

Morila

As in the previous quarter, no LTIs were recorded during Q3 and the LTIFR was zero (Q2 2016: 0).

Gold production for the quarter of 10 084oz was 30% below the previous quarter (Q1 2016: 14 432oz), mainly as a result of the lower head grade milled of 0.4g/t (Q2 2016: 0.6g/t) due to feeding predominantly tailings storage facility (TSF) material as stocks of mineralised waste have been depleted. While the initial material coming from the TSF was low grade, the decapping operation continues and is soon expected to expose the basin where grades are higher and more consistent. The lower production resulted in increased total cash costs of \$1 432/oz compared to \$996/oz in the previous quarter. Unit costs for the operation remained in line with plan and the expected increased grade and improved efficiencies in Q4, should see the operation generating positive cash flow again.

Despite efforts by the management to engage with the Domba community and their representatives, the company has been unable to reach agreement on the mining of this satellite pit, which has now been taken out of the mining plan for 2016. Management will continue to engage with the community representatives, the Malian authorities and the local administration to try to get an economically viable agreement. In the meantime Morila has entered into an option agreement with Birimian Gold Limited to evaluate the Ntiola and Viper deposits located 25km from the Morila plant. Based on our preliminary assessment, these two deposits could add approximately 60 000 ounces to the mine plan. A summary of the transaction is included in the 'Development projects' section.

Sustainability

Closure planning activities continued throughout the quarter with a number of key projects being ramped up, including the ecotourism plan. Engagement with the different stakeholders continued during the quarter to raise awareness of the mine's closure initiatives.

Capital expenditure

Capital expenditure for the quarter of \$0.1 million was mainly on the TSF retreatment project.

MORILA RESULTS

| | Quarter ended 30 Sep 2016 | Quarter ended 30 Jun 2016 | Quarter ended 30 Sep 2015 | 9 months ended 30 Sep 2016 | 9 months ended 30 Sep 2015 |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Mining | | | | | |
| Tonnes mined (000) | - | - | - | - | 3 425 |
| Ore tonnes mined (000) | - | - | - | - | 939 |
| Milling | | | | | |
| Tonnes processed (000) | 922 | 821 | 797 | 2 513 | 2 247 |
| Head grade milled (g/t) | 0.4 | 0.6 | 0.8 | 0.6 | 1.6 |
| Recovery (%) | 80.7 | 87.5 | 90.3 | 86.7 | 91.3 |
| Ounces produced | 10 084 | 14 432 | 18 735 | 40 707 | 104 992 |
| Ounces sold | 8 876 | 14 432 | 18 735 | 39 499 | 104 992 |
| Average price received (\$/oz) | 1 334 | 1 278 | 1 116 | 1 259 | 1 182 |
| Cash operating costs ¹ (\$/oz) | 1 351 | 919 | 794 | 985 | 587 |
| Total cash costs ¹ (\$/oz) | 1 432 | 996 | 861 | 1 061 | 610 |
| Profit from mining activity ¹ (\$000) | (863) | 4 065 | 4 772 | 7 852 | 60 019 |
| Attributable (40%) | | | | | |
| Gold sales ¹ (\$000) | 4 737 | 7 375 | 8 363 | 19 898 | 49 640 |
| Ounces produced | 4 034 | 5 773 | 7 494 | 16 283 | 41 997 |
| Ounces sold | 3 550 | 5 773 | 7 494 | 15 800 | 41 997 |
| (Loss)/profit from mining activity ¹ (\$000) | (345) | 1 626 | 1 909 | 3 141 | 24 008 |
| Gold on hand at period end ² (\$000) | 639 | - | - | 639 | - |

Randgold owns 40% of Société des Mines de Morila SA (Morila) with the State of Mali and joint venture partner owning 20% and 40% respectively.

The group equity accounts for its 40% joint venture holding in Morila.

¹ *Refer to explanation of non-GAAP measures provided.*

² *Gold on hand represents gold in doré at the mines multiplied by the prevailing spot gold price at the end of the period.*