

RANDGOLD RESOURCES LTD

Form F-3/A

September 23, 2005

As filed with the Securities and Exchange Commission on September 23, 2005

Registration No. 333-127711

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM F-3

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

RANDGOLD RESOURCES LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of the Registrant's name in English)

Jersey, Channel Islands
(State or other jurisdiction of
incorporation or organization)

1041
(Primary Standard Industrial
Classification Code Number)

Not applicable
(IRS Employer
Identification No.)

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Approximate date of commencement of proposed sale to public:
 As soon as practicable after this Registration Statement becomes effective.

If only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered ⁽¹⁾	Proposed maximum offering price per security ⁽²⁾	Proposed maximum aggregate offering price ⁽²⁾	Amount of registration fee
Ordinary shares, \$0.05 par value per share ⁽³⁾	8,000,000 shares	\$ 13.84	\$ 110,720,000	\$ 13,032
Ordinary shares, \$0.05 par value per share ⁽³⁾	50,000 shares	\$ 15.625	\$ 781,250	\$ 92
Total	8,050,000 shares		\$ 111,501,250	\$ 13,124 ⁽⁴⁾

(1)Includes ordinary shares that the underwriters may purchase to cover over-allotments, ordinary shares in the form of American Depositary Shares and ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States in circumstances requiring the delivery of a prospectus.

(2)Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of \$15.625 per ordinary share, the average of the high and low sales prices for the Registrant's American Depositary Receipts, each representing one American Depositary Share, each representing one ordinary share, on the Nasdaq National Market on September 21, 2005, with respect to the additional 50,000 shares registered under this registration statement.

(3)

American Depositary Shares evidenced by American Depositary Receipts issuable on deposit of certain of the ordinary shares registered hereby have been registered under a separate registration statement on Form F-6 (File No. 333-91398). Each American Depositary Share will represent the right to receive one ordinary share.

(4) In connection with the initial filing of this Registration Statement, a registration fee of \$13,032 was paid on August 19, 2005 in respect of 8,000,000 of the 8,050,000 shares registered under this Registration Statement. Remitted herewith is \$92.00, representing the registration fee for the remaining \$781,250 of securities registered under this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted or otherwise. As Randgold Resources Limited is a Jersey company, no offer to sell any interest(s) in the company shall be made until the final form of this prospectus has been approved by the registrar of companies in Jersey. This document is therefore being issued in preliminary form and for information purposes only.

SUBJECT TO COMPLETION, DATED SEPTEMBER 23, 2005

PROSPECTUS

7,000,000 Ordinary Shares
in the form of ordinary shares or American Depositary Shares

RANDGOLD RESOURCES LIMITED

(organized under the laws of Jersey, Channel Islands)

We are offering ordinary shares in the form of ordinary shares or American Depositary Shares, or ADSs. Each ADS represents the right to receive one of our ordinary shares. The offering of ADSs is part of a global offering of 7,000,000 ordinary shares, including ordinary shares being offered for sale in the United States and ordinary shares being offered for sale outside of the United States. The price per ordinary share will be identical for both offerings.

Our ADSs are listed on the Nasdaq National Market under the symbol "GOLD". Our ordinary shares are listed and traded on the London Stock Exchange under the symbol "RRS". On September 21, 2005, the last reported price for our ADSs on the Nasdaq National Market was \$15.86 per share.

Investing in our ordinary shares or ADSs involves risks. See "Risk Factors" beginning on page 8.

We have granted the underwriters a 30-day option to purchase up to a total of 1,050,000 additional ordinary shares, including ordinary shares in the form of ADSs, to cover over-allotments, if any. If this option is exercised in full, the proceeds before expenses to us will be \$.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

HSBC, on behalf of the underwriters, expects to deliver the ordinary shares and ADSs to purchasers on or about , 2005.

Global Coordinator and Bookrunner

HSBC

BMO Nesbitt Burns
, 2005

RBC Capital Markets

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In connection with the offering, HSBC Securities (USA) Inc. or its affiliates acting on its behalf, each acting on behalf of the underwriters (the "Stabilizing Person") may engage in transactions that stabilize, maintain or otherwise affect the market price of our ordinary shares. These transactions may include stabilization transactions effected in accordance with Rule 104 of Regulation M under the Securities Exchange Act of 1934 (the "Securities Exchange Act"), pursuant to which the Stabilizing Person may make a bid for, or purchase, ordinary shares for the purpose of stabilizing the market price. The Stabilizing Person also may create a short position by selling more ordinary shares in connection with the offering than the underwriters are committed to purchase from us, and in such case may purchase ordinary shares in the open market following completion of the offering to cover all or a portion of such short position. In addition, the Stabilizing Person may impose "penalty bids" whereby the underwriters may reclaim from a dealer participating in the offering the selling concession with respect to the ordinary shares that the underwriters distributed in the offering, but which was subsequently purchased for the accounts of the underwriters in the open market. Any of the transactions described in this paragraph may result in the maintenance of the price of the ordinary shares at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required and, if they are undertaken, they may be discontinued at any time.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the ordinary shares and ADSs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, as amended, and the registrar has given, and has not withdrawn, consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958, as amended, to the issue of shares by Randgold Resources Limited. It must be distinctly understood that, in giving these consents, neither the registrar of companies in Jersey nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of Randgold Resources Limited or for the correctness of any statements made, or opinions expressed, with regard to it. If you are in any doubt about the contents of this document, you should consult your stockbroker, bank manager, solicitor, accountant or other financial advisor.

Our directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

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 certain significant respects from generally accepted accounting principles in the United States, or U.S. GAAP. Our Annual Report on Form 20-F for the year ended December 31, 2004 (as amended), or 2004 20-F, which is incorporated by reference in this prospectus, includes a discussion of the relevant differences between IFRS and U.S. GAAP. In addition, note 24 to our audited consolidated financial statements included in the 2004 20-F, and note 12 to our unaudited consolidated interim financial statements appearing in this prospectus, set forth a reconciliation from IFRS to U.S. GAAP of net income and shareholders' equity. We have also included in the 2004 20-F the audited financial information for the years ended December 31, 2004, 2003 and 2002 of Société des Mines de Morila SA, or Morila SA. The financial information included in the 2004 20-F has been prepared in accordance with IFRS, and except where otherwise indicated, is presented in U.S. dollars.

