill test 9000 lode at KCD to convert 0.5Moz to underground reserve; continue to evaluate Kibali's geological potential
- Develop portfolio of targets over new JV in northeast DRC
- Expand exploration footprint in Burkina Faso and across west and central African mineral rights portfolio



West Africa

Mali

Loulo

Work at Loulo over the past four years has concentrated on resource definition which has identified mineable satellite ounces in proximity to the plant. During 2012, as well as continuing to deliver on this strategy especially at Baboto and Loulo 3, exploration returned to early stage targets at the base of the resource triangle, concentrating on two highly prospective target areas: Gara North and Yalea South.

At Gara North, the target is underlain by tourmalised greywackes, along strike to the north of PQ10 which returned 4.6 metres at 1.93g/t and 2 metres at 7.26g/t in grooves and 14 metres at 1.9g/t and 10 metres at 1.8g/t in RC holes as well as a number of anomalous lithosamples from several small outcrops. In addition, reconnaissance work at the new Iron Hill target returned positive results with 9 metres at 2.40g/t from 76 metres (including 1 metre at 8.9g/t from 78 metres) in hole IHRC005 and 5 metres at 3.47g/t from 80 metres (including 2 metres at 7.72g/t from 81 metres) in hole IHRC007. Both of these targets will be followed up with further drilling in 2013.

Yalea South target covers an area of approximately 15km^2 from south of the Yalea deposit to the Falémé River and is covered by an extensive blanket of alluvium including Palaeo River channels up to 30 metres thick. This restricts the use of surface exploration methods. During 2012, reconnaissance RC drilling was completed on five targets based on favourable structural settings from the interpretation of remote sensing data and airborne geophysics: Goldfinger structure, Yalea South plateau, Yalea Ridge South, Sansamba and Goldfinger West.

The most promising of these targets is Yalea Ridge South where an old diamond hole returned 10.5 metres at 1.7g/t, a trench returned 7 metres at 2.88g/t and 3 metres at 3.85g/t. Nine RC holes for 1 123 metres were completed over a one kilometre NNE trending structure. Encouraging results were returned from three holes: YRSRC01 – 14 metres at 1.48g/t and 23 metres at 1.39g/t; YSRC02 – 19 metres at 1.31g/t; and YSRC06 – 13 metres at 6.38g/t and 44 metres at 1.54g/t.

Two reconnaissance diamond holes were subsequently drilled to test below the RC holes and provide a structural interpretation around which to build a more comprehensive structural model. These holes failed to confirm the high grades but they did confirm extensive Si-Ca-Alb alteration and structural complexity in terms of faulting and folding. The target still remains a high priority as it has all the ingredients of a significant mineralised system and further modelling is required to locate potential traps of mineralisation along the target, which is partially covered by the transported gravels from the Falémé drainage system.

Baboto

The Baboto target extends over a strike length of 3.5 kilometres which currently hosts three deposits: Baboto North, Baboto

Central and Baboto South. While the Baboto target has been known for some time, it was not in the LOM plan. In 2012, exploration work resumed to convert resources to reserves as well as continuing to evaluate the greater target area. The most significant deposit of the three is Baboto South where recent drilling has highlighted short strike length (200 metres) high grade payshoots which are associated with left hand flexures in the host structure. Drilling has also extended mineralisation 200 metres to the south of the existing wireframe with intersections including: 20 metres at 2.82g/t and a footwall structure has also been identified returning 31 metres at 2.41g/t. Similarly to the north the structure has been extended with results including 18 metres at 3.25g/t and 21 metres at 2.82g/t.

Loulo 3

The most significant satellite deposit on the permit is Loulo 3. There are further reserves within the US$1 000/oz pit shell, which require a pushback to access. With a strike length of two kilometres it has only been drill tested to vertical depths of 250 metres. Mineralisation, including high grade payshoots, is open at depth and there are opportunities to deepen the pit and add flexibility. In 2012, eight diamond holes totalling 2 960 metres were completed below the base of the US$1 500/oz resource pit shell. The drilling confirmed the geological model with all holes intersecting the targeted structure, but they also confirmed the highly variable nature of the mineralisation due to the coarse gold component. Six holes returned narrow and weakly mineralised intersections. Two holes from the programme returned high grade intersections at the southern end of the deposit: L3DH109 – 25.1 metres at 5.73g/t from 272 metres; and L3DH111 – 14.1 metres at 3.48g/t from 336 metres. Gold mineralisation is hosted in medium to coarse grained greywacke which has been variably tourmalinised and associated with disseminated pyrite. Further drilling will be undertaken pending a new pit optimisation and mining scheduling exercise.

Gara South

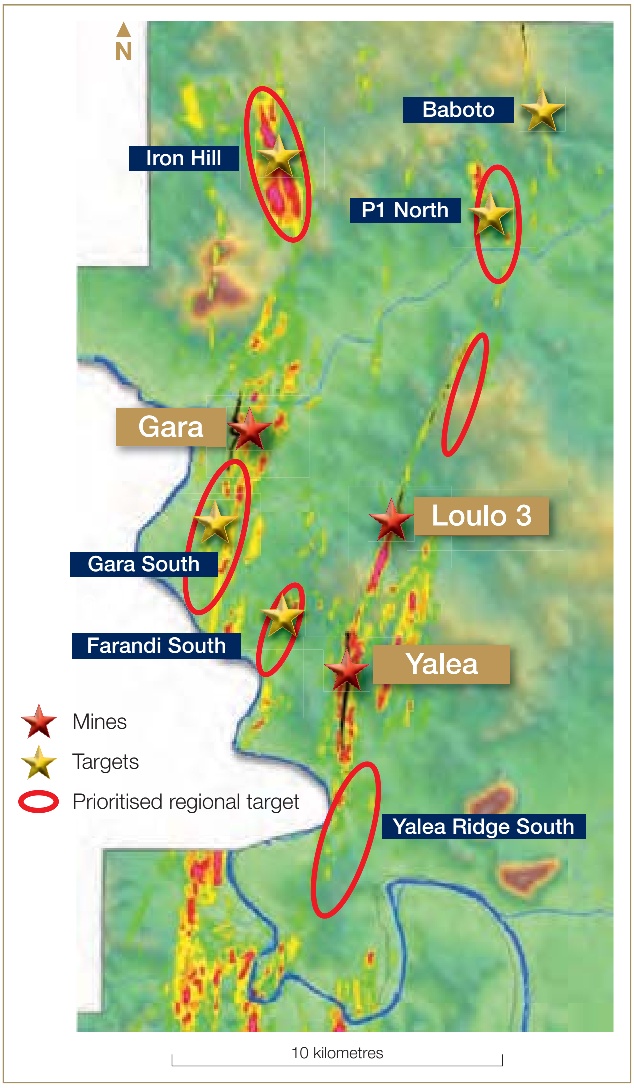
In December, work started on a new target at Gara South. Lithosampling, trenching and RC drilling were completed in the area between the Gara pit and the Falémé River, some three kilometres of strike. A trench excavated during the fourth quarter intersected 13 metres at 5.46g/t from a pink quartzite which is strongly altered. Subsequent RC drilling beneath the trench and along strike, over 800 metres, where historical RAB holes had intersected mineralisation, returned weaker results than anticipated with a best gold intersection of 15 metres at 1.32g/t beneath the trench. The area is entirely covered by transported palaeo-alluvial material. Work is ongoing to further understand this target which is in a zone of known complexity and high prospectivity where folding, faulting and boudinage are highly likely due to the proximity to the main Senegal-Mali Shear Zone and presence of soft limestone units.

Yalea deposit

At Yalea, there is still upside to the deposit where the current extent of the block model is limited by drilling. With the mine now exploiting the high grade 'purple patch' it is a key priority of the exploration team to extend and find additional high grade dilation zones on the host structure to replenish these high value ounces. The 'purple patch' which forms the core of the deposit is located along the intersection of the north striking Yalea Shear Zone and north northeast striking Yalea structure. The southern end of the Yalea deposit remains open at depths below the -500mRL. Additional gently to steeply south-plunging mineralised shoots may be present along intersections of the Yalea Structure, Yalea Shear Zone, and smaller shears in the footwall of the deposit.

Two holes (YDH258 and YDH259A) were drilled towards the north of the deposit to test a potential north plunge to mineralisation and repetition of high grade mineralisation below the current block model. Hole 258 intersected the Yalea system but returned only weakly anomalous gold results (8.6 metres at 0.22g/t). Hole 259A returned 5.2 metres at 8.11g/t which is interpreted to be the continuation of the main structure and highlights significant upside in this part of the

Loulo permit with gold deposits



orebody which will be followed up in 2013 as well as holes to the south of the deposit.

Gara deposit

There is similar potential upside at the Gara deposit, down dip of the current block model, which again is limited by drilling. An initial three hole drill programme is planned to start in the first quarter of 2013, to test for additional high grade gold mineralisation associated with the folded quartz tourmaline host unit.

Loulo underground

Exploration and infill grade control drilling continued at both Yalea and Gara underground mines with a total of 168 holes for 22 729 metres drilled, including three holes drilled from surface and targeting strike extensions of the 'purple patch' to the south. The drill programmes were designed to infill the resource model prior to mining, as well as to test the extensions of high grade lodes.

At Yalea, 54 holes for 9 845 metres were drilled to infill blocks scheduled for mining during the year to test low grade regions within the model and explore the strike and down dip extensions of the 'purple patch'.

Drilling confirmed the geology, structure and alteration characteristic of the 'purple patch' and the gold tenure where mineralisation is associated with shearing and brecciation of a sedimentary host rock and massive sulphide:

- Hole YDH263, drilled 60 metres to the south of the current boundary of the 'purple patch', returned 16.54 metres at 11.11g/t, confirming the continuation of the high grade mineralisation.
- Holes YUDH265: 22.9 metres at 10.90g/t and YDH264: 14.7 metres at 18.02g/t were drilled inside the boundary of the 'purple patch', but in an area that had been poorly drilled during the exploration phase.
- Three holes beneath the 'purple patch' returned a weighted average of 19.47 metres at 8.46g/t compared to 22.48 metres at 5.03g/t, highlighting an opportunity to extend the known high grade mineralisation.
- The extension of the 'purple patch' from this drilling resulted in the addition of 76 000 high grade ounces to the reserve.

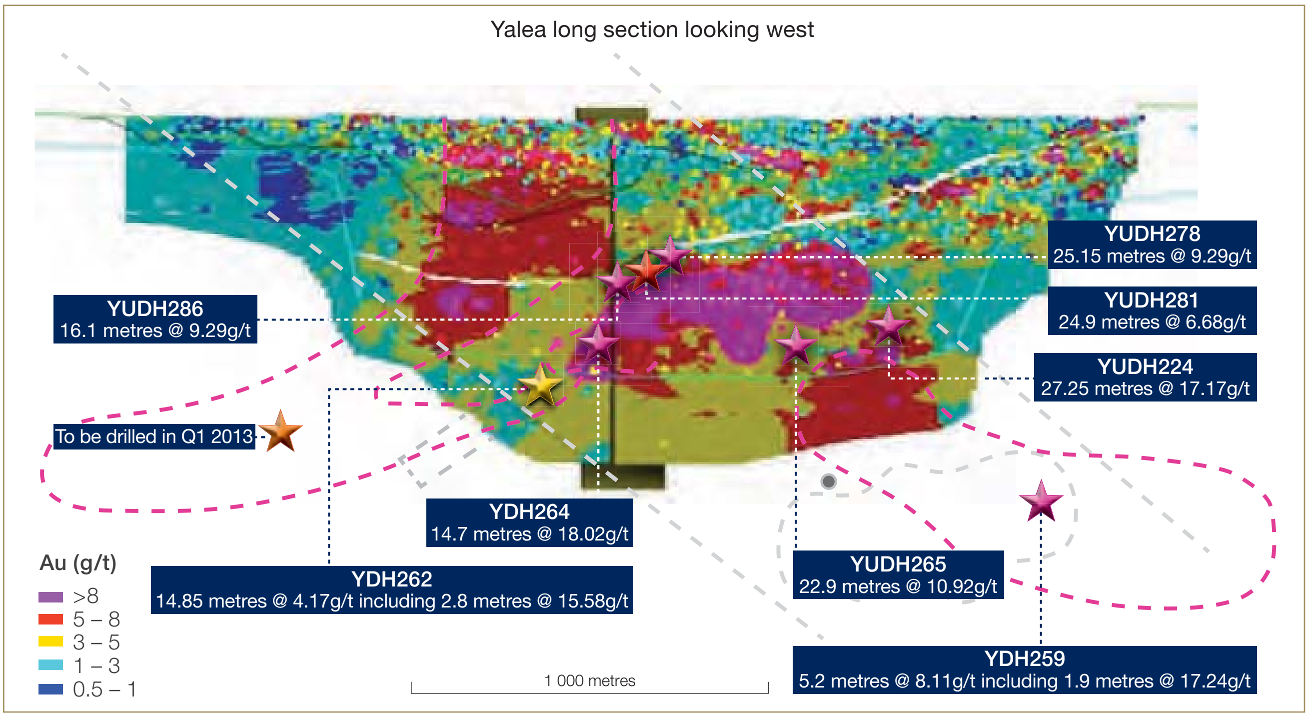
Gounkoto

During 2012, a total of 21 holes for 9 758 metres were completed to upgrade the geological confidence of the deposit.

This work included the drilling of four twin holes within the Jog Zone which all confirmed the location and high grade of the mineralisation in both MZ2 and MZ3. However, they also confirmed the variable nature of the coarse, high grade gold content of this mineralisation and on average were more than 50% higher in grade than the original hole.

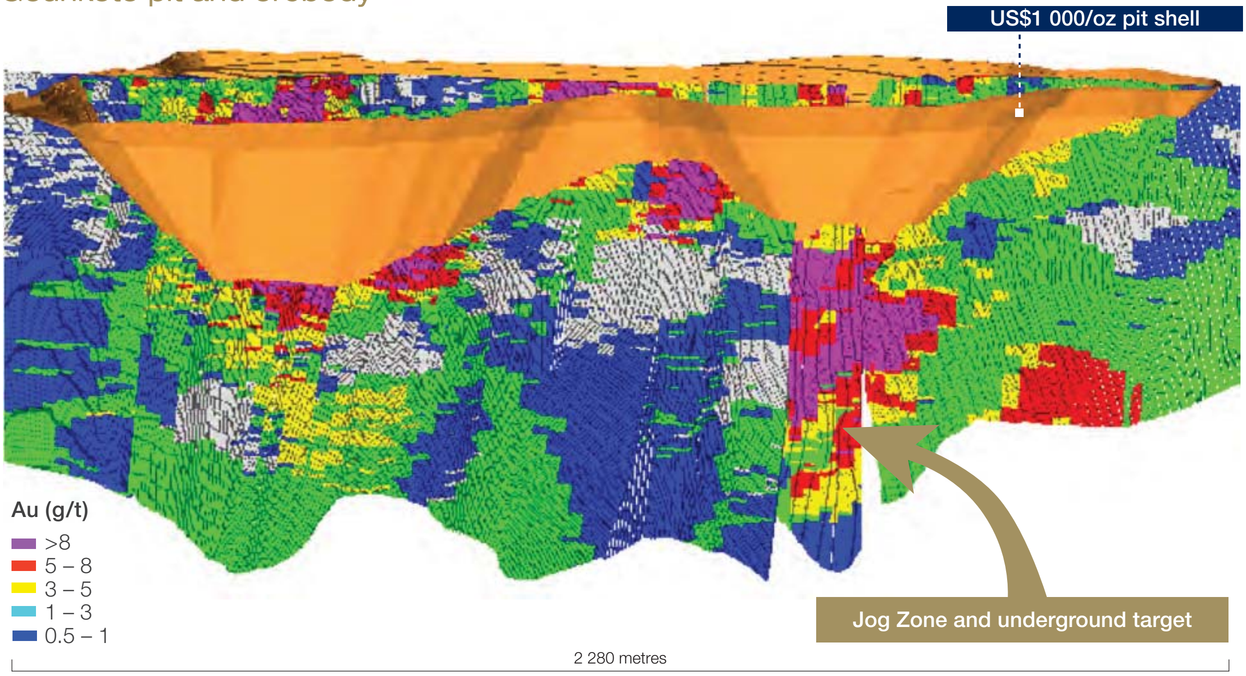
Three holes were drilled outside of the Jog Zone beyond the limits of the block mode. However, no mineralisation was intersected, although the holes did confirm the continuity of the geological units as well as the structures that host mineralisation.

Long section through Yalea orebody with a selection of the latest drill results



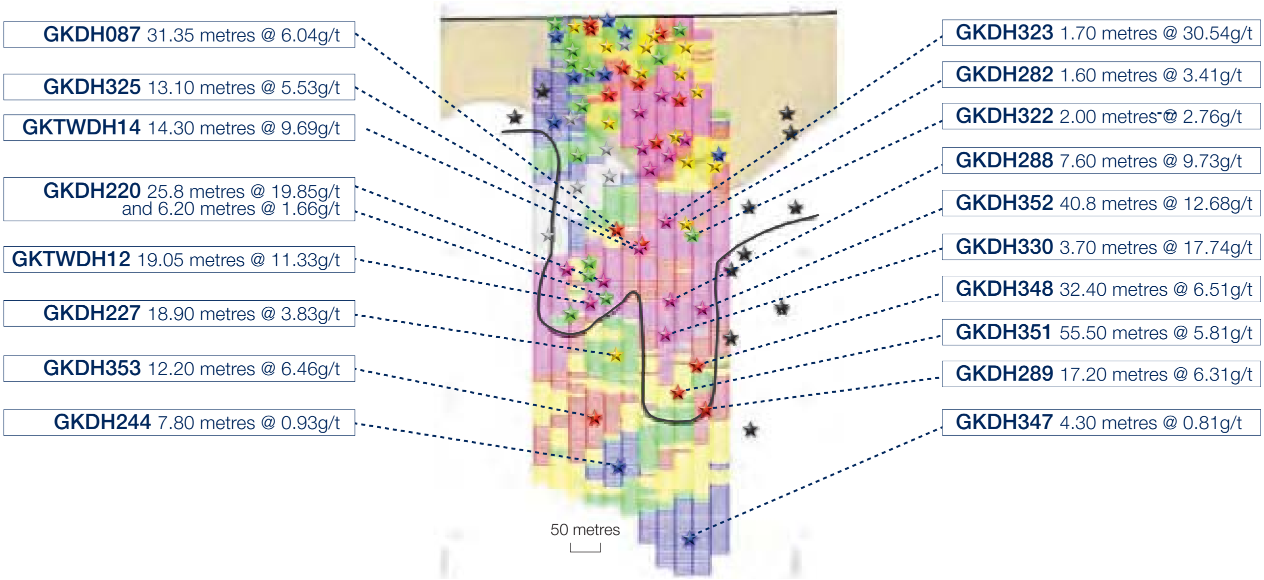
Gounkoto orebody showing a plan view of mineralisation and underground potential from the Jog Zone

Gounkoto pit and orebody



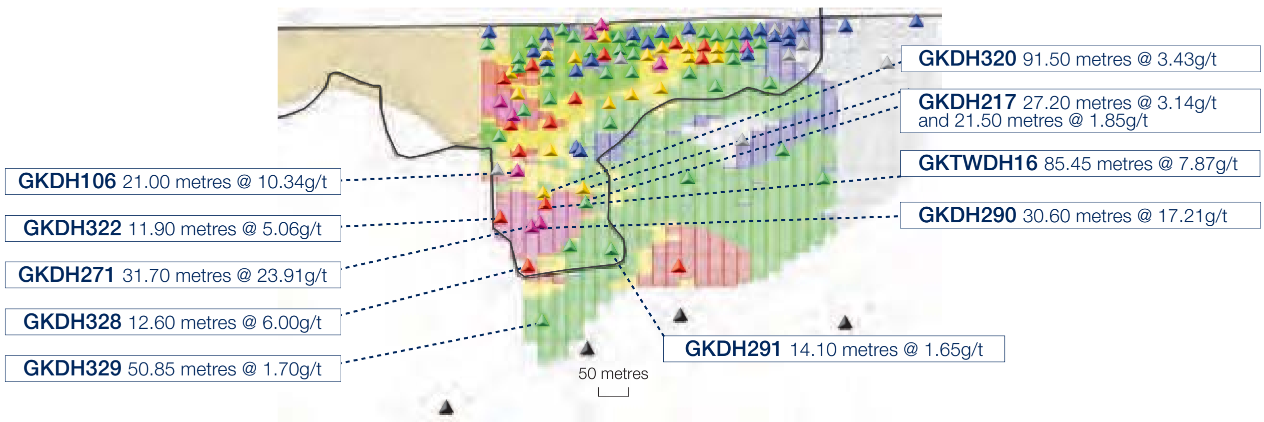
Jog Zone MZ2

Long section looking west showing October 2012 block model, indicated surface and US$950/oz pit shell



Jog Zone MZ3

Long section looking west showing October 2012 block model, indicated surface and US$950/oz pit shell

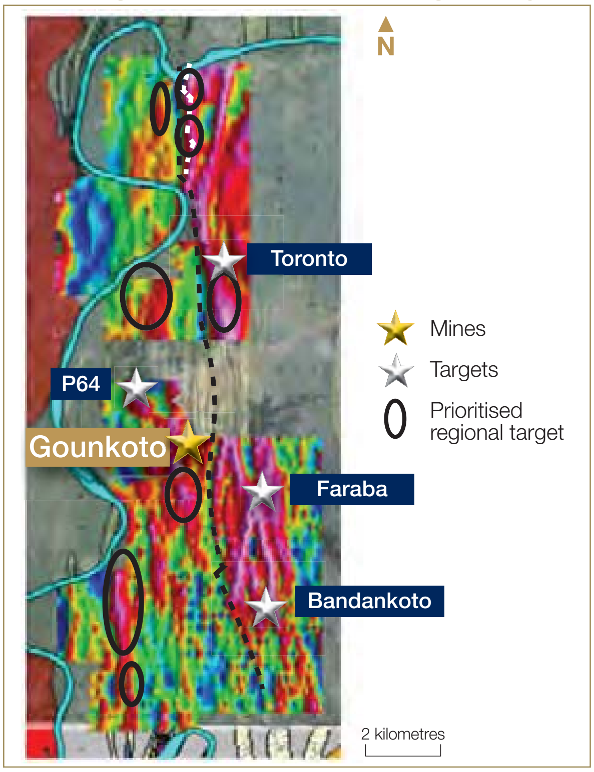


Gounkoto core yard.

Gounkoto comparison between original and twin holes

		Original hole					Twin hole				
Section	Zone	Hole ID	Interval (m)	True width (m)	Grade (g/t)	Gram metre	Hole ID	Interval (m)	True width (m)	Grade (g/t)	Gram metre
24	MZ2	GKDH220	30.10	29.12	17.35	522.24	GKTWDH12	19.05	18.20	11.33	215.84
25	MZ2	GKDH325	13.10	12.46	5.53	72.44	GKTWDH14	14.30	10.82	9.69	138.57
28	MZ3	GKDH320	91.50	66.46	3.43	313.85	GKTWDH16	85.45	56.67	7.87	672.49
26C	MZ2	GKDH365	11.15	6.77	3.86	43.04	GKTWDH365	17.05	10.24	14.12	240.75
26C	MZ3	GKDH365	4.30	3.84	0.79	3.40	GKTWDH365	2.3	1.73	1.13	2.59

Gounkoto permit: Gold targets overlain on IP chargeability



Gounkoto region

The Gounkoto mining permit, which represents the southern half of the old Loulo permit, is developing into a new, significantly mineralised district with approximately 0.4Moz of inferred ounces hosted in two deposits: Faraba and P64. In addition, there are 10 early stage targets which are located adjacent to a major structural break identified following a ground gravity survey which links the deposits of Gounkoto and Yalea.

An Induced Polarisation (IP) ground geophysical survey has been completed over the permit to map the bedrock geology under an extensive cover of transported river gravels which forms part of the Falémé River drainage system. This data has not only mapped the geology but also a number of left hand flexures along major structures which are known to host high grade mineralisation elsewhere across the region. The data is being integrated with other layers of information to prioritise targets for follow-up work in 2013.

Bambadji

Work has continued at Bambadji through the year, which is adjacent to both the Loulo and Gounkoto mining permits but in Senegal, focusing on a number of targets along the main SMS shear corridor. A major structural break connecting Yalea and Gounkoto was recognised after a ground gravity survey was extended across the permits. This structure also coincides with north-south linear features in the airborne electromagnetic data and transgresses the central and southern parts of the Bambadji permit. Due to the location of the Falémé River, this structure is covered by extensive transported material so limited ground work can take place. A 10 760 metre RC drilling programme was completed to test five targets within this structural corridor: West Kach, Beyanord, Mariama, Doukhiba and Setoumboung. In general, the gold assay results were weakly anomalous. The best results of the programme were returned from Beyanord which requires further work following the integration of the new drilling data: 17 metres at 1.73g/t; 7 metres at 2.24g/t; and 6 metres at 1.67g/t.

A new target, Kolgold, was identified in 2012 and lithosampling returned high grades of up to 60g/t. Further evaluation, by trenching and RC drilling, has revealed that the mineralisation at Kolgold is related to narrow zones of strong silicification and quartz veining in the hinges of isoclinal, upright folds which plunge to the SW at between 30 and 60 degrees but not in economic concentrations. Only one hole returned a positive result: 13 metres at 2.39g/t including 5 metres at 5.35g/t. No large system of alteration or structure was observed.

Mali South

Early stage work continued on the permits covered by the Nimissila JV: Nimissala (270km²), Bogo (150km²) and Madina (250km²). This ground is contiguous with Randgold's Dinfola permit. The JV is with the Djiguiya group of Malian businessmen, in line with Randgold's policy of partnering with local interests.

Geologically the area is underlain by biotite rich sediments which are often shallow dipping with numerous small stocks and bosses of granodiorite and shows similarities to the setting of the Morila mine. The geological model is one of intrusion related gold. It is an area that has seen no modern exploration with the only previous work being regional soil sampling done 30 years ago.

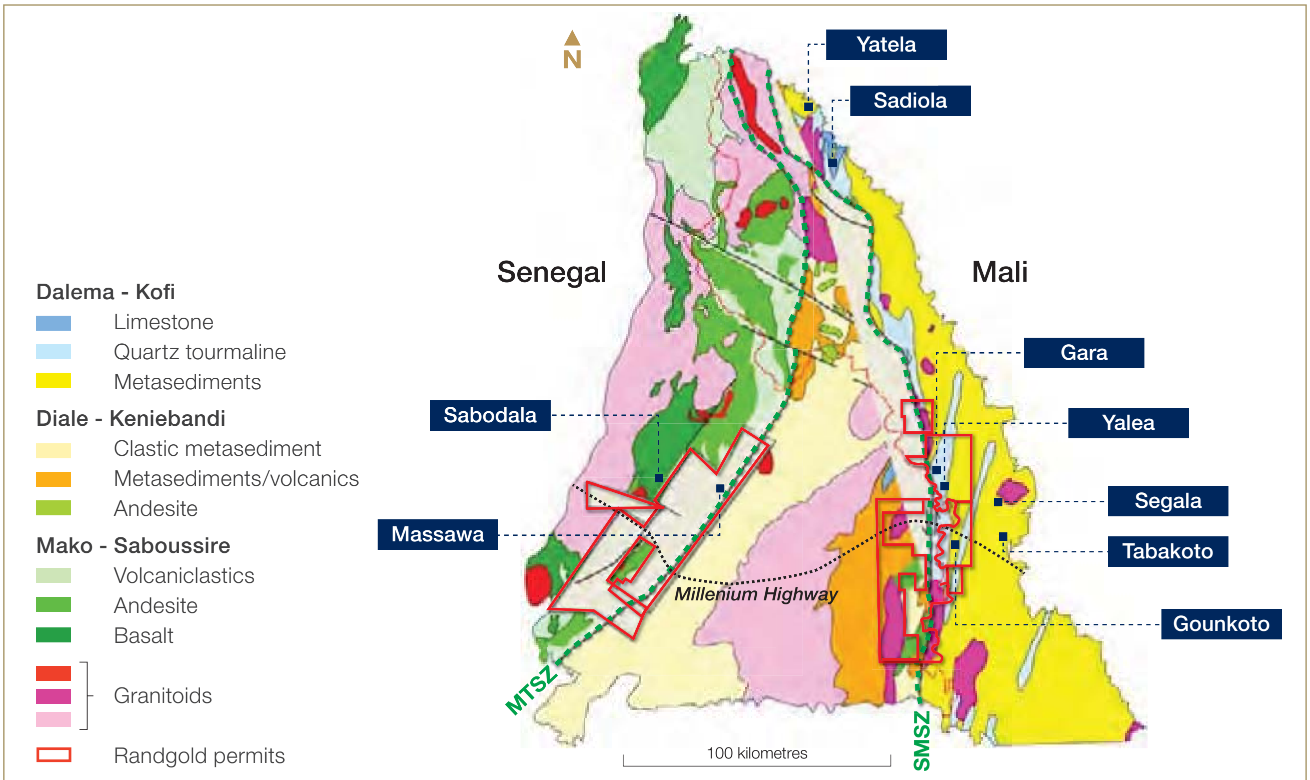
Infill soil sampling has been completed on 10 regional anomalies, nine of which returned results which warranted further follow-up in the form of pitting prior to a decision as to whether drilling will be motivated.

Elsewhere in southern Mali, Randgold continues to hunt for new opportunities by analysing junior mining companies as well as local operators' permit portfolios.

Senegal

Exploration work in Senegal during 2012 has concentrated on the Massawa deposit with the start of an orientation grade control study on a portion of the Central Zone deposit where there are two phases of gold mineralisation: an early disseminated phase and a later quartz antimony vein system. Due to the refractory nature of the Massawa deposit, exploration has also been evaluating targets with the potential to deliver non-refractory ore to supplement the ore feed.

Kedougou Kenieba Inlier



Massawa

In 2012, a grade control orientation study started and by year end a total of 387 holes for 20 774 metres over a 150 metres strike length at a drill spacing of 5 by 5 metres had been completed. The aim of this programme is to investigate grade variability associated with the high grade quartz antimony phase of gold mineralisation. The results confirm the continuity of the structures which host the high grade mineralisation and are surrounded by an envelope of low grade disseminated pyrite and arsenopyrite mineralisation.

In general, the programme is highlighting narrower zones of high grade mineralisation as opposed to the previously modelled broad zones of low grade mineralisation in the current model. The results also confirm the highly variable nature of the grade due to the coarse gold component of the veins. A further 6 000 metres of drilling is required to complete this programme. Once this programme is completed the geological model will be updated and a revised resource estimate calculated. This in turn will lead the project to final feasibility.

Satellite targets

Exploration work to date has highlighted the potential for 3.9Moz at 0.9g/t from six satellite deposits around Massawa: Sofia, Bambaraya, Delya, Kawsara, Tina and Tombo. Preliminary metallurgical bottle roll testwork returned good recoveries in the range of 75% to 97%, apart from Delya which returned 40% and has a similar refractory nature to Massawa. While the grade is low, the results support the prospectivity of the region. No drilling was completed on these deposits during 2012.

Regional potential

An updated geological interpretation and prospectivity analysis of the Mako belt has provided the team with 30 new targets to evaluate in 2013. Of particular importance is the recognition of a second terrain boundary to the west of the MTZ which hosts the Sofia mineralisation as well as the Sabodala mine. Meanwhile on the ground, a set of weakly anomalous and patchy intersections were returned from RAB and RC drilling at both East Mandinka and South Kawsara, no further work is planned on these two targets. Early stage exploration work has started on three targets: Salama, Kabya and Tama.

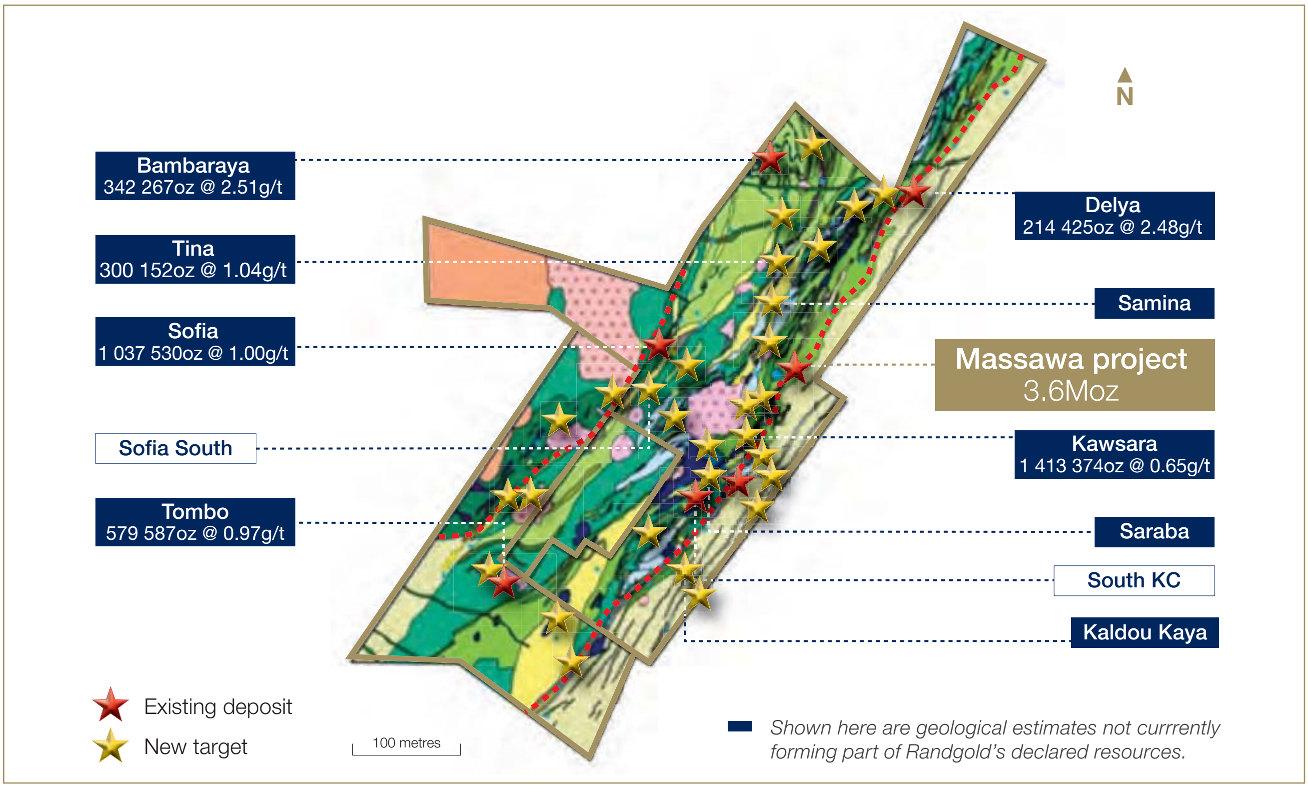
Côte d'Ivoire

During 2012, exploration focused on the conversion of inferred ounces to indicated within the US$1 000/oz pit shell at Tongon, the evaluation of satellite targets and the discovery of potential stand-alone targets within the company's extensive permit portfolio countrywide.

Tongon mine lease (Nielle permit)

A total of 26 diamond holes for 8 785 metres (including 481 metres of redrills) were completed in the Southern Zone deposit during

Massawa gold targets on Kanoumba and Tomboronkoto permits in Senegal



Tongon geologists in the field.

2012 to convert inferred ounces locating within the US$1 000/oz pit shell. Gold assay results reveal the mineralised structures narrow in the northeast and southwest of the deposit but dilate in the centre of the pit over a 200 metre strike length: TND370 – 18 metres at 2.40g/t (from 296.05 metres) including 4.80 metres at 6.32g/t, 17.63 metres at 3.86g/t (from 259.32 metres) including 7.39 metres at 7.37g/t; and TND369 – 35.93 metres at 2.23g/t. A further high grade zone was also encountered towards the northern section of the pit with TND374: 9.20 metres at 4.49g/t (from 135.40 metres) including 5.50 metres at 6.38g/t and 5 metres at 7.97g/t (from 283.60 metres) including 2.28 metres at 14.03g/t and a wide intersection in the southeastern end of the pit (35.70 metres at 2.21g/t). Mineralisation is associated with brecciated zones with silicification and arsenopyrite.

The geological model has been updated and a revised resource estimation completed which has led to a new pit optimisation and reserve calculation. While inferred resources have been converted to indicated, a smaller than anticipated reserve has been delineated due to the higher processing costs and lower recovery which affected the pit design. However, the ounces depleted by mining during the year have been replaced.

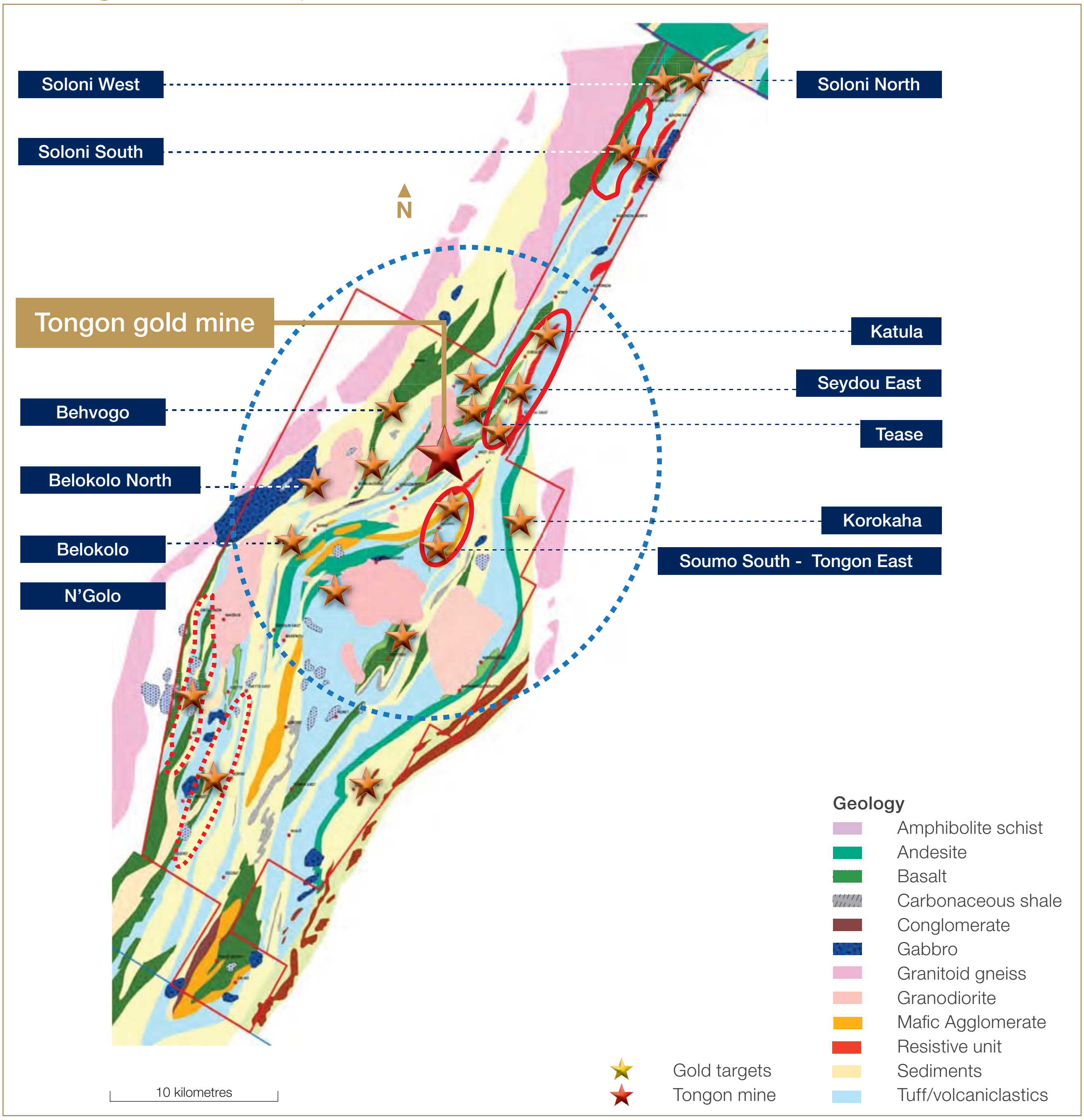
The Coucal and Coucal South targets are located approximately two kilometres from the Tongon NZ deposit. The two targets locate on subparallel structures with a similar structural setting to the Tongon NZ deposit and are underlain by four soil anomalies, each one kilometre long. A reconnaissance aircore drill programme returned weak anomalism at Coucal including 6 metres at 0.85g/t, 6 metres at 0.59g/t, 9 metres at 0.60g/t and 30 metres at 0.20g/t, whereas encouraging values were returned from Coucal South with 7 metres at 1.83g/t, 21 metres at 2.52g/t and 6 metres at 0.45 g/t. A follow-up programme of 43 AC holes for 2 089 metres across three lines spaced 300 to 500 metres was completed. The alteration assemblage encountered is mainly hosted in volcanics and is composed of limonite, sericite as well as significant silica alteration with evidence of disseminated pyrite and arsenopyrite. In addition, four RC holes for 483 metres have been completed below the previous intersections. Integration of these observations with previous results obtained from July drilling shows a possible mineralised corridor of 1.2 kilometres and open ended in both directions.

At Katosol, detailed soil sampling defined a nine kilometre, 20ppb gold in soil anomaly at the contact between volcanics and sediments. A shear zone hosting high grade lithosamples (29g/t, 44g/t and 24.3g/t) has been mapped truncating a regional fold in the sediments. A phase 1 RC drill programme is planned for the first quarter of 2013.

In addition to this ongoing exploration, the Nielle team has revised the resource triangle, identified areas defined by the generative team as potential targets that do not have detailed soil geochemistry and analysed work done on targets within and outside a 15 kilometre radius from Tongon. Based on this analysis, a ranking of the targets to be evaluated during 2013 was established as follows: Tongon East-Soumo South, Belokolo, Tease-Seydou East-Katula and Belokolo North for the brownfields.

For greenfields work, the team has identified the northern continuity of Katosol, the southern part of the permit with the corridors of Seleko-East Kolivogo-Batie and Batie-Gbodonon-

Gold targets in the Nielle permit



Bladonon and the Oleo North corridor as priority for follow up. In addition, several gap areas were identified for detailed soil geochemistry.

Diouala

At Diouala, on strike between the Nielle permit and the Gryphon Banfora project in Burkina Faso, high grade lithosamples were returned from the Gnelezie target (35.6g/t, 18.6g/t, 12g/t and 1.62g/t) from strongly sheared and altered granite.

At Kokoriko several subparallel silicified structures within andesites have returned high grade lithosamples over three kilometres including: 17g/t, 16.6g/t, 9.36g/t and 3.6g/t. Subsequently, a 3 000 metre RC reconnaissance drilling programme was completed over the target. Drill results confirm the occurrence of a mineralised envelope of roughly 6.5 metres width averaging 1.40g/t and extending over 2.2 kilometres with possible higher grade in the eastern zone of the target.

In the eastern part of the permit, at the contact between an amphibolitic schist package and volcanics, a detailed soil sampling programme has been completed over a corridor of the 4 by 4 kilometre Tidiane target. Soil geochemistry is ongoing at Dierrisso south of Tidiane with the aim of identifying new drill targets for 2013.

In the west, regional sampling highlighted an eight kilometre long north-south to northeast trending, plus 25ppb gold in soil anomaly which constitutes the new Fargolo target. This locates at the contact between granite and volcanics. In the north of the permit, the Ouahiri South target is coincident with a five kilometre long, north northeast trending, plus 25ppb gold in soil anomaly. Follow-up work is still required on these targets.

Regional soil sampling over the Nafoungolo target (locating over the Nogbele granite, west of the Oleo shear) highlighted a northeast trending anomaly over an eight kilometre strike which has been followed up with detailed soil sampling. This trend continues across the border into Burkina Faso, where it meets Gryphon Minerals' Nogbele target which hosts 1.2Moz at 2.2g/t within the Nogbele granite.

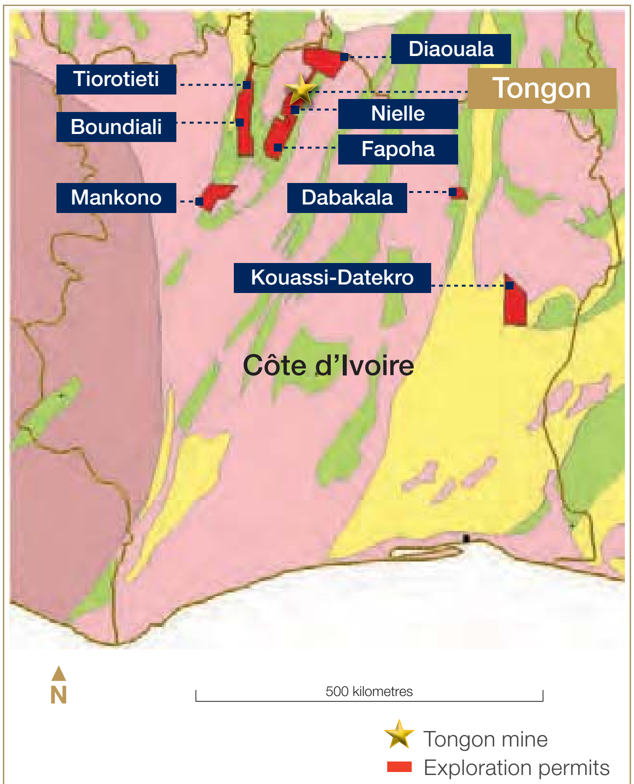
Boundiali

At Boundiali, 60 kilometres to the west of Nielle, early stage exploration work has identified four district scale (gold in soil) anomalous corridors, up to 30 kilometres in strike length, for follow-up work. Detailed mapping is currently in progress to define drill targets for testing in 2013.

Regional permits

Randgold has a further six permits in northern Côte d'Ivoire totalling 2 700km²: Dabakala, Mankono, Tiorotieri, Koussai Datekro and Fapoha North and South, where exploration will start in 2013.

Côte d'Ivoire permits



Burkina Faso

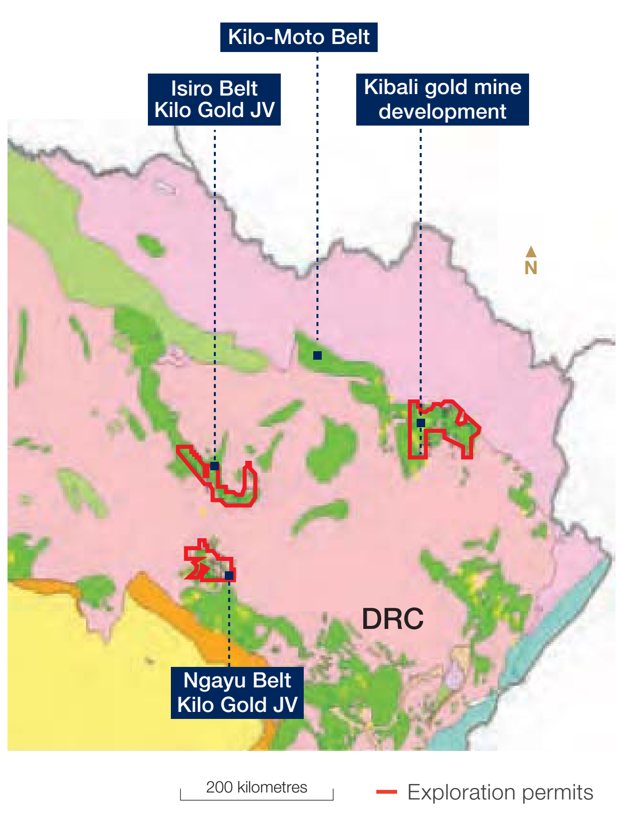
In Burkina Faso, Randgold has made steady progress in developing a new portfolio of exploration opportunities with a number of applications lodged with the State.

On the Kampti permit, which locates on the Hounde belt in the southwest of the country, a full analysis of historical data together with soil sampling, geological and regolith mapping was completed across the permit. This work identified several mineralised corridors striking both north-south and north-west across the permit, which host eight targets. These include the Tiossera and Kounkana targets which have considerable strike potential of over two kilometres and have returned highly mineralised lithosamples (25g/t, 16g/t and 3g/t) from the extensive artisanal workings.

Subsequent trenching on both targets has revealed that narrow shear zones (3 to 5 metres) host quartz veins and associated gold mineralisation but they are not of economic importance.

As well as continuing to evaluate Kampti, a key output for 2013 is to establish a new exploration portfolio either through the approval of applications in Randgold's own name or through joint venture.

Central African exploration



Democratic Republic of Congo

Kibali

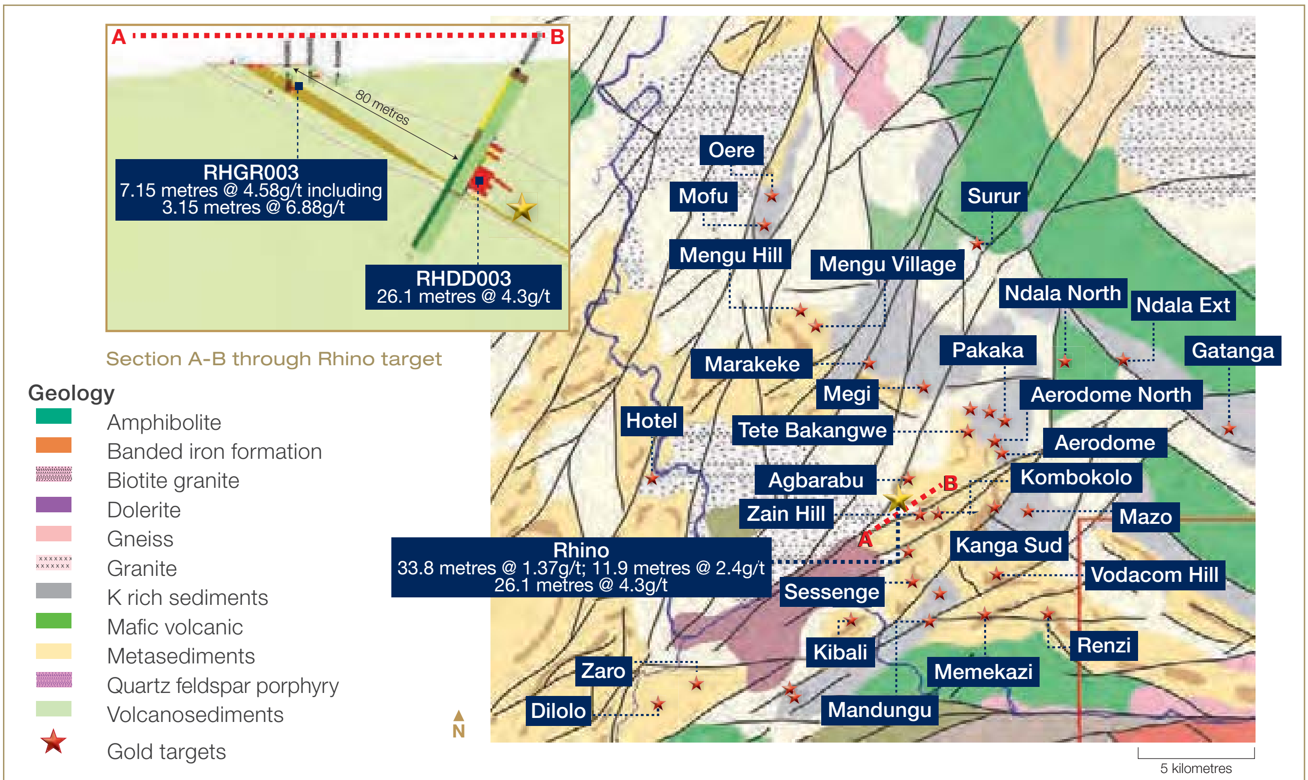
At Kibali, exploration has continued to focus on the extensions and conversion of inferred resources to indicated at the known deposits of the project as well as starting follow-up work on early stage targets at the base of the resource triangle, which has produced the new Rhino target. In addition a new exploration camp has been established in the east of the concession area to explore this highly prospective area.

Brownfields exploration

A phase one programme of six diamond holes was drilled over a 1.5 kilometre strike at KCD confirming a 150 to 200 metre wide extension of the 9000 lode towards Gorumbwa with an average thickness of 9 metres. Results include: DDD545 – 1 metres at 4.53g/t from 391.6 metres, 1.6 metres at 5.6g/t from 395.8 metres and 23.5 metres at 2.93g/t (including 10 metres at 5.46g/t from 403.5 metres).

Hole DDD548A demonstrated the down plunge continuity of the 3000 lode intersecting: 86 metres at 4.61g/t from 294 metres (including 4 metres at 15g/t from 300 metres, 12 metres at 13.01g/t from 320 metres, 4 metres at 6.65g/t from 336 metres, 4 metres at 8.71g/t from 346 metres and 2 metres at 19g/t from 374 metres). The mineralisation is associated with albite-carbonate-silica-pyrite alteration. Mineralisation remains open down plunge where further drilling is required to further evaluate these high grade intersections.

Kibali KCD area with gold targets



Kibali exploration.

At the north eastern end of the 5000 lode, 0.5Moz grading above 4g/t has been converted from the inferred category to indicated resources following the drilling of three diamond holes which confirmed the geological model, and returned the following gold assay results:

- DDD564 – 13.35 metres at 1.99g/t from 277 metres, 26 metres at 1.20g/t from 322 metres, 65.6 metres at 4.14g/t from 391.4 metres (including 7.6 metres at 7.1g/t from 391.4 metres, 6 metres at 4.66g/t from 405 metres, and 15.73 metres at 7.88g/t from 427.27 metres) and 29 metres at 3.73g/t from 464 metres (including 18 metres at 4.72g/t from 466 metres).
- DDD565 – 71 metres at 1.81g/t from 285 metres (including 7 metres at 8.93g/t from 320 metres), 48.81 metres at 4.99g/t from 365.3 metres (including 23.7 metres at 8.58g/t from 365.3 metres), 9.6 metres at 2.5g/t from 444.4 metres (including 2 metres at 4.37g/t from 452 metres), 53 metres at 8.58g/t from 554 metres (including 18 metres at 6.24g/t from 554 metres), 4 metres at 4.87g/t from 578 metres and 19 metres at 15.15g/t 588 metres, 20.7 metres at 4.41g/t from 626.3 metres (including 8 metres at 7.20g/t from 630 metres).
- DDD563A – 23 metres at 1.7g/t from 276 metres, 57 metres at 2.1g/t from 327 metres, 27 metres at 7.18g/t from 491.8 metres and 77.2 metres at 3.29g/t from 563.1 metres (including 15.1 metres at 6.4g/t from 563.84 metres).

A review of the drilling and mineralised intersections in the vicinity of the southwest termination of the 9000 lode stope designs has identified a significant gap in drill spacing that has potential to host high grade mineralisation and the conversion of a further 0.5Moz at plus 4g/t. Drilling is in progress.

Within a 10 kilometre radius of the main Sessengue-KCD deposit there are a number of satellite deposits which are in reserve or have resource potential calculated. There are also advanced targets which have seen only limited drilling. Both of these target types are considered to be a high priority as they have considerable upside potential, either having had very limited drilling or drilling only to shallow depths of less than 200 metres. These are Kombokolo, Gorumbwa, Pakaka, Pamao, Agbarabo, Megi, Marakeke, Mengu Hill, Mengu Village and Ndala where the global mineral inventory is 5Moz at 2.2g/t.

Gorumbwa

At Gorumbwa, a seven hole programme has been completed to convert 0.39Moz at 3.36g/t of inferred ounces and provide further open pit flexibility to the operation. All results have been received and a comparison between significant intersection grades and projected block model grades is in progress. A revised resource estimate will be completed together with a pit optimisation and mining schedule in the first half of 2013. Drill results from this programme include:

- GDD036 – 15 metres at 3.04g/t from 98 metres and 2 metres at 0.99g/t from 141 metres.
- GDD038 – 32 metres at 3.59g/t from 147 metres and 8 metres at 2.03g/t from 185 metres.
- GDD039 – 15.85 metres at 2.01g/t from 11 metres, 11 metres at 1.32g/t from 28 metres and 8 metres at 1.32g/t from 48 metres.
- GDD040 – 4 metres at 2.28g/t from 79 metres, 12 metres at 6.77g/t from 95 metres, 1.40 metres at 3.35g/t from 113 metres and 9.70 metres at 2.61g/t from 117.3 metres.
- GDD041 – 13 metres at 9.85g/t from 96 metres, 10.85 metres at 1.43g/t from 2 metres and 23 metres at 0.99g/t from 131 metres.
- GDD042 – 16 metres at 1.65g/t from 111 metres, 1.5 metres at 3.55g/t from 143.5 metres and 6 metres at 1.83g/t from 220 metres.

- GDD043 – 32 metres at 3g/t from 65 metres and 4 metres at 2.4g/t from 145 metres.

