RANDGOLD RESOURCES LTD
Form 20-F/A
September 23, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F/A
Amendment No. 1

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 000-49888

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter
and translation of Registrant's name into English)

JERSEY, CHANNEL ISLANDS

(Jurisdiction of incorporation or organization)

La Motte Chambers, La Motte Street, St. Helier, Jersey JE1 1BJ, Channel Islands

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
None	

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Ordinary Shares, U.S. Dollar ten cent par value per share

(Title of Class)

American Depositary Shares

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

As of December 31, 2004, the Registrant had outstanding 59,226,694 ordinary shares, par value $0.05 per share.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by a checkmark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

This Amendment on Form 20-F/A is being filed in order to amend Randgold Resources Limited's Annual Report on Form 20-F for the fiscal year ended December 31, 2004, as originally filed with the Securities and Exchange Commission on June 29, 2005. This Amendment is being filed for the purpose of providing additional details to our disclosures in Items 3, 4 and 5 and the financial statements attached to the original report, pursuant to comments received from the Staff of the U.S. Securities and Exchange Commission in connection with its review of our Registration Statement on Form F-3, filed on August 19, 2005.

For the convenience of the reader, this Amendment includes the complete text of all Items of the Form 20-F, as amended. However, other than the amendments described above, no changes have been made to these or any other Items to the Form 20-F as originally filed. This Amendment continues to speak as of the date of the original filing of the Form 20-F and, except as described above, does not purport to amend or update the information contained in the Form 20-F filed on June 29, 2005, or reflect any events that have occurred after the Form 20-F was filed.

Table of Contents

Glossary Of Mining Technical Terms

GLOSSARY OF MINING TECHNICAL TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding some of the terms as used in this Annual Report.

Birrimian:	Geological time era, about 2.1 billion years ago.

Carbonate:	A mineral typically found in quartz veins and as a product of hydrothermal alteration of sedimentary rock.
Carbon-In-Leach (CIL):	A process similar to CIP (described below) except that the ore slurries are not leached with cyanide prior to carbon loading. Instead, the leaching and carbon loading occur simultaneously.
Chalcopyrite:	A mineral compound of copper, iron and sulphide.
Clastic:	Rocks built up of fragments of pre-existing rocks which have been produced by the processes of weathering and erosion.
Craton:	A part of the earth's crust that has attained stability and has been little deformed for a long time.
Cut-off grade:	The grade at which the total profit from mining the orebodies, under a specified set of mining parameters, is maximized.
Development:	Activities required to prepare for mining activities and maintain a planned production level and those costs to enable the conversion of mineralized material to reserves.
Dilution:	Mixing of ore grade material with non-ore grade/waste material in the mining process.
Disseminated:	A term used to describe fine particles of the ore mineral dispersed through the enclosing rock.
Dyke:	A sheet-like body of igneous rock which is discordant to bedding or foliation.
EEP:	Exclusive exploration permit.
EP:	Exploration permit.
Exploration:	Activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.
Fault:	A fracture or a zone of fractures within a body of rock.
Feldspar:	An alumino-silicate mineral.
Fold:	A flexure of planar structures within the rocks.
Foliation:	A term used to describe planar arrangements of minerals or mineral bands within rocks.
Footwall:	The underlying side of a fault, orebody or stope.

Fragmentation:	The breakage of rock during blasting in which explosive energy fractures the solid mass into pieces; the distribution of rock particle sizes after blasting.
g/t:	Gram of gold per metric tonne.
Gold reserves:	The gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).

Grade:	The quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.
Greenstone:	A field term used to describe any slightly metamorphosed rock.
Greywacke:	Type of sedimentary rock.
Head grade:	The grade of the ore as delivered to the metallurgical plant.
Hydrothermal:	Pertaining to the action of hot aqueous solutions on rocks.
Igneous:	A rock or mineral that solidified from molten or partially molten material.
In situ:	In place or within unbroken rock or still in the ground.
Intrusive:	A rock produced by the emplacement and subsequent solidification of hot magma in pre-existing rock.
Kriging:	An interpolation method that minimizes the estimation error in the determination of reserves.
Landsat:	Spectral images of the Earth's surface.
Leaching:	Dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.
Lower proterozoic:	Era of geological time between 2.5 billion and 1.8 billion years before the present.
Measures:	Conversion factors from metric units to U.S. units are provided below:

Metric Unit		U.S. Equivalent
1 tonne	= 1 t	= 1.10231 tons
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per ton
1 kilometer	= 1km	= 0.621371 miles
1 meter	= 1m	= 3.28084 feet
1 centimeter	= 1cm	= 3.937 inches
1 millimeter	= 1mm	= 0.03937 inches
1 square kilometer	= 1 sq km	= 0.3861 miles

Metamorphism:	Alteration of rocks and minerals by a combination of heat, pressure and chemical processes over a long time period.
Metallurgical plant:	A processing plant used to treat ore and extract the contained gold.

Metallurgy:	In the context of this document, the science of extracting metals from ores and preparing them for sale.
Mill delivered tonnes:	A quantity, expressed in tonnes, of ore delivered to the metallurgical plant.
Milling/mill:	The comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.
Mineable:	That portion of a mineralized deposit for which extraction is technically and economically feasible.
Mineralization:	The presence of a target mineral in a mass of host rock.
Mineralized material:	A mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. A deposit of mineralized material does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.
Moz:	Million troy ounces.
Mt:	Million metric tonnes.
Open pit:	Mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.
Orebody:	A continuous, well-defined mass of material containing sufficient minerals of economic value to make extraction economically feasible.
Orogenic:	Of or related to mountain building, such as when a belt of the Earth's crust is compressed by lateral forces to form a chain of mountains.
Ounce:	One troy ounce, which equals 31.1035 grams.
Oxide:	Soft, weathered rock.
Payshoot:	A defined zone of economically viable mineralization.

Probable reserves:	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
Prospect:	An area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.
Prospecting license or permits:	An area for which permission to explore has been granted.

PL:	Prospecting License.
PLR:	Prospecting License (reconnaissance).
Proven reserves:	Reserves for which quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Pyrite:	A brassy-colored mineral of iron sulphide (compound of iron and sulfur).
Pyrrhotite:	A mineral compound of iron and sulphide.
Quartz:	A mineral compound of silicon and oxygen.
Quartzite:	Metamorphic rock with interlocking quartz grains displaying a mosaic texture.
Refining:	The final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.
Regolith:	Weathered products of fresh rock, such as soil, alluvium, colluvium, sands, and hardened oxidized materials.
Rehabilitation:	The process of restoring mined land to a condition approximating its original state.
Reserve:	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Reverse circulation (RC) drilling:	A drilling method.
Rotary Air Blast (RAB) drilling:	A drilling method.
Sampling:	Taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

Sedimentary:	Sourced from erosion of other rocks.
Shear zone:	An elongated area of structural deformation.
Silica:	A naturally occurring dioxide of silicon.
Stockpile:	A store of unprocessed ore.
Stope:	The underground excavation within the orebody where the main gold production takes place.
Stripping:	The process of removing overburden to expose ore.
Stripping ratio:	Ratio of waste material to ore material needed to be moved in an open pit mine.
Sulphide:	A mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite or iron sulphide. Also a zone in which sulfide minerals occur.

Tailings:	Finely ground rock from which valuable minerals have been extracted by milling.
Tectonic:	Deformation related to orogenic events.
Tonalite:	A type of igneous rock.
Tonnage:	Quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.
Tonne:	One tonne is equal to 1,000 kilograms (also known as a "metric" ton).
Total cash costs:	Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, transfers to and from deferred stripping and royalties.
Trenching:	Making elongated open-air excavations for the purposes of mapping and sampling.
Trend:	The arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.
Waste:	Rock mined with an insufficient gold content to justify processing.
Weathered:	Rock broken down by erosion.

Statements in this Annual Report concerning our business outlook or future economic performance; anticipated revenues, expenses or other financial items; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters, are "forward-looking statements" as that term is defined under the United States federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those stated in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those set forth under Item 3. Key Information—D. Risk Factors in this Annual Report as well as those discussed elsewhere in this Annual Report and in our other filings with the Securities and Exchange Commission.

We are incorporated under the laws of Jersey, Channel Islands with the majority of our operations located in West Africa. Our books of account are maintained in U.S. dollars and our annual and interim financial statements are prepared on a historical cost basis in accordance with International Financial Reporting Standards, or IFRS. IFRS differs in significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. This Annual Report includes a discussion of the relevant differences between IFRS and U.S. GAAP, and Note 24 to our consolidated financial statements included in this Annual Report sets forth a reconciliation from IFRS to U.S. GAAP of net income and shareholders' equity. We have also included in this Annual Report the audited financial information for the years ended December 31, 2004 and 2003 and 2002 of Société des Mines de Morila SA, or Morila SA. The financial information included in this Annual Report has been prepared in accordance with IFRS, and except where otherwise indicated, is presented in U.S. dollars. For a definition of cash costs, please see Item 3. Key Information—A. Selected Financial Data.

Unless the context otherwise requires, "us", "we", "our", or words of similar import, refer to Randgold Resources Limited and its subsidiaries and affiliated companies.

PART 1

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. SELECTED FINANCIAL DATA

The following selected historical consolidated financial data have been derived from, and should be read in conjunction with the more detailed information and financial statements, including our audited consolidated financial statements for the years ended December 31, 2004, 2003, and 2002 and as at December 31, 2004 and 2003 which appear elsewhere in this Annual Report. The historical consolidated financial data as at December 31, 2001 and 2000 have been derived from our audited consolidated financial statements not included in this Annual Report.

The financial data have been prepared in accordance with IFRS, unless otherwise noted. In Note 24 to our audited consolidated financial statements, we present the principal differences between IFRS and U.S. GAAP and a reconciliation of our net income and shareholders' equity to U.S. GAAP.

	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
STATEMENT OF OPERATIONS DATA:	(In thousands, except per share and per ounce data)				
Amounts in accordance with IFRS					
Revenues	$ 83,743	$ 116,505	$ 134,651	$ 87,507	$ 201,385
Operating income	35,850	77,936	100,021	31,999	1,885
Net income	18,793**	47,526	65,728	17,759	24,361
Basic earnings/(loss) per share ($)	0.32**	0.83**	1.31**	0.29**	0.37**
Fully diluted earnings per share ($)	0.31**	0.83**	1.30**	0.29**	0.37**
Weighted average number of shares used in computation of basic earnings per share (3)	58,870,632 59,996,257	57,441,360** 57,603,364**	50,295,640** 50,817,466**	61,035,295** 61,523,810**	66,124,418** 66,588,904**

Weighted average number of shares used in computation of fully diluted earnings per share (3)					
Amounts in accordance with U.S. GAAP (2)					
Revenues	—	—	—	16,723	48,613
Loss from operations before joint venture	(8,274)	(24,621)	(31,081)	(16,703)	(15,179)
Equity income of Morila joint venture	25,162	67,230	90,522	32,482	7,908
Net income	16,888	42,960	59,661	16,435	24,323
Basic earnings per share ($)	0.29	0.75**	1.19**	0.27**	0.37**
Fully diluted earnings per share ($)	0.29	0.74**	1.17**	0.27**	0.37**
Weighted average number of shares used in computation of basic earnings per share (3)	58,870,632	57,441,360**	50,295,640**	61,035,295**	66,124,418**
Weighted average number of shares used in computation of fully diluted earnings per share (3)	59,996,257	57,603,364**	50,817,466**	61,523,810**	66,588,904**
Amounts in accordance with IFRS					
Total cash costs ($ per ounce) (1)	184	100	74	153	260

*Reflects adjustments resulting from the sub-division of shares

**Reflects adoption of IFRS 2: Share-based payment.

	At December 31, 2004	At December 31, 2003	At December 31, 2002	At December 31, 2001	At December 31, 2000
BALANCE SHEET AMOUNTS IN ACCORDANCE WITH IFRS					
Total assets	$ 268,461	$ 224,534	$ 173,858	$ 119,554	$ 178,471
Long-term loans	40,718	6,832	19,307	57,147	44,071
Share capital	2,961	2,926	2,766	2,246	3,307
Additional paid-in capital	102,342	200,244	190,618	161,830	240,742
Accumulated profit/(loss)	100,213	(18,580)	(66,106)	(131,834)	(149,593)
Other reserves	(14,347)	(7,403)	(8,293)	(1,745)	2,388
Shareholders' equity	191,169	177,187	118,985	30,497	96,844
AMOUNTS IN ACCORDANCE WITH U.S. GAAP (2)					
Total assets	245,026	193,458	136,789	78,107	132,587
Long-term debt	40,718	6,832	19,307	57,147	44,071
Shareholders' equity	187,253	177,187	118,771	30,359	93,903

2

The following table lists the components of cash costs for each of the periods set forth below:

Costs	Year Ended December 31, 2004	%	Year Ended December 31, 2003	%	Year Ended December 31, 2002	%	Year Ended December 31, 2001	%	Year Ended December 31, 2000	%
Mine production costs	37,468	99	26,195	85	22,706	72	37,349	72	43,823	71
General and administration expenses	6,986	19	6,108	20	4,128	13	11,262	22	9,332	15
Transport and refinery costs	233	1	408	1	588	2	547	1	237	0
Royalties	5,304	14	7,648	25	9,185	29	5,801	11	3,718	6
Movement in production inventory and ore stockpiles	(8,512)	(23)	(6,229)	(20)	(145)	—	(813)	(2)	5,153	9
Transfer to deferred stripping costs	(3,999)	(10)	(3,484)	(11)	(5,043)	(16)	(1,991)	(4)	(367)	(1)
Total cash costs	37,480	100	30,646	100	31,419	100	52,155	100	61,896	100

1. We have calculated total cash costs and total cash costs per ounce using the Gold Institute industry standard. The Gold Institute was a nonprofit industry association comprised of leading gold producers, refiners, bullion suppliers and manufacturers. This institute has now been incorporated into the National Mining Association. The standard was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute standard, include mine production, transport and refinery costs, general and administrative costs, movement in production inventories and ore stockpiles, costs associated with transfers to and from deferred stripping and costs associated with royalties. We have calculated total cash costs on a consistent basis for all periods presented. Cash cost per ounce is not an IFRS or U.S. GAAP measure. Total cash costs per ounce should not be considered by investors as an alternative to operating profit, net profit attributable to shareholders, operating cash flows or any other measure of financial performance. While the Gold Institute has provided a definition for the calculation of total cash costs per ounce, the calculation of total cash costs per ounce may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, we believe that total cash costs per ounce is a useful indicator 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 costs as the company's operations mature, a measure of a company's gross margin per ounce, by comparison of total cash costs per ounce to the spot price of gold, and an internal benchmark of performance to allow for comparison against other companies.

2. Under IFRS, we account for our interest in Morila Limited using the proportionate consolidation method, whereby our proportionate share of Morila Limited's assets, liabilities, income, expenses and cash flows are incorporated in our consolidated financial statements under the appropriate headings. Under U.S. GAAP, we equity account for our interest in Morila Limited. This requires that we recognize our share of Morila Limited's net income as a separate line item in the statement of operations, equity income of Morila joint venture. In the balance sheet, we reflect as an investment our share of Morila Limited's net assets. While this results in significantly different financial statement presentation between IFRS and U.S. GAAP, it has no impact on our net income or our net asset value except for any difference between IFRS and U.S. GAAP which relates to Morila.

3. Effective June 11, 2004, we undertook a split of our ordinary shares, which increased our issued share capital from 29,273,685 to 58,547,370 ordinary shares. In connection with this share split our ordinary shareholders of record on June 11, 2004 received two (2) $0.05 ordinary shares for every one (1) $0.10 ordinary share they held. See Item 4. Information on the Company – A. History and Development of the Company.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

In addition to the other information included in this Annual Report, you should carefully consider the following factors, which individually or in combination could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Business

Because we depend upon Société des Mines de Morila SA, and our interest in Morila Limited, for substantially all of our revenues and cash flow, our business will be harmed if Morila's revenues or its ability to pay dividends are adversely impacted.

We hold our ownership interest in Morila through our 50% ownership interest in Morila Limited, which in turn owns 80% of Société des Mines de Morila SA, the direct owner of Morila, or the Morila mine. During 2004, substantially all of our revenues and cash flows were derived solely from sales of gold mined at Morila, and we expect that this mine will continue to provide substantially all of our operating revenue and cash flows for at least the next twelve months. As a result, our results of operations, cash flows and financial condition could be materially and adversely affected by any of the following factors:

- fluctuations in the price of gold realized by Morila;
- the failure of Morila to produce expected amounts of gold; and
- any disputes which may arise between us and AngloGold Ashanti Limited, or AngloGold

Ashanti, with respect to the management of Morila Limited.

The profitability of our operations, and the cash flows generated by our operations, are affected by changes in the market price for gold which in the past has fluctuated widely.

Substantially all of our revenues and cash flows have come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which we have no control, including:

- the demand for gold for industrial uses and for use in jewelry;
- international or regional political and economic trends;
- the strength of the U.S. dollar, the currency in which gold prices generally are quoted, and of other currencies;
- financial market expectations regarding the rate of inflation;
- interest rates;
- speculative activities;
- actual or expected purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- hedging activities by gold producers; and
- the production and cost levels for gold in major gold-producing nations.

The volatility of gold prices is illustrated in the following table, which shows the quarterly high, low and average of the afternoon London Bullion Market fixing price of gold in U.S. dollars for the past two years and the first quarter of 2005.

		Price per ounce ($)		
Year		High	Low	Average
2005	First Quarter	443.00	411.10	427.35
2004				
	Fourth Quarter	454.20	411.25	433.77
	Third Quarter	415.65	391.40	401.30
	Second Quarter	427.25	375.15	393.27
	First Quarter	425.50	390.50	408.44
2003				
	Fourth Quarter	416.25	370.25	391.92
	Third Quarter	390.70	342.50	363.24
	Second Quarter	371.40	319.90	346.74
	First Quarter	382.10	329.45	352.09

In addition, the current demand for, and supply of, gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions, and individuals hold large amounts of gold as a store of value, and production in any given year constitutes a very small portion of the total potential supply of gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price.

If gold prices should fall below and remain below our cost of production for any sustained period, we may experience losses and may be forced to curtail or suspend some or all of our mining operations. In addition, we would also have to assess the economic impact of low gold prices on our ability to recover any losses we may incur during that period and on our ability to maintain adequate reserves. Our total cash cost of production per ounce of gold sold was $184 in the year ended December 31, 2004, $100 in the year ended December 31, 2003, and $74 in the year ended December 31, 2002. We expect that Morila's total cash costs will rise as the life of the mine advances, which will adversely affect our profitability in the absence of any mitigating factors.

We may incur losses or lose opportunities for gains as a result of our use of our derivative instruments to protect us against low gold prices.

We use derivative instruments to protect the selling price of some of our anticipated gold production at Loulo. The intended effect of our derivative transactions is to lock in a minimum sale price for future gold production at the time of the transactions, reducing the impact on us of a future fall in gold prices. No such protection is in place for our production at Morila.

To the extent these instruments protect us against low gold prices, they will only do so for a limited period of time. If the instrument cannot be sustained, the protection will be lost. Derivative transactions can even result in a reduction in possible revenue if the instrument price is less than the market price at the time of settlement. Moreover, our decision to enter into a given instrument is based upon market assumptions. If these assumptions are not met, significant losses or lost opportunities for significant gains may result. In all, the use of these instruments may result in significant losses or prevent us from realizing the positive impact of any subsequent increase in the price of gold on the portion of production covered by the instrument.

Because we depend upon Morila, and our interest in Morila Limited, for substantially all our revenues and cash flow, our business may be harmed if the Government of Mali fails to repay fuel duties.

Morila is responsible for paying to diesel suppliers the customs duties which are then paid to the Government of Mali. Morila can claim reimbursement of these duties from the Government of Mali on presentation of a certificate from Société Généralé de Surveillance. During the third quarter 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities

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involving certain small exploration companies. The Government of Mali has commenced repayment and during the first quarter 2005 the amount owing Morila was reduced from $17.6 million as of December 31, 2004 to $11.5 million as of March 31, 2005.

If Morila is unable to recover these amounts, its ability to pay dividends to its shareholders would be affected. Our business, cash flows and financial condition will be materially and adversely affected if anticipated dividends are not paid.

Under our joint venture agreement with AngloGold Ashanti, we jointly manage Morila Limited, and any disputes with AngloGold Ashanti over the management of Morila Limited could adversely affect our business.

We jointly manage Morila Limited with AngloGold Ashanti under a joint venture agreement. Under the joint venture agreement, AngloGold Ashanti is responsible for the day-to-day operations of Morila, subject to the overall

management control of the Morila Limited board. Substantially all major management decisions, including approval of a budget for Morila, must be approved by the Morila Limited board. We and AngloGold Ashanti retain equal control over the board, with neither party holding a deciding vote. If a dispute arises between us and AngloGold Ashanti with respect to the management of Morila Limited and we are unable to amicably resolve the dispute, we may have to participate in an arbitration or other proceeding to resolve the dispute, which could materially and adversely affect our business.

Our mining project at Loulo, or Loulo Project, is subject to all of the risks of a start-up mining operation.

In connection with the development of the Loulo Project, we must build the necessary infrastructure facilities, the costs of which are substantial. As a new mining operation, Loulo may experience unexpected problems and delays during development, construction and mine-start-up. In addition, delays in the commencement of mineral production could occur, which could affect our results of operations and profitability.

Our mining operations may yield less gold under actual production conditions than indicated by our gold reserve figures, which are estimates based on a number of assumptions, including assumptions as to mining and recovery factors, production costs and the price of gold.

The ore reserve estimates contained in this Annual Report are estimates of the mill delivered quantity and grade of gold in our deposits and stockpiles. They represent the amount of gold that we believe can be mined, processed and sold at prices sufficient to recover our estimated total costs of production, remaining investment and anticipated additional capital expenditures. Our ore reserves are estimated based upon many factors, including:

- the results of exploratory drilling and an ongoing sampling of the orebodies;
- past experience with mining properties; and
- the experience of the person making the reserve estimates.

Because our ore reserve estimates are calculated based on current estimates of production costs and gold prices, they should not be interpreted as assurances of the economic life of our gold deposits or the profitability of our future operations.