FORWARD-LOOKING STATEMENTS

This prospectus, including the sections herein and in our 2004 20-F, which is incorporated by reference in this prospectus, entitled "Prospectus Summary," "Risk Factors," "Operating and Financial Review and Prospects" and "Business," contains forward-looking information. In some cases, you can identify forward-looking statements by phrases such as "in our view," "we cannot assure you," or "there is no way to anticipate with certainty" as well as by terminology such as "may," "will," "should," "expects," "intends," "plans," "objectives," "goals," "aims," "projects," "forecasts," "possible," "seeks," "could," "might," "likely," "enable," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or the negative of these terms or other comparable terminology. These statements generally constitute statements of expectation, intent and anticipation and may be inaccurate. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined under "Risk Factors." These factors may cause our actual results to differ materially from any forward-looking statement. Although we believe that the expectations reflected in the forwarding-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Except as required by law, or unless required to do so by the Listing Rules of the UK Listing Authority, we undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

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PROSPECTUS SUMMARY

This summary highlights the material information contained elsewhere in this prospectus. You should read the entire prospectus, as well as our 2004 20-F, which is incorporated by reference in this prospectus, carefully before deciding to buy our ADSs or ordinary shares, especially the discussion of risks of investing in our ADSs and ordinary shares described under "Risk Factors" beginning on page 8 of this prospectus. Unless otherwise indicated, all references in this prospectus to "we", "our" and "us" refer to Randgold Resources Limited, including its subsidiaries and joint ventures.

Our Business

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. We own one half of Morila Limited, or the Morila joint

venture, which in turn owns 80% of Morila SA, the owner of the Morila mine in Mali. We are also commissioning a new mine at Loulo in western Mali, of which we own 80%. In addition, we have a feasibility stage project in the neighboring country of Côte d'Ivoire, as well as exploration permits covering areas in Mali, Côte d'Ivoire, Burkina Faso and Senegal and exploration licenses in Tanzania.

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 economic 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.

The following table summarizes our reserves as of December 31, 2004 for Morila and as of June 30, 2005 for Loulo:

Operation	Proven Reserves			Probable Reserves				Total Reserves		
	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	Our 40% share	10.32	3.11	1.03
Loulo mine	13.63	3.71	1.62	15.08	5.64	2.74	Our 80% share	22.97	4.72	3.49

Morila

Our major gold producing asset since October 2000 has been the Morila mine. From the start of production in October 2000 through June 30, 2005, Morila has produced approximately 3.5 million ounces of gold at a total cash cost of \$112 per ounce (for a definition of cash costs, see "Summary Consolidated Financial and Operating Data" below), and Morila SA has paid total dividends to its shareholders of \$389 million. We estimate that Morila's total production for 2005 will exceed 600,000 ounces at a total cash cost of approximately \$200 per ounce. We currently estimate that mining at Morila will continue through 2008, with processing of lower-grade stockpiles continuing until 2011. Morila focuses its exploration activities on extending the existing orebody and discovering new deposits which can be processed using the Morila plant. We have targeted for further drilling several areas covered by the Morila joint venture with the potential to host orebodies of similar style and size to Morila.

Outside of the Morila joint venture, we hold exploration permits covering 2,725 square kilometers in the Morila region, where we are engaged in early stage exploration work.

Loulo

In February 2004 we announced that we would develop a new mine at Loulo in western Mali. Since then, we have commenced open-pit mining operations at the Loulo 0 and Yalea pits, and we

expect to complete the construction and commissioning of the processing plant in the third quarter of 2005, allowing us to produce first gold ahead of our original schedule. We estimate that the mine will produce a total of approximately 100,000 ounces in 2005. The Loulo open pit operation was designed to produce between 200,000 ounces and 240,000 ounces per annum without taking into account the optimization work relating to the underground project, at a total cash cost of between \$230 and \$260 per ounce.

We have also completed a development study examining the feasibility of mining the down-dip extensions of the Loulo 0 and Yalea open pit orebodies from underground. The results, including estimated reserves based on drilling through March 31, 2005, have shown that the project has the potential to add significant mine life. The current underground reserve estimates represent approximately 58% of the total reserves of Loulo. Drilling has continued since March 31, 2005 and we will update the total underground reserve base as more data becomes available. Our board of directors has approved the development of the underground project and we anticipate commencing the decline development for the underground operations in 2006, with full production being achieved in 2009. As a stand-alone underground project, we currently estimate that approximately 1.8 million ounces can be recovered within the first 10 years of production, with the remaining defined ounces recoverable after that period. We have commenced a study that integrates feed from the open pits and underground, and taking into account the capacity of the current metallurgical facility, we expect that this will lead to more optimal production profiles and longer life.

Loulo's exploration focus is to discover additional ore from the 372 square kilometer permit and we have identified numerous targets in addition to Loulo 0 and Yalea. An intensive drilling program is already underway. Outside of the Loulo permit lease, we are exploring other mineral rights within the Mali West region.

Tongon

We also own 75% of a feasibility stage project at Tongon, located in Côte d'Ivoire. Progress continues to be made towards implementing the peace accord in Côte d'Ivoire and elections are planned for October 2005. Field work remains on hold and we expect to recommence work following peaceful elections. The progress being made towards peace in the country has led us to review the economics of the project. We have updated the June 2002 pre-feasibility study on Tongon with new parameters reflecting current market conditions. Mineralized material amounting to 35.98 million tonnes at 2.77 grams per tonne for a total of 3.2 million ounces forms the basis for the updated study. While we have not committed to constructing a mine at Tongon, our feasibility work to date and a preliminary economic assessment of that work, together with the current gold price environment, indicates that a profitable mine could be developed. We will make a production decision after a final feasibility study, which we expect would be completed within two years of the re-start of exploration activities.

Other Exploration Projects

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 success of prospecting and mining activities.

During the past field season, in addition to the ongoing exploration on our own permits, the main emphasis has been on our generative function in west and east Africa. This has led to the compilation of a new west African Geographic Information System, or GIS, study which has led to a country by country review and target generation exercise. The results of this study have been the acquisition of seven new permits in three countries (2,021km²) and the submission of an additional 15 applications (9,317km²) within five countries. We now have a total land package of 11,537km² in five African countries and a portfolio of 141 targets.

The Global Offering

The global offering 7,000,000 ordinary shares, in the form of ordinary shares or ADSs, consisting of the U.S. offering and the international offering.

The U.S. offering ordinary shares in the form of ordinary shares or ADSs.

The international offering ordinary shares, in the form of ordinary shares or ADSs.

Offering prices The offering prices for the U.S. offering and the international offering are \$ per ordinary share, and \$ per ADS.

Over-allotment option 1,050,000 ordinary shares, in the form of ordinary shares or ADSs.

Lock-up We have agreed with the underwriters, subject to specified exceptions, that for a period of 180 days after the date of this prospectus, we will not, without the prior written consent of HSBC Securities (USA) Inc., or HSBC, issue or sell any of our ADSs or ordinary shares or share capital or any securities substantially similar to our ADSs or ordinary shares or share capital. Our directors have also agreed with the underwriters that, for a period of 90 days after the date of this prospectus, they will not, other than in specified circumstances, dispose of any ADSs or ordinary shares that they own without the prior written consent of HSBC.