Rhino

Rhino is a new target, located between the Kombokolo deposit and the Agbarabo old pit. Rhino consists of a package of broadly east-west trending and moderately north dipping volcaniclastic units and an ironstone marker unit which is up to five metres thick. Following mapping and encouraging surface lithosample results, which average 3g/t over a 100 metre area, three reconnaissance diamond holes were drilled for a total length of 247.22 metres. The holes confirm up to 34 metres of alteration and mineralisation with localised zones of high sulphide (pyrite) content. Significant results include:

- RHDD001 – 33.8 metres at 1.37g/t from 26 metres (including 3 metres at 3.89g/t from 55 metres) and 13.3 metres at 1.1g/t from 67.7 metres.
- RHDD002 – 11.9 metres at 2.4g/t from 42 metres.
- RHDD003 – 26.1 metres at 4.3g/t from 26 metres (including 9 metres at 8.51g/t from 38 metres).

Follow-up drilling is planned.

Greenfields exploration

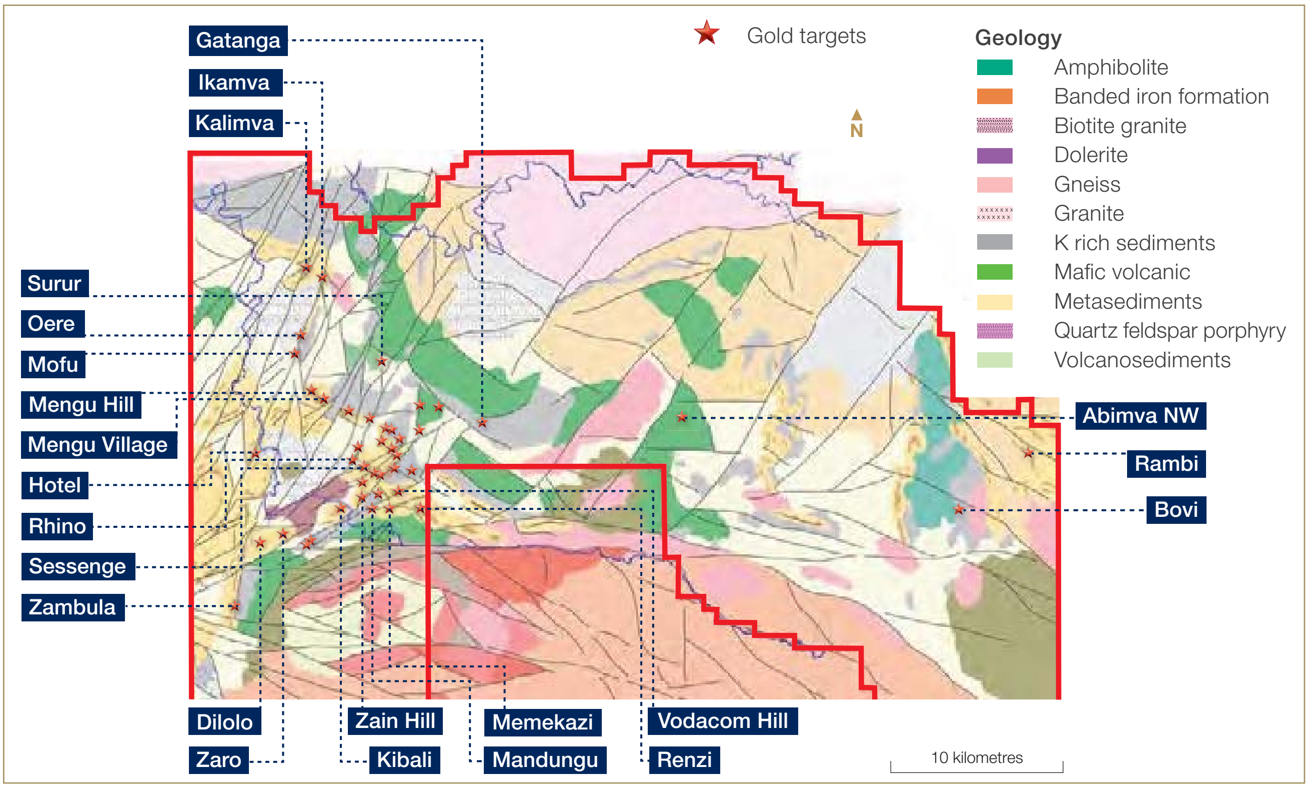
The known deposits of the Kibali project are hosted along a reactivated thrust plane which creates plunging lodes of mineralisation as exemplified by the KCD deposit. The identification of a major northeast trending subvertical shearzone from the interpretation of geophysical data supported by field mapping, has provided a new exploration opportunity. The structure locates in the western part of the Kibali permit and transgresses the area for more than 30 kilometres causing offsets to the main lithological units, as well as acting as a conduit for intrusives and gold bearing fluids producing the coincident gold in soil anomaly. Two prioritised targets, Zambula in the south and Kalimva and Ikamva in the north, have been the focus of work during 2012.

Kalimva and Ikamva

The Kalimva target is situated 15 kilometres north of KCD, close to the Nzoro Road, and hosted three shallow open pits during the early 1950s. Soil sampling results highlight gold peaking at 2 562ppb and the 100ppb soil contour delineates a north-northeast trend with plus two kilometre cumulative strike length and 250 metre average width. Lithosample assay results returned up to 13.6g/t and averaged 2.9g/t. SOKIMO drill data returned narrow high grade intersections from the main zone: K300 – 3 metres at 22.0g/t from 38.63 metres; K301 – 4.39 metres at 12.5g/t from 45.99 metres; S12 – 1.5 metres at 8.6g/t; and S15 – 15 metres at 3.40g/t.

The stratigraphic sequence comprises magnetic ironstones and a volcano sedimentary unit (fine to medium grained tuff and volcaniclastic agglomerate) intercalated with sediments, mainly chert. Locally small bands of argillite are encountered within the tuffaceous units. Basalt occurs in the northeast and the contact with the volcano sedimentary package is marked by a highly deformed quartz feldspar porphyry intrusion.

Kibali greenfields exploration



A reconnaissance phase of diamond drilling consisting of six holes over a strike of 1.5 kilometres was completed. Gold assay results include the following intersects:

- KVDD001 – 73.7 metres at 3.41g/t (including 7.2 metres at 6.83g/t, 6.8 metres at 5.73g/t and 7.8 metres at 7.2g/t).
- KVDD0002 – 26.03 metres at 2.57g/t (including
- 11.55 metres at 4.19g/t).
- KVDD004A – 37.75 metres at 1.39g/t (including
- 6.56 metres at 3.04g/t).
- KVDD006 – 10.16 metres at 1.17g/t and 4 metres at 3.56g/t.

A second phase of diamond drilling, comprising five holes has been completed with positive results returned:

- KVDD007 – 21 metres at 2.13g/t including 8 metres at 3.98g/t.
- KVDD009 – 9.3 metres at 1.31g/t and 14.9 metres at 2.19g/t including 3.3 metres at 4.48g/t.
- KVDD010 – 20.15 metres at 3.27g/t including 1.8 metres at 16g/t.

Based on this drilling, a geological estimate was completed which indicated a potential of 0.5Moz at 2.5g/t. Due to the relatively low grade and distance from the plant site, this project will have no immediate impact on the LOM schedule and therefore no further work will be done for the time being.

The Ikamva target, located two kilometres to the west of Kalimva, was progressed by completing detailed mapping of the previous shallow workings in the area, along with lithosampling and trenching. Mineralisation is associated with strong silica-sericite alteration of volcaniclastics rocks capped by ironstones.

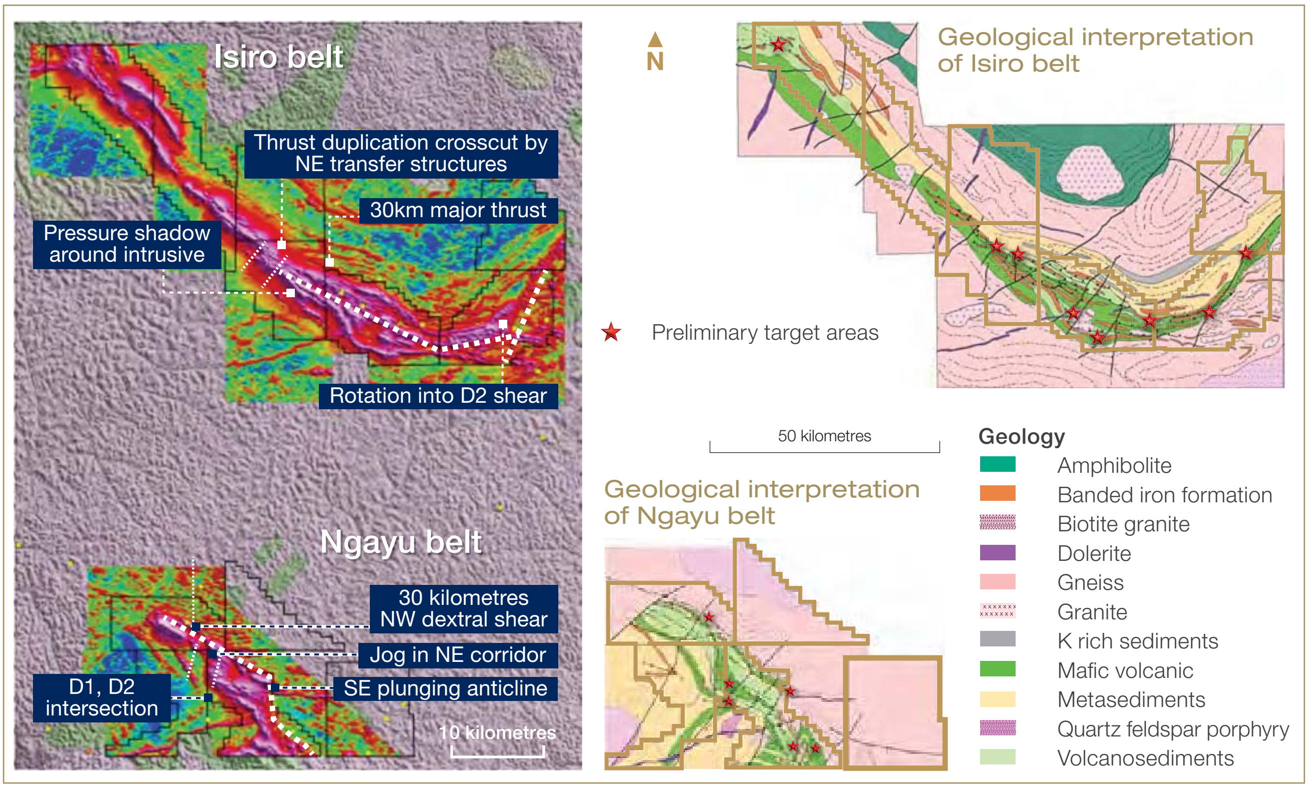
In the main pit, 41 lithosamples were taken and returned up to 13.2g/t and averaging 1.79g/t, while in the southeast pit 16 lithosamples returned average grade of 3.9g/t. A trench at the ironstone-volcaniclastic contact returned 22.5 metres at 2.36g/t. A first reconnaissance phase of drilling has also been completed drill hole IVDD006 returned a promising intersection of 34.8 metres at 2.42g/t associated with a fold hinge.

Zambula

At Zambula, results were received from trenches situated in the central part of the Zambula anomaly: ZBTR19 returned 8 metres at 2.5g/t and ZBTR20 returned 34 metres at 1.32g/t including 6 metres at 5.65g/t. Phase one work including trenching and one reconnaissance diamond hole, confirmed mineralisation along the main four kilometre extent of the soil anomaly. Assay results and logging have indicated a narrow high grade system surrounded by a low grade halo.

The target is 22 kilometres from the Kibali plant site and at this stage the geology and results do not support further work.

Joint venture with Kilo Goldmines



Generative work and new business

The company's exploration strategy, which directs a team of 70 geoscientists, is based on access to quality mineral rights and the ability to generate targets. In line with this, and as reported last year, a key objective was to increase Randgold's Central African footprint.

During 2012, Randgold signed a joint venture agreement with the Toronto based Kilo Goldmines to explore for gold on 12 licences covering 2 057km² over the northern portion of the Archaean Ngayu greenstone belt and the Isiro greenstone belt. The licences have numerous gold occurrences which were explored during the colonial era and which include current active artisanal sites.

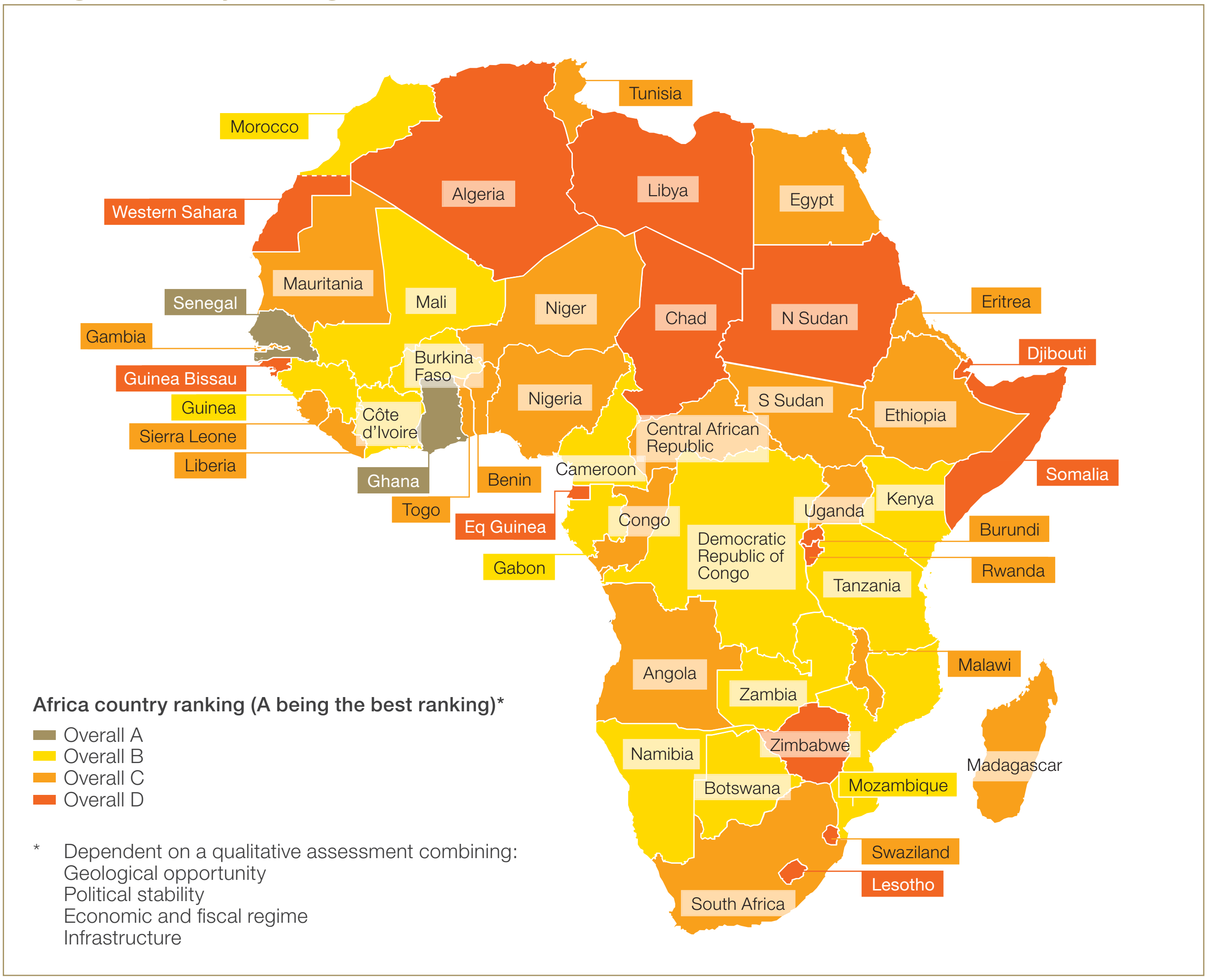
The main provisions of the agreement are:

- Randgold to earn 51% for the completion of a pre-feasibility study (PFS).
- Kilo Goldmines (KGL) has the right to maintain 49% post PFS.
- Randgold to earn 65% for the completion of a bankable feasibility study (BFS) should KGL not contribute post PFS.
- KGL equity to convert to 1.5% royalty if diluted to 10% or less.
- PFS to be established within five years.
- BFS to be established within one year after PFS, or such longer time to be agreed by the parties.

A generative study is in progress and teams were mobilised to site in early January 2013 to start reconnaissance fieldwork.

In addition to acquiring exploration permits in its own name, Randgold continues to evaluate potential joint ventures with local businessmen as well as international mining companies at a time when there is increasing stress in the junior market. It also monitors the exploration activities of others with a view to identifying companies that offer acquisition or joint venture opportunities.

Randgold country ranking



Resources and reserves

Annual resource and reserve declaration

at 31 December 2012

Mine/project	Category	Tonnes (Mt) 2012	Tonnes (Mt) 2011	Grade (g/t) 2012	Grade (g/t) 2011	Gold (Moz) 2012	Gold (Moz) 2011	Attributable gold (Moz) 2012	Attributable gold (Moz) 2011
Mineral resources									
Kibali								**45%**	45%
	Measured	**4.37**	-	**3.00**	-	**0.42**	-	**0.19**	-
	Indicated	**130.31**	129.35	**3.50**	3.38	**14.66**	14.04	**6.60**	6.32
Sub total	Measured and indicated	**134.68**	129.35	**3.48**	3.38	**15.08**	14.04	**6.78**	6.32
	Inferred	**55.40**	63.90	**2.20**	2.23	**3.91**	4.58	**1.76**	2.06
Loulo								**80%**	80%
	Measured	**6.55**	6.28	**3.09**	3.40	**0.65**	0.69	**0.52**	0.55
	Indicated	**49.67**	52.73	**4.88**	4.67	**7.80**	7.91	**6.24**	6.33
Sub total	Measured and indicated	**56.22**	59.02	**4.67**	4.53	**8.45**	8.60	**6.76**	6.88
	Inferred	**16.74**	17.53	**3.36**	3.18	**1.81**	1.79	**1.45**	1.44
Gounkoto								**80%**	80%
	Measured	**2.06**	1.02	**2.22**	2.73	**0.15**	0.09	**0.12**	0.07
	Indicated	**24.72**	22.15	**5.01**	5.17	**3.98**	3.68	**3.19**	2.94
Sub total	Measured and indicated	**26.78**	23.17	**4.80**	5.06	**4.13**	3.77	**3.30**	3.01
	Inferred	**4.03**	14.08	**3.75**	2.87	**0.49**	1.30	**0.39**	1.04
Morila								**40%**	40%
	Measured	**3.86**	8.12	**1.14**	1.24	**0.14**	0.32	**0.06**	0.13
	Indicated	**1.04**	-	**3.11**	-	**0.10**	-	**0.04**	-
Sub total	Measured and indicated	**4.90**	8.12	**1.56**	1.24	**0.25**	0.32	**0.10**	0.13
	Inferred	**41.33**	44.48	**0.43**	0.46	**0.58**	0.66	**0.23**	0.27
Tongon								**89%**	89%
	Measured	**2.52**	0.89	**1.44**	1.68	**0.12**	0.05	**0.10**	0.04
	Indicated	**32.82**	35.54	**2.72**	2.69	**2.87**	3.07	**2.56**	2.74
Sub total	Measured and indicated	**35.34**	36.43	**2.63**	2.67	**2.99**	3.12	**2.66**	2.78
	Inferred	**10.06**	17.28	**2.69**	2.67	**0.87**	1.48	**0.78**	1.32
Massawa								**83%**	83%
	Indicated	**37.33**	37.33	**2.65**	2.65	**3.18**	3.18	**2.65**	2.65
Sub total	Measured and indicated	**37.33**	37.33	**2.65**	2.65	**3.18**	3.18	**2.65**	2.65
	Inferred	**3.36**	3.36	**3.92**	3.92	**0.42**	0.42	**0.35**	0.35
Total resources	Measured and indicated	**295.25**	293.42	**3.59**	3.50	**34.07**	33.04	**22.25**	21.77
	Inferred	**130.92**	160.64	**1.92**	1.98	**8.08**	10.25	**4.95**	6.48
Mineral reserves									
Kibali								**45%**	45%
	Proven	**3.62**	-	**3.24**	-	**0.38**	-	**0.17**	-
	Probable	**79.28**	78.62	**4.14**	4.04	**10.54**	10.21	**4.74**	4.59
Sub total	Proven and probable	**82.89**	78.62	**4.10**	4.04	**10.92**	10.21	**4.91**	4.59
Loulo								**80%**	80%
	Proven	**2.29**	2.83	**2.05**	2.58	**0.15**	0.23	**0.12**	0.19
	Probable	**37.68**	38.88	**5.10**	5.00	**6.18**	6.24	**4.95**	5.00
Sub total	Proven and probable	**39.97**	41.71	**4.93**	4.83	**6.34**	6.48	**5.07**	5.18
Gounkoto								**80%**	80%
	Proven	**1.80**	0.77	**2.43**	2.19	**0.14**	0.05	**0.11**	0.04
	Probable	**16.52**	16.19	**4.98**	5.19	**2.64**	2.70	**2.11**	2.16
Sub total	Proven and probable	**18.32**	16.96	**4.73**	5.06	**2.78**	2.76	**2.23**	2.21
Morila								**40%**	40%
	Proven	**-**	1.44	**-**	1.71	**-**	0.08	**-**	0.03
	Probable	**4.88**	6.68	**1.51**	1.14	**0.24**	0.24	**0.09**	0.10
Sub total	Proven and probable	**4.88**	8.12	**1.51**	1.24	**0.24**	0.32	**0.09**	0.13
Tongon								**89%**	89%
	Proven	**2.52**	0.89	**1.44**	1.68	**0.12**	0.05	**0.10**	0.04
	Probable	**31.28**	32.21	**2.51**	2.63	**2.53**	2.72	**2.25**	2.42
Sub total	Proven and probable	**33.79**	33.10	**2.43**	2.60	**2.64**	2.77	**2.35**	2.46
Massawa								**83%**	83%
	Probable	**20.73**	20.73	**3.07**	3.07	**2.05**	2.05	**1.70**	1.70
Sub total	Proven and probable	**20.73**	20.73	**3.07**	3.07	**2.05**	2.05	**1.70**	1.70
Total reserves	Proven and probable	**200.60**	199.25	**3.87**	3.84	**24.96**	24.58	**16.36**	16.28

See page 72 of this annual report for notes to the annual resources and reserves declaration (comments and disclaimers).

Schedule of mineral rights

at 31 December 2012

Country	Type	Area (km²)	Area (miles²)	Equity (%)
Mali				
■ Loulo	EP	263	101	80.0
■ Gounkoto	EP	100	39	80.0
■ Morila	EP	200	77	40.0
■ Bena	EEP	16	6	80.0
■ Dinfola	EEP	139	54	80.0
■ Madina	EEP	250	97	90.0
■ Nimissila	EEP	250	97	90.0
■ Massabougou	EEP	125	48	90.0
■ Bogo	EEP	150	58	90.0
Côte d'Ivoire				
■ Nielle	EP	751	290	89.0
■ Boundiali	EEP	1 314	507	81.0
■ Dabakala	EEP	191	74	81.0
■ Diaouala	EEP	977	377	81.0
■ Mankono	EEP	704	272	81.0
■ Tiorotieri	EEP	86	33	81.0
■ Kouassi Datekro	EEP	922	356	81.0
■ Fapoha North	EEP	387	149	81.0
■ Fapoha South	EEP	399	154	81.0
Senegal				
■ Kanoumba	EEP	621	240	83.3
■ Miko	EEP	84	32	83.3
■ Dalema	EEP	401	155	83.3
■ Tomboronkoto	EEP	225	87	83.3
■ Bambadji	EEP	315	122	51.0
Burkina Faso				
■ Kampti	EEP	183	71	81.0
Democratic Republic of Congo				
■ Kibali				
□ 11447	EP	227	88	45.0
□ 11467	EP	249	96	45.0
□ 11468	EP	46	18	45.0
□ 11469	EP	92	36	45.0
□ 11470	EP	31	12	45.0
□ 11471	EP	113	44	45.0
□ 11472	EP	85	33	45.0
□ 5052	EP	302	117	45.0
□ 5073	EP	399	154	45.0
□ 5088	EP	292	113	45.0
■ Kilo*				
□ 2226	EEP	137	53	51.0
□ 2227	EEP	137	53	51.0
□ 2229	EEP	126	49	51.0
□ 2230	EEP	154	59	51.0
□ 2231	EEP	196	76	51.0
□ 2285	EEP	196	76	51.0
□ 2286	EEP	184	71	51.0
□ 2287	EEP	182	70	51.0
□ 2288	EEP	172	66	51.0
□ 2289	EEP	194	75	51.0
□ 2290	EEP	189	73	51.0
□ 2291	EEP	190	73	51.0
Total area		**12 945**	**4 998**	

EP Exploitation permit.
EEP Exclusive exploration permit.
* *Subject to a joint venture agreement (see page 68 of this annual report for further details).*

Notes to the annual resource and reserve declaration

Randgold reports its mineral resources and mineral reserves in accordance with the JORC code. They are equivalent to National Instrument 43-101. The reporting of mineral resources is based on a gold price of US$1 500/oz. The reporting of mineral reserves is also in accordance with Industry Guide 7. Pit optimisation is carried out at a gold price of US$1 000/oz, except for Morila which is reported at US$1 300/oz. Underground reserves are also based on a gold price of US$1 000/oz. Dilution and ore loss are incorporated into the calculation of reserves. Cautionary note to US investors: The United States Securities and Exchange Commission (the SEC) permits mining companies, in their filings with the SEC, to disclose only proven and probable ore reserves. Randgold uses certain terms in this annual report such as 'resources', that the SEC does not recognise and strictly prohibits the company from including in its filings with the SEC. Investors are cautioned not to assume that all or any parts of the company's resources will ever be converted into reserves which qualify as 'proven and probable reserves' for the purposes of the SEC's Industry Guide number 7.
See glossary of terms on website at **www.randgoldresources.com**.

Sustainability report

Creating long term value for all stakeholders

Randgold's ability to operate successfully is acutely dependent on our ability to deliver long term value to all our stakeholders, in particular our host countries and communities.

Contents

This encompasses a wide range of contributions: the revenues we generate for governments, the employment and training opportunities we provide, the local companies we nurture in emerging Africa and the power stations, water systems and other infrastructure we help develop. Over the last ten years we have contributed more than US$1.2 billion in taxes, royalties and dividends to the governments of Mali, Côte d'Ivoire and the Democratic Republic of Congo and created over 15 000 jobs. Perhaps most significantly over 92% of those jobs have gone to citizens of the host nations themselves.

Our operations have helped bring roads, health clinics and schools to remote parts of Africa and we want to ensure a positive legacy from the mineral wealth that we mine. However, we also recognise that the day to day impacts of our mining need careful management. We must operate to the highest standards of safety, respect local sensitivities, remediate the effects to the landscape, strive to be energy-efficient and use precious resources such as water wisely and fairly. I am pleased to say that in 2012 we have succeeded in reducing our lost time injury frequency rate (LTIFR) by over 50% and, despite some very real challenges, continue to move towards our long term targets to recycle 85% of our water and reduce greenhouse gas emissions by 47%.

This year we have also taken a meaningful step forward in our strategic corporate management of sustainability, putting in place the people and systems that will enable us to effectively manage these issues over the longer term. We have appointed a group manager for sustainability, health and safety and are rolling out new policies to protect human rights and biodiversity across our operations.

Our developing management approach and results are evidence of our strong sustainability performance. They can be documented and verified. However, the achievement of which I am most proud, though it is harder to measure, is fundamental to our success. It is that, in a challenging political and economic climate, we have maintained the trust of the communities that host our mines. That is, at its core, attributable to our long term commitment to local economic empowerment by providing jobs, skills training and business opportunities to local communities in some of the most underdeveloped parts of Africa. It is this approach that has helped Randgold build a business model that delivers in emerging Africa; one that is able to ride out localised conflicts and rise to the challenges that the region presents.

This sustainability report is part of that process. Accountability to our stakeholders requires that we document both our successes and those areas where our performance has not been of the standard we expect of ourselves. So we also report on issues where there are lessons to be learnt. Our approach, with its emphasis on creating and sharing value with the people and communities around our mines, is both the right thing to do and central to our business strategy. We are confident that it will maximise the contribution that we make to the development of the countries where we operate and, in turn, ensure our company's long term success.

Mark Bristow
Chief executive

Achieved in 2012

Sustainable economic development

- US$322 million* in economic value distributed or distributable to host states, communities and employees; up 30% from 2011
- US$537 million* distributed to companies based in host countries
- 92% of operational staff are nationals of our host countries

Community relations

- US$830 000 distributed to local community committees for sustainable development projects, up 87% from 2011
- 1 208 households successfully resettled in the newly constructed village of Kokiza in DRC
- New corporate policy on human rights approved; being implemented across operations and supply chain

A safe and healthy workforce

- 52% improvement in LTIFR but one fatality in 2012
- Two mines certified to international OHSAS 18001 safety standard. All operating mines to be certified mid-2013
- 7% reduction in malaria incidence among employees
- 87% increase in voluntary counselling and testing for HIV/AIDS of employees and community members

Responsibly managed environment

- Zero Class 1 (major) environmental incidents for third year running
- 69% of water reused on mines, up 17%
- 535 598 tonnes of CO_2 equivalent emitted, a rise of 31% while 2010 target maintained to reduce greenhouse gas emissions by 47% by 2015
- New corporate policy on biodiversity approved; being implemented across all operations

* On a group consolidated basis.

Targeted for 2013

Sustainable economic development

- Continue to grow economic value distributed, in line with increased production
- Maintain levels of employment from host nations above 80% and maximise local procurement

Community relations

- Complete Kibali resettlement programme
- Implement phase two of agribusiness strategy at Morila

A safe and healthy workforce

- Year on year 10%decrease in LTIFR
- Increase near miss reporting levels
- Reduce malaria incidence across group by 25%
- Increase voluntary HIV tests

Responsibly managed environment

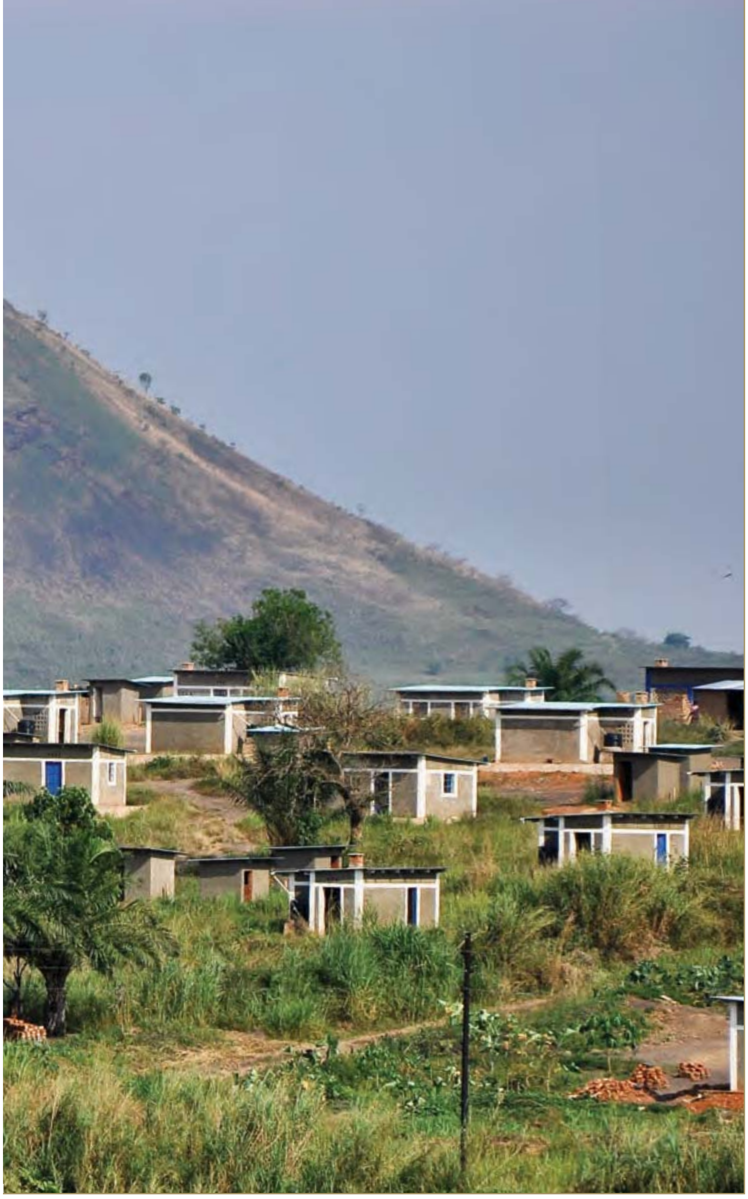
- Reduce energy and emission levels in line with five-year strategy
- Complete first water disclosure report for the Carbon Disclosure Project
- Introduce Biodiversity Action Plans for all operations

For a full summary table of sustainability performance indicators see pages 76 and 77 of this annual report.

Newly built houses at Kokiza.

Sustainability performance summary

Focus	Key performance indicators
Economic development *(see page 84)*	Gold sales
	Payments to suppliers in countries of operation
	Total economic value distributed
Community *(see page 89)*	Total community investment
	Percentage of employees and contractors who are nationals of our countries of operation
	Proportion of grievances resolved by 31 December 2012
	Malaria Incidence rate
Human capital *(see page 98)*	LTIFR
	Number of workplace fatalities
	Number of mines certified to OHSAS
Environment *(see page 106)*	Number of class 1 (major) or 2 (medium) environmental incidents
	Emission intensity
	Total water recycled
	ISO 14001 certification
	Develop site specific Biodiversity Action Plans (BAPs) for all our operations.



About this report

Randgold is a gold mining and exploration company operating in the prospective gold belts of West and Central Africa. The company produced 794 844 ounces of gold in 2012 from four operating mines: Loulo, Gounkoto and Morila in Mali and Tongon in Côte d'Ivoire. It has one mine under development: Kibali in the DRC and a further advanced project: Massawa in Senegal, at feasibility stage.

Randgold is committed to reporting on how it manages the material environmental, social and governance issues that affect its business. This sustainability report details the company's performance on this front for the financial year ended 31 December 2012. Further information is also available on our website **www.randgoldresources.com**.

The data presented in this report covers all six operational and development sites, but excludes offices and guest houses.

The company welcomes feedback on any aspect of this report. This can be submitted to group general manager sustainability Charles Wells at **Charles.Wells@randgold.com.**

2012	2011	Trend	Targets
US$1 318 million*	US$1 127 million*	✓	Production for 2013 of between 900 000 - 950 000oz
US$537 million*	US$322 million*	✓	To maximise procurement from local suppliers
US$794 million*	US$657 million*	✓	To increase economic value distributed in line with production
US$33.6 million*	US$20.6 million*	✓	To increase total community investment in line with production
92%	92%	✓	To maximise the number of nationals in our workforce
94.1%	97.2%	✗	To resolve all grievances registered through our grievance mechanism
62.0%	69.2%	✓	To reduce malaria incidence across the group by 25% in 2013
1.5	3.1	✓	To reduce the LTIFR by 10% year on year
1	3	✓	Zero fatalities
2	1	✓	For all active mines to be OHSAS compliant by mid-2013
0 - Class 1 10 - Class 2	0 - Class 1 8 - Class 2	✓ ✗	Zero Class 1 and 2 environmental incidents
43.9 CO_2-e/kt milled	37.1 CO_2-e/kt milled	✗	To reduce greenhouse gas (GHG) emissions to 23.5 tonnes CO_2-e/kt milled by 2015
69%	59%	✓	For 85% of water to be reused by 2015
4	2	✓	Target for all active mines (not including Kibali) to be certified to the ISO 14001 standard has been achieved
2	0	✓	To introduce BAPs at all operational mines by the end of 2013

* *On a group consolidated basis.*

About our gold mines: Cradle to grave sustainability

Details of the four countries in which our mines and projects are based, including sustainable development indicators, are listed alongside details of the sites themselves.

Each site is at a different stage of its life and therefore faces varying, though connected, sustainability challenges. Here we describe how we manage those challenges in an integrated way that takes each mine's site-specific political, social and environmental conditions into account.

Sustainability priorities at each phase of the life cycle

There are five distinct phases in the life of our mines. Below is a summary of our sustainability priorities at each of these stages.

Exploration

- Aim for the smallest possible social and environmental impact.
- Establish good community relations.
- Set up grievance mechanism and emergency response plan for all community concerns.
- Employ local people in the exploration teams to ensure sufficient local knowledge to assess potential social and environmental issues.

Feasibility

- Conduct social, public health and Environmental Baseline Studies and Impact Assessments (ESIAs).
- Launch public communication programmes to ensure the local communities are aware of the mine's likely positive and negative impacts.
- Hold discussions with host governments on issues such as infrastructure and security.
- Produce a site-specific environmental management plan that complies with the International Finance Corporation's (IFC) Performance Standards.
- Draw up resettlement action plans as required.

Construction

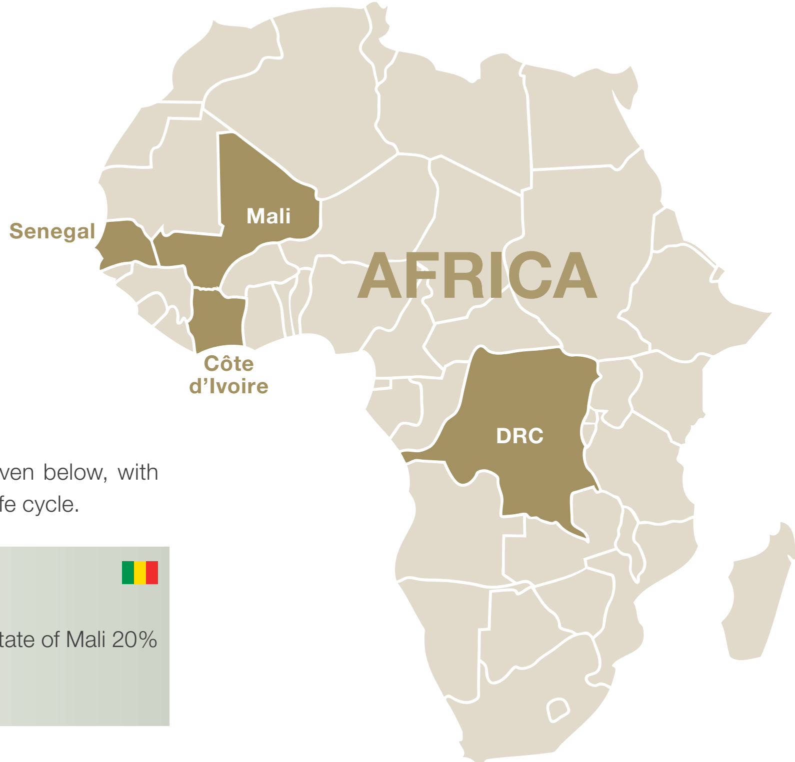
- Launch recruitment process prioritising directly affected communities.
- Conduct aptitude tests to identify potential candidates for skilled jobs during the mine's operation.
- Initiate training of host country nationals in preparation for operational employment.
- Increase communications with local communities.
- Manage grievance mechanism.
- Implement environmental management system (EMS) and programmes to mitigate impacts, with regular monitoring and quarterly updates to board.
- Implement safety management systems with emphasis on safety awareness, training and risk assesment.

Operational

- Prioritise workplace safety, health and employee development.
- Allocate budgets to local committees for community development projects.
- Ensure employment is offered first to people from the most affected local communities, then host country nationals.
- Optimise use of energy, water and other natural resources, with monitoring to check compliance and track improvements.
- Boost waste management resources to cope with increased consumption levels.
- Continuous rehabilitation of land wherever possible using satellite imagery to plan and monitor progress.
- Clearly promote and manage grievance mechanisms.
- Ensure sufficient financial resources are set aside to meet closure obligations and put legacy planning in place.

Closure

- Ensure economic and social infrastructure in place to maintain the long term viability of communities.
- Develop and implement viable economic strategies, such as our agribusiness strategy for Morila.
- Provide training for people previously employed at the mine to enable alternative employment.
- Offer financial support to mine employees to help start alternative livelihoods.
- Remediate and restore land using indigenous plant species as detailed in original baseline studies.



Our operations

Overview details of our mines and projects are given below, with colour coding depicting each mine's phase in the life cycle.

Loulo mine

Country:	Mali
Ownership:	Randgold owns 80%, the State of Mali 20%
Status:	Operational
2012 production:	219 745 ounces

Gounkoto mine

Country:	Mali
Ownership:	Randgold owns 80%, the State of Mali 20%
Status:	Operational
2012 production:	283 479 ounces

Morila mine

Country:	Mali
Ownership:	Randgold owns 40%, AngloGold Ashanti Limted 40%, the State of Mali 20%
Status:	Approaching closure
2012 production:	202 513 ounces

Tongon mine

Country:	Côte d'Ivoire
Ownership:	Randgold owns 89%, the State of Côte d'Ivoire 10%, a local company 1%
Status:	Operational
2012 production:	210 615 ounces

Kibali mine development

Country:	Democratic Republic of Congo
Ownership:	Randgold owns 45%, AngloGold Ashanti Limited 45%, SOKIMO (State controlled entity) 10%
Status:	Under construction
2012 production:	None

Massawa project

Country:	Senegal
Ownership:	Randgold owns 83.25%, the State of Senegal 10%, a Senegalese joint venture partner 6.75%
Status:	Feasibility
2012 production:	None

Our host countries*

Mali

- **Population:** 15 494 466
- **Gross national income per head:** US$1 123
- **Life expectancy at birth:** 51.4 years
- **Expected years of schooling:** 8.3
- **Population below national poverty line:** 47.4%
- **Area:** 1 240 192km² (about five times the size of the United Kingdom)

Côte d'Ivoire

- **Population**: 21 952 093
- **Gross national income per head:** US$1 387
- **Life expectancy at birth:** 55.4 years
- **Expected years of schooling:** 6.3
- **Population below national poverty line:** 42.7%
- **Area:** 322 463km² (about a third again as large as the United Kingdom)

Democratic Republic of Congo (DRC)

- **Population:** 73 599 190
- **Gross national income per head:** US$280
- **Life expectancy at birth:** 48.4 years
- **Expected years of schooling:** 8.2
- **Population below national poverty line:** 71.3%
- **Area:** 2 344 858km² (about ten times the size of the United Kingdom)

Senegal

- **Population:** 12 969 606
- **Gross national income per head:** US$1 708
- **Life expectancy at birth:** 59.3 years
- **Expected years of schooling:** 7.5
- **Population below national poverty line:** 50.8%
- **Area:** 196 722km² (about four-fifths the size of the United Kingdom)

* *All sustainable development indicators provided by UNDP Human Development Report 2011.*

Our governance of sustainability risks

As with any other area of our business, we aim to ensure that sustainability issues are managed at operational level by senior people with appropriate skills and experience, and that there is effective board oversight to test strategic direction, monitor performance and ensure our policies remain appropriate to the business.

Our sustainability policies are designed to align with relevant international standards and protocols. In particular, the 10 sustainable development principles of the International Council on Mining and Metals, World Bank Operational Guidelines, IFC Performance Standards on Environmental and Social Sustainability, the Organisation for Economic Co-operation and Development (OECD) Convention on Combating Bribery, the Voluntary Principles on Security and Human Rights and the Conflict-Free Gold Standard. In 2012, we completed our second year of reporting in accordance with the Global Reporting Initiative (GRI) and have produced a separate self-declared B+ application level report, up from a C+ level in 2011. This is indicative of our commitment to improving our sustainability management systems and transparency.

The company has established an environmental and social oversight committee which is responsible for identifying and managing strategic sustainability risks and opportunities. This committee tables its quarterly reports for review at the group board of directors' meetings. The committee is chaired by the CEO and includes our group executive for sustainability, the chief operating officers, group projects and process executive and the general managers of each mine. Sustainability KPIs are reviewed weekly by the group executive committee, and at operational level, we have dedicated site-level managers for both sustainability and health and safety to ensure effective implementation of the board's policies on a day-to-day basis.

For all Randgold staff and contractors, the standards of behaviour that we expect in relation to sustainability issues are clearly defined in our code of conduct and corporate human rights policy, all publicly available and included on the company's website at **www.randgoldresources.com**. These form a central part of induction training for all employees and contravention leads to automatic disciplinary action, which can include the termination of employment. We have zero tolerance for corruption and we do not offer, pay or accept bribes of any form.

Remuneration

Where appropriate, we build sustainability outcomes into the remuneration of senior management. For example, a portion of our CEO's and CFO's annual bonus payments are dependent on achieving a 10% reduction in the LTIFR year on year. The achievement of safety and sustainability targets also influence the remuneration packages of our regional operational managers, group sustainability manager and site general managers.

Product responsibility

Apart from a small percentage sold through the Malian company, Kankou Moussa SARL, all of our gold is sold to Rand Refinery (Pty) Limited (Rand Refinery), which has an internationally-respected reputation for integrity and ethics. Rand Refinery is able to certify that its entire chain of custody is responsible and 'conflict free', and this certification is independently audited. It is also a member of the World Gold Council and the Responsible Jewellery Council. This gives us assurance that the onward distribution of our gold, proceeds in a responsible way.

Our process to identify sustainability risks

We have robust and practical internal processes to ensure that all material and emerging sustainability risks are identified, that controls are put in place to mitigate those risks, and to ensure that the controls themselves are monitored to maintain adequacy, effectiveness and appropriateness.

Potential sustainability risks are assessed at an annual executive committee workshop, reviewed by the board, and priorities are determined based on frequency, consequence and mitigation potential. This company-led process is complemented by an informal stakeholder engagement process which asks eight groups of stakeholders for their input and assessments (*see page 81*). Throughout the year, the sustainability risks and mitigation strategies identified by the board and our stakeholder engagement process are managed by the environmental and social oversight committee and our general manager for sustainability.

Our material risks and issues

Sustainability issues are considered material if they present an opportunity for significant cost savings for the company, if they are vulnerable to potential changes in relevant national legislation or international agreements, if they are raised by the majority of stakeholders or if they are considered to be a future challenge for the mining sector as a whole.

Sustainability issues generate a constantly changing and complex set of risks for our company to manage. Factors of geography, climate, political upheaval and timeframe mean the material importance of different sustainability issues to Randgold is fluid and variable. However, the list below written in no given order, offers five sustainability risks commonly identified as material to Randgold by both our internal risk management process and by stakeholders.

- **Failure to gain community support:** Our mines cannot function unless we secure and retain the support of the communities in which we operate. A failure to meet community expectations around social, health, cultural or environmental impacts, or inappropriate levels of engagement, can have a detrimental effect on production and undermine the vast opportunities that local communities potentially offer to our mines in terms of human capital, local knowledge, security and stability.

- **Water management:** Depending on the context, water scarcity or flooding can have severe implications for Randgold's operations. In the Sahel region where droughts can occur, sufficient water is essential to mining and mineral processing and to generating power through hydro-electric means. In contrast, the DRC can experience intense rainfall and flooding, which can disrupt mining activities and supply routes and increase safety risks.
- **Access to reliable and affordable energy:** Randgold's mining, construction and exploration activities are energy intensive, and generally rely on diesel for the generation of electricity and transport. The cost and supply of diesel power poses a clear material risk. Improving the efficiency with which we use energy and increasingly using renewables (in particular hydro) should enable us to reduce our costs while also significantly reducing our carbon footprint.
- **Failure to provide a safe workplace:** As a people-centred company, safety is a key business risk and we are committed to providing the safest possible working environment for our employees and progressing towards our target of zero lost-time injuries and zero fatalities.
- **Changing national expectations:** The mining sector in Africa needs to ensure it fulfils its duty to mine responsibly and to share the benefits of its activities fairly between shareholders, national entities, communities and service providers, both local and international. It also needs to show that it can protect the environment and leave a positive legacy once mines close. A failure by the sector as a whole to meet these expectations is likely to lead to increasing calls for punitive regulation or the nationalisation of mining assets to the detriment of both the public and private sectors.

The new high school built by Kibali Goldmines.

Stakeholder engagement

Stakeholder engagement is an integral part of our risk management process. Our stakeholders include the investment community, employees, locally-affected communities, suppliers and contractors, unions, government (national, regional and local), NGOs and the media. They are all important constituencies for Randgold. The table below summarises the way we engaged with them last year, the main issues they raised with us, and how we have responded to their feedback.

Stakeholder	Ways we engaged	Key sustainability issues raised in 2011
Shareholders	■ Formal meetings	Improved reporting of environmental and social risks, in particular health, safety and community relations
	■ Investor roadshows and open forums	Improved company approach to human rights
	■ Site visits	Improvements to labour conditions and safety standards.
	■ Sustainability questionnaire	More details of Randgold's approach to training and education
		Improved company policy on corruption and corruption monitoring
Employees	■ Mass meetings with CEO ■ Site visits ■ Input via unions ■ Training programmes	Concerns similar to unions (*see below*).
Locally affected communities	■ Via community development committees ■ Via grievance mechanisms ■ Consultations, Public Participation Process (PPPs) and local events ■ Local media ■ Training programmes ■ Sustainability questionnaire	Employment of youth
		More details of Randgold's approach to training and education
		Improved reporting on energy and water management
NGOs	■ Specialist partnerships ■ Formal meetings, correspondence and events ■ Sustainability questionnaire	Improved reporting of environmental management including biodiversity
		Encourage good corporate governance and transparency
		Concerns over access to grievance mechanisms
		Employment of local people
Governments	■ Formal meetings and correspondence ■ Interactions at conference and speaking engagements	No sustainability specific concerns have been raised by the host governments.
Unions	■ Monthly and mass meetings ■ Mine board meetings ■ Formal meetings, correspondence and events ■ Sustainability questionnaire	Increased reporting on economic performance, occupational health and safety, labour, environmental management, community relations and product responsibility
		Concerns about levels of revenue remaining in host countries, numbers of local workers employed and of contracting of foreign companies
		Inquiries regarding levels of community investment
		Concerns about treatment of artisanal mining community
Suppliers and contractors	■ Account management relationships ■ Tender documents ■ Sustainability questionnaire	Details of business opportunities
		Enquired about Randgold's approach to training and education
		Enquired about Randgold's occupational health and safety record
Media	■ Publications and online information ■ Press releases ■ Interviews ■ Site visits	Details of discussions with governments on issues of 'resource nationalism'
		Details of occupational health and safety record

CEO Mark Bristow greets traditional leaders at a community event.

How we responded in 2012
This sustainability supplement and our report to the GRI contain detailed accounts of how we analyse and deal with all sustainability risks. Data on health, safety and community relations are a key part of both reports.
New corporate policy on human rights was introduced in 2012 and is being implemented across the group. Human rights clauses have been included in all contracts with suppliers.
Safety performance improved in 2012, including a reduction in the LTIFR. We consider our labour conditions to be of a high standard throughout our operations and supply chain.
This supplement provides details of our approach to training and education. A board-led training needs analysis is also underway.
We have a zero tolerance policy towards corruption and have worked with our host nations to help them join the Extractive Industries Transparency Initiative (EITI).
See below.
Employment, including contractors, rose by 42% in 2012. In total, 92% of all employees and contractors are nationals of host countries.
This report provides details of our approach to training and education and a board-led training needs analysis is also underway.
We have a transparent approach to energy and water management. We completed our third CDP report in 2012 and will complete the water CDP in 2013, in addition to information in this supplement. Last year we partnered with the National Water Laboratory in Bamako to improve communications on water quality with the community at Morila.
Introduced a corporate biodiversity policy and in the process of implementing BAPs at all sites.
Included clauses in contracts with all local suppliers to ensure they meet high standards of sustainability and governance. Worked with USAID to encourage good corporate governance and with our host nations to help them join the EITI.
We have an accessible grievance mechanism at all sites. To improve access further we have increased the number of access points, some of which are open daily.
92% of employees are nationals from host countries.
This sustainability report and our annual report contain detailed accounts of all sustainability information.
As detailed in this report, Randgold distributed over US$794 million or 59% of economic value in 2012 including salaries, payments to host states and payments to suppliers. We maintained high levels of local procurement and employment.
Levels of direct community investment and budgets allocated to community development committees are detailed in this report.
Our policy and performance regarding artisanal mining is detailed in this report.
Randgold has an open and accessible tendering system and a procurement policy that prioritises, and facilitates training for, locally-based companies where possible.
This report provides details of our approach to training and education.
Health and safety statistics are detailed in this report.
Randgold has regular meetings with host country governments at all levels to discuss our desire for stable, predictable and transparent tax systems. Our CEO also speaks at events such as the Mining Indaba in Cape Town, South Africa and the Infrastructure Partnerships for African Development (IPAD) in Kinshasa, DRC.
Health and safety statistics are detailed in this report.

In partnership with host countries

Randgold operates in countries where a shortage of economic opportunity and basic health and education means the company can make a significant contribution to state revenues, socio-economic development and quality-of-life.

Economic development in numbers

- US$794 million* total economic value created via taxes, salaries, procurement and other payments in 2012, a 21% increase on 2011
- US$226.1 million* revenue created for host states, a 35% increase on 2011
- US$537 million* spent on Africa-based suppliers

* *On a group consolidated basis.*

Mining can provide a fundamental contribution to economic growth and we share a 'desire to rise' with our hosts. Our mines' joint ownership structures, alongside our payment of taxes, duties and royalties, mean that host states normally receive the single largest portion of revenues generated from each mine. Above and beyond these payments, our operations create jobs and prosperity, contribute to infrastructure developments and help foster local businesses.

These contributions are an integral part of our business strategy. By being a valued corporate citizen and a partner in development, we form strong relationships with key stakeholders and guarantee our social licence to operate over the longer term.

A better border helps the bottom line

Much of the fuel and other materials required at Randgold's Loulo-Gounkoto complex in Mali is transported overland from Dakar in Senegal, a distance of around 700 kilometres. Until recently, this was a circuitous journey along poorly maintained roads and via a badly-positioned border crossing.

To address this issue, Randgold worked closely during 2012 with the Malian and Senegalese governments and other stakeholders to help fund a new permanent border crossing at Mahinamine, around 30 kilometres from Loulo-Gounkoto. The new crossing will reduce the distance that our supplies need to travel by around 150 kilometres, as well as reducing the time taken to cross the border and will also mean a journey almost exclusively on tar road rather than needing to travel on dust roads as before. This will considerably reduce the journey time for suppliers.

The total cost of building the new border crossing of around US$1.2 million is being shared across stakeholders including the Japanese government and NEPAD (The New Partnership for Africa's Development). By working in partnership with others, Randgold is pleased to have contributed not only to a more efficient supply line to its mines but to a transformative piece of new infrastructure in the region.

Mahinamine bridge on the Mali-Senegal border.

Economic footprint

Our policies

We are long term investors in our host countries and our policy is to share the benefits of our operations in an equitable way with all stakeholders. Host governments are included in the ownership structure on all our mines and we see the payment of taxes, duties and royalties as an integral part of our commitment to the countries in which we operate.

It is our policy to maximise, as far as possible, the local economic benefits of our operations through preferential use of local service providers, local procurement, local employment and local skills development. These factors are important ways in which we help host governments turn mineral wealth into national wealth.

Our performance

Randgold continued to increase the revenue it generated for host countries in 2012. It is notable that payments to the DRC in 2012 increased to US$28.4 million. Over Kibali's expected 20-year life, the DRC State will receive more revenue than any of the other shareholders financing the project; although they are free of the investment risk.

In total, 92% of employees and contractors working for Randgold were nationals from host countries in 2012 and 94% were Africans. Therefore a large amount of the revenue distributed via wages and other employee benefits also contributes to economic development.