Reserve estimates may require revisions based on actual production experience. Further, a sustained decline in the market price of gold may render the recovery of ore reserves containing relatively lower grades of gold mineralization uneconomical and ultimately result in a restatement of reserves. The failure of the reserves to meet our recovery expectations may have a materially adverse effect on our business, financial condition and results of operations.

We may be required to seek funding from third parties or enter into joint development arrangements to finance the development of our properties and the timely exploration of our mineral rights, which funding or development arrangements may not be available on acceptable terms, or at all.

We require substantial funding to develop our properties. For example, if we ultimately determine that our Tongon project would sustain profitable mining operations, our ability to build a mine at this

site would be dependent upon the availability of sufficient funding. In some countries, if we do not conduct any mineral exploration on our mineral holdings or make the required payments in lieu of completing mineral exploration,

these mineral holdings will lapse and we will lose all interest that we have in these mineral rights.

We may be required to seek funding from third parties to finance these activities. Our ability to obtain outside financing will depend upon the price of gold and the industry's perception of its future price, and other factors outside of our control. We may not be able to obtain funding on acceptable terms when required, or at all. Cash constraints and strategic considerations may also lead us to dispose of all or part of our interests in some of our projects or mineral rights or to seek out third parties to jointly develop one or more projects.

We conduct mining, development and exploration activities in countries with developing economies and are subject to the risks of political and economic instability associated with these countries.

We currently conduct mining, development and exploration activities in countries with developing economies, including Côte d'Ivoire, Mali, Senegal, Burkina Faso, Ghana and Tanzania. These countries and other emerging markets in which we may conduct operations have, from time to time, experienced economic or political instability, in the form of:

- war and civil disturbance;
- expropriation or nationalization;
- changing regulatory and fiscal regimes;
- fluctuations in currency exchange rates;
- high rates of inflation;
- underdeveloped industrial and economic infrastructure; and
- unenforceability of contractual rights.

Any political or economic instability in the West African countries in which we currently operate could have a material and adverse effect on our business and results of operations.

The countries of Mali, Senegal, Burkina Faso and Côte d'Ivoire were French colonies and Tanzania and Ghana were British colonies until their independence in the early 1960's. Each country has, since its independence, experienced its own form of political upheavals with varying forms of changes of government taking place, including violent coup d'etats. However, Côte d'Ivoire, the leading economic power in the region, and once considered one of the most stable countries in Sub-Saharan Africa, has experienced several years of political chaos, including an attempted coup d'etat. In November 2002, a mutiny by disaffected soldiers developed into a national conflict between rebels who took control of the north of the country and Government supporters in the south. An agreement was reached in March 2005 whereby all sides agreed to disarm and new presidential elections for the country as a whole are planned for October 2005.

The conflict in Côte d'Ivoire resulted in us suspending work in the country pending a peaceful solution. As a result, the progress of the Tongon feasibility study has been delayed. We anticipate starting the next phase of the project after the elections in October 2005.

Goods are supplied to Mali through Ghana, Burkina Faso and Senegal. Other supply routes to Mali are, however, functioning. Our operations at Morila have been affected only to the extent of making the supply of diesel more expensive since it now has to be delivered via Togo, which adds additional transportation costs to allow for greater delivery distances.

Also, any present or future policy changes in the countries in which we operate may in some way have a significant effect on our operations and interests. The mining laws of Mali, Côte d'Ivoire, Senegal, Burkina Faso, Ghana and Tanzania stipulate that should an economic orebody be discovered on a property subject to an exploration permit, a permit that allows processing operations to be undertaken must be issued to the holder.

7

Except for Tanzania, legislation in these countries currently provides for the relevant government to acquire a free ownership interest, normally of at least 10%, in any mining project. For example, the Malian government holds a 20% interest in Morila SA, and cannot be diluted below 10%, as a result of this type of legislation. The requirements of the various governments as to the foreign ownership and control of mining companies may change in a manner which adversely affects us.

If we are required to change how we account for our interest in Morila Limited in the future to the equity method, any resulting confusion in the investor community could cause persons not to invest in our securities.

Our financial statements have been prepared in accordance with IFRS since our inception as an international company, under which we employ joint venture accounting and proportionately consolidate our interest in Morila Limited's assets, liabilities, income, expenses and cash flows. If we are not permitted to utilize joint venture accounting under IFRS in the future, we would be required to utilize the equity method to account for our interest in Morila Limited, which could cause confusion in the investor community and adversely affect a prospective investor's willingness to invest in our securities. The most likely circumstance under which we would be prohibited from using proportionate consolidation would be if existing accounting policies under IFRS were changed to prohibit proportionate consolidation for joint ventures of this type. Under the equity method of accounting, which is mandatory under U.S. GAAP, we would recognize our share of the company's net income as a separate line item in our income statement and would reflect as an investment our share of Morila Limited's net assets on our balance sheet.

If we are unable to attract and retain key personnel our business may be harmed.

Our ability to bring additional mineral properties into production and explore our extensive portfolio of mineral rights will depend, in large part, upon the skills and efforts of a small group of management and technical personnel, including D. Mark Bristow, our Chief Executive Officer. If we are not successful in retaining or attracting highly qualified individuals in key management positions our business may be harmed. The loss of any of our key personnel could adversely impact our ability to execute our business plan.

Our insurance coverage may prove inadequate to satisfy future claims against us.

We may become subject to liabilities, including liabilities for pollution or other hazards, against which we have not insured adequately or at all or cannot insure. Our insurance policies contain exclusions and limitations on coverage. Our current insurance policies provide worldwide indemnity of $100 million in relation to legal liability incurred as a result of death, injury, disease of persons and/or loss of or damage to property. Main exclusions under this insurance policy, which relates to our industry, include war, nuclear risks, silicosis, asbestosis or other fibrosis of the lungs or diseases of the respiratory system with regard to employees, and gradual pollution. In addition, our insurance policies may not continue to be available at economically acceptable premiums. As a result, in the future our insurance coverage may not cover the extent of claims against us.

It may be difficult for you to affect service of process and enforce legal judgments against us or our affiliates.

We are incorporated in Jersey, Channel Islands and a majority of our directors and senior executives are not residents of the United States. Virtually all of our assets and the assets of those persons are located outside the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us. Furthermore, the United States and Jersey currently do not have a treaty providing for the reciprocal recognition and

enforcement of judgments (other than arbitration awards) in civil and commercial matters. Consequently, it may not be possible for you to enforce a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon United States Federal securities laws against those persons or us.

In order to enforce any judgment rendered by any Federal or state court in the United States in Jersey, proceedings must be initiated by way of common law action before a court of competent jurisdiction in Jersey. The entry of an enforcement order by a court in Jersey is conditional upon the following:

- the court which pronounced the judgment has jurisdiction to entertain the case according to the principles recognized by Jersey law with reference to the jurisdiction of the foreign courts;
- the judgment is final and conclusive—it cannot be altered by the courts which pronounced it;
- there is payable pursuant to a judgment a sum of money, not being a sum payable in respect of tax or other charges of a like nature or in respect of a fine or other penalty;
- the judgment has not been prescribed;
- the courts of the foreign country have jurisdiction in the circumstances of the case;
- the judgment was not obtained by fraud; and
- the recognition and enforcement of the judgment is not contrary to public policy in Jersey, including observance of the rules of natural justice which require that documents in the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal.

Furthermore, it is doubtful whether you could bring an original action based on United States Federal securities laws in a Jersey court.

Risks Relating to Our Industry

The exploration of mineral properties is highly speculative in nature, involves substantial expenditures, and is frequently unproductive.

Exploration for gold is highly speculative in nature. Our future growth and profitability will depend, in part, on our ability to identify and acquire additional mineral rights, and on the costs and results of our continued exploration and development programs. Many exploration programs, including some of ours, do not result in the discovery of mineralization and any mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Our mineral exploration rights may not contain commercially exploitable reserves of gold. Uncertainties as to the metallurgical recovery of any gold discovered may not warrant mining on the basis of available technology. Our operations are subject to all of the operating hazards and risks normally incident to exploring for and developing mineral properties, such as:

- encountering unusual or unexpected formations;
- environmental pollution;
- personal injury and flooding; and
- decrease in reserves due to a lower gold price.

If we discover a viable deposit, it usually takes several years from the initial phases of exploration until production is possible. During this time, the economic feasibility of production may change.

Moreover, we will use the evaluation work of professional geologists, geophysicists, and engineers for estimates in determining whether to commence or continue mining. These estimates generally rely on scientific and economic assumptions, which in some instances may not be correct, and could result in the expenditure of substantial amounts of money on a deposit before it can be determined whether or not the deposit contains economically recoverable mineralization. As a result of these uncertainties, we may not successfully acquire additional mineral rights, or identify new proven and probable reserves in sufficient quantities to justify commercial operations in any of our properties.

If management determines that capitalized costs associated with any of our gold interests are not likely to be recovered, we would incur a write-down on our investment in that interest. All of these factors may result in losses in relation to amounts spent which are not recoverable.

Title to our mineral properties may be challenged which may prevent or severely curtail our use of the affected properties.

Title to our properties may be challenged or impugned, and title insurance is generally not available. Each sovereign state is the sole authority able to grant mineral property rights, and our ability to ensure that we have obtained secure title to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

Our ability to obtain desirable mineral exploration projects in the future will be adversely affected by competition from other exploration companies.

In conducting our exploration activities, we compete with other mining companies in connection with the search for and acquisition of properties producing or possessing the potential to produce gold. Existing or future competition in the mining industry could materially and adversely affect our prospects for mineral exploration and success in the future.

Our operations are subject to extensive governmental and environmental regulations, which could cause us to incur costs that adversely affect our results of operations.

Our mining facilities and operations are subject to substantial government laws and regulations, concerning mine safety, land use and environmental protection. We must comply with requirements regarding exploration operations, public safety, employee health and safety, use of explosives, air quality, water pollution, noxious odor, noise and dust controls, reclamation, solid waste, hazardous waste and wildlife as well as laws protecting the rights of other property owners and the public.

Any failure on our part to be in compliance with these laws, regulations, and requirements with respect to our properties could result in us being subject to substantial penalties, fees and expenses, significant delays in our operations or even the complete shutdown of our operations. We accrue estimated environmental rehabilitation costs over the operating life of a mine. Estimates of ultimate rehabilitation are subject to revision as a result of future changes in regulations and cost estimates. The costs associated with compliance with government regulations may ultimately be material and adversely affect our business.

If our environmental and other governmental permits are not renewed or additional conditions are imposed on our permits, our financial condition and results of operations may be adversely affected.

Generally, compliance with environmental and other government regulations requires us to obtain permits issued by governmental agencies. Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew these permits or whether material changes in permit conditions will be imposed. Non-renewal of a permit may cause us to discontinue the operations requiring the permit, and the imposition of additional conditions on a permit may cause us to incur additional compliance costs, either of which could have a material adverse effect on our financial condition and results of operations.

Labor disruptions could have an adverse effect on our operating results and financial condition.

All Malian national employees are members of the Union Nationale des Travailleurs du Mali, or UNTM. Due to the number of employees that belong to UNTM, we are at risk of having Morila and Somilo's mining and exploration operations stopped for indefinite periods due to strikes and other labor disputes. Should any labor disruptions occur, our results of operations and financial condition could be materially and adversely affected.

AIDS poses risks to us in terms of productivity and costs.

The incidence of AIDS in Mali, which has been forecasted to increase over the next decade, poses risks to us in terms of potentially reduced productivity and increased medical and insurance

costs. The exact extent to which our workforce is infected is not known at present. The prevalence of AIDS could become significant. Significant increases in the incidence of AIDS infection and AIDS-related diseases among members of our workforce in the future could adversely impact our operations and financial condition.

Item 4. Information on the Company

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Randgold Resources Limited was incorporated under the laws of Jersey, Channel Islands in August 1995, to engage in the exploration and development of gold deposits in Sub-Saharan Africa. Our principal executive offices are located at La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands and our telephone number is (011 44) 1534 735-333. Our agent in the United States is CT Corporation System, 111 Eighth Avenue, New York, New York 10011.

We discovered the Morila deposit during December 1996 and we subsequently financed, built and commissioned the Morila mine.

During July 2000, we concluded the sale of 50% of our interest in Morila Limited and a shareholder loan made by us to Morila Limited to AngloGold Ashanti for $132 million in cash.

In April 2001, we acquired an additional 29% of Société des Mines de Loulo, or Somilo, under a sale of shares and loan claims agreement with Normandy LaSource SAS for a purchase price of $2 million, which brought our share of Somilo to 80%. Also under this agreement, we acquired loan claims regarding cash advanced to Somilo by Normandy LaSource to fund exploration activities.

We now conduct our operations through:

- a 50% interest in Morila Limited; and
- a controlling interest in Somilo, which conducts exploration and mine development activities over the Loulo permit, which contains the Yalea and Loulo 0 deposits. We discovered the Yalea deposit in 1997.

In July 2002, we completed an initial public offering of 5,000,000 of our ordinary shares, including American Depositary Shares, or ADSs, resulting in gross proceeds to us of $32.5 million. These proceeds were used to repay a syndicated term loan and revolving credit facility in November 2002 and for feasibility studies and development activities. In connection with this offering, we listed our ADSs on the Nasdaq National Market.

In September 2002, we completed an exchange offer in which we exchanged substantially all of our outstanding GDSs for ADSs representing a like number of our ordinary shares.

On March 10, 2003, we changed our ADR ratio from two ordinary shares to one ADR, to one ordinary share to one ADR.

On April 16, 2003 we entered into a heads of agreement with Resolute Mining Limited, or Resolute. Under this agreement we gave Resolute a 12 month option to acquire our entire interest in our wholly-owed subsidiary, Randgold Resources (Somisy) Limited, or RRL Somisy, for $6 million, plus a quarterly royalty payment based on the gold price. RRL Somisy owns 80% of Somisy which owns the Syama mine. In addition, Resolute would accept $7.0 million of Syama's liabilities. During the option period, Resolute paid us option fees of $75,000 per month.

On June 13, 2003, Randgold & Exploration sold 1 million of our ordinary shares reducing its percentage ownership in us to approximately 43% as of that date. Randgold & Exploration's current ownership is described under "Item 7 – Major Shareholders and Related Party Transactions – Major Shareholders."

Recent Developments

In February 2004 we announced that we would develop a new mine at Loulo in western Mali. Construction continued through 2004 and into 2005 and it remains anticipated that the new mine would commence production from open-pit operations during the third quarter of 2005. In addition, the development study on the underground potential to extend the life of the proposed Loulo operation was extended to July 2005 to accommodate the positive drilling results which were obtained from the underground drilling. Our board agreed to increase the drilling budget by $7 million to progress the development study.

In April 2004, Resolute exercised their option to acquire the Syama mine. Resolute has subsequently paid us $6 million in cash and has assumed liabilities of $7 million, of which $4 million owing to ourselves has been settled. The agreement entered into in June 2004 between the parties makes provision for the payment of a royalty by Resolute. At a gold price of more than $350 per ounce, we would receive a royalty on Syama's production of $10 per ounce on the first million of ounces attributable to Resolute and $5 per ounce on the next three million of attributable ounces entered. This royalty payment is capped at $25 million. The Syama mine is still under care and maintenance while Resolute carry out a feasibility study. Accordingly, we did not receive any royalties during the year ended December 31, 2004.

The Companies (Jersey) Law, 1991, or the 1991 Law, places restrictions on our ability to pay dividends. Because of accumulated losses, we have not been able, under the 1991 Law, to make dividend payments. At our annual general meeting, held on April 26, 2004, our shareholders approved a resolution to reduce our share premium account by $100 million. This enabled us to re-organize our balance sheet and has placed us in a position to have the option to pay dividends from our future trading profits. On April 27, 2004, the Royal Court in Jersey, Channel Islands, sanctioned the capital reduction which has now become effective. No capital was returned to shareholders in connection with this adjustment. As a result of the Court approval, accumulated losses of $75 million have been cancelled from our profit and loss account and an amount of $25 million has been transferred to a special reserve which shall be treated as our realized profit and will be available for distribution to our shareholders by way of dividend, return of capital or otherwise and/or for transfer to our profit and loss account to the extent of any accrued losses thereon at any time.

Effective on June 11, 2004, we undertook a split of our ordinary shares, which increased our issued share capital from 29,263,385 to 58,526,770 ordinary shares. In connection with this share split our ordinary shareholders of record on June 11, 2004 received two (2) additional $0.05 ordinary shares for every one (1) $0.10 ordinary share they held. Following the share split, each shareholder held the same percentage interest in us, however, the trading price of each share will be adjusted to reflect the share split. ADR holders will be affected the same way as shareholders and the ADR ratio remains 1 ADR to 1 ordinary share.

Principal Capital Expenditures

Capital expenditures incurred for the year ended December 31, 2004 totaled $69.4 million compared to $6.7 million for the year ended December 31, 2003. As of December 31, 2004, our capital commitments amounted to $25 million, principally for the Loulo Project. This relates to capital expenditures which had been committed and contracted of $17 million and committed but not yet contracted of $8 million. The capital expenditures will be financed out of internal funds and a $60 million project finance loan from a consortium of banks.

B. BUSINESS OVERVIEW

Overview

We engage in gold mining, exploration and related activities. Our activities are focused on West and East Africa, some of the most promising areas for gold discovery in the world. In Mali, we own one half of Morila Limited, which in turn owns 80% of Morila SA, the owner of the Morila mine. We also have a mine in the construction phase in Mali, the Loulo mine, and a feasibility stage project in the neighboring country of Côte d'Ivoire, as well as exploration permits covering additional areas in Mali, Côte d'Ivoire, Burkina Faso, Ghana and Senegal and exploration licenses in Tanzania. As of December 31, 2004, we had declared proven and probable reserves of approximately 2.51 million ounces attributable to our percentage ownership interest in our assets.

Our strategy is to achieve superior returns on equity through the discovery, management and exploitation of resource opportunities, focusing on gold. We seek to discover bulk tonnage shallow gold deposits, either from our own phased exploration programs or the acquisition of early stage to mature exploration programs. We actively manage both our portfolio of exploration and development properties and our risk exposure to any particular geographical area.

13

The focus of Morila SA's exploration activities is on extending the existing orebody and discovering new deposits which can be processed using the Morila plant. Several areas around the current pit with the potential to yield continuous flat lying mineralization have been targeted for further drilling.

Outside of Morila SA, we hold exploration permits covering 3,000 square kilometers in the Morila region, where we are engaged in early stage exploration work.

In February 2004 we announced that we would develop a new mine at Loulo in western Mali. Construction is in progress and it is anticipated that the new mine would commence open-pit operations in the third quarter of 2005. In addition, a development study has commenced on the underground potential to extend the life of the proposed new Loulo operation. It is anticipated that the underground development study will be completed by July 2005.

The focus of exploration at Loulo is to continue to explore and discover additional mineralized material from the 372 square kilometer permit.

We also own an advanced-stage development project at Tongon, located in Côte d'Ivoire. We have not yet committed to constructing a mine at Tongon. However, our work to date, together with the current gold price environment, indicates that a profitable mine could, subject to the political climate in Côte d'Ivoire, potentially be developed.

Ownership of Mines and Subsidiaries

The Morila mine is owned by a Malian company, Morila SA,. The mine is controlled by a 50/50 joint venture management committee with day-to-day operations being the responsibility of a Malian subsidiary of AngloGold Ashanti.

Under a joint venture agreement between us, we are each entitled to appoint four directors to the board of directors of Morila Limited. AngloGold Ashanti is entitled to appoint one of its four directors as chairman, which position does not possess an additional vote. A quorum of the board for any meeting may only be achieved if at least two directors appointed by each of us are present. We have further agreed that all major decisions involving Morila Limited must be decided upon at the board level on a consensus basis, though under an operating agreement we have agreed to delegate responsibility for and authority regarding the day-to-day operation of Morila to a subsidiary of AngloGold Ashanti. Under the joint venture agreement, if either party wishes to sell its interest in Morila Limited, the other has a right of first refusal regarding that interest.

At March 31, 2005, Morila had been in production for 54 months and in that time had produced approximately 3.3 million ounces at a total cash cost of less than $110 per ounce.

The Loulo Project is owned by a Malian company, Somilo SA, which in turn is owned 80% by Randgold Resources (Somilo) Limited, our wholly-owned subsidiary, and 20% by the State of Mali. Randgold Resources is the operator of the Loulo mine and is managing the construction project.

Geology

We target bulk tonnage gold deposits that have the potential to host mineable gold reserves of two million ounces or more.

West Africa is one of the more geologically prospective regions in the World. Lower Proterozoic rocks are known to contain significant gold occurrences and occur in West Africa in abundance. The Birrimian greenstone belts, part of the Lower Proterozoic, which are younger than the Archaean greenstones of Canada, Australia and South Africa, contain similar types of ore deposits along with Birrimian greenstone belts that are located in Ghana, Côte d'Ivoire, Burkina Faso, Guinea, Mali, Senegal and Niger. A significant amount of geological information has been collected by government and quasi-government agencies in West Africa. The region has consequently largely been under-explored by mining and exploration companies using modern day technology. Most of our exploration properties are situated within the Birrimian Formation, a series of Lower Proterozoic volcanic and sedimentary rocks. The West African Birrimian sequences host a number of world class gold deposits and producing gold mines.

Our strategy was initiated before the current entry of our competitors into West and Central Africa and we believe that this enabled us to secure promising exploration permits in the West African countries of Côte d'Ivoire, Mali, Burkina Faso, and Senegal at relatively low entry costs.

Reserves

Only those reserves which qualify as proven and probable reserves for purposes of the SEC's industry guide number 7 are presented in this Annual Report. The reserves are calculated at an average gold price of $375 per ounce over the life of the mine or project.

Morila reserves have been estimated by our joint venture partner, AngloGold Ashanti. The Loulo Project reserves were estimated by us in conjunction with Steffen, Robertson and Kirsten, our independent mining engineers.