The ADSs Each ADS represents the right to receive one ordinary share. The ADSs are evidenced by American Depositary Receipts, or ADRs, executed and delivered by The Bank of New York, as depository.

Use of proceeds We expect to use the net proceeds from this offering for the development of the underground project at Loulo 0 and Yalea, the Tongon feasibility study and other organic and corporate opportunities, including possible acquisitions.

Listing and trading The ADSs are listed and traded on the Nasdaq National Market and our ordinary shares are listed and traded on the London Stock Exchange.

Symbol of the ADSs on the Nasdaq National Market "GOLD"

Symbol of the ordinary shares on the London Stock Exchange "RRS"

Securities outstanding after the offering

ordinary shares. These amounts do not include:

- outstanding options to purchase ordinary shares;
- shares available for issuance under our share option scheme;
- an additional shares available for issuance under our share option scheme after giving effect to this offering; or
- shares to be issued pursuant to our Restricted Share Plan.

Risk factors

For a discussion of some factors that you should carefully consider in connection with an investment in the ordinary shares or the ADSs, see "Risk Factors."

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Summary Consolidated Financial and Operating Data

The following summary historical consolidated financial data have been derived from 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 are incorporated by reference in this prospectus. The summary historical consolidated financial data for the six months ended June 30, 2005 and 2004 and as of June 30, 2005 have been derived from our unaudited consolidated interim financial statements, including the related notes, that appear elsewhere in this prospectus. We encourage you to read this summary in conjunction with the more detailed information contained in the financial statements that are incorporated into or appear in this prospectus, including the notes to the financial statements.

The financial data have been prepared in accordance with IFRS, unless otherwise noted. In Note 24 to our audited consolidated financial statements and in note 12 to our unaudited consolidated interim 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.

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004 ⁽³⁾	Year Ended December 31, 2004 ⁽³⁾	Year Ended December 31, 2003 ⁽³⁾	Year Ended December 31, 2002 ⁽³⁾
	(In thousands, except share, per share, ounce and per ounce data)				

Statement Of Operations**Data:**

Amounts in accordance with
IFRS

Revenues	\$ 60,911	\$ 36,174	\$ 83,743	\$ 116,505	\$ 134,651
Operating income	35,034	11,391	35,850	77,936	100,021

Amounts in accordance with U.S.

GAAP⁽¹⁾

Total assets	301,525	245,026	193,458	136,789
Long-term debt	63,569	35,042	890	3,999
Shareholder's equity	206,698	187,253	177,187	118,771

(1) Refer to note 24 to our audited consolidated financial statements and note 12 to our unaudited consolidated interim financial statements for an explanation of the differences between IFRS and U.S. GAAP. One or more significant differences relates to the accounting for our interest in Morila Limited. 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.

(2) 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 manufactures. 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 industry 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. The transfer to and from deferred stripping is calculated based on the actual historical waste stripping costs, as applied to a life of mine estimated stripping ratio. The costs of waste stripping in excess of the life of mine estimated stripping ratio, are deferred, and charged to production, at the average historical cost of mining the deferred waste, when the actual stripping ratio is below the life of mine stripping ratio. The net effect is to include a proportional share of total estimated stripping costs for the life of the mine, based on the current period ore mined. Total cash costs per ounce are calculated by dividing total cash costs, as determined using the Gold Institute industry standard, by gold ounces produced for the periods presented. We have calculated total cash costs and total cash costs per ounce on a consistent basis for the periods presented. Total cash costs and total cash costs per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS or U.S. GAAP measures or an indicator of our performance. While the Gold Institute has provided a definition for the calculation of total cash costs and total cash costs per ounce, the calculation of these numbers may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, we believe that total cash costs per ounce are useful indicators to investors and management of a mining company's performance as it provides an indication of a company's profitability and efficiency, the trends in 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 a benchmark of performance to allow for comparison against other companies.

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

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Costs	Six		Six		Year		Year		Year	
	Months	%	Months	%	Ended	%	Ended	%	Ended	%
	Ended		Ended		December		December		December	
	June 30,		June 30,		31,		31,		31,	
	2005		2004		2004		2003		2002	
(In thousands, except percentage)										
Mine production costs	\$ 28,534	114	\$ 16,395	102	\$ 37,468	99	\$ 26,195	85	\$ 22,706	72
General and administration expenses	3,079	12	2,799	17	6,986	19	6,108	20	4,128	13
Transport and refinery costs	129	1	98	1	233	1	408	1	588	2
Royalties	4,121	17	1,942	12	5,304	14	7,648	25	9,185	29
Movement in production inventory and ore stockpiles	(13,821)	(55)	(2,183)	(14)	(8,512)	(23)	(6,229)	(20)	(145)	(0)
Transfer (to)/from deferred stripping costs	2,873	11	(2,968)	(18)	(3,999)	(10)	(3,484)	(11)	(5,043)	(16)
Total cash costs	24,915	100	16,083	100	37,480	100	30,646	100	31,419	100

(3) We have adopted IFRS 2 "Share based payment" with effect from January 1, 2005 and, in accordance with the standard's transitional provisions, retrospectively applied the standard to share options that were granted after November 7, 2002 that had not yet vested at the effective date of January 1, 2005. We have therefore retroactively restated the June 30, 2004 interim financial data included in this prospectus, as well as the consolidated financial statements for the years ended December 31, 2004, 2003, and 2002 and as at December 31, 2004 and 2003, which are incorporated by reference in this prospectus, to reflect the adoption of the standard.

(4) Reflects adjustments resulting from the sub-division of shares. Effective April 26, 2004, we undertook a sub-division of our ordinary shares, which increased our issued share capital from 29,267,685 to 58,535,370 ordinary shares. In connection with this sub-division our ordinary shareholders of record on April 26, 2004 received two \$0.05 ordinary shares for every one \$0.10 ordinary share they held. On April 27, 2004, we undertook a capital reduction of \$100 million by the cancellation of \$100 million share premium.

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RISK FACTORS

In addition to the other information included or incorporated by reference in this prospectus, 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 Morila SA, the direct owner of 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 provide substantial 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 half of 2005.

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Year		Price per ounce (\$)		
		High	Low	Daily Average
2005	Second Quarter	440.55	414.45	421.87
	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 \$187 for the six months ended June 30, 2005, \$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 significant 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.

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

In connection with the development of the Loulo mine, 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 commissioning of the plant. Delays in the commencement of gold production could occur, which could affect our results of operations and profitability.

Under our joint venture agreement with AngloGold Ashanti, we jointly manage the Morila joint venture, and any disputes with AngloGold Ashanti over the management of the Morila joint venture 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. We have had a formal dispute with AngloGold Ashanti with respect to the budget process, which has been resolved satisfactorily. However, if a dispute arises between us and AngloGold Ashanti with respect to the management of Morila Limited and we are unable to 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.

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.