Economic value statement*

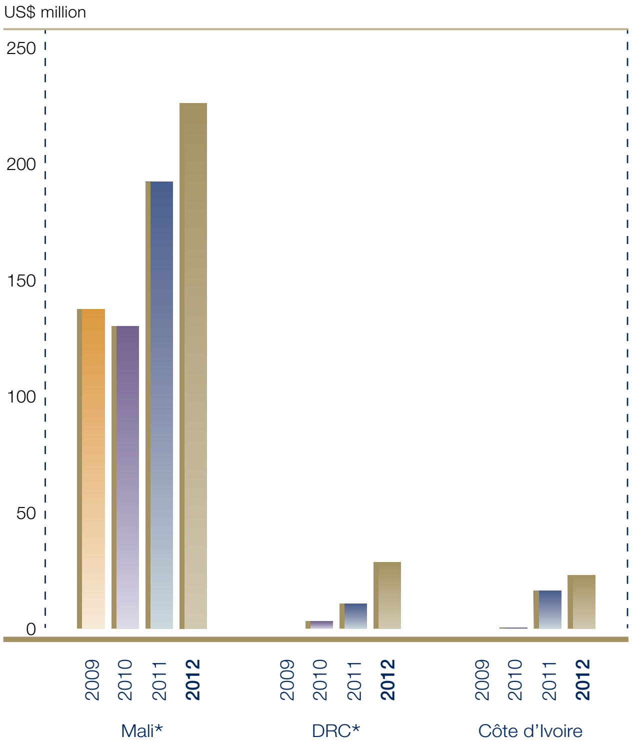
for the year ended 31 December

US$000	Unaudited 2012	2011
Economic value generated		
Gold sales	**1 317 830**	1 127 086
Interest received	**2 050**	1 015
Sundry income	**10 755**	4 360
Government portion of Morila dividends (50%)**	**18 000**	19 000
Total economic value generated	**1 348 635**	1 151 461
Operating costs	**388 398**	332 305
Exploration and corporate expenditure	**40 641**	43 925
Finance costs	**1 200**	3 597
Employee salaries, wages and other benefits	**62 208**	59 653
Sundry	**5 437**	10 921
Payments to providers of capital		
■ Dividends	**36 737**	18 221
Payments to governments		
■ Corporate tax, salary taxes, custom duties, dividends etc	**226 128**	167 351
Community investment	**33 612**	20 644
Total economic value distributed or to be distributed	**794 361**	656 617
Economic value retained and re-invested	**554 274**	494 844

* *The information in this economic value statement is extracted from the financial statements, underlying accounting records and other financial data. This non-GAAP information is, however, intended to summarise the overall contribution of the group to its stakeholders and is not intended to replace or provide an alternative to the audited IFRS financial statements.*

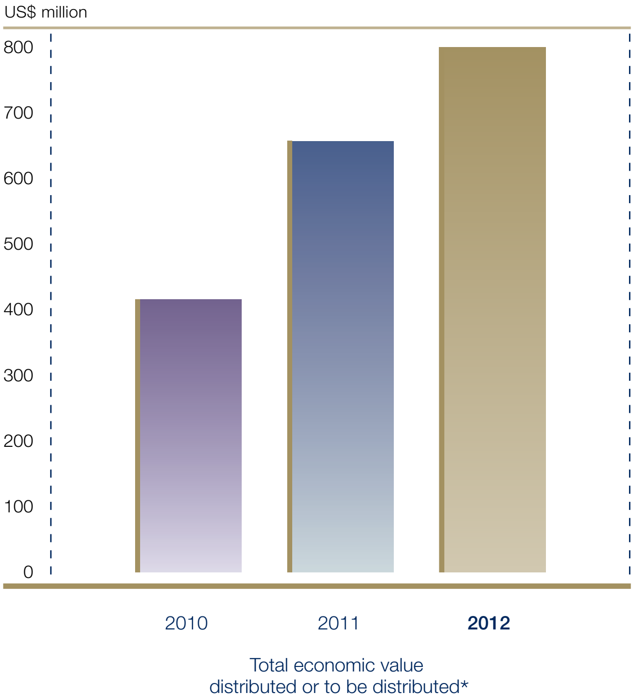
** *This amount represents 50% (attributable portion) of the dividends paid to the state of Mali and is also included in 'Payments to Government'. The State of Mali's attributable portion of the Morila operation is not included in the Randgold's financial statements.*

Total taxes and dividends to host countries



* *Includes 100% of Morila and Kibali.*

Economic value distributed or to be distributed



* *Includes salaries, community investment and shareholder dividends.*

Infrastructure for growth

Our capital investments are primarily focused on the exploration for and extraction of gold. Yet as our mines are usually located in remote areas, they often necessitate the provision of new infrastructure, in particular roads and key utilities. Randgold often partners with governments to build such infrastructure.

Last year, we invested in power substations and transmission lines, road improvement schemes, a major hydropower station in the DRC and a new border crossing between Mali and Senegal *(see case study on page 84)*. Not only are these critical to the successful operation of our mines, they have been designed to provide real benefits to local communities and to the countries in which we operate.

Growing together with local suppliers

Groupe EGTF is a construction company based in Mali's capital Bamako. It started working with Randgold in 1996 when it numbered just five people and had an annual turnover of around €30 000. Today EGTF is Mali's leading construction company in the mining industry, working across West Africa, employing more than 600 people and with a turnover exceeding €6.7 million.

The company's founder, former labourer Diakaridia Traore, says that Randgold has been the main catalyst for this growth. He explains: "We started working together at Mali's Syama gold mine and since then we have done building work at Morila, Loulo, Tongon and Gounkoto." Among other projects, the company has built housing for Randgold's employees, private homes for relocated villagers as well as classrooms and a mosque for local villagers. EGTF has also undertaken civil engineering works including a 400 metre reinforced concrete dam for Loulo over the Falémé River and a 65 kilometre high voltage powerline between Randgold's Tongon mine and the town of Korhogo in Côte d'Ivoire. Over the years, EGTF has built housing to accommodate more than 2 500 people for Randgold.

Randgold also facilitated training for Diakaridia and his team. For example, training to improve the governance and management of the business, and improving their expertise in specific construction techniques and design software. Diakaridia says: "Randgold and its subcontractors have shared their knowhow and experience with us and thanks to that we have been able to develop expertise in several complex fields of construction techniques and management." He continued: "They've also given us the ability to work in difficult political environments. For instance, we started working at the Tongon mine in Côte d'Ivoire while the country was facing its post-electoral crisis."

He concludes: "The trust Randgold puts in us, the repeat business and the training have allowed our company to grow. We now have substantial capital assets, ongoing work in Mali, Côte d'Ivoire and Ghana and future prospects across West and Central Africa."

Supply and expand

Randgold's procurement policy explicitly strives to build up local supply chains. Much of our total spend on service providers goes to companies based in host countries.

One of Randgold's oldest partnerships is with CSTTAO or AFRILOG who started in 1995 as our West African transporter of choice and progressed to where, today, they are responsible for sourcing, procuring, freight and transport of consumables and spares for our operations in West Africa, from warehouse to warehouse. Together with our partners we had a combined vision to build a supply chain company capable of servicing the mining industry and today AFRILOG has achieved this vision with offices in South Africa, Mali, Senegal and Côte d'Ivoire.

With our entry into East and Central Africa, we decided to stick to the formula of finding a local partner and developing a long term relationship. In this regard, we identified Freight Forwarders of Kenya as a possible partner and have started building the logistics chain with them for Kibali. To date they have moved all the materials and equipment from the port of Mombasa to site without incident.

Where local contractors are not able to meet the quality standards we require, we are then open to facilitating training and mentoring support in order to build local capacity. For example, we invited Royal Dutch Shell to train Malian company Ben&Co Holdings on transportation and storage several years ago and the latter has become not only our main supplier of hydrocarbons but also one of the biggest private companies in West Africa.

By prioritising local procurement where possible, Randgold benefits from contractors that have better availability, offer better value and who tend to be more motivated. The benefits of this strategy were vividly demonstrated in the weeks after the coup in Mali in March last year. That event led to some foreign suppliers leaving the country, with consequent impacts on the firms that relied on them. However, Randgold's production was unaffected in this period as our largely local supply chain is based in the country itself and was both able and willing to operate and work with us throughout this time.

CEO Mark Bristow and Morila GM Adama Kone present a course certificate to Boubacar Bengaly.

Foundations for the future

We strive to encourage high standards of corporate governance and transparency in our countries of operation, with the aim of helping them attract other world-class companies to invest there. For example, we have worked with the governments of both Mali and DRC to help them become compliant with the Extractive Industries Transparency Initiative (EITI). Mali is now compliant and the DRC is an official candidate country.

To support the development of a wide skills base, we help build the capacity of local tertiary institutions in our host countries. During the year, for example, we invited experts from the University of Cape Town Business School to run a course for selected employees on 'finance for non-financial managers' in conjunction with the Bamako Business School.

The course was also open to and attended by representatives from the Ministry of Mines. The lectures and learning points from the course were recorded and will be used as part of a future module for students at the university.

Also in 2012, in association with a Malian NGO, we assessed whether better governance could lead to improvements in the distribution of the country's patent tax. We hope that the pilot scheme that we worked on will help to maximise the amount of mining revenue that is returned to the areas in which the mining happens.

During the year, we also held positive discussions with the Government of DRC about a potential review of their mining code, and with the Government of Côte d'Ivoire on a windfall tax. It is a positive sign that these discussions have been open and multilateral, and that Randgold has been invited to discuss its plans for long term investment at the highest levels. We took the opportunity to reiterate our desire for stable, predictable and transparent tax systems that encourage inward investment to our host countries.

Next step

Our targets to increase production next year imply that we will continue to increase the revenues that flow to our host nations. This will go hand in hand with our desire to further catalyse economic growth at the local level by nurturing local companies, skills and employment. Where possible, we will work with partners to contribute to wider debates around economic development and benefit sharing.

We welcome and will continue to actively participate in ongoing discussions to ensure that mining codes and tax levels in all our host countries are long term and mutually beneficial in nature. As the Massawa project in Senegal develops, we also hope to step up our contributions to that country, which will be a new host country for Randgold.

Managing a dynamic environment in Mali in 2012

Randgold is very experienced at managing dynamic political situations in Africa, and in 2012 political upheaval in Mali underlined why our partnership and local empowerment philosophy is so important to the company's success. Mali is the largest country in West Africa, and home to three of Randgold's mine sites: Loulo, Gounkoto and Morila. Gold is an important part of Mali's economy, it represents 19% of Mali's GDP according to the World Gold Council and in 2011, Randgold's tax payments alone represented more than 6% of Mali's total tax intake.

2012 was a tumultuous one for Mali. There was significant political upheaval caused by ethnic insurrection in the northern half of the country and further unrest caused by the activities of unrelated extremist and criminal groups.

Although our mines are located in the southern half of the country and hence far from where the unrest is located – a distance similar to the entire length of the UK – we still took the precautionary steps of ensuring that sufficient supplies of fuel and other consumables were on hand should the situation become worse and affect our supply chains.

Despite the concerns, our production levels in Mali continued to meet our targets throughout 2012. This is mainly because our practice of using in-country local management teams, our regular contact with authorities at all levels, and our philosophy of genuine partnership is a model built for emerging Africa. Communication at the local level is key to our approach. For example, the day after the temporary coup d'état on 21 March 2012, our CEO was in Mali speaking with suppliers and employees and reassuring them of Randgold's commitment to the country.

Despite our mines being located so far from the unrest, we have endeavoured to help where we can. In April, Randgold donated over 60 tonnes of food through the Red Cross to the troubled area and in October we joined forces with other mining companies and donated US$735 000 in emergency funding to save a medical programme fighting neglected tropical diseases in the country. Funding by USAID for the programme had been suspended because of the unrest and thousands risked potentially fatal illness without this intervention.

It is clear that the Malian authorities grasp the severity of the situation and are determined to find a resolution. We have deep confidence in the ability of Mali's people to resolve their challenges in a constructive manner and to continue to play a central role in furthering the enormous progress that we've seen in West African politics over recent years.

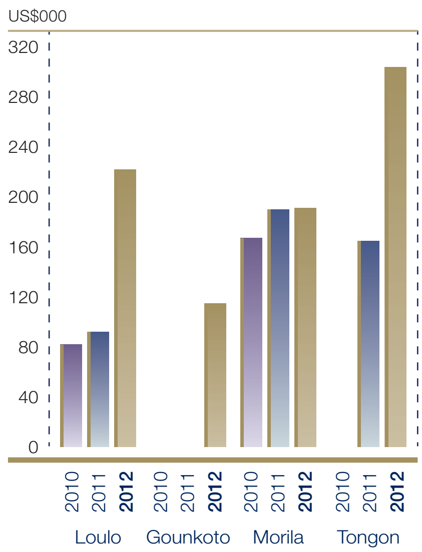
In partnership with communities

Economic development in numbers

- US$33.6 million* in community investment in 2012, up 63% on 2011
- 94% of grievances resolved through our grievance mechanism
- 29 669 medical consultations held for community members, up 11% on 2011
- 2 054 community residents, employees and their families accessed voluntary counselling and testing services for HIV/AIDS, up from 1 250 in 2011
- US$51 million (100% attributable value) spent on resettlement in 2012

* *On a group consolidated basis.*

2012 CDC budgets



For Randgold, communities count. Without thriving and supportive local communities we simply would not be able to achieve our business goals.

That is why we have a policy of active and transparent engagement with all communities that neighbour our sites and a desire to build relationships based on trust and partnership. Building strong community relations is both a matter of corporate responsibility and business sense. Local communities provide us with a talented workforce, their support is fundamental to our social licence to operate and they make a major contribution to the security of our mines. It is an essential part of delivering high quality mining projects in Africa.

In this section we report on our approach to community relations followed by the related topics of grievances, human rights, community health, artisanal mining and resettlement.

Community relations

Our policies

At the heart of our community relations policy is a commitment to sharing the benefits of our operations with, and being fully accountable to, the local communities directly affected by our mines (defined as those within a 10 kilometre radius of our mine site).

Communication is central to our policy and we discuss and consult our activities over the full life cycle of each mine. At the exploration phase, communities are involved through a PPP and by assisting us with local recruitment. Once a mine becomes operational we form a community development committee (CDC) consisting of local leaders and representatives from women and youth groups to maintain a two-way flow of information.

The CDCs are also responsible for the distribution of the community investment budget, which provides significant direct investment for local projects. The budget is steered towards long term, sustainable development but is led by the communities themselves.

Our performance

The budgets allocated to CDCs have more than tripled since 2010 and rose by approximately 87% in 2012 to more than US$830 000 *(see table below)*. Our total spend on community development, including advantageous infrastructural development and philanthropy, came to a total of US$33.6 million. This compares with US$20.6 million last year.

Funds allocated to each community development committee

US$	**2012**	2011	2010
Loulo	**222 448**	91 691	82 150
Gounkoto	**115 347**	n/a	n/a
Morila	**190 748**	189 925	167 445
Tongon	**304 191**	164 721	n/a
Total	**832 734**	446 337	249 595

Community development at Loulo

It is almost 10 years since Randgold first began serious exploration of the Loulo site and since then the growth of the area has been remarkable. For example, the population of the local Djidjan Kenieba village has grown from around 300 in 2003 to over 15 000 today.

Randgold's initial baseline social impact assessment was clear about the area's challenges. Only 15% of the local population was economically active, there was little access to basic medical care and with only one borehole in the area many residents drank river water and were exposed to diseases such as bilharzia.

The Loulo CDC has been at the forefront of rising to these development challenges. The CDC consists of the mayor of the region, the chiefs of the seven villages affected by the mine and representatives from women's and youth groups and the company. Since mine operations began in 2005, the CDC has distributed around US$900 000 to local projects, with more than US$200 000 spent in 2012 alone.

The CDC has focused on four main areas:

- **Potable water:** A total of 23 boreholes have been installed for drinking water and irrigation. The committee has also paid for the training and equipping of seven local residents to maintain and repair these water sources over the long term.
- **Basic health:** Randgold's clinics provide free medical consultations, emergency services, maternity services and childcare among other health services. In early 2013, the construction of a new government-run health centre in Loulo village will mean access to medical care is permanently available in the region after the mine closes.
- **Basic education:** In an area where there were no permanent schools, six schools have now been built catering for around 2 500 pupils. The maintenance and running costs are met by the state and the CDC has helped provide basic materials and additional teaching resources.
- **Economic development:** To complement direct employment on the mine, the CDC has taken the lead in creating new economic opportunities in the area, particularly in agriculture. A tractor and ploughing equipment have been purchased for each village with maize and rice among the crops being harvested. To ensure the tractors are operated sustainably, they have been placed under the control of a community committee that allocates a portion of the revenue generated from farming to fuel and maintenance of the tractors. The women's association has overseen the creation of a women's market garden initiative in the area.

These projects have had a catalytic effect on the area and now other private sector services such as banks, mobile phone networks, petrol stations and a pharmacy have all been attracted to set up in the region, independently of Randgold or the CDC.

The mayor of Sitakily, El Hawy Fawaly Sissoko, said: "Comparing the villages now and before the mine is impossible. Now everyone has access to healthcare and water and the children are going to school. We only ask for assistance when we don't have the means to achieve change ourselves. We have a phrase that a friend is someone who would hold the head of a lion for you; in this area, that is how we see Randgold."

A range of community projects were implemented during 2012 including the building of new classrooms and housing for teachers, borehole drilling, local road repairs, sponsorship of cultural projects, equipment for a women's market garden initiative and donations for Ramadan *(see case study above)*.

Formal CDCs are now in place at all our operational mines and at Kibali several liaison bodies are building strong community relations. All CDCs hold monthly meetings to discuss progress and we have used local radio to help support community outreach, offering representatives the opportunity to speak on a regular community radio station slot. Employment remains the critical community issue raised by the village chiefs.

One of the company's many agribusiness projects.

Grievance mechanism

Our policies

Across all our communities, we ensure that a fair and accessible grievance mechanism is available, based on guidance laid out by the IFC Performance Standards. This mechanism provides a channel for the local community to lodge a complaint if they feel they have been unfairly treated or discriminated against in a non-work related disagreement. We commit to responding to all grievances within one week.

Our performance

To ensure that our grievance mechanisms are fully accessible, we have stepped up efforts to publicise them. For example at Kibali, 13 new access points were created in 2012, with some open daily. These points serve as liaison offices where grievances can be lodged, recorded, addressed and responded to. Over 100 public meetings, numerous radio broadcasts and community inductions and a Kibali Open Day were also held in 2012.

Grievance data is displayed in the table below. The grievance mechanism is the primary route by which individuals affected by resettlement can query compensation claims and the vast majority of grievances were in relation to compensation. Kibali is the only site where a resettlement process is currently underway and this helps explain why the Kibali grievances in the table below are high compared to other sites. Grievances in 2012 tended to relate to capital damage, such as a field being disturbed by earthwork equipment or a house crack caused by blasting; or environmental disturbance such as fugitive dust from haul roads. In total, 94% of grievances were successfully resolved across all sites in 2012.

Grievances registered and resolved

at 31 December	Grievances registered 2012	Grievances registered 2011	Grievances resolved 2012	Grievances resolved 2011
Loulo	**5**	3	**5**	2
Morila	**-**	1	**-**	1
Tongon	**16**	6	**16**	5
Gounkoto	**10**	7	**10**	7
Kibali	**1 078**	378	**1 013**	369
Total	**1 109**	395	**1 044**	384

Human rights

Our policies

Randgold pro-actively supports the protection of human rights in conducting its business and a focus of our human resources strategy in 2012 has been the development and implementation of a group-wide human rights policy. In the remote areas where we work, we strive to foster awareness of human rights issues among our employees and to actively safeguard the protection of human rights among our contractors and sub-contractors.

Starting last year, human rights issues have been included in induction training for all new staff. Moreover, we include a human rights clause in all our agreements with suppliers that binds them to comply with Randgold's human rights policy and puts a legal duty on them to ensure there is no child or forced labour within the supply chain.

The first point of contact is the grievance process and in the DRC, which remains a conflict zone, we have now begun to record human rights as a separate category within the mechanism. We also work in partnership with the state, NGOs and international bodies to ensure human rights issues are understood and managed in our host communities.

It is Randgold's policy not to arm any security forces on our mines. Instead, we have legally binding contracts with the relevant local authorities that take into account the Universal Declaration of Human Rights and aim to ensure safety and security for any military or policing matters. We also monitor any security incidents on our mine sites.

Our performance

Last year, one of the key items of feedback from shareholders and other stakeholders was the need for our company to adopt a more formal and transparent management system for human rights issues, especially as the company grows. We took this feedback on board and in 2012 introduced a new group-wide human rights policy, which taken together with our code of ethics, has further entrenched our adherence to international principles of good governance. The policy also protects the rights of indigenous people. An extract from this policy can be found on the facing page.

Our new human rights policy supports the principles contained within the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work (often referred to as the ILO Core Convention) and the Voluntary Principles on Security and Human Rights.

It has helped ensure that we have a clear record regarding human rights abuses during this reporting period. In 2012, we successfully introduced human rights issues into the induction training for all new staff, relevant to about 3 700 people. All our security staff on all our sites completed training on the Voluntary Principles on Security and Human Rights, mostly conducted by United Nations agencies.

There has been only one significant incident resulting in injury to security personnel in 2012. This was an accidental gunshot injury, caused by an armed state policeman, at Kibali and the matter has been addressed with action taken to prevent a similar incident being repeated.

Following the formalisation of our corporate human rights policy, we are now developing effective targets and programmes to ensure the policy is implemented at all mine sites.

Extract from human rights policy

- The company applies the following principles with integrity (together 'the Principles'):
- Subject to the considerations of health and safety and within the constraints posed by the nature of the business, promote equal opportunity for our employees at all levels of the company with respect to colour, race, gender, age, ethnicity and religious beliefs;
- Respect our employees' voluntary freedom of association;
- Compensate our employees above the national minimum wage level, at the very minimum, to enable them to meet at the very least their basic needs;
- Provide opportunities to our employees to advance their skills and capacity;
- No engagement in child or forced labour;
- Provide a safe and healthy workplace;
- Protect the environment and promote sustainable development;
- Promote fair competition, including respect for intellectual and other property rights;
- Not offer, pay or accept bribes;
- Work with government and the communities affected by our operations to improve the quality of life in those communities (ie educational, cultural, environmental and social well-being);
- We acknowledge and respect the social, economic, environmental and cultural interests of Indigenous Peoples and their specific rights within these interests as articulated and defined by national and international laws;
- When engaging private security forces or in requesting assistance from governmental or other forces, ensure that human rights principles are upheld through addressing contractual requirements, establishing guidelines on the use of force, and promoting the protection of human rights;
- When engaging suppliers and business partners, promote the application of these Principles by those with whom we do business and avoid being complicit in or encouraging any activities that may result in human rights abuses;
- While respecting the national sovereignty of host governments, promote human rights by contributing to public debate, supporting international agreements and commitments, and identifying opportunities to constructively engage on human rights issues relevant to the countries in which we operate;
- Develop a grievance mechanism whereby human rights complaints can be reported and addressed without any prejudices to the aggrieved person(s); and
- Develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout our company.

Community health

Our policies

We work in isolated parts of Africa where public health issues and a lack of access to basic healthcare can be widespread. Our policy is to provide free basic medical services to local community residents (defined as those residing within a 10 kilometre radius of our mine site), and to immediate family members of our employees. This provision makes an important contribution to worker morale and to maintaining the support of local communities.

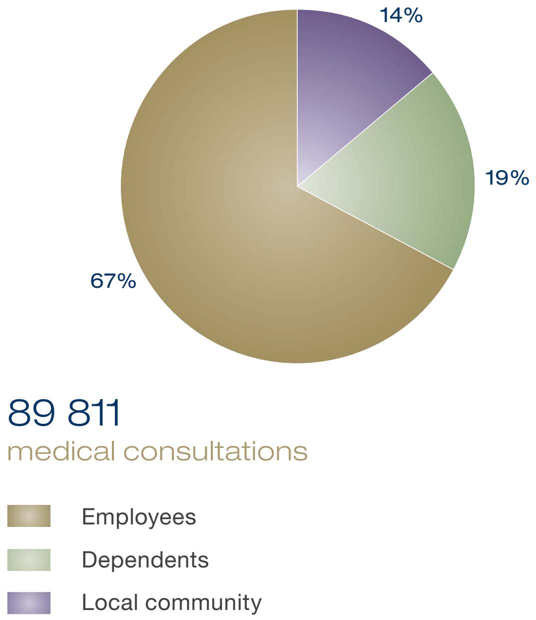
At all our mine sites, we establish and manage a clinic in the surrounding community. We also give employee dependents access to the on-site clinics at each mine site. The specific medical services provided at the community health and on-site clinics are based on the needs identified by the initial social impact assessments that Randgold performs at each site, but generally include medical consultations, first aid, family planning, HIV counselling and voluntary testing and a wide immunisation programme.

Ensuring the long term sustainability of community health services is of huge importance to Randgold's approach. Therefore we also work with partners in governments, NGOs and/or international agencies to build local capacity, such as government-run health clinics, which can provide medical services when the mine closes.

Malaria and HIV/AIDS are the two diseases that pose the most serious threats to both our local communities and our company's productivity. We therefore have two stand-alone programmes to fight these diseases that are applied to local communities at all our mine sites. The target for our HIV/AIDs programme is to have no new infections among our employees and communities, and our programme to achieve this includes the distribution of free condoms, local awareness campaigns and provision of free and confidential voluntary counselling and testing.

Details of our malaria programme can be found in the occupational health section of this report.

Medical consultations in 2012



Our performance

A total of 29 669 medical consultations were provided to local community residents and family members of employees at all our clinics in 2012, an 11% increase on 2011. These consultations were in addition to more than 60 000 consultations for employees, many of whom are also local community members *(see graph above)*.

Important work to build local capacity for healthcare is underway at both Kibali and Loulo where government-run health clinics are being built in surrounding villages. For both clinics, Randgold has helped provide initial support for equipment and construction, but ongoing funding will come from government.

We continued to work with medical charity CURE and the United Nations to facilitate the delivery of containers of medical equipment into Côte d'Ivoire, and in Mali we worked with local NGO CSP to train community peer educators as part of our HIV/AIDS campaign. We also joined forces with other mining companies to sustain the medical programme fighting neglected tropical diseases in Mali.

Preventing HIV/AIDS

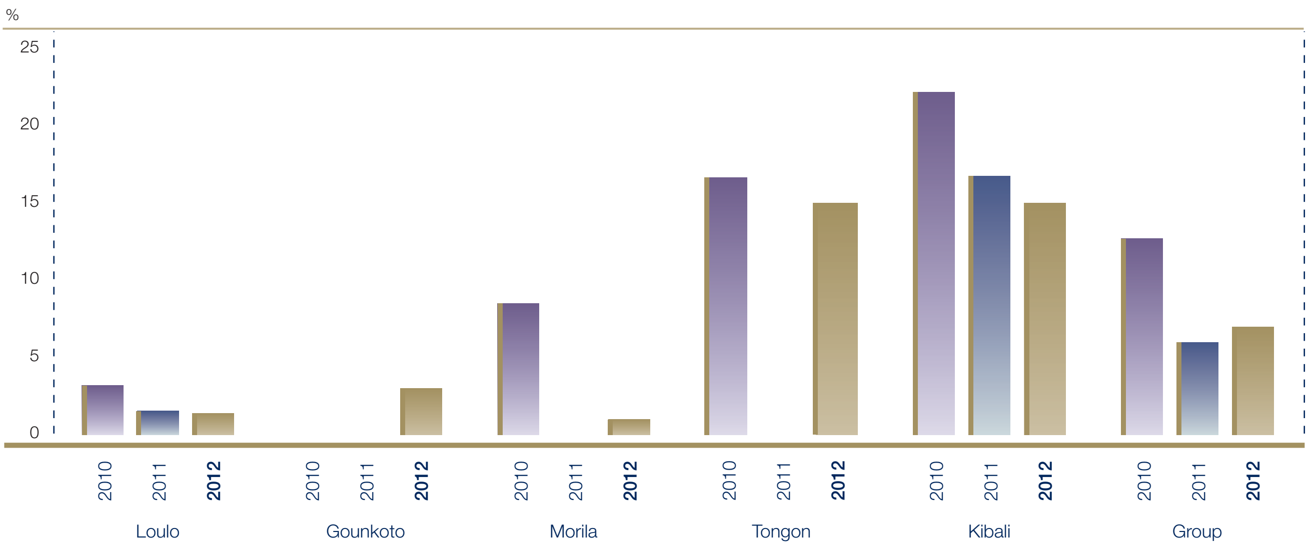
We spent US$187 846 on our HIV/AIDS programme and distributed approximately 250 000 condoms to local community residents in 2012.

A total of 2 054 voluntary counselling and testings (VCTs) were carried out in 2012, an increase of over 60% on 2011. The increase is encouraging but the number of HIV voluntary tests still remains relatively low because of the social stigma attached to the disease and the fear of testing positive. In 2013, however, we aim to encourage more people to undertake testing.

As part of our efforts to raise awareness of HIV/AIDS prevention techniques, we have used closed and open talking forums in local villages, mobile video units and radio broadcasting. We also worked with partners to train peer educators, who can reach out to important constituents in the community such as sex workers and young men.

Our programme to fight malaria has been an important part of our community health performance this year. We discuss this further as part of our discussion in the occupational health section of this report.

HIV prevalence rate (%)* by mine



* *Number of positive cases x 100 / total of VCT*

Artisanal and small-scale mining

Our policies

Artisanal and small-scale mining (ASM) activity is present on two of our mine complexes. Although artisanal mining can be an important source of economic activity in some of our host countries a large proportion of it is illegal, as opposed to the traditional orpailluers, and its presence can create tensions for local communities and endanger both health and the environment due to the chemicals, erosion and land degradation used by its practioners. In addition, many of the artisanal miners are under the control of syndicate leaders who are often illegal immigrants exploiting local communities through practices such as the use of child labour.

We have a 'no conflict' and 'no invasions' policy in regard to artisanal mining communities present on or adjacent to our sites. Our policy is formed with reference to both International Council on Mining and Metals (ICMM) and IFC guidance and sets out that, wherever possible, we offer alternative livelihoods for orpailleurs including work on our mines or in new economic sectors such as agriculture and bricklaying. Our policy is to work in partnership with host communities and regional and national governments to find long term strategies that are mutually beneficial.

Where orpailleurs are not interested in alternative employment we seek to offer a designated site, approved by government, where ASMs can be relocated to work without causing harm to others and where they can be gently introduced to the alternative livelihoods on offer. Ultimately, the existence of the ASM community is linked to unemployment, inequality and poverty and a viable long term solution requires a broader answer devised in partnership with governments.

Our performance

There is an ASM presence at both Kibali and on the Loulo-Gounkoto complex. At Kibali, the strategy of offering ASM practitioners jobs on the main Kibali mine and as suppliers of bricks or as building contractors, has been a great success and has led to a rapidly declining number of orpailleurs on or near the site. Our partner, SOKIMO, has also assisted by identifying alternative sites for orpaillures to mine.

At the Loulo-Gounkoto complex, there is still a sizeable presence of ASM, located mainly at Sansamba on the Gounkoto haul road. In the summer of 2012, a government delegation visited the artisanal miners and confirmed their use of hazardous chemicals including mercury and cyanide. We are therefore working closely with government and community leaders to implement a long term strategy for the orpailleurs.

Part of this has included the creation of an agricultural project in partnership with the Mayor of Sitakily. An area of 30 hectares of land near Sansamba growing rice, corn and other crops was harvested for the first time in 2012, and the mayor – as is African tradition – invited the ASM community to help harvest and enjoy a feast, with the aim of demonstrating alternatives to artisanal mining.

In 2012, a public consultation process was held at Baboto, a planned exploration site, to discourage people's support for orpailleurs' activities on the potential mine site. It is part of our continuing efforts to work together with all partners to find a viable and peaceful long term solution to ASM issues.

Nos vies en partage Foundation

Following the success of Randgold chief executive Mark Bristow's charity motorcycle rides across Europe and Africa, the company established a charitable foundation called '*Nos Vies en Partage Foundation*' utilising the name and goodwill he had created. The *Nos Vies en Partage Foundation* has been established in Jersey, Channel Islands, where Randgold is incorporated, and will have its focus on Sub-Saharan Africa. The main purposes of the foundation are:

- the relief of poverty
- the promotion of education
- primary health care, including potable water
- food security
- the advancement of social objectives
- the creation of employment opportunities.

The foundation will operate separately from the company, and its work will be distinct from Randgold's existing and proposed social development programmes. Following an initial donation from the company, the foundation will raise its own funds independently and management of the *Nos Vies en Partage Foundation* shall consist of a board of members, one of whom is a professional service company in Jersey as required by Jersey law. The composition of the foundation's board is still being finalised and, to ensure that its independence is preserved, members shall not be existing directors or senior managers of Randgold.

The Kibali RAP will have resettled around 20 000 people when completed.

Resettlement

Our policies

We strive to avoid or minimise physical or economic displacement of people, but where resettlement does need to take place, we make sure it is done in the right way. Our policy is to ensure that affected parties are fully engaged, helping shape the process, and that their standard of living is improved, or at the very least restored.

Randgold has tried and tested procedures for resettlement, guided by the IFC Performance Standards on land acquisition and involuntary resettlement and national legislation.

Our resettlement policy puts the affected person at the centre of our policy. Our starting point is a Public Participation Process (PPP) to encourage all opinions and grievances to be heard and fed into the compensation process. The general PPP is then followed by more intensive discussions and negotiations with a Resettlement Working Group (RWG). The results of the PPP are incorporated into a draft Resettlement Action Plan (RAP) which is then also put forward as the basis for further consultation with the RWG before a final RAP is agreed.

Our procedure is to offer a 'like for like' asset replacement to affected parties and we aim to ensure that all affected people feel fully and fairly compensated for the upheaval and have an improved standard of living after resettlement. We aim to maintain community structures wherever possible and respect sites of cultural or religious significance. The implementation of our RAPs is always monitored by independent third parties.

Our performance

In line with our plans, we spent more than US$51 million (on a 100% attributable basis) on RAP implementation in 2012. Kibali is our only current site where resettlement is taking place. The Kibali RAP will have resettled around 20 000 people when completed, most of whom were previously living in isolated villages without basic utilities and who will be resettled into the newly constructed village of Kokiza which has civic infrastructure including schools, clinics, shops and churches as well as running water and electricity. It includes the construction or re-siting of 14 churches, a catholic cathedral, 17 schools and 2 300 graves.

Approximately 50% of the Kibali resettlement has been completed and it is moving rapidly towards its final phase, with new houses being constructed at a rate of up to 75 to 90 houses per week. All people have been successfully moved from the new mine's main pit, construction areas and tailings storage facility and in total nine villages and 1 208 households were successfully resettled in 2012. Details of grievances registered can be found earlier in this sustainability report. The resettlement is due to be completed by the end of the third quarter of 2013 and will have facilitated the creation of over 4 200 new houses.

The cooperation between the Kibali communities and the company has been respectful and productive throughout 2012. There has been a number of challenges that have only been met thanks to the strength of this relationship. For example, to solve the problem of children now having longer commutes in order to attend the new schools in Kokiza, a new school bus service has been designed and put into practice. To meet the sensitive challenge of relocating graves, the company has been moving them in a way that aligns with the physical movement of the people as agreed with communities. Over 1 700 graves had been relocated by the end of 2012. Randgold has experience in dealing with sensitive community issues during resettlement. For example, the Loulo-Gounkoto complex houses holy sites of the Torondinloto and Faraba communities and is keeping them accessible throughout current mining operations. Sacred forests at Tongon have also been preserved within the mines boundaries.

Actual and projected resettlement figures

	2011	**2012**	2013 projected
Number of households resettled	392	**1 208**	2 632
RAP expenditure (US$ million 100%)	41	**51**	39

Next step

We are proud of the strong relationships we have built with locally-affected communities at all our mine sites and nurturing and growing those relationships will require ongoing activity at all sites in 2013. Next year will see a major milestone at Kibali with the completion of the resettlement and the expected formation of the CDC.

During 2013, we will continue to build on our public health programmes. In particular, the number of HIV voluntary tests still remains relatively low and we are committed to continue to find ways to encourage more people to undertake testing in our clinics.

In the field of human rights, our ambition is to ensure 100% of grievances with human rights elements at Kibali are settled amicably and we aim to roll out a group-wide programme to ensure implementation of our human rights policy is monitored and measured.

At Morila, the challenge of rolling out the agribusiness expansions will need to be embraced and pushed forward with passion and expertise *(see case study below)*, while, as ever, we will need to handle the community issues affected by new exploration in places such as Baboto, with care and consideration.

New markets hatch from Morila closure

Dansina Kone and Souleymane Mariko, former labourers at the Morila mine, have their future employment assured. They have taken advantage of CAMIDE a microfinance scheme engaged by Randgold as part of the Morila closure plans, and set up a store selling eggs in the local village of Sanso. They call the shop 'Diguiya' which in the local Bambara language means 'to have trust'.

Poultry farmed on the Morila mine site as part of closure plans is sold wholesale to Diguiya, and the shop sells the eggs on to the public. Demand is high due to a shortage of fresh eggs in the area and the two entrepreneurs are close to paying back their initial one year loan from CAMIDE. Dansina says: "We called it Diguiya because I have trust that the shop will help me support my eight children and grow into new activities. When we have paid back our first loan, we want to get a second loan to extend the shop and sell items like honey, rice and fish."

Leaving behind a legacy of positive change

After more than a decade of production, the Morila mine is now approaching the end of its life and Randgold is determined to leave behind a positive legacy. At the heart of this plan is an agribusiness strategy which in 2012 completed a series of pilots and entered an ambitious phase to grow four sectors: poultry, fish farming, honey making and mango production for export. The business plan at Morila in the next few years will see poultry farming expand to 10 000 chickens, plant over 7 000 mango trees, establish 1 000 beehives, and see fish farms producing up to 1.5 tonnes of Tilapia fish per month. Between 2013 and 2017, these four sectors are expected to produce total revenue of more than US$6 million.

We are also working in partnership with NGO Swiss Contact to train the communities in advanced agricultural techniques. The plan is supported by microfinance institution CAMIDE, funded by Randgold, which has supported 44 projects like Diguiya since 2010, extending loans worth 25 million CFA (US$50 000) and achieving a 96% reimbursement rate.

Local entrepreneur Dansina Kone and a customer at 'Diguiya', the egg shop which owes its existence to Morila's agribusiness strategy.

Learning lessons

The strategy has not been without its problems. An initial plan for agriculture along a main water pipe had to be shelved because of community land ownership issues and some pilots, such as one in animal husbandry, did not deliver the necessary outcomes. This is the first major mine closure for Randgold and our approach has been to ensure lessons are learnt and can contribute to better closure planning at our other mines. At Kibali, there are already profit-making vegetable farms and piggeries even though the mine is not yet operational.

Morila closure coordinator Nouhoum Diakite explains that, "Legacy planning should have been enacted more vigorously at an earlier stage, but what's important is that we now have a business plan in place and the same mentality about succeeding in agribusiness as with gold."

Nouhoum continues: "The most important part of our plan has been to integrate the communities into what we are doing. For example, we've trained community members to build hives and harvest the honey, and with shops like Diguiya we're creating a thriving market for the produce."

In partnership with our workforce

A safe, healthy and motivated workforce is Randgold's top priority. Safety is essential to production and it is vital that everyone who works with Randgold feels confident that they will return home without harm at the end of their shift.

Workforce management in numbers

- A total workforce of 11 477* people, with more than 3 700 new jobs created in 2012
- 92% of all employees and contractors are nationals; 94% are Africans
- 52% reduction in the LTIFR across the group; one fatality
- 68.5% increase in employees attending formal training courses
- 60 142 medical consultations for employees, up 17% on 2011
- 7% decrease in group annual malaria incidence rate for employees
- Two mines certified to international OHSAS 180001 safety standard

* *Including persons employed by our contractors.*

This section details our safety performance in 2012 and reports on two other central pillars of our human resources policy: to optimise local employment, and to secure our skills pipeline through an intensive approach to training.

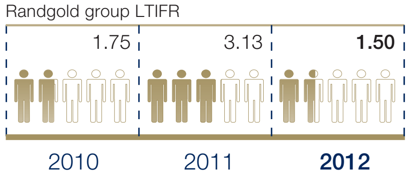
Central to our corporate DNA is the idea that maximising local talent, rather than relying on a foreign workforce, delivers better value and a more committed workforce, improves community relations and results in more economic value being generated for the host country.

This section also reports on other workforce related topics including occupational health, industrial relations and gender diversity.

Our policies

Randgold has a target to run all our mines with zero fatalities and zero Lost Time Injuries (LTIs, injuries that prevent a person working for at least one shift). We believe it is an ambitious but achievable aim and we are putting the processes, behaviours and technologies in place to accomplish it. We use the internationally recognised best practice standard OHSAS 18001 as a framework for our management of safety, with two out of four of our operational mines now certified. Gounkoto and Tongon are scheduled for certification in 2013.

Safety



At the heart of our safety policy is a mindset of personal responsibility and constant communication. Every individual on site must take responsibility for their behaviour and commits to report any accidents, near misses or items that might need attention. We believe in empowering our employees to act on safety, so if a worker is asked to undertake a task, the task is preceded by a risk assessment to guide behaviour and if they believe any aspect is unsafe, they are encouraged to refuse and report it without reprimand.

Safety training is a critical part of our approach and is included in the inductions of every employee and contractor. Specific safety risks in each department, such as chemical hazards are separately assessed and each has its own specialised training modules. Personal protective equipment and morning 'toolbox' safety briefings – where daily reminders and discussions about safety are raised – are other vital elements in our approach.

When accidents happen, our Safety, Health and Environment (SHE) department ensures the incident is analysed and that remedial actions are taken. They also ensure that illiterate employees are fully briefed on the meanings of written procedures and safety signage is always symbolic, an important consideration in some of the underdeveloped areas in which we operate. We have a zero tolerance policy towards drug or alcohol abuse and unsafe behaviour on site.

Our performance

Regrettably, we experienced one fatality at our operations during 2012. The incident occurred on the Kibali site in October when a front-end-loader vehicle was exited by its operator and rolled back causing the accident. The deceased was Bangaya David Latu, a 32 year-old general labourer who was Congolese and married. As is policy at Randgold, we conducted an in-depth investigation into the cause of this incident, which included a presentation to the Kibali board, and have implemented a detailed action plan, which includes improvements to safety awareness, capacity assessment systems and skills developments in this specific area, to prevent a similar event from recurring.

In 2012, we took a positive step towards our ambitious aim of zero LTI by far exceeding our annual target of a 10% reduction in the LTIFR, a standard benchmark to measure safety performance. The LTIFR for 2012 at our five active mines (Loulo, Gounkoto, Morila, Tongon and Kibali) reduced by 52% from 3.13 to 1.50 across the group, with the number of LTIs reducing by more than a third to 38 last year (*See table alongside*). The LTIFR at our operational mines (that is excluding Kibali which is under construction) has improved by 37% from 1.29 to 0.81.

Morila and Tongon both showed that our goal of zero LTI is very much achievable by completing a year with only one LTI at each site. This is the second consecutive year that Morila has achieved this level of performance. By the end of last year, we had substantially advanced towards the landmark of having all our active mines certified to the OHSAS 18001 Occupational Health and Safety Management standard. Gounkoto and Tongon's applications are due to be finalised mid-2013.

A disproportionate number of the group's LTIs, around 70% of them, occurred at Kibali. This is partly because the mine is in its construction phase, which is the most testing time for our safety practices. Kibali has also brought in a large number of new employees, many of whom have no previous experience of working in an extensive industrial zone and whose training in the importance of safety is starting from a low base. Even with these challenges, Kibali managed to achieve the greatest improvement in LTIFR within the group, reducing from a LTIFR of 8.5 in 2011 to 2.5 in 2012. We are, however, aiming for further improvements at Kibali next year as we strive towards zero LTIs.

We have identified that too few near misses are being reported in relation to LTIs reported. We are trying to foster increased awareness and reporting of 'near misses' as these reports trigger remedial action procedures and help prevent accidents from occurring.

Last year we also took action to reduce accidents involving light vehicles on site. All our sites impose a speed limit, we have increased the numbers of signs and guards at crossings to regulate traffic and where possible have separated roads for heavy and light vehicles including motorbikes. At the Loulo-Gounkoto complex we have trialled a new driving test and permit system that has restricted poor-performing drivers from driving on site. Although this system was only implemented towards the end of the year, there have already been indications of a substantial decrease in property damage and vehicle accidents.

Safety performance

	2012	2011	2010
Labour*	**11 477**	8 652	n/a
Person hours	**25 327 309**	19 806 975	n/a
Number of active mines	**5**	4	3
LTIs**	**38**	62	27
LTIFR***	**1.50**	3.13	1.75
Fatalities	**1**	3	1
Near misses	**20**	14	n/a

* *Including persons employed by our contractors.*
** *Defined as injuries that occur in the execution of duties that mean the person is unable to perform those duties for at least one day.*
*** *Number of lost time injuries per million man-hours worked.*

Occupational health

Our policies

Effective management of occupational health risks protects our workforce and enhances productivity. Our policy is focused on preventing harm to our people by pro-actively managing the source of potential health risks.

Eliminating exposure to safety hazards is a major part of this, but we also pro-actively identify potential occupational health issues through regular medical consultations for employees. These monitor areas such as heavy metal in the blood, silicosis, tuberculosis (TB) and hearing issues. Those with exposure to chemicals or other potentially harmful departments have more frequent testing to monitor their well-being. We manage 24-hour clinics with an ambulance and high-quality medical facilities at all of our sites.

Diseases such as malaria and HIV/AIDS are not only debilitating for the individuals concerned, they can have a major impact on productivity, absenteeism and morale. Preventing and treating them is an important part of our business as well as a major part of our efforts to build strong relations with local communities. Our malaria programme and protocols are based on World Health Organisation standards and include the provision of mosquito nets and repellent, chemical controls, awareness raising initiatives and, where possible, early, effective diagnosis and treatment. A target to reduce malaria incidence by 25% across the group has been set for 2013.

Details of our HIV/AIDS programme are set out in a previous section of this report, although it is important to note that we have a clear policy of non-discrimination for any worker who tests positive for the disease. They are able to continue to work at the mine as long as they are able, and have access to antiretroviral (ARV) drugs.

Our performance

A total of 60 142 medical consultations were held for employees during 2012, a 17% rise from 2011.

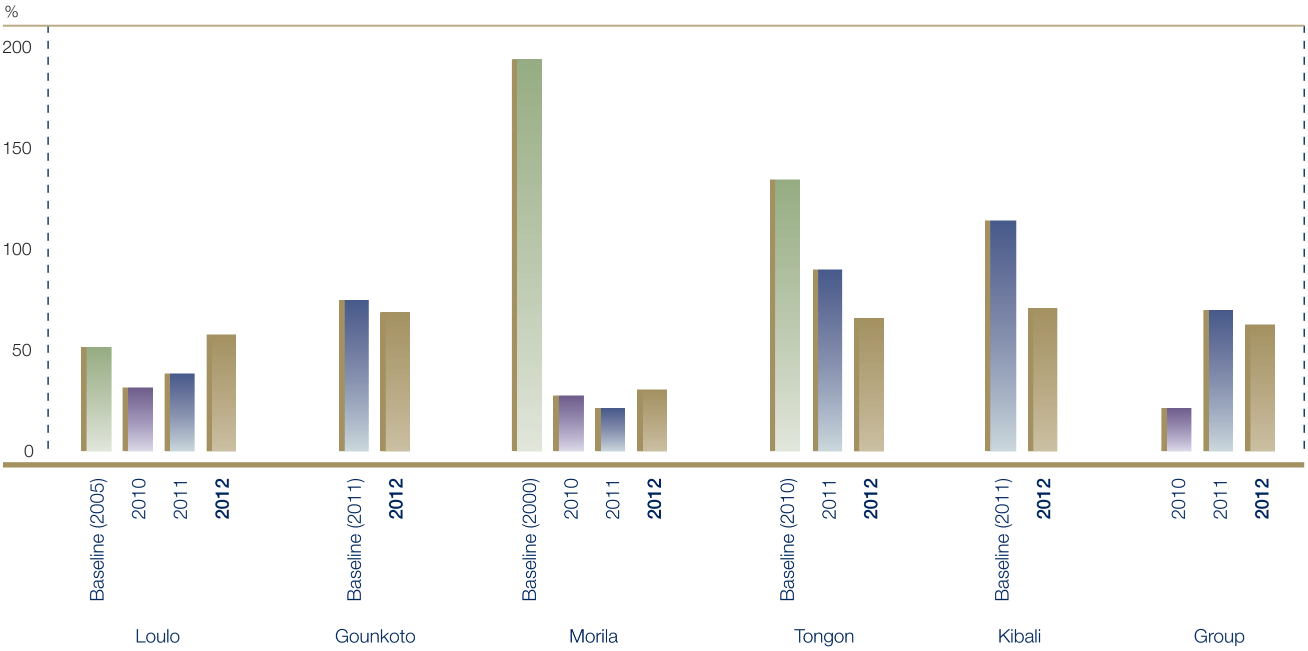
We have had one new case of noise induced hearing loss, occurring at the Loulo site, and remedial action has been taken. We have a strict policy to protect those exposed to loud machinery. Any area where noise reaches over 85 decibels has personal protective equipment (PPE) issued such as 'ear protectors' and operators are not allowed to work a shift longer than eight hours.

There were no significant abnormalities identified by our biological and radiation monitoring in 2012. We are mindful that TB is on the increase globally and we had 14 new cases of TB across the group, over 70% of these at Kibali. We have strict procedures in place to rapidly quarantine patients when TB is detected and to test all those that have been in contact with infected persons to prevent further spread of the infection.

Fighting malaria

Last year we spent more than US$539 000 implementing our anti-malaria programme and distributed more than 5 780 impregnated mosquito nets to employees and community members. Our malaria incidence rate, which is the number of new cases of malaria as a proportion of our total employees, dropped from 69% to 62% in 2012. This is a significant achievement against a backdrop of difficult circumstances, particularly in Mali.

Employee malaria incidence rate (MIR)



Mali suffered its heaviest rainfall in 50 years, providing perfect breeding conditions for the mosquitoes and also experienced an increase in resistance to insecticide among its mosquito population.

After a high incidence rate at Tongon in Côte d'Ivoire last year, additional effort has been expended to fight the disease there and has resulted in the number of individual cases being reduced from 1 802 to 1 167. Malaria incidence at the Tongon mine has reduced from a 2010 baseline of 133% to 65% in 2012.

Similar focus will be expended in Mali to combat the increased resistance in mosquitoes. We have reviewed the control programme and will increase our control measures in 2013.

Despite the progress last year, almost one in three incidents (30.3%) of absenteeism across the group was caused by malaria. This underlines the business case for greater prevention (*see case study below*).

A business case for fighting malaria at Loulo

At our Loulo mine in Mali, malaria is not only a health issue, it's a crucial business issue. Around 25% of the absenteeism at our Loulo mine was caused by malaria in 2012.

Clearly, if we succeed in driving down malaria rates we improve worker productivity and motivation as well helping gain the support of the local community.

In 2012, the challenges of fighting malaria at Loulo were exacerbated by a combination of events. First, the area experienced the heaviest rainfall in 50 years, providing perfect breeding conditions for the mosquitoes. Second, our annual assessment of one of the chemical insecticides we spray found that the mosquitos had become resistant to it.

Despite these challenges, our malaria programme at Loulo was extensive, with more than US$147 000 spent on a range of measures. These included:

- An indoor and outdoor insecticide spraying programme, using two alternating insecticides spraying twice monthly during the wet season. Villages within a five kilometre radius of the mine site are sprayed. To counteract the new resistance, a new second chemical has been introduced this year.
- A larviciding programme which deposits larvicide in potential mosquito breeding sites such as still water and holes in the ground. The programme uses natural bacteria that eat the larvae and therefore has no harmful environmental effects and does not contaminate water.
- The provision of 2 000 mosquito nets to employees and the community and awareness sessions to encourage use of nets and other prevention techniques. Communications included meetings in clinics and community centres and use of local radio broadcasts. We also worked with experts at the University of Bamako to train community sprayers and peer educators.
- Distribution of malaria tablets for pregnant mothers. Malaria is more common during pregnancy due to suppression of the immune system.
- The initial health impact assessment for Loulo in 2005 set the malaria incidence baseline at 51%. By 2011, the implementation of the malaria programme had driven this down to 38%. In 2012, the serious challenges of high rainfall and increased resistance saw malaria incidence rise again.

However, we believe that through our extensive malaria programme, we will arrest this increase and significantly bring down malaria incidence in 2013.

Securing and developing skills

Our policies

Our human resources policies aim to optimise local talent and uses both formal and informal training to ensure we have access to the full range of skills needed to run a world class gold mining company. We prioritise recruitment from local communities and host nations (*see graph alongside*) and use psychometric testing at an early stage to identify people with the aptitude for skilled positions.

Both formal and informal training are crucial parts of our skills policy. Informal training such as shadow skills training, mentoring, apprenticeships and experiential action learning are the backbone of our training approach. Our approach is to set high standards of proficiency and to give employees real responsibility once those standards are met. Our formal training includes both on-site and off-site courses at academic institutions in our host countries and at leading international universities.

An important part of our philosophy is that we take a long term approach. We offer employees opportunities for career development and an ownership stake. We have a share scheme that rewards long term commitment, with shares offered on the basis of seniority, length of service and the continued delivery of clear output and performance targets. We believe that our genuinely meritocratic path to senior management is a successful motivator for employees.

Our performance

The Randgold group, together with contractors, employed a total of 11 477 people in 2012, 92% of whom were nationals from our host countries (*see operational staff table below*). In total 2 048 people were employed by the Randgold group and 9 429 by contractors. A total of 21 employees were retrenched from Morila during 2012, in accordance with the rightsizing strategy of the operation.

The number of people receiving formal training increased by more than half in 2012, rising from 238 to 401, and our spend on formal training almost doubled: from over US$463 000 in 2011 to more than US$822 000 in 2012 (*see graph below*). Formal training courses attended by our employees crossed many areas of competencies from management to metallurgy, electrical engineering to environmental law, computer literacy to compressor maintenance.

Engineering works at Kibali.

Informal training is fundamental to our business and almost all employees will have either received or been provided with some informal training during the year. Our training system and in-country management system have been proven to succeed and it is now being put into practice at Kibali, which will be one of the biggest mines in Central Africa. All of middle management at the emerging Kibali mine are Congolese.

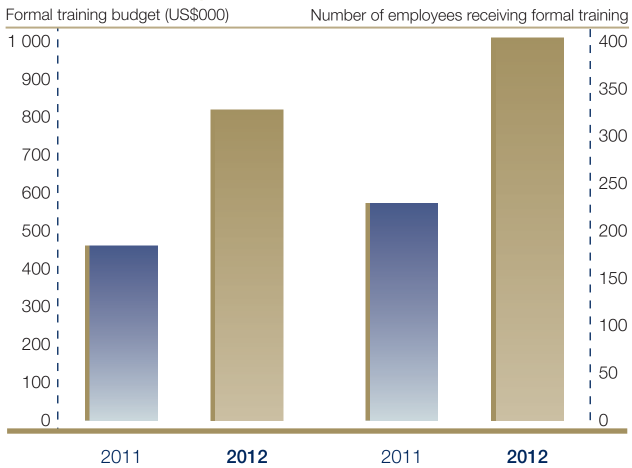
We offer attractive salary and allowances packages. Every salary varies dependent on job level, site and operation. However the package is usually at least 50% more than the local minimum wage. For example, a typical surface labourer on the Loulo site earns substantially more than the minimum wage of FCFA28 640 (US$57) per month paid in Mali.

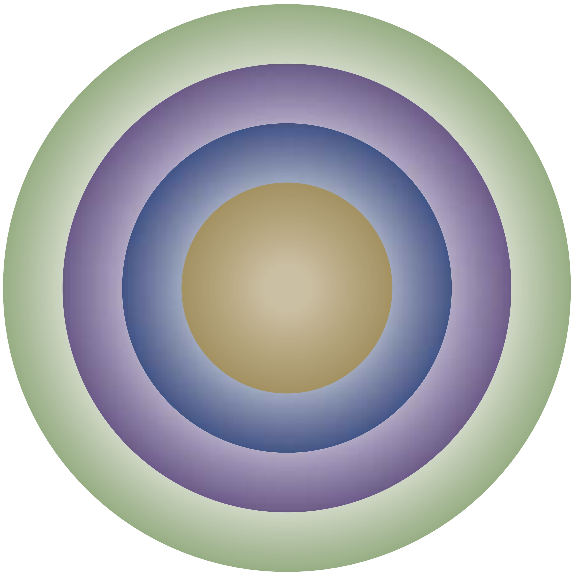
One senior member of staff at group level resigned during the past year. In line with our localisation strategy, 23 positions previously held by expatriates at artisan and supervisor level were successfully localised across the group.

Operational staff

	Group staff		Contractors	
at 31 Dec 2012	Expats	Nat-ionals	Expats	Nat-ionals
Gounkoto	5	48	21	1 197
Morila	9	406	6	411
Loulo	68	532	209	2 057
Tongon	54	439	56	1 168
Kibali	22	159	423	3 881
Total operations	**158**	**1 584**	**715**	**8 714**
Corporate, capital and exploration	11	295	-	-
Total	**169**	**1 879**	**715**	**8 714**

Formal training at operational mines





Prioritisation policy for employment

- Locally affected communities
- Nationals from host country
- African nationals
- Global recruitment

Mixed approach to training gives local talent more of a chance

Mali-born engineer Mohamed Cisse became involved with Randgold as a school leaver and now works in senior management at Kibali, one of the biggest gold mining projects in Africa. Aged just 26, he says that on-the-job training has been a big factor in helping him climb the ranks.

Q: What has been your career path at Randgold?
A: I was born in Bamako and on leaving school was fortunate to be selected for a four-year undergraduate degree in mining studies at the University of Pretoria. The course cost around US$12 000 per year and was part-funded by Randgold. So on qualification I was happy to return to Mali and work with the company. Since then I've had many roles with Randgold, including work at Morila and helping develop the Yalea and Gara underground sites at Loulo. I'm now senior project mining engineer for Kibali and responsible for ensuring all the operational services at the mine are feasible. For a mine that will produce around 6.6 million tonnes a year, with three million tonnes from underground, there's a lot to be done.