Total reserves as of December 31, 2004, amounted to 40.97 million tonnes at an average grade of 3.36 g/t, giving 4.42 million ounces of gold of which 2.51 million ounces are attributable to us. In calculating proven and probable reserves, current industry standard estimation methods are used. The reserves were calculated using classical geostatistical techniques, following geological modeling of the borehole information. The sampling and assaying is done to internationally acceptable standards and routine quality control procedures are in place.

The preferred technique used for estimation was ordinary kriging, and the resources have been converted to reserves by the application of all the necessary economic, mining and metallurgical parameters into a pit optimization algorithm. All reserves are based on feasibility level studies.

Factors such as grade distribution of the orebody, planned production rates, forecast working costs and metallurgical factors as well as current forecast gold price are all used to determine a cut-off grade from which a life of mine plan is developed in order to optimize the profitability of the operation.

The following table summarizes our declared reserves as of December 31, 2004:

	Proven Reserves			Probable Reserves			Total Reserves		
Operation/ Project	Tonnes (Mt)	Grade (G/T)	Gold (Moz)	Tonnes (Mt)	Grade (G/T)	Gold (Moz)	Tonnes (Mt)	Grade (G/T)	Gold (Moz)
Morila mine	11.92	3.39	1.30	13.87	2.87	1.28	10.32	3.11	1.03

Loulo Project	13.63	3.71	1.62	1.54	4.44	0.22	Our 40% share Our 80% share	12.14	3.78	1.47

Included in proven reserves are Morila stockpiled tonnage of 7.58 million tonnes at 2.08 g/t.

1. A 10% mining dilution at zero grade and a gold loss of 5% have been incorporated into the estimates of reserves and are reported as mill delivered tonnes and head grades. Metallurgical recovery factors have not been applied to the reserve figures. The approximate metallurgical recovery factors would be 91.5% for the Morila mine and 89.6% for the Loulo project.

Results of Operations

The following chart details the operating and production results from operations for the years ended December 31, 2004, 2003 and 2002:

	Morila Attributable 40%	Morila Total
2004		
Mined tonnes (million tonnes)	10.64	26.6
Ore tonnes mined (million tonnes)	2.12	5.3
Gold grade (g/t)	4.32	4.3
Ore tonnes milled (million tonnes)	1.4	3.5
Head grade (g/t)	5.2	5.2
Ounces production (oz)	204,194	510,485
2003		
Mined tonnes (million tonnes)	9.39	23.47
Ore tonnes mined (million tonnes)	1.62	4.05
Gold grade (g/t)	6.77	6.77
Ore tonnes milled (million tonnes)	1.31	3.27
Head grade (g/t)	8.33	8.33
Ounces production (oz)	317,597	793,992
2002		
Mined tonnes (million tonnes)	10.53	26.32
Ore tonnes mined (million tonnes)	1.29	3.23
Gold grade (g/t)	15.59	15.59
Ore tonnes milled (million tonnes)	1.09	2.74
Head grade (g/t)	13.39	13.39
Ounces production (oz)	421,126	1,052,816

Mining Operations - Morila

Introduction

The Morila mine struggled for much of the year before the commissioning of the plant expansion in September 2004 but completed the year with a very good fourth quarter.

In the first three quarters of the year, gold production decreased due to expected lower grades and the failure to increase tonnage throughput as a result of the delay in commissioning the plant expansion project. Despite this delay, the mine still produced 510,485 ounces at a total cash cost of $184 per ounce. Profit margins decreased from 2003 as a result of increased costs and the production difficulties, but by year-end substantial profits were again being made as higher grade was being accessed in the pit and the plant was functioning to design specification.

We were forced to intervene to assist the operator to identify the problems hampering production and, with our joint venture partner, developed a technical action plan. The implementation of this plan was closely monitored and by the end of the third quarter was starting to achieve the return to design production levels. Following our ongoing dissatisfaction with the way the mine was being operated, a management change was agreed to by the partners whereby the mine would in future be under the direct day-to-day management of a jointly appointed, independent managing director.

During the final quarter of the year, the mine's production exceeded the milestone of 3 million ounces of gold produced since inception and by year-end the mine had produced 3.13 million ounces of gold at a total cash cost of $105 per ounce.

Total cash profit for the year was $89.6 million and dividends of $2.8 million to shareholders were made. The total distribution by Morila to us, including the repayment of our shareholder loans during

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the year, amounted to $11 million. The remaining project debt was paid back during the year to the consortium of lending banks as were the remaining shareholder loans. The original gold hedge financial instruments taken out as a funding requirement was also finally delivered into and Morila's production is now totally unhedged and will benefit fully from the gold spot price. At year-end there was an outstanding amount of some $30.9 million to be recovered from the State of Mali in the form of value-added tax repayments and reimbursable fuel duties of which $12.4 million is attributable to ourselves.

A summary of the salient production and financial statistics as well as a comparison with the previous year's results follows:

	Year Ended December 31,		
Morila production and financial statistics	2004	2003	2002
Mined tonnes (million tonnes)	26.6	23.5	26.3
Ore tonnes (million tonnes)	5.3	4.1	3.2
Mined gold grade (g/t)	4.3	6.8	15.6

Ore tonnes milled (million tonnes)	3.5	3.3	2.7
Head grade (g/t)	5.2	8.3	13.4
Recovery (%)	87.9	91.0	89.3
Ounces produced (oz)	510,485	793,992	1,052,816
Average gold price received ($/oz)	$ 382	$ 345	$ 308
Cash operating cost (excluding royalty) ($/oz)	$ 158	$ 76	$ 52
Total cash cost ($/oz) [1]	$ 184	$ 100	$ 74
Cash profit ($ million)[2]	$ 89.8	$ 194.8	$ 250.1

[1]For a definition of cash costs, please see "Item 3. key information – A. Selected Financial Data."

[2]Cash profit is defined as gold sales less total cash costs, as follows:

Costs	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
			(In thousands)		
Gold sales	$ 59,949	$ 27,474	$ 73,330	$ 109,573	$ 131,440
Total cash costs	24,915	16,083	37,480	30,646	31,419
Cash profit	35,034	11,391	35,850	78,927	100,021

During the year ended December 31, 2004, an amount of some $17 million was paid to the Malian government in payroll taxes, duties, royalties and dividends and a further amount of approximately $76 million was paid to Malian businesses for goods and services rendered.

Location and access

The Morila mine is situated 180 km south east of Bamako, the capital city of Mali. Access to the property is by road or by charter aircraft. Gold doré is transported by air from the site.

Geology, exploration and orebody definition

The Morila permit is situated in the northern portion of the West African craton and is underlain by lower proterozoic (birrimian) meta-sedimentary sequences and large granitoid intrusions. The mining permit covers an area of 200km^2 and remains in force until the year 2029, provided that mining is still taking place. The deposit is located west of a major regional structure known as the Banifin shear zone. The gold mineralization is hydrothermal in origin, is contained within metamorphosed sediments close to a contact with an intrusive tonalite and is hosted within a shallow dipping shear zone referred to as the Morila shear zone (MSZ). The alteration envelope is dominantly characterized by silica-feldspar flooding and the sulfide mineralization consists of arsenopyrite, pyrrhotite, pyrite and trace chalcopyrite. Coarse gold is common.

The following map indicates the location of Morila within Mali:

Exploration efforts at Morila to further define the orebody as well as find new mineralized zones were concentrated in several areas this year:

- Exploration of the area peripheral to the north west of the existing pit (MSZ West);
- Drilling of the Samacline target;
- Infill drilling of fringe areas; and
- Exploration of the 200 square kilometers mining lease based on the development of a structurally controlled mineralization model.

A significant expansion of the mineralized material base was achieved. As a result of the success of the drilling program in the MSZ West area, mineralized material increased by some 750,000 ounces.

A summary of exploration work carried out on the Morila mine is set out below:

Type	Hole Identification	Number of holes	Meters	Notes
Diamond	Mor001 – Mor007	7	1,927	
Trench	MTR001 – MR 0016	16	3,609	Trenching to Saprolite
	STR001-STR006	6	620	Trenching to Saprolite
RC	RC001 – RC 00104	125	6,053	Several holes not drilled
Diamond	San001-San167	173	32,170	Includes "twin" holes
Diamond	San168 –San178	11	1,983	Due diligence drilling
Diamond	San179-San181	3	599	Due Diligence Drilling
Diamond	San182-San222	41	8,163	Infill Drilling 2002
RC	RCX001-113	105	9,164	Infill Drilling 2002
Diamond	San222-San253	31	6,999	Infill Drilling 2002
RC	Various	286	—	Routine Infill RC 2002
Diamond	San278-San288	10	1,555	Infill drilling 2003
Diamond	San331-San361	28	4,062	Infill 2003
RC	RCX115-RCX306	105	11,176	Infill 2003
RC	Various	1261	—	Routine RC 2003
Old Exp RC	C246/167-C272/181	37	3,617	Sterilisation 2000 taken with 200404 Model
Old GC RC	RCG1619-RCG5618	101	1,010	Routine Infill RC 2002 taken with 200404 interim model
Old ExpDiamond	Various (NWD,NEW,SAN, SEX, SIP)	96	26,383	1985-2000-2002-2003 EM, WFZ,SWE Drilling taken with 200404 Interim Model
RC	Various	989	20,293	Routine Infill Drilling 2003-2004 (200404 Interim

				Model)
RC	RCX307-RCX629 (Various)	109	7,822	Advance Grade Control 2004 (200404 Interim Model)
RC	RCX335-RCX659 (Various)	130	8,913	Advance Grade Control 2004 (200410)
RC	Various	984	17,980	Routine 2004 (200410)
Diamond	San 364 – San 505 (Various),SAM001, MND001, SED001	142	25,214	WFZ, PIT1, PIT2, MOR_N, SE_EXT, SAMCLINE (2004100

Grade control

A sophisticated grade control and management system is in use to ensure effective selective mining, minimum ore losses and the attainment of the desired feed grade.

Close-spaced reverse circulation (RC) drilling programs have replaced the use of blast hole sampling for grade control wherever possible. The initial RC drill spacing is 20 meters by 20 meters closing up to a grid of 10 meters by 10 meters in areas where ore grade is highly variable.

In order to increase mining efficiencies the grade control and mine planning departments have worked more closely with the mining contractor and have been able to increase mining efficiencies, thus reducing costs.

Ore is selectively stockpiled near the crusher and the planned ore feed grade to the plant is achieved by blending the stockpile ore with directly tipped ore ex-pit.

Mine planning and reserves

The 2003 mine plan was updated during the year. During the first half of the year the Phase 2 pit, which had been developed to optimally exploit the high-grade payshoot to the north-east, was

completed and mining carried on exclusively on the Phase 3 pit. Considerable effort was put into mining this pit as quickly as possible to access the high-grade zone which was achieved by the fourth quarter.

Phase 4 pit development has commenced with waste stripping of near surface weathered ore.

Estimated mineable reserves amount to 25.79 million tonnes at a grade of 3.11g/t containing 2.58 million ounces of gold as tabulated below:

Morila Ore Reserves	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Attributable Gold

							(Moz)
	2004	2003	2004	2003	2004	2003	
Proven	11.92	11.01	3.39	3.55	1.30	1.26	
Probable	13.87	14.73	2.87	3.88	1.28	1.84	40%
Sub-total	25.79	25.74	3.11	3.70	2.58	3.10	1.03

- Reserves are reported at a gold price of $375/oz (2003: $350/oz).
- Dilution of 10% and ore loss of 5% are incorporated into the calculation of reserves.
- Cut-off grade of 1.4g/t.
- Included in proven reserves are Morila stockpiled tonnage of 7.58 million tonnes at 2.08g/t.
- Stripping ratio is 3.7:1. Approximate metallurgical recovery is 91.5%.

While the gold price at which pit optimization has been run has increased from $350/oz to $375/oz, this has been offset by substantial increases in costs mainly related to increased transport, power and mining costs.

The orebody model has changed as a result of additional drilling in fringe areas and changes in interpretation/methodology. New mineralized material outlined in the MSZ West extension has been converted to reserves and further drilling is planned to bring more into the reserve category. The increased density of drilling has led to the proportion of reserves in the higher-confidence proven category to increase from 41% to 50%.

Based on the current reserves it is estimated that mining activities will cease during 2008 with processing of stockpiles continuing until 2011.

Mining

Mining operations are carried out under contract by Somadex, which is a subsidiary of DTP Terrassement, the mining arm of the French construction company Bouygues. Following the negotiation of a partnership agreement which incorporates the principle of sharing the potential savings achieved by the contractor using agreed productivity assumptions and allowing for an agreed return, the mine management played a more direct role in the management of the open pit operation. After a settling down period this partnership started to take effect and by the second half of the year productivities had improved substantially and started to approach what we consider acceptable.

During the year additional fleet comprising 9 CAT 769 35-tonne trucks were brought to site as well as additional excavation equipment in order to assist with waste stripping requirements.

Again following previous attempts, further attention has been given to the optimization of blasting with a view to improving the blast fragmentation and therefore the "mine to mill" project continued with the powder factor being optimized and leading to better fragmentation. The emphasis in mining will now turn to improvements to be made in blast patterns and blast initiation.

Ore processing and metallurgy

The performance of the Morila metallurgical plant was very disappointing in 2004. Not only was the commissioning of the plant expansion delayed until the fourth quarter, but other operational inefficiencies were also not dealt with in a timely manner.

Issues that impacted on production were:

- Unstable milling performance which led to coarser than planned grind;
- CIL tank downtime which shortened residence times leading to lower recoveries;
- Poor plant availability caused by unscheduled shut-downs of the pre-CIL circuit;
- Downtime related to tie-ins of the new sections of the plant with the old sections; and
- Poor maintenance.

After intervention by us and by AngloGold Ashanti's senior management, a technical action plan was developed along with a timetable to correct the operational inefficiencies and return the mine to planned performance levels. This plan was implemented by the mine management and closely monitored by the partners resulting in daily tonnages and grades reaching design levels by the end of the third quarter. Completion testing was carried out at the beginning of October with a target rate of more than 500 tonnes per hour at 91% gold recovery. At the end of a nine-day continuous period the plant had successfully achieved an 81.4% grind passing 75 microns at a throughput rate of 516 tonnes per hour and a plant recovery of 92%.

The average milling rate per month for the fourth quarter was 337,000 tonnes per month which is just short of design capacity of the expanded plant. Total tonnage milled in 2004 therefore exceeded that for 2003.

Plant expansion

The plant expansion project commenced in the first quarter of 2003 and was designed to increase the plant throughput from its original nameplate 250,000 tonnes per month to as much as 350,000 tonnes per month with the intention of allowing the processing of lower grade ore through reduced costs as a result of economies of scale. This is aimed at ameliorating the increase in unit costs resulting from the forecast grade drop in the later years of the mine life.

After an initial delay in the original planned completion, the project was originally expected to be completed in the first quarter of 2004. However difficulties encountered in the management of the contractor, as well as contributory tie-in problems with the existing plant delayed completion of the project until the third quarter of the year.

The new facilities include a secondary crusher circuit, which allows optimum control of the mill feed size in order to maximize mill circuit throughput. Other facilities to cater for the increase in production include four additional leach tanks, each with 2,500m^3 capacity which provide the necessary residence time for maintaining the current high gold recovery levels.

A new cyclone cluster is also being installed to ensure adequate classification at the higher production levels.

The tailings stream is being passed through a new thickener which will reduce discharge cyanide levels.

Infrastructure

Mine infrastructure consisting of processing plant, workshops, roads, electrical reticulation, pipelines, offices and accommodation are maintained in good order. Power is supplied by on-site diesel generating sets and water is obtained via a 30km water pipeline.

Human resources

Manning levels related to permanent and temporary Morila and contractor employees on the mine are as follows:

Morila Employees	
National permanent	406
Temporary	44
Expatriate	50
Total	500

Contractor employees

Contractor employees numbers increased during the year with the start of the plant expansion project in March 2003. The recruitment of labor for the project was controlled for the contractor by the mine using a Malian labor broker. The community development committee assisted with recruitment to ensure access to job opportunities created (195) for local villagers and a fair distribution between villages. The major contractors on the mine are the mining contractor (Somadex), construction contractor (MDM), security contractors (AMM) and catering contractors (ESS).

Morila Contractor Employees	
Nationals	850
Expatriates	87
Total	937

Personnel administration

Performance management, job evaluation and housing systems are operating successfully following implementation. Training courses have been undertaken to ensure these are fully comprehended by the workforce.

Training and development

The Malianization program is now fully integrated with the manpower plan and training and development strategy. The program was enhanced by the introduction of a university scholarship scheme during the year. This scheme is designed to send four Malian students to South African universities to study for undergraduate degrees. Assistance in selecting students to be awarded scholarships was provided by the Ministry of Education and the University of Mali. Three members of staff attended a management development program and three attended the intermediate management development program held in South Africa.

Four expatriate posts were Malianized during 2003 and we are encouraging the mine to accelerate this process as competency based training and development courses are completed.

US AID assisted the mine with a series of cultural diversity courses attended by over 100 employees.

Community relations

Continued support has been given to schools and clinics in the area, the well-established HIV/AIDS awareness and mosquito control campaigns have been enhanced and the irrigated gardens set up in the villages have been added to by the start-up of a rice-growing project at Morila and Fingola villages.

The Morila community development trust fund of $500,000 became operational early in 2004. The trust fund has as trustees members of the community, mine management and representatives from government ministries and aims to further assist communities close to the mine in the sustainable development of the area.

Industrial relations

During 2004 negotiations took place between Morila management and the Morila union, assisted by the national union, on a demand from the union related to a productivity bonus (Prime de

Rendement). While management was willing to implement a bonus scheme based on commercial and productivity criteria, the union's demand was viewed by management as unrelated to productivity and excessive to the point of being unrealistic. The negotiations led to a settlement of the issue in November 2004. Although negotiations were difficult and one three-day work stoppage, called by the national union, was experienced in June 2004, they took place in a calm atmosphere and good relations between the union and management were maintained throughout the year.

Negotiations on a mine level agreement to enhance understanding and regulate industrial relations on the mine have restarted at Morila following the settlement of the Prime de Rendement dispute. This agreement is designed to complement and clarify many of the "Rights" and "Interests" outlined in the existing National Mining Industry Collective Agreement that was written in 1985.

Development Projects — Loulo Project

Introduction

The Loulo mine project is situated in western Mali adjacent to the Falémé River which forms the frontier with Senegal. It is located 350 kilometers west of Bamako and 220 kilometers south of Kayes. It is accessed by road from Bamako or Kayes or by charter aircraft from Bamako. Gold will be transported from the mine by air. Geologically Loulo falls within the Birrimian sequence of the Kenieba inlier. This succession of volcano-sedimentary and clastic rocks contains several major regional shear structures hosting gold deposits such as Sadiola, Segala, Tabakoto and Loulo. Loulo is situated 96 kilometers from Sadiola and approximately 25 kilometers from Segala and Tabakoto. The Loulo exploitation permit is valid until 2029, provided that production is still taking place.

The following map shows the location of the Loulo development project:

We own 80% of Société des Mines de Loulo SA (Somilo) and the other 20% is held by the State of Mali. Following an updated feasibility study on the Loulo project in 2003 and a rise in the gold

price, our board and the board of Somilo SA approved the development of Loulo. Construction started in May 2004.

The early completion of the bulk civil works ahead of the 2004 wet season and the maintenance of the access to site during the rains has facilitated the fast-track development approach to support early gold production in the third quarter of 2005.

Geology and mineralization

The permit is located within the Kenieba erosional inlier which is underlain by Lower Proterozoic (2.1Ga) Birrimian metasedimentary-volcanic sequences. It is predominately underlain by the Kofi formation of greywacke, sandstone, argillaceous sandstone, calcareous sandstone and tourmalinised sandstone units.

There exists a strong spatial relationship between gold mineralization, regional structures, transgressing lower order structures, lithologies with rheological contrasts and intrusive bodies. These regional structures strike for over 50km north to northeast across the permit area. The main alteration types associated with mineralisation include quartz tourmaline, sulphidation, albite, silicification, hematisation and carbonate (including the remobilisation of carbonate). The Loulo 0 orebody is located in the near vicinity of the Senegal-Malian shear and is characterised by brittle deformation of competent host lithologies within gold related reverse faults or thrusts. The Yalea deposit is situated along the Yalea structure where it was locally reactivated and is shear zone hosted within a brecciated sequence of limestone, quartzite and polymictic breccia.

Set out below is a schedule of exploration work completed at the Loulo mine:

FUNCTION	Unit	Nov-96 to Jan-00	Jan-00 to Jul-00	Oct-00 to Jul-01	Oct-01 to Jul-04	Jul-04 to Jul-05	TOTAL
GEOLOGICAL MAPPING							
Regional mapping (1:50 000)	km2[2]	300		6	0	0	306
Project (1:10 000)	km2[2]	85	53	49	6.5	0	193.5
Detailed (1:2 500)	km2[2]	33	9	16.7	2.7	35	61.4
GEOCHEMISTRY							
Soil samples		21669			6999	551	29219
Rock samples		2541	462	1685	464	240	5392
Trench/pit samples		6448	261	1381	6482	1,168	15740
Core assays		17478	988	1956	18838	4825	44085
RC assays		10542		1798	2336	3,733	18409
RAB assays		11999		3451	9473	7,529	32452
TRENCHING/PITTING							
Metres sampled	m	6517	198	2281	9172	485	18653
Pits sampled		279	213	151	369	120	1132
DRILLING							
RAB sterilisation	m	14460			25168	22,199	39628
RAB exploration	m	19781		10366	3010		55356
RC Yalea	m	8996		1528	1964		12488
RC P125	m	1414		270	0	2466	4150
RC Loulo 3	m	262			240	855	1357
RC P129	m	1588			0	1485	3073
RC Baboto	m	321			0	0	321

RC Loulo 0 Fault zone	m	491		0		491
RC Faraba					303	303

24

FUNCTION	Unit	Nov-96 to Jan-00	Jan-00 to Jul-00	Oct-00 to Jul-01	Oct-01 to Jul-04	Jul-04 to Jul-05	TOTAL
Diamond	M	20468	1591.5	1167	31195.75	42137	96561.25
Geotechnical	M	1301.5			0		1301.5
METALLURGICAL SAMPLES							
	#	113			55		168
GEOPHYSICS							
Airborne aeromag	Km	4859			0		4859
IP	Km	44			40.9	6	90.9
EM	Km	55			83		138

Plant design and construction

The preferred comminution route at Loulo is crushing and ball milling, which is the most power-efficient option. The stage crushing circuit is also designed to facilitate much smoother commissioning. The plant layout has been revised to allow access to crushing facilities outside of the plant high security zone, which now only cordons off the milling, gravity, CIL, elution and gold recovery circuits. This set-up facilitates easier maintenance of the crusher plant and minimizes the number of personnel within the high security zone.