Through June 30, 2005, Morila was responsible for paying to diesel suppliers the customs duties which were 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 Générale de Surveillance. During the third quarter 2003, the Government of Mali began to reduce payments to all the mines in Mali due to irregularities involving certain small exploration companies. The Government of Mali has commenced repayment and during the first six months of 2005, the amount owing Morila was reduced from \$17.6 million as of December 31, 2004 to \$13.7 million as of June 30, 2005. If Morila is unable to recover these amounts, its ability to pay dividends to its shareholders, including us, would be affected.

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 prospectus 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 and processed 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 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 coups d'état.

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'état. 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.

In the absence of a supply route through Côte d'Ivoire, goods are supplied to Mali through Ghana, Togo, Burkina Faso and Senegal. 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.

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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 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 effect 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.

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

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

The United States Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal controls over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal controls over financial reporting. In addition, an independent registered public accounting firm must attest to and report on management's assessment of the effectiveness of the company's internal controls over financial reporting. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending December 31, 2006. Our management may conclude that our internal controls over our financial reporting are not effective. Moreover, even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may still be unable to attest to our management's assessment or may issue a report that concludes that our internal controls over financial reporting are not effective. Furthermore, during the course of the evaluation, documentation and attestation, we may identify deficiencies that we may not be able to remedy in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. If we fail to achieve and maintain the adequacy of our internal controls, we may not be able to conclude that we have effective internal controls, on an ongoing basis, over financial reporting in accordance with the Sarbanes-Oxley Act. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to achieve and maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the trading price of our ADSs and ordinary shares. Furthermore, we have incurred, and anticipate that we will continue to incur considerable costs and use significant management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

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

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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

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Somilo's mining and exploration operations stopped for indefinite periods due to strikes and other labor disputes. We have experienced labor disputes in the past although these disputes have not had a material effect on our operations to date. However, 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-related diseases among members of our workforce in the future could adversely impact our operation and financial condition.

Risks Relating to this Offering

We may be confused with Randgold & Exploration Company Limited, which could adversely affect our share price.

We commenced operations in 1995 as a subsidiary of Randgold & Exploration Company Limited, or Randgold & Exploration. Randgold & Exploration and its management have been the subject of adverse publicity recently in mining industry publications and other media. By reason of the common usage of the word "Randgold" in our corporate names, it is possible that our company may be confused with Randgold & Exploration, which could adversely affect our share price.

There may be confusion in the marketplace regarding the number of our shares that are owned by Randgold & Exploration Company Limited.

Randgold & Exploration's last filing with the SEC on February 14, 2005 claimed that it beneficially owned 31% of our ordinary shares. Our analysis of our shareholder-base and other information indicates, however, that Randgold & Exploration's ownership of our shares consists of only approximately 6.7% of our outstanding ordinary shares. Accordingly, to the extent that there is a misperception in the marketplace that Randgold & Exploration owns either 31% or significantly in excess of 6.7% of our ordinary shares, our share price could be adversely affected.

The market value of our ADSs may fluctuate due to the volatility of the securities markets.

The securities markets in the United States and other countries have experienced significant price and volume fluctuations. Volatility in the price of our ADSs may be caused by factors beyond our control and may be unrelated to, or disproportionate to changes in, our results of operations. In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation has often been instituted against that company. Litigation of this kind could result in substantial costs and a diversion of our management's attention and resources.

Holders of ADRs have fewer rights than shareholders and have to act through the depositary to exercise those rights.

Holders of ADRs do not have the same rights as shareholders and accordingly cannot exercise rights of shareholders against us. The Bank of New York, as depositary, or the custodian, is the registered shareholder of the deposited shares underlying the ADSs, and therefore you will generally have to exercise your shareholder rights through The Bank of New York. In certain cases, we may not ask The Bank of New York to ask you for instructions as to how you wish the shares underlying the ADSs evidenced by your ADRs voted. The Bank of New York will not ask you for voting instructions in the absence of written instructions from us to do so. In the event that we did not so instruct The Bank of New York, you could still instruct The Bank of New York how to vote if you otherwise learn of our upcoming shareholders' meeting or vote by surrendering your ADSs, withdrawing your underlying shares, and then voting as ordinary shareholders. Even if we ask The Bank of New York to

ask you for such instructions, it may not be possible for The Bank of New York to obtain these instructions from you in time for The Bank of New York to vote in accordance with such instructions. If The Bank of New York does not receive instructions from you, it may give a proxy to vote your underlying ordinary shares or other deposited securities to our designated representative. This means you may not be able to exercise your right to vote and there may be nothing you can do if your underlying ordinary shares or other deposited securities are not voted as you instructed.

In some cases, The Bank of New York may not make rights or other distributions to ADR holders.

If we make a rights offer to holders of securities, The Bank of New York may make these rights available to you after we instruct it to do so and provide it with evidence that it is legal to do so. If we fail to do this and The Bank of New York determines that it is impractical to sell the rights, it may allow these rights to lapse. In that case, you will receive no value for them.

Additionally, The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holder and we have no obligation to take any other action to permit a distribution. This means that you may not receive the distribution we make on ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

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USE OF PROCEEDS

The estimated net proceeds from the sale of the 7,000,000 ordinary shares, including ordinary shares in the form of ADSs, offered hereby will be approximately \$105 million, based upon an assumed public offering price of \$15.86 per ordinary share, or \$15.86 per ADS, after deducting underwriting discounts and the estimated offering expenses payable by us. If the underwriters exercise any part of their over-allotment option, they will purchase the additional ordinary shares from us.

We expect to use the net proceeds from this offering first for the development of the underground project at Loulo 0 and Yalea, then for the Tongon feasibility study, together with such other organic and corporate opportunities, including possible acquisitions, as they may arise.

DIVIDENDS

To date, we have not paid any dividends and we expect to retain all earnings, if any, in the foreseeable future to finance and expand our business. However, our board of directors regularly reviews our dividend policy and may determine to declare and pay dividends in the future, to the extent permitted by law.

Subject to the provisions of the Companies (Jersey) Law, 1991, or the 1991 Law, and our Articles of Association, we may by ordinary resolution declare dividends to be paid to the shareholders according to their respective rights and interests in our profits. No dividend is permitted to exceed the amount recommended by our board of directors. Subject to the 1991 Law, our board of directors may also declare and pay an interim dividend, including a dividend payable at a fixed rate, if paying an interim dividend appears to our board of directors to be justified by our profits available for distribution.

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CAPITALIZATION

The following table sets forth our actual short-term and long-term indebtedness, shareholders' equity and total capitalization on a consolidated basis at June 30, 2005, and as adjusted to give effect to this offering and the application of the net proceeds of this offering at an assumed offering price of \$15.86 per ordinary share, or \$15.86 per ADS, as described in "Use of Proceeds." The following table should be read in conjunction with "Use of Proceeds", "Operating and Financial Review and Prospects", and our consolidated financial statements, including the notes, appearing elsewhere in this prospectus and incorporated by reference in this prospectus.