Q: How important has your training been?
A: I work with many people at Randgold who have come from local communities, many of whom could not read or had never worked before, and training is central to the culture here. Personally, I have received a massive amount of training in the form of both academic diplomas and practical on-the-job training. The formal courses such as those from the University of Pretoria were of course very helpful but it is the informal, on-the-job training that has really made a difference. In particular, I've learnt a lot from the mentors that have been assigned to me. Randgold throws you in at the deep end but there is someone there to help you swim, and that's how I got where I am today.

Q: How does the mentoring work?
A: For me it has always been a senior manager who sets me goals and standards to achieve, watches my work and who

I report to. In 2011, I was made mine planning engineer for Yalea and Gara and had to work closely with mining industry consultants Snowden. As part of their contract with Randgold, Snowden were asked to mentor me and train me in all aspects of their work, for example using mine planning software such as Minecad, Mine 2-4d and EPS. Before I left that role, I also trained others in these skills.

Q: What training has been most useful to your career?
A: The wide scope of all the training is probably what will be most helpful in the future. The Randgold approach is very holistic, so I am exposed to many parts of the business from cost analysis to safety to ventilation. That gives me a sense that I can really get to know the company as a whole, stay a long time and continue to rise as the company grows.

Industrial relations

Our policies

All our countries of operation are strongly unionised and have the right to freedom of association enshrined in law. However, it is not just because of the legal obligation that we encourage the role of unions at our mines: work stoppages on a typical operation could cost as much as US$1 million per day in lost revenue and we see unions as an important part of building good relations with our workforce.

Our policy is to be fully transparent and engaged with our unions, and we hold meetings between mine management and union representatives at least once a month at all mine sites. Union representatives are also present in quarterly board meetings and privy to all the mine board's decisions and information. In addition to constant engagement with the unions we also regularly communicate directly with the workforce through initiatives such as the general manager weekly safety meetings and the twice yearly mass meetings held by the CEO with the general staff.

Mine level agreements are the basis of our industrial relations policy. These are internal collective agreements signed with the unions at each mine and reviewed every three years. These frameworks complement national labour laws and set out the way each mine and union works in relation to detailed items such as salary increments or the parameters of acceptable behaviour in a strike situation.

Our performance

We continued to have strong and friendly relations with all our union partners throughout the year, concluding 2012 with the signing of the latest mine level agreements at Tongon in December.

There were three strikes at Randgold operations in 2012, although none of these was related directly to Randgold's relationship with its permanent staff. At Loulo, our mining contractor experienced six days' stoppage due to internal grievances within its workforce. This did not, however, affect production as the Loulo employees didn't join the strike due to the good relations with mine management. There was also a wildcat strike by a sub-contractor at Loulo in April 2012, due to the dismissal of a co-worker, but this did not lead to any loss of productivity. Finally, there was a week-long stoppage at Tongon earlier in the year, which was due to a national strike in Côte d'Ivoire.

Gender diversity

Our policies

Randgold has a clear and transparent non-discrimination policy as stipulated in relevant national laws and establishment agreements signed with trade unions at our operations. We strive to recruit and retain the best people, especially from the populations of the countries in which we operate.

We recognise that gender is a factor in recruiting a diverse and representative workforce and we measure the number of female employees we have in the workforce. There is no difference between salary scales for male and female employees. This is a particularly challenging area due to a number of cultural factors, not least that mining is a traditionally male-dominated industry that discourages women from applying for jobs in our countries of operation.

Our performance

In total, just 8% of our permanent workforce is female, slightly up on last year. This is a disappointing figure although it is encouraging that it includes a wide range of roles including engineers, managers and technicians. At a corporate level, a significant number of senior positions are occupied by female employees including the group general manager for corporate communications, group financial manager and group business assurance manager. The most recent appointment to the board is also female.

In order to help improve the levels of women in our workforce, and in the African mining sector more broadly, Randgold has supported initiatives in 2012 to raise awareness of the positive benefits of women taking jobs in the industry. For example, employees with daughters at university are encouraged to invite their daughters to gain experience at our mine sites during study leave. This can lead to future employment opportunities with the company upon graduation.

The company helped local women's associations to mark International Women's Day in 2012 and took pro-active action in July to ensure that women's associations were represented on the Morila Local Development Committee.

Next step

Maintaining a safe, skilled and diverse workforce is an ongoing challenge for Randgold. Safety will remain our highest priority in 2013, with a focus on ensuring that Gounkoto and Tongon become compliant with OHSAS 18001 and that Kibali is ready for that standard when it ramps up to production. We have a target to reduce the LTIFR by a further 10% in 2013.

More safety supervisors will be trained in 2013 and we will work on raising awareness about the importance of reporting 'near misses'. These can act as an important early warning system to safety teams before accidents occur, and we therefore want to encourage more of these to be reported.

As part of our attempts to improve the number of LTIs at Kibali, we will increase the provision for safety training at the site and implement innovations such as behaviour based safety assessments to help improve the mine's safety record.

The development of local talent will continue to be a focus at all operations, and particular emphasis will be given to Kibali due to the sheer scale of the project.

Our board is currently undertaking a training needs analysis for the group as a whole and this will be concluded and its recommendations enacted. One recommendation is likely to be the formation of more formal partnerships with leading global academic institutions such as the University of Quebec, University of Cape Town and Bamako College to help meet our future formal training needs.

We will continue to seek ways in which gender stereotypes in the African mining industry can be challenged and encourage more women to work with our company.

The environment

Managing and reducing the environmental footprint of our operations is a vital part of Randgold's operations.

Environmental management in numbers

- All currently operational mines now certified to internationally recognised ISO 14001 environmental management standard
- Zero Class 1 (major) incidents
- 535 598 tonnes of CO_2 or equivalent emitted per tonne of ore mined, up on 2011 due to delays in renewable energy projects due to be completed in 2013
- 69% of water recycled, up 17% on 2011
- 153.4 hectares of land rehabilitated
- Two sites with Biodiversity Action Plans approved

Our approach to environmental management is driven by national regulation, international standards such as those of the IFC and by the needs of local communities, but most of all by our determination to do things the right way. Natural capital underpins our growth and its associated risks and opportunities are identified, measured and managed as a core part of our production process.

It is simply good business sense for us to strive to reduce our operating costs by improving our water and energy efficiency and by finding alternatives to fossil-fuel based power. We practice responsible management of greenhouse gas emissions, biodiversity, air quality and waste because it future-proofs our business for the long term. We are also committed to transparency and have been scored in the top quartile of reporters to the Carbon Disclosure Project (CDP) for data management.

In this section we offer an overview of our environmental management approach followed by sections on the four key elements of our policy: energy, water, land management and air quality.

Environmental incidents

	Number of Class 1 incidents*			Number of Class 2 incidents**			Number of Class 3 incidents***		
at 31 Dec	**2012**	2011	2010	**2012**	2011	2010	**2012**	2011	2010
Morila	**-**	-	-	**-**	-	-	**2**	2	11
Loulo	**-**	-	-	**5**	8	3	**63**	99	55
Gounkoto	**-**	-	-	**2**	-	-	**18**	0	0
Tongon	**-**	-	-	**2**	-	-	**29**	27	0
Kibali	**-**	-	-	**1**	-	-	**15**	-	-
Total	**-**	-	-	**10**	8	3	**127**	128	66

* *Major incident resulting in death or injury of people or destruction of community property or husbandry.*

** *Medium incident involving material disruption to production or uncontrolled release of contaminated effluent outside the boundary fence of the operation.*

*** *Minor incident involving controlled or uncontrolled release of effluent or pollutants within the boundary of the operation.*

Tilapia farming agribusiness project at Kibali.

Environmental management

Our policies

Our approach to environmental management is guided by national regulation in each of our host countries and by the IFC Performance Standards on Environmental and Social Sustainability.

Initial environmental risks at each operation are identified in a baseline environmental impact assessment and this list of issues and controls is augmented over time as we identify new risks that require management, or as existing risks change or require different management interventions. Identification and management of risk is also an integral component of the ISO 14001 management system, which is one of the reasons we have chosen to implement the standard.

In addition to risk management, each site has an EMS to control day to day aspects of environmental management. All our currently operational mines, Loulo, Gounkoto, Tongon and Morila are now certified to the internationally recognised ISO 14001 environmental management standard. We have a strict policy to manage our handling of cyanide and use the internationally recognised Cyanide Code as a management standard in this area.

Our performance

Accidents and incidents

One of our key performance indicators is the number of environmental incidents at each site. As shown in the table on page 106 we record three types of environmental incidents and for the third year running we were able to report zero Class 1 (major) incidents.

There were 10 Class 2 (medium) incidents recorded at those mines operational in this period. Class 2 incidents that occurred and were acted on included fuel spillages, burst pipes and unnecessary bush clearing.

Minor Class 3 incidents reduced in number at the operational sites but with the inclusion of Kibali, remained constant for the group. It should be noted that we regard Class 3 incidents as an early warning reporting mechanism which, when attended to, can prevent more serious incidents from happening. Therefore an increase in this number can be a positive trend.

Randgold had no major fines for non-compliance during the year under review.

Randgold is working hard to reduce power costs while achieving its five year target of a 47% reduction in greenhouse gas emissions by 2015.

Energy and greenhouse gas emissions

Our policies

We have published a five-year strategy to reduce our use of fossil-fuel based power sources and enabling us to reduce costs, improve our security of supply and reduce CO_2 emissions per production unit. Our target is to reduce all greenhouse gas emissions by 47% in efficiency terms by 2015.

We are using a wide range of methods to achieve this target, many of which are site specific. The main methods in our approach are the increased use of hydropower, including the construction of new hydroelectric power plants for Kibali; efficiency measures such as the introduction of lower revving generators and solarpowered pumps at Loulo and the transfer from diesel-based power generation to the hydroelectric and natural gas powered national grid at Tongon. We also work with employees to encourage more energy efficient behaviour through initiatives such as our 'switching off the switches' campaign.

Our performance

Despite a number of positive developments at individual sites, we did not meet our corporate targets for overall energy use or efficiency in 2012 (*see graphs below*), due largely to the supply problems at Tongon explained below.

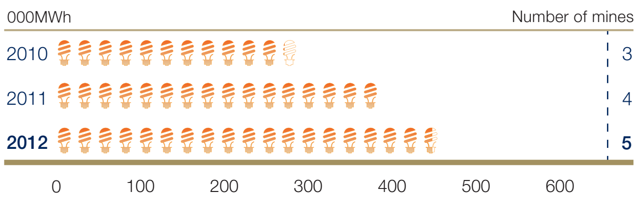
The group's overall energy consumption increased from 386 917MWh in 2011 to 448 632MWh in 2012, and energy efficiency decreased slightly last year from 34.76kWh per production unit (a tonne of ore milled) to 36.7kWh per unit. This increase led to a rise in greenhouse gas emissions for the year to 535 598 tonnes of carbon dioxide or equivalent. Our emission intensity, that is the amount of greenhouse gas per production unit, also rose although the amount of carbon dioxide or equivalent emitted per US$1 000 of profit has reduced from over 3 500 tonnes in 2009 to 1 048 tonnes in 2012.

A major factor behind these unplanned increases has been grid power supply problems at the Tongon mine, following its connection to the Ivorian national grid in December 2011. Tongon suffered from a series of grid power outages in 2012, meaning that diesel-powered back-up generators were frequently in use. We took steps to stabilise the power supply including the installation of a new capacitor bank and five additional generator sets, as well as a reconfiguration of the powerhouse feeder arrangement. We are working with Compagnie Ivoirienne d'Electricité (CIE), the Ivorian electricity supplier, to stabilise the grid as well as effecting improvements to warning systems and offering management training. This process has been helped by a government budget passed in the autumn of 2012, which includes provisions to rebuild the country's energy infrastructure.

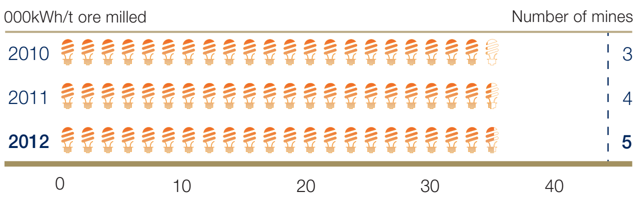
Despite the setbacks at Tongon, we are encouraged by energy efficiency progress at other sites. During 2012, we identified several power saving opportunities at Loulo that have been formed into a wide-ranging energy efficiency programme currently being implemented. It is estimated that these measures can result in a reduction of diesel usage per kilowatt generated from 0.25l/kW to 0.23l/kW, representing an 8% improvement, and cost savings of up to US$800 000 per month. The design and construction of the 20MW Nzoro hydropower station adjacent to the Kibali River, continued at pace in 2012 and will be a major contribution towards achieving our 2015 emissions targets.

We are committed to transparency in our environmental management and our reporting on emissions and energy use continued to improve in 2012. Randgold was scored in the top 20% of responders for disclosure and data management to the CDP and has moved from annual accounting of CDP measures to a monthly approach.

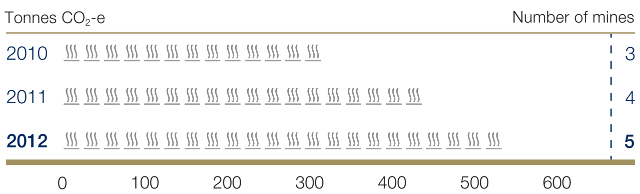
Energy and emissions



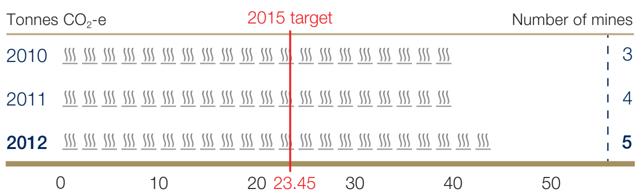
Energy use



Energy efficiency



Scope 1 and 2 GHG emissions*



Emission intensity

* *Scope 1 emissions are direct emissions occurring from sources that are controlled by the company, while Scope 2 emissions include emissions from the generation of purchased electricity.*

Water treatment at Kibali.

Water management

Our policies

Water is often called 'blue gold' and, as a precious and sometimes scarce resource, we endeavour to use it as efficiently as possible while ensuring that our activities do not pollute water sources.

The context for each mine varies, for example Loulo is near to a very large river, Morila has off-channel water storage and Tongon has a number of very large water storage facilities. Rainfall at each site also varies.

At each mine we have strict permits around water discharge, abstraction and pollution agreed with all national authorities and our water management policy aims to keep well within those limits. A central pillar of our policy is to maximise the use of recycled water for mining and processing. At our existing operations we have a three year target to return 80% of grey water to processing plants, and a five year target to return 85%.

We are committed to minimising seepage from Tailings Storage Facilities (TSF). We outsource the management and construction of these facilities to a specialist company, with monitoring of water levels on the TSFs conducted by an independent consulting engineer.

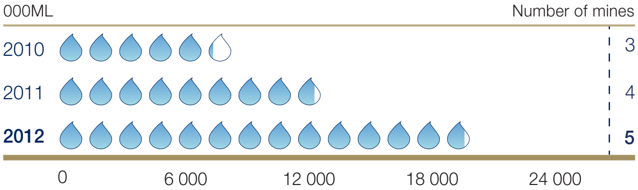
Our performance

The company's water use stayed successfully within the boundaries of its permitted arrangements with authorities throughout the year. The group's overall water consumption for 2012 increased in line with production from 12 251ML across four operational sites in 2011 to 19 599ML in 2012 across five operational sites (*see graphs below*). Water withdrawal efficiency improved from 1.10m^3/t in 2011 to 0.5m^3/t in 2012. Of this amount, 10 371ML was freshwater offtake, less than the 12 251ML of fresh water needed in 2011, due to successfully increasing usage of recycled water (*see graphs below*).

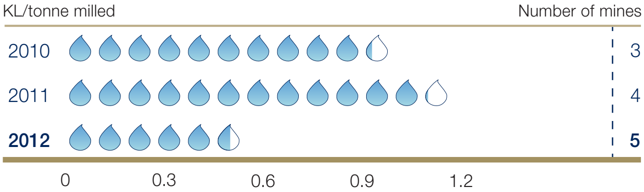
New pumps and improved pipelines helped increase use of recycled water on some sites. Morila and Tongon both achieved the targeted use of 85% recycled water while Loulo improved to over 65%.

During 2012, we began recalculating the water balances for all our operations in order to obtain a better understanding of all water inputs and outputs and improve our water management. To assist us in the water balance process, we have installed flow meters at critical points and, based on the data we receive, will revisit our water management plans. This process is due to be completed during 2013.

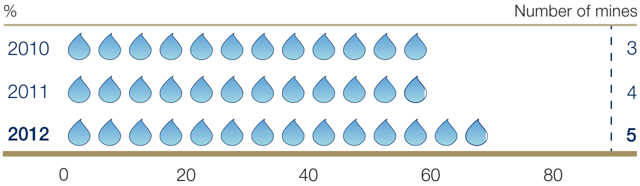
Water use



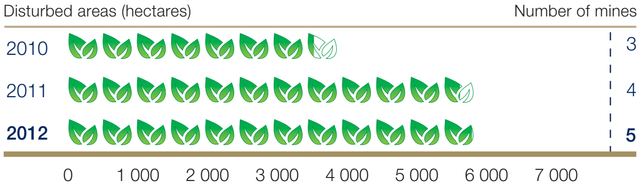
Total fresh water offtake



Water use efficiency



Total water recycled



Total hectares disturbed

Land management and biodiversity

Our policies

Maintaining biodiversity is vital for ensuring the ongoing provision of the ecosystem services we rely on, such as production of clean water, prevention of erosion, carbon storage and clean air. We therefore take a proactive approach to land and biodiversity management, and have a policy of constant rehabilitation while a mine is operational. We use baseline surveys and satellite imagery to monitor changes in vegetation cover and measure affected areas as a result of mining activities. An example of this can be seen in the satellite image alongside.

Dump and TSF rehabilitation is conducted on a planned basis depending on which areas are active and which are not. Slopes are sculpted to the correct angles for stability, covered with topsoil and then planted with indigenous grasses and trees, in line with IFC standards. This has the benefit of erosion control and mitigates dust pollution. Where possible we align our land rehabilitation efforts closely with our closure planning.

Randgold has an active policy on waste management and aims to recycle as much material as possible. All our mines have waste management plans that cover the sorting and recycling of a range of materials. Sorting of domestic and metal waste takes place at all mines and often involves small community-based enterprises which are able to extract value from the waste generated. Hydrocarbon waste collection, primarily used oil, is outsourced to reputable service providers who remove the material from the sites. No waste deemed hazardous under the Basel Convention is transported, exported, imported or treated by Randgold.

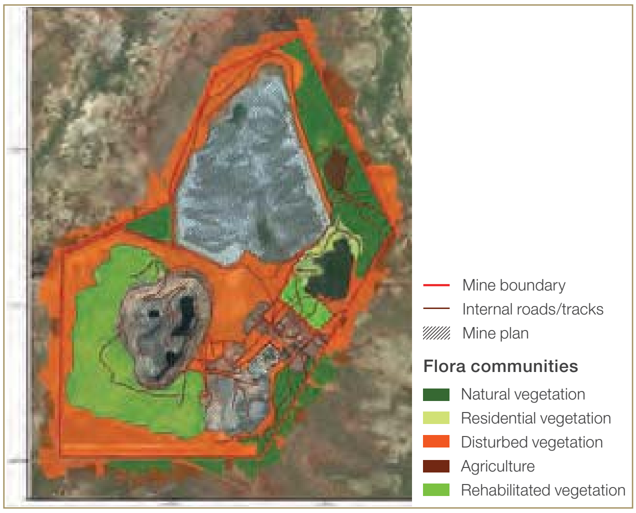
Our performance

During 2012, a total of 153.4 hectares of land was rehabilitated. With the exception of Morila, which is preparing for closure, all our mines are at a relatively early stage in life and therefore the proportion of our total land being prepared for rehabilitation is small (*see table below*). In total, we have 6 732 278 tonnes of overburden, rock, tailings and slimes and we are working to reduce this.

One of the major steps forward in 2012 was the introduction of a new corporate biodiversity policy approved by the board, which ensures that those areas within the mining right area that are not disturbed are managed so that their biodiversity is conserved. We are introducing Biodiversity Action Plans (BAPs) at all sites to make sure the policy is implemented.

In 2012, BAPs were put in place at Morila and Loulo; with a plan for Tongon due to be compiled in early 2013. These integrated plans delineate habitats and land uses for the mining right area with accompanying actions for the different areas based on the land use and habitat type. The plans are a synthesis of existing specialist reports and learnings from existing environmental management measures and aim to define an efficient and coherent strategy to be implemented by Randgold's

Satellite image of the Morila flora communities



(Source: Digby Wells Environmental, 2012)

environmental management teams. During the year, training of mine personnel to implement the plans was completed at Morila and Loulo. In anticipation of the 2013 BAP, mining personnel from Tongon were also included in the training.

As part of the Morila closure plan we have taken steps this year to ensure the agribusiness strategy is closely integrated with the land rehabilitation plans. For example, plans have been put in place to include commercial crops such as mango trees in the rehabilitation of waste dumps. Long term investigations will also be undertaken to determine the potential to grow crops on the footprint of the reprocessed tailings facility once this area becomes available.

Towards the end of 2012, Randgold began discussions with the African Parks Network on ways to promote conservation at the Garamba National Park in the DRC. It is possible that where land on our mines cannot be rehabilitated, we could agree to a biodiversity offset project that creates a new conservation area which otherwise would not exist, and which has long term ecological value. Progress on these discussions will be reported in next year's report.

Total land rehabilitated and disturbed

	Total hectares rehabilitated		Total hectares disturbed	
	2012	2011	**2012**	2011
Morila	**130**	51	**883**	1 013
Loulo	**6.4**	7	**1 274**	1 280
Tongon	**-**	6	**2 451**	2 451
Gounkoto	**17**	-	**460**	446
Kibali	**-**	-	**723**	434
Total	**153.4**	64	**5 791**	5 624

Air quality

Our policies

Randgold's main priority in relation to air quality is the management of dust pollution or fallout. Dust is generated from roads, TSFs, waste rock dumps, the crushers and the plant and levels of dust pollution can be exacerbated by the generally dry conditions in West Africa and dust roads that are used on some sites. In Mali and Côte d'Ivoire, the dry season is very dusty, exacerbated by the harmattan which blows dust south from the Sahara. During this period it is very difficult to manage dust pollution.

We recognise that dust pollution causes discomfort for people and livestock and have an active policy of measuring and managing the amount of dust pollution on our sites.

Our performance

In order to manage dust pollution we have built an extensive monitoring programme comprised of dust buckets located across the mining right areas as well as in neighbouring settlements. Particulate emissions are monitored, recorded and reported to the relevant authorities.

Our efforts to manage dust include rehabilitating waste rock dumps and disturbed areas. Haul and other roads are sprayed with water or sprayed with dust-a-side or molasses to bind the dust and prevent pollution. In the plant and at the crushers, water sprayers help to minimise dust generated. We complied with all local air quality standards in 2012.

Tailings rehabilitation.

Next step

Environmental management is a long term commitment for Randgold and we have challenges to meet in all our four key areas of energy, water, land use and air quality.

In order to reduce our overall energy consumption, improve our energy efficiency, and decrease the amount of greenhouse gases we emit we will be focusing our efforts on a number of initiatives in 2013. These include the introduction of hydropower at Kibali, energy efficiency programmes at Loulo and Tongon and continued work with the Ivorian electricity supplier CIE, and at the highest levels of Government, to stabilise the grid supply. This will include the facilitation of management training. In Senegal, we estimate that the new Massawa mine will require about 25-30 megawatts of installed capacity and we continue to explore the extent to which both grid power and hydropower can contribute.

2013 will see the introduction of amended water management plans based on the revised water balances being taken this year. This will help us meet our five-year target of 85% use of recycled water across all operations. In June 2013, we will also report to the CDP's Water Disclosure Project for the first time.

Land rehabilitation efforts will continue at all our mines in 2013 with a BAP for Tongon an early priority. We will strive to further develop our plans for potential biodiversity offsets at the Garamba National Park near Kibali.

Directors' reports

Corporate governance report

Randgold Resources Limited is incorporated in Jersey, Channel Islands. The company applies the United Kingdom's Corporate Governance Code.

The company has been in compliance with the United Kingdom's Corporate Governance Code (June 2010) throughout the year.

Details of the remuneration paid by the company to members of the board are contained in the remuneration report, and can be found on pages 144 and 145 of this annual report. In addition, the audit committee report and the governance and nomination committee report can be found on pages 120 and 150 respectively of this annual report.

The board acknowledges that to continue to be a successful world class gold mining company it must be led by an effective board, with appropriate skills, experience, independence and knowledge of the activities of the company and its industry and environment. The board has previously adopted a board charter (in accordance with the United Kingdom's Corporate Governance Code) which clearly sets out its duties as a board and includes the duties of the chairman, the chief executive officer and the senior independent director. The board reviewed its board charter at its January 2013 board meeting and determined no amendments were necessary. A copy of the board charter is available on the company's website **www.randgoldresources.com**. A copy of the United Kingdom's Corporate Governance Code is also available on the company's website.

Details of the company's share capital are set out in note 5 of the financial statements of this annual report and details of key shareholders are provided on page 196 of this annual report. There are no special rights attached to the company's shares or restrictions on voting rights. Details relating to the powers of directors in respect of share capital are set out in the notice of annual general meeting (AGM) 2013.

Board meeting attendance

Director	Designation	Number of board meetings attended
P Liétard	Non-executive chairman	5/5
DM Bristow	Chief executive officer	5/5
GP Shuttleworth	Chief financial officer	5/5
NP Cole Jr	Senior independent director	5/5
CL Coleman	Independent non-executive director	5/5
K Dagdelen	Independent non-executive director	5/5
RI Israel^	Non-executive director	1/1
J Mabunda Lioko^^	Independent non-executive director	-
AJ Quinn	Independent non-executive director	5/5
K Voltaire	Independent non-executive director	5/5

^ *Mr RI Israel did not stand for re-election to the board at the 2012 AGM of the company and stepped down as a non-executive director of the company on 30 April 2012.*
^^ *Mrs J Mabunda Lioko was appointed to the board on 28 January 2013.*

Corporate governance

The measures taken by the company to satisfy the requirements of the United Kingdom's Corporate Governance Code are set out in this report with the headings below based on the United Kingdom's Corporate Governance Code's Key Principles.

Every company should be headed by an effective board which is collectively responsible for the long term success of the company.

The board remains committed to guiding the strategic development of the group and supports the principle of collective responsibility for the success of the company.

The board has reserved for its sole discretion: the finalisation and adoption of the group's strategic plan; the approval of the annual operating budget, and monitoring performance against budget; the approval of interim and final financial statements; the dividend policy; the approval of any significant change in the accounting policies and practices; fiscal policies including treasury and hedging policies; approval of all financial, legal, social, environmental and ethical controls of the company to ensure the appropriate compliance procedures are in place; significant mergers and acquisitions and other material transactions; approval of all mining developments; new issues of long term debt; capital issues and material changes to the company's capital structure; remuneration of executive directors and senior managers; nominating candidates for election by the general meeting of shareholders to membership of the board; approval of all circulars, prospectuses and listing particulars; approval of the annual report and accounts, including the directors remuneration report, audit committee report, report of the governance and nomination committee and the corporate governance report; and the approval of the annual report on the Form 20-F as required by the United States' Securities Exchange Commission (SEC).

In order to facilitate its supervision of the company and the group, the board has established three board committees: the audit committee, the remuneration committee and the governance and nomination committee. Details of the terms of reference of each committee and the members of each committee are available on the company's website **www.randgoldresources.com**. The members of the committees are also set out on page 199 of this annual report.

The day to day management of the company is delegated to the chief executive officer (CEO). An executive committee has been established by the CEO and membership of that committee is made up of the CEO as the chairman, the chief financial officer (CFO) and senior executives of the company who include the chief operating officer for West Africa, the chief operating officer for Central and East Africa, and the general managers of each of the company's operations. In addition, the CEO chairs the company's environmental committee, details of which can be found in the sustainability report on pages 73 to 112 of this annual report.

Management provides the board, ahead of each quarterly board meeting, with a detailed quarterly briefing pack which covers an overview of the company and group, and includes reports from each mine, major project and activity along with sections covering health and safety, financial, legal, technical, human resources, treasury, tax, environmental, sustainability and communication activities.

During the year, the board met four times in person and once by teleconference in March 2012. Board meetings typically take place over a two day period with the first day allocated to the board committee meetings and the second day is allocated for the board meeting. The intervening evening allows the board to engage in informal discussions concerning the activities of the group.

The August 2012 board meeting, which took place over four days, enabled board members to visit the Loulo mine complex, including the Gounkoto mine, and to attend the Gounkoto mine's opening ceremony which was performed by the Malian Minister of Economy. At the August 2012 board meeting, Mr Toure, the Minister of Commerce, Mines and Industry of Mali, and Général Maïga, the Governor of the Kayes Region, Mali, were invited to attend part of the board's meeting. In January 2013, the board paid its third visit over three days to the Kibali mine where it saw the significant progress made at the site since its last visit. The board was also given an opportunity to discuss the mine's progress and the progress with the mine's relocation action programme with the mines' employees, contractors and consultants.

The board's evaluation session, which was undertaken by the chairman, took place at its November 2012 meeting. Details of attendance at the board meetings are tabled on the previous page. The last use of an external facilitator to assist with evaluation of the board occurred in January 2012.

Over the course of a typical two day period when the board holds its committee and board meetings, the non-executive directors regularly meet without the executive directors being present. The chairman intends to preside over the next session of the non-executive directors at the board's April 2013 meeting which is to be held in Jersey.

Over the course of the year the company reviewed its insurance policies. Following that review, the company is comfortable with the appropriateness of its directors' and officers' insurance which it has in place.

There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.

In accordance with clearly defined parameters, the chairman is responsible for the leadership of the board and for ensuring effective communication exists between the executive and non-executive directors.

The CEO has been delegated the authority to manage the day to day administration of the group. A formal job description is in existence and this together with the CEO's role and duties as detailed in the board charter, are reviewed annually by the board and by the CEO.

The board charter which is available on the company's website **www.randgoldresources.com**, clearly sets out those powers which are reserved solely for its discretion and consideration, while listing separately those issues for which the CEO would be accountable and be monitored.

The chairman is responsible for the leadership of the board and ensuring its effectiveness on all aspects of its role.
The chairman, in conjunction with the CEO and the company secretary, sets the agenda of each meeting and ensures throughout the year that sufficient time is provided for discussion regarding key strategic issues. The usual practice of the board and committee meetings taking place over two days (on each occasion the board meets in person) allows for active debate among all members of the board.

As required under the United Kingdom's Corporate Governance Code, at the time of his appointment as chairman in November 2004, Mr P Liétard met and continues to meet the requirement of independence.

As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.
An atmosphere of open debate exists at the company's board meetings, allowing for any single director to engage executive management on key aspects of policy and performance.

The non-executive directors believe that the format of the board, in conjunction with activities of the three board committees, is sufficient to allow them to effectively access the performance of management in achieving set goals and objectives. The members of the audit committee believe that their discussions, under the direction of the audit committee terms of reference, provide assurance regarding the integrity of the financial information and that the financial controls and the systems of risk management are both robust and defensible. Likewise the remuneration committee, comprising three independent non-executive directors, has actively been involved in determination of the levels of remuneration for the executive directors. The governance and nomination committee has continued its involvement with regards to succession planning and gender diversity and has been active in the appointment of Mrs J Mabunda Lioko to the board.

Issues relating to financial performance of the company and the group are addressed both by the audit committee and at the main board meetings.

The company has had a senior independent director since October 2003, and continues to do so. Mr NP Cole Jr has served in this role since May 2009. He continues to make himself available to shareholders should they wish to contact him. During the fourth quarter of 2012, Mr NP Cole Jr (in his capacity as chairman of the remuneration committee) along with Mr CL Coleman (in his capacity as a member of the remuneration committee) had several meetings with representatives of the company's major investors, shareholders and various voting guidance services.

The non-executive directors under the leadership of the chairman have continued to meet in session without the presence of executive directors. The non-executive directors also meet without the presence of the chairman. In addition, the audit committee has likewise met with the company's external audit partner without the presence of either the CFO or CEO and it has also met the company's internal auditor on several occasions.

The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.
The board comprises nine members, two executive and seven non-executive directors. The governance and nomination committee continues to be charged with the duty of identifying the needs of the board regarding suitable candidates. Mr P Liétard continues to act as chairman of the governance and nomination committee. The committee continues to consider the optimal balance of skills as well as an appropriate gender and geographic representation. In addition to possessing the expertise required for the strategic direction of a major international mining company, as well as having sufficient time to commit to their responsibilities (including field visits to the operations), candidates are expected to combine a strongly independent perspective and demonstrate sound judgement with the ability to share a cohesive vision of the company's future.

In accordance with the company's Articles of Association (articles), as a newly appointed director, Mrs J Mabunda Lioko will stand for re-election to the board at the AGM of the company on 29 April 2013. Details of Mrs J Mabunda Lioko's qualifications and experience can be found on page 5 of this annual report.

The board believes that mining is a long gestation business and, as such justifies a longer period of service for non-executive directors than many other industries and that reasonable periods of service are therefore needed for the stability of the board but that new appointments are needed from time to time to add a fresh perspective. Besides the chairman and the CEO, the remainder of the board have served for periods of seven years or less. Other than the two executive directors, no other director serves on any of the group's subsidiary boards.

No director serves as a representative of a significant shareholder of the company.

The board monitors compliance with the independence of character, judgement and relationships criteria included in the United Kingdom's Corporate Governance Code and considers all the non-executive directors to be in compliance with these provisions as well as to be independent. All the directors and their biographies are set out on pages 4 and 5 of this annual report.

Mr RI Israel served as a director with the company for over 15 years. He retired from the board of directors at the conclusion of the AGM of the company on 30 April 2012. During 2012 and prior to his retirement, the board considered Mr RI Israel's objectivity and contribution and concluded that he was still independent in character and judgement notwithstanding his period of service.

The company continually evaluates the composition of the board and the board's succession plans. Given the length of service of the chairman since his initial appointment to the board, succession of the chairman's position is periodically evaluated to ensure the chairman continues to bring objectivity and independent judgement to the role and a plan is in place for his succession.

The company's policy of awarding ordinary shares in the company to the non-executive directors was varied in 2012. Instead of each non-executive director receiving an award of ordinary shares in the company vesting in equal proportions over a three year period, each non-executive director now receives, subject to approval of the company's shareholders at the company's AGM, a grant of 1 200 ordinary shares in the company with immediate vesting. This new policy was introduced during feedback received by the remuneration committee following their annual investor meetings with stakeholders. Accordingly, the directors are considered to remain independent.

Details of the non-executive directors' shareholding in the company are provided on page 146 of this annual report.

Disclosures in respect of all related party transactions are included in note 23 of the annual financial statements of this annual report.

The company's policy is for directors to disclose their interests pursuant to the Companies (Jersey) Law 1991 when they are appointed to the board and at each subsequent board meeting. The company maintains a register of directors' interests at the company's registered office. No such interests are considered to impinge on their independence.

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.

Please refer to the report of the governance and nomination committee, which can be found on pages 150 to 152 of this annual report.

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.
The board believes that all its members have sufficient time to devote to the company. Details of any candidate's existing board commitments are disclosed at the time of consideration of their respective appointment and the board does not believe that any other board commitments adversely affect any board member's contribution to the company. No current director, whether executive or non-executive, is a director of another FTSE 100 company.

All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.
The board continues to operate in a field which is technically complex and directors are provided with induction materials, including information in relation to environmental, social and governance issues, which enable them to fulfil their duties effectively. Visits to the mines, branch offices and technical presentations provided by management are used to further their knowledge in various areas of specialisation. To assist with Mrs J Mabunda Lioko's induction, she visited the Kibali mine on her appointment to the board where she was given a full tour of the site and met with a number of Kibali employees including the mine manager and his team. A comprehensive pack of corporate induction materials, including a memorandum of the role and responsibility of a director prepared by the company's general counsel and company secretary, were shared with Mrs J Mabunda Lioko to assist with her induction. Mrs J Mabunda Lioko and Dr K Dagdelen intend to also attend a series of corporate governance training sessions in April 2013 conducted by the company's Jersey, English and United States' lawyers.

As in previous years, Dr K Dagdelen and his team from the Colorado School of Mines worked closely with the company's exploration and mineral resources departments to facilitate mine optimisation and geological knowledge. During the year, Dr K Dagdelen and Mr AJ Quinn visited the Loulo and Gounkoto mines and the Kibali mine to review the mines' development in advance of the board and committee meetings held there in August 2012 and January 2013, respectively.

As set out on pages 131 to 149 of this annual report, the members of the remuneration committee have continued to liaise closely with consultants Towers Watson and English lawyers Ashurst, with regard to executive and non-executive remuneration.

The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.
Under the guidance of the chairman, it is the duty of the company secretary to ensure an effective flow of information between the board, its committees and the management of the

company. The information sharing process utilises a secure online platform to allow the board to access all current and historical board and committee briefing packs as well as key corporate documentation. The board and committee briefing packs cover such areas as health and safety, financial, legal, technical, treasury, tax, human resources, environmental, sustainability and communications in respect of the operations and the company as a whole. The company secretary ensures that the board is appraised on all governance matters.

The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.
Please refer to the report of governance and nomination committee, which is set out on pages 150 to 152 of this annual report.

The board undertook an evaluation session at its November board meeting chaired by the chairman. The process started with each director completing a detailed questionnaire followed by a round table rigorous discussion on the questionnaire's results and the board's, the board's committees and that of individual director's performance generally. Accordingly no areas of weakness in any individual director's performance was identified. The board is therefore recommending to shareholders that they vote in favour of the re-election of each director proposed in the notice of AGM 2013.

The board continues to believe that its annual evaluation exercise is beneficial.

A formal session of the non-executive directors under the leadership of the senior independent director also assessed the chairman's performance. The findings of that session confirmed the chairman continues to provide strong leadership to the board and to the board committees in which he participates.

All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.
At its meeting in November 2010, the board agreed, in accordance with the provision of the United Kingdom's Corporate Governance Code, that all directors would stand for re-election annually. Any newly appointed director is subject to election by shareholders after his/her appointment. The articles do not specify either an age limit for directors or any restriction about the period of service. At the 2012 AGM, all directors (other than Mrs J Mabunda Lioko who was appointed to the board in January 2013) stood for re-election. All directors, including Mrs J Mbunda Lioko, will stand for re-election at the 2013 AGM. Biographies of the directors can be found on pages 4 and 5 of this annual report.

Copies of the letters of appointment of the non-executive directors are available for inspection at the company's registered office and at each AGM of the company.

The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.
Please refer to the sections headed 'control environment' and 'risk management', which can be found on pages 123 to 129 of this annual report.

Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.
Please refer to the remuneration report, which can be found on pages 131 to 149 of this annual report.

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages for individual directors. No director should be involved in deciding his or her own remuneration.
Please refer to the remuneration report, which can be found on pages 131 to 149 of this annual report.

The board should present a balanced and understandable assessment of the company's position and prospects.
Please refer to the financial statements, which can be found on pages 153 to 191 of this annual report, together with the chief executive's review and financial review on pages 6 to 11 of this annual report.

The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditors.
This is dealt with in the audit committee report on pages 120 to 130 of this annual report. The company's audit committee has been set up to review the company financial reports, internal control principles and risk management systems, review significant financial reporting judgements and for dealing with the appointment of the auditors and monitoring their relationship with the company and its management.

A copy the of audit committee's terms of reference is available on the company's website **www.randgoldresources.com**.

There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.
The board acknowledges responsibility for maintaining effective communication with all shareholders. The CEO, corporate communications manager and the company's investor relations consultants prepare a quarterly report for the board detailing

the activities and presentations given to shareholders. In addition, since September 2004 the company has employed international market intelligence experts to provide a global shareholder identification service which has greatly enhanced the focus of the company's communication message.

While general corporate communication with shareholders is conducted by the CEO, the chairman, at least quarterly, participates in an open forum with shareholders and other stakeholders.

Besides attendance at various industry conferences, a minimum of two roadshows during the year are undertaken to enable company representatives to interact directly with shareholders and interested parties.

It has been the policy of the company that twice a year extensive roadshows are conducted by the CEO, accompanied by various members of senior management, where meetings are held with most of the company's major institutional shareholders to brief them on the activities of the company. In addition, after the publication of each set of quarterly results the chairman and the CEO follow up with a conference call available for interested shareholders, investors and international media, and conduct meetings with many of the institutional shareholders. The roadshows are in addition to the company's attendance at several key international mining and investment conferences around the world. In November and December 2012, Randgold held its first investor days in New York, Toronto and London. The investor days proved to be a successful new platform for Randgold to engage with analysts, shareholders and other members of the investment community. The events were very well attended and comprised detailed presentations by many of the company's senior management. In light of the positive feedback received from the participants, the company has decided that these forums should become a regular feature in Randgold's investor communication programme, with a view to holding them every two years.

Where possible, the CEO asks non-executive directors to join him at presentations made to shareholders and institutional investors. During their visits to Loulo, Gounkoto and Kibali respectively, the board had the opportunity to interact with fund managers who were then touring the company's operations. In addition, the chairman attended the 2012 and 2013 Mining Indaba Conferences in Cape Town, having the opportunity to interact with various investors and fund managers in attendance.

The board continues to use the internet for publication of announcements and to file these on the company's website to assist with communication with shareholders. In addition, the board encourages shareholders to access the annual report from the website. The structure and accessibility of our website is regularly monitored through a process of internal and external reviews.

In November 2012, ahead of the publication of the annual report, certain members of the remuneration committee held a series of meetings with major shareholders and voting guidance services to discuss the proposed changes to the company's remuneration policies. Various suggestions made by shareholders were taken on board and these were reflected in the final documents tabled for shareholder consideration at the 2013 AGM.

Investor forums attended 2012

Location	Forum
Cape Town, SA	■ Mining Indaba
Dakar, Senegal	■ Senegalese Mining Conference and Exhibition
Denver, USA	■ Denver Gold Forum
Hollywood (Florida), USA	■ BMO Capital Markets Global Metals and Mining
Kinshasa, DRC	■ Infrastructure Partnerships for African Development (IPAD)
London, UK	■ Deutsche BRICS Metals and Mining Conference ■ RBC Capital Markets Gold Conference ■ Mines and Money ■ Randgold Investor Day
Miami, USA	■ Bank of America Merrill Lynch Metals and Mining Conference
New York, USA	■ Hard Assets Investment Conference ■ Paulson Conference ■ Randgold Investor Day
San Francisco, USA	■ Hard Assets Investment Conference
Toronto, Canada	■ PDAC ■ Randgold Investor Day

The board should use the AGM to communicate with investors and to encourage their participation.

The board believes that the AGM continues to be an appropriate forum for contact with shareholders and encourages their attendance and participation. In terms of the articles, Article 19.10 provides that, for so long as the shares of the company are admitted for trading on the London Stock Exchange or the NASDAQ Stock Exchange, at any general meeting all resolutions put to the meeting shall be decided on a poll. The number of proxies received is disclosed to members in attendance at each AGM. At each AGM, all committee chairmen as well as other non-executive directors are present to address any queries raised by shareholders. Results of the AGM are published on the day of the meeting to inform shareholders not present of the results of the voting.

Institutional shareholders have a responsibility to make considered use of their votes. The company is pleased to see the increasing trend of institutional shareholders now exercising their rights to vote at general meetings. In the past three years the percentage of shareholders present and voting has steadily increased.

Audit committee report
for the year ended 31 December 2012

The audit committee's function is to support the board in fulfilling its oversight responsibilities.

The audit committee monitors the decisions and processes designed to ensure the integrity of financial and corporate reporting and ensures that robust systems of internal control and risk management are in place and adhered to.

The audit committee's duties, roles and responsibilities include the following:

- Monitoring the integrity of the financial statements and formal announcements relating to the group's financial performance and reviewing significant financial and other reporting judgements.
- Reviewing the accounting principles, policies and practices which have been adopted by the group in the preparation of the annual financial statements, financial reporting issues and disclosures in the financial reports.
- Reviewing and monitoring the effectiveness of the group's internal control and risk management systems, including reviewing the process for identifying, assessing and reporting key risks and control activities.
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on the effectiveness of the internal control system.
- Making recommendations to the board on the appointment, re-appointment or change of the group's external auditors and approving the remuneration and terms of engagement of the group's external auditors.
- Overseeing the board's relationship with the external auditors and ensuring the group's external auditors' independence and objectivity and the effectiveness of the audit process is monitored and reviewed.
- Developing, implementing and maintaining a policy on the engagement of the group's external auditors' supply of non-audit services.
- Reporting to the board any matters which have been identified that the committee consider need to be considered, actioned or improved upon.
- Monitoring the group's compliance with legal and regulatory requirements including ensuring that effective procedures are in place relating to the group's whistle-blowing and anti-corruption policies.

Karl Voltaire
Chairman, audit committee

Audit committee attendance

Members	Appointed	Number of meetings attended
K Voltaire (*Chairman*)	1 August 2006	6/6
CL Coleman	11 May 2009	6/6
AJ Quinn	1 November 2011	6/6

Each of the three members of the audit committee is an independent non-executive director. The audit committee oversees the group's financial reporting and internal controls and provides a formal link with the group's external auditors. It performs its duties by maintaining effective working relationships with the board, management, internal and external auditors.

The audit committee met six times during the year to discharge its duties and responsibilities. Attendance of members of the audit committee during 2012 is shown in the table above.

The board considers all members of the audit committee to be independent for the reasons set out in the corporate governance report.

In terms of the directors' remuneration policy, for providing services to the audit committee for the year, Mr CL Coleman was paid US$35 000, Mr A Quinn was paid US$35 000 and Dr K Voltaire, as chairman of the audit committee, was paid US$50 000.

The audit committee is regularly updated on proposed and new legislation in which the committee has an interest. Other pertinent information and reports which are presented to the committee are required typically by internal staff, legal counsel, external consultants and external auditors. To assist management in providing the information to allow the audit committee to discharge its responsibilities, the group's CFO, other executive management, external auditors and the head of internal audit, regularly attend audit committee meetings.

The chairman of the audit committee holds an MBA and PhD in economics and finance, and the other two members have many years of experience in the financial services sector as detailed in their biographies on pages 4 and 5 of this annual report. The board believes that this level of experience continues to be sufficient to meet the standards set by the United Kingdom's Corporate Governance Code. In the event that any issues arise which are deemed outside the areas of expertise of the members of the audit committee, independent professional advice is always sought.

Before they are published, the audit committee reviews the company's quarterly results and other announcements relating to financial performance, reviews the effectiveness of the company's system of internal control and risk management procedures, legal and regulatory compliance including the United States' Sarbanes-Oxley Act of 2002 (SOX), and the services provided by the external auditors.

The board acknowledges that pursuant to the Companies (Jersey) Law 1991 and the United Kingdom's Corporate Governance Code, it has a responsibility to present a balanced and understandable assessment of the company's and the group's position and prospects. This extends to the preparation and publication of the annual report and any release of other financial information. The board also acknowledges that the United Kingdom's Corporate Governance Code provisions include the requirement for an explanation of the basis on which the group generates or preserves value over the longer term and the strategy for delivering the objectives of the group.

The directors are required to prepare annual financial statements for the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The directors have chosen to also prepare annual financial statements for the company in accordance with IFRS as issued by the International Accounting Standards Board. The directors are responsible for the maintenance of proper accounting records together with the preparation, integrity and fair presentation of the annual financial statements of the company and of the group.

The directors have also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements.

The directors have general responsibility for selecting suitable accounting policies and applying them consistently, and for taking such steps as are reasonably open to them to safeguard the assets of the group which includes preventing and detecting fraud and other financial irregularities. The 'going concern' basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group and company will not be a going concern in the foreseeable future based on forecasts and available cash resources of the group as at 14 March 2013. The viability of the company and the group is supported by the annual financial statements.

The group operates a code of conduct which is reviewed and enhanced by the board from time to time. The code of conduct includes specific reference to the company's financial managers and the CEO. A copy of the code of conduct is available on the company's website **www.randgoldresources.com**.

The board adopted the audit committee's terms of reference on 9 March 2012 and following a review by the audit committee on 27 January 2013, the audit committee agreed its terms of reference did not require to be amended. A copy of the audit committee's terms of reference is available on the company's website **www.randgoldresources.com**.

External audit

The group's external auditors are BDO LLP (BDO). The audit committee monitors the external auditors' independence and objectivity taking into account relevant professional and regulatory requirements. The audit committee also monitors the external auditors' performance and the effectiveness of the audit process. This is undertaken within the framework of the detailed audit committee's terms of engagement and agreed audit scope and approach.

In line with the audit committee's policy during the year no non-audit services were provided by BDO. The audit committee reaffirmed that policy on 27 January 2013.

During the year, the external audit undertaken by BDO (in respect of the 2011 financial year) was selected for specific review by the Audit Quality Review (AQR) team of the Financial Reporting Council (FRC). The FRC is the United Kingdom's independent regulator overseeing the United Kingdom audit profession whose activities include independent inspection of the overall quality of the auditing of listed companies and major public interest entities. The FRC findings, reported to BDO, were shared and discussed with the audit committee. The committee noted that the review focused on specific areas of audit risk relevant to the group and its operations. It also covered certain considerations surrounding communication with the audit committee, ethics and independence. The audit committee was pleased to note that the AQR reported that the audit work was of a good standard and that it had no specific matters to bring to the attention of the committee.

In line with professional standards, BDO rotated the audit partner in the year as the previous audit partner had acted as the BDO audit partner for the group for five years.

Auditors' fees

US$	**2012**	2011
Audit services	**1 150 352**	997 050
Non-audit services	**-**	-

Key items discussed in 2012

A summary of the key agenda items considered by the audit committee during 2012 includes the following:

Audit committee meetings	Items considered
January 2012	2011 annual and fourth quarter preliminary results announcement
	Proposed declaration of a dividend
	Accounting policies and recent accounting pronouncements
	External audit report
	The group's non-audit services policy
	The group's risk-factors report, SOX and internal audit reports and litigation reports
	Internal audit strategy and plan for 2012
	The group's insurance policies
	Amendments to the group's treasury policy
March 2012 (2 meetings)	Approval of the annual financial statements for the year ended 31 December 2011
	Approval of the annual report on Form 20-F for the year ended 31 December 2011
April 2012	Quarterly financial statements
	Risk factors report, SOX and internal audit reports and litigation reports
	Treasury policy update
	Internal audit update
August 2012	Quarterly financial statements
	Risk-factors report, SOX and internal audit reports and litigation reports
	Treasury policy update
	Risk management update and risk review
	External audit report on internal controls around capital expenditure
November 2012	Quarterly financial statements
	Risk-factors report, SOX and internal audit reports and litigation reports
	External audit planning and engagement
	Amendments to the group's treasury policy
	Review of the group's insurance policies
	Draft budget and five-year plan

The audit committee makes recommendations to the board in relation to the appointment, re-appointment and any changes to the external auditors. BDO were appointed in 2007 following a formal review and tendering process and served as external auditors for the group for the 2012 financial year. Their re-appointment will be recommended to shareholders at the company's AGM in April 2013. Taking into account the output of the audit committee's review of the group's external auditors' independence and objectivity, and the effectiveness of the audit process, together with other relevant review processes conducted throughout the year, the audit committee is satisfied to recommend that the board proposes to shareholders that BDO be re-appointed as external auditors to the group. There are no contractual restrictions on the board's ability to appoint alternative external auditors. The board established a policy in 2011 that going forward the group's external audit would be subject to a tender process every five years to ensure that the group continues to receive high quality and cost effective audit services.

The audit committee regularly met throughout the year to consider and approve the company's quarterly financial statements, approve the 2011 annual financial statements, and annual report on Form 20-F.

The external auditors are regularly invited to attend and participate in audit committee meetings to report on their activities. The audit committee met with the external auditors, without the executive directors or management being present. Such meetings took place in both August 2012, November 2012 and January 2013, following the presentation of a report by the BDO audit partner to the audit committee.

Internal audit

The head of internal audit has responsibility to the audit committee and has direct access to members of the audit committee, the chairman of the audit committee and the chairman of the board. The head of internal audit attended four audit committee meetings during the year. At these meetings various committee reports, internal audit plans, SOX and internal audit reports and internal audit findings were presented and discussed. The head of internal audit works across the group with responsibility for reviewing, evaluating, developing and providing assurance on the adequacy of the internal control environment, operating efficiency and risk identification and management across all of the group's operations. The internal audit function's mandate, terms of reference and annual audit coverage plans were approved by the audit committee during the year.

During 2012, the internal audit function focused on various group activities and operations, covering a variety of financial, operational, strategic and compliance related business processes. No material weaknesses were identified as a result of risk management and internal controls reviews undertaken by internal audit during 2012. The executive management continues to undertake regular reviews of various parts of the group's operations and the contents of their reports are submitted to the audit committee and board for comment when necessary. In 2012, a formal internal audit plan which was approved by the audit committee, was executed across the group's operations using internal resources and supplemented through the engagement of external practitioners upon specified terms.

The audit committee assessed the effectiveness of the group's internal audit function during the year, finding that adequate work had been undertaken providing effective assurance around financial processes and controls in relation to the SOX work performed in the year and that the internal audit function has had full access to all areas of the group and is of good standing within the organisation.

The board notes that no cost effective system can preclude all errors and irregularities and therefore the group's system of internal controls provides reasonable, but not absolute, assurance against material misstatement or loss.

Anti-corruption and business integrity

The group prohibits bribery and corruption in all forms throughout its business and those of its contractors and suppliers. The group's code of conduct and its general conditions of contract assist its business and employees in countering bribery, corruption and unethical behaviour. The group considers and addresses bribery and corruption risks as part of its ongoing risk management process, which includes performing appropriate due diligence when engaging third parties, entering into partnerships and joint ventures and updating that due diligence periodically during the relationship.

As in previous years, the group continued with its whistleblowing programme at all its operations and sites. This programme allows all staff and contractors to raise any concerns about the group's business practices confidentially. The programme is monitored by the audit committee and ensures that the group's general counsel's contact details are widely distributed among its operations and sites, and highlighted periodically to staff and contractors, to allow any person who has information regarding unethical practice within the group to contact the group's general counsel. All reports received by the general counsel are treated in confidence and are either investigated by the general counsel or referred to an appropriate line manager or the internal audit function for investigation and resolution, depending on the seriousness of the information received by the general counsel. The audit committee considers the whistleblowing procedures in place to be appropriate for the group. However, these are periodically reviewed by the audit committee from time to time to ensure that appropriate safeguards to protect whistleblowers are in place and maintained. Over the course of the year, no fraudulent incidences were identified under this programme.

The company has adopted policies pursuant to the United States' Foreign Corrupt Practices Act of 1977, United States' Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), the United Kingdom's Bribery Act 2010 and Corruption (Jersey) Law 2006. All the group's operations and sites, key employees, customers, major suppliers, managers and other key stakeholders have been briefed concerning the implication of the policies and the company's obligations under that legislation. The company continues to work with its external legal counsel regarding the effects of the Dodd-Frank Act and any applicable regulations which have been published.

Control environment

The group maintains a sound system of internal control which is imbedded at all its operations and sites, as part of the board's commitment to the long term success of the company and the protection of the value of its reputation and assets in order to safeguard the interests of its shareholders. An effective system of operational and financial controls, including the maintenance of qualitative financial records, is an important element of the group's internal control. The system of internal control provides reasonable rather than absolute assurance that the group's business objectives will be achieved within the risk tolerance levels defined by the board.

The audit committee reviews the internal control process, including quarterly financial reporting, and its effectiveness on an annual basis to ensure it remains robust in identifying control weaknesses as well as to comply with SOX and internal audit requirements. The group is focused on maintaining a sound system of internal control, based on the group's policies, procedures and guidelines, in all operations.

This review includes quarterly reports from the head of internal audit in respect of findings from internal control reviews and testing, assurances obtained in relation to the certifications required under SOX necessary for the company's NASDAQ listing and other assurances from regular management reviews as appropriate.

The group carried out an assessment of its internal control over consolidated financial reporting pursuant to Section 404 of SOX and the United States' Disclosure Rules and Transparency Rules. The management of the company, which is responsible under SOX for establishing and maintaining an adequate system of internal controls over consolidated financial reporting, evaluated the effectiveness of that system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework. Based on that evaluation, the management of the company concludes in its annual report on Form 20-F filed with the SEC that the system of internal control over consolidated financial reporting was effective as at 31 December 2012.

Risk management

The board is responsible for determining the nature and extent of the significant risks the group has to manage in order to achieve its strategic objectives. The board believes in the maintenance of sound risk management and internal control systems.