Early completion of the main plant civil construction has allowed us to maintain the fast-track development of the project. Production of the main construction supply materials, aggregate, sand and water have been secured for the program. All plant and infrastructure terracing is complete, along with the main civil construction for the first phase of gold production from the oxide material.

The skyline was broken with the erection of the site's three tower cranes. The main tower crane is the largest on the African continent in terms of its ability to carry load at span. The unit can carry a load of up to 15 tonnes at a span of 55 meters from the center of the crane.

Tailings storage facility

The design of the tailings disposal facility has been finalized and this is currently being constructed some six kilometers east of the process plant and site clearance has commenced.

Water supply

Construction of the additions to the natural weir across the Falémé River close to Loulo have been completed, providing sufficient storage capacity for mining operations. During the dry season the weir was raised to a maximum of one meter across the 300 meter width of the river. The weir across the Falémé River downstream of the proposed

mine water intake is to retain water in the river basin for use in the dry season when the flow of the river stops. The augmentation of the weir was authorized by Direction Nationale Hydraulique (DNH), the Malian water authority and the Senegal River Authority (OMVS), of which the Falémé is a tributary. The weir along with the Garra storage dam and the tailings storage facility are key to Loulo's water management strategy.

Mine infrastructure

Construction of the main mine housing estate is well advanced and occupation of some units has started. The mine administration offices are also nearing completion. Security at the site has been improved with the completion of the main perimeter fence, clearance of the mine perimeter area, the commencement of the mine security force patrol and access control operations.

A separate contractors' camp, which was erected at the start of construction, is still in use.

Access roads

Loulo is in a remote area where regional infrastructure is inadequate for the development of a mine. In 2004, the upgrading of the access roads to Loulo started. The supply route through Mali and

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Senegal from the port of Dakar to site is now in good condition. A 27 kilometer laterite-topped road was built from the mine to Kenieti using Somilo heavy equipment and employing local labor and vehicles to carry laterite from borrow pits. Waterway crossings, or drifts, were built with laterite boulders and concrete using local unskilled labor to excavate and pack the boulders into the drifts and to consolidate with a cement and river sand mixture. Two bridges with culvert pipes had to be built to allow access where crossing larger waterways was necessary.

A program to upgrade the 90 kilometers of national road from Sadiola to Kenieti was undertaken. Where trouble spots for the forthcoming wet season were identified, laterite drifts were built. Where necessary, the road was widened and water run-off trenches dug to allow better access for heavy vehicles. Five dams were constructed along this route for use by local villages and for water for further road improvements.

The upgraded and constructed roads remained open during the wet season and enabled the safe passage of vehicles to the mine delivering supplies and construction materials. They also serve to improve access to villages along the route. A five kilometer direct road was built between the mine and Loulo village for the transport of employees and for improved access to the village. This road incorporated one drift and one bridge. A dam was built at the village to retain a supply of water through the dry season. An agreement to recover expenditure on the upgrading and maintenance of the national route from Sadiola to Kenieti from a portion of the Government royalties has been finalized.

Power supply

The mine will own its power generation facility, which will be operated and maintained by Manutention Africaine, (the Malian Caterpillar affiliate). The generation facility will initially house 15 Caterpillar 3,512 units with a total rated capacity of 18 megawatts. The facility has been designed to accommodate a further six units to allow for expansion. Manutention Africaine is on site and is currently supplying construction power to the site.

Mine operations

Earthmoving

In July 2004, the Loulo contract for the mining works was awarded to BCM Mali SA, or BCM, a subsidiary of BCM International Ltd. BCM has extensive mining contracting experience in the West African region garnered since the start of their operations in Ghana in the early 1990s.

BCM started mobilizing their first infrastructure, equipment and personnel to site during October and November 2004. Construction of the workshop facility started in October and has been progressing well with the foundation and the steel construction in place by the end of December 2004. Five Caterpillar 777D trucks and one Caterpillar 5110B excavator were mobilized to site during November 2004 with additional and ancillary plant mobilized during the first quarter of 2005.

UEE, the explosive supplier, started with the construction of their magazine area during November and this work was completed by mid-December.

Clearing and grubbing activities started during the month of November, focusing on the ROM pad area and the Loulo 0 haul road to the ROM pad. Part of the Loulo 0 pit area was cleared in mid-December and after topsoil was removed the first bucket was dug on December 23, 2005, marking the official start of mining operations. The initial focus will be to build up the ROM pad with waste from Loulo 0. By March soft ore from Yalea will be mined and stockpiled to be used for commissioning of the plant in July 2005. The overall Loulo stripping ratio is 7.2 : 1.

Exploration

Deep drilling programs carried out during the year as well as shallower infill drilling has lead to a remodeling of both the Loulo 0 and Yalea orebodies. The total mineralized material inventory at

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Loulo (including satellite pits) now stands at 8.04 million ounces, a significant increase over the 5.32 million ounces declared last year. Ore reserves estimates have been based on pit optimization at a spot price of $375 per ounce and incorporated our hedging structure. Incorporated in the estimation of reserves is mining dilution of 10% and loss of 3%. The stripping ratio is 7.2:1. Ore reserves have increased from 1.42 million ounces announced last year and now stand at 1.85 million ounces. Proven ore reserves comprise 88% of the total. Reserves are tabulated below.

Ore reserves	Tonnes (Mt)	Grade (g/t)	Gold (Moz)
Loulo 0			
Proven	7.37	3.63	0.86
Probable	0.35	2.65	0.03
Sub-total	7.72	3.58	0.89
Yalea			
Proven	6.26	3.80	0.76

Probable	1.19	4.97	0.19
Sub-total	7.45	3.98	0.95
Loulo total			
Proven	13.63	3.71	1.62
Probable	1.54	4.44	0.22
Total	15.18	3.78	1.85

Processing

The workforce will be introduced to plant operations in a training program at the Morila gold plant in the second quarter of 2005. In the selection of potential plant personnel (operation and maintenance) we prepared a list of people from local villages (Djidian-Kéniéba, Loulo, Baboto, Bolibanta, Sakola, Dabara, Sitakili) who were submitted for aptitude testing. These tests were conducted from 24 to 28 December 2004 by a professional agency. Selected personnel will undergo training on site at Loulo prior to further plant training at Morila.

Work is progressing on establishing the process accounting system and the plant operational control templates. Site operational staff are also conducting due diligence on the plant and construction work and a check is being done on the first fill (reagents and stores needed to fill the plant circuit at start-up) requirements as well as the operational spares needs.

Engineering

Engineering staff on site are geared to monitor the construction process, (particularly with respect to the quality of the work) ensuring that agreed quality standards are maintained throughout the mine and infrastructure construction areas and that stringent safety standards are adhered to.

Work on the structuring and implementation of maintenance planning and working procedures is progressing satisfactorily and will be completed ahead of the startup of the process plant.

The requirements for strategic and capital spares have been analyzed and implemented and orders for some of the longer delivery items have been placed.

Maintenance of the mine construction fleet (roads and ancillaries) continues and improves as more facilities are established. Light vehicle maintenance procedures have been implemented and are working satisfactorily.

Environment

A report of water baseline quality data was received from Digby Wells and Associates. The overall quality of the groundwater and surface water is good and indicates that natural background concentrations do not exceed the recommended environmental target guidelines set out by the World Bank. Piezometer levels are checked weekly to provide historical baseline data for the operation.

The annual rainfall (January to December 2004) was 914 millimeters, which occurred over 63 days.

Human resources

All construction labor used by Somilo SA and MDM were employed by UPS, the site labor broker. UPS is the sole labor broker, having signed a labor supply contract with us. The policy of recruitment used by UPS is to give job priority to the local labor. The 2004 year ended with 660 workers split into 278 for UPS/Somilo and sub-contractors, and 382 for UPS/MDM Ferroman and sub-contractors.

Personnel of BCM (mining) and UEE (explosives) were mobilizing to site at the end of the year. Worker representatives were selected by MDM workforce to hold regular meetings with MDM site management. Despite this, wildcat work stoppages have occurred due to a number of issues. Regular meetings were held between MDM workforce representatives and management to solve these labor issues and the industrial relations climate on site remains stable.

The Loulo mine security contract was awarded to Agence Mali Management (AMM) and a site security force was put in place in early November 2004.

Community relations

At Loulo, water wells and pumps have been provided to the six villages surrounding the project. A demonstration irrigated vegetable garden has been established to train local farmers in the growing and marketing of vegetables to the project and local markets.

Medical treatment and medical evacuations to Bamako by air have been provided to local villagers throughout the year. Medical supplies have been provided to the Sitakili clinic, logistical needs and other assistance were provided by the project medical and transport teams to enable UNICEF to mount a vaccination campaign in all the villages of the Sitakili commune. The project has built and repaired infrastructure in the local villages and in Sitakili, the main village in the commune, such as septic tanks and water storage facilities for cattle.

Other resources were also applied in the form of a community development manager and a community development officer who were appointed at Loulo during the first quarter of 2004. Beneficial spin-offs accrued to the communities surrounding the Loulo project from the construction of infrastructure. The project has built roads in and around the area, erected a road bridge at Baboto and a weir across the Falémé River. This infrastructure has assisted villagers in many ways, for example to access markets and move their livestock to new pastures.

Industrial relations

Industrial relations systems and procedures were drafted during the year in preparation for the start-up of operations during 2005. We give on-going assistance to the contractors building the Loulo mine, to ensure fair treatment and sound relationships are maintained with their employees and their representatives.

Financial

As at December 31, 2004 a total of $67.6 million had been spent on the Loulo project, in line with the build-up of construction. This total includes $49.4 million related to the MDM contract, $5.48 million on preliminary and general expenses related to us and associated site costs, $2.02 million on the construction of the weir across the Falémé River and the access roads from Sadiola to Loulo, plus $6.3 million on drilling costs.

Peak funding for the project is forecast to be approximately $89 million. The project is being funded by a $60 million project finance loan from a consortium of banks: Rothschild, SG Corporate and Investment Bank, Absa Bank and HVB Group. The funds are secured over the assets of the

project. $35 million of the facility had been drawn at year-end. The balance of the funding is by way of shareholder loans. We are financing the government of Mali's twenty per cent contributory interest and will be reimbursed from cashflows from the operation.

Other contracts

ESS (Eurest Support Services) is established on site providing our catering and accommodation services.

SGS Analabs has been awarded the contract to provide the mine's analytical laboratory services. They are expected to mobilize to site in March 2005. Interim requirements will be met by the Kayes laboratory of SGS Analabs.

Timescale

With the commencement of construction early in 2004, the key production target is to pour first gold in the third quarter of 2005. The program remains dependent on maintaining access and the timely delivery of equipment to site.

The mine is planned to produce at an estimated average rate in excess of 200,000 ounces per annum from open pit operations.

Loulo underground prefeasibility and development study

The potential for the development of two long-life underground mines exploiting the deep extensions of the orebodies below the open pit reserves at Loulo 0 and Yalea was reinforced during the year. Following the return of good results from drill holes to depths of 500 meters below surface at Yalea and 400 meters below surface at Loulo 0, SRK Consulting completed a prefeasibility study. The results are summarized below:

Loulo Underground Prefeasibility Study	Yalea	Loulo 0
Mineralized material	14.16 Mt @ 4.03g/t	15.87 Mt @ 4.05g/t
(Underground only)	(1.84 Mozs)	(2.07 Mozs)
Mining rate - north	55,000 tonnes per Month using sub-level open stopping (with or without fill)	55,000 tonnes per month using sub-level open stopping (with or without fill)
Mining rate - south	16,000 tonnes per month using ramp in stope mining method	
Opex North	$44.50/tonne	$43.50/tonne
South	$51.50/tonne	
Capex	$58 million (pre-production and ongoing capital)	$43 million (pre-production and ongoing capital)
Life of Mine	18 years	20 years

Based on the above results SRK Consulting concluded that the project has the potential to yield positive results and have recommended that a definitive development study be undertaken. They specifically recommended that an infill

drilling program be carried out at both deposits to provide more grade information as well as geotechnical, geohydrological and geothermal data. While several mining methods had been identified, these will be evaluated in more detail to ensure the best mining methods are applied to exploiting the orebody. Economic analysis indicates the sensitivity of the project returns to grade. The opportunity presented through accurately delineating high-grade payshoots will be pursued by the infill drilling program.

We commissioned SRK Consulting to lead a definitive underground development study on the project and this work has now started.

A multi-phase 30,000 meter drilling program has been started at Yalea and Loulo 0 which is aimed at better delineating the high-grade payshoots. The first phase comprising 12,000 meters of drilling has been completed and the orebody modeling has indicated a significant resource increase, most of it at depth and at significantly higher grade than previously modeled.

A budget of $7 million has been approved for 2005.

Tongon Project

On-site activities remain suspended within the Côte d'Ivoire as a result of the political unrest within the country. We have maintained a presence there and are capable of recommencing activities without delay when it is safe to do so. A standstill agreement with government exists in the form of a state of force majeure which will continue until the cessation of the current unrest. A senior company delegation visited the country in early May 2005. Our position is that before returning to active exploration it requires:

- A return to political stability with a political solution between the opposing parties;
- Security of personnel and equipment; and
- Functioning transport routes and full access to project areas.

We continue to maintain an office in the main city, Abidjan, and have redeployed senior technical staff to other projects in West Africa.

The prefeasibility study on Tongon was reviewed during the year and confirms the belief that it is a project with substantial value, that can be turned to account rapidly as soon as circumstances allow. In the meantime, the project and evaluation team will update the study preparing for the start of the bankable feasibility study.

Project description

The Tongon Project is located in northern Côte d'Ivoire, 628 kilometers north of Abidjan within the 671km^2 Nielle permit in central northern Côte d'Ivoire. It is accessed by road or air from Abidjan via Korhogo. Transfer of gold would be by air. We have held the exploration permit since November 1996 and have undertaken several exploration campaigns. The permit remains in good standing as a result of the standstill agreement with the government of the country.

Geology and mineralization

Outcrop at the Tongon Prospect is limited and it has therefore been necessary to determine the geology of the area largely through integration and interpretation of diamond core, trench and RAB chip saprolite observations together with the geophysical and Landsat information.

The geology of the Tongon area comprises a subvertical NE to NNE trending package of dislocated intercalated clastic and mafic to intermediate volcano-sedimentary lithologies. These have been intruded in the central and northern regions by large oval shaped NE trending granodiorite to quartz diorite bodies. In the SZ, diorite dykes and small micro-gabbro bodies are also thought to have intruded along ENE to E trending structures.

The mineralization at Tongon consists of two zones, the Northern and Southern Zones (NZ and SZ).

The main shear zone in the Northern Zone is represented by wide zones of pervasively foliated and altered mafic volcaniclastics, metamorphically and structurally altered into sericite schist, and variably altered black shale and graphite. Mineralization locates in the immediate hanging wall of a 070° trending major dextral graphitic shear zone and has so far been delineated over a 2 kilometre strike length. Its thickness varies between 3 and 24 metres with an average of 10 metres, and has been tested to a vertical depth of 120 metres.

The mineralization is associated with increased silicification, sulphidation and fine brecciation.

The Southern Zone is more geologically complex with multiple mineralised zones trending in an East-northeast direction with variable dips from 075° to 60° to the Northwest. The ore zones appear lensoid in shape resulting in their strike and depth continuity being variable. The mineralised zones have been tested to a vertical depth of 200 metres. They are hosted within quartz and shear bounded, North-West dipping, brecciated volcaniclastic zones. The silicate alteration is complicated with biotite, silica, sericite, tremolite, diopside and calcite being observed under thin section.

Set out below is a summary of the drillholes and trenches in the Tongon project area:

Method	Tongon total	Northern Zone	Southern Zone
DDH	52 holes (10104.10m)	4 holes (705.5m)	48 holes (9398.6m)
RC	29 holes (2570.86m)	15 holes (1520.86m)	14 holes (1050m)
Total drilling	81 holes (12674.96)	19 holes (2226.36m)	62 holes (10448.6m)
Trench	56 (8158.75m)	18 (3503m)	38 (4655.75m)

The exploration program on the property is exploratory in nature and no reserves have yet been defined for the property.

A prefeasibility Type 2 study was completed in 2002. Mineralized material amounting to 34 million tonnes at 2.6g/t for a total of 2.89 million ounces was used as the basis for the study and the following parameters applied as a base case:

- Strip ratio of 4:1 and cost of $1.28 per tonne mined over the Life of Mine;

- Recoveries of 95% for oxides and 88% for sulfides;
- Life of Mine unit cost of approximately $15 per tonne milled and $190 per ounce cash cost;
- Total Life of Mine capital cost of $85 million;
- Gold price of $300 per ounce flat;
- Côte d'Ivoire royalty of 3% on gold sales; and
- Five year tax holiday.

A summary of the salient project features as described in the Type 2 study is given below.

Mineralized material

The mineralized material estimate is based on 62 drill holes in the target area of which 35 are diamond drill holes (for a total of 6,712 meters) and 27 are reverse circulation holes (for a total of 2,486 meters). Mineralization has been outlined to a depth of 120 meters below surface. The drill spacing is still wide (50 - 100 meters in the southern zone and 150 - 300 meters in the northern zone) and there is still considerable opportunity for further exploration both on extensions to existing ore zones and in identification of additional ore zones within the mineralized corridor

Mining

Mining of the Tongon orebodies is envisaged to be by open-pit methods. It is intended that contract mining will be employed.

Metallurgical

Metallurgical testwork has been carried out on both the oxide and sulfide ores from the Tongon deposits with the objective of developing a low-cost gold recovery process.

The recovery assumed for the oxide material is 95% and for the sulfide 82%.

A 200,000 tonne per month recovery plant is envisaged for treating the more competent sulfides. This plant will be designed to accommodate 240,000 tonnes per month of the softer oxides in the initial phase of exploitation.

Indications from the metallurgical testing completed to date are that acceptable recovery rates are possible from both the shallow weathered zones and the deeper unweathered zones. Mineralogical investigations indicate that the gold in the deposits is generally fine-grained. The gold in the shallower zones is recoverable by simple milling and CIL treatment, while the gold in the deeper zones is amenable to recovery by flotation and fine grinding of the concentrate followed by CIL extraction.

Power to the property can be utilized from the national grid via 33kV overhead lines and water will be sourced from the nearby Bandama Blanc river. Other infrastructural elements will have to be built on site.

The conclusion of the prefeasibility Type 2 study was that the project looked sufficiently attractive and should be advanced to the next stage of feasibility studies

Syama Gold Mine - Sold Operation

In April 2003, we entered into an option agreement with the Australian company Resolute Mining Limited, or Resolute Mining, on our interest in the Syama mine in Mali. In terms of the agreement, Resolute Mining had 12 months to conduct a full due diligence on Syama.

On April 5, 2004, Resolute Mining exercised its option to buy our 80% interest in the Syama mine. In terms of the option, we have received $6 million and Resolute Mining has assumed responsibility for liabilities of $7 million of which $4 million was owed to us. We will further receive a royalty of $10 per ounce on the first million ounces of production from Syama and $5 per ounce on the next three million ounces at a gold price of $350 per ounce based on the attributable ounces acquired by Resolute Mining. These monies are not included in the profit attributable to Syama since they are dependent upon the mine being put into production and the gold price being over $350.

We received net proceeds of $8.6 million on the sale and made a profit of $7.1 million.

Exploration Projects

General

We have been exploring in Africa and in particular the Birrimian of West Africa for over ten years and have developed a geodynamic model to guide and focus our exploration. The Birrimian sequences of the West African craton are accretionary terrains formed through orogenic collisional events which have developed as a result of plate tectonic processes in the Earth's crust. Gold mineralization and, in particular, multi-million ounce deposits are located within volcano-sedimentary belts exhibiting strong evidence of crustal reworking and a polyphase history of deformation and intrusive activity. The Randgold model has prescribed the areas of focus for our generative work and driven the acquisition of permits and advanced projects in West Africa. Our exploration teams continue to generate and assess new opportunities on the West African craton not only in our priority countries of Mali, Côte d'Ivoire and Senegal but also in Ghana and Burkina Faso.

Our exploration activities are focused on the extension of existing orebodies and identification of new orebodies both at existing sites and at undeveloped sites. Once a potential orebody has been discovered, we extend and intensify our exploration efforts to more clearly define the orebody and the potential portions to be mined. We constantly refine our geological techniques to improve the economic viability of prospecting and mining activities.

We employ a multi-disciplinary exploration team to explore and develop opportunities in a phased approach. When we evaluate potential exploration targets, we initially assess the political and economic considerations, including fiscal policies, in addition to geological factors. We only have interests in countries which have satisfactory criteria in this regard and, except as otherwise described in this Annual Report, our management is not aware of any material tax, political, economic or geological considerations which may have a material limitation on our operations in the relevant countries. However, all of these countries are poor and the biggest risk to any mineral project development is political and social instability which would affect mining rights.

We follow detailed procedures in the exploration and evaluation of potential gold mineralization. The first phase involves target generation, including the identification of prospective areas and acquisition of permits. In the second phase of our exploration program, we verify previously identified gold of remote sensing data (i.e. geophysics and landsat). In the third phase, work is focused on detailed follow-up of gold targets fitting our criteria and includes trenching and diamond or reverse circulation drilling.

The final exploratory phase involves definition drilling on a specific mineralized body as part of the feasibility work. The following table summarizes the phases of our exploration process:

Phases Of Exploration

Phase I	• Country ranking • Generative program to identify prospective terrains • Acquisition of mineral rights
Phase II	• Evaluation of previous work • Interpretation of remote data sets • Regional and detailed geochemical programs • Regional and target scale geology and regolith maps • Data integration and interpretation • Target generation and prioritization
Phase III	• Focused follow-up programs involving trenching, pitting and • Reverse circulation or diamond drilling to broadly define resources
Phase IV	• Pre-feasibility drilling • Feasibility drilling • Feasibility study

Independent professional laboratories conduct the assaying of our samples. Our standard quality control measures include the use of two sample repeats, a blank and a standard, with each sample batch. We routinely carry out repeat analysis on samples higher than the surrounding baseline and the frequency of these increases on samples indicating a zone of mineralization. We make a monthly cross-check with other commercial laboratories.