	At June 30, 2005	
	Actual	As Adjusted
	(in thousands)	
Total short-term indebtedness	\$ 1,692	\$ 1,692
Guaranteed, secured	1,692	1,692
Unguaranteed, secured	—	—
Guaranteed, unsecured	—	—
Unguaranteed, unsecured	—	—
Total long-term indebtedness	68,755	68,755
Guaranteed, secured	65,186	65,186
Unguaranteed, secured	—	—
Guaranteed, unsecured	3,569	3,569
Unguaranteed, unsecured	—	—
Shareholders equity		
Share capital	2,975	3,378
Share premium	103,703	223,954
Accumulated profits	119,455	119,455
Other reserves	(12,333)	(12,333)
Total shareholders' equity	213,800	334,454
Total capitalization (shareholders' equity plus total debt)	\$ 284,247	\$ 404,901

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RECENT DEVELOPMENTS

Morila

Our major gold producing asset since October 2000 has been the Morila mine. From the start of production in October 2000 through June 30, 2005, Morila has produced approximately 3.5 million ounces of gold at a total cash cost of \$112 per ounce, and Morila SA has paid total dividends to its shareholders of \$389 million. We estimate that Morila's total production for 2005 will exceed 600,000 ounces at a total cash cost of approximately \$200 per ounce. We currently estimate that mining at Morila will continue through 2008, with processing of lower-grade stockpiles continuing until 2011. Morila focuses its exploration activities on extending the existing orebody and discovering new deposits which can be processed using the Morila plant. We have targeted for further drilling several areas covered by the Morila joint venture with the potential to host orebodies of similar style and size to Morila.

The following table summarizes our reserves at December 31, 2004 at Morila:

Morila Ore Reserves	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Our 40% Share (Moz)
Proven	11.92	3.39	1.30	
Probable	13.87	2.87	1.28	
Total	25.79	3.11	2.58	1.03

- The Morila reserves have been derived by our joint venture partner, AngloGold Ashanti, and have been reviewed by external consultants, SRK Consulting. The Morila reserves are estimated as at December 31, 2004 and have not been adjusted for depletion occurring from January 1, 2005 to present.
- Reserves estimated at a spot gold price of \$375 per ounce.
- Dilution of 10% and ore loss of 5% incorporated into the estimation of reserves.
- Cut-off grade of 1.4 grams per tonne.
- Stockpiled ore is included, and amounts to 7.58 million tonnes at 2.08 grams per tonne.
- Stripping ratio is 3.7:1. Approximate metallurgical recovery is 91.5%.

We have continued to work with AngloGold Ashanti and its subsidiary, Anglogold Services Mali (S.A.), or Anser, the operator of the Morila mine, in order to return the mine to full production capacity. This follows a period in which the mine was negatively affected by delays and difficulties with its plant expansion program, as well as by the need to adjust to a lower gold grade. Our strategy has been to achieve consistent sustainable production and, by the end of the quarter ended June 30, 2005, this approach appeared to be producing the desired results with plant throughput rising by almost 100,000 tonnes, or 10.9%, compared to the previous quarter. Gold produced for the quarter ended June 30, 2005 of 165,359 ounces was only slightly lower than the preceding quarter when higher grades were fed to the mill. We continue to monitor costs at Morila closely.

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	Quarter ended June 30, 2005	Quarter ended March 31, 2005	Quarter ended June 30, 2004	Six Months ended June 30, 2005	Six Months ended June 30, 2004
Morila Results (100%)					
Mining					
Tonnes mined (\$000)	6,964	7,815	5,261	14,779	11,886

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Ore tonnes mined (\$000)	2,002	1,646	889	3,612	1,776
Milling					
Tonnes processed (\$000)	951	857	867	1,808	1,662
Head grade milled (g/t)	5.9	6.6	3.8	6.2	4.3
Recovery (%)	92.0	92.4	80.0	92.2	83.2
Ounces produced	165,359	167,272	85,081	332,631	192,196
Average price received (\$/ounce)	430	428	332	427	360
Cash operating costs ⁽¹⁾ (\$/ounce)	146	166	213	156	183
Total cash costs ⁽¹⁾ (\$/ounce)	176	198	238	187	208
Cash profit (\$000)	40,813	46,773	9,070	87,585	28,478
Our share (40%)					
Ounces produced	66,144	66,908	34,032	133,052	76,878
Ounces sold	65,030	74,731	35,026	139,761	76,411
Cash profit (\$000)	16,325	18,709	3,628	35,034	11,391

(1)For a definition of total cash cost, see "Prospectus Summary—Summary Consolidated Financial And Operating Data". Cash operating costs are defined as total cash costs less royalties. Cash operating costs per ounce should not be considered by investors as an alternative to operating profit or net profit attributable to shareholders, as an alternative to other IFRS or U.S. GAAP measures or an indicator of our performance. The calculation of cash operating costs 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 cash operating 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 a benchmark of performance to allow for comparison against other companies. Cash profit is defined as gold sales less total cash costs, as follows:

	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
Costs					
	(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

The staff of the mining contractor, Somadex, recently held a strike that was declared illegal. The strike is now over and workers are returning to work. Production forecasts have not been materially affected because of the availability of significant higher grade ore stockpiles on the run of mine pad.

Anser, the operator of the mine, has undergone a restructuring and major executive staff changes have been implemented. In addition, Morila SA has appointed a chief executive officer at the mine, who is independent of the operator and who reports directly to the Morila SA board. He is expected to take up his position at the mine in the fourth quarter of 2005.

Morila focuses its exploration activities on extending the existing orebody and discovering new deposits which can be

processed using the Morila plant. We have targeted for further drilling several areas covered by the Morila joint venture with the potential to host orebodies of similar style and size to Morila. In southern Mali, we continue to develop the regional exploration model and, arising from a three dimensional analysis of the geology, structure and mineralization of the Morila orebody, have re-directed our exploration strategy at the Morila joint venture. At the Samacline target near the

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current pit, a small area of high grade mineralization has been outlined, which our model indicates is a part of a much bigger system open to the west.

Loulo

In February 2004 we announced that we would develop a new mine at Loulo in western Mali. Since then, we have commenced open pit mining operations at the Loulo 0 and Yalea pits, and expect to complete the construction and commissioning of the processing plant in the third quarter of 2005, allowing us to produce first gold ahead of our original schedule. We estimate that the mine will produce a total of approximately 100,000 ounces in 2005. The Loulo open pit operation was designed to produce between 200,000 ounces and 240,000 ounces per annum without taking into account the optimization work relating to the underground project at a total cash cost of between \$230 and \$260 per ounce.