Every year, the board reviews the effectiveness of the group's risk management and internal control systems, which cover all material financial, operational, compliance, reputational and sustainable development risks. This review relies on assessments undertaken by the audit committee and such reviews occurred throughout the 2012 financial year.

Risk is managed by means of the risk management triangle shown below. The board, at the pinnacle of the triangle, has reserved for its approval the management of risk. The board considers the group's strategic plan annually and when issues arise which may affect the strategic plan. In addition, at its quarterly meetings the board considers the company's five-year plan, group valuation and the group's corporate models for this purpose.

At the audit committee meeting held in August 2012, the committee reviewed the annual risk register and the risk management framework which is used by the board and management to identify key risks facing the group, and considered whether those risks are appropriately managed. The risk register was presented to the audit committee by the head of internal audit following its update in conjunction with senior management. The risk register and framework use the company's existing risk matrix and universal risk prioritisation and rating scale, which grade and prioritise perceived and known risks. The risk register assists management in identifying and assessing the key risks facing the business. Features of the risk register include the risk area; the actual risk; detail regarding responsibility; the inherent risk assessment; controls and mitigation in place; and the residual risk assessment. The inherent risk assessment features two key components, the first being a measure of probability and the second a measure of the impact were such a risk to arise.

The audit committee acknowledges there are many risks inherent to a mining business that will always exist and the challenge is to manage them effectively.

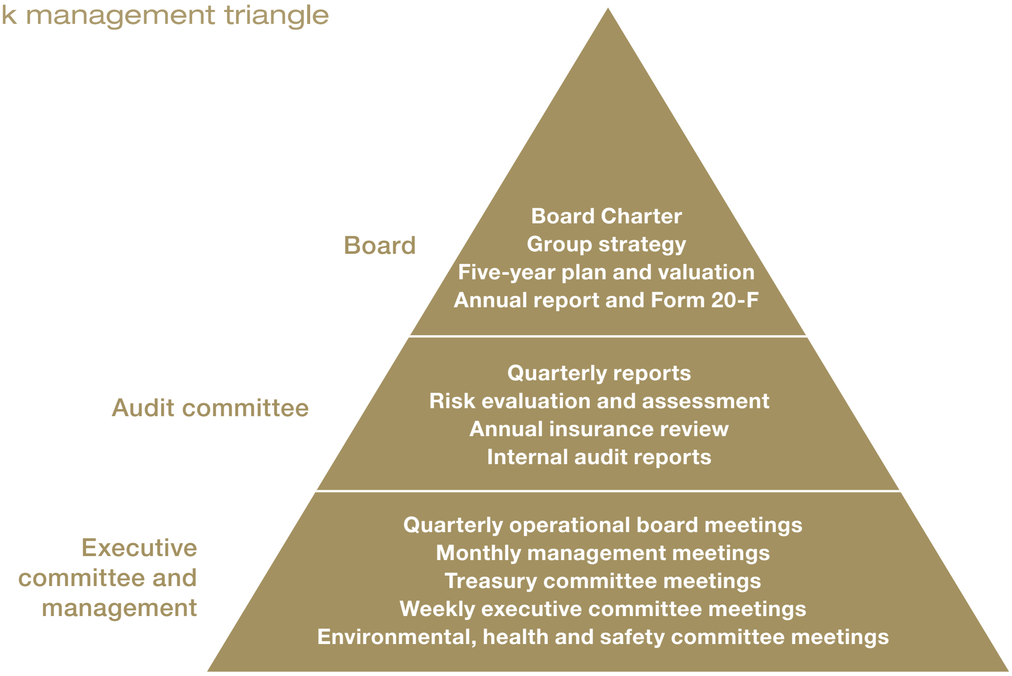
By its nature, the risk register is a dynamic document subject to change. However, it is used by management to perform their duties while at the same time allowing the internal audit function to review and evaluate the activities of management in their efforts to control issues of risk and assess whether these activities are sufficient for the mitigation and management of risk.

The company's management team was actively involved in all the group's operations throughout the year, including numerous visits to the group's sites and operations, attending monthly meetings with general managers and weekly meetings with other senior members of staff, in each case to discuss critical issues affecting the operations, all of which are undertaken to assist in reducing the group's risk exposure.

As part of the preparation of the company's annual report on Form 20-F, which is filed with the SEC, the substantial risk factors are again identified and set out, highlighting to the market those aspects which could have a material effect on the company's business.

The board identified and assessed the principal risk factors and uncertainties which it considers either individually or in combination as having the potential to have a material adverse effect on the group's business. The group's strategy takes into account known risks but there may be additional risks unknown to the group and other risks, currently believed to be immaterial, which could develop into material risks. Full details relating to the group's industry generally can be found in the annual report on Form 20-F filed with the SEC, a copy of which is available on the company's website **www.randgoldresources.com**. From their assessment the board has itemised several key risks, including the Key Performance Indicators (KPIs) and how these are being managed. These risks are outlined on pages 125 to 128 of this annual report.

Risk management triangle



Key risks and uncertainties

External risks

KPI	Impact	Policies and systems	Mitigation
Risk: Gold price volatility			
Realised gold price	Earnings and cash flow volatility from sudden or significant declines in the gold price.	Long term financial strategy and monitoring. Treasury policies.	The group constantly monitors the market in which it operates. The internal treasury committee's responsibilities include monitoring and discussing the gold price which are reported to the executive committees and the board. Forecasting and budgeting assumptions relating to commodities are prudent and monitored by the board and executive committee.
Risk: Country risk			
Total shareholder return performance	Inadequate monitoring of in-country political instability and changes to political environment may impact the ability to sustain operations.	Policies to ensure that the group is meeting the terms of its agreed and signed licences and conventions. In-country monitoring and stakeholder management policies.	Successful relationships with governments, senior in-country officials and other key external stakeholders are built and maintained. This includes delivering on and adhering to agreements. The group actively monitors regulatory and political developments as well as the country risk ratings on a continuous basis.
Risk: Corporate, social and environmental responsibility			
Total shareholder return performance	Poor management of stakeholder, community and government expectations and the lack of corporate and social responsibility may lead to the inability to sustain operations in the area and impact on the group's ability to expand into other regions.	Social and environmental policies. Commitment to improvement of communities. Regular communication with stakeholders.	Attention is placed on maintaining sound relations with local communities and working with these groups to enhance these relationships. The group's environmental committee, under the chairmanship of the CEO, continues to address these issues and reports quarterly to the board. Review of stakeholder relations at executive committee meetings. Regular dialogue with the affected communities by senior executives.
Risk: Supply routes			
Total shareholder return performance	Due to the remote location of the group's operations the disruption of supply routes may cause delays with construction and ongoing mine activities.	Stock cover policies with minimum levels set for operations. Commitment to local and regional partnerships from executive level.	Utilisation of local partners and knowledge of the region. Buffer stocks maintained including strategic spares. Alternative supply routes tested and utilised.

Financial risks

KPI	Impact	Policies and systems	Mitigation
Risk: Production and capital cost control			
Cash cost per ounce. Capital expenditure and cost management targets. Return on capital employed.	Failure to control cash costs per ounce will result in reduced profits. Failure or inability to monitor capital expenditure and progress of capital projects resulting in financial losses and overspend on projects.	Budgeting and reporting processes. Project approval process. Capital expenditure policy.	Comprehensive budgeting process encompassing all expenditure approved by the board. Executive approval for all major expenditure and capital expenditures. Commitment and expenditure incurred made with approved budgets only. Review of expenditure against budget on regular basis and reporting to the board and executive committee.
Risk: Insufficient liquidity, inappropriate financial strategy and inability to access funding from global credit and capital markets			
Liquidity profile	The group may be required to seek funding from the global credit and capital markets to develop its operations and projects. The recent weaknesses in those markets could adversely affect the group's ability to obtain financing and capital resources required by the business.	Financial strategy, cash forecasting and management. Capital forecasting and monitoring.	The board closely monitors the group's operational performance and cash flows against plan, along with a five-year forecast. This assists the board in understanding the variety of risks facing the group and the likelihood that future external funding might be required. This advanced understanding of the cash requirements of the group allows the board to manage the risks of sourcing funding in difficult market conditions. The group limits exposure on liquid funds through a treasury policy of minimum counterparty credit ratings, counterparty settlement limits and exposure diversification.
Risk: In-country tax regimes			
Taxation related fines or penalties	Failure to adapt to changes in tax regimes and regulations may result in fines, financial losses and corporate reputational damage. Failure to react to tax notifications from authorities could result in financial losses or the seizure of assets. Inability to enforce legislation over tax or incorrectly applied legislation could result in lengthy arbitration and loss of profits or company assets.	Use of experts to review changes in legislation and tax regulations. Regular meetings with government officials. Review of regulatory filings to ensure compliance.	The board regularly monitors tax positions and changes in conjunction with management and where necessary engages experts. The chief executive officer and chief financial officer, along with in-country executives, regularly engage with tax authorities and governments to address the impact of any proposed changes to taxation or fiscal regimes.

Operational risks

KPI	Impact	Policies and systems	Mitigation
Risk: Sustained resource and exploration failure			
Resources and reserves	The group's mining operations may yield less gold under actual production conditions than indicated by its gold reserves figures, which are estimates based on a number of assumptions, including mining and recovery factors, production costs and gold price.	Resources and reserves committee. Resources and reserves policy. Adherence to industry standards.	The group publishes its resources and reserves calculations based on gold prices which are lower than the current market prices. Review at committee and board level of the gold price during the year as well as any changes to the cost of production. Close monitoring and reconciliation of resource to mined ore on a continuous basis.
Risk: Environmental, health, safety and security incident			
No significant incidents. Lost time injury frequency rates.	Failure to maintain environmental, health and safety standards resulting in a significant environmental or safety incident or deterioration in safety incident rates or deterioration in safety performance standards resulting in loss of life or significant loss of time and disruption or damage to operations.	Environmental, health, safety and security policies. Environmental, health, safety and security team. Monitoring system of incidents.	Formal safety system in place. Recording and certification of training. Reporting procedures in place with breaches reported to the executive committee if necessary on a weekly basis and quarterly reporting to the board. Leadership accountability for incidents throughout the group by setting of environmental, health and safety performance targets.
Risk: Risks associated with underground mining			
Ore tonnes produced. Cost per tonne.	The group's underground projects at the Loulo mine in Mali and at the Kibali mine in the Democratic Republic of Congo are subject to the risks associated with underground mining which may affect the profitability of the group.	Annual business plan. Monthly reporting. Annual strategic review.	Assistance with the underground operations from a third party mining contractor. Close management by executive team and monthly review of performance against budget. Board review of actual performance against plan on a continuous basis.

Strategic risks

KPI	Impact	Policies and systems	Mitigation
Risk: Lack of identification of new exploration targets			
Resources and reserves statement	Lack of identification of new exploration targets may lead to a loss of revenue and an inability to grow and meet strategic objectives. Exploration and development are costly activities with no guarantee of success, but are necessary for future growth of the group.	Exploration project pipeline and evaluation policies. Long term business strategy.	Continuous management, review and monitoring of the exploration targets by management and board including use of the resource triangle which identifies the number of exploration targets and the stage of development of an asset. Regular review of exploration activities by executive committee. Board review of exploration targets on a quarterly basis.
Risk: Failure to attract and retain key staff and poor succession planning			
Staff turnover	The loss of key staff, the lack of internal succession planning and the failure to attract appropriate staff may cause short term disruption to the business and operations.	Succession planning. HR policies, training and development of staff.	Executive team conducts formal 360° reviews of teams against performance measures. Communication mechanisms in place to ensure grievances are reported and resolved. Executive and employee incentive schemes in place. Board review of manpower situation on a continuous basis, which includes review of market trends and skills analysis, as well as approval from board for action to be taken where gaps have been identified.

Country ranking system

As part of the risk management process and in fulfilment of its risk management responsibilities, management regularly undertakes a detailed analysis of all countries in Africa, based on the following formulated mechanism, which is presented and agreed with the audit committee and the board on an annual basis, as outlined on page 68 of this annual report.

Ranking is dependent on a qualitative assessment combining:

- Geological opportunity
- Economic and fiscal regime
- Political stability
- Infrastructure.

Geological opportunity	
A	■ Potential for reserves of plus 3Moz ■ Known gold potential ■ Extensive mineralised sequences of: □ Archaean or □ Lower Proterozoic or □ Cenozoic to recent in accreted terraines/island arcs ■ Readily available geoscientific data
B	■ Gold potential of plus 3Moz ■ No significant new projects in the pipeline ■ Some known gold potential
C	■ Geology is sufficiently known or understood
D	■ Little prospective geology

Economic and fiscal regime	
A	■ Clearly defined and implemented minerals policy where the state shares in, but does not control, the mineral industry ■ Acceptable mining and tax legislation including reasonable royalties and free carried rides which, if higher, are offset by tax holidays ■ Security of tenure and guaranteed right-to-mine ■ Acceptable foreign exchange regulations ■ Ability to move management and technical skills in and out of the country ■ Close adherence to World Bank principles ■ Availability of foreign investment insurance
B	■ State participation required in mining industry but investors still control their business ■ Economy stable with moderate inflation ■ Bribery generally not prevalent in country
C	■ Major state control of mining industry ■ Economy unstable with excessive inflation ■ Bribery common in all areas of business
D	■ No set rules or regulation ■ Major state interference and control of all aspects of the official economy ■ Bribery very common in all areas of business

Political stability	
A	■ Multiparty politics established and functioning – accepted by general population and world bodies ■ No serious underlying ethnic conflicts ■ Low crime risk ■ Freedom of press ■ Functioning civil service
B	■ Recent multiparty politics to 'benevolent' non-representative government ■ General population acceptance of government ■ Low level of political unrest
C	■ Dissatisfaction with non-representative government ■ Some political unrest and/or sporadic rebellion ■ Totalitarian government
D	■ General unrest, severe repression, civil war ■ No centralised controlling government

Infrastructure	
A	■ Good access and telecommunications links and GPRS mobile ■ Terrain easily traversable ■ Access to grid power and/or hydropower ■ Perennial water
B	■ Reasonably easy access ■ Fairly good telecommunications ■ Pipeline and dam required for water ■ Potential for grid power and hydro sites or infrastructure good enough to support own thermal power stations
C	■ No maintained infrastructure ■ Telecommunications uncertain and slow ■ Access to remote areas made difficult by desert or tropical rain forest
D	■ Access only practical by air ■ Communications only possible by radio/satellite links ■ No power

Overall ranking	
A	■ Country actively targeted for exploration and development opportunities ■ Randgold will invest in grassroots projects ■ Will establish an office and acquire goods
B	■ Will invest in existing projects where the potential for deposits that meet Randgold's criteria have been demonstrated ■ Early risk must be taken out of exploration ■ Opportunity to joint venture to reduce risk exposure
C	■ Country in state of change ■ Country to be monitored if geology ranks 'A' for improvement in the other three criteria
D	■ No investment to be made ■ The possibility of change considered to be long term

Treasury management

Cash management is a key focus for the group. The role of group treasury is to manage and monitor the group's external and internal funding requirements as well as financial risks to support the group's strategic objectives. Treasury activities are governed by policies and procedures approved by the audit committee and where necessary by the board. The most recent amendments to the treasury policy were approved by the board in November 2012.

The company has put in place a treasury committee, chaired by the company's chief financial officer, which meets on a monthly basis to review the group's treasury activities. Its members receive management information relating to the group's treasury activities. The committee recommends group policy, relating to all aspects of funding, management of interest rate and foreign exchange exposures, hedging and other financial risk management, to the audit committee at least every six months for approval. It also coordinates relationships with banks, rating agencies and other financial institutions. The committee monitors all significant treasury activities undertaken by the group companies and ensures compliance with the group's treasury policy.

The overall objective of the treasury committee is to effectively manage credit risk, financial risk, liquidity risk, foreign currency risks and other market risks in accordance with the group's strategy. Other responsibilities of the treasury committee include safeguarding and managing the group's cash resources and funding programmes, approval of counterparties and relevant transaction limits, ensuring the most competitive return on surplus cash resources, and the monitoring of all significant treasury activities undertaken by the group. The group uses conventional financial instruments to manage these risks.

In 2012, the focus of the treasury committee was to manage counterparty risk with banks and other financial institutions where the group places cash deposits, recognising the significant amount of the group's cash resources as well as the continuing volatility of the global banking system in general.

Unless specific dispensation is obtained from the audit committee, the group treasury policy ensures surplus cash is placed with institutions with credit ratings of:

- 'A' and higher, on strict terms concerning placement duration (maximum three months) with no more than 5% of total funds or US$25 million (the lower of) being placed with any one institution; or
- 'AA-' and higher, on strict terms concerning placement duration (maximum three months) with no more than 20% of total funds or US$100 million (the lower of) being placed with any one institution.

Credit ratings and market information are continually reviewed by the treasurer to ensure the treasury committee is kept aware of all necessary information pertinent to ensuring effective management of group's cash resources. The group also uses a Fiduciary Deposit Service provided by Rothschild Bank International to assist with the flow and quality of market information.

Remuneration report

Dear shareholder

Randgold has overcome some challenges in 2012 to once again deliver record results. We increased production by 14%, group profit by 16% and EPS by 12%. This continued growth evidences the success of the long term strategy.

Norborne P Cole Jr
Chairman, remuneration committee

The final dividend we are proposing is US$0.50 per share, a 25% increase on the prior year. We again outperformed the HSBC Global Gold Index by 2.7% during the year under review. The company has significantly outperformed the FTSE 100, the FTSE 350 and the HSBC Global Gold Index over the last ten and five years.

An investment of £100 in Randgold shares on 1 January 2008 would have resulted in a shareholding worth £327 on 31 December 2012, compared with £111 in the FTSE 100 and £113 in the FTSE 350. An investment of US$100 in Randgold shares on 1 January 2008 would have been worth US$271 on 31 December 2012 compared with US$100 in the HSBC Global Gold Index. Our remuneration policy has always been based on the objective of ensuring that the company's executive remuneration policy encourages, reinforces and rewards the delivery of sustainable shareholder value, something we believe has helped to drive our long term outperformance over the past decade. Our current long term plans extend performance measurement up to five years and require a holding period of one year beyond that performance period.

We have engaged extensively during the year with our largest institutional shareholders and the voting guidance services on pay, and have made various changes to reflect their views. We acknowledge and listen to the views of our shareholders and have taken account of these in our remuneration report. While our past performance is outstanding we continue to look to the future – growing capacity and maintaining quality. Randgold is currently entering a critical development phase in its business, growing capacity through the building and operation of a new mine in the Democratic Republic of Congo, Kibali. Kibali is the largest project undertaken to date by Randgold, with a reserve base at plus 10 million ounces and still growing. It will rank as one of the largest gold mines in Africa and will add significant future long term sustainable value to Randgold and our shareholders.

This report sets out our remuneration policy for directors to appropriately reward value delivery by our executives and encourage long term sustainable growth for our shareholders. It also comments on the approach to remuneration for other senior executives.

The principal points to note for 2013 are as follows:

- Base salary increases
  - The chief executive officer's (CEO) base salary has been increased from US$1 500 000 to US$1 575 000 with effect from 1 January 2013 - an increase of 5% of base salary. No other changes have been made to his other pay arrangements and, as he has not received a base salary increase since 1 January 2010, this increase was considered appropriate.
  - The chief financial officer's (CFO) base salary has been increased from £429 000 to £472 000 with effect from 1 January 2013 - an increase of 10% of base salary. In line with Randgold's remuneration philosophy, the CFO was brought into the CFO role in 2007 on a low salary compared to the market to allow for movement and growth in pay, once his value to Randgold was demonstrated. The CFO has been a valuable addition to the top team and we have moved his salary over time including in 2011, 2012 and now in 2013. The committee believes this is reflective of his contribution and positions his salary appropriately with our market.
- EPS growth is a performance metric within the Restricted Share Scheme and is measured as a cumulative compound annual growth rate over performance

periods of three, four and five years. The growth range required for vesting of shares has been revised from 20% to 30% (for awards made in 2012) to 10% to 20% (for awards made in 2013). This reflects the higher start point for performance periods starting in 2013, following significantly higher EPS in 2011 and 2012, as compared to prior years. The committee believes these revised targets strike the right balance, requiring stretching performance while maintaining motivational impact without encouraging excessive risk taking.

- In our shareholder discussions last year and as disclosed in the 2011 directors' remuneration report we committed to reduce the threshold level of vesting of matching awards granted under our Co-Investment Plan from 40% to 30%. This change has been made and is effective for all awards made after 1 January 2013. There are consequential adjustments in vesting percentage at levels of performance above threshold up to the maximum vesting of 100%.
- Following our shareholder discussions this year, we have decided to reduce the threshold vesting level of awards granted under our Restricted Share Scheme from 50% to 40%. This change has been made and is effective for all awards made after 1 January 2013.
- Having already extended a form of the Restricted Share Scheme to executives in the company below board level, the board has similarly extended the Co-Investment Plan with effect from 1 January 2013. The committee believes this will further enhance the link between pay and long term value creation, and again recognises the significant value that the executive team as a whole has created over recent years.

Further, the remuneration committee continues to value the outstanding contribution made by our CEO and, given the growth and future plans, wishes to ensure that this is fully recognised. Through this past decade of long term shareholder value creation, our CEO has delivered exceptional results and leadership for Randgold. We want to recognise this contribution and motivate the CEO going forward to deliver further value creation for shareholders and the company at this critical point in its history. We are therefore proposing a one-off US$4 million award of performance-related 'career' shares to our CEO. They will vest subject to the achievement of specific performance milestones related to the successful delivery of our largest gold mine, Kibali, the Randgold group's aggregate gold production and to the requirement that the CEO continues to hold office or employment with Randgold during a three year period from the date of award.

There will be five equally weighted performance milestones and the achievement of each of these milestones will result in the vesting of one-fifth (20%) of the career shares. The milestones are: first gold pour at Kibali; Randgold annual consolidated production of one million ounces of gold; Kibali cumulative production of 500 000 ounces of gold; completion of vertical shaft at Kibali; and Nzoro 2 hydropower station provides electricity to the Kibali gold mine.

The committee has given very careful consideration to this proposal and has engaged and sought the views of our largest shareholders. We strongly believe that our CEO's outstanding contribution, as well as his continued commitment and motivation, merits this exceptional award. We also want the support of our shareholders for this award and consequently the award will be subject to specific shareholder approval (in an ordinary resolution) at Randgold's April 2013 AGM.

As this award is subject to specific shareholder approval, further details of the background, rationale and proposed key terms are set out in the chairman's letter and in the notice convening the April 2013 AGM.

Note that the remuneration report has been prepared by the remuneration committee and has been approved by the board for the year ended 31 December 2012, in accordance with the relevant requirements of the Listing Rules of the Financial Services Authority. This report complies with Schedule 8 of the UK Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and also includes a number of the disclosures that have been recommended by the Department for Business, Innovation and Skills in its draft new reporting regulations.

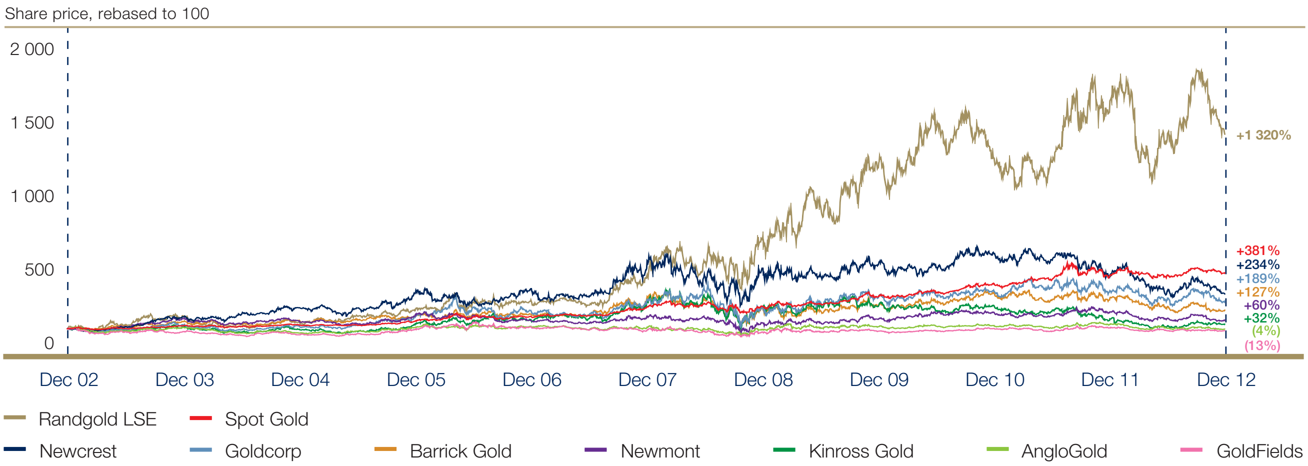
We welcome dialogue with our shareholders on both the business and what we need to do in respect of remuneration for our executive directors and appreciate their continued support.

Yours sincerely

Norborne P. Cole, Jr.

Norborne P Cole Jr

Share price performance



Remuneration policy

Executive remuneration principles and philosophy

The remuneration committee's overriding objective is to ensure that the company's executive remuneration policy encourages, reinforces and rewards the delivery of sustainable shareholder value. We aim to ensure that our pay arrangements are fully aligned with our approach to risk management and take into account our obligations in respect of environmental, social and governance policies.

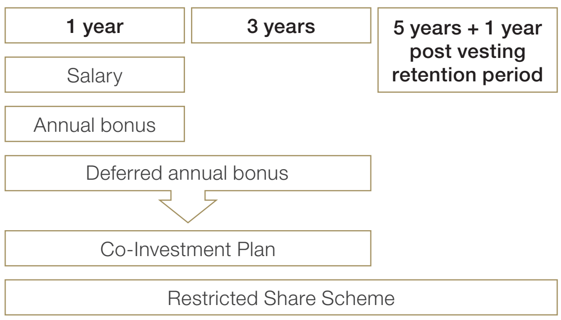
The remuneration committee further considered Randgold's guiding principles and remuneration philosophy during 2012, which are as follows:

- Our business strategy for success is enduring, consistent, sustainable and long established, as is our people strategy and the remuneration philosophy we have developed to support our business and its corporate culture.
- Randgold is a unique entrepreneurial company focused on Africa and growing value through discovery and development that has at its heart the creation of value for all stakeholders. Our belief is that a key part of that value creation strategy is ensuring that the company has the right people in the right places to deliver this value with the appropriate balance and alignment between the interests of shareholders and an attractive and appropriate reward package.
- Randgold operates in the international mining industry and, specifically, the international gold mining industry. Reward packages need to be commensurate with this comparator group to attract and retain high calibre people with exceptional industry ability in mining and in Africa. As well as being appropriately reflective of the industry, Randgold's pay philosophy is to ensure its entrepreneurial culture and principles are maintained. Randgold is aware that such benchmarks should be used with caution.
- Randgold's people are highly motivated and have energy and tenacity to achieve and succeed in delivering our long term vision. We believe in rewarding highly for delivering value, showing flexibility and mobility, as well as demonstrating a proactive entrepreneurial approach. We reward high performance and alignment with our culture when it is consistently delivered, and consequently value to Randgold and its shareholders is seen as increasing from an individual's contribution. Our culture is that variable pay should form a significant part of the overall level of reward. There are no company funded pension plans.
- Our strategy of delivering value in Africa through our partnerships with other companies (international and local), governments, our people and the people of our host countries in Africa is clear and this flows through to our performance in terms of our KPIs. Our financial and non-financial KPIs are our measurement of success and are reflected in our remuneration plans. Total and absolute shareholder return, production, resources and reserves, total cash cost, profit, earnings per share and safety, as well as non-financial strategic metrics, are all included in our variable pay plans – creating a direct alignment between pay and our performance.
- Randgold believes sustainable long term growth is a fundamental strength of our strategy, its people and our way of working. Consequently, our long term incentive plans reward sustained and exceptional stretching performance over a three to six year period (including the required holding period).
- Our alignment with shareholder value creation encourages empowerment, energy, ownership and responsibility, as well as a results based growth culture. Our remuneration plans support this through encouraging investment and ownership in the business, as well as setting stretching performance targets for the delivery of reward-based variable short term and long term incentive plans.
- Randgold considers best practice principles (particularly for senior executives and senior management in the United Kingdom and the United States of America where Randgold shares are listed) and perspectives in designing and rewarding its people within the context of our strategy and culture of the business. Our remuneration philosophy is applied in considering reward across the whole of the Randgold group and supported by a strong performance management process.

Remuneration structure summary

Total remuneration and each element of remuneration is benchmarked against a comparator group of FTSE 100, FTSE mining and comparable international gold mining companies. For 2013, excluding the special award for Dr DM Bristow set out in the chairman's letter, the remuneration of the executive directors will comprise:

- Base salary.
- An annual bonus opportunity with the requirement to defer one third of any bonus earned.
- A Co-Investment Plan rewarding relative performance over three years subject to investment by the executive.
- Participation in the Restricted Share Scheme, rewarding operational performance over three, four and five years, with a further one year post-vesting retention requirement.



The next table summarises key aspects of the company's remuneration policy for executive and non-executive directors from 1 January 2013. For executive directors, this policy is framed around the key principles outlined above and remains unchanged from 2012, except as highlighted below. Further details on the company's arrangements are contained later in this report, which inform and provide more detail on our remuneration policy.

Policy on remuneration payments

	Purpose	Operation	Maximum opportunity/ performance metrics/changes
Overall	■ To ensure that the company's executive remuneration policy encourages, reinforces and rewards the delivery of sustainable shareholder value. We aim to ensure that our pay arrangements are fully aligned with our approach to risk management and take into account our obligations in respect of environmental, social and governance policies.	■ The remuneration committee reviews the structure of the executive directors' arrangements every year. ■ Total remuneration and each element of remuneration is benchmarked annually against a comparator group of FTSE 100, FTSE mining and comparable international gold mining companies.	■ Maximum opportunity levels for individual pay elements are set out below. ■ Page 138 sets out the total opportunity levels for executive directors under different performance scenarios.
Base salary	■ Competitive base salaries to attract and retain high calibre executives, based on personal performance profile and relevant experience. ■ Base salary is the only material element of fixed remuneration. ■ The company does not fund any pension contributions.	■ Base pay levels are reviewed annually by the remuneration committee (with effect from 1 January each year), taking account of company performance, individual performance, changes in responsibility and levels of increase for the broader population. ■ Reference is also made to median levels within FTSE 100, FTSE mining and comparable international gold mining companies, as mentioned above. ■ The remuneration committee considers the impact of any basic pay increase on the total remuneration package.	■ There is no prescribed maximum annual increase. As noted, the remuneration committee is guided by the general increase for the broader employee population but on occasions may need to recognise, for example, development in role, change in responsibility and/or specific retention issues. ■ Recognising that no salary increase had occurred for over the past three years, the CEO's base salary has been increased from US$1 500 000 to US$1 575 000 with effect from 1 January 2013 – an increase of 5%. ■ The CFO's base salary has been increased from £429 000 to £472 000 with effect from 1 January 2013 – an increase of 10% which recognised the CFO's growth in experience.
Annual bonus	■ Designed to encourage and reward superior performance on an annual basis.	■ Target and maximum annual incentives are determined as a percentage of base salary. ■ One third of the annual bonus is compulsorily deferred.	■ The annual bonus payable to the CEO for achieving target performance is 150% of base salary. The maximum bonus payable to the CEO for achieving outperformance is 300% of base salary. ■ The annual bonus payable to the CFO for achieving target performance is 100% of base salary. The maximum bonus payable to the CFO for achieving outperformance is 200% of base salary. ■ The performance measures used to determine the annual bonus cover the same categories for both the executive directors as follows: □ Financial measures. □ Role-specific operational/ financial performance targets. □ Role-specific strategic/non-financial targets. □ Safety.

	Purpose	Operation	Maximum opportunity/ performance metrics/changes
Deferred bonus	■ The deferral of annual bonus encourages executive share ownership, providing longer term alignment with shareholder interests.	■ One third of any annual bonus earned is compulsorily deferred and paid in shares after three years. ■ Subject to clawback in the event of a misstatement of the report and accounts on which they were based.	■ Deferred bonuses may be matched under the Co-Investment Plan (see below).
Co-Investment Plan	■ To reward sustained performance relative to global peers. ■ Each year, when considering new awards under the plan, the remuneration committee will review and may make adjustments to the metrics and targets which the vesting of new matching awards granted under the plan will be subject to, prior to the grant of such awards, taking into account the strategic objectives of the company for the relevant periods.	■ Each year an executive director may choose to commit further shares into the Co-Investment Plan in addition to the compulsorily deferred bonus. ■ Committed shares must be retained for three years and may be matched, depending on relative Total Shareholder Return (TSR) performance over three years.	■ The maximum commitment which may be made in the Co-Investment Plan is 200% of base salary by the CEO and 100% of base salary by the CFO. ■ The extent of the match depends on the performance of the company's TSR compared with the HSBC Global Gold Index over a three year performance period. **Match for awards made in 2012** ■ The match will be 0.4 shares for each 1 share committed for performance equalling the performance of the HSBC Global Gold Index. At 10% above the index, the match will be 1:1 with stepped changes in between. **Match for awards made in 2013** ■ The match will be 0.3 shares for each 1 share committed for performance equalling the performance of the HSBC Global Gold Index. At 10% above the index the match will be 1:1 with stepped changes in between.
Restricted Share Scheme - performance shares	■ Rewards sustainable long term performance. ■ Focus on operational and financial performance measures and rewards absolute delivery of key strategic imperatives to build the company for the future. ■ Three, four and five year performance period supports sustainability of growth. ■ One year post-vesting retention period further supports long term sustainability. ■ Each year, when considering new awards under the scheme, the remuneration committee will review and may make adjustments to the metrics and targets which the vesting of new awards granted under the Restricted Share Scheme will be subject to, prior to the grant of such awards, taking into account the strategic objectives of the company for the relevant periods.	■ Awards of shares are made annually under the Restricted Share Scheme, determined as a percentage of base salary. ■ Awards vest after three, four and five years subject to the achievement of stretching operational and financial targets. ■ A post-vesting retention period requires that at least 50% of the after-tax value of an award must be held for a minimum period of one year.	■ The maximum annual award of shares is 200% of salary for the CEO and 100% of salary for the CFO. ■ Four separate measures of business growth, each weighted equally: □ additional reserves in ounces. □ absolute reserve growth. □ absolute TSR. □ EPS growth. The EPS growth range has been revised from 20% to 30% (for awards made in 2012) to 10% to 20% (for awards made in 2013), reflecting the higher start point following significantly higher EPS in 2011 and 2012, as compared to prior years. **Threshold vesting for awards made in 2012** ■ The threshold vesting level for awards made in 2012 was 50%. **Threshold vesting for awards made in 2013** ■ The threshold vesting level for awards made in 2013 will be 40%.

Policy on remuneration payments *(continued)*

	Purpose	Operation	Maximum opportunity/ performance metrics/changes
Pension	■ Funded entirely by the executive directors from their base salary.	■ Executive directors can elect to allocate up to 20% of their base salary to contribute to a defined contribution provident fund. The company does not make any further contribution to the fund.	■ n/a
Other benefits	■ To provide market competitive benefits.	■ Main benefits funded from base salary. ■ Executive directors can elect to participate in a medical aid scheme funded out of the executive's base salary. ■ Where appropriate to the business or jurisdiction, the board may authorise the provision of security services while travelling. ■ Life assurance cover is provided by the company through the group's life assurance scheme.	■ n/a
Other commitments			
Recruitment and promotion arrangements	■ To secure the appointment and promotion of high-calibre executives.	■ For external appointments the remuneration committee may offer additional cash/share-based elements when they consider it in the best interests of the company (and therefore shareholders). Such payments would take account of remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attaching to that remuneration. Full details on any such payments would be announced to shareholders on appointment. ■ For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take account of appointment. In addition, any on-going remuneration obligations existing prior to appointment may continue in place, to the extent they are inconsistent with the policy outlined above, provided that they are put to shareholders for approval at the earliest opportunity. ■ For external and internal appointments, the remuneration committee may agree that the company will meet certain relocation expenses as appropriate.	■ Maximum value: not pre-determined.

	Purpose	Operation	Maximum opportunity/ performance metrics/changes
Chairman			
Fees	■ To attract and retain a high-calibre chairman by offering a market competitive fee level. ■ The company's policy on chairman's fees takes into account the need to attract and retain individuals of the right calibre and experience, their responsibilities and time commitment.	■ The decisions on the chairman's arrangements are made by the remuneration committee and the CEO. ■ The chairman is paid an annual retainer fee, a chairman fee and receives an annual award of shares, which, since 2012, are fully vested from grant. ■ The shares are seen as an important element of the company's approach to remuneration policy in relation to the chairman. They encourage share ownership and are delivered in lieu of cash. ■ The fee arrangements are reviewed every two to three years by the remuneration committee and the CEO.	■ Annual retainer fee: US$50 000 ■ Chairman fee: US$200 000 (in lieu of committee fees). ■ Annual award of shares: 1 200 shares. ■ The chairman is required to build up and hold shares at least equal in value (as at the beginning of the year) to 200% of the annual retainer fee, from the value of vested awards of shares. ■ No change to previous years.
Non-executive directors			
Fees	■ To attract and retain high-calibre non-executive directors by offering market competitive fees. ■ The company's policy on non-executive directors' fees takes into account the need to attract and retain individuals of the right calibre and experience, their responsibilities and time commitment.	■ The decisions on the arrangements of the non-executive directors are the responsibility of the board taking into account the fundamental principle of corporate governance that no individual is involved in the determination of their own remuneration. Hence, the chairman of the board, the CEO and the CFO make the decisions on non-executive directors' fees. ■ The non-executives are paid an annual retainer fee, a committee membership fee and receive an annual award of shares which, since 2012, are fully vested from grant. ■ The chairmen of the main board committees and the senior independent director are paid an additional fee to reflect their extra responsibilities in lieu of committee fees. ■ The shares are seen as an important element of the company's approach to remuneration policy in relation to non-executive directors. They encourage share ownership and are delivered in lieu of cash. ■ These fee levels are reviewed every two to three years by the chairman and executive directors.	■ Annual retainer fee: US$50 000 ■ Senior independent director: US$85 000 pa (in lieu of committee fees). ■ Committee chairman fee: US$15 000 pa. ■ Committee member fee: □ Audit: US$35 000 pa □ Remuneration: US$25 000 pa □ Governance and nomination: US$10 000 pa. ■ Annual award of shares: 1 200 shares. ■ Non-executive directors are required to build up and hold shares at least equal in value (as at the beginning of the year) to 200% of the annual retainer fee, from the value of vested awards of shares. ■ No change to previous years.

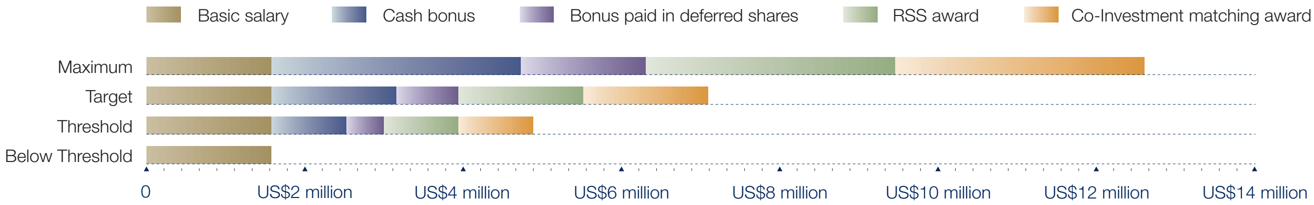
Indicative total opportunity levels for 2013

The company's policy results in a significant portion of the rewards received by executive directors being dependent on company performance. The graphs below illustrate how the total pay opportunities for the CEO and the CFO vary under three different performance scenarios; maximum, target, threshold and below. These charts are indicative as share price movements and dividend accrual have been excluded. All the assumptions are noted below the charts.

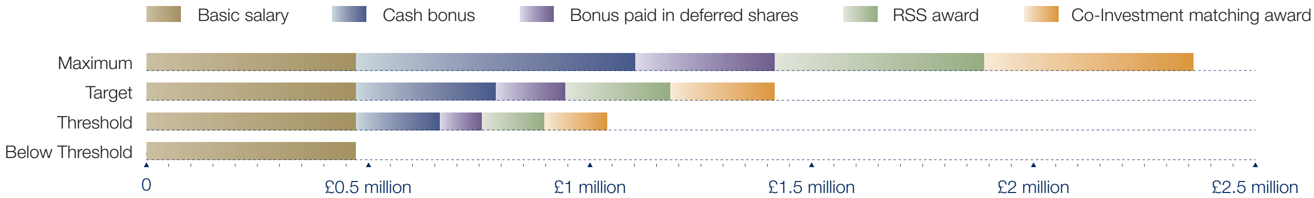
Termination policy summary

Both Dr DM Bristow and Mr GP Shuttleworth agreed updated service contracts in June 2011 (which were both varied on 28 January 2013) under which the company and each executive director can terminate the contract by giving six months' notice in writing. The employment relationship can be ended immediately by the company making a payment in lieu of notice, equivalent to the base salary payable for the notice period. The executive's duty to mitigate will be taken into account on termination.

CEO



CFO



Notes:
- *Below threshold consists of base salary only.*
- *Threshold consists of base salary and incentive awards at 30% of maximum.*
- *Target consists of base salary and incentive awards at 50% of maximum.*
- *Maximum consists of base salary and incentive awards at 100% of maximum.*
- *The value of the maximum Co-Investment award assumes a maximum investment from the executives.*
- *Share price movements and any reinvestment of dividends on awards has not been included.*

Service agreement provisions relating to salary and benefits

Salary and benefit	The CEO* shall be paid a salary of US$1 500 000 per annum and the CFO** shall be paid a salary of £390 000 per annum, or, in both cases, such other rate as may be agreed between an executive director and the company. The salary shall be reviewed by the board annually with no obligation to award an increase. The service agreements provide that the executive directors are entitled to participate in such pension funds as may be nominated by the executive director and participate in the company's medical aid scheme, in both cases funded entirely by the executive director from their base salary. The company shall also provide life assurance against death and disability for each of the CEO and CFO.
Annual bonus	The executive directors shall be eligible to participate in the Annual Bonus Plan subject to the rules of the plan as amended from time to time. The board is obliged to consult with each of the executive directors with respect to the setting of applicable performance targets. The service agreements note that under the rules of the Annual Bonus Plan, where a participant ceases employment as a "good leaver" or there is a change of control event, a participant shall be entitled to an award based on the extent to which the performance conditions have been satisfied and pro-rated to reflect the shortened performance period.
Incentive schemes	The executive directors are eligible to participate in the Co-Investment Plan and the Restricted Share Scheme subject to the rules of the plans as amended from time to time. The service agreements note that under the rules of the plan and scheme, where the participant is a "good leaver" or there is a change of control event, a participant shall be entitled to an award based on the extent to which the relevant performance conditions have been satisfied and pro-rated to reflect the shortened performance period. The board is obliged to consult with each of the executive directors with respect to the setting of applicable performance targets.

* *The annual base salary of the CEO was increased to US$1 575 000 with effect from 1 January 2013.*
** *At 31 December 2012, the annual base salary of the CFO was £429 000. The annual base salary of the CFO was increased to £472 000 with effect from 1 January 2013.*

Any retirement benefit due from contributions made by the executive directors to the company's provident fund will also be paid out on termination.

Directors' policy in context

We have engaged extensively during the year with our largest institutional shareholders and the voting guidance services on pay and have made various changes to reflect their views.

Given the geographic spread of the company's workforce, the remuneration committee does not consider that consulting directly with employees on the remuneration policy for executive directors is the most constructive use of resources, although executive directors' pay is carefully considered in the context of pay and conditions across the company as a whole.

The remuneration committee has oversight of remuneration policies for the senior executives below the main board, and applies the principles of transparency, clarity and alignment of reward with performance.

To support the alignment of interests with those of shareholders, the company has in the past granted share options to executives below the board instead of annual incentives, although no new share options have been granted since September 2009.

Having recognised the size and growth of the company, the remuneration committee extended a form of the Restricted Share Scheme to executives below the main board. Awards of restricted shares are not made annually, but rather on an ad hoc basis as and when new projects or key events warrant it or when new senior executives are recruited.

Further, the board has extended the Co-Investment Plan to senior executives below the main board, in line with the existing rules of the plan with effect from 1 January 2013. This will further enhance the link between pay and long term value creation and recognises the significant value the executive team as a whole has created over the years.

2012 remuneration

2012 pay outcomes

Fixed remuneration

Fixed remuneration comprises only base salary. No pension contributions are funded by the company. Fixed remuneration represents less than 19% for the CEO and 29% for the CFO of the total remuneration package (based on target performance).

Base salary

Base salaries are determined by the remuneration committee, taking into account the performance of the individual. The company also benchmarks each element of its remuneration and the total remuneration package in comparison to FTSE 100, FTSE mining and comparable international gold mining companies.

When setting base salaries, the remuneration committee also takes into consideration the requirement for extensive travel and time spent at the company's operations in Africa. This is considered critical to the effective management of the company's business.

At 31 December 2012, the annual base salaries of the executive directors were as follows:

- CEO: Dr DM Bristow – US$1 500 000
- CFO: Mr GP Shuttleworth – £429 000.

Following a review of all aspects of the remuneration packages of the executive directors, it has been decided that:

- The CEO's base salary be increased from US$1 500 000 to US$1 575 000 with effect from 1 January 2013 – an increase of 5% of base salary. No other increases have been made to his other pay arrangements and, as he has not received a base salary increase since 1 January 2010, this increase was considered appropriate.
- The CFO's base salary be increased from £429 000 to £472 000 with effect from 1 January 2013 – an increase of 10% of base salary. In line with the Randgold remuneration philosophy, he was brought into the CFO role in 2007 on a low salary compared to the market to allow for movement and growth in pay, once his value add to Randgold was proven. The CFO has been a valuable addition to the top team and we have moved his salary over time including in 2011, 2012 and now in 2013. The committee believes this is reflective of his contribution and positions his salary appropriately with our market.

The remuneration committee sought the views of our largest institutional shareholders and voting guidance services before deciding on these increases.

The base salary increases for the CEO and CFO also took account of the increases within the broader Randgold group employee population. These increases took effect in October 2012 and ranged from 3% to 10%. The average increase of employee salaries was approximately 6% and the average increase for senior local managers was approximately 7%.

Retirement benefits

Executive directors can elect to sacrifice up to 20% of their base salary to contribute to a defined contribution provident fund. The company does not make any contribution to the fund.

Other benefits

Executive directors can elect to receive other benefits including medical aid, funded out of their base salary. Where appropriate, executive directors may be provided with other benefits such as security services while travelling for work and the cost of membership of professional associations. Life assurance cover is provided to the executive directors by the company through the group life assurance scheme which is also made available to the group's senior management.

Variable remuneration

Variable remuneration represents the major proportion of each executive director's remuneration package.

In 2012, variable remuneration of the executive directors comprised:

- An annual bonus opportunity, coupled with the requirement to defer a third of bonus earned.
- Participation in a Co-Investment Plan rewarding performance over three years.
- Performance shares awarded under the Restricted Share Scheme, rewarding performance over three, four and five years, with a further one year post-vesting retention requirement.

CFO Graham Shuttleworth and CEO Mark Bristow at the London Stock Exchange for the quarterly presentation to investors and analysts.

2012 annual bonus

The annual bonus plan encourages and rewards superior performance on an annual basis. Executive directors are eligible to receive an annual bonus, subject to the achievement of stretching performance criteria. The performance metrics are intended to reward the achievement of challenging strategic and financial targets that contribute to the creation of sustainable shareholder value. Each year, the remuneration committee reviews and may make adjustments to the criteria used for measuring performance taking into account the strategic objectives of the company for the year, before the metrics and targets are agreed for the cycle.

CEO

The annual bonus payable to the CEO for achieving 'target' performance in 2012 was 150% of base salary. The maximum bonus payable to the CEO for achieving outperformance in 2012 was 300% of base salary. The annual bonus for the CEO for 2012 was based on the achievement of the following performance criteria:

Performance criteria	Measurement	Proportion
Financial performance (Part A)	EPS growth	15%
Financial performance (Part B)	Total cash cost per ounce of gold	15%
Operational (Part C)	Growth in three-year average absolute reserves	15%
Operational (Part D)	Production of gold ounces	15%
Strategic outputs (Part E)	Individual strategic outputs (as agreed with the remuneration committee)	30%
Safety (Part F)	Improvement in LTIFR	10%

CFO

The annual bonus payable to the CFO for achieving 'target' performance in 2012 was 100% of base salary. The maximum bonus payable to the CFO for achieving outperformance in 2012 was 200% of base salary. The annual bonus for the CFO for 2012 was based on the achievement of the following performance criteria:

Performance criteria	Measurement	Proportion
Financial performance (Part A)	EPS growth	15%
Financial performance (Part B)	Total cash cost per ounce of gold	15%
Operational (Part C)	Capital expenditure control	15%
Operational (Part D)	Inventory control	15%
Strategic outputs (Part E)	Individual strategic outputs (as agreed with the remuneration committee)	30%
Safety (Part F)	Improvement in LTIFR	10%

No bonus was payable to executive directors in respect of individual strategic outputs for a level of achievement below 70%.

2012 annual bonus outcomes

Based on performance achieved against targets during the 2012 financial year, the remuneration committee determined that Dr DM Bristow and Mr GP Shuttleworth should receive bonus payments of US$2.58 million and US$1.10 million respectively, which amount to 38% and 40% of total remuneration respectively.

CEO

The determination of the bonus for the CEO for 2012 took account of the following performance criteria:

Performance criteria	Outcome	Achievement
Financial performance (Part A)	EPS for the year was US$4.70, an increase of 12%	9.4% out of15%
Financial performance (Part B)	Total cash cost per ounce of gold was US$735, an increase of 7%	0% out of 15%
Operational (Part C)	Growth in three year average absolute reserves was 1.6%	2.3% out of 15%
Operational (Part D)	Production of gold ounces was 794 844 ounces, an increase of 14%	5.6% out of 15%
Strategic outputs (Part E)	Individual strategic outputs (as agreed with the remuneration committee) achievment of 93.8%	30% out of 30%
Safety (Part F)	Improvement in the LTIFR* was 49.6%	10% out of 10%
Total		**57.3% out of 100%**

CFO

The determination of the bonus for the CFO for 2012 took account of the following performance metrics:

Performance criteria	Outcome	Achievement
Financial performance (Part A)	EPS growth for the year was US$4.70, an increase of 12%	9.4% out of 15%
Financial performance (Part B)	Total cash cost per ounce of gold was US$735, an increase of 7%	0% out of 15%
Operational (Part C)	Capital expenditure was 85.2% of budgeted level	15% out of 15%
Operational (Part D)	Number of months inventory decreased by 11.7%	15% out of 15%
Strategic outputs (Part E)	Individual strategic outputs (as agreed with the remuneration committee) achievement of 90%	30% out of 30%
Safety (Part F)	Improvement in the LTIFR* was 49.6%	10% out of 10%
Total		**79.4% out of 100%**

* *Based on a weighting of 80% to operations and 20% to projects.*

Deferred annual bonuses

The deferral of annual bonus encourages and rewards superior performance on a sustained basis. One third of any annual bonus earned is compulsorily deferred and paid in shares after three years. Deferred bonuses may be matched under the Co-Investment Plan (*see alongside*).

Deferred bonuses are subject to clawback in the event of a misstatement of the report and accounts on which they were based.

Long term incentive outcomes for 2012

The company focuses on longer term value and long term incentives for executive directors which comprise, on an annual basis:

- Participation in a Co-Investment Plan rewarding performance over three years.
- Performance shares awarded under the Restricted Share Scheme, rewarding performance over three, four and five years, with a further one year post-vesting retention requirement.

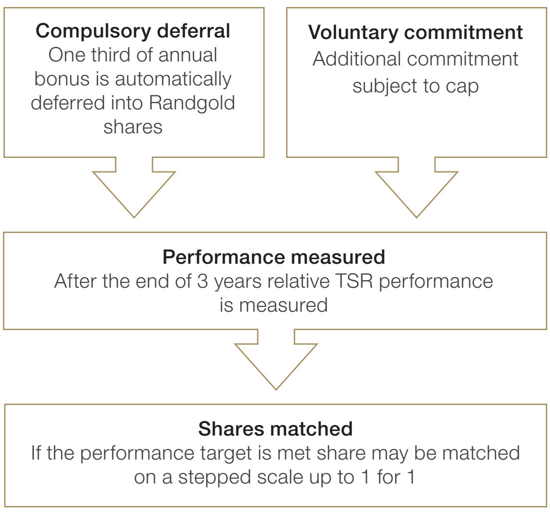
Awards outstanding under the Co-Investment Plan and the Restricted Share Scheme are detailed in the tables on pages 145 and 149.

Co-Investment Plan

The Co-Investment Plan rewards sustained performance relative to global peers over a three year period.

Each year, one third of any annual bonus earned is compulsorily deferred and an executive director may also choose to commit further shares to the Co-Investment Plan. The maximum commitment which may be made in the Co-Investment Plan is 200% of base salary by the CEO and 100% of base salary by the CFO. Committed shares must be retained for three years and may be matched, depending on relative TSR performance over three years against the HSBC Global Gold Index.

Co-Investment Plan summary



In 2012, the CEO committed 28 843 shares, and was granted an equal matching award under the Co-Investment Plan. The CFO committed 6 462 shares, and was granted an equal matching award under the Co-Investment Plan.

The gold mining industry is capital intensive, cyclical and long term. Outstanding performance comes from finding and accessing high quality resources, successfully developing new projects and maintaining efficient and safe operations.

The remuneration committee believes that, against that background, success can best be measured by the company's total shareholder return performance against the HSBC Global Gold Index. The HSBC Global Gold Index is a capitalisation-weighted index calculated in US dollars, representing more than 50 mining companies in around 20 countries.

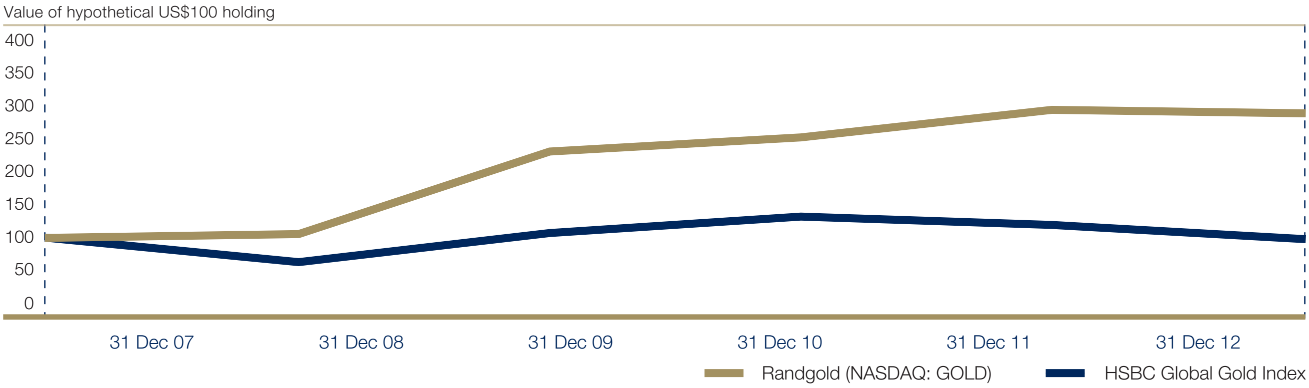
If, after three years, the TSR performance of the company equals or exceeds the performance of the HSBC Global Gold Index, then the committed shares may be matched on a stepped scale, as shown in the next table. The maximum level of matching is one for one and is awarded for TSR performance of 10% per year (compounded) above the HSBC Global Gold Index. This is considered to be a stretching level of performance and the remuneration committee considers this target to be challenging in the context of the company's historical sustained outperformance of the market.