We correlate assay results with the geological logs and enter all data into a computer database which we use to model the orebody. An internal consultant carries out this evaluation in conjunction with our project geologist. We use modern geostatistical methods backed up with more classical procedures. Another external qualified evaluation consultant cross-checks the estimates.

We use independent consultants and contractors to carry out due diligence audit and feasibility study work in the various disciplines, including reserve and resource estimates, modeling and mining design, engineering metallurgical evaluation, environmental studies and valuation and corporate finance.

We have various types of permits in Africa in the countries of Senegal, Côte d'Ivoire, Mali, Tanzania, Ghana and Burkina Faso. Operating offices exist in each of these countries. We hold permits either in our own name within affiliated subsidiaries or in joint venture with other parties. Our final equity holding on exclusive exploration permits, should a mine be discovered, varies from 52 to 85 percent. A total of 40 targets, ranging from grass-roots exploration to advanced resource definition, have been identified within these properties and are being explored by us at different levels due to their status and priority and include the evaluation of brownfield opportunities in the Loulo, Morila and Tongon regions and the development of new opportunities in Senegal and Northern Côte d'Ivoire. The following maps

show the position of our current permits in West Africa and Tanzania:

34

The following table outlines the status of our permits as of April 30, 2005.

Country	Type	Area (km^2)	Area (Sq. Miles)	Equity (%)
MALI				
Loulo	EP	372	144	80.0
Morila	EEP	289	112	80.0
Morila	EP	200	77	40.0
Selou	EEP	53	20	65.0
Koba	EEP	58	22	85.0
Tiorola	EEP	257	99	70.0
Diokelebougou	EEP	393	152	70.0
Dionkola	EEP	248	96	70.0
Kekoro	EEP	241	93	50.0
Sagala	EEP	239	92	50.0
CÔTE D'IVOIRE				
Nielle	EEP	671	259	75.0
Boundiala	EEP	1,314	507	75.0
Dabakala	EEP	191	74	75.0
Mankono	RP	704	272	75.0
Sikolo	RP	500	193	75.0
SENEGAL				
Kanoumering	EEP	405	156	90.0
Kounemba	EEP	408	158	90.0
Tomboronkoto	EEP	403	156	90.0
TANZANIA				
Nyabigena South	PL	36	14	100.0
Utimbara	PL	16	6	100.0
Kajimbura	PL	46	18	100.0
Simba Sirori South	PL	51	20	100.0
Igusule	PL	44	17	100.0
Nyamakubi	PL	43	17	100.0
Kiabakari East	PL	62	24	100.0
Mammoth	PL	40	15	100.0
Blue Ridge	PL	58	22	100.0
Songora	PL	95	37	100.0
Busegwe	PLR	88	34	100.0
Kigumu	PL	131	51	100.0
Nyati	PL	82	32	70.0

Nyanza	PL	41	16	70.0
Mobrama East	PL	65	25	50.0
Kiserya Hills	PL	48	19	50.0
Nyasirori	PL	155	60	50.0
Mrangi	PL	60	23	50.0
Suguti	PL	61	24	50.0
BURKINA FASO				
Danfora	EEP	45	17	90.0
Kiaka	EEP	245	95	90.0
GHANA				
AAMCOL	RL	233	90	50.0
Total Area		8,691	3,356	

Overview

In 2004, exploration activities concentrated on the conversion of mineralized material to reserves and the expansion of the amount of mineralized material at both Morila and Loulo. We continued to expand our presence within the most prospective gold belts of West and East Africa and now have operations in six African countries boasting a portfolio of 115 targets on 8,700km^2 of groundholding.

The development of our second mine at Loulo is well underway and exploration continues to add long-term value to the project. Deep drilling on the Yalea orebody confirmed the underground

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potential of the deposit and the geological model of shear-hosted mineralization as well as the identification of numerous high-grade payshoots which do not always crop out at surface, down to vertical depths of 640 meters. The drilling also closed the gap to the P125 satellite deposit forming a continuous 2.7 kilometer zone of mineralization. In addition to the mineralized material conversion work, new conceptual targets are being drilled and reconnaissance work to the south of Yalea highlights a potential for a further two kilometer strike of mineralization.

At Morila mine, a review of the data is leading to the development of a new model, where it is interpreted that the deposit locates within the high-grade metamorphic core of a contact thermal aureole.

In Senegal, a first phase of reconnaissance drilling was completed on two targets. These identified significant mineralized systems and a pipeline of advanced targets is ready for drilling in early 2005.

Exploration recommenced on two permits in Burkina Faso, Danfora and Kiaka, after an absence of four years. We made our first venture into Ghana and are currently focused on building a portfolio in the country.

Tanzania is another important focus outside Mali and Senegal, where we hold the dominant land position in the Musoma greenstone belt one of the most under explored areas in Tanzania. In the Mara belt we have a focused approach exploring for a known style of mineralization beneath recent cover basalts. Drilling has intersected sulfide-bearing rocks and gold assay results are pending. A new concept has been developed to investigate similarities in banded iron formation hosted gold mineralization to those observed in the Southern Lake Victoria goldfields.

Generative work continues to develop this concept and identify further exploration opportunities.

Our portfolio of projects in West and East Africa reflects our business strategy of organic growth through exploration and its overriding objective, which is to build sustainable mining projects with significant returns. This strategy is attested to by its discovery and development track record, which includes the Morila mine and the new Loulo mine under construction, both in Mali, and the three million ounce Tongon project, currently in the prefeasibility stage in the Côte d'Ivoire. We hold a well-balanced portfolio of targets across the various levels of the resource triangle.

Mali

Loulo

The principal focus this year was the conversion of mineralized material to reserves through drill testing of the underground potential of the Yalea and Loulo 0 orebodies as well as infill drilling on satellite deposits and the development of new targets.

At the Yalea deposit a total of 68 diamond drill holes for 39,590 meters have been completed of which 12,000 meters consisted of deep drilling. Results have been received down to a maximum vertical depth of 640 meters. The deep drilling has confirmed the geological model of shear hosted mineralization and the identification of numerous high-grade payshoots which do not crop out at surface. Drilling also closed the gap with the P125 deposit and confirmed continuous mineralization over a 2.7 kilometer north-south direction. The Yalea orebody is a big mineralized system possessing characteristics similar to multi-million ounce deposits such as Obuasi and Prestea in Ghana. It is still open to depth and along strike.

The new drill data have been incorporated into a new structural study of the orebody and the results show that it is more complex than first thought. A structural contour map has been produced and the grade model superimposed. The results show that:

- The Yalea deeps high-grade zone appears to be related to a change in dip of the orebody;
- In the north of the orebody the mineralization appears to be controlled by an apparent south plunging oreshoot which eventually joins the steep dipping high-grade zone further south. Interestingly, the south-plunging oreshoot corresponds to the line of intersection between the north/south trending Yalea shear zone and the northeast trending Yalea – Baboto thrust;

- In the south of the orebody, there appears to be a steep plunging oreshoot which corresponds to a gentle left hand flexure. However, this is based on two drill intercepts; and
- At shallow depths within the Yalea orebody the advanced grade control RC drilling has intersected shallow dipping north plunging oreshoots which correspond to the intersection between the main Yalea shear zone and footwall spays.

Follow-up surface exploration work along the Yalea structure confirmed continuation of the mineralization southwards for a further two kilometers. Reconnaissance diamond holes were drilled to test the structure and returned encouraging intercepts of 19 meters at 1.4g/t, eight meters at 2.7g/t and five meters at 2.8g/t. Subsequently a detailed dipole – dipole induced polarisation (IP) ground geophysical survey has been completed. Initially six lines over the Yalea orebody were surveyed as an orientation study to geophysically fingerprint the deposit followed by 200 meter spaced lines tested two kilometers to the south. A moderate to good, north-south chargeability anomaly characterizes the Yalea orebody over the six lines surveyed. To the south of the orebody the anomaly disappears but is then seen to

redevelop some 600 meters to 800 meters further south for a distance of about one kilometer along a similar north-south trend. This is a prime target for further exploration. One drillhole, YSDH03 drilled in the anomalous area, intersected 1.47g/t over 11 meters from 107 meters and 1.33g/t over 20 meters from 169 meters. The two lines surveyed to the north of P125 do not indicate a continuation to the north-south anomaly, suggesting that the mineralization terminates.

Modeling to the north of Yalea - P125 identified 13 target areas along a 10 kilometer strike length which will be the focus of continued generative work. A diamond hole was completed to test the first of these and intersected multiple zones of mineralization between 85 and 120 meters vertically below surface.

At Loulo 0, an 8-hole diamond drill program completed infill drilling of the Loulo 0 orebody down to vertical depths of 400 meters. Gold mineralization is hosted within a folded and tourmaline altered greywacke. High-grade payshoots of plus 6g/t are associated with brecciated quartz vein stockworks and locate along the axial planes of folds. The orebody is still open at depth and along strike.

In addition to the two main orebodies there are a series of satellite deposits where resources have been defined, namely Loulo 0 West, Loulo 2, Loulo 3, P129 and Baboto, locating within a 12 kilometer radius of the plant site. Definition drilling is required to convert the mineralized material to reserves.

Elsewhere in the Loulo region of western Mali, a heads of agreement has been signed between us and the Cooperative des Orpailleurs de Sitakili. Artisanal gold workings operate over three sub-parallel zones, each measuring three kilometers by 150 meters. Permit applications have been submitted to government authorities, and once these have been approved exploration will start. Gold mineralization is associated with felsic dykes intruding a package of sedimentary rocks along the hinge zone of an antiformal structure. Artisanal gold workings operate over three sub-parallel zones, each measuring three kilometers by 150 meters.

Morila exploitation permit

Exploration has concentrated on the identification of additional ore close to the current pit and the conversion of the mineralized material to reserves. Additionally, drilling of conceptual targets has identified hidden mineralization at depth within shallow dipping structures.

On the western margin a program of 48 diamond drill holes has been completed on the orebody extension to the north-west of the pit with the intention of upgrading this mineralized material to a reserve and incorporating this into a mine plan. Multiple flat lying mineralized zones at depths between 40 and 200 meters were intersected.

At the Samacline target, 850 meters west of the current pit, previous drilling intersected 30 meters at 7.22g/t including five meters at 31.54g/t (SAN487) and four meters at 35.99g/t (SAN270). Mineralization locates within a gentle, north to north-northeast trending antiformal hinge within the

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main flat lying Morila shear zone. SAM001 the first follow-up hole drilled, confirmed the model and intersected two meters at 18.84g/t (from 283 meters down hole), 10 meters at 3.43g/t (from 482 meters) and seven meters at 4.47g/t (from 485 meters). A further three holes have been completed, (SAM002, SAM003 and SAM007) the results have returned multiple gold intercepts.

Morila region

In the Morila region, work to date has not identified an orebody at surface but the presence of in situ gold mineralization, gold anomalism, alteration, prospective host rocks and a structural framework suggests similarities to the setting of Morila.

The Ntiola area locates within the continuation of the Morila – Domba north-west trending structural corridor, while further to the east the Dionkala permit locates in a second sub-parallel north-west trending corridor. At the Ntiola target area 15 RC holes totaling 2,598 meters were drilled. Eleven of these holes were testing IP chargeability anomalies, while the other four tested in situ mineralization. The chargeability anomalies appear to be generated by elevated amounts of pre/syn deformational pyrite and pyrrhotite which lie as plates or needles on the foliation planes within silicified, fine to medium grained clastic sediments and greywackes. The presence of these sulfides may be related to a regional metamorphic event; they are not associated with gold.

The drilling at Ntiola Main confirms the continuation of a mineralized structure of over 600 meters strike length. Intersections in both NTRC3 and NTRC4 indicate the presence of a mineralized structure of up to 40 meters wide. Alteration in this structure appears to be similar to Morila with sulfides on fine biotite filled fractures within heavily silicified medium grained, biotite rich meta-greywackes. These sediments are steeply dipping to the west. Both garnets and andalusite are visible in previously drilled core indicating a high temperature alteration as at Morila. The presence of this structure is highly relevant at a regional scale as it suggests that Morila is not a unique system. Ntiola remains a target for further work.

On the Dionkala permit, structural and geochemical data together with the first vertical derivative magnetic data define a broad dome shaped structure with a potential flat lying core that is within two kilometers of the intrusive contact. Most of the anomalous soil geochemical points appear to plot within a 1 kilometer wide zone parallel to the foliation suggesting anomalism detected to date is focused in a single broad horizon 10 – 12 kilometers long. This together with garnet bearing sediments and patchy fine grained arsenopyrite along biotite rich foliation represents a large system within which a Morila-sized orebody could be present. A program of five RC drill holes totaling 865 meters has been completed to test conceptual targets and confirmed this model but returned weak anomalous gold values.

On the Segala permit, which is part of the OMRD joint venture to the west of Morila, data integration and interpretation have led to the development of a new model for the Nemala target. The target locates in a north-east – south-west structural corridor which deflects around a large granitic intrusion, it is cross cut by north-west and north-south structures and is intruded by dolerites, gabbros and felsic dykes. Mineralization locates in the hinge zone of an anticline with a steep plunge to the northeast. Work is currently focused on defining reconnaissance drill locations.

Senegal

The Senegal portfolio includes three permits covering 1,200km^2, located within the Sabodala volcano – sedimentary belt in the east of the country. Data integration and interpretation have defined four priority targets, in addition to two which have already been drilled, for reconnaissance drilling during the current field season; Sofia, Kaviar, KB main and Makana 2. On the Tomboronkoto permit at the Tombo target drilling has identified low-grade mineralized material. The target is being placed on hold while additional targets within the portfolio are evaluated.

On the Kounemba permit five holes were drilled at Bambaraya to follow up anomalous soil samples as well as 18 meters at 2.92g/t and eight meters at 4.50g/t in trenches (BBTR002 and 003 respectively) over a strike length of plus 1,500 meters. Two holes intersected encouraging results;

BBDH002 24 meters at 1.75g/t of gold (from 24 meters) including 12 meters at 3.17g/t and BBDH004, 300 meters further south intersected five meters at 1.31g/t. Mineralization is associated with quartz tourmaline veins and vein breccias hosted in sheared andesitic volcanics. The prospect lies within a 020o trending segment, which forms a gentle right hand flexure, within a larger north trending shear corridor.

It is thought that dextral movement within the north trending corridor has resulted in dilational opening along the 020o trending segment. Our next round of drilling will be designed to further test this target.

At the Makana 2 target, exploration work has highlighted that a circular soil anomaly is associated with a silicified dioritic intrusive hosting disseminated sulfides and returning a trench intercept of 29 meters grading 1.1g/t. Mineralization is open eastwards but the silicified hill is concealed beneath a laterite cap rock and will be drill tested in the current field season.

The Mandinka target in the north of the permit locates within the main transcurrent shear zone and has been identified from a regional 1,000 meter by 100 meter soil sampling which returned plus 0.025 ppm gold, N030° trending soil anomaly with dimensions of plus 10 kilometers long (open towards the north beyond the permit boundary) and between 300 meters (in the south) and 1,100 meters (in the north) wide. Detailed soil sampling (200 meter by 50 meter) has been completed. The first results have been received and return two prominent north 30o gold anomalies, the first measures 5,000 meters by 500 (plus 0.05 ppm) and the second 3,600 meters by 400 meters (plus 0.05 ppm). The anomaly occurs mainly in erosional windows with incised valleys draining the area.

The lithologies encountered include volcanic and volcano-sedimentary formations of the Mako supergroup (mainly andesites, rhyolites, tuffs) and sedimentary rocks of the Dialle basin (greywackes, argillites, quartzites and gossans) intruded by granites, gabbros and pegmatites.

On the Kanoumering permit, the Sofia target locates along the Tombo-Sofia structural corridor which can be traced from Tomboronkoto in the south for 35 kilometers to Sabodala in the north. The Sofia target is identified by a N30 trending, plus 3 kilometer soil anomaly (>0.1 ppm) at the sheared contact between ultramafic and a foliated tuffaceous andesitic package. Gold mineralization locates within silicified and foliated andesitic tuffs in contact with an outcropping mylonite - jasper zone. Gold is associated with silica-fuchsite-carbonate-pyrite alteration. Trenching highlights a broad, low-grade (+1g/t) envelope within which higher-grade zones have been outlined.

The major structures in the Sabodala belt which control the gross geologic architecture are generally sub-parallel to the north-east trend of the belt itself and are interpreted to be old thrusts along which terrane accretion has occurred. Gold mineralization is closely related to a far more subtle set of belt discordant structural corridors which trend north-south especially where they have reactivated the belt parallel structures. This intersection leads to structurally favorable sites for fluid focusing and gold deposition. Exploration will be primarily focused at the intersection of these two structural trends to supply a steady stream of targets with the potential to pass our criterion of plus two million ounces.

Tanzania

We have worked hard over the last year to expand our footprint in the major gold belts of Africa. Our efforts have been rewarded in Tanzania and we now hold the dominant land position in the Musoma greenstone belt, one of the most under explored areas in Tanzania, while in the Mara belt we are exploring for a known style of mineralization beneath recent cover basalts.

Within the Mara greenstone belt, where we are in joint venture with Barrick, induced polarization (IP) geophysical surveys were completed on two permits to test for gold mineralization beneath recent cover basalts on extensions to the structures which host the Gokona, Nyabigena and Nyabirama gold deposits currently being exploited by Placer Dome. The results returned coincident resistivity and chargeability anomalies on both grids with similar magnitudes to those over the Placer Dome orebodies. Dipole IP surveys were carried out over these anomalies to provide additional depth information for the anomalies and allow three dimensional modeling and selection of drill targets. A program of 26 drill holes for a total of 2,208 meters of reverse circulation drilling has been completed.

On the Nyabigena South permit, 11 RC drill holes for 973 meters have been completed over the Mughusi target area, which is the structural extension of Placer Dome's Nyabirama deposit. Two holes tested flat lying reefs hosted by foliated granodiorites; no anomalous gold values were intersected. Four holes tested geophysical targets intersecting granodiorites gneiss and weak finely disseminated pyrite; gold assay results returned no anomalous values. Five holes tested combined geological and geophysical targets intersecting weak anomalous zones (10 meters at 0.07g/t and three meters at 0.91g/t) associated with bands of pyrite, carbonate and silica alteration hosted by granodiorite gneiss. The drilling, albeit very widely spaced, confirmed the geological model and identified a large system of alteration. Results have, however, returned only very weak anomalous values. All the data are being incorporated into a generative study to drive further follow-up programs.

On the Mobrama East permit, 15 RC drill holes for 1,235 meters have been drilled to test two coincident IP resistivity and chargeability anomalies, which locate along the extension to structures hosting Placer Dome's Nyabigena and Gokona deposits. These are conceptual targets due to recent rift basaltic volcanics covering the area. On the eastern anomaly the drill holes intersected moderate amounts of disseminated pyrite (up to 3%) and pyrrhotite (up to 5%) within silicified intermediate intrusives, silicified greywackes and black shales. However, there was no coincident gold mineralization and this program will be completed in the next field season.

In the Musoma belt, early-stage reconnaissance work is underway to understand geological and structural controls on mineralization in order to evaluate and progress targets within the resource triangle. A feature of the most productive belts in Tanzania is their arcuate shape which is especially apparent in the inner and outer arcs which host the Bulyanhulu and Geita deposits respectively. Gold production from Nyabigena, Gokona and Nyabirama in the Mara belt, and Buhemba in the Musoma belt, highlights the prospectivity of this region to host world-class gold deposits. Generative work continues to identify further exploration opportunities.

Burkina Faso

We recommenced exploration in Burkina Faso. The completion of regional generative models highlighted the southern part of the country as highly prospective. On the basis of this study two permits were acquired, namely Danfora and Kiaka.

The Danfora permit covers a 45km area and locates along the Banfora greenstone belt in the south-west portion of the country. Exploration has highlighted a plus two kilometer long, gold bearing N40º trending shear zone developed along the contact between basalt and volcaniclastics. Detailed field mapping has outlined a plus 60 meter wide zone of mineralization hosted within the basalts and associated with carbonate–silica–sericite–graphite alteration containing disseminated pyrite and pyrrhotite. The host rock, alteration and structural setting are very similar to Syama in Mali. Reconnaissance lithosampling returned anomalous grades. A five hole reconnaissance diamond drill program was completed at the Moussobadougou 1 target. The holes confirmed the continuity of a 60 to 80 meter wide zone of

shearing and strong alteration at the contact between basalts and volcaniclastics. Within this zone multiple gold intercepts occur.

The Kiaka permit, located in the southeast of the country is at an early stage of exploration. To date mapping and rock sampling have been completed. The host rock consists of strongly foliated biotite rich schists containing disseminated arsenopyrite and pyrite, the rocks are very similar in appearance to the host rocks at Morila, but the foliation is sub-vertical. The mineralized zone presently extends for more than 2.5 kilometers and modeling is underway to prioritize drill locations.

Ghana

A partnership has been established between us and Inter-Afrique Holdings (a Ghanaian company) to identify and exploit profitable business opportunities in Ghana's gold mining sector.

Our primary focus is to build a quality portfolio of projects within Ghana.

Côte d'Ivoire

In Côte d'Ivoire, exploration activities are still suspended pending resolution of the current political impasse. We continue to monitor the situation and hold regular meetings with the government.

Our portfolio in the north of the country includes the Nielle permit which hosts the 3 million ounce Tongon project and complementary satellite targets within a 10 kilometer radius, the Boundiali permit where the advanced target of Tiasso locates and three reconnaissance licenses, which amount to a ground holding of some 2,628km^2.

Human Resources Report

We have had a sustainable development and social responsibility strategy since our inception. This strategy forms part of and is fully integrated into our overall business strategy. In common with the business strategy, the sustainable development and social responsibility strategy is regularly updated and has evolved over the years.