The following table summarizes our reserves at June 30, 2005 at Loulo:

Loulo Ore Reserves	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Our 80% Share (Moz)
Loulo 0				
Open Pit				
Proven	7.37	3.63	0.86	0.69
Probable	0.35	2.65	0.03	0.02
Underground				
Probable	5.14	3.98	0.66	0.53
Subtotal	12.86	3.74	1.55	1.24
Yalea				
Open pit				
Proven	6.26	3.80	0.76	0.61
Probable	1.19	4.97	0.19	0.15
Underground				
Probable	8.40	6.88	1.86	1.49
Subtotal	15.85	5.52	2.81	2.25
Proven	13.63	3.71	1.62	1.30
Probable	15.08	5.64	2.74	2.19
Total	28.72	4.72	4.37	3.49

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The Loulo open pit reserve statement has been derived by the Loulo mine staff and reviewed by SRK Consulting, while the underground reserve statement has been directly derived by SRK Consulting.

- Open pit reserves are estimated at a spot gold price of \$375 per ounce, and incorporate our hedging structure. Underground reserves are estimated at \$420 per ounce.
- Dilution of 10% and ore loss of 3% incorporated into the estimation of reserves.
- Stripping ratio of open pits is 7.2:1.
- Currently, open pit reserves are planned to be worked through 2011, Loulo 0 underground reserves through 2016 and Yalea underground reserves until 2023. This is based on open pit and underground "stand-alone" projects.

Construction

The Loulo mine development has made steady progress with the initiation of dry commissioning of certain items in July 2005. Delays were experienced with bulk shipping schedules in June and early

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July and, to ensure the commissioning program started in July, certain items were air-freighted to the site. The early onset of rains necessitated the rescheduling of the Garra River dam wall and diversion earthworks. This is not expected to significantly impact on the commissioning and allows the focus to remain on the completion of the tailings storage facility which is critical to complete before the onset of production.

The oxide crushing circuit is 95% complete and dry commissioning of this part of the plant has commenced. The first feed conveyor is complete ahead of schedule. Attention has focused on the milling circuit, with mills and associated cyclone clusters installed. The installation of girth gears, gear boxes and mill motors will allow both mills to be commissioned on oxide material and enhance the oxide processing capacity allowing the mine to meet its production build up to year end. The wet commissioning of the carbon in leach circuit commenced in the first week of August. All 15 Caterpillar generator sets are on site and the first seven engines are operational, ensuring the availability of adequate power supply for Phase I (soft ore circuit). In parallel with the Phase I commissioning program, construction of the Phase II (hard rock circuit) has started. Infrastructure projects focusing on roads, auxiliary facilities, housing and other amenities are progressing as scheduled. Manpower build-up along with the selection and training of people is well advanced.

Operations

At Loulo 0 mining activities have to date focused on building the soft ore run of mine pad with Loulo 0 waste. Advanced grade control drilling at Loulo 0 has been completed in the upper 80 meters of the pit. Results show a shallow northerly plunge to high grade mineralization that is parallel to structures present in the hanging wall sediments. Results from drilling indicate moderate mineralization that could extend the pit some 50 meters to the north. Mining of the Loulo 0 ore is scheduled to commence following the completion of the hard rock run of mine pad and ahead of the commissioning of the Phase II circuit. Until then waste rock will be mined to build up the run of mine pad extensions.

During the quarter ended June 30, 2005, mining of oxide ore in the Yalea pit commenced. Topsoil stripping exposed the ore zone, with low grade topsoil being used to line the run of mine pad and build a low-grade stockpile for commissioning. The high grade material was stored separately. Grade control trenches have been dug to help delineate

the ore contacts within the oxide ore. Sampling of these trenches has shown the ore/waste contact to be visible and sharp in most cases, which should allow more efficient mining of the orebody. A total of 220,000 tonnes at 4.5g/t for 32,000 ounces were mined, confirming our estimates, and placed on stockpiles ready for processing by quarter end.

Underground Development Study

We have completed a development study examining the feasibility of mining the down-dip extensions of the Loulo 0 and Yalea open pit orebodies from underground. The results, including estimated reserves as of June 30, 2005, have shown that the project has the potential to add significant mine life. Our board of directors has approved the development of the underground project and we anticipate commencing the decline development for the underground operations in 2006, with full production being achieved in 2009. As a stand-alone underground project, we currently estimate that approximately 1.8 million ounces can be recovered within the first 10 years of production, with the remaining defined ounces recoverable after that period. We have commenced a study that integrates feed from the open pits and underground that, taking into account the capacity of the current metallurgical facility, we expect will lead to more optimal production profiles and longer life.

The underground section will be mined using sub-level open stoping with or without post-fill depending on the grade of the area. Operating costs have been based on a comparison to "mines of this type" with appropriate adjustments for local conditions. Metallurgical test work has confirmed that the deeper ore is no different from the shallower ore and that the current plant will be able to process the underground ore.

The following table summarizes projected capital and operating expenditure estimates for the stand-alone Loulo 0 and Yalea underground project for the periods indicated:

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	Loulo 0	Yalea
Capital Expenditure		
Capital Expenditure 2006-2009	\$40 million	\$45 million
Ongoing Capital Expenditure (development, fleet and infrastructure) per year	\$1.7 million	\$5.2 million
Operating Cost		
Average total cash cost per ounce	\$262 per ounce	\$203 per ounce

The reserve estimation does not incorporate or take into account any drilling data subsequent to the end of March 2005, although further drilling has since taken place, the results of which are tabulated below. Both underground orebodies remain open down dip and along strike. Three holes were drilled below the present geological model in the southern and central portions of the orebody. These three drill holes confirmed the continuity of the mineralized structure to a depth of 830 meters below surface.

Hole Id	Depth From (m)	Depth To (m)	Intersection width (m)	True width (m)	Grade (g/t)	Including
YDH184	900.0	901.8	1.8	1.4	4.73	0.8m @ 8.85g/t
YDH187	922.8	925.4	2.6	1.5	2.47	
YDH188	837.1	839.9	2.7	1.9	2.64	