Three year TSR (performance per annum)

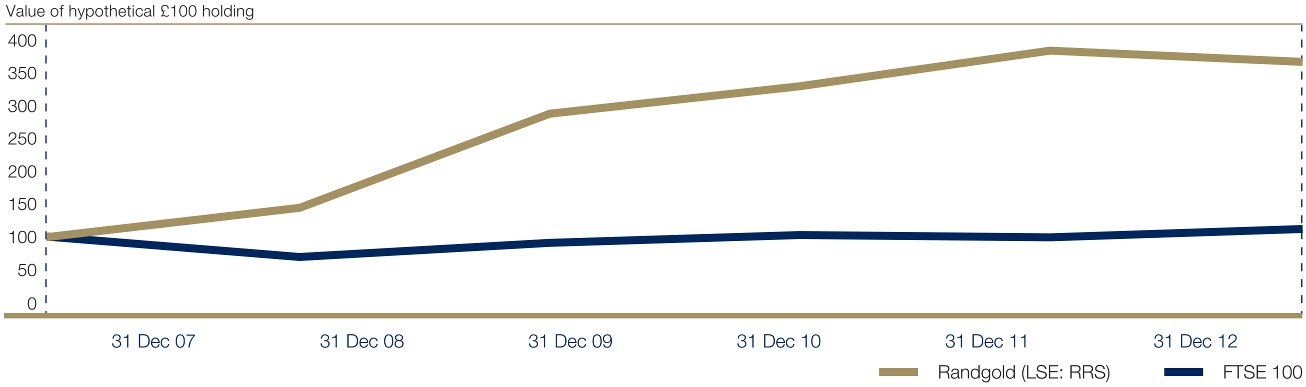
	Level of matching on committed shares		
Compound growth (per annum)	Awards made in 2011	**Awards made in 2012**	Awards made in 2013
Below the index	Nil	**Nil**	Nil
Equal to the index	0.5 for 1	**0.4 for 1**	0.3 for 1
Index +2%	0.6 for 1	**0.52 for 1**	0.44 for 1
Index +4%	0.7 for 1	**0.64 for 1**	0.58 for 1
Index +6%	0.8 for 1	**0.76 for 1**	0.72 for 1
Index +8%	0.9 for 1	**0.88 for 1**	0.86 for 1
Index +10%, or higher	1 for 1	**1 for 1**	1 for 1

The company's performance compared with the performance of the HSBC Global Gold Index and the FTSE 100 Index over the last five years is displayed on page 194 of this annual report.

Historical TSR performance growth in the value of a hypothetical US$100 holding over five years HSBC Global Gold Index (US$) comparison based on 30 trading day average values



Historical TSR performance growth in the value of a hypothetical £100 holding over five years HSBC Global Gold Index (£) comparison based on 30 trading day average values



Restricted Share Scheme – performance shares

Each year, awards of performance shares are made under the Restricted Share Scheme. The Restricted Share Scheme was approved by shareholders in July 2008. Awards are determined as a percentage of base salary, with the maximum annual award being 200% of base salary for the CEO and 100% of base salary by the CFO.

For all awards granted since 2011, awards vest after three, four and five years subject to the achievement of operational and financial targets. Four separate measures of business growth are used, each weighted 25%:

- Additional reserves including reserve replacement
- Absolute reserves excluding reserve replacement
- EPS growth
- Absolute TSR.

The performance measures for the Restricted Share Scheme have all been selected on the basis that they are among the company's key performance indicators and drive shareholder value.

The remuneration committee also believes that executive directors should be focused on delivering absolute returns to shareholders and hence the vesting of some of the shares is linked to this.

The remuneration committee also believes that the performance necessary for awards to vest towards the upper end of these ranges is stretching. They should not, therefore, be interpreted as providing guidance on the group's expected performance over the relevant periods. EPS growth is measured as a cumulative compound annual growth rate over each three, four and five-year performance period.

TSR is measured over the three months before the start and the three months before the end of each performance period. Awards vest on a straight-line sliding scale for performance between these points.

A post-vesting retention period requires that at least 50% of the after tax value of an award vesting must be held for a minimum period of one year.

Vesting of Restricted Share Scheme awards granted 2012

The award of performance shares under the Restricted Share Scheme for the CEO and CFO for 2012 will vest subject to the achievement of the following performance targets:

Level of vesting	Year 3	Year 4	Year 5
Additional reserves including reserve replacement			
■ Nil	Less than 18%	Less than 24%	Less than 30%
■ 50%	18%	24%	30%
■ Pro-rata 50% - 100% on a straight line basis	More than 18% and less than 30%	More than 24% and less than 40%	More than 30% and less than 50%
■ 100%	30%	40%	50%
Additional reserves excluding reserve replacement			
■ Nil	Less than 3%	Less than 4%	Less than 5%
■ 50%	3%	4%	5%
■ Pro-rata 50% - 100% on a straight line basis	More than 3% and less than 15%	More than 4% and less than 20%	More than 5% and less than 25%
■ 100%	15%	20%	25%

Level of vesting	After 3, 4 and 5 years
EPS growth	
■ Nil	Less than 20% per annum
■ 50%	20% per annum
■ Pro-rata 50% - 100% on a straight line basis	More than 20% and less than 30% per annum
■ 100%	30% per annum
Absolute TSR	
■ Nil	Less than 8% per annum
■ 50%	8% per annum
■ Pro-rata 50% - 100% on a straight line basis	More than 8% and less than 12% per annum
■ 100%	12% per annum

Vesting of Restricted Share Scheme awards granted 2013

The award of performance shares under the Restricted Share Scheme for the CEO and CFO for 2013 will vest subject to the achievement of the following performance targets:

Level of vesting	Year 3	Year 4	Year 5
Additional reserves including reserve replacement			
■ Nil	Less than 18%	Less than 24%	Less than 30%
■ 40%	18%	24%	30%
■ Pro-rata 40% - 100% on a straight line basis	More than 18% and less than 30%	More than 24% and less than 40%	More than 30% and less than 50%
■ 100%	30%	40%	50%
Additional reserves excluding reserve replacement			
■ Nil	Less than 3%	Less than 4%	Less than 5%
■ 40%	3%	4%	5%
■ Pro-rata 40% - 100% on a straight line basis	More than 3% and less than 15%	More than 4% and less than 20%	More than 5% and less than 25%
■ 100%	15%	20%	25%

Level of vesting	After 3, 4 and 5 years
EPS growth	
■ Nil	Less than 10% per annum
■ 40%	10% per annum
■ Pro-rata 40% - 100% on a straight line basis	More than 10% and less than 20%
■ 100%	20% per annum
Absolute TSR	
■ Nil	Less than 8% per annum
■ 40%	8% per annum
■ Pro-rata 40% - 100% on a straight line basis	More than 8% and less than 12% per annum
■ 100%	12% per annum

As noted previously:

- The EPS growth range has been revised from 20% to 30% (respectively for awards made in 2011 and 2012) to 10% to 20% (respectively for awards made in 2013) to reflect the higher start point following significantly higher EPS in 2011 and 2012, as compared to prior years.
- The threshold vesting level (under each of the performance targets) for awards made after 1st January 2013 has been reduced from 50% to 40%.

Vesting of Restricted Share Scheme awards during 2012

The following awards were granted to the CEO and CFO under the Restricted Share Scheme vested in 2012:

CEO

Date of grant	Award shares	Maximum proportion of award shares vesting on 1 January 2012	Number of award shares vested on 1 January 2012
1 January 2009	40 000	One-third	13 334
1 January 2010	40 000	One-third	13 333

CFO

Date of grant	Award shares	Maximum proportion of award shares vesting on 2 September 2012	Number of award shares vested on 2 September 2012
2 September 2009	54 000	One-third	18 000

The vesting of the above awards was subject to:

- Randgold's TSR performance against the HSBC Global Gold Index (the TSR Performance Condition); and
- The executive director achieving a satisfactory individual performance rating (the Individual Performance Condition).

The TSR Performance Condition for the awards relates to the measurement of the company's TSR over the one year performance period against that of the index.

The awards vested in full provided the company's TSR performance out-performed the index and the awards do not vest at all where the company's performance falls below that of the index.

The Individual Performance Condition for the awards relates to the individual performance rating of the executive director over the one year performance period.

Both the TSR Performance Condition and the Individual Performance Condition were satisfied in respect of the awards above, resulting in the maximum number of shares vesting on 1 January 2012 and 2 September 2012 respectively – and at a value of US$108.29 and US$101.66 respectively.

Single figure remuneration

The single figure table below has been provided in response to the recommendations from the United Kingdom Government's Department for Business Innovation and Skills. The figures contained in this table reflect the base salary and annual bonuses actually paid during the period and the value of awards that vested under the Restricted Share Scheme during the period (with such value determined by reference to the market price of the vested award shares on the relevant vesting date, as detailed on page 149 of this annual report). No awards vested under the Co-Investment Plan during the period.

Executive directors' remuneration – single figure

US$	Base salary	Benefits in kind	Pension	Annual bonus	Co-Investment Plan	Restricted Share Scheme	**Total 2012**	Total 2011
DM Bristow	1 500 000	n/a	n/a	2 580 243	n/a	2 887 769	**6 968 012**	4 596 000
GP Shuttleworth	692 941*	n/a	n/a	1 100 270	n/a	1 829 880	**3 623 091**	1 300 457
Total	2 192 941	n/a	n/a	3 680 513	n/a	4 717 649	**10 591 103**	5 896 457

* *Mr GP Shuttleworth's salary is paid in GBP. The effective exchange rate used to convert his pay to US dollars in the above table is US$1: GBP1.615.*

Executive directors' remuneration - accounting charge

	Base salary		Annual bonus remuneration		Other payments*		Total	
US$	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
DM Bristow	**1 500 000**	1 500 000	**2 580 243**	3 096 000	**2 625 706**	2 106 390	**6 705 949**	6 702 390
GP Shuttleworth	**692 941**	625 596	**1 100 270**	674 861	**959 685**	1 312 509	**2 752 896**	2 612 966
Total	**2 192 941**	2 125 596	**3 680 513**	3 770 861	**3 585 391**	3 418 899	**9 458 845**	9 315 356

* *Other payments include expenses for restricted share awards and Co-Investment Plan awards which have been costed in accordance with IFRS 2, based on the valuation at the date of grant rather than the value of the awards that vested in the year. Vesting is subject to a number of vesting conditions which may or may not be achieved.*

Single figure remuneration

This single figure table has been provided in response to the recommendations from the United Kingdom Government's Department for Business Innovation and Skills. The figures contained in this table reflect the fees actually paid during the period and the value of shares awards that vested under the Restricted Share Scheme and other shares issued and allotted to the non-executive directors during the period (with such value determined by reference to the market price of the vested award shares on the relevant vesting date, as detailed on page 149 of this annual report).

Non-executive directors' remuneration - single figure

US$	Fees	Benefits in kind	Pension	Annual bonus	Co-Investment Plan	Restricted Share Scheme	**Total 2012**	Total 2011
P Liétard	250 000	n/a	n/a	n/a	n/a	309 712	**559 712**	347 920
NP Cole Jr	135 000	n/a	n/a	n/a	n/a	223 080	**358 080**	232 920
CL Coleman	120 000	n/a	n/a	n/a	n/a	223 080	**343 080**	217 920
K Dagdelen	60 000	n/a	n/a	n/a	n/a	179 764	**239 764**	113 474
RI Israel^	20 000	n/a	n/a	n/a	n/a	129 948	**149 948**	157 920
J Mabunda Lioko^^	n/a	n/a	n/a	n/a	n/a	n/a	**-**	-
AJ Quinn	85 000	n/a	n/a	n/a	n/a	136 448	**221 448**	14 167
K Voltaire	125 000	n/a	n/a	n/a	n/a	223 080	**348 080**	222 920
Total	795 000	n/a	n/a	n/a	n/a	1 425 112	**2 220 112**	1 307 241

^ *Mr RI Israel did not stand for reappointment as a director and resigned at the 2012 shareholders AGM on 30 April 2012.*
^^ *Mrs J Mabunda Lioko was appointed to the board on 28 January 2013.*

Non-executive directors' remuneration - accounting charge

	Fees		Other payments		Total	
US$	**2012**	2011	**2012***	2011	**2012**	2011
P Lietard	**250 000**	250 000	**381 564**	97 920	**631 564**	347 920
NP Cole Jr	**135 000**	135 000	**189 492**	97 920	**324 492**	232 920
CL Coleman	**120 000**	120 000	**189 492**	97 920	**309 492**	217 920
K Dagdelen	**60 000**	80 834	**189 492**	97 920	**249 492**	178 754
RI Israel^	**20 000**	60 000	**96 360**	97 920	**116 360**	157 920
J Mabunda Lioko^^	**-**	-	**-**	-	**-**	-
AJ Quinn	**85 000**	14 167	**189 492**	-	**274 492**	14 167
K Voltaire	**125 000**	125 000	**189 492**	97 920	**314 492**	222 920
Total	**795 000**	785 001	**1 425 384**	587 520	**2 220 384**	1 374 521

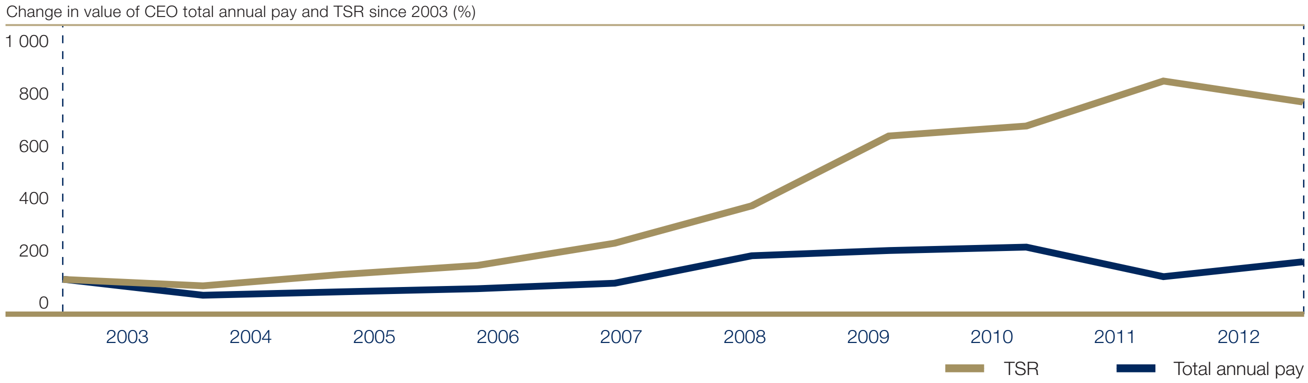
* *Pursuant to the authority granted at the May 2011 AGM, each non-executive director was awarded 1 200 restricted shares (US$80.03 per share) effective 23 June 2011, with the chairman receiving an additional 2 400 restricted shares (US$80.03 per share). One-third of these restricted shares vested on 1 January 2012, one-third vested on 1 January 2013 and the final one-third vests on 1 January 2014. These restricted share award grants have been costed in full in accordance with IFRS within the 2012 financial year. In addition, each non-executive director was awarded 1 200 shares (US$77.61 per share pursuant to the approval granted at 2012 shareholders annual general meeting on 30 April 2012, which vested immediately and have also been fully costed. Going forward, other payments are expected only to consist of the annual 1 200 award to each non-executive.*
^ *Mr RI Israel did not stand for reappointment as a director and resigned at the 2012 shareholders AGM on 30 April 2012.*
^^ *Mrs J Mabunda Lioko was appointed to the board on 28 January 2013.*

Directors' Co-Investment Plan awards

Directors	Date of award	Market price at date of award (US$)*	At 1 Jan 2012	Awarded in the year	Vested in the year	Market price at date vested (US$)*	**At 31 Dec 2012**	Vesting**
DM Bristow	13 Jun 11	76.53	38 456	-	-	-	**38 456**	Vests 1 Jan 14
	16 Mar 12	101.49	-	28 843	-	-	**28 843**	Vests 1 Jan 15
GP Shuttleworth	13 Jun 11	76.53	8 121	-	-	-	**8 121**	Vests 1 Jan 14
	16 Mar 12	101.49	-	6 462	-	-	**6 462**	Vests 1 Jan 15

* *NASDAQ Global Select Market closing price on date of award/vesting or if a public holiday, the next trading day.*
** *Vesting is subject to performance conditions.*

CEO total pay and TSR performance over 10 years



TSR performance (total return) is the growth in the value of a hypothetical £100 holding over a 10 year period (taking into account reinvested dividends), based on a one month average of trading day values.

TSR performance (total return) is the percentage change since 2003 in the value of a hypothetical £100 holding (taking into account reinvested dividends). All values are rebased to December 2003.
Total annual pay is percentage change in the single figure for the role of the CEO compared to 2003 levels.
Total annual pay for 2008 excludes an exceptional award of US$2 million paid in relation to the CEO's new contract.

Current share interests

Directors	At 28 Feb 2013	**At 31 Dec 2012**	At 31 Dec 2011	Beneficial/ non-beneficial
Executive				
DM Bristow	706 065	**692 731**	697 584	Beneficial
GP Shuttleworth	39 938	**39 938**	28 000	Beneficial
Non-executive				
P Liétard	38 827	**37 227**	34 027	Beneficial
NP Cole Jr	7 727	**6 927**	4 527	Beneficial
CL Coleman	7 000	**6 200**	3 800	Beneficial
K Dagdelen	3 200	**2 400**	400	Beneficial
RI Israel^	-	**41 163***	38 463	Beneficial
J Mabunda Lioko^^	-	**-**	-	-
AJ Quinn	2 600	**2 200**	-	Beneficial
K Voltaire	7 727	**6 927**	4 527	Beneficial
Total	813 084	**835 713**	811 328	-

^ *Mr RI Israel did not stand for reappointment as a director and resigned at the 2012 shareholders annual general meeting on 30 April 2012.*
^^ *Mrs J Mabunda Lioko was appointed to the board on 28 January 2013.*
* *Share interest as at 23 March 2012, which is the last date Mr RI Israel made his shareholding available to the company.*

Share Option Scheme*

	Number of options outstanding	Weighted average US$ exercise price
Balance at 31 December 2011	**555 214**	**31.53**
Share options exercised during the period	**(219 250)**	**40.93**
Share options granted during the period	-	**-**
Share options lapsed during the period	**(56 037)**	**18.72**
Balance at 31 December 2012	**279 927**	**27.44**

* *No director currently participates in Randgold's Share Option Scheme.*

Shareholding policy

The shareholding requirement ensures that the interests of directors are aligned with shareholders. Executive directors are required to build up a holding in shares in the company at least equal in value to two times base salary from the value of vested long term incentive awards. At 31 December 2012, both Dr DM Bristow and Mr GP Shuttleworth held shares at least equal in value to two times base salary.

New directors have three years in which to acquire the required shareholding and this period could be extended at the discretion of the remuneration committee.

Non-executive directors are required to build up and hold shares at least equal in value to 200% of the annual retainer fee, from the value of vested awards of restricted shares. All non-executive directors held shares equal to the value of the annual retainer fee as at 31 December 2012.

Distribution statement

The table below demonstrates the relative importance of remuneration spend, and requires year-on-year percentage change in each of (1) profit, (2) dividends, and (3) overall spend on pay.

Distribution statement		2012	2011
Underlying group profits (Total group)	US$ million % increase	510.8 16%	441.9
Dividends paid during the year (Group)	US$ million % increase	36.74 102%	18.22
Employee numbers (Group)	% increase	11 477 42%	8 095
Payroll costs for all employees	US$ million % increase	73.3 11%	66.3

Remuneration committee

The remuneration committee is committed to the principles of accountability and transparency, and to ensuring that remuneration arrangements align reward with performance. The remuneration committee's responsibilities are set out in its terms of reference, which can be found on the company's website **www.randgoldresources.com**.

These cover:

- Remuneration policy and its specific application to the executive directors, as well as its general application to the senior executives below the main board.
- The determination of levels of reward for the executive directors.
- Providing guidance on evaluating the performance of the CEO, management development plans and succession planning.
- Awards made under the Restricted Share Scheme and the Co-Investment Plan.
- Effective communication with shareholders on the remuneration policy and the remuneration committee's work on behalf of the board.

Membership

During the 2012 financial year, the members of the remuneration committee were Mr NP Cole Jr (*chairman*), Mr CL Coleman and Dr K Voltaire.

The current members of the remuneration committee are independent non-executive directors in line with the independence requirements of the United Kingdom Corporate Governance Code (June 2010).

Remuneration committee meetings

The remuneration committee met five times during 2012, and attendance is set out in the following table. At the invitation of the chairman of the remuneration committee, the chairman of the board and the CEO attended all five meetings, although neither was in attendance when decisions taken on his own remuneration were considered.

Remuneration committee meeting attendance

Member	Appointed	Meetings attended
NP Cole Jr (*Chairman*)	1 August 2006	5/5
CL Coleman	2 February 2009	5/5
K Voltaire	29 April 2008	5/5

Advisors

During the year, the remuneration committee also received independent external advice from:

Advisor	Details of appointment	Other services provided to the company
Ashurst LLP	Appointed by the company, with the agreement of the remuneration committee, to provide UK legal advice on executive remuneration and service contracts.	UK legal advice on certain corporate matters.
Fulbright & Jaworski	Appointed by the company, with the agreement of the remuneration committee, to provide US legal advice on executive remuneration and service contracts.	US legal advice on certain corporate matters.
Ogier	Appointed by the company, with the agreement of the remuneration committee, to provide Jersey legal advice on executive remuneration and service contracts.	Jersey legal advice on certain corporate matters.
Towers Watson	Appointed by the remuneration committee to advise on executive remuneration.	IFRS 2 valuation.

Towers Watson is a member of the Remuneration Consultants' Group which oversees the voluntary code of conduct in relation to executive remuneration consulting in the United Kingdom.

Randgold rings the closing bell at NASDAQ in May 2012.

Other information

Share usage and dilution

The company currently intends, as far as possible, to use existing shares to satisfy the vesting of awards granted under the Restricted Share Scheme and matching awards granted under the Co-Investment Plan and an employee benefit trust was set up for this purpose. At 31 December 2012, no ordinary shares were held by the employee benefit trust.

To the extent that it is not possible to use existing shares to satisfy the vesting of awards granted under the Restricted Share Scheme and matching awards granted under the Co-Investment Plan, the company currently intends to issue new shares to satisfy the vesting of awards.

The following table sets out the dilutive effect on the share capital if all outstanding awards granted under the Restricted Share Scheme and matching awards granted under the Co-Investment Plan capable of vesting did vest.

For completeness, this table also sets out the dilutive effect on the share capital if all outstanding options granted under the company's Share Option Scheme (in which executive directors and the non-executive directors do not participate) capable of being exercised were exercised. No new share options were issued under the Share Option Scheme during the year.

Both the Restricted Share Scheme and the Co-Investment Plan contain a dilution limit of 10% in any 10-year period for all plans and as at 31 December 2012 the company had 2.9% available under this limit. The company's share option scheme contains a dilution limit of 15% in 10 years for all plans but the company has, for several years, and expects to continue to operate within a dilution limit of 10% in 10 years for all plans.

31 December 2012	Number of shares
Total issued share capital	92 070 753*
Outstanding share options under the Share Option Scheme capable of being exercised	279 927
Outstanding share awards under the Restricted Share Scheme capable of vesting	869 100
Outstanding matching share awards under the Co-Investment Plan capable of vesting	81 822
Enlarged issued share capital	93 301 602
Maximum percentage of share capital issued to satisfy vestings	1.0%

* *Includes shares held as treasury by the company.*

External directorships

Executive directors may accept external appointments as non-executive directors of other companies, subject to the board's consent, and would normally retain any fees received.

In 2012, Dr DM Bristow received fees of US$21 900 (2011: US$21 900) in relation to his role as non-executive director of Rockwell Diamonds Inc.

Shareholder voting at the 2012 annual general meeting (AGM)

Vote	Number of votes cast at the 2012 AGM: For	Against	Abstain	Any issues raised and company response
Advisory vote on 2011 directors' remuneration report	77 904 940 (98.08%)	925 169 (1.16%)	601 028 (0.76%)	No material issues raised at the 2012 AGM

Directors' share awards

Directors	Date of award	Market price at date of award (US$)*	At 1 Jan 2012	Awarded in the year	Vested in the year	Market price at date vested (US$)*	Lapsed in the year	At 31 Dec 2012	Vesting period
Executive									
DM Bristow**	1 Jan 09	43.26	13 334	-	13 334	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 10	43.26	26 667	-	13 333	108.29	-	13 334	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	13 Jun 11	76.53	38 456	-	-	-	-	38 456	1/3rd vests 13 Jun 14
									1/3rd vests 13 Jun 15
									1/3rd vests 13 Jun 16
	16 Mar 12	101.41	-	28 843	-	-	-	28 843	1/3rd vests 16 Mar 15
									1/3rd vests 16 Mar 16
									1/3rd vests 16 Mar 17
GP Shuttleworth**	2 Sep 09	56.99	36 000	-	18 000	101.66	-	18 000	1/3rd vested 2 Sept 12
									1/3rd vests 2 Sept 13
	13 Jun 11	76.53	8 121	-	-	-	-	8 121	1/3rd vests 13 Jun 14
									1/3rd vests 13 Jun 15
									1/3rd vests 13 Jun 16
	16 Mar 12	101.41	-	6 462	-	-	-	6 462	1/3rd vests 16 Mar 15
									1/3rd vests 16 Mar 16
									1/3rd vests 16 Mar 17
Non-executive									
P Liétard	1 Jan 10	82.25	400	-	400	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	23 Jun 11	80.03	2 400	-	800	108.29	-	1 600	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#	-	1 200	1 200	77.61##	-		9 May 12
NP Cole Jr	1 Jan 10	82.25	400	-	400	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#		1 200	1 200	77.61##			9 May 12
CL Coleman	1 Jan 10	82.25	400	-	400	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#	-	1 200	1 200	77.61##	-		9 May 12
K Dagdelen	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#	-	1 200	1 200	77.61##	-		9 May 12
RI Israel^	1 Jan 10	82.25	400	-	400	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
J Mabunda Lioko^^	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
A Quinn	1 Nov 11	110.28	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#	-	1 200	1 200	77.61##	-		9 May 12
K Voltaire	1 Jan 10	82.25	400	-	400	108.29	-	-	1/3rd vested 1 Jan 12
	1 Jan 11	81.60	800	-	400	108.29	-	400	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
	23 Jun 11	80.03	1 200	-	400	108.29	-	800	1/3rd vested 1 Jan 12
									1/3rd vests 1 Jan 13
									1/3rd vests 1 Jan 14
	30 Apr 12	91.40#	-	1 200	1 200	77.61##	-		9 May 12

* *NASDAQ Global Select Market closing price on date of award/vesting or if a public holiday, the preceding trading day.*
** *The vesting of any tranches of the above awards is subject to the number of operational and financial targets being achieved.*
\# *As at 27 April 2012, the last preceding trading day on NASDAQ Global Select Market before the date of the award.*
\#\# *The NASDAQ Global Select Market closing price as at 8 May 2012, the last preceding day before the date of vesting. The date of vesting is the next clear day following the end of the company's close period, after the 2012 AGM.*
^ *Mr RI Israel did not stand for reappointment as a director and resigned at the 2012 shareholders' AGM on 30 April 2012. As at 23 March 2012, which is the last date Mr RI Israel made his shareholding available to the company, Mr RI Israel held 41 163 ordinary shares in the company.*
^^ *Mrs J Mabunda Lioko was appointed to the board on 28 January 2013.*

Report of the governance and nomination committee

for the year ended 31 December 2012

The governance and nomination committee's function is to assist the board in identifying qualified individuals who are willing to act as directors of the company and be members of the board's committees.

Philippe Liétard

Chairman, governance and nomination committee

The governance and nomination committee also develops and monitors a process for evaluating the board's effectiveness and oversees the development and administration of the company's code of conduct. The company's code of conduct can be found on the company's website **www.randgoldresources.com**.

The governance and nomination committee's responsibilities include:

- Reviewing the structure, size and composition of the board and making recommendations to the board with regard to any desired changes.
- Identifying, evaluating and recommending, for board approval, candidates to fill board vacancies as and when they arise.
- Making recommendations to the board with regard to membership of the audit and remuneration committees and any other of the board's committees in consultation with the chairmen of those committees.
- Making recommendations on the constitution of the board to ensure there is a balanced board in terms of skills, knowledge, independence and experience.
- Succession planning for directors and other senior executives of the company.
- Assessing a director's potential conflict of interest situations and making recommendations in this regard to the board.
- Making recommendations to the board concerning suitable candidates for the role of senior independent director.

The members of the governance and nomination committee and details of their respective attendance during the year are shown below.

Governance and nomination committee meeting attendance

Members	Appointed	Number of meetings attended
P Liétard (*Chairman*)	27 October 2006	4/4
NP Cole Jr	27 October 2007	4/4
CL Coleman	3 November 2008	4/4
K Dagdelen	30 October 2011	4/4
RI Israel^	25 June 1997	2/2

^ *Mr RI Israel did not stand for re-election to the board at the 2012 annual general meeting of the company and stepped down as a non-executive director of the company on 30 April 2012.*

In terms of the directors' remuneration policy, Mr P Liétard received a fee as group chairman and Mr NP Cole Jr received a fee as senior independent director, and therefore no additional payments for services provided by Mr P Liétard and Mr NP Cole Jr to the governance and nomination committee were made during the year. Messrs CL Coleman and K Dagdelen received fees of US$10 000 each.

The governance and nomination committee mindful of the skills, knowledge, experience and diversity members of the board should have, agreed with the board that a candidate be sought with the necessary independent and financial experience, together with political and geographical knowledge of the countries where the group operates. Accordingly the committee identified certain potential candidates who met those requirements.

Given the particular criteria identified by the board in determining the requirements needed by a candidate and the company's knowledge of leading candidates who fit those requirements, it was not necessary or desirable to use a search agency or to formally advertise the position.

After considering several candidates, and following an interview process led by the chairman of the board, Mrs J Mabunda Lioko was proposed by the governance and nomination committee as a prospective candidate to the board of directors. Mrs J Mabunda Lioko was invited to meet the board at its November 2012 meeting held in Jersey where all the directors were given an opportunity to interview her. At the January 2013 board meeting, she made a presentation to the board as has become the practice of the company when a person is formally considered for nomination. Mrs Mabunda Lioko was duly appointed to the board on 28 January 2013. A biography of Mrs J Mabunda Lioko appears on page 5 of this annual report. She will offer herself for re-election by the shareholders, along with the other directors of the company at the company's next AGM, in compliance with the articles. All non-executive directors have signed letters of appointment which are available for inspection at the company's registered office and at each of the company's AGMs.

The executive directors have signed service agreements which are also available for inspection at the company's registered office and at the company's AGM on 29 April 2013.

The governance and nomination committee regularly reviews the group's key policies and the committee will continue to review and if necessary make amendments to the key policies where such amendments are considered necessary.

The board charter and the terms of reference of the board committees are published on the company's website **www.randgoldresources.com**. The governance and nomination committee reviewed its terms of reference at the committee's January 2013 meeting and concluded that no amendments were required.

It was agreed that, in accordance with the United Kingdom Corporate Governance Code, all directors would stand for re-election at the next annual general meeting of the company.

Diversity

The board will continue to advance women to the board and to positions of senior management and elsewhere in the group's operations.

In its role as overseer of an African focused gold mining company, the board realises that gender is just one aspect of diversity that it has to address. Operating in deeply rural areas of Africa means that the company has the challenge of uplifting the communities directly affected by its mining projects, as well as the inhabitants of the countries in which the mines are located. In addition, it is cognisant of the fact that some of the societies in which it operates are highly patriarchal and thus the policy of recruiting local women requires an attitudinal shift.

Welcoming Jeanine Mabunda Lioko (pictured above at the Kibali mine for the January 2013 board meeting) to the board, Randgold Resources chairman Philippe Liétard said she is a highly respected professional, with many years' experience in both the private and public sectors, and a deep knowledge of the African environment within which the company operates.

The group's employment policy is centred firstly on recruitment from the local community, followed by national and then by regional selection. Only if the skills cannot be sourced in this manner does the company recruit expatriates. Its success rate in ensuring that suitable candidates are able to operate effectively requires an active programme of mentoring. In addition, Randgold's existing mines are used as training and development grounds for new staff joining other operations. For example, the Morila gold mine has served as a good example of the success of this process with plant personnel from the Loulo, Tongon and Kibali mines being trained on an operating plant facility ahead of their relocation to their permanent place of employment.

The success of the company's diversity programme is demonstrated by the fact that in Mali, Senegal, Burkina Faso, Côte d'Ivoire and the DRC, the country managers are all local citizens, with only the DRC country manager joining the group following the Moto acquisition. Similarly the executive committee includes five mine managers, of whom four are nationals, and totals 24 members, two being women and eight being West or Central Africans. For further details, see pages 98 to 105 of the sustainability report in this annual report.

Women in Randgold

Randgold is an equal opportunity employer focused on developing local African skills through on-the-job training and development and in certain circumstances providing particular courses at higher education establishments. The company also partners with local businesses.

The company has recently introduced a training course on finance for non-financial managers for employees. The course is presented by the University of Cape Town's Graduate School of Business Administration. Further information on this initiative can be found on page 87 of this annual report.

As with our drive to develop local national managers and executives we also have made progress in promoting women to our various management teams. We have a number of women in key executive and senior managerial positions and this includes several national locals who hold key positions in our mine management teams. Similarly, we continue to make progress in introducing women to positions which traditionally have been male domains. This constitutes a major advance in the patriarchal societies of West and Central Africa.

The recent appointment of Mrs J Mabunda Lioko to the board of directors of the company as a non-executive director demonstrates the company's continuing commitment to recruit and promote women into the highest positions in the group.

Succession planning

The governance and nomination committee periodically reviews the company's succession planning procedure. During the year (as in previous years) the committee held discussions with the chief executive officer about succession planning for his own position. The committee considered the job description of the chief executive officer and considered the natural resources market, analysing where external candidates could be sourced. The committee, together with the chief executive officer, considered which members of the company's staff the committee felt had the necessary expertise to fulfil the role of chief executive officer whether on a short or long term basis.

The committee continued to look at succession planning at other levels of the organisation and at the committee's meeting in November 2012, the chief executive officer presented the committee with his thoughts on succession plans for the company's senior executives. The committee was encouraged to find that in most instances succession was available internally.

The board often has an opportunity to meet with senior management and see them operate in their own environment when they visit the group's operations and the committee believes this exposure to the senior executives together with having senior executives attend board meetings and to make presentations, provides the directors with a useful benchmark against which to measure management.

Financial statements

Statement of directors' responsibilities
and approval of the annual financial statements

The directors are responsible for preparing the annual report and the annual financial statements in accordance with the Companies (Jersey) Law 1991.

The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The directors have chosen to prepare financial statements for the company in accordance with IFRS. The directors have also chosen to prepare the financial statements for the group in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

The directors are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Randgold Resources Limited (company) and its subsidiaries and joint ventures (group).

The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors also have general responsibility for selecting suitable accounting policies and applying them consistently, and for taking such steps as are reasonably open to them to safeguard the assets of the group and prevent and detect fraud and other irregularities. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group and company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, BDO LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. BDO LLP's audit report is presented on page 155 of this annual report.

The maintenance and integrity of the company's website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the report since it was initially presented on the website. Legislation in Jersey and the United Kingdom governing the preparation and dissemination of the financial information may differ from other jurisdictions.

Directors' responsibility statement pursuant to DTR4

The directors confirm that, to the best of their knowledge:

- The financial statements, presented on pages 156 to 191, have been prepared in accordance with International Financial Reporting Statements as endorsed by the European Union, Article 4 of the IAS Regulation and the requirements of Companies (Jersey) Law 1991 and give a true and fair view of the profit of the group for the year ended 31 December 2012 and of the assets, liabilities, financial position of the group and parent company as at 31 December 2012.
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description of the principal risks and uncertainties that they face.

The financial statements were approved by the board of directors on 14 March 2013 and are signed on its behalf by:

Mark Bristow
Chief executive

Philippe Liétard
Chairman

Report of the independent auditors
to the members of Randgold Resources Limited

We have audited the accompanying financial statements of Randgold Resources Limited (the company) which comprise the statement of financial position of the company as of 31 December 2012 and the statement of changes in equity and statement of cash flows for the year then ended and consolidated statement of financial position of the company and its subsidiaries and joint ventures (the group) as of 31 December 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The directors are required to comply with the requirements of rules 9.8.7 and 9.8.7A of the Listing Rules of the UK Financial Services Authority in preparing its annual report.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at **www.frc.org/apb/scope/private.cfm.**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with Companies (Jersey) Law 1991.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the consolidated financial statements, the group, in addition to complying with its obligation to prepare consolidated financial statements in accordance with IFRS as adopted by the European Union, has also complied with IFRS as issued by the International Accounting Standards Board (IASB).

In our opinion, the consolidated financial statements comply with IFRS as issued by the IASB.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

S. McNaughton

Scott McNaughton
Senior statutory auditor

BDO LLP
Chartered Accountants
London
14 March 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 December 2012

US$000	Note	Group 31 Dec 2012	Group 31 Dec 2011 (restated)+
Revenue			
Gold sales on spot		**1 317 830**	1 127 086
Total revenue		**1 317 830**	1 127 086
Other income	25	**10 755**	4 360
Total income		**1 328 585**	1 131 446
Costs and expenses			
Mining and processing costs	25	**644 275**	520 302+
Transport and refining costs		**2 988**	2 641
Royalties		**67 802**	53 841
Exploration and corporate expenditure	26	**40 641**	43 925
Other expenses	25	**5 437**	10 921
Total costs		**761 143**	631 630+
Finance income	27	**2 050**	1 015
Finance costs	27	**(1 200)**	(3 597)
Finance income/(costs) – net	27	**850**	(2 582)
Profit before income tax		**568 292**	497 234+
Income tax expense	4	**(57 510)**	(55 329)+
Profit for the period		**510 782**	441 905+
Other comprehensive income			
Loss on available-for-sale financial assets		**(3 101)**	(9 206)
Total comprehensive income		**507 681**	432 699+
Profit			
Attributable to:			
Owners of the parent		**431 801**	383 860+
Non-controlling interests		**78 981**	58 045+
		510 782	441 905+
Total comprehensive income			
Attributable to:			
Owners of the parent		**428 700**	374 654+
Non-controlling interests		**78 981**	58 045+
		507 681	432 699+
Basic earnings per share (US$)	6	**4.70**	4.20+
Diluted earnings per share (US$)	6	**4.65**	4.16+
Average shares in issue (000)		**91 911**	91 338

\+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

The notes on pages 161 to 191 of this annual report are an integral part of these consolidated financial statements.

Consolidated and company statements of financial position

at 31 December 2012

US$000	Note	Group 31 Dec 2012	Group 31 Dec 2011 (restated)+	Company 31 Dec 2012	Company 31 Dec 2011
Assets					
Non-current assets					
Property, plant and equipment	9	**1 742 148**	1 291 291+	**16 984**	14 146
Mineral properties	10	**406 000**	406 000	**-**	-
Deferred tax	12	**2 678**	-	**-**	-
Trade and other receivables	7	**7 969**	2 436	**-**	-
Investments in subsidiaries and joint ventures	11	**-**	-	**823 214**	524 931
Loans to subsidiaries and joint ventures	11	**-**	-	**696 319**	674 727
Total non-current assets		**2 158 795**	1 699 727+	**1 536 517**	1 213 804
Current assets					
Inventories and ore stockpiles	8	**292 299**	218 950	**-**	-
Trade and other receivables	7	**285 286**	130 988	**3 779**	5 868
Available-for-sale financial assets	13	**3 476**	7 498	**3 003**	6 843
Cash and cash equivalents		**387 288**	487 644	**233 487**	361 530
Total current assets		**968 349**	845 080	**240 269**	374 241
Total assets		**3 127 144**	2 544 807+	**1 776 786**	1 588 045
Equity and liabilities					
Share capital	5	**4 603**	4 587	**4 603**	4 587
Share premium	5	**1 409 144**	1 386 939	**1 409 144**	1 386 939
Retained earnings		**1 154 273**	759 209+	**297 499**	138 967
Other reserves		**50 994**	40 531	**50 743**	40 098
Equity attributable to owners of the parent		**2 619 014**	2 191 266+	**1 761 989**	1 570 591
Non-controlling interests		**166 108**	111 950+	**-**	-
Total equity		**2 785 122**	2 303 216+	**1 761 989**	1 570 591
Non-current liabilities					
Loans from minority shareholders in subsidiaries	16	**3 249**	2 614	**-**	-
Deferred tax	12	**29 355**	21 370+	**-**	-
Provision for rehabilitation	15	**60 041**	39 809	**-**	-
Loans from subsidiaries and joint ventures	11	**-**	-	**1 473**	6 823
Borrowings	17	**13 296**	-	**-**	-
Total non-current liabilities		**105 941**	63 793+	**1 473**	6 823
Current liabilities					
Trade and other payables	14	**215 761**	158 903	**13 324**	9 711
Current tax payable		**18 842**	18 895	**-**	920
Borrowings	17	**1 478**	-	**-**	-
Total current liabilities		**236 081**	177 798	**13 324**	10 631
Total equity and liabilities		**3 127 144**	2 544 807+	**1 776 786**	1 588 045

+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

The notes on pages 161 to 191 of this annual report are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2012

	Attributable to equity shareholders							
US$000	Number of ordinary shares§	Share capital	Share premium	Other reserves	Retained earnings+	Total equity attributable to owners of parent+	Non-controlling interests+	Total equity
Balance - 31 Dec 2010	**91 082 170**	**4 555**	**1 362 320**	**31 596**	**393 570**	**1 792 041**	**53 905**	**1 845 946**
Fair value movement on available-for-sale financial assets	-	-	-	(9 206)	-	(9 206)	-	(9 206)
Total other comprehensive expense	-	-	-	(9 206)	-	(9 206)	-	(9 206)
Net profit for the period+	-	-	-	-	383 860	383 860	58 045	441 905
Total comprehensive (expense)/income for the period+	-	-	-	(9 206)	383 860	374 654	58 045	432 699
Share-based payments	-	-	-	23 581	-	23 581	-	23 581
Share options exercised	628 500	32	19 195	-	-	19 227	-	19 227
Reserve transfer on exercise of options previously expensed under IFRS 2*	-	-	4 976	(4 976)	-	-	-	-
Shares vested# §	6 400	-	448	(448)	-	-	-	-
Dividend relating to 2010	-	-	-	-	(18 221)	(18 221)	-	(18 221)
Lapsed options originally issued on acquisition of Moto	-	-	-	(16)	-	(16)	-	(16)
Balance – 31 Dec 2011 (restated)+	**91 717 070**	**4 587**	**1 386 939**	**40 531**	**759 209**	**2 191 266**	**111 950**	**2 303 216**
Fair value movement on available-for-sale financial assets	-	-	-	(3 101)	-	(3 101)	-	(3 101)
Total other comprehensive expense	-	-	-	(3 101)	-	(3 101)	-	(3 101)
Net profit for the period	-	-	-	-	431 801	431 801	78 981	510 782
Total comprehensive (expense)/ income for the period	-	-	-	(3 101)	431 801	428 700	78 981	507 681
Share-based payments	-	-	-	21 150	-	21 150	-	21 150
Share options exercised	267 798	13	14 064	-	-	14 077	-	14 077
Reserve transfer on exercise of options previously expensed under IFRS 2*	-	-	3 498	(3 498)	-	-	-	-
Shares vested# §	76 285	3	4 643	(4 088)	-	558	-	558
Dividend relating to 2011	-	-	-	-	(36 737)	(36 737)	-	(36 737)
Non-controlling interest share of Gounkoto dividend	-	-	-	-	-	-	(24 823)	(24 823)
Balance – 31 Dec 2012	**92 061 153**	**4 603**	**1 409 144**	**50 994**	**1 154 273**	**2 619 014**	**166 108**	**2 785 122**

Share capital

The share capital comprises the issued ordinary shares of the company at par.

Share premium

The share premium comprises the excess value recognised from the issue of ordinary shares at par.

Retained earnings

Retained earnings comprises the group's cumulative accounting profits and losses since inception.

Other reserves

Other reserves comprises the cumulative charge recognised under IFRS 2 in respect of share-based payment awards (net of amounts transferred to share capital and share premium), as well as movements in the fair value of current available-for-sale financial assets and the historic foreign currency translation reserve.

At 31 December 2012, the balance of the share-based payment reserve amounted to US$50.1 million (31 December 2011: US$36.5 million). The foreign currency translation reserve was US$1.4 million at 31 December 2012 (31 December 2011: US$1.4 million) and the cumulative net losses in current available-for-sale financial assets amounted to US$0.5 million at 31 December 2012 (31 December 2011: cumulative net gains of US$2.6 million). Refer to note 13 for further details.

Non-controlling interests

Non-controlling interests comprise the non-controlling interests' share of cumulative profits and losses in the group, less their share of dividends paid.

+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

* *Movement in recognition of options exercised includes the exercise of options issued as part of the acquisition of Moto.*

Restricted shares were issued to executive directors, non-executive directors and management as remuneration. The transfer between 'other reserves' and 'share premium' in respect of the shares vested represents the cumulative charge calculated in accordance with IFRS 2.

§ *Excludes restricted shares granted but not yet vested and 9 600 (2011: 6 800) treasury shares.*

Company statements of changes in equity
for the year ended 31 December 2012

US$000	Number of ordinary shares§	Share capital	Share premium	Retained earnings	Other reserves	Total
Balance - 31 Dec 2010	**91 082 170**	**4 555**	**1 362 320**	**59 011**	**30 326**	**1 456 212**
Fair value movement on available-for-sale financial assets	-	-	-	-	(8 369)	(8 369)
Total other comprehensive income	-	-	-	-	(8 369)	(8 369)
Net profit for the period	-	-	-	98 177	-	98 177
Total comprehensive income/(expenses) for the period	-	-	-	98 177	(8 369)	89 808
Share-based payments	-	-	-	-	23 581	23 581
Share options exercised	628 500	32	19 195	-	-	19 227
Shares vested# §	6 400	-	448	-	(448)	-
Reserve transfer on exercise of options previously expensed under IFRS 2*	-	-	4 976	-	(4 976)	-
Lapsed options originally issued on acquisition of Moto	-	-	-	-	(16)	(16)
Dividend relating to 2010	-	-	-	(18 221)	-	(18 221)
Balance – 31 Dec 2011	**91 717 070**	**4 587**	**1 386 939**	**138 967**	**40 098**	**1 570 591**
Fair value movement on available-for-sale financial assets	-	-	-	-	(2 919)	(2 919)
Total comprehensive income	-	-	-	-	(2 919)	(2 919)
Net profit for the period	-	-	-	195 269	-	195 269
Total comprehensive income/(expense) for the period	-	-	-	195 269	(2 919)	192 350
Share-based payments	-	-	-	-	21 150	21 150
Share options exercised	267 798	13	14 064	-	-	14 077
Shares vested# §	76 285	3	4 643	-	(4 088)	558
Reserve transfer on exercise of options previously expensed under IFRS 2*	-	-	3 498	-	(3 498)	-
Dividend relating to 2011	-	-	-	(36 737)	-	(36 737)
Balance – 31 Dec 2012	**92 061 153**	**4 603**	**1 409 144**	**297 499**	**50 743**	**1 761 989**

Share capital
The share capital comprises the issued ordinary shares of the company at par.

Share premium
The share premium comprises the excess value recognised from the issue of ordinary shares at par.

Retained earnings
Retained earnings comprises the company's cumulative accounting profits and losses since inception.

Other reserves
Other reserves comprises the cumulative charge recognised under IFRS 2 in respect of share-based payment (net of amounts transferred to share capital and share awards premium) that amounted to US$50.1 million (2011: US$36.5 million) and movement in fair value of current available-for-sale financial assets that amounted to US$0.6 million at 31 December 2012 (2011: US$3.5 million). Refer to note 13 for further details on available-for-sale financial assets.

* *Movement in recognition of options exercised includes the exercise of options issued as part of the acquisition of Moto.*
\# *Restricted shares were issued to executive directors, non-executive directors and senior management as remuneration. The transfer between 'other reserves' and 'share premium' in respect of the shares vested represents the cumulative charge calculated in accordance with IFRS 2.*
§ *Excludes restricted shares granted but not yet vested and 9 600 (2011: 6 800) treasury shares.*

Statements of consolidated and company cash flows

for the year ended 31 December 2012

US$000	Group 31 Dec 2012	Group 31 Dec 2011 (restated)+	Company 31 Dec 2012	Company 31 Dec 2011
Cash flow from operating activities				
Profit after tax	**510 782**	441 905+	**195 269**	98 177
Income tax expense	**57 510**	55 329+	**-**	-
Profit before income tax	**568 292**	497 234+	**195 269**	98 177
Dividends received from mines#	**-**	-	**(174 709)**	(76 000)
Net finance cost/(income)	**(1 846)**	1 547	**(1 646)**	(814)
Unwind of discount on provisions for environmental rehabilitation	**996**	1 035	**-**	-
Depreciation and amortisation	**131 741**	82 060	**-**	-
Share-based payments	**20 625**	21 981	**21 705**	23 581
Share-based payments related to operations	**-**	-	**(19 021)**	(16 800)
	719 808	603 857	**21 598**	28 144
Effects of changes in operating working capital items				
Receivables#	**(177 439)**	(18 003)	**2 090**	(1 567)
Inventories and ore stockpiles	**(73 349)**	(14 304)	**-**	-
Trade and other payables	**58 665**	43 836	**2 696**	(4 307)
Cash generated from operations before interest and tax	**527 685**	615 386	**26 384**	22 270
Interest received	**2 050**	1 015	**1 651**	840
Interest paid	**(204)**	(2 562)	**(5)**	(26)
Income tax paid#	**(35 818)**	(31 879)	**-**	-
Net cash generated by operating activities	**493 713**	581 960+	**28 030**	23 084
Cash flow from investing activities				
Additions to property, plant and equipment	**(562 280)**	(460 583)+	**(2 838)**	(1 946)
Dividends received from mines#	**-**	-	**174 709**	76 000
Increases in inter-company loans	**-**	-	**(460 811)**	(473 422)
Decreases in inter-company loans	**-**	-	**154 607**	423 888
Decrease/(increase) in available-for-sale insurance asset	**920**	(920)	**920**	(920)
Net cash (used in)/generated by investing activities	**(561 360)**	(461 503)	**(133 413)**	23 600
Cash flow from financing activities				
Proceeds from issue of ordinary shares	**14 077**	19 227	**14 077**	19 227
Increase/(decrease) in short and long term borrowings	**14 774**	(234)	**-**	-
Dividends paid to company's shareholders	**(36 737)**	(18 221)	**(36 737)**	(18 221)
Dividends paid to non-controlling interests	**(24 823)**	-	**-**	-
Cash (used in)/generated by financing activities	**(32 709)**	772	**(22 660)**	1 006
Net (decrease)/increase in cash and equivalents	**(100 356)**	121 229	**(128 043)**	47 690
Cash and equivalents at beginning of year	**487 644**	366 415	**361 530**	313 840
Cash and cash equivalents at end of year	**387 288**	487 644	**233 487**	361 530

+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

The 2011 comparatives include immaterial reclassifications between receivables and income tax paid for the group to provide consistent classification with the current year, as well as between cash generated from operating activities and cash generated from investing activities for the company related to dividends received from group companies.

The effective interest rate on cash and cash equivalents was 0.41% (2011: 0.23%). These funds have an average maturity of less than 90 days.

Notes to the consolidated financial statements

for the year ended 31 December 2012

1. Nature of operations

The company and its subsidiaries (the group) together with its joint ventures carry out exploration and gold mining activities. Currently there are three operating mines in Mali, West Africa: the Morila gold mine, which started production in October 2000, the Loulo gold mine, which started production in November 2005 and the Gounkoto mine, which began production in June 2011 (together the Loulo-Gounkoto gold mine complex). The group also operates a fourth mine in Côte d'Ivoire, Tongon, which started production in December 2010. Randgold has a portfolio of exploration projects in West and Central Africa. The group also holds an effective interest of 45% in Kibali Goldmines SPRL (Kibali), the holder of the Kibali gold project in the Democratic Republic of Congo following the acquisition by the company of a joint venture interest in Moto Goldmines Limited (Moto) in 2009, in conjunction with AngloGold Ashanti. Société Miniére de Kilo-Moto SARL (SOKIMO) holds the remaining 10% in the Kibali project. Development at Kibali has progressed rapidly and is on schedule for first gold production at the end of 2013.

The interests of the group in its operating mines are held through Société des Mines de Morila SA (Morila) which owns the Morila mine, Société des Mines de Loulo SA (Loulo) which owns the Loulo mine, Société des Mines de Tongon SA (Tongon) which owns the Tongon mine and Société des Mines de Gounkoto SA (Gounkoto) which owns the Gounkoto mine. Randgold holds an effective 40% interest in Morila, following the sale to AngloGold Ashanti Limited on 3 July 2000 of one-half of Randgold's subsidiary, Morila Limited. Management of Morila Limited, the 80% shareholder of Morila SA, is effected through a joint venture committee, with Randgold and AngloGold Ashanti each appointing one-half of the members of the committee. From the date of acquisition, a subsidiary of AngloGold Ashanti, was the operator of Morila. On 15 February 2008, Randgold assumed responsibility for the operatorship. Randgold holds an effective 80% interest in Loulo and Gounkoto. The remaining 20% interest is held by the State of Mali. Randgold is the operator of the Loulo and Gounkoto mines. Randgold holds an effective 89% interest in Tongon, 10% is held by the State of Côte d'Ivoire while the remaining 1% is held by a local Ivorian company. Randgold is the operator of the Tongon mine. The group has various exploration programmes ranging from substantial to early stage in the Democratic Republic of Congo, Mali, Senegal, Burkina Faso and Côte d'Ivoire.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Randgold Resources Limited and its subsidiaries and joint ventures have been 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 and in accordance with Article 105 of the Companies (Jersey) Law 1991. The consolidated financial statements also comply with IFRS as issued by the IASB, as is required as a result of our listing on NASDAQ in the US. The differences between IFRS as adopted by the European Union and IFRS as issued by the IASB have not had a material impact on the consolidated financial statements for the years presented. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and certain financial assets and financial liabilities which are carried at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3. The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group and company will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the company and the group is supported by these financial statements.

The group and company has adopted the following changes, standards and amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

Change in accounting policy - production phase stripping costs

The group changed its accounting policy on stripping costs in the production-phase of opencast mining effective 1 January 2012. As such, all eligible production-phase deferred stripping (the process of removing waste from a surface mine in order to gain access to mineral deposits) costs associated with a stripping campaign are capitalised and depreciated over the life of the relevant section of the orebody on a tonnes milled basis. This is in line with the recently issued IFRIC 20 which endeavours to standardise reporting across the mining industry, which the group adopted early following its recent endorsement by the EU in 2012. IFRIC 20 requires that, to the extent that the benefit from the stripping activity is realised in the form of inventory produced, the directly attributable costs of that activity should be treated as ore stockpile inventory. To the extent that the benefit is the improved access to ore, the directly attributable costs are treated as a non-current 'stripping activity asset'. All stripping costs incurred since 1 January 2010 have been capitalised to the related asset in the relevant year.

IFRIC 20 includes transitional provisions which permit the group to capitalise eligible costs incurred from the start of the earliest period presented, which will be 1 January 2010 within US 20-F filings for 2012. Total eligible production-phase stripping costs of US$12.1 million were incurred in the fourth quarter of 2011, relating to the Yalea South pushback, and have now been capitalised.

The capitalised stripping costs have been depreciated on a unit of production basis, over the expected useful life of the Yalea orebody and depreciation began in July 2012, in line with the mine plan. No other production-phase stripping costs were incurred between 1 January 2010 and 30 September 2011 and therefore no third statement of financial position as at 1 January 2011 is presented.
Loulo (and therefore the Loulo-Gounkoto complex as well) was the only mine affected by the restatement which applies only to comparative figures and related to the fourth quarter of 2011. In line with IFRIC 20, the company's 2012 results now include a restatement of the 2011 year as shown below:

Impact of IFRIC 20

US$000	12 months ended 31 Dec 2011
Income statement	
Decrease in mine production costs	12 100
Increase in income tax expenses	3 630
Increase in net profit	8 470
Statement of financial position	
Increase in retained earnings	6 776
Increase in non-controlling interests	1 694
Increase in property, plant and equipment	12 100
Increase in deferred tax	3 630
Earnings per share	
Increase in basic earnings per share (cents per share)	7
Increase in fully diluted earnings per share (cents per share)	7

The net cash flow effect was nil, having increased net cash generated from operating activities by US$12.1 million and having increased net cash used by investment activities by US$12.1 million. Details of non-GAAP measures affected by the restatement are provided on page 190 of this annual report.

The group and company have adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

	Effective period commencing on or after	Impact on group
■ IFRS 7 Amendment – Transfer of Financial Asset	1 July 2011	No
■ IFRS 1 Amendment – Severe hyperinflation and removal of fixed dates	1 July 2011	No
■ IAS 12 Amendment – Recovery of Underlying Assets	1 January 2012	No
■ IFRIC 20 Interpretation – Stripping Costs in the Production Phase of a Surface Mine	1 July 2013	Yes

The group has chosen to early adopt IFRIC 20 and is permitted to do so. Details of the restatement of comparative results associated with the early adoption are detailed above.
Certain new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning after 1 January 2013 or later periods to which the group has decided not to adopt early when early adoption is available. These are:

	Effective period commencing on or after
■ IAS 1 Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012
■ IFRS 10 – Consolidated Financial Statements	1 January 2013
■ IFRS 11 – Joint Arrangements	1 January 2013
■ IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013
■ IFRS 13 – Fair Value Measurement	1 January 2013
■ IAS 27 – Separate Financial Statements	1 January 2013
■ IAS 28 – Investments in Associates and Joint Ventures	1 January 2013
■ IAS 19 – Employee Benefits	1 January 2013
■ IFRS 7 Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
■ IFRS 1* Amendment – Government Loans	1 January 2013
■ Improvements to IFRS (2009-2011 Cycle)	1 January 2013
■ IFRS 10, 11 and 12* Amendments – Transition Guidance	1 January 2013
■ IAS 32 Amendment – Offsetting Financial Assets and Financial Liabilities	1 January 2014
■ IFRS 10,12 and IAS 27* Amendments – Investment Entities	1 January 2014
■ IFRS 9* – Financial Instruments	1 January 2015

* *Not yet endorsed by the European Union.*

The company and group are currently assessing the impact of these standards on the financial statements. Those anticipated being of significance to the company and group are as follows:

- IFRS 11: The principle in IFRS 11 is that a party to a joint arrangement recognises its rights and obligations arising from the arrangement rather than focusing on the legal form. The application of the principle results in the following:
  - Where the parties have rights to the assets and obligations for the liabilities relating to the arrangement, they are parties to joint operations. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement.
  - Where the parties have rights to the net assets of the arrangement, they are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method under IAS 28 Investments in Associates.