Efforts have been maintained during the year to further enhance community relations and to promote and manage the social impact of mining activities on the communities surrounding our operations at Loulo, Morila and elsewhere. Our operations carry out their community development activities in close co-operation with representative local community liaison and development committees set up through consultation and co-operation between the operations and the communities, with input being sought from non-governmental organizations, aid agencies and government departments. During 2004, funds in excess of $1.2 million were allocated specifically to sustainable community development activities at Loulo, Morila, Syama and at our exploration sites.

The Morila community development trust fund became operational early in 2004.

Prior to the sale of Syama to Resolute Mining during the year, we, in partnership with US AID and the Ministry of Mines in Mali, set up and funded an agricultural scheme costing $110,000. This involved initiating several micro-agricultural family businesses such as fish farming, and the stocking of some mine dams and other water sources in the area, chicken farms, irrigated vegetable gardens and donkey rearing. In addition, we were involved in

initiating a trust fund for villages surrounding Syama which was funded by an arrangement between us and the International Finance Corporation.

In Senegal, we created a special bursary award system for the University of Senegal's faculty of Earth Sciences. In Mali, we participate in a Malian mining industry bursary scheme which has sent four Malian students to South Africa for mining-related degree courses.

Mark Bristow, our chief executive, accepted an invitation to join the President of Senegal's Economic Advisory Committee. Meetings were held with government ministers in Mali, Tanzania, Senegal, Ghana, Burkina Faso and Côte d'Ivoire. The President of Burkina Faso visited our representative office in Johannesburg and Loulo was visited by the Malian Minister of Mines during the year. Such regular liaison with governments of the countries in which we operate form part of our focus on building and maintaining effective relationships.

At a national level in Mali, during calendar year 2004, an amount of $17 million was paid to the Malian government in payroll taxes, duties, royalties and dividends by our operations and a further amount of approximately $77 million was paid to Malian businesses for goods and services rendered.

Manpower

Human capital

As we develop and expand, every effort is being made to employ excellent people. Through leadership, a sense of ownership and interpersonal influence, these people are motivated to do "what needs to be done" to make us grow.

"What needs to be done" is defined by consultative strategic planning, which is refreshed at regular intervals and results in its strategy being owned by all our employees. This strategy provides

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the foundation for the long-term plan (including manpower plans), the fundamental principles of our business, the framework for effective decision making and the action required from our people, the initiating of change and improvements and, most importantly, a rallying point. It enables us to organize our resources and optimize the application of our human capital.

In 2004, there were two significant changes in our leadership structure. Firstly, the exploration and evaluation functions were merged under the leadership of Adrian Reynolds, general manager exploration and evaluation. The new team includes exploration management, managing a very busy exploration program across six countries.

The second major change concerns the building of a top-class operational team for the Loulo mine currently being constructed. Most of the key appointments have been made ahead of the start of operations at Loulo, scheduled for 2005. Amadou Konta has been appointed general manager, becoming the first Malian to head a large gold mine in Mali.

Through involving employees in the business, motivating them and empowering them we have maintained enviable safety, health and low voluntary turnover records at its operations. Our operations have won national safety awards at Syama and Morila, have reduced the incidence of diseases such as malaria in the areas in which they operate and have maintained voluntary turnover of less than 1% per annum.

Corporate

During 2004 we employed 12 persons based in Africa and Europe.

Operational Center

Our operational center is situated in Bamako and has 15 employees that provide financial, accounting, legal and logistical services to exploration projects and mining operations in Mali and the West African region.

Exploration

Exploration had a total complement of 38 permanent and 71 fixed-term contract employees at December 2004. This number was reduced during the year with the transfer of the Mali West exploration team to the Loulo mine.

Loulo

Loulo currently employs 32 persons on a full-time basis and 119 fixed-term contractor staff, employed for the duration of the construction project, through the Malian labor broking company UPS.

Morila

While the number of permanent employees of Morila SA was stable during the year, the number of contractor employees was significantly reduced with the completion of the processing plant extension project.

Seven Bridges Trading 14 (Pty) Limited

We opened a small support subsidiary company in Johannesburg during the year to take over the administrative support services previously supplied by Randgold & Exploration. Seven Bridges employs 15 persons.

Personnel Administration

Standard performance management, job evaluation and housing procedures and systems are operating successfully. Refresher courses have been undertaken to ensure these are fully comprehended by the workforce.

Training and Development

This year the focus has been on management skills, slimes dam design, ore evaluation, induction and safety training.

Regulatory and Environmental Matters

Our business is subject to extensive government and environment-related controls and regulations, including the regulation of the discharge of pollutants into the environment, disturbance of and threats to endangered species and other environmental matters. Generally, compliance with these regulations requires us to obtain permits issued by government agencies. Some permits require periodic renewal or review of their conditions. We cannot predict whether we will be able to renew those permits or whether material changes in permit conditions will be imposed. To the

extent that the countries in which we have exploration and mining permits have no established environmental laws, we are currently working to ensure that our operations are in compliance with environmental standards set by the World Bank in relation to air emissions and water discharges. In accordance with our stated policy, we accrue estimated environmental rehabilitation costs based on the net present value of future rehabilitation cost estimates which are recognized and provided for in the financial statements and capitalized to mining assets on initial recognition. The present value of additional environmental disturbances created are capitalized to mining assets against an increase in rehabilitation provision.

Mineral Rights

Although we believe that our exploration permits will be renewed when they expire, based on the current applicable laws in the respective countries in which we have obtained permits, we cannot assure you that those permits will be renewed on the same or similar terms, or at all. In addition, although the mining laws of Mali, Côte d'Ivoire, Senegal, Burkina Faso, Ghana and Tanzania provide a right to mine should an economic orebody be discovered on a property held under an exploration permit, we cannot assure you that the relevant government will issue a permit that would allow us to mine. All mineral rights within the countries in which we are currently prospecting are state-owned. Our interests effectively grant us the right to develop and participate in any mine development on the permit areas.

Environmental Matters

The major liabilities for environmental rehabilitation relate to the Morila mine in Mali. Although limited environmental rehabilitation regulations exist in Mali, management has adopted a responsible rehabilitation program following the standards set by the World Bank.

Marketing

We derive the majority of our income from the sale of gold produced by Morila in the form of dore, which we sell under an agreement with the Rand Refinery (Pty) Ltd. Under the agreement, we receive the ruling gold price on the day after dispatch, less refining and freight costs, for the gold content of the dore gold. We have only one customer with whom we have an agreement to purchase all of our gold production. The "customer" is chosen annually on a tender basis from a selected pool of accredited refineries and international banks to ensure competitive refining and freight costs. Unlike other precious metal producers, gold mines do not compete to sell their product given that the price is not controlled by the producers.

Property

Our operational mining area is comprised of Morila operations of 200 square kilometers and the Loulo mining permit of 372 square kilometers. Our exploration permits are detailed above.

Effective on October 1, 1997, we entered into a service agreement with Randgold & Exploration. Under the terms of the service agreement, Randgold & Exploration provides office accommodations,

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payroll administration and other services from their base for our staff. On February 2, 2003, we entered into a new services agreement with Randgold & Exploration. The cost of the services under the services agreement is approximately $55,000 per month, subject to review and negotiation on a quarterly basis.

Reimbursements for fiscal 2003 amounted to $0.6 million.

We also lease offices in London, Dakar, Abidjan, Bamako, Ouagadougou, Mwanza, Accra and Jersey.

The service agreement between us and Randgold & Exploration was terminated by mutual agreement effective from the first of April 2004.

In order to continue to source certain services from South Africa, Seven Bridges Trading 14 (Proprietary) Limited, or Seven Bridges, a wholly owned subsidiary of ours was created.

We have entered into a service agreement with Seven Bridges whereby Seven Bridges will provide certain administrative services to us.

Seven Bridges charges us a monthly fee based on the total employment cost plus 50 percent.

Legal Proceedings

The dispute with Rolls-Royce relating to the failure of the Syama power plant, which it acquired on a 10 year finance lease agreement dated February 25, 2000 was settled out of court in December 2002. In terms of the settlement reached, Syama agreed to pay Rolls-Royce $5.3 million for the balance of the plant and Rolls-Royce has withdrawn all claims and litigation against Syama, us and Randgold & Exploration. Syama had paid an amount of $4 million to Rolls-Royce on December 31, 2003. Resolute assumed the outstanding balance of this settlement when it acquired the Syama mine.

We are not a party to any material legal or arbitration proceedings, nor is any of our property the subject of pending material legal proceedings.

Health and Safety Regulations

Morila has an Hygiene and Security Committee made up of elected labor and specialist management representatives, as outlined in the respective labor code. A similar structure is being implemented for Loulo. This committee designates, from its members, a consultative technical sub-committee charged with the elaboration and application of a concerted policy of improvement of health and security conditions at work. Its composition, attributions and operational modalities are determined by legal provisions and regulations.

The chairman of this committee coordinates monthly committee meetings, sets the agendas with his secretariat, monitors resolutions and signs off on committee determinations.

The committee's secretariat ensures under the supervision of the chairman that:

- follow-up activities such as action resulting from the regular surveys and inspections are carried out; and
- health and safety manuals and updates are distributed, posters are posted on notice boards and safety committee minutes and reports are distributed.

Morila's medical officer sits on the Hygiene and Security Committee and advises on the following:

- working conditions improvements;
- general hygiene on the operation;
- ergonomics;
- protection of workers safety in the workplace; and

- medical checks and eye and ear testing.

The Hygiene and Security Committee forms, from within its membership, two consultative commissions, the Commission of Inquiry and the Educational Commission. The Commission of Inquiry:

- investigates accidents and makes recommendations to avoid repetitions;
- ensures plant, machinery and equipment have adequate protection to avoid injury; and
- updates and revises safety and health manuals.

The Educational Commission:

- provides information and training on safe practices and potential risks;
- provides first aid training;
- administers and promotes the safety suggestion scheme; and
- explains, where necessary, the contents of the safety and health manual.

All employees are covered by the state's social security scheme and our medical reimbursement scheme, that reimburses a large portion of expenses related to medical treatment and medicines. Dental and optical expenses are also covered to 50%.

A. ORGANIZATIONAL STRUCTURE

The following chart identifies our subsidiaries and our percentage ownership in each subsidiary:

B. PROPERTY, PLANT AND EQUIPMENT

For a discussion of our principal properties, including mining rights and permits, see "Item 4. Information about the Company—A. History and Development of the Company" and "Item 4. Information about the Company—B. Business Overview." We have all material legal rights necessary to entitle us to exploit such deposits in respect of the Morila mine in Mali to April 2022, and Loulo in Mali to 2029.

The exploration permits in Côte d'Ivoire, Mali and Senegal give us the exclusive right for a fixed time period, which is open to renewal, to prospect on the permit area.

Once a discovery is made, we, as the permit holder, then commence negotiations with the respective governments as to the terms of the exploration or mining concession. Depending on the country, some of the terms are more open to negotiation than other, but the critical areas which can be agreed to are the government's interest in the mine, taxation rates, repatriation of profits and the employment of expatriates and local labor.

Item 5. Operating and Financial Review and Prospects

Statements in this Annual Report concerning our business outlook or future economic performance; anticipated revenues, expenses or other financial items; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters, are "forward-looking statements" as that term is defined under the United States Federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those stated in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those set forth under "Item 3. Key Information–D. Risk Factors" in this Annual Report as well as those discussed elsewhere in this Annual Report and in our other filings with the Securities and Exchange Commission.

General

We earn all of our revenues in U.S. dollars and the majority of our transactions and costs are denominated or based in U.S. dollars, excluding the Morila mining contract which is denominated in Euros. We also have South African Rand and Communauté Financière Africaine franc denominated costs, which are primarily wages and local material purchases.

Impact of Malian Economic and Political Environment

Our current significant operations are located in Mali and are therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Mali, as discussed under "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business."

Impact of Favorable Tax Treaties

We are a Jersey incorporated company and are not subject to income taxes in Jersey.

In Mali, Morila SA is subject to a five year tax exemption which expires on November 14, 2005. Once the tax exemption expires, Morila SA will be taxed at the greater of 35% of taxable income or 0.75% of gross revenue. The benefit of this exemption was to increase our net income by $11.7 million, $22.5 million and $31.7 million for the years ended December 31, 2004, 2003 and 2002, respectively. Somilo SA also benefits from a five year tax exemption which will expire on the fifth anniversary of the first commercial production.

Revenues

Substantially all of our revenues are derived from the sale of gold. As a result, our operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which we have no control. See "Item 3. Key Information – Risk factors – The profitability of our operations, and the cash flows generated by our operations, are affected by changes in the market price for gold which in the past has fluctuated widely."

We follow a hedging strategy the aim of which is to secure a floor price which is sufficient to protect us in periods of capital expenditure and debt finance, while at the same time allowing significant exposure to the spot gold price. Accordingly, we have made use of hedging arrangements. In addition, in terms of the Morila project loan, we were required to hedge fifty percent of approximately thirty six percent of Morila's first five years of production. These hedges were closed out during the year.

Our financing arrangements for the development of Loulo includes provisions for gold price protection. At March 31, 2005, 365,000 ounces had been sold forward at an average spot price of $432 per ounce. This represents approximately 36% of planned production at Loulo for the period that the project finance is in place.

Significant changes in the price of gold over a sustained period of time may lead us to increase or decrease our production, which could have a material adverse impact on our revenues.

Our Realized Gold Price

The following table sets out the average, the high and the low afternoon London Bullion Market fixing price of gold and our average U.S. dollar realized gold price during the years ended December 31, 2004, 2003, and 2002.

	Year Ended December 31,		
	2004	2003	2002
Average	409	363	310
High	454	416	349
Low	375	320	278
Average realized gold price[(1)]	382	345	308

(1) Our average realized gold price differs from the average gold price as a result of different realized prices achieved on the Morila hedge book.

Costs

Our operations currently comprise one open pit operation mined by contractors. Milling operations are undertaken by the mine. Total cash costs in the year ended December 31, 2004 made up approximately 87% of total costs and comprised mainly mining and milling costs, including, labor and consumable stores costs. Consumable stores costs include diesel and reagent costs. Contractor costs represented 41% of total cash costs, with diesel and reagent costs making up 33% of total cash costs. Direct labor costs accounted for approximately 11% of total cash costs. For a definition of cash costs, please refer to "Item 3 – Key Information".

The price of diesel acquired for the Morila operation continued to increase during the year ended December 31, 2004 which impacted negatively on the total cash costs. Should these prices increase further, this could impact significantly on total cash cost mainly as a result of the high volume of diesel consumed to generate power and to run the mining fleet. Mining contractor costs which are Euro denominated, also increased during 2004. This was exacerbated by the weakening of the dollar against the Euro which increased our reported US dollar costs.

The remainder of our total costs consists primarily of amortization and depreciation, exploration costs, interest expense and general and administration or corporate charges.

The three-year duty exemption period, ended on November 14, 2004 and duties became payable in accordance with the Malian duty regime on all imported goods. On average, it is anticipated that this will have the effect of increasing the costs of imported goods by 7%, which equates to an overall increase of 1% on total costs. Furthermore, costs will

increase as the depth of mining increases.

Critical Accounting Policies

Our significant accounting policies are more fully described in note 2 to our consolidated financial statements. Some of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of our consolidated financial statements and could potentially impact our financial results and future financial performance.

Our significant accounting policies include those discussed below.

Joint Venture Accounting

We account for our investment in joint ventures under the benchmark treatment for joint ventures under IFRS, which involves the incorporation of our proportionate share of the joint

ventures' assets, liabilities, income, expenses and cash flows in the consolidated financial statements under appropriate headings. Should this method of accounting not be permitted in the future, the results of each joint venture would need to be equity accounted. This would require the recognition in the income statement, on a separate line, of our share of the joint ventures' profit or loss for the year. Our interest in the joint venture would be carried on the balance sheet at an amount which would reflect its share of the net assets of the joint venture.

This would result in a presentation of our balance sheet and income statement that differs significantly from the current presentation, but would have no impact on our net income or our net asset value.

Amortization of Mining Assets

Amortization charges are calculated using the units of production method and are based on tonnes processed through the plant as a percentage of total expected tonnes to be processed over the lives of our mines. A unit is considered to be produced at the time it is physically removed from the mine. The lives of the mines are based on proven and probable reserves as determined in accordance with SEC industry guide number 7. The estimate of the total expected future lives of our mines and therefore the amortization charge to operations, could be materially different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining our mineral reserves. These factors could include: (i) an expansion of proven and probable reserves through exploration activities; (ii) differences between estimated and actual cash costs of mining, due to differences in grade, metal recovery rates and foreign currency exchange rates; and (iii) differences between actual gold prices and gold price assumptions used in the estimation of reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine, which in turn is limited to the life of the proven and probable reserves.

Valuation of Long-Lived Assets

Management annually reviews the carrying value of our long-lived assets to determine whether their carrying values, as recorded in our consolidated financial statements, are appropriate. In determining if the asset can be recovered, we compare the value in use amount to the carrying amount. If the carrying amount exceeds the value in use amount, we will record an impairment charge in the income statement to write down the asset to the value in use amount. To determine the value in use amount, management makes its best estimate of the future cash inflows that will be obtained each year over the life of the mine and discounts the cash flow by a rate that is based on the time value of money adjusted for the risk associated with the applicable project. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows form other asset groups. With the exception of other mine-related exploration potential and, all assets at a particular operation are considered together for purposes of estimating future cash flows.

These reviews are based on projections of anticipated future cash flows to be generated by utilizing the long-lived assets. While management believes that these estimates of future cash flows are reasonable, different assumptions regarding projected gold prices and production costs as discussed above under amortization of mining assets could materially affect the anticipated cash flows to be generated by the long-lived assets. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proven and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically.

Hedging and Financial Derivatives

We account for our hedging and financial derivatives in accordance with International Accounting Standard No. 39 Financial Instruments: Recognition and Measurement, or IAS 39. The determination

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of the fair value of hedging instruments and financial derivatives, when marked-to-market, takes into account estimates such as projected interest rates under prevailing market conditions, depending on the nature of the hedging and financial derivatives.

These estimates may differ materially from actual gold prices, interest rates and foreign currency exchange rates prevailing at the maturity dates of the hedging and financial derivatives and, therefore, may materially influence the values assigned to the hedging and financial derivatives, which may result in a charge to or an increase in our earnings at the maturity date of the hedging and financial derivatives. In addition, certain hedging and financial derivatives are accounted for as cash flow hedges, whereby the effective portion of changes in fair market value of these instruments are deferred in other reserves and will be recognized in the statements of consolidated operations when the underlying production designated as the hedged item is sold. All derivative contracts qualifying for hedge accounting are designated against the applicable portion of future production from proven and probable reserves, where management believes the forecasted transaction is probable of occurring. To the extent that management determines that such future production is no longer probable of occurring due to changes in the factors impacting the determination of reserves, as discussed above under amortization of mining assets, gains and losses deferred in other reserves would be reclassified to the statements of consolidated operations immediately.

Environmental Rehabilitation Costs

We provide for environmental rehabilitation costs and related liabilities based on our interpretations of current environmental and regulatory standards with reference to World Bank guidelines. In addition, final environmental rehabilitation obligations are estimated based on these interpretations and in line with responsible programs undertaken by similar operations elsewhere in the world, with provisions made over the expected lives of our mines. While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated for the future liabilities may differ materially from the costs that will actually be incurred to rehabilitate our mine sites in the future.

If management determines that an insufficient rehabilitation provision has been created, earnings will be adjusted as appropriate in the period that the determination is made.

Deferred Stripping

In general, mining costs are allocated to production costs, inventories and ore stockpiles, and are charged to mine production costs when gold is sold. However, at our open pit mines, which have diverse grades and waste-to-ore ratios over the mine, we defer the costs of waste stripping in excess of the expected pit life average stripping ratio. These mining costs, which are commonly referred to as "deferred stripping" costs, are incurred in mining activities that are generally associated with the removal of waste rock. The deferred stripping method is generally accepted in the mining industry where mining operations have diverse grades and waste-to-ore ratios; however industry practice does vary. Stripping costs (including any adjustment through the deferred stripping asset) is treated as a production cost and included in its valuation of inventory.

The expected pit life stripping ratios are recalculated annually in light of additional knowledge and changes in estimates. These ratios are calculated as the ratio of the total of waste tonnes deferred at the calculation date and future anticipated waste to be mined, to anticipated future ore to be mined. Changes in the mine plan, which will include changes in future ore and waste tonne to be mined, will therefore result in a change of the expected pit life average stripping ratio, which will impact prospectively on amounts deferred or written back.

If the expected pit life average stripping ratio is revised upwards, relatively lower stripping costs will, in the future, be deferred in each period, or a relatively higher amount of charges will be written back, thus impacting negatively upon earnings. The opposite is true when the expected pit life average stripping ratio is revised downwards, resulting in more costs being deferred and a positive impact on earnings during the period of cost deferral. Any costs deferred will be expensed in future periods over the life of the Morila mine, resulting in lower earnings in future periods. If we were to expense stripping costs as incurred, there might be greater volatility in our results of operations.

During 2004, a committee of the Emerging Issues Task Force ("EITF") began discussing the accounting treatment for stripping costs incurred during the production phase of a mine under U.S. GAAP. In March 2005, the EITF reached a consensus (ratified by the Financial Accounting Standards Board) that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the costs of inventory produced during the period that the stripping costs are incurred. The EITF consensus is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The following table sets out the impact on results of operations if the Company had not deferred stripping costs, but followed the consensus in EITF 04-06 "Accounting for Stripping Costs Incurred during Production in the Mining Industry":

	2004	2003	2002
Net income as reported	18,793	47,526	65,728
Adjustment to income as a result of not deferring stripping costs	1,067	1,620	3,462
Net income if we did not defer stripping costs	17,726	45,906	62,266

See "Item 5 – Operating and Financial Review and Prospects – Recent Accounting Pronouncements".