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YDH192	788.0	794.0	6.0	3.0	4.62	1.0m @ 14.50g/t
YDH192	799.0	806.0	7.0	3.5	1.00	1.0m @ 3.18g/t
YDH193	765.64	770.4	4.8	4.0	3.17	0.83m @ 12.20g/t
YDH194	432.6	448.4	15.8	14.8	5.72	5.98m @ 7.90g/t
YDH195	405.5	408.4	2.9	2.0	10.45	
YDH196	596.0	625.5	29.5	22.2	3.45	3.20m @ 8.71g/t
YDH197	398.1	407.0	8.9	8.4	4.45	4.10m @ 6.13g/t
YDH198	433.1	437.1	4.0	3.4	1.68	
YDH210	240.7	267.1	26.4	25.2	2.47	6.15m @ 5.85g/t
YDH211	199.0	205.9	6.9	6.7	3.85	
YDH212	234.6	237.2	2.6	2.4	2.56	
YDH213	281.5	290.3	8.8	8.5	2.45	
YDH214	331.1	333.3	2.2	2.1	7.64	
YDH215	321.9	327.2	5.3	5.2	3.46	1.0m @ 5.04g/t
YDH216	404.5	425.2	20.7	19.8	1.87	2.90m @ 3.73g/t
YDH218	312.8	330.2	17.4	15.9	3.04	1.85m @ 6.21g/t
YDH219	299.2	302.7	3.5	3.2	5.52	
YDH220	662.0	672.0	10.0	8.3	1.62	
YDH226	437.5	464.2	26.7	18.9	2.74	8.05m @ 6.53g/t
YDH227	396.6	419.2	22.7	22.4	3.37	13.85m @ 5.15g/t
YDH229	351.0	371.9	20.9	19.6	4.17	6.27m @ 9.47g/t
YDH234	252.2	253.4	1.2	1.1	1.13	
YDH239	273.7	279.0	5.3	4.9	1.04	
YDH240	536.2	547.4	11.2	10.4	6.38	

We will continue drilling with the goal of increasing reserves by year end.

Loulo's exploration focus is to discover additional ore from the 372 square kilometer permit and we have identified numerous targets in addition to Loulo 0 and Yalea. An intensive drilling program is already underway. Outside of the Loulo permit lease, we are exploring other mineral rights within the Mali west region.

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Tongon

The Tongon project is located in northern Côte d'Ivoire, 628 kilometers north of Abidjan within the 671km² Nielle permit. Progress continues to be made towards implementation of the peace accord in Côte d'Ivoire and elections are planned for October 2005. Field work remains on hold and will recommence following peaceful elections. The progress being made toward peace in the country has led us to review the economics of the project. We have updated the June 2002 pre-feasibility study on Tongon with new parameters reflecting current market conditions.

Mineralized material amounting to 35.98 million tonnes at 2.77 grams per tonne for a total of 3.2 million ounces forms the basis for the study using the following parameters for the base case:

- Potentially mineable material of 13.65 million tonnes at a grade of 3.27 grams per tonne for only the southern zone, assuming dilution of 15% and ore loss of 2%;
- Strip ratio of 4.26:1 and cost of \$1.51 per tonne mined over the life of mine;

- Recoveries of 97.4% for oxides and 82.1% for sulfides;
- Production rates of 240,000 tonnes per month in oxides and 200,000 tonnes per month in sulfides;
- Life of mine unit cost of approximately \$22 per tonne milled and \$260 per ounce cash cost;
- Total life of mine capital cost of \$111 million;
- Gold price of \$400 per ounce flat;
- Côte d'Ivoire royalty of 3% on gold sales; and
- Five year tax holiday.

On the basis of a preliminary economic assessment, the project meets our hurdle rates for further investment. This assessment takes into account the substantial increases in diesel, steel and transportation costs affecting mining projects worldwide. While we have not committed to constructing a mine at Tongon, our feasibility work to date and a preliminary economic assessment of that work, together with the current gold price environment, indicates that a profitable mine could be developed. We have designed a 27,000 meter drilling program to close the interhole spacing to a 50 meter x 50 meter grid to allow the completion of a final feasibility study and we will make a production decision after a final feasibility study, which we expect would be completed within two years of the re-start of exploration activities.

Exploration Activities

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 success 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.

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 targets generated from remote sensing data (i.e., geophysics and landsat). In the third phase, work is focused on detailed follow-up of selected gold targets 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.

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The gold-bearing rocks of west Africa have been covered by conventional exploration techniques while other areas have seen little modern day exploration. In areas previously covered by first-pass exploration, most of the obvious anomalies will have been investigated to some degree. For example, the Morila, Yalea and Tongon gold deposits were discovered by us in areas that had undergone several years of previous exploration. In areas where we lack basic data coverage we conduct or acquire our own surveys, for example geophysics, remote sensing, geochemistry, geologic and regolith mapping. Our long-term commitment to building a comprehensive geologic framework serves as our roadmap to discovery and differentiates us from our competitors.

During the past field season, in addition to the ongoing exploration on our own permits, the main emphasis has been on our generative function in west and east Africa. This has led to the compilation of a new west African Geographic Information System, or GIS, study which has been cascaded down to a country by country review and target generation exercise. The results of this study have been the acquisition of seven new permits in three countries (2,021km²) and the submission of an additional 15 applications (9,317km²) within five countries. We now have a total land package of 11,537km² in five African countries and a portfolio of 141 targets.

Loulo

At Loulo, five exploration rigs continue to drill. Three diamond core rigs tested Yalea, an RC rig completed advanced grade control and a RAB rig tested targets along the extensions of the main mineralized structures. The current 50,000 meter deep drilling program using the three diamond core rigs, which commenced in October 2004, is continuing; approximately 10,000 meters is still to be completed and is expected to be completed by December 2005. In addition to the resource conversion and underground development associated with the known resources, encouraging drilling results are being returned from targets in the south of Loulo (Faraba) and the Selou area (Sinsinko). At Faraba, trench and RAB drilling have so far delineated 2.5 kilometers of bedrock mineralization within an overall four kilometer surface anomaly. Recent RAB results include: 13 meters at 2.17g/t, 27 meters at 1.57g/t and nine meters at 1.75g/t, supporting trench results. Geologically the target is similar to Yalea in that a north-south striking shear is developed at the contact between argillaceous quartzite and greywacke. At Selou, follow-up RAB drilling on a 1.8 kilometer gold-in-soil anomaly have returned anomalous values (plus 0.1ppm) over 30 meter widths, associated with a north-south fault. At P64, a 1.5 kilometer plus 0.1ppm north northwest gold-in-soil anomaly characterizes the target. Previous work concentrated on only a 500 meter segment, which contains a weakly tourmalinised greywacke outcrop within the overall 1.5 kilometer target, where 16 diamond holes and 15 percussion holes were drilled. This work identified a 145 meter long, strongly mineralized zone. Work has started testing the full 1.5 kilometer anomaly with trenching and RAB drilling and results are pending.

Exploration has now commenced at Sitakili, 21 kilometers east of Loulo. Geologically, mineralization occurs within an antiformal sequence of metasediments. To date, three structural corridors intruded by dykes have been identified, each with a width of approximately 100 meters and strike of three kilometers with values up to 19g/t from rock chips. We are also exploring the Selou permit which is located to the south of the Loulo Permit.

Morila

In the Morila region, a diamond drilling program has tested three targets, confirming a flat lying structural architecture and sediments with evidence of alteration similar to Morila but results received to date have shown no significant gold grades. Elsewhere in southern Mali, a generative study has led to further permit acquisitions.