  There will no longer be an option to use proportionate consolidation, which is the group's current accounting policy and this will give rise to a significant change in the presentation of the group's financial results. With effect from reporting periods starting 1 January 2013, the group's share of joint ventures will be accounted for using the equity method rather than proportionately consolidated, from the beginning of the earliest period presented (1 January 2011). The group's share of its joint ventures will be disclosed as a single line item as 'investments in equity accounted joint ventures' on the consolidated statement of financial position measured at the aggregate of the carrying amounts of the assets and liabilities that had previously proportionately consolidated, with the movement in its share of the net assets being accounted for in the statement of comprehensive income as 'share of the post tax profits/losses of equity accounted joint ventures'. In the consolidated cash flow statement, the group's cash flows from the joint ventures will be disclosed separately.

  Refer to note 11 for details of the investments in joint ventures.
- IFRS 12: The new standard amends disclosures regarding interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures are intended to help users understand the judgements and assumptions made by a reporting entity when deciding how to classify its involvement with another entity; help users understand the interest that non-controlling interests have in consolidated entities; and help users assess the nature of the risks associated with interests in other entities.

  The group anticipates changes to its disclosure as a result of this standard and is currently assessing the impact.

Consolidation

The consolidated financial information includes the financial statements of the company, its subsidiaries and the company's proportionate share in joint ventures using uniform accounting policies for like transactions and other events in similar circumstances.

Subsidiaries

Subsidiaries are entities over which the group has the power to govern the financial and operating policies, generally accompanying an interest of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed. Identifiable assets acquired (including mineral property interests) and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill or other identifiable intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Joint ventures

Joint ventures are those entities in which the group holds a long term interest and which are jointly controlled by the group and one or more joint venture partners under a contractual arrangement.

The group's interest in such jointly controlled entities is accounted for by proportionate consolidation. Under this method the group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the group's financial statements. Inter-company accounts and transactions are eliminated on consolidation.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other joint venture partners. The group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. The results of joint ventures are included from the effective dates of acquisition and up to the effective dates of disposal.

The cost of a joint venture acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired (including mineral property interests) and liabilities and contingent liabilities assumed in a joint venture acquisition are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill, mineral properties or other identifiable intangible assets. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition costs are expensed as incurred.

Investment in subsidiaries and joint ventures

Investment in subsidiaries and joint ventures are stated at cost less any provisions for impairment in the financial statements of the company. Dividends are accounted for when the company becomes entitled to receive them. On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

Segmental reporting

An operating segment is a group of assets and operations engaged in performing mining or advanced exploration that are subject to risks and returns that are different from those of other segments. Other parts of the business are aggregated and treated as part of a 'corporate and exploration' segment. The group provides segmental information using the same categories of information the group's chief operating decision maker utilises. The group's chief operating decision maker is considered by management to be the board of directors.

The group has only one business segment, that of gold mining. Segment analysis is based on individual mining operations and exploration projects that have a significant amount of capitalised expenditure or other fixed assets.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollars, which is also the functional currency of the company and its significant subsidiaries.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income in other income and other expenses.

Group companies

The results and financial position of material group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentational currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. There were no exchange differences on translation of subsidiaries recognised in 2011 and 2012.

Intangible assets

Mineral properties

Mineral properties acquired are recognised at fair value at the acquisition date. Mineral properties are recognised at fair value if acquired as part of a business combination, whereas they are recognised at cost if acquired as an asset. Mineral properties are tested annually for impairment on the same basis that property, plant and equipment are when there is an indication of impairment. Mineral properties will be amortised on a units of production basis when the related mine commences production.

Property, plant and equipment

Undeveloped properties

Undeveloped properties upon which the group has not performed sufficient exploration work to determine whether significant mineralisation exists are carried at original acquisition cost. Where the directors consider that there is little likelihood of the properties being exploited, or the value of the exploitable rights has diminished below cost, an impairment is recorded.

Long-lived assets and mine development costs

Long-lived assets including development costs and mine plant facilities are initially recorded at cost. Where relevant the estimated cost of dismantling the asset and remediating the site is included in the cost of property, plant and equipment, subsequently they are measured at cost less accumulated amortisation and impairment.

Development costs and mine plant facilities relating to existing and new mines are capitalised. Development costs consist primarily of direct expenditure incurred to establish or expand productive capacity and are capitalised until commercial levels of production are achieved, after which the costs are amortised.

Stripping costs

Pre-production stripping costs are included in long-lived assets. Refer to page 161 of this annual report for the group's accounting policy in respect of post-production phase stripping for open cast mining.

Short-lived assets

Short-lived assets including non-mining assets are shown at cost less accumulated depreciation and impairment.

Depreciation and amortisation

Long-lived assets include mining properties, such as freehold land, metallurgical plant, tailings and raw water dams, power plant and mine infrastructure, as well as mine development costs. Depreciation and amortisation are charged over the life of the mine (or over the remaining useful life of the asset, if shorter) based on estimated ore tonnes contained in proven and probable reserves, to reduce the cost to estimated residual values. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in the future from known mineral deposits. Total proven and probable reserves are used in the tonnes milled units of production depreciation calculation. Any changes to the expected life of the mine (or asset) are applied prospectively in calculating depreciation and amortisation charges. Short-lived assets which include motor vehicles, office equipment and computer equipment are depreciated over estimated useful lives of between two to five years but limited to the remaining mine life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Changes to the estimated residual values or useful lives are accounted for prospectively.

Impairment

The carrying amount of the property, plant and equipment of the group is compared to the recoverable amount of the assets whenever events or changes in circumstances indicate that the net book value may not be recoverable. The recoverable amount is the higher of value in use and the fair value less cost to sell. In assessing the value in use, the expected future cash flows from the assets is determined by applying a discount rate to the anticipated pre-tax future cash flows. The discount rate used reflects risks specific to the cash generating units. Conservative gold price assumptions have been used as detailed on page 169 of this annual report. An impairment is recognised in the statement of comprehensive income to the extent that the carrying amount exceeds the assets' recoverable amount. The revised carrying amounts are amortised in line with group accounting policies.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) for purposes of assessing impairment. The estimates of future discounted cash flows are subject to risks and uncertainties including the future gold price, reserve and production estimates, capital expenditure and cost estimates and are based on the approved Life of Mine plans. It is therefore reasonably possible that changes could occur which may affect the recoverability of mining assets.

Inventories

Inventories include ore stockpiles, gold in process and supplies and spares and are stated at the lower of cost or net realisable value. The cost of ore stockpiles and gold produced is determined principally by the weighted average cost method using related production costs. Costs of gold inventories include all mining costs incurred up until production of an ounce of gold such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realisable value is determined with reference to current market prices. Morila used a selective mining process and thus has a number of stockpile grade categories although only marginal ore mineralised waste are remaining at Morila. Marginal ore is defined as ore below 1.4g/t but greater than 1.0g/t. Mineralised waste is defined as greater than 0.7g/t but less than 1.0g/t. For Loulo, high grade open pit ore is defined as ore above 3.5g/t and medium grade is defined as ore above 1.2g/t. Low grade ore from Gara is classified as ore above 0.5g/t, while 0.7g/t is used for Yalea. For Loulo, Yalea material less than 0.7g/t is classified as mineralised waste and is not in inventory, while material less than 0.5g/t from Gara is regarded as mineralised waste and is not in inventory. At Gounkoto, ore is classified into full grade ore above 1.71g/t, marginal ore above 1g/t and mineralised waste between 0.7g/t and 1.0g/t. At Tongon, ore is classified into high grade ore above 4.0g/t, medium grade above 2.0g/t, low grade above 0.9g/t and mineralised waste is material less than 0.9g/t. All stockpile grades are currently being processed and all ore is expected to be fully processed.

The processing of ore in stockpiles occurs in accordance with the life of mine processing plan that has been optimised based on the known mineral reserves, current plant capacity and mine design. Ore tonnes contained in the stockpile which exceeds the annual tonnes to be milled as per the mine plan within the year, are classified as non-current in the statement of financial position (when relevant). Stores and materials consist of consumable stores and are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the group has substantially all the risks and rewards of ownership are brought onto the statement of financial position as current assets.

Interest/borrowing costs

Interest is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity. Borrowing cost is expensed as incurred except to the extent that it relates directly to the construction of property, plant and equipment during the time that is required to complete and prepare the asset for its intended use, when it is capitalised as part of property, plant and equipment. Borrowing cost is capitalised as part of the cost of the asset where it is probable that the asset will result in economic benefit and where the borrowing cost can be measured reliably. No interest or borrowing costs have been capitalised during the year.

Financial instruments

Financial instruments are measured as set out below. Financial instruments carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings, available for sale financial assets, loans to and from subsidiaries and joint ventures and loans to minorities.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. There is a rebuttable presumption that the transaction price is fair value unless this could be refuted by reference to market indicators. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in mining and processing costs in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term highly liquid investments with a maturity of three months or less at the date of purchase and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Deposits which do not meet these criteria are classified separately as restricted cash.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are designated on acquisition. They are normally included in current assets and are carried at fair value. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss or the cumulative fair value reduction held within reserves is recognised in the statement of comprehensive income within other expenses, other movements in fair value are recognised in other reserves within equity.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Accounts payable

Accounts payable and other short term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Rehabilitation costs

The net present value of estimated future rehabilitation costs is provided for in the financial statements and capitalised within mining assets on initial recognition. Rehabilitation will generally occur on closure or after closure of a mine. Initial recognition is at the time of the disturbance occurring and thereafter as and when additional disturbances take place. The estimates are reviewed annually to take into account the effects of inflation and changes in estimates and are discounted using rates that reflect the time value of money. Annual increases in the provision due to the unwinding of the discount are recognised in the statement of comprehensive income as a finance cost. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are capitalised to mining assets against an increase in the rehabilitation provision. The present value of additional disturbances and changes in the estimate of the rehabilitation liability are added to/deducted from mining assets. The rehabilitation asset is amortised as noted previously. Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred. Environmental liabilities, other than rehabilitation costs, which relate to liabilities arising from specific events, are expensed when they are known, probable and may be reasonably estimated.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Current tax

Current tax is the tax expected to be payable on the taxable income for the year calculated using rates (and laws) that have been enacted or substantively enacted by the statement of financial position date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the temporary differences reverses.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Accounting for Gounkoto non-controlling interest priority dividends

Following the conclusion of a new mining convention with the State of Mali in respect of the Gounkoto mine, a liability payable to the non-controlling interest is being accrued within trade and other payables as profit arises, based upon 10% of profits of Société des Mines de Gounkoto SA in accordance with the mining convention and mining code. An equivalent amount receivable is being recognised within trade and other receivables, as the priority dividend is deducted from future dividend payments.

Contingent liabilities

The group discloses contingent liabilities when possible obligations exist as a result of past events, unless the possible outflows of economic benefits as a result of the past event are considered remote. By their nature, contingencies will often only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. In certain circumstances, to provide transparency, the group voluntarily elects to disclose information regarding claims for which any outflow of economic benefit is considered remote.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Employee benefits

Pension obligations

The group has defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the group pays contributions to publicly or privately administered provident funds on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Share-based payments

The fair value of the employee services received in exchange for the grant of options, restricted shares or participation in the group's Co-Investment Plan is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or restricted shares or awards granted under the Co-Investment Plan, as determined at the grant date:

- including any market performance conditions (for example, the correlation used between the HSBC Global Gold Index and the company TSR); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, reserve growth targets and remaining an employee of the entity over a specified time period).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each statement of financial position date and the difference is charged or credited to the statement of comprehensive income, with a corresponding adjustment to equity. Market performance conditions are included in the fair value assumptions on the grant date with no subsequent adjustment. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. Transfers are made between other reserves and share premium when options are exercised and shares vest.

Leases

Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset. Leases of plant and equipment where the group assumes a significant portion of risks and rewards of ownership are classified as a finance lease. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The interest portion of the finance payment is charged to the statement of comprehensive income over the lease period. The plant and equipment acquired under the finance lease are depreciated over the useful lives of the assets, or over the lease term if shorter.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Revenue recognition

The company enters into contracts for the sale of gold. Revenue arising from gold sales under these contracts is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are met when the gold leaves the mines' smelt houses. As sales from gold contracts are subject to customer survey adjustment, sales are initially recorded on a provisional basis using the group's best estimate of the contained metal. Subsequent adjustments are recorded in revenue to take into account final assay and weight certificates from the refinery, if different from the initial certificates. The differences between the estimated and actual contained gold have historically not been significant. Losses on matured hedges are included within revenue as these pertain to losses incurred as gold hedges are settled and the actual price received (see accounting policy on derivatives).

Exploration and evaluation costs

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely than not of being realised, ie 'probable'. While the criteria for concluding that an expenditure should be capitalised is always probable, the information that the directors use to make that determination depends on the level of exploration.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost. A 'prefeasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The prefeasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allow the directors to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed until such time as the directors have sufficient information to determine that future economic benefits are probable, after which the expenditure is capitalised as a mine development cost. The information required by directors is typically a feasibility study however a prefeasibility study may be deemed to be sufficient where the additional work required to prepare a feasibility study is not significant. Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a prefeasibility study. This economic evaluation is distinguished from a prefeasibility study in that some of the information that would normally be determined in a prefeasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures. Costs relating to property acquisitions are capitalised within development costs.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the board of directors and declared to shareholders.

Earnings per share

Earnings per share are computed by dividing net income by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share

Diluted earnings per share are presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

3. Key accounting estimates and judgements

Some of the accounting policies require the application of significant judgements and estimates by management in selecting the appropriate assumptions for calculating financial estimates or determining the appropriate accounting treatment for a transaction.

By their nature, these judgements and estimates are subject to an inherent degree of uncertainty and are based on historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

TVA

Included in trade and other receivables are taxation debtor receivables of US$119.7 million, consisting primarily of recoverable VAT balances owing by the fiscal authorities in Mali and the DRC. In Mali the Tax on Value Added (TVA) owing is being offset against other tax owing to the State, as allowed for in the relevant mining conventions. Profit forecasts for the mine, using approved budgets and mine plans, supports recovery of the balance through such offsetting by 2015. We are following the relevant process in the DRC to recoup the VAT balances owing in that country. We are also continuing to engage with authorities in both countries to accelerate the repayment of the outstanding VAT balances.

Corporation tax claims

The group had received claims for various taxes from the State of Mali totalling US$86.2 million, in respect of the Loulo, Gounkoto and Morila mines. Having taken professional advice, the group considers the claims to be wholly without merit or foundation and is strongly defending its position, including following the appropriate legal process for disputes within Mali. The companies have legally binding mining conventions which guarantee fiscal stability, govern the taxes applicable to the companies and allow for international arbitration in the event a dispute cannot be resolved in the country. Management continues to engage with the Malian authorities at the highest level to resolve this issue.

Future rehabilitation obligations

The net present value of current rehabilitation estimates have been discounted to their present value at 2.5% per annum (2011: 2.5%) being the prevailing risk free interest rates. Expenditure is expected to be incurred at the end of the respective mine lives. The Morila rehabilitation estimate at 31 December 2012 includes the impact of the approved tailings storage facility retreatment programme, which extends the asset's life and changes its cost profile. For further information, including the carrying amounts of the liabilities, refer to note 15. A 1% decrease in the discount rate on the group's rehabilitation estimates would result in an increase of US$6.6 million (2011: US$4.2 million) on the provision for environmental rehabilitation and associated asset, and a decrease of US$0.4 million (2011: US$0.4 million) on the statement of comprehensive income.

Gold price assumptions

The following gold prices were used in the mineral reserves optimisation calculations:

US$/oz	2012	2011
Morila	**1 000**	1 000
Loulo: open pit	**1 000**	1 000
Loulo: underground	**1 000**	1 000
Tongon	**1 000**	1 000
Kibali	**1 000**	1 000
Massawa	**1 000**	1 000
Gounkoto	**1 000**	1 000

Changes in the gold price used could result in changes in the mineral reserve optimisation calculations. Mine modelling is a complex process and hence it is not feasible to perform sensitivities on gold price assumptions.

Determination of ore reserves

The group estimates its ore reserves and mineral resources based on information compiled by competent persons as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of December 2004 (the JORC code). Reserves determined in this way are used in the calculation of depreciation, amortisation and impairment charges, as well as the assessment of the carrying value of mining assets. There are numerous uncertainties inherent in estimating ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. For further information refer to annual resources and reserves declaration on page 70 of this annual report.

Share-based payments

Refer to note 18 for the key assumptions used in determining the value of share-based payments.

Exploration and evaluation expenditure

The group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised or expensed. Management exercises this judgement based on the results of economic evaluations, prefeasibility or feasibility studies. Costs are capitalised where those studies conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Depreciation

There are several methods for calculating depreciation, ie the straight line method, the production method using ounces produced and the production method using tonnes milled. The directors believe that the tonnes milled method using proven and probable reserves is the best indication of plant and infrastructure usage.

Stockpiles, gold in process and product inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold in process and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Carrying values of property, plant and equipment and mineral properties

The group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the group estimates the recoverable amount of the asset. The recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. The estimates used for impairment reviews are based on detailed mine plans and operating plans. Future cash flows are based on estimates of:

- the quantities of the reserves and mineral resources for which there is a high degree of confidence in economic extraction;
- future production levels;
- future commodity prices;
- future cash cost of production, capital expenditure, close down, restoration and environmental clean-up; and
- future gold prices – a gold price of US$1 300 was used for the current year's impairment calculations (2011: US$ 1 300).

Post production open cast mine stripping

Following the adoption of IFRIC 20, the group capitalises costs, associated with stripping activity, to expose the ore body, within mining assets. The group subsequently depreciates the asset as that section of the ore body is mined. This requires judgement over the eligible costs and the relevant section of the ore block for depreciation.

Accounting for Gounkoto priority dividend

The group has recognised assets and liabilities associated with priority dividends to the State of Mali at Gounkoto, as per its accounting policy. The directors consider the asset to be recoverable based upon cash flows, profitability and expectation of future dividends from Gounkoto.

US$000	Note	Group 31 Dec 2012	Group 31 Dec 2011 (restated)+
4. Income taxes			
Current taxation		**52 203**	46 191
Deferred taxation	12	**5 307**	9 138+
		57 510	55 329+
The tax on the group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to the group's operations.			
Profit before tax		**568 292**	497 234+
Tax calculated at effective tax rate of 30%		**170 488**	174 032+
Reconciling items:			
■ Income taxed at 0%		**(67 632)**	(46 921)
■ Expenses deductible at 0%		**62 133**	38 929
Mali tax holiday permanent differences		**(73 658)**	(48 474)
Côte d'Ivoire tax holiday permanent differences		**(36 849)**	(68 447)
Net capital allowances not deductible		**636**	5 326
Deferred stripping costs adjustment		**5 469**	176
Other permanent differences		**(3 077)**	708
Taxation charge		**57 510**	55 329+

+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

The company is not subject to income tax in Jersey. Loulo benefited from a five-year tax holiday in Mali until the tax exoneration period expired on 7 November 2010. Tongon benefits from a five-year tax holiday in Côte d'Ivoire from the commencement of production in December 2010. The mining convention for Gounkoto was signed on 21 March 2012. The convention includes an initial two year corporate tax holiday starting from first production (June 2011) and a further tax holiday, up to a maximum of five years in total, in the event of further capital investment, such as an underground mine. In the DRC, the effective tax rate is 30%. The Kibali project is still in the construction phase, and, as such, is not yet attracting any corporation tax, and has capital allowances and non-capital tax losses as detailed below. The benefit of the tax holidays to the group was to increase its net profit by US$110.5 million (2011: US$116.9 million). Accordingly, had the group not benefited from the tax holidays in Mali and Côte d'Ivoire, earnings per share would have been reduced by US$1.20 and US$1.27 for the years ended 31 December 2012 and 2011 respectively. Under Malian tax law, income tax is based on the greater of 30% of taxable income or 0.75% of gross revenue (the tax rate having reduced from 35% previously to 30%, applied retrospectively). Under Ivorian tax law, income tax is based on the greater of 25% of taxable income or 0.5% of gross revenue. The Morila, Loulo, Gounkoto and Tongon operations have no assessable capital expenditure carry forwards for assessable tax losses, at 31 December 2012 and 2011 respectively, for deduction against future mining income. Moto Goldmines Limited and Kibali's estimated gross non-capital tax losses and capital allowances carried forward amounted to US$46.1 million (2011: US$15.8 million). No deferred tax asset is recognised given the uncertainty over utilisation of the losses.

5. Share capital and premium

The total authorised number of ordinary shares is 120 million (2011: 120 million) of US 5 cents (2011: US 5 cents). All issued shares are fully paid. The total number of issued shares at 31 December 2012 was 92 061 153 shares (2011: 91 717 070). This excludes restricted shares granted but not yet vested and 9 600 treasury shares (2011: 6 800 treasury shares).

Refer to the statement of changes in equity on pages 158 and 159 for more detail on the annual movement of the number of ordinary shares, share capital and share premium, including the movement arising from the issue of restricted shares and exercise of share options.

	Group		
	Income (numerator) US$000	Shares (denominator)	Per share amount US$
6. Earnings and dividends per share			
For the year ended 31 December 2012			
Basic earnings per share			
Shares outstanding at 1 January 2012		91 717 070	
Weighted number of shares issued		194 374	
Income available to shareholders	431 801	91 911 444	4.70
Effect of dilutive securities			
Share options		396 180	
Restricted shares		517 202	
Diluted earnings per share	431 801	92 824 826	4.65
For the year ended 31 December 2011			
Basic earnings per share			
Shares outstanding at 1 January 2011		91 082 170	
Weighted number of shares issued		255 542	
Income available to shareholders	383 860+	91 337 712	4.20+
Effect of dilutive securities			
Share options		570 775	
Restricted shares		368 030	
Diluted earnings per share	383 860+	92 276 517	4.16+

Refer to note 18 for details on share options and share awards issued to employees. US$36.7 million (US$0.40 per share) was paid as dividends in 2012 (2011: US$18.2 million/US$0.20 per share). On 28 January 2013, the board of directors proposed an annual dividend of US$0.50 per share which, if approved, will result in an aggregate dividend payment of US$46.0 million and is expected to be paid in May 2013. The proposed 2012 dividend is subject to shareholder approval at the annual general meeting to be held on 29 April 2013. There were no Moto options outstanding at 31 December 2012 (2011: 62 670) which were antidilutive. 463 441 restricted share awards were also antidilutive at 31 December 2012 (2011: 596 438). The total number of potentially issuable shares at 31 December 2012 was 1 271 842 (2011: 1 597 913).

\+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

		Group		Company	
US$000	Note	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
7. Trade and other receivables					
Trade		**48 121**	32 493	**-**	-
Advances to contractors		**14 394**	15 518	**-**	-
Taxation debtor	7.1	**120 825**	36 193	**-**	-
Prepayments and other receivables		**85 841**	50 356	**3 779**	5 868
Gounkoto priority dividend	7.2	**25 210**	-	**-**	-
		294 391	134 560	**3 779**	5 868
Impairment provision (taxation debtor)		**(1 136)**	(1 136)	**-**	-
Total		**293 255**	133 424	**3 779**	5 868
Less: current portion		**(285 286)**	(130 988)	**(3 779)**	(5 868)
Long term portion		**7 969**	2 436	**-**	-

7.1 The taxation debtor primarily relates to indirect taxes owing to the group by the State of Mali, including TVA balances at Loulo of US$71.9 million (2011: US$18.8 million), at Morila of US$1.8 million (2011: US$3.9 million), as well as at Gounkoto of US$10.3 million (2011: US$6.7 million). The taxation debtor further includes TVA balances at Tongon of US$5.3 million (2011: US$3.4 million), refundable duties of US$4.3 million at Loulo (2011: US$3.1 million), as well as TVA balances at Kibali of US$23.5 million (2011: nil).

7.2 Refer to note 2 and 3 for details of the Gounkoto dividend.

US$000	Group 31 Dec 2012	Group 31 Dec 2011	Company 31 Dec 2012	Company 31 Dec 2011
7. Trade and other receivables *(continued)*				
The fair values of trade and other receivables are as follows:				
Trade	**48 121**	32 493	**-**	-
Advances to contractors	**14 394**	15 518	**-**	-
Taxation debtor receivable	**119 689**	35 057	**-**	-
Prepayments and other receivables	**85 841**	50 356	**3 779**	5 868
Gounkoto priority dividend	**25 210**	-	**-**	-
	293 255	133 424	**3 779**	5 868
Movements on the provision for impairment and present valuing of other receivables are as follows:				
At 1 January	**1 136**	2 277	**-**	-
Advances to contractors written off as uncollectible	**-**	(1 141)	**-**	-
At 31 December	**1 136**	1 136	**-**	-

The release of provision for impaired advances to contractors in 2011 was included in mining and processing costs in the statement of comprehensive income. The other classes within trade and other receivables, apart from the taxation debtor receivable do not contain impaired assets.

The credit quality of receivables that are not past due or impaired remains high. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security. Refer to note 20 for further information on the concentration of credit risk.

Non-current receivables consist of a loan made to Sokimo of US$5.3 million (2011: US$2.4 million) which is due after 12 months and loans to a contractor at Kibali of US$2.7 million (2011: nil) related to asset purchases.

The terms of payment of trade receivables is less than seven days, advances to contractors 30 days and taxation debtors is six months.

US$000	Group 31 Dec 2012	Group 31 Dec 2011
8. Inventories and ore stockpiles		
Consumable stores	**151 426**	109 023
Stockpiles	**121 981**	95 904
Gold on hand and in process	**18 892**	14 023
Total inventories and ore stockpiles	**292 299**	218 950

All inventory and ore stockpiles are stated at the lower of cost or net realisable value.

US$000	Group 31 Dec 2012	Group 31 Dec 2011 (restated)+	Company 31 Dec 2012	Company 31 Dec 2011
9. Property, plant and equipment				
Property, plant and equipment				
Mine properties, mine development costs and mine plant facilities and equipment cost				
At the beginning of year	**1 528 839**	1 057 447	**14 146**	28 108
Additions	**582 598**	471 392+	**2 905**	1 946
Transfers	**-**	-	**-**	(15 908)
	2 111 437	1 528 839+	**17 051**	14 146
Accumulated depreciation and amortisation				
At beginning of year	**237 548**	155 488	**-**	-
Charge for the year	**131 741**	82 060	**67**	-
	369 289	237 548	**67**	-
Net book value	**1 742 148**	1 291 291+	**16 984**	14 146

+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

Long-lived assets
Included in property, plant and equipment are long-lived assets which are amortised over the life of the mine and comprise the metallurgical plant, tailings and raw water dams, power plant and mine infrastructure. The net book value of these assets was US$1 285.1 million at 31 December 2012 (2011: US$1 143.0 million).

Short-lived assets
Included in property, plant and equipment are short-lived assets which are amortised over their useful lives and are comprised of motor vehicles and other equipment. The net book value of these assets was US$7.2 million at 31 December 2012 (2011: US$6.2 million).

Undeveloped property
Included in property, plant and equipment are undeveloped property costs of US$2.3 million (2011: US$4.5 million).

Mine development costs
US$290.0 million (2011: US$78.7 million) was capitalised during the year on the Kibali project, which is still in the construction phase. The net book value at 31 December 2012 was US$401.4 million (2011: US$111.5 million). The figures in the company column mainly relate to the costs which have been capitalised on the Massawa project. The total amount capitalised on the Massawa project at 31 December 2012 was US$15.8 million (2011: US$14.0 million). Refer to note 22 for details of commitments and contingent liabilities.

Finance lease
Mine development includes US$28.4 million (2011: nil) in respect of assets held under finance lease (refer to note 17). The assets are held as security for the finance lease. These assets are mining vehicles which are being used by KMS (opencast mining contractor) in excavation and hauling of waste rock and ore.

Post production stripping
Property, plant and equipment includes capitalised stripping cost, related to the production phase of opencast mining. Refer to pages 161 and 162 of this annual report for further details. The net book value at 31 December 2012 was US$30.3 million (2011: US$12.1 million).

	31 Dec 2012	31 Dec 2011
The remaining estimated useful life for each mine is as follows:		
Loulo	**15 years**	16 years
Gounkoto	**14 years**	10 years
Tongon	**9 years**	10 years
Morila	**9 years**	10 years
Kibali	**19 years**	20 years

US$000	31 Dec 2012	31 Dec 2011
10. Mineral properties		
Cost		
At the beginning of year	**406 000**	406 000
	406 000	406 000
Amortisation		
At beginning of year	**-**	-
Charge for the year	**-**	-
	-	-
Net book value	**406 000**	406 000

Mineral properties relate to the acquisition of a joint venture interest in Moto, principally being a 35% interest in the Kibali project, as well as a further 10% interest in the Kibali project. Depreciation will commence with production.

US$000	Company 31 Dec 2012	Company 31 Dec 2011
11. Investments and loans in subsidiaries and joint ventures		
Investments in subsidiaries and joint ventures		
Investment in Société des Mines de Tongon SA	12 000	12 000
Investment in Randgold Resources Mali SARL	2	2
Investment in Kibali (Jersey) Ltd	811 212	512 929
Total investments in subsidiaries and joint ventures	823 214	524 931
Loans to subsidiaries and joint ventures		
Loan – Randgold Resources Mali SARL	14 713	12 563
Loan – Randgold Resources (Somilo) Ltd	457 067	313 628
Loan – Randgold Resources (UK) Ltd	2 159	972
Loan – Société des Mines de Tongon SA	8 165	16 539
Loan – Kibali Goldmines SPRL	1 994	4 200
Loan – Kibali 2 (Jersey) Ltd	96	1 399
Loan – RAL 1 Ltd	43 947	47 419
Loan – Randgold Resources (Jersey) Ltd	830	422
Loan – Société des Mines de Gounkoto SA	1 359	50 964
Loan – Randgold Resources (Gounkoto) Ltd	2 313	11
Loan – Mining Investments (Jersey) Ltd	147 531	226 610
Loan – Société des Mines de Loulo SA	11 552	-
Loan – Kibali (Jersey) Ltd	4 593	-
Total loans to subsidiaries and joint ventures	696 319	674 727
Loans from subsidiaries and joint ventures		
Loan – Société des Mines de Loulo SA	-	(5 684)
Loan – Seven Bridges Trading 14 (Pty) Ltd	(1 473)	(1 139)
Total loans from subsidiaries and joint ventures	(1 473)	(6 823)
Total investments and loans in subsidiaries and joint ventures	1 518 060	1 192 835

US$000	Group 31 Dec 2012	Group 31 Dec 2011
The group's 40% interest in the Morila joint venture was as follows:		
Non-current assets	4 881	9 385
Current assets	32 004	58 979
Total assets	36 885	68 364
Non-current liabilities	(7 026)	(7 828)
Current liabilities	(23 648)	(24 417)
Total liabilities	(30 674)	(32 245)
The group's 50% interest in the Kibali joint venture was as follows (including the 10% minority shareholding):		
Non-current assets	815 804	454 835
Current assets	47 433	4 598
Total assets	863 237	459 433
Non-current liabilities	(15 680)	-
Current liabilities	(30 899)	(3 281)
Total liabilities	(46 579)	(3 281)
Non-controlling interest	(7 435)	(7 598)

Refer to note 19 for disclosure of the income and expenses of the Morila joint venture and the Kibali joint venture respectively. Refer to page 194 of this annual report for details of the group companies, as well as information on the country of incorporation, proportion of ownership interest and voting power held for each of the subsidiaries and joint ventures.

US$000	Group 31 Dec 2012	31 Dec 2011
11. Investments and loans in subsidiaries and joint ventures *(continued)*		
The group's interest in the RAL 1 joint venture was as follows:		
Non-current assets	**41 743**	46 968
Current assets	**2 927**	1 351
Total assets	**44 670**	48 319
Non-current liabilities	**(43 338)**	(46 582)
Current liabilities	**(882)**	(1 383)
Total liabilities	**(44 220)**	(47 965)
The 50.1% interest in RAL 1 has been treated as a joint venture, as the company is jointly controlled with DTP Terrassement. Income and expenses are not disclosed in respect of RAL 1 as neither the net profit nor individual line items are material. RAL 1 is not a material segment of the group and is therefore included in 'corporate and exploration' in note 19.		
The group's interest in the KAS 1 joint venture was as follows:		
Non-current assets	**11 696**	-
Current assets	**1 300**	-
Total assets	**12 996**	-
Non-current liabilities	**(12 969)**	-
Current liabilities	**-**	-
Total liabilities	**(12 969)**	-

The 25.05% interest in KAS 1 Ltd has been treated as a joint venture, as the company is jointly controlled with DTP Terrassement and AGA. Income and expenses are not disclosed in respect of KAS 1 Ltd as neither the net profit nor individual line items are material. KAS 1 Ltd is not a material segment of the group and is therefore included in 'corporate and exploration' in note 19. The joint venture owns mining vehicles which are being used by KMS (opencast mining contractor) at Kibali.

US$000	Note	Group 31 Dec 2012	31 Dec 2011 (restated)+
12. Deferred taxation			
Deferred tax is calculated on temporary differences under the liability method using a tax rate of 30% in respect of the Malian operations and 25% in respect of the Ivorian operations.			
The movement on deferred taxation is as follows:			
At the beginning of the year		**21 370**	12 232
Statement of comprehensive income charge+	4	**5 307**	9 138+
At the end of the year+		**26 677**	21 370+
Deferred taxation assets and liabilities comprise the following:			
Decelerated tax depreciation		**20 256**	16 948
Deferred stripping		**9 099**	4 422+
Deferred taxation liability		**29 355**	21 370+
Accelerated tax depreciation		**(2 678)**	-
Deferred taxation asset		**(2 678)**	-
Net deferred tax liability		**26 677**	21 370+

\+ *The group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

Temporary differences which are expected to be realised during the Tongon and Gounkoto tax holidays are recognised at 0%. There is no deferred tax on other comprehensive income items.

US$000	Group 31 Dec 2012	Group 31 Dec 2011	Company 31 Dec 2012	Company 31 Dec 2011
13. Available for sale financial assets				
Beginning of year	**7 498**	15 862	**6 843**	14 370
Additions	**-**	920	**-**	920
Disposals	**(920)**	-	**(920)**	-
Fair value movement recognised in other comprehensive income	**(3 101)**	(9 206)	**(2 919)**	(8 369)
Exchange differences	**(1)**	(78)	**(1)**	(78)
At 31 December	**3 476**	7 498	**3 003**	6 843

Additions in the year ended 31 December 2011 consisted of funds that were transferred into a captive insurance cell and invested in available for sale assets in order to retain a proportion of the company's property insurance programmes. Disposals in the year ended 31 December 2012 reflected a change in the activities of the insurance cell, with the available for sale assets sold and the cell holding cash. The fair value of the investments in Volta Resources Inc and Kilo Goldmines Inc was US$3.0 million (2011: US$5.9 million) and US$0.5 million (2011: US$0.7 million) respectively. Management has no ongoing involvement or significant influence with Volta Resources and therefore in the absence of significant influence it is deemed to be appropriate to categorise the investments as available-for-sale financial assets. Management also has no ongoing involvement with Kilo Goldmines nor significant influence over that company, despite the joint venture that was concluded at the end of 2012 regarding certain specific exploration projects.

US$000	Note	Group 31 Dec 2012	Group 31 Dec 2011	Company 31 Dec 2012	Company 31 Dec 2011
14. Trade and other payables					
Trade payables		**57 253**	38 719	**-**	-
Payroll and other compensation		**11 738**	8 810	**9 039**	6 365
Accruals and other payables	14.1	**121 560**	111 374	**4 285**	3 346
Gounkoto preferential dividend	14.2	**25 210**	-	**-**	-
		215 761	158 903	**13 324**	9 711

14.1 Accruals and other payables include a DTP Terassement shareholder loan of US$21.6 million (2011: US$23.2 million) for the RAL 1 JV.

14.2 Refer to notes 2 and 3 for the Gounkoto dividends.

US$000	Group 31 Dec 2012	Group 31 Dec 2011
15. Provision for environmental rehabilitation		
Opening balance	**39 809**	29 564
Unwinding of discount	**996**	1 035
New provision raised at Gounkoto	**-**	4 268
New provision raised at Kibali	**2 384**	-
Change in estimates	**16 852**	4 942
At 31 December	**60 041**	39 809

At 31 December 2012, US$29.6 million of the provision relates to Loulo (31 December 2011: US$16.2 million), US$16.0 million (2011: US$14.1 million) of the provision relates to Tongon, while US$6.9 million relates to Gounkoto (2011: US$4.3 million), as production started in June 2011. US$5.1 million relates to Morila (31 December 2011: US$5.2 million) (attributable). The remaining US$2.4 million of the provision relates to the newly created provisions at Kibali (our share). The provisions for rehabilitation costs include estimates for the effect of inflation and changes in estimates and have been discounted to their present value at 2.5% (2011: 2.5%) per annum, being an estimate equivalent to the risk free rate determined with reference to US government bonds with maturity dates comparable to the estimated rehabilitation of the mines. Limited environmental rehabilitation regulations currently exist in Mali, Côte d'Ivoire and the DRC to govern the mines, so the directors have based the provisions for environmental rehabilitation on standards set by the World Bank, which require an environmental management plan, an annual environmental report, a closure plan, an up-to-date register of plans of the facility, preservation of public safety on closure, carrying out rehabilitation works and ensuring sufficient funds exist for the closure works. However, it is reasonably possible that the group's estimate of its ultimate rehabilitation liabilities could change as a result of changes in regulations or cost estimates. The group is committed to rehabilitation of its properties. It makes use of independent environmental consultants for advice and it also uses past experience in similar situations to ensure that the provisions for rehabilitation are adequate.

Current Life of Mine (LOM) plans envisage the expected outflow to occur at the end of the LOM which is 2027 for Loulo, 2021 for Tongon, 2026 for Gounkoto, 2021 for Morila and 2031 for Kibali. The Morila rehabilitation estimate at 31 December 2012 includes the impact of the approved tailings storage facility retreatment programme, where the retreated tailings will be disposed in the pit, reducing closure cost and the risk of closing the surface tailings storage facility.

US$000	Group 31 Dec 2012	Group 31 Dec 2011

16. Loans from minority shareholders in subsidiaries

	31 Dec 2012	31 Dec 2011
Somilo		
State of Mali – principal amount	**614**	509
Deferred interest payable	**2 635**	2 105
Loans	**3 249**	2 614

The State of Mali loan to Somilo is uncollateralised and originally bore interest at the base rate of the Central Bank of West African States plus 2%. The accrual of interest ceased in the last quarter of 2005 per mutual agreement between shareholders. The loan is repayable from cash flows of the Loulo mine after repayment of all other loans. In the event of a liquidation of Somilo the shareholder loans and deferred interest are not guaranteed.

US$000	Group 2012	Group 2011

17. Borrowings

	2012	2011
Non-current		
Finance lease liabilities	**13 296**	-
Current		
Finance lease liabilities	**1 478**	-
Total borrowings	**14 774**	-
Borrowings consist of a finance lease obligation for the group's proportionate interest in respect of an instalment sale agreement under which Kibali utilises mining equipment under a finance lease provided by KAS 1 Ltd. The group has a 50% interest in Kibali and a 25.1% interest in KAS 1 Ltd, both of which are proportionately consolidated. The lease term is 10 years.		
Gross finance lease liabilities – minimum lease payments		
No later than 1 year	**2 122**	-
Later than 1 year and no later than 5 years	**7 119**	-
Later than 5 years	**11 966**	-
Future finance charges on finance lease	**(6 433)**	-
Present value of finance lease liabilities	**14 774**	-
The present value of finance lease liabilities is as follows:		
No later than 1 year	**1 478**	-
Later than 1 year and no later than 5 years	**4 960**	
Later than 5 years	**8 336**	-
	14 774	-

The finance lease liability is recognised in respect of the equipment which has been transferred to Kibali under an instalment sale agreement. The finance lease liability is interest bearing at 8% and is to be reduced by rental payments monthly as agreed in the instalment sale agreement.

18. Employment cost

The group contributes to several defined contribution provident funds. The provident funds are funded on the 'money accumulative basis' with the members and company having been fixed in the constitutions of the funds. All the group's employees, other than those directly employed by West African subsidiary companies, are entitled to be covered by the above-mentioned retirement benefit plans. Retirement benefits for employees employed by West African subsidiary companies are provided by the state social security system to which the company and employees contribute a fixed percentage of payroll costs each month.

US$000	Group 31 Dec 2012	Group 31 Dec 2011
Total employee benefit cost was as follows:		
Short term benefits	**47 026**	39 023
Pension contributions	**5 114**	3 720
Share-based payments*	**21 150**	23 581
Total	**73 290**	66 324

* *Of this amount, US$1.1 million was capitalised to development projects during the year (2011: US$1.6 million).*

18. Employment cost *(continued)*

Share-based payments

Share options, restricted shares and participation into Co-Investment Plan share awards are granted to directors and employees in exchange for services rendered. These are discussed below.

Share-based payments – share options

The fair value of employee services received as consideration for share options (equity settled) of the company was calculated using the Black-Scholes option pricing model. Options vested after two, three and four years and lapsed after a maximum term of ten years.

No new options were granted during the year, therefore no inputs to the option model, etc is provided for the current year. Refer to the remuneration report on pages 131 to 149 of this annual report for the following details in respect of the options:

- the weighted average share price at the date of exercise for share options exercised during the year; and
- a reconciliation of option movements in the year.

The table below summarises the information about the options outstanding, including options that are not yet exercisable:

Range of exercise price (US$)	Group Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (US$)
At 31 December 2012			
2.50 – 3.25	**600**	**0.10**	**3.25**
8.05 – 8.05	**75 000**	**1.59**	**8.05**
22.19 – 22.19	**92 327**	**4.64**	**22.19**
26.26 – 46.34	**53 000**	**5.75**	**31.40**
56.99 – 56.99	**59 000**	**6.67**	**56.99**
	279 927	**4.45**	**27.44**
At 31 December 2011			
1.25 – 2.13	4 412	-	2.11
2.50 – 3.25	14 702	0.53	3.25
8.05 – 8.05	75 000	2.60	8.05
22.19 – 22.19	185 100	5.64	22.19
26.26 – 46.34	175 000	6.50	40.93
56.99 – 56.99	101 000	7.68	56.99
	555 214	5.52	31.53

The table below summarises information about options that are exercisable as at 31 December 2012 and 2011:

Range of exercise price (US$)	Number of options	Weighted average exercise price (US$)
At 31 December 2012		
2.50 – 3.25	**600**	**3.25**
8.05 – 16.15	**75 000**	**8.05**
22.19 – 22.19	**92 327**	**22.19**
26.26 – 46.34	**53 000**	**31.40**
56.99 – 56.99	**12 000**	**56.99**
	232 927	**21.48**
At 31 December 2011		
1.25 – 2.13	4 412	2.11
2.50 – 3.25	14 702	3.25
8.05 – 16.15	75 000	8.05
22.50 – 22.50	185 100	22.19
22.19 – 22.19	28 000	36.71
26.26 – 46.34	7 000	56.99
	314 214	19.18

18. Employment cost *(continued)*

Moto options

Equity settled options over 774 163 ordinary shares were issued in relation to Moto options during the year ending 31 December 2009, as part of the acquisition of the joint venture interest in Moto. The weighted average exercise price of these options at 15 October 2009 (the date of completion of the Moto acquisition) was US$56.39 per option. The fair value of these share options was calculated as US$20.2 million. The Black Scholes valuation model was used to determine the fair value of these options. All of these options have vested. No options were granted during the year, therefore no inputs to an option model are provided for the current year. All the remaining options were exercised or lapsed during 2012. The table below summarises the information about the options related to the Moto acquisition that were outstanding and exercisable at 31 December 2011:

Range of exercise price (US$)	Number of options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (US$)
At 31 December 2011			
105.16 – 105.16	62 670	0.36	105.16
	62 670	0.36	105.16

The table below summarises details about the options that exercised and lapsed during the year:

	Average US$ exercise price		Options	
	2012	2011	**2012**	2011
Moto share options				
At 1 January	**105.16**	104.19	**62 670**	79 082
Exercised	**105.16**	105.16	**(48 548)**	(15 000)
Lapsed	**105.16**	51.27	**(14 122)**	(1 412)
At 31 December	**-**	105.16	**-**	62 670

Share-based payments – restricted shares and participation in Co-Investment Plan

The company operates restricted share schemes for directors and management, as well as participation in a Co-Investment Plan for directors in the year.

Restricted shares issued to executive directors in 2009 and 2010

The restricted shares issued to executive directors in 2009 and 2010 were subject to directors remaining employed, as well as being subject to a market performance condition, being the company's relative TSR performance over three years against the HSBC Global Gold Index. This has been assessed and had a minimal impact on the fair value estimate at the grant date. The fair value of the restricted shares is based on the share price on the grant date and the share-based payment charge is charged to profit evenly between the grant and vesting dates. The restriction on the shares (no dividends received during the vesting period) had a minimal impact on the fair value estimate at the grant date. The restricted shares have an exercise price of nil. Details of the awards that vested and lapsed in the year are shown on pages 145 and 149 of the directors' remuneration report in this annual report, together with details of the award dates and market prices at award and vesting periods.

Restricted shares issued to management

Restricted shares issued to management are subject to a satisfactory performance level being achieved during the 12 month period prior to the exercise date of each tranche of shares. The minimum performance level to be achieved is defined as level 3 on the company's performance management system. All employees to whom restricted shares have been granted are expected to meet this level of performance. The performance period is typically up to five years where the employee must remain in employment for the shares to vest. There are no market based vesting conditions on the restricted share awards.

The fair value of the restricted shares issued in 2011 and 2012 are detailed below and the share-based payment charge is charged to profit evenly between the grant and vesting dates. An amount of US$1.1 million (2011: US$1.6 million) was capitalised to development projects during the year, as it related to share-based payment shares for employees involved in these projects. The restriction on the shares (no dividends received during the vesting period) has a minimal impact on the fair value estimate at the grant date. The restricted shares have an exercise price of nil.

18. Employment cost *(continued)*

The fair value of the restricted shares issued to management in 2012 was calculated using the Black-Scholes pricing model. The key assumptions used in this model for shares granted during the year ending 31 December 2012 were as follows:

	Note	Group	
		January 2012	August 2012
Quantity of shares awarded		120 000	106 200
Fair value of shares awarded		US$13.4 million	US$9.5 million
Performance period		3,4 & 5 years	3,4 & 5 years
Volatility	18.1	39.0%, 54.3% & 50.9%	37.4%, 48.8% & 49.3%
Risk-free interest rate		0.4%, 0.8% & 0.8%	0.3%, 0.7% & 0.7%
Dividend yield		0.4%	0.4%
Weighted average share price on grant and valuation date	18.2	US$113.42	US$90.63
Weighted average exercise price		-	-

18.1 Volatility is based on the three year historical volatility of the company's shares on each grant date.
18.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.
In 2011, there were two awards: 360 000 awards in January 2011 and 127 200 awards in August 2011. The market price at the award dates were US$76.49 and US$103.9 respectively and vested over three, four and five years in equal tranches. The volatility, risk free rate and dividend yield had no significant impact on fair value but were consistent with those above. The total fair value of the awards was US$40.8 million over the vesting periods.

Restricted share awards granted to executive directors in 2011 and 2012

The Restricted Share Scheme operates with conditional share awards, where the awards shall vest in three equal one-third instalments. If the performance conditions are met, awards vest to participants at the end of each performance period. The whole award is subject to four mutually exclusive performance conditions, ie absolute TSR (market based), EPS growth, additional reserves and absolute reserves. Grant date fair value was calculated using the market-based measure. No dividends are attributable during the vesting period. Refer to the remuneration report on pages 131 to 149 of this annual report for more detail.
The fair value of the restricted shares issued to executive directors in 2012 and 2011 was calculated using a Monte Carlo simulation model. The key assumptions used in this model for shares awarded during the years ending 31 December 2012 and 2011 were as follows:

	Note	Group	
		March 2012	June 2011
Quantity of shares awarded		**35 305**	46 577
Fair value of shares awarded		**US$2.7 million**	US$2.7 million
Performance period		**3,4 & 5 years, with a 1 year post-vesting retention requirement**	3,4 & 5 years, with a 1 year post-vesting retention period
Risk free interest rate		**0.56%, 0.82% & 1.08%**	0.59%, 0.98% & 1.37%
Volatility	18.1	**40%**	40%
HSBC Global Gold Index volatility		**30%**	30%
Correlation used between the HSBC Global Gold Index and the company TSR		**80%**	80%
Weighted average share price on grant and valuation date	18.2	**US$101.49**	US$76.53

18.1 Volatility is based on the three year historical volatility of the company's shares over the relevant vesting periods.
18.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

18. Employment cost *(continued)*

Shares issued to directors and management (excluding Co-Investment Plan)

Movements in the number of shares outstanding and their issue prices are as follows:

	Weighted market price at award date US$ 2012	Weighted market price at award date US$ 2011	Shares 2012	Shares 2011	Weighted average remaining contractual life (years) 2012	Weighted average remaining contractual life (years) 2011
Shares awarded to executive directors						
At 1 January	**59.93**	48.79	**122 577**	134 000		
Awarded	**101.41**	76.53	**35 305**	46 577		
Vested	**48.25**	-	**(44 667)**	-		
Lapsed	**-**	47.52	**-**	(58 000)		
At 31 December	**77.26**	59.93	**113 215**	122 577	**2.84**	2.34
Shares awarded to non-executive directors						
At 1 January	**81.79**	69.47	**17 600**	6 000		
Awarded*	**79.06**	81.60	**7 200**	18 000		
Vested	**79.42**	70.03	**(15 200)**	(6 400)		
Lapsed	**-**	-	**-**	-		
At 31 December	**81.60**	81.79	**9 600**	17 600	**0.75**	0.71
Shares awarded to employees						
At 1 January	**85.82**	88.00	**721 200**	300 000		
Awarded	**103.85**	83.64	**226 200**	487 200		
Vested	**-**	-	**-**	-		
Lapsed	**90.35**	79.70	**(78 300)**	(66 000)		
At 31 December	**90.61**	85.82	**869 100**	721 200	**3.07**	3.71

Participation in Co-Investment Plan by executive directors in 2011 and 2012

One third of any annual bonus earned is compulsorily deferred and an executive director may also choose to commit further shares to a Co-Investment Plan. The maximum commitment which may be made in the Co-Investment Plan is 200% of base salary by the CEO and 100% of base salary by the CFO for 2011 and 2012. Committed shares must be retained for three years and may be matched, depending on relative TSR performance over three years against the HSBC Global Gold Index. If after three years the TSR performance of the company equals or exceeds the performance of the HSBC Global Gold Index, then the committed shares may be matched on a stepped scale. Refer to the remuneration report on pages 131 to 149 for further details. The maximum level of matching is one-for-one. The vesting of the award is dependent on the company's TSR performance relative to the HSBC Global Gold Index.

* *10 800 shares were initially awarded in June 2011, but final resolution only took place in 2012.*

18. Employment cost *(continued)*

The fair value of awards made under the Co-Investment Plan in 2012 and 2011 was calculated using a Monte Carlo simulation model. The key assumptions used in this model for awards made under the Co-Investment Plan during the years ending 31 December 2012 and 2011 were as follows:

	Note	Group	
		March 2012	June 2011
Quantity of shares issued		**35 305**	46 577
Fair value of shares issued		**US$1.9 million**	US$1.4 million
Performance period		**3 years**	3 years
Risk free interest rate		**0.56%**	0.59%
Volatility	18.1	**40%**	40%
HSBC Global Gold Index volatility		**30%**	30%
Correlation used between the HSBC Global Gold Index and the company TSR		**80%**	80%
Weighted average share price on grant and valuation date	18.2	**US$101.49**	US$76.53

18.1 Volatility is based on the three year historical volatility of the company's shares over the relevant vesting periods.
18.2 Weighted average share price for the valuation is calculated taking into account the market price on all grant dates.

19. Segmental information

Operating segments have been identified on the basis of internal reports about components of the group that are regularly reviewed by the group's chief operating decision maker. The operating segments included in internal reports are determined on the basis of their significance to the group. In particular, operating mines are reported as separate segments and exploration projects that have significant capitalised expenditure or other fixed assets are also reported separately. Other parts of the group, including the RAL 1 and KAS 1 joint ventures, are included with corporate and exploration. The group's chief operating decision maker is considered by management to be the board of directors. An analysis of the group's business segments, excluding intergroup transactions, is set out below. Major customers are not identifiable because all gold is sold to an agent.

Country of operation	Mali			Côte d'Ivoire	DRC	Jersey		
US$000	Group's 40% share of Morila	Loulo	Gounkoto	Tongon	Group's 50% share of Kibali*	Corporate and exploration	Inter company eliminations	Total
Year ended 31 December 2012								
Profit and loss								
Total revenue	134 703	357 224	475 127	351 805	-	-	(1 029)	1 317 830
Mining and processing costs excluding depreciation	(53 127)	(145 886)	(174 506)	(150 321)	-	10 978	328	(512 534)
Depreciation and amortisation	(6 133)	(51 550)	(18 197)	(48 033)	(183)	(7 645)	-	(131 741)
Mining and processing costs	(59 260)	(197 436)	(192 703)	(198 354)	(183)	3 333	328	(644 275)
Transport and refining costs	(270)	(1 077)	-	(1 641)	-	-	-	(2 988)
Royalties	(8 092)	(20 673)	(28 507)	(10 530)	-	-	-	(67 802)
Exploration and corporate expenditure	-	(2 255)	(1 110)	(2 654)	(1 608)	(33 014)	-	(40 641)
Other (expenses)/income	(4 657)	(15 253)	(7 227)	(15 548)	343	47 660	-	5 318
Finance costs	(216)	(490)	(129)	(353)	(7)	(15 244)	15 239	(1 200)
Finance income	2	14	75	104	13	17 081	(15 239)	2 050
Profit before income tax	62 210	120 054	245 526	122 829	(1 442)	19 816	(701)	568 292
Income tax expense	(20 456)	(38 064)	1 970	(849)	-	(111)	-	(57 510)
Net profit	41 754	81 990	247 496	121 980	(1 442)	19 705	(701)	510 782
Capital expenditure	(1 153)	(219 506)	(17 847)	(33 391)	(286 610)	(3 773)	-	(562 280)
Total assets	42 685	1 029 761	242 185	613 794	863 237	335 482	-	3 127 144
Total external liabilities	(30 668)	(145 225)	(38 082)	(40 392)	(46 579)	(37 827)	-	(338 773)

* *Before minorities.*

Country of operation	Mali			Côte d'Ivoire	DRC	Jersey		
US$000	Group's 40% share of Morila	Loulo	Gounkoto	Tongon	Group's 50% share of Kibali[*]	Corporate and exploration	Inter company eliminations	Total
Year ended 31 December 2011								
Profit and loss								
Total revenue	156 771	321 199	228 370	425 060	-	-	(4 314)	1 127 086
Mining and processing costs excluding depreciation[+]	(68 090)	(180 048)[+]	(60 120)	(137 674)	-	8 193	(503)	(438 242)[+]
Depreciation and amortisation	(10 238)	(20 377)	(6 065)	(39 104)	(998)	(5 278)	-	(82 060)
Mining and processing costs[+]	(78 328)	(200 425)[+]	(66 185)	(176 778)	(998)	2 915	(503)	(520 302)[+]
Transport and refining costs	(209)	(1 499)	-	(933)	-	-	-	(2 641)
Royalties	(9 427)	(17 944)	(13 702)	(12 768)	-	-	-	(53 841)
Exploration and corporate expenditure	-	(4 156)	(1 242)	(3 222)	(164)	(35 141)	-	(43 925)
Other (expenses)/income	(3 410)	(18 207)	(8 536)	(33 963)	1 162	56 393	-	(6 561)
Finance costs	(510)	(562)	-	(340)	(2)	(33 174)	30 991	(3 597)
Finance income	2	36	-	128	9	31 831	(30 991)	1 015
Profit before income tax[+]	64 889	78 442[+]	138 705	197 184	7	22 824	(4 817)	497 234[+]
Income tax expense[+]	(21 046)	(29 323)[+]	(209)	(1 620)	-	(3 131)	-	(55 329)[+]
Net profit[+]	43 843	49 119[+]	138 496	195 564	7	19 693	(4 817)	441 905[+]
Capital expenditure[+]	(1 186)	(176 153)[+]	(89 828)	(99 879)	(77 510)	(16 027)	-	(460 583)[+]
Total assets[+]	68 364	776 692[+]	132 872	568 461	459 433	538 985	-	2 544 807[+]
Total external liabilities	(32 245)	(105 959)	(11 775)	(34 244)	(3 281)	(51 473)	-	(238 977)

* *Before minorities.*

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

20. Financial risk management

In the normal course of its operations, the group is exposed to gold price, currency, interest rate, liquidity and credit risks. In order to manage these risks, the group may enter into transactions which make use of on-balance sheet derivatives. The group does not acquire, hold or issue derivatives for trading purposes. The group has developed a risk management process to facilitate, control and monitor these risks. The board has approved and monitors this risk management process, inclusive of documented treasury policies, counterpart limits, controlling and reporting structures.