Recent Accounting Pronouncements

IFRS

IFRS 3 – Business Combinations

All business combinations within the scope of IFRS 3 must be accounted for using the purchase method. The pooling of interests method is prohibited. Costs expected to be incurred to restructure an acquired entity's (or the acquirer's) activities must be treated as post-combination costs, unless the acquired entity has a pre-existing liability for restructuring its activities. Intangible items acquired in a business combination must be recognized as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their faire value can be measure reliably. Identifiable assets acquired, and liabilities and contingent liabilities incurred or assumed, must be initially measured at faire value. Amortisation of goodwill and intangible assets with indefinite useful lives is prohibited. Instead they must be tested for impairment annually, or more frequently if events or changes in circumstances indicate a possible impairment.

Effective for the year beginning January 1, 2005

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

IFRS 5 requires assets that are expected to be sold and meet specific criteria to be measured at the lower of carrying amount and fair value less costs to sell. Such assets should not be depreciated and should be presented separately in the balance sheet. It also requires operations that form a major line of business or area of geographical operations to be classified as discontinued when the assets in the operations are classified as held for sale. These requirements relating to assets held for sale and the timing of the classification of discontinued operations are substantially the same as the equivalent requirements in U.S. GAAP. The type of operation that can be classified as discontinued is narrower than under U.S. GAAP.

Effective for the year beginning January 1, 2005

Other developments – IASB

14 IAS standards were improved (1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 31, 33, 36, 40) and IAS 15 withdrawn. The changes have removed accounting choices and are expected to result in better reporting. New guidelines and significantly enhanced disclosures have been introduced. Limited revisions were also made to IAS 32 and 39.

The improvements and amendments are effective for periods beginning on or after January 1, 2005. Earlier adoption is encouraged.

All changes to each individual standard must be implemented at a point – selective application is prohibited.

IFRIC Interpretations

IFRIC Interpretation 1 – Changes in Existing Decommissioning, Restoration and Similar Liabilities

This Interpretation addresses how the effect of the following events that change the measurement of an existing decommissioning, restoration or similar liability should be accounted for :

a) a change in the estimated outflow of resources embodying economic benefits (e.g. cash flows) required to settle the obligation;
b) a change in the current market-based discount rate as defined in paragraph 47 of IAS 37 (this includes changes in the time value of money and the risks specific to the liability); and
c) an increase that reflects the passage of time (also referred to as the unwinding of the discount).

Effective for the year beginning January 1, 2005.

U.S. GAAP

In December 2004, the Financial Accounting Standards Board, or the FASB, issued Statement of Financial Accounting Standards No. 123R "Share-Based Payment", or FAS 123R. FAS 123R revised Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" and supersedes Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" and its related implementation guidance. FAS 123R requires measurement and recording to the financial statements the costs of employee services received in exchange for a award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide service in exchange for such award. We will adopt the provisions of FAS 123R on January 1, 2006 and anticipate using the modified prospective application. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after July 1, 2005. Compensation costs for the unvested portion of awards that are outstanding as of July 1, 2005 to be recognized ratably over the remaining vesting period. The compensation costs for the unvested portion of awards will be based on the fair value at date of grant as calculated for our pro forma disclosure under FAS 123. The effect on net income and earnings per share in the periods following adoption of FAS 123R are expected to be consistent with our pro forma disclosure under FAS 123, except that estimated forfeitures will be considered in the calculation of compensation expense under FAS 123R. Additionally, the actual effect on net income and earnings per share will vary depending upon the number and fair value of options granted in 2005 compared to prior years.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151, "Inventory Costs – an amendment of ARB NO. 43, Chapter 4," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material as current period costs. It also requires that allocations of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Statement applies to inventory costs incurred in the first fiscal year beginning after June 15, 2005. We are currently determining the impact on our financial position and results from operations.

During 2004, a committee of the EITF began discussing the accounting treatment for stripping costs incurred during the production phase of a mine. In March 2005, the EITF reached a consensus (ratified by the FASB) that stripping costs incurred during the production phase of a mien are variable production costs that should be included in the costs of inventory produced during the period that the

stripping costs are incurred. The EITF consensus is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. We are currently evaluating the impact on our financial position and results of operations.

A. OPERATING RESULTS

Our operating and financial review and prospects should be read in conjunction with our financial statements, accompanying notes thereto, and other financial information appearing elsewhere in this Annual Report.

Years Ended December 31, 2004 and 2003

Revenues

Total revenues decreased by $32.8 million, or 28.1%, from $116.5 million for the year ended December 31, 2003 to $83.7 million for the year ended December 31, 2004.

Product Sales

From the year ended December 31, 2003 to the year ended December 31, 2004, gold sales revenues decreased by $36.2 million, or 33.1%, from $109.6 million to $73.3 million. This was mainly due to 114,897 less ounces available for sale as a result of a drop in head grade from 8.33g/t to 5.20 g/t compounded by a decrease of 3.1% in recoveries, partially offset by an increase in throughput of 7.5% and an improved average gold price per ounce of $382 for 2004 compared to $345 for 2003.

Interest Income

Interest income amounts consist primarily of interest received on cash held at banks. Interest income of $1 million for the year ended December 31, 2004, is consistent with the interest income of $1 million for the year ended December 31, 2003.

Exchange Gains

The exchange gain for the year ended December 31, 2004 of $1.0 million is lower than the exchange gain of $3.8 million, for the year ended December 31, 2003 as the prior year figure includes realized and unrealized exchange gains of $1.6 million for the Morila operation, compared to a realized exchange gain of $0.1 million in 2004. Trading exchange gains were also lower in 2004, compared to 2003.

Other Income

Other income of $1.5 million for the year ended December 31, 2004 consists mainly of cost recoveries of $0.7 million, compared to $0.9 million for the year ended December 31, 2003 and various other income received at Morila and on a corporate level.

Profit on sale of Syama

In April 2003, we entered into an option agreement with Resolute Mining, over our interest in the Syama Mine in Mali. In terms of the agreement, Resolute Mining was given a 12 month period in which to conduct a full due

diligence over Syama.

On April 5, 2004, Resolute Mining exercised its option to buy our 80% interest in the Syama Mine. Resolute Mining paid us $9.9 million, resulting in a profit on sale of $7.1 million (after transaction fees of $1.2 million). Furthermore, at a gold price of more than $350 per ounce, we would receive a royalty of $10 per ounce on the first million ounces of production from Syama and $5 per ounce on the next three million ounces based on the attributable ounces acquired by Resolute Mining. No royalty has been received during the year ended December 31, 2004, since the Syama mine is still on care and maintenance.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost per ounce for the years ended December 31, 2004 and 2003 (for a definition of cash costs, please see "Item 3. Key Information – A. Selected financial data"):

	Year Ended December 31,			
	2004		2003	
	Ounces	$ Per Ounce	Ounces	$ Per Ounce
Morila (40% share)	204,194	184	317,597	100

From the year ended December 31, 2003 to the year ended December 31, 2004, our total cash cost per ounce increased $84 per ounce, or 84%, from $100 per ounce to $184 per ounce, as a result of decreased production ounces and increases in diesel and mining contractor costs.

Transfer to Deferred Stripping Costs

The increase in the transfer to deferred stripping costs of $0.5 million or approximately 15% from $3.5 million for the year ended December 31, 2003 to $4.0 million for the year ended December 31, 2004, was due to the relative waste stripped being more in the year ended December 31, 2004 than in the year ended December 31, 2003 and still in excess of the life of the mine estimated stripping ratio. This was in line with the life of mine plan.

Depreciation and Amortization

Depreciation and amortization charges decreased by $1.6 million, or 16% from $10.3 million for the year ended December 31, 2003 to $8.7 million for the year ended December 31, 2004. The decrease was mainly due to the reclassification of assets which took place in 2003. The charge in 2004 is therefore comparable with the charge in 2002.

Interest Expense

Interest expense for the year ended December 31, 2004 was $1.6 million and $1.9 million for the year ended December 31, 2003 and comprised mainly interest on our attributable share of the Morila project financing facility.

The decrease is due to the loan being fully repaid in June 2004.

(Gain)/loss on Derivative Financial Instruments

The gain on derivative financial instruments of $2.2 million for the year ended December 31, 2004 and the loss on financial instruments of $1.7 million for the year ended December 31, 2003, represents the change in the fair value between December 31, 2004 and 2003, for those derivative financial instruments that did not qualify for hedge accounting.

The Loulo instruments were previously deemed speculative for accounting purposes and any marked-to-market movements had to be accounted for through the income statement. With the completion of the final mining schedules and feasibility study, as well as credit approval of the project financing, the hedged ounces were rolled out and matched to future production. This means that the marked-to-market valuation is now accounted for in equity. The Morila hedge book was fully utilized in 2004.

Royalties

Royalties decreased by $2.3 million, or 31%, from $7.6 million for the year ended December 31, 2003 to $5.3 million for the year ended December 31, 2004. The decreased royalties reflect decreased gold sales.

General and Administrative Expenses

General and administrative costs comprise various expenses associated with providing administration support services to the Morila mine. These charges increased to $6.8 million for the year ended December 31, 2004 from $6.1 million for the year ended December 31, 2003 reflecting the payment of custom duties since November 2003, and an increase in site administration and environmental expenditure.

Exploration and Corporate Expenditure

Exploration and corporate expenditures were $15.5 million for the year ended December 31, 2004 and $17 million for the year ended December 31, 2003. The expenditure for both years reflects largely activities which are focused on the defining of additional mineralized materials and converting them to reserve ounces, in particular for the Loulo Project, and additional drilling programs in Senegal, the Morila region and more recently Tanzania, Burkina Faso and Ghana. The decrease in expenditure of $1.5 million from the prior year, is the result of savings in exploration related staff expenditure.

Exchange Losses

The exchange losses for the year ended December 31, 2004 of $1.4 million and $1.9 million for the year ended December 31, 2003 relate primarily to Morila and result from the weakening of the U.S. dollar against other currencies in which goods and services are denominated.

Other Expenses

Other expenses of $1.1 million for the year ended December 31, 2004 consist mainly of costs associated with the care and maintenance of Syama for the period ending March 2004 and insurance costs. Other expenses of $4.9 million for the year ended December 31, 2003 comprise operational and other costs associated with the care and maintenance of Syama, insurance costs and tax penalties paid.

Minority Interests

The minority interest for the years ended December 31, 2003 represents the net of the 20% minority share of the losses in the Syama mine and the 20% minority share of losses on the Loulo Project. No minority interest was booked in 2004, as all costs directly related to the construction of the Loulo mine were capitalized and the Syama mine was sold in April 2004.

Share – Based Payments

Shared-based expenses are as a result of our adopting IFRS 2 from January 1, 2005, in accordance with the standards provisions. The standard requires an entity to recognize share-based payment transactions in its financial statements. The effect of the change is a charge of $1.3 million for the year ended December 31, 2004. No share options were granted from November 7, 2002 to December 31, 2003.

Years Ended December 31, 2003 and 2002

Revenues

Total revenues decreased by $18.2 million, or 13.5%, from $134.7 million for the year ended December 31, 2002 to $116.5 million for the year ended December 31, 2003.

Product Sales

From the year ended December 31, 2002 to the year ended December 31, 2003, gold sales revenues decreased by $21.8 million, or 16.6%, from $131.4 million to $109.6 million. The effect of the lower grades, partially offset by an improved average sales price of gold per ounce of $345 compared to $308 for 2002, resulted in the reduction in revenue from gold sales.

Interest Income

Interest income amounts consist primarily of interest received on cash held at banks. Interest income of $1 million for the year ended December 31, 2003, compared to $0.2 million for the year ended December 31, 2002, reflected interest earned on our higher cash balances during the year.

Exchange Gains

The exchange gain for the year ended December 31, 2003 of $3.8 million is higher than the exchange gain of $2.4 million, for the year ended December 31, 2002 as it includes an unrealized exchange gain of $0.9 million and a realized gain of $0.7 million resulting from our treasury activities. The prior year exchange gain related primarily to the Morila operation.

Other Income

Other income of $2.1 million for the year ended December 31, 2003 consists mainly of option fees receivable of $0.7 million, reversal of the doubtful debts provision of $0.5 million and recoveries of $0.9 million, compared to $0.5 million for the year ended December 31, 2002.

Costs and Expenses

Total Cash Costs

The following table sets out our total ounces produced and total cash cost per ounce for the years ended December 31, 2003 and 2002 (for a definition of cash costs, please see "Item 3. Key Information – A. Selected financial data"):

	Year Ended December 31,			
	2003		2002	
	Ounces	$ Per Ounce	Ounces	$ Per Ounce
Morila (40% share)	317,597	100	421,126	74

From the year ended December 31, 2002 to the year ended December 31, 2003, our total cash cost per ounce increased $26 per ounce, or 35%, from $74 per ounce to $100 per ounce, as a result of decreased production and increases in diesel and mining contractor costs.

Transfer to Deferred Stripping Costs

The decrease in the transfer to deferred stripping costs of $1.5 million or approximately 30% from $5 million for the year ended December 31, 2002 to $3.5 million for the year ended December 31, 2003, was due to the actual waste stripped being less in the year ended December 31, 2003 than in the year ended December 31, 2002 but still in excess of the life of the mine estimated stripping ratio.

Depreciation and Amortization

Depreciation and amortization charges increased by $1.5 million, or 17% from $8.8 million for the year ended December 31, 2002 to $10.3 million for the year ended December 31, 2003. The increase was mainly due to the reclassification of assets in the fixed asset register into various categories. Previously, all assets were amortized over the life of the mine. Depreciation and amortization in both years were largely related to Morila assets. There was no depreciation and amortization charge for the Syama mine as all assets had been impaired in previous years.

Interest Expense

Interest expense for the year ended December 31, 2003 was $1.9 million and comprised mainly interest on our attributable share of the Morila project financing facility.

Interest expense for the year ended December 31, 2002 was $3.7 million and comprised interest on our attributable share of the Morila project financing facility as well as the $35 million syndicated loan and revolving credit facility, which was repaid during the year.

Loss on Derivative Financial Instruments

The loss on derivative financial instruments of $1.7 million for the year ended December 31, 2003 and $0.3 million for the year ended 2002, represents the change in the mark-to-market, between December 31, 2002 and 2003, for those financial instruments that did not qualify for hedge accounting.

The loss on financial instruments at December 31, 2003 mainly results from the mark-to-market valuation of the forward sales and forward rate agreements taken out as part of the Loulo Project financing. These have been taken out at the corporate level and are currently classified as speculative and are therefore accounted for through the profit and loss statement.

Morila has entered into gold forward sales and gold option trades to support the financing of the project. These obligations of Morila are non-recourse to us, were margin free and fully closed out by the end of December 2004.

Royalties

Royalties decreased by $1.6 million, or 17%, from $9.2 million for the year ended December 31, 2002 to $7.6 million for the year ended December 31, 2003. The decreased royalties reflect decreased gold sales.

General and Administrative Expenses

General and administrative costs comprise various expenses associated with providing administration support services to the Morila mine. These charges increased to $6.1 million for the year ended December 31, 2003 from $4.1 million for the year ended December 31, 2002 reflecting an increase in site administration, environmental expenditure and head office charges.

Exploration and Corporate Expenditure

Exploration and corporate expenditures were $17 million for the year ended December 31, 2003 and are consistent with $16.7 million for the year ended December 31, 2002. The expenditure for both years reflects largely activities which are focused on the defining of additional mineralized materials and converting them to reserve ounces, in particular for the Loulo Project, and additional drilling programs in Senegal, the Morila region and Tanzania.

Exchange Losses

The exchange losses for the year ended December 31, 2003 of $1.9 million and $1.9 million for the year ended December 31, 2002 relate primarily to Morila and result from the weakening of the U.S. dollar against other currencies in which goods and services are denominated.

Other Expenses

Other expenses of $4.9 million for the year ended December 31, 2003 and for the year ended December 31, 2002 of $5.7 million comprise operational and other costs associated with the care and maintenance of Syama, insurance costs and tax penalties paid.

Minority Interests

The minority interest for the years ended December 31, 2003 and 2002 represents the net of the 20% and 26% respectively minority share of the losses in the Syama mine and the 20% minority share of losses on the Loulo Project.

B. LIQUIDITY AND CAPITAL RESOURCES

Cash Resources

Operations

Net cash provided by operations was $4.3 million for the year ended December 31, 2004 and $51.2 million for the year ended December 31, 2003. The $46.9 million decrease was mainly the result of lower grades and lower production at Morila, compared to the previous year.

Net cash provided by operations was $51.2 million for the year ended December 31, 2003 and $70.6 million for the year ended December 31, 2002. The $19.4 million decrease was the result of lower grades and lower production at Morila, compared to the previous year.

Investing

Investing activities for the year ended December 31, 2004 utilized $57 million compared to $6 million utilized for the year ended December 31, 2003. This was due to development expenditure incurred in 2004 in the construction of the Loulo Mine.

Investing activities for the year ended December 31, 2003 utilized $6 million as compared to $5.5 million utilized for the year ended December 31, 2002. Both years represent ongoing capital expenditure at Morila.

Financing

Financing activities for the year ended December 31, 2004 generated net cash of $25.5 million compared to net cash generated of $0.6 million for the year ended December 31, 2003. The net cash generated in the year ended December 31, 2004 related mainly to the first draw down of $35 million on the Loulo Project loan in December 2004, partially offset by repayment of the Morila project loan.

Credit and Loan Facilities

On April 7, 2000, we concluded a $90 million loan with a consortium of financial lenders led by NM Rothschild for the development of Morila. We referred to this loan as the Morila Project Loan. The loan carried interest at U.S. three month LIBOR plus 2% per annum. At December 31, 2003, the interest rate on this loan was 3.29%. The loan was scheduled to be repaid over 5 years with the first payment having been made on June 30, 2001, and was collateralized by the assets of Morila. Also, we had pledged our interest in Morila Limited and related assets and the Morila joint venture had pledged its interest in Morila and related assets to secure Morila's obligations under the Morila Project Loan Agreement. In addition to the periodic payments of principal, Morila was required to make interest payments at periodic intervals. The loan was fully repaid in June 2004.

During the year ended December 31, 2000, Morila entered into a finance lease for five Rolls-Royce generators under the terms of a Deferred Terms Agreement between us and Rolls-Royce. The lease is repayable over ten years commencing April 1, 2001 and bears interest at a variable rate of which at December 31, 2004 was approximately 20% per annum. Our attributable share of this finance lease amounted to $5.8 million at December 31, 2004 and $6.7 million at December 31, 2003. Together with AngloGold Ashanti, we have guaranteed the repayment of the lease.

Somisy and Randgold Resources Mali SARL, our subsidiaries, had a Communauté Financière Africaine franc denominated, uncollateralized overdraft facility of approximately $1.6 million with Banque de Developpement du Mali bearing interest at a fixed interest rate of 10.25% per annum at December 31, 2003. The Somisy facility was taken over by Resolute Mining as part of the sale of Syama.

On August 28, 2002, the Syama hedge transactions were closed through a cancellation agreement with NM Rothschild. On that date, we agreed to buy gold call options to offset existing positions with NM Rothschild comprised of 148,500 ounces at $353/ounce at a cost of $1,805,760. In lieu of the existing premium, NM Rothschild agreed to lend us that amount on a pre-agreed payment schedule requiring us to repay the loan monthly through the 2004 fiscal year. This loan carried interest at the relevant interbank rate plus 3%, which equated to an average rate of 4.37% at December 31, 2003. The liability was fully paid by the end of 2004.

Morila also has a finance lease with Air Liquide relating to three oxygen generating units. The lease is payable over 10 years commencing December 1, 2000 and bears interest at a variable rate which at December 31, 2004 stood at approximately 3.09%.

Somilo SA also has a $0.6 million loan from the Government of Mali. This loan is uncollateralized and bears interest at the base rate of the Central Bank of West African States plus 2% per annum. This loan is repayable from cash flows of the Loulo mine after the repayment of all other loans. At December 31, 2004, the interest rate on this loan was 7%.

The $60 million Loulo Project Loan was arranged by NM Rothschild & Sons Limited and SG Corporate & Investment Banking, who have been joined in the facility by Absa Bank and HVB Group, and is repayable between June 2006 and September 2009.

A first installment of $35 million was drawn against the project loan in December 2004. The loan is collateralized over the assets of the Loulo Project. Additionally, we have pledged our interest in

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Randgold Resources (Somilo) Limited and related assets, and Randgold Resources (Somilo) Limited has pledged our interest in Somilo and related assets to secure Somilo's obligations under this loan. The loan is guaranteed by us until economic completion of the project has been achieved, which is expected before December 31, 2007. The loan bears interest at LIBOR plus 1.75% pre-completion of the Loulo capital program, or at any time when we continue to be a guarantor of the facility. Post completion until the fourth anniversary of signing facility documentation, the interest rate is LIBOR plus 2.10% and thereafter 2.25%. The weighted average interest rate for the year amounted to 4.17%.

Under the term of this loan, we are required to enter into certain gold price forward sales. 365,000 ounces of gold have been sold forward over the financial years 2005 to 2009, at an average forward price of $432 per ounce. The facilities are margin free.

Various debt covenants apply to the loan, including:

- Hedging arrangements reasonably acceptable to N M Rothschild & Sons Limited will remain in place. We will continue to provide evidence to the effect that we or Somilo Limited have entered into committed hedging agreements and that the proceeds of sale of gold are sufficient to ensure that, as at all calculation dates scheduled, it is and will continue to be in compliance with required financial ratio's ;
- Limitations on material asset disposals and acquisitions;
- Restrictions with regards to the repayment of inter-company debt or dividend payments by Somilo;
- Maintain insurance with reputable insurance companies;
- Establish a Debt Service Reserve Account with the minimum credit balance on all dates equal to the aggregate principal amount of and interest accruing on the loan and the aggregate amount of premium accruing in connection with the Political Risk Insurance during the six month period commencing on such date;
- Limitations on additional indebtedness by us; and
- Certain financial ratios need to be adhered to throughout the loan agreement.

Corporate, Exploration, Development and New Business Expenditures

Our expenditures on corporate, exploration, development and new business activities for the past three years are as follows:

	Year Ended December 31,		
	2004	2003	2002
Area	(dollars in thousands)		
Africa	8	190	239
Burkina Faso	957	—	944
Mali	4,767	7,597	8,521
Tanzania	3,343	1,756	—
Côte d'Ivoire	949	1,603	5,190
Senegal	3,932	2,749	1,791
Merger transaction costs	—	3,112	—
Ghana	1,589	—	—
Total exploration and corporate expenditure	15,529	17,007	16,686

None of the above-mentioned expenditures have been capitalized.