Senegal

In Senegal, in addition to our ongoing regional exploration and target prioritization, work at Bambaraya has identified a wide zone of iron carbonate alteration associated with mineralization and new trenches 100 meters north and 150 meters southwest of the main zone have intersected significant mineralization (BBTR04: six meters at 1.76g/t, four meters at 5.48g/t and 12 meters at 4.06g/t;

BBTR06: 12 meters at 2.34g/t). Infill drilling at Sofia has increased our knowledge of the target. We see a variation in the mineralization from broad low-grade envelopes to narrow high grade intercepts along the 3,400 meter anomalous corridor. Presently the inter-hole spacing is 400 meters and between the best holes drilled in terms of results (44 meters at 2g/t and six meters at 9.5g/t), there is a combined strike of 1,600 meters untested. At Tombo, a small low-grade resource has been identified with limited upside potential. In addition one new permit has been granted consolidating our groundholding around Sabodala. Two further permits have been applied for and negotiations are being finalized with a Senegalese company on a new joint venture opportunity.

Burkina Faso

In Burkina Faso, exploration has continued in the Kiaka and Danfora regions. However, the emphasis has recently shifted to the Kiaka area. This area lies along a regional structure containing several gold deposits. At one of these deposits a mine is under construction and the others are in advanced stages of exploration or feasibility.

Ghana

In Ghana, work continued on generating new regional targets. As a result, applications have been made for four reconnaissance permits and due diligences have been undertaken on a number of joint venture opportunities.

Tanzania

In Tanzania, reconnaissance exploration continues both in the Mara and Musoma greenstone belts to understand the geology and structural architecture leading to the identification of targets. This regional information combined with the acquisition and processing of geophysics over both areas of activity during the last quarter has enhanced our structural understanding and our ability to focus follow up work. RAB drill programs are being motivated to test beneath complex regolith profiles in favorable structural locations. We have been granted a new permit, Buhemba South, surrounding the Buhemba mine.

The following table outlines the status of our permits as of June 30, 2005:

Country	Type	Area (Sq Km)	Area (Sq Miles)	Equity (%)
MALI				
Loulo	EP	372	144	80
Morila	EEP	289	112	80
Morila	EP	200	77	40
Selou	EEP	53	20	52
Koba	EEP	58	22	85
Tiorola	EEP	257	99	70
Diokelebougou	EEP	393	152	70
Dionkola	EEP	248	96	70
Kekoro	EEP	241	93	50
Sagala	EEP	239	92	50
Banmbadala	AE	222	86	80
Kambo	AE	477	184	80
Diossyan	AE	378	146	80
Sitakili	AE	45	17	80
Seriba-Sobara	EEP	500	193	50
Diamou	EEP	500	193	50

CÔTE D'IVOIRE

Nielle	EEP	671	259	75
Boundiali	EEP	1314	507	75
Dabakala	EEP	191	74	75
Mankono	RP	704	272	75
Sikolo	RP	500	193	75

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Country	Type	Area (Sq Km)	Area (Sq Miles)	Equity (%)
SENEGAL				
Kanoumering	EEP	405	156	90
Kounemba	EEP	408	158	90
Tomboronkoto	EEP	403	156	90
TANZANIA				
Nyabigena South	PL	36	14	100
Utimbaro	PL	16	6	100
Kajimbura	PL	46	18	100
Simba Sirori South	PL	51	20	100
Igusule	PL	44	17	100
Nyamakubi	PL	43	17	100
Kiabakari East	PL	62	24	100
Mammoth	PL	40	15	100
Blue Ridge	PL	58	22	100
Songora	PL	95	37	100
Busegwe	PLR	88	34	100
Kigumu	PL	131	51	100
Nyati	PL	82	32	70
Nyanza	PL	41	16	70
Mobrama East	PL	34	13	50
Mobrama East Extn	PL	17	7	50
Kiserya Hills	PL	48	19	50
Nyasirori	PL	155	60	50
Mrangi	PL	60	23	50
Suguti	PL	61	24	50
Mrito	PLR	272	105	100
Buhemba	PL	131	51	90
BURKINA FASO				
Danfora	EEP	45	17	90
Kiaka	EEP	245	95	90
Basgana	EEP	250	97	90
Bourou	EEP	122	47	90
Tiakane	EEP	196	76	90

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The exploitation (mining) permits for the Loulo and Morila mines both extend to the year 2029; at that time the permits may be renewed if production is still taking place.

- The various exploration permits are renewable under certain conditions. A typical example is the EEP applicable in Mali which is granted initially for a three year period and is renewable for two further periods of three years each.
- Renewal of a permit may depend on us achieving certain milestones set in the permit conditions, which is usually an expenditure commitment, and will generally require us to relinquish a percentage of the permit area.

Key:

EP Exploitation Permit
EEP Exclusive Exploration Permit
PL Prospecting License
RP Reconnaissance Permit
PLR Reconnaissance Prospecting License
AE Autorisation d'Exploration

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion provides information that our management believes is relevant to an assessment and understanding of our consolidated financial condition and results of operations.

This discussion should be read in conjunction with the more detailed information contained in "Operating and Financial Review and Prospects" incorporated by reference in this prospectus, and the financial statements that are incorporated into or appear in this prospectus, including the notes to the financial statements.

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.

Our financing arrangements for the development of Loulo include gold price protection, whereby portions of planned production are covered by forward contracts. At June 30, 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. For more information on our project finance facilities, see "Financing—Credit and Loan Facilities" below.

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 six months ended June 30, 2005 and 2004.

	Six months ended June 30, 2005	Six months ended June 30, 2004
Average	\$ 427	\$ 401
High	444	426
Low	411	383
Average realized gold price	427	360 ⁽¹⁾

⁽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. The Morila hedge book was closed out in December 2004.

Costs

Our operations currently comprise one open pit operation mined by contractors. Milling operations are undertaken by the mine. Total cash costs in the six months ended June 30, 2005 made up approximately 60% 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 44% of total cash costs, with diesel and reagent costs making up 23% of total cash costs. Direct labor costs accounted for approximately 9% of total cash costs. For a definition of cash costs, see "Prospectus Summary—Summary Consolidated Financial and Operating Data".

The price of diesel acquired for the Morila operation continued to increase during the six months ended June 30, 2005 which impacted negatively on the total cash costs. Should these prices increase further, this could impact significantly on total cash costs 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, increased significantly during the six months ended June 30, 2005.

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

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Operating Results

Six months ended June 30, 2005 and 2004

	Six months ended June 30, 2005	Six months ended June 30, 2004
(in thousands except per share data)		
Revenues		
Gold sales	\$ 59,949	\$ 27,474
Interest income	689	522
Other income	273	1,108
Profit on sale of Syama	—	7,070
	60,911	36,174

Costs and Expenses