Controlling risk in the group

The treasury committee is responsible for treasury financial risk management activities within the group. The treasury committee reviews and recommends to the board all treasury counterparts, limits, instruments and any hedge strategies. At least two members of the treasury committee need to be present for a decision to be made, one of whom needs to be an executive director. Unless specific dispensation is obtained from the audit committee, the treasury committee is permitted to invest up to US$100 million/20% of the total funds (whichever is the lower) with each approved institution with an investment rating of AA- or higher noting that funds have to be spread between at least five institutions. At year end the group held 46% of the total funds (excluding local bank accounts) with AA- rated institutions on deposit for periods of three months or less. The treasury committee is also permitted to invest up to US$25 million/5% of the total funds (whichever is the lower) with each approved institution with a minimum investment rating of A or higher. At year end, the group held 32% of these funds with A rated institutions for periods of three months or less. The group has eight institutions rated AA- or higher with investments held across six. The A rated approved institutions amount to 11 with investments held across eight. The remaining cash for the group at year end was held with the group's principal bankers. The treasury committee is responsible for managing investment, gold price, currency, liquidity and credit risk. The treasury committee monitors adherence to treasury risk management policy and counterpart limits and provides regular reports. The financial risk management objectives of the group are defined as follows:

- safeguarding the group core earnings stream from its major assets through the effective control and management of gold
- price risk, foreign exchange risk, interest rate risk and credit risk;
- effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- ensuring that investment and any hedging transactions are undertaken with creditworthy counterparts; and
- ensuring that all contracts and agreements related to risk management activities are coordinated consistently throughout the group and comply where necessary with all relevant regulatory and statutory requirements.

Refer to pages 123 to 129 of the audit committee report in this annual report for details on the group's risk factors.

20. Financial risk management *(continued)*

Foreign currency and commodity price risk

In the normal course of business, the group enters into transactions denominated in foreign currencies (primarily euro, South African rand and Communauté Financière Africaine franc). As a result, the group is subject to exposure from fluctuations in foreign currency exchange rates. In general, the group does not enter into derivatives to manage these currency risks and none existed in 2011 or 2012. Generally, the group does not hedge its exposure to gold price fluctuation risk and gold was sold at market spot prices in 2011 and 2012. Gold sales are made in US dollars and do not expose the group to any currency fluctuation risk. However, during periods of capital expenditure or loan finance, the company may use forward contracts or options to reduce the exposure to price movements, while maintaining significant exposure to spot prices. These derivatives may establish a fixed price for a portion of future production while the group maintains the ability to benefit from increases in the spot gold price for the majority of future gold production. The group is also exposed to fluctuations in the price of consumables, such as fuel, steel, rubber, cyanide and lime, mainly due to changes in the price of oil, as well as fluctuations in exchange rates.

	Group		Company	
US$000	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Level of exposure of foreign currency risk carrying value of foreign currency balances. Cash and cash equivalents includes balances denominated in:				
■ Communauté Financière Africaine franc (CFA)	**7 837**	3 424	**1 035**	524
■ Euro (EUR)	**34 273**	26 281	**33 091**	6 678
■ South African rand (ZAR)	**30 254**	11 640	**29 639**	11 253
■ Canadian dollar (CAD)	**31**	1 013	**31**	1 031
Trade and other receivables includes balances dominated in:				
■ Communauté Financière Africaine franc (CFA)	**30 730**	29 933	**427**	66
■ Euro (EUR)	**22**	25	**2**	2
■ South African rand (ZAR)	**6 812**	1 989	**503**	1 695
Trade and other payables includes balances dominated in:				
■ Communauté Financière Africaine franc (CFA)	**(56 477)**	(74 069)	**(132)**	(81)
■ Euro (EUR)	**(7 243)**	1 086	**-**	-
■ South African rand (ZAR)	**(48 440)**	(2 161)	**(357)**	(565)
■ British pound (GBP)	**(27)**	(1 549)	**(77)**	(1 249)

The group's exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency of the holder of the instrument which is the US dollar. The following table shows the impact of a 10% change in the US dollar on profit and equity arising as a result of the revaluation of the group's foreign currency financial instruments.

		Group	Company
	Closing exchange rate	Effect of 10% strengthening of US$ on net earnings and equity US$000	Effect of 10% strengthening of US$ on net earnings and equity US$000
At 31 December 2012			
■ Euro (EUR)	**0.7567**	**2 701**	**3 309**
■ Communauté Financière Africaine franc (CFA)	**496.35**	**1 791**	**74**
■ South African rand (ZAR)	**8.4875**	**1 137**	**2 979**
At 31 December 2011			
■ Euro (EUR)	0.7723	2 522	668
■ Communauté Financière Africaine franc (CFA)	517.38	10 743	67
■ South African rand (ZAR)	8.1421	1 579	1 351

The sensitivities are based on financial assets and liabilities held at 31 December where balances were not denominated in the functional currency of the group. The sensitivities do not take into account the group's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

20. Financial risk management *(continued)*

Interest rate and liquidity risk

Fluctuations in interest rates impact on the value of short term cash investments and interest payable on financing activities (including long term loans), giving rise to interest rate risk. In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements.

The group generally enters into variable interest bearing borrowings. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. The group has in the past been able to actively source financing through public offerings, shareholder loans and third party loans. The finance lease entered in the year bears a fixed rate of interest.

The group typically holds financial investments with an average maturity of 30 days to ensure adequate liquidity. In the ordinary course of business, the group receives cash from the proceeds of its gold sales and is required to fund working capital requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve market-related returns while minimising risks. The group is able to actively source financing at competitive rates. The counterparts are financial and banking institutions of good credit standing. Management believes that the working capital resources, by way of internal sources and banking facilities, are sufficient to fund the group's currently foreseeable future business requirements.

Maturity date	Group Amount US$000	Group Effective rate for the year %	Company Amount US$000	Company Effective rate for the year %
Cash and cash equivalents:				
All less than 90 days	387 288	0.41	233 487	0.41

The other financial instruments of the group that are not included in the table above are non-interest bearing and are therefore not subject to interest rate risk.

Concentration of credit risk

The group's cash balances do not give rise to a significant concentration of credit risk because it deals with a variety of major financial institutions. Its receivables and loans are regularly monitored and assessed. Receivables are impaired when it is probable that amounts outstanding are not recoverable as set out in the accounting policy note for receivables. Gold bullion, the group's principal product, is produced in Mali and Côte d'Ivoire. The gold produced is sold to the largest accredited gold refinery in the world. Credit risk is further managed by regularly reviewing the financial statements of the refinery. The group is further not exposed to significant credit risk on gold sales, as cash is received within a few days of the sale taking place. While not financial assets for IFRS 7, included in receivables is US$119.7 million (2011: US$35.1 million) (refer to note 7) relating to indirect taxes owing to Morila and Loulo by the State of Mali and the DRC, which are denominated in FCFA, which holds some credit risk for the group. The mining conventions in Mali permit offsetting of other corporate taxes against approved but unpaid TVA.

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, buyback shares, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (net cash) divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt (net cash).

US$000	Group **31 Dec 2012**	Group 31 Dec 2011 (restated)+
Capital risk management		
Total borrowings	**(230 535)**	(158 903)
Less: cash and cash equivalents	**387 288**	487 644
Net cash	**156 753**	328 741
Total equity	**2 785 122**	2 303 216+
Total capital	**2 628 369**	1 974 475+
Gearing ratio*	**0%**	0%

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

* *Owing to the absence of a net debt position, the gearing is calculated at 0%.*

20. Financial risk management *(continued)*

Maturity Analysis

The following table analyses the group's financial liabilities into the relevant maturity groupings based on the remaining period from the statement of financial position to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these balances will not necessarily correspond with the amounts disclosed in the statement of financial position.

	Group			Company	
US$000	Trade and other payables	Borrowings	Other financial liabilities	Trade and other payables	Loan from subsidiaries
At 31 December 2012					
Financial liabilities					
Within 1 year, on demand	**206 761**	**2 122**	**-**	**13 324**	**-**
Later than 1 year and no later than 5 years	**-**	**7 119**	**-**	**-**	**-**
After 5 years	**-**	**11 966**	**3 249**	**-**	**1 473**
Total	**206 761**	**21 207**	**3 249**	**13 324**	**1 473**
At 31 December 2011					
Financial liabilities					
Within 1 year, on demand	152 903	-	-	9 711	-
After 5 years	-	-	2 614	-	6 823
Total	152 903	-	2 614	9 711	6 823

21. Fair value of financial instruments

The following table shows the carrying amounts and fair values of the group's financial instruments outstanding at 31 December 2012 and 2011. The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

US$000	Categories of financial instruments	Group Carrying amount 31 Dec 2012	Group Fair value 31 Dec 2012	Group Carrying amount 31 Dec 2011	Group Fair value 31 Dec 2011	Company Carrying amount 31 Dec 2012	Company Fair value 31 Dec 2012	Company Carrying amount 31 Dec 2011	Company Fair value 31 Dec 2011
Financial assets									
Cash and cash equivalents	Loans and receivables	**387 288**	**387 288**	487 644	487 644	**233 487**	**233 487**	361 530	361 530
Available-for-sale financial assets categorised as level 1									
Available-for-sale financial assets	Available-for-sale	**3 476**	**3 476**	7 498	7 498	**3 003**	**3 003**	6 843	6 843
Trade and other receivables	Loans and receivables	**62 515**	**62 515**	48 011	48 011	**-**	**-**	-	-
Loans to subsidiaries and joint ventures	Loans and receivables	**-**	**-**	-	-	**696 319**	**696 319**	674 727	674 727
Financial liabilities									
Trade and other payables	Other financial liabilities-amortised cost	**206 761**	**206 761**	152 903	152 903	**13 324**	**13 324**	9 711	9 711
Current and non-current borrowings	Other financial liabilities - amortised cost	**14 774**	**14 774**	-	-	**-**	**-**	-	-
State of Mali loan	Other financial liabilities - amortised cost	**3 249**	**3 012**	2 614	2 231	**-**	**-**	-	-
Loans from subsidiaries and joint ventures	Other financial liabilities - amortised cost	**-**	**-**	-	-	**1 473**	**1 473**	6 823	6 823

The table above shows the level of the fair value valuation hierarchy applied to financial instruments carried at fair value. The total financial assets valued using level 1 is US$3.5 million (2011: US$7.5 million) – company: US$3.0 million (2011: US$6.8 million). There have been no transfers between the levels of fair value hierarchy during the current or prior year. Randgold does not hold any financial instruments that are fair valued using a level 2 or level 3 valuation.
No derivative financial instruments currently exist.

Estimation of fair values

Trade and other receivables, trade and other payables, cash and cash equivalents, loans to and from subsidiaries and joint ventures

The carrying amounts are a reasonable estimate of the fair values because of the short maturity of such instruments or their interest bearing nature.

Borrowings

The fair value for the loans from minority shareholders is based on estimated project cash flows which have been discounted at 3% (2011: 3%). The carrying amount of the finance leases is consistent with fair value.

Gold price contracts

The group is fully exposed to the spot gold price on gold sales.

US$000	Group 31 Dec 2012	Group 31 Dec 2011
22. Commitments and contingent liabilities		
Capital expenditure contracted for at statement of financial position date but not yet incurred is:		
Property, plant and equipment	**217 544**	109 728

The group's capital commitments relating to its share of the Kibali joint venture's capital commitment amount to US$119.4 million (2011: US$106.5 million).

Under the Kibali Joint Venture Agreement (JVA), the obligation of the parties (Randgold Resources (Kibali) Ltd and AngloGold Ashanti Holdings plc) in respect of the future funding (including but not limited to, operating costs, capital costs and other costs) of the company Kibali Goldmines SPRL and/or the Kibali project shall be pro-rata in proportion to their respective percentage interests in the company Kibali at the time any such future funding is required. In accordance with the Kibali JVA, Kibali will be funded via intercompany loans. The 100% balance of the group's shareholder loan to Kibali as at 31 December 2012 is US$832 million (2011: US$237 million). This balance includes accrued shareholders interest of US$40 million (2011: US$12 million).The drawdown of any funds are subject to the approval of the Annual Budget and Business plan by the JV partners. The total commitment of funding for 2013 is US$766 million, of which Randgold Resources Ltd will contribute 50%.

Operating lease commitments

The lease relates to the oxygen plant at Loulo leased from Maligaz. The duration of the contract is 10 years and the contract is renewable for additional periods of 5 years thereafter.

US$000	Group 31 Dec 2012	Group 31 Dec 2011
The future aggregate minimum lease payments* under operating leases are as follows:		
No later than 1 year	**1 686**	342
Later than 1 year and no later than 5 years	**6 744**	1 368
Later than 5 years	**5 058**	1 026
	13 488	2 736

* *These payments also include payments for non-lease elements in the arrangement.*

As discussed more fully in note 3, the group has received claims for various taxes from the State of Mali totalling US$86.2 million (2011: US$64.3 million), which the group considers to be without merit.

US$000	Group 31 Dec 2012	Group 31 Dec 2011	Company 31 Dec 2012	Company 31 Dec 2011
23. Related party transactions				
Management fee received from Rockwell Diamonds Inc.	**53**	93	**53**	93
Net income from Loulo	**-**	-	**27 707**	22 721
Net income from Tongon	**-**	-	**14 498**	31 841
Net income from Morila	**2 026**	2 360	**76 289**	80 161
Net income from Gounkoto	**-**	-	**112 017**	3 673
Net income from Kibali	**2 058**	2 000	**6 640**	6 744
Net income from RAL 1	**-**	-	**2 571**	2 046

Net income refers to interest, management fees and dividends.

23. Related party transactions *(continued)*

In terms of the operator agreement between Morila SA and AngloGold Ashanti Services Mali SA, a management fee, calculated as 1% of the total sales of Morila, is payable to Randgold (through Mining Investments (Jersey) Ltd). Randgold (through Randgold Resources (Somilo) Ltd) is the operator of Loulo, Tongon (through Mining Investments (Jersey) Ltd), as well as of Gounkoto (through Randgold Resources (Gounkoto) Ltd). Seven Bridges Trading 14 (Pty) Ltd provided administration services to Rockwell Diamonds Inc. (Rockwell). Dr DM Bristow is a non-executive director of Rockwell. The balances outstanding at year end related to Rockwell were negligible (2011: nil). Refer to note 11 for details of the company's investments in and loans to subsidiaries and joint ventures within the group together with its relevant share of income and expense. Refer to note 14 for amounts payable to DTP as a joint venture partners in RAL 1.

	Group	
US$000	**31 Dec 2012**	31 Dec 2011
Key management remuneration		
Short term employee benefits	**11 357**	11 649
Share-based payments	**12 833**	11 619
Total	**24 190**	23 268

This includes compensation for two executive directors (2010: two), seven non-executive directors (2011: seven) and twenty-one executive management personnel (2011: twenty-one). Refer to directors' and executives' profiles on pages 4, 5 and 192 of this annual report for detail of their roles and responsibilities.

24. Non-GAAP information

Randgold has identified certain measures that it believes will assist understanding of the performance of the business. As the measures are not defined under IFRS they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but management has included them as these are considered to be important comparables and key measures used within the business for assessing performance.

Previously, total cash cost and cash operating cost only included costs associated with activities at each operating mine. The group has changed the treatment of total cash cost and cash operating cost, by including all costs and activities across the group after elimination of intra group transactions. This does not impact the individual mines as the adjustment reflects consolidation level adjustments. All comparative periods have been restated accordingly.

These measures are explained further below:

Total cash costs and cash cost per ounce are non-GAAP measures. Total cash costs and total cash cost per ounce are calculated using guidance issued by the Gold Institute. The Gold Institute was a non-profit industry association comprising leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The guidance was first issued in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute's guidance, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping where relevant and royalties. Under the company's accounting policies, there are no transfers to and from deferred stripping.

Total cash cost per ounce+ is calculated by dividing total cash costs, as determined using the Gold Institute guidance, by gold ounces sold for the periods presented. Total cash costs and total cash cost per ounce are calculated on a consistent basis for the periods presented. As discussed above, the treatment of total cash costs and cash operating costs have been amended and all comparative periods have been adjusted accordingly. Total cash costs and total cash cost per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS measures or an indicator of our performance. The data does not have a meaning prescribed by IFRS and therefore amounts presented may not be comparable to data presented by gold producers who do not follow the guidance provided by the Gold Institute. In particular depreciation and amortisation would be included in a measure of total costs of producing gold under IFRS, but are not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs and total cash cost per ounce, the calculation of these numbers may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, Randgold believes that total cash cost per ounce are useful indicators to investors and management of a mining company's performance as it provides an indication of a company's profitability and efficiency, the trends in cash costs as the company's operations mature, and a benchmark of performance to allow for comparison against other companies.

Cash operating costs+ and cash operating cost per ounce+ are calculated by deducting royalties from total cash costs. Cash operating costs per ounce are calculated by dividing cash operating costs by gold ounces sold for the periods presented.

Gold sales is a non-GAAP measure. It represents the sales of gold at spot and the gains/losses on hedge contracts which have been delivered into at the designated maturity date. It excludes gains/losses on hedge contracts which have been rolled forward to match future sales. This adjustment is considered appropriate because no cash is received/paid in respect of these contracts.

Profit from mining activity+ is calculated by subtracting total cash costs from gold sales for all periods presented.

\+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

24. Non-GAAP information *(continued)*

The following table reconciles total cash costs and profit from mining activity as non-GAAP measures, to the information provided in the statement of comprehensive income, determined in accordance with IFRS, for each of the periods set out below:

	Group	
US$000	**31 Dec 2012**	31 Dec 2011 (restated)+
Gold sales on spot	**1 317 830**	1 127 086
Gold sales	**1 317 830**	1 127 086
Mine production costs	**460 322**	362 892+
Movement in production inventory and ore stockpiles	**(31 970)**	5 047
Transport and refining costs	**2 988**	2 641
Royalties	**67 802**	53 841
Other mining and processing costs	**84 182**	70 303
Total cash costs	**583 324**	494 724+
Profit from mining activity	**734 506**	632 362+
Depreciation and amortisation	**(131 741)**	(82 060)
Exploration and corporate expenditure	**(40 641)**	(43 925)
Finance income	**2 050**	1 015
Other income	**10 755**	4 360
Other expenses	**(5 437)**	(10 921)
Finance costs	**(1 200)**	(3 597)
Profit before income tax	**568 292**	497 234+
Ounces sold	**793 852**	718 762
Total cash cost per ounce per ounces sold	**735**	688+
Cash operating cost per ounce per ounces sold	**649**	613+

The figures above are stated after the effects of restatements to prior periods as detailed on pages 161, 162 and 189 of this annual report as follows:

US$000	**12 months ended 31 Dec 2012**	12 months ended 31 Dec 2011 (restated)+
Impact of IFRIC 20+		
Impact on gold sales	**-**	-
Impact on total cash costs	**-**	(12 100)
Impact on profit from mining activity	**-**	12 100
Impact on total cash cost per ounce sold and cash operating cost per ounce sold	**-**	(17)
Impact of change in treatment of total cash cost per ounce sold and cash operating cost per ounce sold		
Impact on gold sales	**(1 028)**	(4 314)
Impact on total cash costs	**(11 306)**	(7 690)
Impact on profit from mining activity	**10 278**	3 376
Impact on total cash cost per ounce sold and cash operating cost per ounce sold	**(14)**	(11)

+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

US$000	Group 31 Dec 2012	31 Dec 2011 (restated)+
25. Mining and processing costs and other disclosable items		
Mine production costs	**460 322**	362 892+
Movement in production inventory and ore stockpiles	**(31 970)**	5 047
Depreciation and amortisation	**131 741**	82 060
Other mining and processing costs	**84 182**	70 303
	644 275	520 302+
The above includes:		
Impairment of receivables	**-**	3 159

+ *The group changed its accounting policy on production phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated (refer to pages 161 and 162 of this annual report for further details).*

Other income includes management fees of US$4.1 million (2011: US$4.4 million) in respect of Kibali and Morila, as well as operational foreign exchange gains of US$6.7 million.
Other expenses include operational foreign exchange losses of US$5.4 million for the year (2011: US$10.4 million).

US$000	Group 31 Dec 2012	31 Dec 2011
26. Exploration and corporate expenditure		
Exploration and corporate expenditure comprise:		
Exploration expenditure	**16 973**	19 606
Corporate expenditure	**23 668**	24 319
	40 641	43 925

US$000	Group 31 Dec 2012	31 Dec 2011
27. Finance income and costs		
Finance income – interest income	**1 859**	1 015
Finance income – net foreign exchange gain on financing activities	**191**	-
Finance income	**2 050**	1 015
Interest expense – borrowings	**(204)**	(405)
Finance costs – net foreign exchange loss on financing activities	**-**	(2 157)
Unwind of discount on provisions for environmental rehabilitation	**(996)**	(1 035)
Finance costs	**(1 200)**	(3 597)
Finance income/(costs) – net	**850**	(2 582)

Interest income arises on cash and cash equivalents.
Interest expenses arise on borrowings measured at amortised cost.

28. Subsequent events

No significant subsequent events requiring disclosure of adjustment occurred.

Executives' profiles

Tahirou Ballo
Mine manager Gounkoto

A mining economist engineer with 18 years' experience, mainly in Mali. Started his professional mining experience as short planner with BHP at Syama mine and served as mining superintendent from 1999 for Randgold at Syama. In 2010, he was promoted to operations manager for Randgold at Loulo mine and then to Gounkoto general manager in 2011.

Chiaka Berthe
GM Loulo

A graduate of the Malian National School of Engineering with a masters' degree in geological engineering, he has more than 16 years' experience in the industry. He was appointed general manager of the Loulo-Gounkoto mining complex in 2012. He is a member of the Australian Institute of Mine and Metallurgy (AusIMM) and the Geostatistical Association of South Africa (GASA).

Sebastiaan Bock
Group corporate finance manager

Responsible for the management of the group's financial operations functions and the corporate finance management within the group. He's a chartered accountant with 12 years' experience and has been with the group for five years.

Luiz Correia
GM Tongon

A metallurgist with 27 years' experience in the gold mining industry, he has a BSc Eng as well as a BCom degree. He joined Randgold in 2005 and in 2006 was appointed operations manager responsible for the mining, planning, processing, maintenance and engineering functions at Loulo. He was appointed to manage Tongon in 2010.

Ted de Villiers
Group GM mining

A mining engineer, he has extensive experience in gold and base metal mining operations, mining contracting and consulting. He joined Randgold in December 2010, with executive responsibility for the group's rapidly expanding mining operations and has been tasked with ensuring a consistent production stream.

Tania de Welzim
Group financial manager

Tania was appointed group financial manager in April 2009 having served previously as group financial controller. She is a chartered accountant with 14 years' experience in finance including 12 years in the mining industry. She is responsible for the group's technical financial reporting and procedures.

Paul Gillot
Group metallurgist and deputy GM capital projects

Paul has 23 years' operational and management experience in the mining industry, working in various process related management roles. He subsequently moved into the projects arena, with the recent commissioning of the Tongon mine. Responsible for all the group's metallurgical activities, at the operating mines as well as the projects.

Paul Harbidge
Group GM exploration

A geologist with over 20 years' experience, mainly in Africa, having previously worked for Rio Tinto, Anglo American and Ashanti Goldfields, he joined Randgold in 2001. He was appointed group exploration manager in 2004.

Bill Houston
Group GM human capital

Bill has a masters' degree in human resources management and 32 years' experience in HR and organisational development. Joined Randgold in 1992 as group training and development manager, and headed the group human resources function from 1996 to 2008, when he moved to his current position.

Willem Jacobs
GM operations Central and East Africa

With a BPL(Hons) and DCom, he is a seasoned executive. Having served as a director of listed and private companies in the areas of mining, engineering and manufacturing in Southern, Central and Eastern Africa for the past 17 years, he joined the group in January 2010.

Adama Kone
GM Morila

Joined Randgold in 1996, responsible for the grade control section at the Syama gold mine. In 2000, he moved to the Morila mine where he served in various positions in the mineral resources department, becoming manager of that department in 2006. Prior to joining Randgold, he worked as a field geologist for BHP Minerals Exploration, following the completion of a geological degree at the National School of Engineers in 1991.

Victor Matfield
Group GM corporate finance

A chartered accountant, he was appointed corporate finance manager in 2001. Prior to that he served as financial manager of the Syama mine and of the Morila project.

Philip Pretorius
Group human resources executive

Joined Randgold in 2008, bringing with him 23 years' human resources experience with the last 17 years spent dealing exclusively with the West African gold mining industry. With a postgraduate diploma in management practice, he has been involved in establishing various gold mining projects in West Africa.

Chris Prinsloo
Group GM commercial and supply chain

Qualified as a chartered secretary and has 39 years' experience in the mining industry including finance, capital projects, administration and supply chain management. Appointed as commercial manager in 2002, responsible for group accounting, supply chain management plus the risk management and insurance portfolio.

Rod Quick
Group GM evaluation

A geologist with 19 years' experience in the gold mining industry, he joined Randgold in 1996. He has been involved in the exploration, evaluation and production phases of all projects since Morila. Having served as the Somilo resource manager since 2006, he was given his new responsibilities for all project development and evaluation in 2009 and has been responsible for the Gounkoto and Kibali feasibility studies.

Mahamadou (Sam) Samaké
Group regional manager West Africa

A professor of company law at the University of Mali, Mahamadou was instrumental in writing the Malian mining legislation. He is the resident executive manager in Mali and is responsible for government liaison and legal counsel for the Francophone region.

N'golo Sanogo
GM Mali

Has a masters' degree in economics from the National School of Administration of Bamako as well as several management, accounting and financial qualifications. Qualified as an auditor in 1992 before joining BHP Mali in 1995. Appointed materials manager in 1998 and management accountant in 2001 at the Syama mine. Following the sale of Somisy SA in 2004, he joined Randgold as Mali financial controller. He was appointed Mali general manager in March 2009.

John Steele
Technical and capital projects executive

Responsible for the successful construction and commissioning of Randgold's Morila, Loulo, Tongon and Gounkoto mines and currently leads the team developing the new Kibali mine in the DRC. As well as heading the capital projects function within Randgold, he continues to provide operational oversight as well as supplying engineering due diligence expertise to the group.

Samba Toure
GM operations West Africa

Joined the Morila gold mine in 2000 and held various responsibilities, culminating in the appointment in 2007 as the mine chief executive. Under his leadership, the mine was run successfully, delivering on its promises. In 2010, promoted to group operations GM for West Africa. With the experience gained in mining during the past 12 years, he is destined to continue adding value to the company's increasing operations portfolio in West Africa.

Lois Wark
Group GM corporate communications

A member of the Randgold team since its inception who assumed management of the cartography department in 1995, she is responsible for the coordination of the group's communications and investor relations programmes. She holds a diploma in land surveying: Cadastral and topographical.

Louis Watum
GM Kibali gold project and country manager DRC

A metallurgist with 23 years' experience in base metals, coal and gold processing, he has an MSc in Chemical Engineering. He joined Randgold in 2009 and was appointed GM and country manager responsible for: building and leading the Kibali team; communicating with the DRC government and local authorities; directing and managing Kibali business; and delivering on strategies, objectives and the Kibali business plan.

Charles Wells
Group GM sustainability

Has an MSc in environmental biotechnology and 15 years' experience in environmental management, predominantly within mining and heavy industries. Having previously worked for Randgold as the environmental officer during the Morila construction, he has more recently managed the environmental and social impact assessments (ESIA) for Tongon, Gounkoto and Kibali as an independent environmental consultant before rejoining the group in 2012.

Martin Welsh
General counsel and secretary

After qualifying as a solicitor in Scotland in 1998, he gained his experience working in the City of London with Dickson Minto WS and Linklaters LLP acting on numerous international corporate and finance transactions. He previously acted for Randgold while in private practice before joining the company in 2011 to assist the company's legal and administrative function and assumed the general counsel and company secretary position in 2012.

Shareholders' information

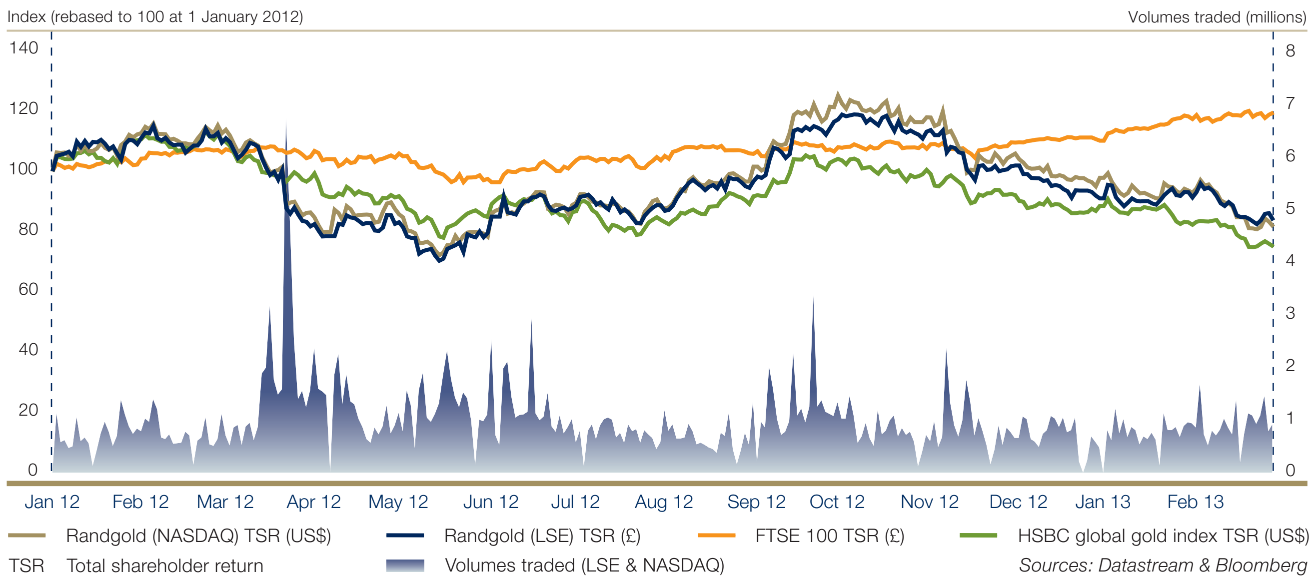
Group companies

at 31 December 2012

Countries incorporated	% effective ownership
Jersey	
■ KAS 1 Limited	25
■ Kibali (Jersey) Limited	50
■ Kibali 2 (Jersey) Limited	50
■ Kibali Services Limited	50
■ Mining Investments (Jersey) Limited	100
■ Morila Limited	50
■ Moto (Jersey) 1 Limited	50
■ Moto (Jersey) 2 Limited	50
■ RAL 1 Limited	50
■ Randgold Resources (Burkina) Limited	100
■ Randgold Resources (Cote d'Ivoire) Limited	100
■ Randgold Resources (DRC) Limited	100
■ Randgold Resources (Gounkoto) Limited	100
■ Randgold Resources (Kibali) Limited	100
■ Randgold Resources Limited	-
■ Randgold Resources (Mali) Limited	100
■ Randgold Resources (Secretaries) Limited	100
■ Randgold Resources (Senegal) Limited	100
■ Randgold Resources (Somilo) Limited	100
■ Randgold Resources T1 Limited	100
■ Randgold Resources T2 Limited	100
Australia	
■ Border Energy (Pty) Limited	50
■ Border Resources NL	50
■ Moto Goldmines Australia (Pty) Limited	50
■ Westmount Resources NL	50
Burkino Faso	
■ Randgold Resources Burkina Faso SARL	100
Canada	
■ 0858065 BC Limited	50
■ Moto Goldmines Limited	50

Countries incorporated	% effective ownership
Côte d'Ivoire	
■ Randgold Resources (Côte d'Ivoire) SARL	100
■ Société des Mines de Tongon SA	89
Democratic Republic of Congo	
■ Amani Gold SPRL	50
■ Blue Rose SPRL	50
■ Gorumba Mining SPRL	50
■ Kibali Goldmines SPRL	45
■ Rambi Mining SPRL	50
■ Randgold Resources Congo SPRL	100
■ Tangold SPRL	50
Mali	
■ Kankou Moussa SARL	75
■ Randgold Resources Mali SARL	100
■ Société des Mines de Gounkoto SA	80
■ Société des Mines de Loulo SA	80
■ Société des Mines de Morila SA	40
South Africa	
■ Seven Bridges Trading 14 (Pty) Limited	100
Tanzania	
■ Randgold Resources Tanzania (T) Limited	100
The Netherlands	
■ Kibali Cooperatief UA	50
Uganda	
■ Border Energy East Africa (Pty) Limited	50
UK	
■ Randgold Resources (UK) Limited	100

Randgold share price performance vs HSBC global gold and FTSE 100 indices



Sources: Datastream & Bloomberg

Operations

Burkina Faso

- **Randgold Resources Burkina Faso SARL**
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  Secteur 13, Zone du Bois, 01 BP 4771
  Ouagadougou 01, Burkina Faso
  Tel: +226 50 36 07 23
  +226 50 36 39 36
  Fax: +226 50 36 32 79

Côte d'Ivoire

- **Randgold Resources (Côte d'Ivoire) SARL**
  22 Rue des Hortensias
  L125-22 Boulevard Latrille
  Cocody Ambassades
  01 BP 1216, Abidjan 01
  Côte d'Ivoire
  Tel: +225 22 48 23 60
  +225 22 40 09 30
  Fax: +225 22 44 38 51

  - Tongon Gold Mine
    Tel: +44 20 3005 3100

Democratic Republic of Congo

- **Kibali Goldmines SPRL**
  4239, Avenue Tombal Baye
  3eme Etage de l'Immeuble Le Prestige
  Commune de la Gombe, Ville de Kinshasa
  Democratic Republic of Congo

  - Kibali Gold Mine
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    +243 990 511 006

Jersey

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  BP E1160, Bamako, Mali
  Tel: +223 20 20 38 58
  +223 20 20 20 06
  +223 20 20 16 94
  Fax: +223 20 20 44 07
  +223 20 20 81 87

  - Kankou Moussa SARL
    Tel: +223 20 20 35 57
    Fax: +223 20 20 44 07

  - Loulo and Gounkoto Gold Mines
    Tel: +223 21 51 30 00/01/02/03/07
    Fax: +223 21 51 30 04/06

  - Morila Gold Mine
    Tel: +223 66 75 04 30/38/43/45/46/52/55
    Fax: +223 66 75 01 90

Senegal

- **Randgold Resources (Senegal) Limited**
  67 Ave André Peytavin, BP 887
  Dakar, Senegal
  Tel: +221 33 849 17 80
  Fax: +221 33 849 17 84

South Africa

- **Seven Bridges Trading 14 (Pty) Limited**
  Level 0, Wilds View, Isle of Houghton
  Carse O'Gowrie Road, Houghton Estate
  Johannesburg, 2198 South Africa
  (PO Box 3011, Houghton, 2041
  South Africa)
  Tel: +27 11 481 72 00
  Fax: +27 11 481 72 46

Uganda

- **Border Energy East Africa (Pty) Limited**
  Alice Reef Road, Plot 110
  Entebbe, Uganda
  Tel: +256 414 258 552
  Fax: +256 414 258 548

United Kingdom

- **Randgold Resources (UK) Limited**
  1st Floor, 2 Savoy Court
  Strand, London, WC2R 0EZ
  United Kingdom
  Tel: +44 207 557 77 30
  Fax: +44 207 557 77 34

Analysis of shareholding

at 31 December 2012

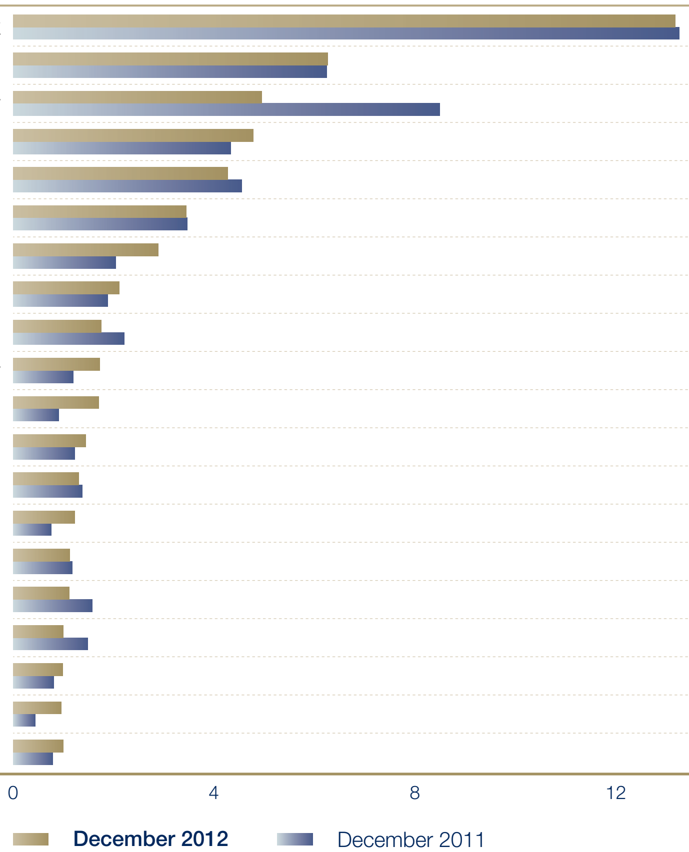
Shareholding over 5 per cent

The Randgold register of ordinary shareholders reflects only one holder, being BNY (Nominees) Ltd, as holding more than 5% of the issued ordinary share capital of the company. It is noted that these shares are held for and on behalf of ADR holders.

Top ten institutional shareholders by supergroup#

at 31 December 2012	Number of shares 2012	% shares in issue	% change	Number of shares 2011
BlackRock, Inc	13 179 406	14.33	(0.6)	13 262 313
Van Eck Associates Corp	6 262 389	6.81	0.3	6 245 003
FMR LLC	4 954 574	5.39	(41.7)	8 492 644
Wells Fargo & Co	4 780 392	5.20	10.3	4 333 191
Carmignac Gestion SA	4 270 202	4.64	(6.3)	4 555 052
Legal & General Group Plc	3 447 013	3.75	(0.7)	3 469 608
Comgest SA	2 892 000	3.14	41.6	2 041 700
State Street Corp	2 115 001	2.30	12.0	1 887 924
Franklin Resources, Inc	1 751 752	1.90	(20.9)	2 215 042
Government of Norway	1 721 309	1.87	43.2	1 201 867

Top 20 institutional investors by supergroup# (Number of shares)

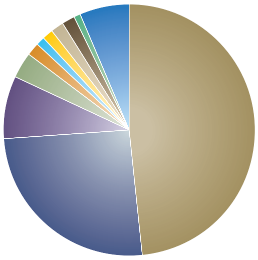


Investor	December 2012	December 2011
BlackRock	13 179 406	13 262 313
Van Eck Associates	6 262 389	6 245 003
Fidelity	4 954 574	8 492 644
Wells Fargo	4 780 392	4 333 191
Carmignac Gestion	4 270 202	4 555 052
Legal & General	3 447 013	3 469 608
Comgest	2 892 000	2 041 700
State Street	2 115 001	1 887 924
Franklin Resources	1 751 752	2 215 042
Government of Norway	1 721 309	1 201 867
Deutsche Bank	1 703 942	907 911
AGF Management	1 443 823	1 227 584
Arnhold & S Bleichroeder	1 311 736	1 375 136
Stichting Pensioenfonds	1 230 321	761 666
Tocqueville	1 128 180	1 179 950
Prudential Financial	1 117 517	1 572 365
Massachusetts Mutual	998 959	1 483 270
Vanguard	988 865	809 836
Lloyds Banking	956 526	440 325
Investec	939 806	793 876

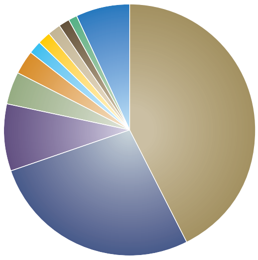
Source: King-worldwide

See page 198 of this annual report for details of underlying fundholders.

Geographical distribution of combined institutional shares identified



2011



2012

	2012 %	2011 %
United States	**42.77**	48.52
United Kingdom	**27.01**	25.49
France	**8.78**	7.99
Canada	**4.13**	3.51
Scandinavia	**2.88**	1.56
Netherlands	**1.77**	1.11
Switzerland	**1.76**	1.29
Germany	**1.50**	1.87
Japan	**1.46**	1.46
South Africa	**1.14**	1.03
Rest of the world	**6.80**	6.17

Country	Number of holders	Shares held December 2012	% Shares in issue	% change	Shares held December 2011
United Kingdom	128	24 849 781	27.01	6.3	23 378 656
Total United Kingdom	**128**	**24 849 781**	**27.01**	**6.3**	**23 378 656**
United States	208	39 348 575	42.77	(11.6)	44 501 985
Canada	29	3 800 023	4.13	18.1	3 218 519
Cayman Islands	1	35 001	0.04	-	-
Bermuda	2	16 545	0.02	(27.3)	22 753
British Virgin Islands	-	-	-	(100.0)	37 235
Total Americas	**240**	**43 200 144**	**46.96**	**(9.6)**	**47 780 492**
France	22	8 081 292	8.78	10.3	7 328 679
Norway	5	1 748 736	1.90	43.3	1 220 408
Netherlands	18	1 626 977	1.77	60.2	1 015 753
Switzerland	54	1 623 360	1.76	36.5	1 188 971
Germany	32	1 378 053	1.50	(19.5)	1 712 345
Sweden	13	784 022	0.85	409.0	154 025
Ireland	15	583 934	0.63	95.8	298 292
Belgium	6	204 621	0.22	1 012.9	18 387
Italy	15	128 664	0.14	(46.9)	242 446
Denmark	9	85 136	0.09	42.1	59 912
Austria	12	65 093	0.07	(47.2)	123 176
Luxembourg	10	53 647	0.06	(39.0)	87 971
Finland	2	33 181	0.04	5 752.0	567
Spain	6	15 986	0.02	1.3	15 780
Portugal	4	8 430	0.01	(17.2)	10 177
Czech Republic	1	6 500	0.01	32.7	4 900
Liechtenstein	2	4 114	-	(37.4)	6 576
Slovenia	2	905	-	(24.6)	1 200
Monaco	1	93	-	-	93
Croatia	1	40	-	(77.0)	174
Estonia	1	3	-	-	-
Total Europe	**231**	**16 432 787**	**17.86**	**21.7**	**13 499 841**
Japan	30	1 340 357	1.46	0.6	1 331 875
Singapore	7	695 720	0.76	34.6	516 705
Australia	17	172 776	0.19	2.0	169 440
South Korea	4	48 908	0.05	73.2	28 234
China	5	44 352	0.05	4.8	42 314
Taiwan	1	10 850	0.01	(41.6)	18 579
New Zealand	3	6 424	0.01	(24.1)	8 459
India	2	667	-	122.3	300
Total Asia/Pacific	**69**	**2 320 054**	**2.52**	**9.6**	**2 115 906**
South Africa	6	1 045 884	1.14	10.3	948 510
Kuwait	2	788 910	0.86	(4.0)	821 538
United Arab Emirates	1	84 345	0.09	39.0	60 677
Mauritius	2	2 250	-	9.2	2 060
Saudi Arabia	1	650	-	(99.1)	71 169
Israel	4	627	-	(78.9)	2 977
Total Africa/Middle East	**16**	**1 922 666**	**2.09**	**0.8**	**1 906 931**

Source: King-worldwide

Top twenty supergroup investors – underlying fundholders (refer to graph on page 196)

BlackRock, Inc: BlackRock Investment Management (UK) Ltd, BlackRock Advisors LLC, BlackRock Advisors (UK) Ltd, BlackRock Fund Advisors, BlackRock Asset Management Canada Ltd, BlackRock Japan Co Ltd, BlackRock Asset Management Deutschland AG, BlackRock Investment Management (Australia) Ltd

Van Eck Associates Corp

FMR LLC: Fidelity Management & Research Co, Pyramis Global Advisors LLC, FIL Investments International, Strategic Advisers, Inc, FIL Investments Japan Ltd, FIL Investment Management (Australia) Ltd

Wells Fargo & Co: Wells Capital Management, Inc, Wells Fargo Advisors LLC, Delaware Charter Guarantee and Trust, Wells Fargo Bank, NA

Carmignac Gestion SA

Legal & General Group Plc: Legal & General Investment Management Ltd, Legal & General Asset Management (France) SA

Comgest SA: Comgest SA, Comgest Asset Management International Ltd, Comgest (Singapore) Pte Ltd

State Street Corp: State Street Global Advisors Ltd, State Street Global Advisors, State Street Global Advisors (Japan) Co Ltd, State Street Global Advisors (Australia) Ltd, State Street Global Advisors (France) SA, State Street Global Advisors Canada Ltd, State Street Global Advisors (Asia) Ltd, State Street Global Advisors Ireland Ltd, State Street Global Advisors Singapore Ltd

Franklin Resources, Inc: Franklin Advisers, Inc, Franklin Templeton Investment Management Ltd

Government of Norway: Norges Bank Investment Management, KLP Kapitalforvaltning AS

Deutsche Bank AG: Deutsche Bank London Prime Brokerage account, DWS Investment GmbH, Deutsche Bank Investment Management, Inc, Deutsche Bank Securities, Inc, Frankfurt-Trust Investment GmbH, Deutsche Investment Management Americas, Inc, Oppenheim Kapitalanlagegesellschaft mbH, Deutsche Asset Management Investment GmbH (DEAM), DB Platinum Advisors SA, Deutsche Asset Management (Japan) Ltd

AGF Management Ltd: AGF Investments, Inc

Arnhold & S Bleichroeder Holdings, Inc: First Eagle Investment Management LLC

Stichting Pensioenfonds ABP: APG Asset Management, Cordares Vermogensbeheer, Stichting tot Bewaring Cordares Subfonds Aandelen

Tocqueville Asset Management LP

Prudential Financial, Inc: Jennison Associates LLC, Quantitative Management Associates LLC, Prudential Investment Management Japan Co Ltd

Massachusetts Mutual Life Insurance Co: Baring Asset Management Ltd, Baring Asset Management LLC, Baring Asset Management (Asia) Ltd, Babson Capital Management LLC

The Vanguard Group, Inc: The Vanguard Group, Inc, Vanguard Investments (Australia) Ltd

Lloyds Banking Group Plc: Scottish Widows Investment Partnership Ltd, Lloyds TSB Private Banking, Ltd, Lloyds TSB Bank plc (Switzerland)

Investec Plc: Investec Asset Management Ltd

Shareholders' diary

Financial year end	31 December
Annual general meeting	Monday 29 April 2013
Announcement of quarterly results	
First quarter	Thursday 2 May 2013
Second quarter	Wednesday 7 August 2013
Third quarter	Thursday 7 November 2013
Year end and fourth quarter	Monday 3 February 2014

Note that the above dates may be subject to change and should be confirmed by checking on the website **www.randgoldresources.com** *closer to the time.*

Stock exchange	Ticker symbol
London Stock Exchange (ords)	RRS
NASDAQ Global Select Market (ADRs)	GOLD

Directory

Directors
- Philippe Liétard# (*Chairman*)
- D Mark Bristow (*CEO*)
- Norborne P Cole Jr*§
- Christopher Coleman^*$
- Kadri Dagdelen*
- R Israel**
- Andrew J Quinn^
- Graham P Shuttleworth (*CFO*)
- Karl Voltaire~$
- Jeanine Mabunda Lioko***

Secretary and registered office
- Martin A Welsh
  3rd Floor, Unity Chambers
  28 Halkett Street, St Helier
  Jersey, JE2 4WJ, Channel Islands
  Tel: +44 1534 735 333
  Fax: +44 1534 735444

Registrars
- Computershare Investor Services (Jersey) Limited
  Queensway House, Hilgrove Street, St Helier
  Jersey, JE1 1ES, Channel Islands

UK registrar's office
- Computershare Services PLC
  7th Floor, Jupiter House
  Triton Court, 14 Finsbury Square
  London, EC2A 1BR, United Kingdom

United States depositary
- American Depositary Receipts
  The Bank of New York Mellon
  Shareholder relations department
  101 Barclay Street, New York
  NY 10286, United States

Auditors
- BDO LLP

Legal counsel
- Ashurst (England)
- Norton Rose (England)
- Fulbright & Jaworski LLP (USA)
- Ogier (Jersey)
- Stikeman Elliott (Canada)

Brokers
Bank of America Merrill Lynch
Canaccord Genuity

Financial advisor
- HSBC Bank PLC

Listing
- Randgold Resources Limited was listed on the London Stock Exchange on 1 July 1997 (trading symbol: RRS) and began trading on the NASDAQ National Market on 11 July 2002 (trading symbol: GOLD).

Investor relations
- Our website is regularly updated to provide you with the latest information on the company.
- To obtain additional information about the company or to be placed on the company's distribution list, contact:
  Kathy du Plessis
  Randgold investor relations
  3rd Floor, Unity Chambers
  28 Halkett Street, St Helier, Jersey
  JE2 4WJ, Channel Islands
  Tel/Mobile: +44 20 7557 7738
  Fax: +44 1534 735 444
  Email: **randgold@dpapr.com**

Disclaimer
***Cautionary note regarding forward-looking statements**: Except for the historical information contained herein, the matters discussed in this annual report are forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934, and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realisation of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination and reserve conversion rates. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'will', 'plans', 'expects' or 'does not expect', 'is expected', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates' or 'does not anticipate', or 'believes', or variations of such words and phrases or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will be taken', 'occur' or 'be achieved'. Assumptions upon which such forward-looking statements are based are in turn based on factors and events that are not within the control of Randgold and there is no assurance they will prove to be correct. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Randgold to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to mining operations, including political risks and instability and risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in Randgold's filings with the US Securities and Exchange Commission (the 'SEC') and in this annual report. Although Randgold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Randgold does not undertake to update any forward-looking statements herein, except in accordance with applicable securities laws. **Cautionary note to US investors**: The SEC permits companies, in their filings with the SEC, to disclose only proven and probable ore reserves. We use certain terms in this annual report, such as 'resources', that the SEC does not recognise and strictly prohibits us from including in our filings with the SEC. Investors are cautioned not to assume that all or any parts of our resources will ever be converted into reserves which qualify as 'proven and probable reserves' for the purposes of the SEC's Industry Guide number 7.*

\# *Chairman of governance and nomination committee*
~ *Chairman of audit committee*
§ *Chairman of remuneration committee*
* *Member of governance and nomination committee*
^ *Member of audit committee*
$ *Member of remuneration committee*
** *Resigned with effect from 29 April 2012*
*** *With effect from 28 January 2013*

Randgold Resources Limited
Incorporated in Jersey, Channel Islands
Registration number 62686
www.randgoldresources.com

2004
2 for 1 share split improves tradeability
Loulo construction underway
2003
Randgold joins FTSE 250 Index
Loulo development approved
2002
Listed on NASDAQ
Morila produces 1Moz of gold
2001
Shareholders get payout of US$81m
Morila ramps up production
2000
40% of Morila sold for US$132m plus 50% of debt
Morila pours First gold
1999
Morila construction underway
1998
Morila feasibility starts
1997
Listed on London Stock Exchange
IPO raises US$83m
Market capitalisation of US$335m
Morila and Yalea discovered
£
30
20
10
0
Randgold Resources shareprice (LSE: RRS)
Gold price (Spot) rebased to Randgold share price

Step by step

Building a world-class gold business in Africa

2005
Market cap reaches US$1 billion

Loulo pours first gold

2006
Yalea underground development starts at Loulo

2007
Dividend payments Initiated

Massawa discovered

2008
Market cap tops US$3 billion

Tongon stake increased to 89%, construction starts

Randgold joins FTSE 100 Index

First under-ground gold from Yalea at Loulo

2009
Acquisition of 35% of Moto for US$327.8m

Acquisition of further 10% of Moto for US$56.8m

Gounkoto discovered

2010
Gara underground development starts at Loulo

Tongon pours first gold

2011
Market cap reaches US$11 billion

Joins NASDAQ 100 Index

First gold from Gounkoto

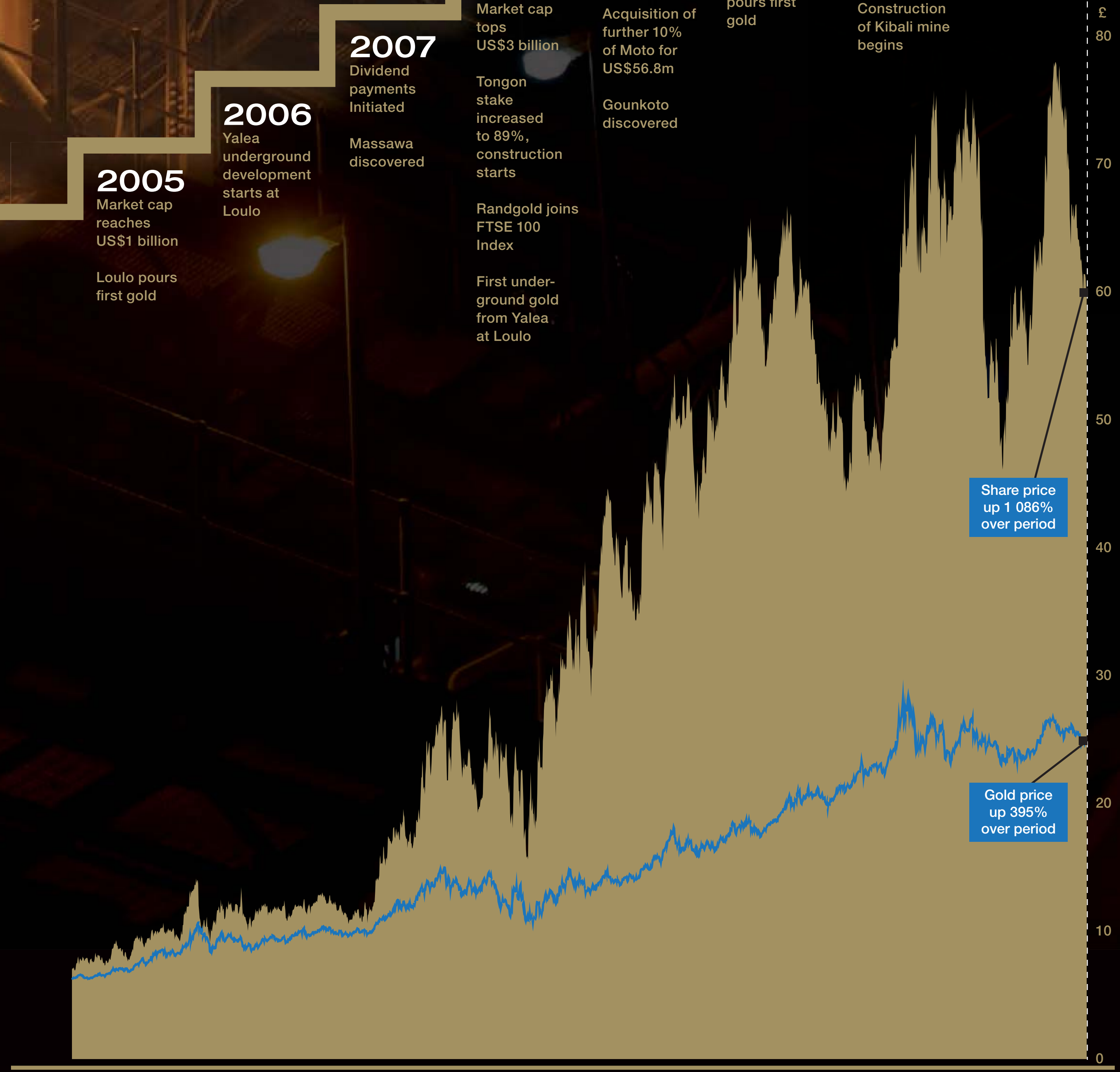
Construction of Kibali mine begins

2012
Record production and profit

Kibali ramps up for production year end 2013

Morila LOM extended

Kilo JV extends DRC footprint



Designed and produced by du Plessis Associates