The main focus of exploration work is on our advanced projects in Mali West, around Morila and in Senegal and more recently Tanzania, Burkina Faso and Ghana.

The Tongon project in Côte d'Ivoire is at an earlier stage of feasibility, where the data currently available is less accurate but of a sufficient level of detail for preliminary economic analysis to be

undertaken. As a result of the political situation in Côte d'Ivoire, which started in September 2002, no further exploration activity has been possible on the project.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments consist primarily of credit facilities, as described above. The related obligations as at December 31, 2004 are set out below:

Contractual Obligations	1 Year	1-5 Years	After 5 Years	Total
		(dollars in thousands)		
Long-term debt	—	35,042	—	35,042
Short-term borrowings	—	—	—	—
Capital lease obligations	1,156	4,392	1,284	6,832
Unconditional purchase obligations	17,119	—	—	17,119
Total contractual cash obligations	18,275	39,434	1,284	58,993
Other long-term obligations	537	15,131	3,701	19,369

Working Capital

Management believes that our working capital resources, by way of internal sources and banking facilities, are sufficient to fund our currently foreseeable future business requirements.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We are not involved in any research and development and have no registered patents or licenses.

D. TREND INFORMATION

Our financial results are subject to the movement in gold prices. In the past fiscal year, the general trend has been upwards and this has had an impact on revenues. However it should be noted that fluctuations in the price of gold remain a distinct risk to us.

Gold Market

The gold market is relatively liquid compared with many other commodity markets, with the price of gold generally quoted in U.S. dollars. The physical demand for gold is primarily for fabrication purposes, and gold is traded on a world-wide basis. Fabricated gold has a variety of uses, including jewelry (which accounts for 85% of fabricated demand), electronics, dentistry, decorations, medals and official coins. In addition, central banks, financial institutions and private individuals buy, sell and hold gold bullion as an investment and as a store of value.

Historically, gold has been used as a store of value because it tends to retain its value in relative terms against basic goods in times of inflation and monetary crisis. Therefore, large quantities of gold in relation to annual mine production are held for this purpose. This has meant that, historically, the potential total supply of gold has been far greater than annual demand. Thus, while current supply and demand plays some part in determining the price of gold, this does not occur to the same extent as for other commodities.

Instead, gold prices have been significantly affected, from time to time, by macro-economic factors such as expectations of inflation, interest rates, exchange rates, changes in reserve policy by central banks, and global or regional political and economic crises. In times of inflation and currency devaluation, gold has traditionally been seen as refuge, leading to increased purchases of gold and a support for the price of gold.

Interest rates affect the price of gold on several levels. High real interest rates increase the cost of holding gold, and discourage physical buying in developed economies. High U.S. dollar interest rates

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also make hedging of forward selling attractive because of the higher contango premiums (differential between LIBOR and gold lease rates) obtained in the forward prices. Increased forward selling in turn has an impact on the spot price at the time of sale.

Changes in reserve policies of central banks have affected the gold market and gold price on two levels. On the physical level, a decision by a central bank to decrease or to increase the percentage of gold in bank reserves leads to either sales or purchases of gold, which in turn has a direct impact on the physical market for the metal. In practice, sales by central banks have often involved substantial tonnages within a short period of time and this selling can place strong downward pressure on the markets at the time they occur. As important as the physical impact to official sales, announcements of rumors of changes in central bank policies which might lead to the sale of gold reserves have, in recent years, had a powerful negative effect on market sentiment and encouraged large speculative positions against gold in the futures market for the metal.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the afternoon London Bullion Market fixing price of gold in U.S. dollars for the past ten years. On December 31, 2004, the morning fixing price of gold on the London Bullion Market was $438 per ounce.

	Price Per Ounce ($)		
Year	High	Low	Average
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	279
2001	293	256	271
2002	349	278	310
2003	416	320	363
2004	454	375	409

Item 6. Directors, Senior Management and Employees

A. DIRECTORS AND SENIOR MANAGEMENT

Our Articles of Association provide that the board must consist of no less than two and no more than 20 directors at any time. The board currently consists of 7 directors.

Our Articles of Association provide that any new director should be reelected by the shareholders at the annual general meeting following the date of the director's appointment. Furthermore, each director is subject to reelection on a rotation basis every three years as required by our Articles of Association and the Companies (Jersey) Law, 1991. Dr. D.M. Bristow and Mr. R.A. Williams' positions as executive directors were the subject of an ordinary resolution at the annual general meeting held on April 25, 2005, as requested by our Articles of Association.

According to the Articles of Association, the board meets at intervals determined by the board from time to time.

The address of each of our executive directors and non-executive directors is the address of our principal executive offices, La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands.

Executive Directors

D. Mark Bristow (46) Chief Executive Officer. Dr Bristow was appointed a director in August 1995 and Chief Executive Officer in October 1995. A geologist with more than 22 years' experience in the mining industry, he holds a Ph. D. in Geology from Natal University, South Africa. Prior to this he held executive responsibility for the exploration and new business activities of Randgold & Exploration from 1992 to 1995. During the period 1995 to 1997 he also directed the re-engineering of the reserve management functions of the gold mining of the Randgold & Exploration Group and its affiliated gold mining companies. He has held directorships in Harmony Gold Mining Company Limited and DRD Gold Limited.

Roger A. Williams (41) Finance Director. Mr. Williams is a chartered accountant with 17 years experience in finance including eight years in the mining industry. Prior to joining us in January 1997, he was a financial manager for Kimberly-Clark of Southern Africa and an audit manager with Deloitte & Touche in the United Kingdom. In November 2001 he was appointed an alternate director and was appointed as Finance Director in April 2002.

Non-Executive Directors

Philippe Liétard (56) Non-Executive Chairman; Mr. Liétard was appointed a director in February 1998. Mr. Liétard was managing director of the Global Natural Resources Fund from 2000 to 2003. Prior to July 2000, he was director of the Oil, Gas and Mining Department of the International Finance Corporation. His experience in corporate and project finance with UBS, IFC and the World Bank extends over 30 years, most of them in the minerals business and in Africa. Mr. Liétard is now an independent consultant and a promoter of mining and energy investments. He was appointed a director in February 1998 and chairman in November 2004.

Bernard H. Asher (68) Non-Executive Director; Chairman of the audit committee and Member of the remuneration committee. 1986 – 1998, he was an executive director of HSBC Holdings plc and chairman of HSBC Holdings subsidiary, HSBC Investment Bank plc. He was chairman of Lonrho Africa plc, vice-chairman of the Court of Governors of the London School of Economics and of the Legal & General Group plc and a director of Morgan Sindall plc. He is Chairman of Lion Trust Asset Management and a senior independent director of Morgan Sindall plc. He was appointed a director in June 1997 and senior independent director in October 2003.

Jean-Antoine Cramer (73) Non-Executive Director; Member of the audit committee. Mr. Cramer was appointed a director in June 1997. Mr. Cramer was senior partner in Messieurs Cramer & Cie, a Geneva portfolio management

company and was president of the Corporate Association of Geneva Investment Managers and lectures on various topics relating to politics and economics.

62

Robert I. Israel (55) Non-Executive Director; Chairman of the remuneration committee. Mr. Israel was appointed a director in June 1997. Mr. Israel is a partner at Compass Advisers, LLP. Until April 2000, Mr. Israel served as a managing director of Schroder & Co. Inc. and head of its Energy Department. He has 26 years of experience in corporate finance, especially in the natural resources sector.

Aubrey L. Paverd (66) Non-Executive Director; Member of the audit committee. Dr. Paverd was appointed a non-executive director in August 1995. He is also a director of the Peruvian mining company Cia. Minas Buenaventura. Dr. Paverd is now an independent consultant. He has 42 years of international geological experience.

Executive Officers

David Haddon (47) General Counsel and Secretary. Having overseen our administrative obligations from our incorporation in 1995, Mr. Haddon assumed full secretarial responsibility when we became listed on the London Stock Exchange in July 1997. He has over 20 years of legal and administrative experience. He assumed the responsibility as general counsel in January 2004. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Bill Houston (57) General Manager — Human Resources. Mr. Houston joined us in 1992 as group training and development manager and currently heads the human resources function. He has 24 years of human resources experience. He is a director of Morila SA and Seven Bridges Trading 14 (Pty) Limited.

Amadou Konta (47) General Manager – Loulo. Amadou has a degree in civil engineering as well as several management and project management qualifications. He was appointed mine foreman and superintendent at Syama mine and served as mine manager from 1997. In 2001 he was promoted as our construction manager in Mali and was appointed Loulo general manager on October 1, 2004.

Victor Matfield (40) Manager - Corporate Finance. Mr. Matfield is a chartered accountant with 12 years experience in the mining industry. He was appointed corporate finance manager in August 2001, prior to that he served as financial manager of the Syama mine and of the Morila capital project. He is a director of Seven Bridges Trading 14 (Pty) Limited.

Chris Prinsloo (54) Group Commercial and Financial Manager. Mr. Prinsloo became Group Financial Manager in January 2002. He has 32 years of experience in the mining industry. He is a director of Somilo SA and Morila SA.

Richard Quarmby (45) Technical Manager. Mr. Quarmby is a qualified chemical engineer with extensive experience in the mining industry. He joined our metallurgical team in 1997, playing a pivotal role in the development and implementation on site of the Syama and Morila metallurgical plant designs. His responsibilities include metallurgical development through liaising with partner consultants and evaluating all technical and economic implications with the aid of both proprietary and in-house developed software.

Adrian J. Reynolds (50) General Manager — Exploration and Evaluation. Mr. Reynolds has 24 years experience in the exploration and mining industries and was part of the team that developed our original strategy. He leads the exploration team and manages the evaluation of early stage and development projects. He is responsible for the Morila

technical oversight and for compilation of our technical audits, due diligences and feasibility studies. He is a director of Morila Limited and Somilo SA.

Mahamadou Samake (57) General Manager — Randgold Resources Mali. Mr. Samake is the general manager of the Bamako office and is a director of our Malian subsidiaries. He is also a professor of company law at the University of Mali.

John Steele (44) General Manager — Capital Projects. Mr. Steele has overseen the capital expansion program at the Syama mine and at the beginning of July 1998, assumed the position of general manager capital projects for the Randgold Resources Group, overseeing the construction of Morila. He is a director of Somilo SA and Morila Limited and is currently leading the Loulo construction project.

Our Articles of Association provide that the longest serving one-third of directors retire from office at each annual general meeting. Retiring directors normally make themselves available for re-election and are re-elected at the annual general meeting on which they retire. Our officers who are also directors retire as directors in terms of the Articles of Association, but their service as officers is regulated by standard industry employment agreements.

The date of appointment, date of expiration and length of service for each of our directors is set forth in the table below:

Director	Date of Appointment	Date of Expiration of Term	Number of Years Service
Executive			
D.M. Bristow	8/11/95	5/31/08	9
R.A. Williams	5/01/02	5/31/08	3
Non-Executive			
B.H. Asher	6/12/97	5/05/06	7
J.A. Cramer	6/12/97	5/05/06	7
R.I. Israel	6/12/97	5/05/07	7
P. Liétard	2/11/98	5/05/07	6
A.L. Paverd	7/29/95	5/05/06	9

None of our directors and executive officers was selected under any arrangements or understandings between that director or executive officer and any other person. All of our non-Executive directors, are considered independent directors.

B. COMPENSATION

Our objective is to provide senior management, including executive directors, with a competitive remuneration package which will attract and retain executives of the highest caliber and will encourage and reward superior performance in the manner consistent with the interests of our shareholders. The remuneration committee's policies are designed to meet these objectives and to ensure that the individual directors are fairly and responsibly rewarded for

their respective contributions to our performance.

We have no liability in respect of retirement provisions for executive directors. We do, however, provide a vehicle in the form of a defined contribution fund into which employees, including executive directors, may contribute for the purpose of providing for retirement. While we make an annual contribution on behalf of our employees, we do not do so on behalf of our executive directors.

Each executive director receives a basic salary. Executive directors do not receive any fees. Executive directors are paid an annual bonus which is determined by the annual performance of our share price.

The board has accepted the recommendations of the remuneration committee relating to non-executive directors' fees. Following acceptance by the board, the recommendations were submitted to shareholders and were approved on the annual general meeting held on April 25, 2005, as follows:

- A general retainer to all non-executive directors of $45,000;
- An annual committee assignment fee of $25,000, with an additional premium for membership of the audit committee of $10,000;
- The chairman of a board committee to receive a committee assignment fee of $40,000;
- The senior independent director, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional $75,000;
- The non-executive chairman, in addition to the general annual retainer but in lieu of any committee assignment fee, to receive an additional $90,000;

- An award to each director of $30,000 to be translated into a number of "restricted" shares. The shares are to vest over a three year period from the date of the award, January 1, 2005. Vesting would accelerate on the following conditions:
  - Termination other than resignation or dismissal;
  - Voluntary retirement after the age of 65 with a minimum of three years service as a director; and
  - Change in control of the company.

A director must hold shares at least equal in value (as at the beginning of the year) to the general annual retainer. A director would be granted three years in which to acquire the required shareholding and this period could be extended by the unanimous approval of the uninterested directors. If the number of shares were to fall below the threshold due to a fall in the share price, no additional purchase of shares would be required. Currently, other than Mr Liétard, all the directors hold shares equal to the value of the general annual retainer.

Non-executive directors have been granted options to purchase our ordinary shares. Details of the options held by the non-executive directors are shown below.

On May 11, 2005 the $30,000 award was allocated to each of the non-executive directors for the purpose of acquiring restricted stock. The price of the restricted stock calculation was the Nasdaq National Market closing price on May 10, 2005, being $12.78. In terms of the policy, 783 shares were issued directly to each non-executive director and 1,565 shares would be held as restricted stock'. Non-executive directors would be entitled to the second tranche, subject to agreed conditions, on January 1, 2006 and the final balance on January 1, 2007.

During the year ended December 31, 2004, the aggregate compensation paid or payable to our directors and executive officers as a group was approximately $5.8 million, of which $5.35 million was payable to directors.

The following table sets forth the aggregate compensation for each of the directors:

	Basic Salary/Fees December 31,		Bonus/Service Contract December 31,		Other Payments December 31,		Total December 31,	
	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)
Executive								
R. A. R. Kebble[1]	343,750	375,000	1,118,022	1,000,500	1,093,750	—	2,555,522	1,375,500
D. M. Bristow[2]	530,156	462,000	1,118,022	1,062,500	535,250	—	2,183,428	1,524,500
R. A. Williams	239,040	187,000	372,674	491,500	—	—	611,714	678,500
Sub-total	1,112,946	1,024,000	2,608,718	2,554,500	1,629,000	—	5,350,664	3,578,500

	Basic Salary/Fees December 31,		Bonus/Service Contract December 31,		Other Payments December 31,		Total December 31,	
	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)	2004 ($)	2003 ($)
Non-Executive								
B. H. Asher	115,000	115,000	—	—	—	—	115,000	115,000
J-A. Cramer	85,000	97,500	—	—	—	—	85,000	97,500
R. I. Israel	68,000	66,000	—	—	—	—	68,000	66,000
P. Liétard	102,500	97,500	—	—	—	—	102,500	97,500
F. Lips[3]	15,000	65,000	—	—	—	—	15,000	65,000
A. L. Paverd	85,000	97,500	—	—	—	—	85,000	97,500
TOTAL	1,583,446	1,622,500	2,554,500	2,554,500	1,629,000	—	5,821,164	4,117,000

(1) In November 2004, Mr. R.A.R. Kebble, following the signature of a termination agreement, resigned from the board. The terms of the Mr. Kebble's agreement provided for:

- Payment of all monies due in terms of his existing contract of employment, which was due to run until May 31, 2006, amounting to $593,750;
- All unexercised share options at the date of the agreement, amounting to 133,400 options at a strike price of $3.25, were to be unrestricted and to vest with immediate effect;
- An additional payment of $500,000; and
- Payment of any bonus that Mr. Kebble would have been entitled to in accordance with the terms of his employment contract had he not resigned with effect from November 3, 2004.

(2) Other payments comprise the grant of restricted shares to Dr. D.M. Bristow.

(3) Mr. F. Lips retired from the board on February 19, 2004.

The executive directors do not receive any benefits in kind and the only long-term incentive scheme is the Share Option Scheme.

The bonus is calculated on the movement in our share price based on a calendar year to March 31. The 2004 bonuses, as shown above reflect the amounts paid in April 2004 based on the movement in the share price from April 1, 2003 to March 31, 2004, being $6.625 to $9.827.

Share options exercised by the directors during 2004 and up to April 30, 2005 are detailed below:

Name	Number of Options Exercised	Average Exercised Price ($)
R. A. Williams	94,520	3.14
D. M. Bristow	166,700	3.25
R A R Kebble	133,400	3.25
A L Paverd	24,500	1.65

The high and low share prices for our ordinary shares for the year on the London Stock Exchange were (pounds sterling) 7.81 and (pounds sterling) 4.29, respectively and our high and low price for our ADRs on the Nasdaq National Market were $14.23 and $7.76 respectively. The ordinary share price on the London Stock Exchange and the price of an ADR on the Nasdaq National Market at December 31, 2004 was (pounds sterling) 5.93 and $11.36 respectively.

Share options outstanding at April 30, 2005 and held by directors and executive officers were as follows:

Name	Options to Purchase Ordinary Shares	Expiration Date	Exercise Price ($)
Executive Directors			
D.M. Bristow	166,700	7/11/12	3.25
R.A. Williams	27,760	4/30/12	3.03
	66,700	7/11/12	3.25
	125,000	8/05/14	8.05
Non-Executive Directors			
B.H. Asher	24,500	1/28/11	1.65
J-A. Cramer	24,500	1/28/11	1.65
R.I. Israel	24,500	1/28/11	1.65
P. Liétard	24,500	1/28/11	1.65

Officers			
D.J. Haddon	56,000	7/11/12	3.25
	75,000	8/05/14	8.05
W.R.A. Houston	31,400	7/11/12	3.25
	75,000	8/05/14	8.05
A. Konta	7,400	3/24/09	1.75
	60,000	8/05/14	8.05
V. Matfield	53,400	7/11/12	3.25
	75,000	8/05/14	8.05
C.J. Prinsloo	26,700	7/11/12	3.25
	75,000	8/05/14	8.05
R. Quarmby	13,400	7/11/12	3.25
	60,000	8/05/14	8.05
A.J. Reynolds	41,400	7/11/12	3.25
	75,000	8/05/14	8.05
M. Samake	13,400	7/11/12	3.25
	75,000	8/05/14	8.05
J. Steele	26,700	7/11/12	6.50
	85,000	8/05/14	8.05

C. BOARD PRACTICES

Directors' Terms of Employment

Service contracts have been concluded with two executive directors. Mr. R.A. Williams current agreement runs until May 31, 2006. Given our size and management team, the board considers periods of employment in excess of one year appropriate. The board has agreed to a rolling three year contract for Dr. D.M. Bristow and this has been approved based on the importance attributed to his contribution to our overall strategic direction and performance. In the event of unilateral termination, we would be required to compensate the director concerned for any outstanding amounts due in terms of the contract.

In terms of the new service contract entered into with Dr. D.M. Bristow, the board on the recommendation of the remuneration committee has awarded the CEO restricted stock amounting to 150,000 shares. The award was subject to agreed performance criteria set for the 2004 financial year. Since Dr. D.M. Bristow has met these criteria, one third of the shares has become due by December 31, 2004 and the remaining two thirds from the end of the next two financial years. On May 11, 2005

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the award of 150,000 restricted shares was granted to Dr. D.M. Bristow. The price of the restricted stock calculation was the Nasdaq National Market closing price on May 10, 2005 being $12.78. Having met the performance criteria, Dr. D.M. Bristow was issued 50,000 ordinary shares and the remaining two thirds are held as restricted stock. Dr D.M. Bristow would be entitled to the second tranche on January 1, 2006 and the balance on January 1, 2007.

On August 16, 2004, the board approved a resolution awarding Mr. R.A. Williams 125,000 share options in accordance with the rules of the current share option scheme. The options were awarded at a price of $8.05, being the trading price of the company on August 5, 2004, Mr. R.A. Williams would be entitled to exercise the options in three

annual tranches commencing August 6, 2006.

We currently do not have service agreements with our non-executive directors. However, each director is subject to reelection by our shareholders in accordance with our Articles of Association.

Board of Directors Committees

In order to ensure good corporate governance, the board has formed an audit committee and a remuneration committee. The audit and remuneration committees are comprised of a majority of non-executive directors. It is the board's view that because of our size and range of activities, the board is best suited to act as a nomination committee in its entirety.

Audit Committee

Our audit charter, which defines the terms of reference for the audit committee members, sets out the framework through which the audit committee reviews our annual results, the effectiveness of its systems of internal control, internal audit procedures and legal and regulatory compliance and the cost effectiveness of the services provided by the internal and external auditors. The audit committee also reviews the scope of work carried out by our external and internal auditors and holds discussions with the external auditors at least once a year. The audit committee is comprised of three independent non-executive directors. The members of the audit committee are Messrs. Asher (Chairman), Cramer and Dr. Paverd. Mr. Liétard stood down as a member of the audit committee on November 3, 2004, the date of his appointment as non-executive chairman.

Remuneration Committee

The remuneration committee reviews the remuneration of directors and senior management and determines the structure and content of the senior executives' remuneration packages by reference to a number of factors including current business practice and our prevailing business conditions and the mining and exploration industry. The members of the remuneration committee are Messrs. Israel (Chairman) and Asher. Mr. Liétard stood down as a member of the audit committee on November 3, 2004, the date of his appointment as our non-executive chairman.

D. EMPLOYEES

At the end of each of the past three years, the breakdown of employees, including our subsidiaries but excluding Morila SA, by main categories of activity was as follows:

Category of Activity	December 31, 2002	December 31, 2003	December 31, 2004
Mining and related engineering [1]	10	8	9
Processing and related engineering	10	7	8
Management and technical	12	14	12
Exploration [2]	62	54	53